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北京市春立正達醫療器械股份有限公司

**Beijing Chunlizhengda Medical Instruments Co., Ltd.\***

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1858)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board of directors (the “**Board**”) of Beijing Chunlizhengda Medical Instruments Co., Ltd.\* (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024. The results have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Accounting Standards of the People’s Republic of China (the “**PRC**”).

\* For identification purposes only

## CONSOLIDATED BALANCE SHEET OF THE GROUP

Item	Notes	As at 30 June 2024 RMB	As at 31 December 2023 RMB
<b>Current assets:</b>			
Monetary funds		1,277,673,997.37	1,266,367,522.67
Held-for-trading financial assets		741,317,808.22	832,019,095.90
Financial assets at fair value through profit and loss		—	—
Derivative financial assets		—	—
Notes receivable		75,735,313.10	35,825,458.71
Accounts receivable	2	349,739,397.39	405,895,527.39
Prepayment		6,619,881.25	10,802,201.19
Other receivables		296,736.06	348,800.03
Including: Interests receivable		—	—
Dividends receivable		—	—
Inventories		520,397,879.92	434,485,725.70
Contract assets		—	—
Assets held-for-sale		—	—
Non-current assets due within one year		—	—
Other current assets		21,916,403.62	19,615,485.87
<b>Total current assets</b>		<b>2,993,697,416.93</b>	<b>3,005,359,817.46</b>
<b>Non-current assets:</b>			
Debt investments		—	—
Available-for-sale financial assets		—	—
Other debt investments		—	—
Held-to-maturity investments		—	—
Long-term receivables		—	—
Long-term equity investments		—	—
Other investments in equity instruments		—	—
Other non-current financial assets		—	—
Investment property		—	—
Fixed assets		311,861,259.48	312,930,579.87
Construction in progress		150,868,963.17	150,138,063.04
Productive biological assets		—	—
Oil & gas assets		—	—
Right-of-use assets		1,351,376.09	2,065,991.49
Intangible assets		133,120,183.42	136,270,839.38
Development expenditures		—	—
Goodwill		13,359,553.09	13,359,553.09
Long-term prepayments		—	—
Deferred income tax assets		25,643,613.31	27,631,861.33
Other non-current assets		3,003,786.50	1,804,219.22
<b>Total non-current assets</b>		<b>639,208,735.06</b>	<b>644,201,107.42</b>
<b>Total assets</b>		<b>3,632,906,151.99</b>	<b>3,649,560,924.88</b>

<b>Item</b>	<i>Notes</i>	<b>As at 30 June 2024 RMB</b>	<b>As at 31 December 2023 RMB</b>
<b>Current liabilities:</b>			
Short-term borrowings		–	–
Held-for-trading financial liabilities		–	–
Financial liabilities at fair value through profit and loss		–	–
Derivative financial liabilities		–	–
Notes payable		–	–
Accounts payable	3	<b>224,093,248.17</b>	225,500,169.91
Advances received		–	–
Contract liabilities		<b>166,451,250.34</b>	149,563,275.39
Employee remuneration payable		<b>30,371,918.12</b>	89,719,385.48
Taxes payable		<b>18,323,718.11</b>	61,519,271.32
Other payables		<b>195,764,287.77</b>	66,314,036.00
Including: Interests payable		–	–
Dividends payable		<b>138,851,797.00</b>	–
Liabilities held-for-sale		–	–
Non-current liabilities due within one year		<b>668,355.09</b>	1,221,386.17
Other current liabilities		<b>84,538,713.08</b>	82,835,311.24
<b>Total current liabilities</b>		<b><u>720,211,490.68</u></b>	<b><u>676,672,835.51</u></b>
<b>Non-current liabilities:</b>			
Long-term borrowings		–	–
Bonds payable		–	–
Including: Preferred shares		–	–
Perpetual bonds		–	–
Lease liabilities		<b>251,946.43</b>	531,543.62
Long-term payables		–	–
Long-term employee remuneration payable		–	–
Estimated liabilities		–	–
Deferred gains		<b>82,669,278.59</b>	83,790,835.82
Deferred income tax liabilities		<b>10,428,905.56</b>	9,330,276.98
Other non-current liabilities		–	–
<b>Total non-current liabilities</b>		<b><u>93,350,130.58</u></b>	<b><u>93,652,656.42</u></b>
<b>Total liabilities</b>		<b><u>813,561,621.26</u></b>	<b><u>770,325,491.93</u></b>

<b>Item</b>	<i>Notes</i>	<b>As at 30 June 2024 RMB</b>	<b>As at 31 December 2023 RMB</b>
<b>Shareholders' equity:</b>			
Share capital	4	<b>383,568,500.00</b>	383,568,500.00
Other equity instruments			
Including: Preferred shares		–	–
Perpetual bonds		–	–
Capital reserve	5	<b>1,044,799,419.83</b>	1,044,799,419.83
Less: Treasury shares		–	–
Other comprehensive income		–	–
Specific reserve		–	–
Surplus reserve	6	<b>181,585,925.26</b>	181,585,925.26
Undistributed profits	7	<b><u>1,207,687,290.07</u></b>	<u>1,267,513,008.25</u>
Total interests attributable to shareholders of the parent company		<b><u>2,817,641,135.16</u></b>	2,877,466,853.34
Minority interests		<b><u>1,703,395.57</u></b>	<u>1,768,579.61</u>
<b>Total shareholders' equity</b>		<b><u>2,819,344,530.73</u></b>	<u>2,879,235,432.95</u>
<b>Total liabilities and shareholders' equity</b>		<b><u>3,632,906,151.99</u></b>	<u>3,649,560,924.88</u>
<b>Net current assets</b>		<b><u>2,273,485,926.25</u></b>	<u>2,328,686,981.95</u>
<b>Total assets less current liabilities</b>		<b><u>2,912,694,661.31</u></b>	<u>2,972,888,089.37</u>

## CONSOLIDATED INCOME STATEMENT OF THE GROUP

		Six months ended 30 June	
Item	Notes	2024 RMB	2023 RMB
<b>I. Revenue</b>	8	<b>380,130,570.92</b>	540,706,888.57
Less: Operating costs	8	<b>108,247,815.46</b>	149,300,529.61
Taxes and surcharge		<b>4,342,874.75</b>	4,021,717.04
Selling expenses		<b>111,481,168.80</b>	166,890,048.29
Administrative expenses		<b>21,310,062.04</b>	18,957,836.76
Research and development expenses		<b>67,659,413.06</b>	74,572,384.70
Financial expenses		<b>(9,012,489.46)</b>	(4,993,937.49)
Including: Interest expenses		<b>27,050.23</b>	39,312.28
Interest proceeds		<b>8,040,034.97</b>	4,458,526.31
Add: Other gains		<b>6,413,483.27</b>	4,015,733.88
		<hr/>	<hr/>
Investment income/(losses)		<b>6,084,909.58</b>	10,067,668.50
Including: Investment income from			
associates and joint ventures		-	-
Gains/ (losses) from			
derecognition of			
financial assets measured at			
amortized cost		-	-
Gain/ (losses) on net exposure			
hedges		-	-
Gain/ (losses) from changes of			
fair value		<b>4,670,205.47</b>	4,382,142.85
Impairment loss of credit		<b>(5,794,060.61)</b>	(8,788,283.97)
Impairment loss of assets		<b>(5,229,285.17)</b>	(3,175,940.28)
Gains/(losses) on disposal of			
assets		<b>39,213.61</b>	-
		<hr/>	<hr/>
<b>II. Operating profit/(losses)</b>		<b>82,286,192.42</b>	138,459,630.64
Add: Non-operating income		<b>856,684.38</b>	286,636.36
Less: Non-operating expenses		<b>72,914.25</b>	209,028.67
		<hr/>	<hr/>
<b>III. Total profit/ (losses)</b>		<b>83,069,962.55</b>	138,537,238.33
Less: Income tax expenses	9	<b>4,109,067.77</b>	12,552,076.63
		<hr/>	<hr/>

Item	Notes	Six months ended 30 June	
		2024 RMB	2023 RMB
<b>IV. Net profit/(net losses)</b>		<b>78,960,894.78</b>	125,985,161.70
(I) Categorized by continuity of operations:			
1. Net profit attributable to continuing operations		<b>78,960,894.78</b>	125,985,161.70
2. Net profit attributable to ceased operations		<u>                  -</u>	<u>                  -</u>
(II) Categorized by ownership:			
1. Net profit attributable to the shareholders of the parent company		<b>79,026,078.82</b>	126,077,038.00
2. Minority profit or loss		<b>(65,184.04)</b>	(91,876.30)
<b>V. Net other comprehensive income after tax</b>			
Net other comprehensive income after tax attributable to the shareholders of the parent company		<u>                  -</u>	<u>                  -</u>
Net other comprehensive income after tax attributable to minority shareholders		<u>                  -</u>	<u>                  -</u>
<b>VI. Total comprehensive income</b>		<b>78,960,894.78</b>	125,985,161.70
Total comprehensive income attributable to the shareholders of the parent company		<b>79,026,078.82</b>	126,077,038.00
Total comprehensive income attributable to minority shareholders		<b>(65,184.04)</b>	(91,876.30)
<b>VII. Earnings per share</b>			
(I) Basic earnings per share	10	<b>0.21</b>	0.33
(II) Diluted earnings per share	10	<b>0.21</b>	0.33

*Notes:*

**1 GENERAL**

Beijing Chunlizhengda Medical Instruments Co., Ltd.\* (hereinafter referred to as the “**Company**”) was established in the People’s Republic of China (the “**PRC**”) on 12 February 1998.

The H shares of the Company have been listed and traded on the Hong Kong Stock Exchange since 11 March 2015 under the stock short name “Chunli Medical” and stock code 01858.HK; and the A shares of the Company have been listed and traded on the Science and Technology Innovation Board of the Shanghai Stock Exchange since 30 December 2021 under the stock short name “Chunli Medical” and stock code 688236.SH.

The Company operates in the medical device industry, and is mainly engaged in the research and development, production and sales of medical device products for joints, spine and sports medicine.

**Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis and included applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance which as of 30 June 2024 continued to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit” set out in sections 76 to 87 of Schedule 11 of the Hong Kong Companies Ordinance.

The financial statements have been prepared in accordance with the Company’s accounting policies which conformed to the Accounting Standards for Business Enterprises in the PRC (the “**ASBE**”) issued by the Ministry of Finance of the PRC (the “**MOF**”), the related specific standards, the Accounting Standards for Business Enterprises Application Guidance, the PRC Accounting Standards Bulletins and other relevant regulations (hereinafter referred to as the “China Accounting Standards for Business Enterprises”, the “**CASBE**”).

In preparing the financial statements of the Company as of 30 June 2024, the Group has adopted all of the new and revised CASBE issued by the MOF that are effective as of 30 June 2024.

Since 1 January 2024, the Company has implemented the provisions of “Classification of Current Liabilities and Non-Current Liabilities, Disclosure of Financing Arrangements and Accounting Treatment of Sale and Leaseback Transactions and Accounting Treatment of Sale and Leaseback Transaction” in “Notice on the Publication of ‘Interpretation No. 17 on ASBE’ issued by the Ministry of Finance on 9 November 2023, and this change in accounting policy has no effect to the financial statement of the Company.

## 2 ACCOUNTS RECEIVABLE

Categories of accounts receivable:

Item		Individually significant and for which provision is individually assessed	Provision made for bad debts by portfolios	Credit risk group	Sub-total	Not individually significant but for which provision is individually assessed	Total
As at 31 December 2023							
Carrying amount	Amount (RMB)	-	458,688,054.81	458,688,054.81	458,688,054.81	-	458,688,054.81
	Percentage (%)	-	100.00	100.00	100.00	-	100.00
Provision	Amount (RMB)	-	52,792,527.42	52,792,527.42	52,792,527.42	-	52,792,527.42
	Percentage (%)	-	11.51	11.51	11.51	-	11.51
Net amount		-	405,895,527.39	405,895,527.39	405,895,527.39	-	405,895,527.39
As at 30 June 2024							
Carrying amount	Amount (RMB)	-	408,348,587.21	408,348,587.21	408,348,587.21	-	408,348,587.21
	Percentage (%)	-	100.00	100.00	100.00	-	100.00
Provision	Amount (RMB)	-	58,609,189.82	58,609,189.82	58,609,189.82	-	58,609,189.82
	Percentage (%)	-	14.35	14.35	14.35	-	14.35
Net amount		-	349,739,397.39	349,739,397.39	349,739,397.39	-	349,739,397.39

Credit risk characteristics group:

Aging	As at 30 June 2024			As at 31 December 2023		
	Carrying amount		Provision amount	Carrying amount		Provision amount
	RMB	Percentage %	RMB	RMB	Percentage %	RMB
Within one year	284,644,367.98	69.71	14,232,218.40	356,332,383.30	77.69	17,816,619.16
1 to 2 years	77,509,476.70	18.98	11,626,421.51	67,750,933.51	14.77	10,162,640.04
2 to 3 years	26,888,385.23	6.58	13,444,192.61	19,582,939.58	4.27	9,791,469.80
More than 3 years	19,306,357.30	4.73	19,306,357.30	15,021,798.42	3.27	15,021,798.42
Total	408,348,587.21	100.00	58,609,189.82	458,688,054.81	100.00	52,792,527.42

Note: The aging analysis of accounts receivable is based on the month in which the amount actually occurs. The amount which occurs first has priority in settlement.



### 3 ACCOUNTS PAYABLE

<b>Item</b>	<b>As at 30 June 2024 RMB</b>	<b>As at 31 December 2023 RMB</b>
Acquired materials and others	<b>179,549,812.12</b>	176,014,488.16
Acquired machines equipment and engineering	<b>44,543,436.05</b>	49,485,681.75
<b>Total</b>	<b><u>224,093,248.17</u></b>	<b><u>225,500,169.91</u></b>

Aging analysis of accounts payable is as follows:

<b>Item</b>	<b>As at 30 June 2024 RMB</b>	<b>As at 31 December 2023 RMB</b>
Within one year (inclusive)	<b>170,246,270.13</b>	166,857,084.41
More than one year	<b>53,846,978.04</b>	58,643,085.50
<b>Total</b>	<b><u>224,093,248.17</u></b>	<b><u>225,500,169.91</u></b>

*Note:* The aging analysis of accounts payable is based on the month in which the amount actually occurs. The amount which occurs first has priority in settlement.

### 4 SHARE CAPITAL

	<b>Six months ended 30 June</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Number of shares</b>	<b>RMB</b>	<b>Number of shares</b>	<b>RMB</b>
Overseas-listed foreign shares (H Shares) in the ordinary shares with a nominal value of RMB1.00 each	<b>95,140,500</b>	<b>95,140,500</b>	95,852,000	95,852,000
Cancellation of overseas-listed foreign shares (H Shares)	–	–	(711,500)	(711,500)
A Shares	<b>288,428,000</b>	<b>288,428,000</b>	288,428,000	288,428,000
	<b><u>383,568,500</u></b>	<b><u>383,568,500</u></b>	<b><u>383,568,500</u></b>	<b><u>383,568,500</u></b>

## 5 CAPITAL RESERVE

<b>Item</b>	<b>As at 30 June 2024 RMB</b>	<b>As at 31 December 2023 RMB</b>
Capital premium	<b>1,042,999,419.83</b>	1,042,999,419.83
Other capital reserve	<b>1,800,000.00</b>	1,800,000.00
Total	<b><u>1,044,799,419.83</u></b>	<u>1,044,799,419.83</u>

## 6 SURPLUS RESERVE

<b>Item</b>	<b>As at 30 June 2024 RMB</b>	<b>As at 31 December 2023 RMB</b>
Statutory surplus reserve	<b><u>181,585,925.26</u></b>	<u>181,585,925.26</u>

As stipulated by the relevant laws and regulations for enterprises in the PRC, each of the entities comprising the Group is required to maintain a statutory reserve fund which is non-distributable. The appropriations to such reserve fund are made out of net profit after taxation of the statutory financial statements of the relevant PRC companies. The statutory surplus reserve can be used to make up prior year/period losses, if any, and can be applied in conversion into capital by means of capitalisation issue.

## 7 RETAINED EARNINGS

<b>Item</b>	<b>As at 30 June 2024 RMB</b>	<b>As at 31 December 2023 RMB</b>
Closing balances of the preceding year	<b><u>1,267,513,008.25</u></b>	<u>1,136,732,358.10</u>
Opening balances of the current year	<b>1,267,513,008.25</b>	1,136,732,358.10
Add: Net profit attributable to the owners of the parent company for the period	<b>79,026,078.82</b>	277,824,014.12
Less: Transfer to statutory reserve fund	–	26,986,423.47
Declaration of dividend	<b>138,851,797.00</b>	120,056,940.50
Dividend of ordinary shares transferred to share capital	–	–
Closing balances of the current year	<b><u>1,207,687,290.07</u></b>	<u>1,267,513,008.25</u>

## 8 REVENUE AND COST OF SALES

Item	Six months ended 30 June	
	2024	2023
	RMB	RMB
Revenue from principal operation	379,971,564.51	540,241,563.44
Revenue from other operations	159,006.41	465,325.13
	<u>379,971,564.51</u>	<u>540,241,563.44</u>
Cost of sales	108,247,815.46	149,300,529.61
	<u>108,247,815.46</u>	<u>149,300,529.61</u>

### Revenue and cost of sales (classified by products)

Item	Six months ended 30 June	
	2024	2023
	RMB	RMB
<b>Revenue</b>		
Revenue from principal operation:		
– Medical Surgical Implants	379,971,564.51	540,241,563.44
	<u>379,971,564.51</u>	<u>540,241,563.44</u>
<b>Cost of sales</b>		
Cost of sales for principal operation:		
– Medical Surgical Implants	108,247,815.46	149,300,529.61
	<u>108,247,815.46</u>	<u>149,300,529.61</u>

### Revenue and cost of sales (classified by geographical areas)

The geographical areas of the revenue are based on the location of the customers at which the goods are delivered as follows:

Area	Six months ended 30 June	
	2024	2023
	RMB	RMB
The PRC	225,543,849.23	454,087,584.58
Other than the PRC	154,586,721.69	86,619,303.99
	<u>225,543,849.23</u>	<u>454,087,584.58</u>
	<u>154,586,721.69</u>	<u>86,619,303.99</u>
Total	380,130,570.92	540,706,888.57
	<u>380,130,570.92</u>	<u>540,706,888.57</u>

## 9 INCOME TAX EXPENSES

Item	Six months ended 30 June	
	2024	2023
	RMB	RMB
Current income tax calculated in accordance with relevant tax laws and regulations	1,022,191.17	9,992,553.43
Deferred income tax	3,086,876.60	2,559,523.20
	<u>1,022,191.17</u>	<u>9,992,553.43</u>
	<u>3,086,876.60</u>	<u>2,559,523.20</u>
Total	4,109,067.77	12,552,076.63
	<u>4,109,067.77</u>	<u>12,552,076.63</u>

## Applicable tax rate

Information of corporate income tax rates for different taxable entities as of 30 June 2024:

Name of Taxable Entity	Standard Corporate Income Tax Rate	Applicable Corporate Income Tax Rate
Beijing Chunlizhengda Medical Instruments Co., Ltd.* (北京市春立正達醫療器械股份有限公司)	25%	15%
Beijing Zhao Yi Te Medical Devices Co., Ltd.* (北京兆億特醫療器械有限公司)	25%	Income tax rates for small and micro enterprises
Hebei Chunli Hangnuo New Materials Technology Co., Ltd.* (河北春立航諾新材料科技有限公司)	25%	15%
Beijing Shiyue Changsheng Medical Devices Co., Ltd.* (北京實躍長盛醫療器械有限公司)	25%	Income tax rates for small and micro enterprises
Xingtai Langtai Benyuan Medical Devices Co., Ltd.* (邢台市琅泰本元醫療器械有限公司)	25%	Income tax rates for small and micro enterprises
Langtai Meikang Medical Devices Co., Ltd.* (琅泰美康醫療器械有限公司)	25%	Income tax rates for small and micro enterprises
Beijing Lechi Inspection Technology Co., Ltd.* (北京樂馳檢測技術有限公司)	25%	Income tax rates for small and micro enterprises
Surgimaster Surgical Co., Ltd.	25%	Income tax rates for small and micro enterprises

Reconciliation of current income tax expenses to the accounting profit is as follows:

Item	Six months ended 30 June	
	2024 RMB	2023 RMB
Profit before tax	<b>83,069,962.55</b>	138,537,238.33
Income tax expenses based on statutory/applicable tax rate	<b>12,460,494.38</b>	20,780,585.74
Effect of different tax rate applicable to subsidiaries	<b>617,936.12</b>	(72,078.87)
Effect of prior income tax reconciliation	<b>(188,093.51)</b>	2,504,285.45
Effect of non-deductible costs, expenses and losses	<b>295,904.98</b>	343,004.53
Effect of using the deductible temporary differences or deductible losses of previously unrecognized deferred income tax assets	<b>(7,934.62)</b>	(28,511.29)
Effects of additional deduction of research and development costs and others	<b>(9,523,335.62)</b>	(10,997,108.28)
Effect of deducible temporary differences or deducible losses of unrecognized deferred income tax assets in the current period	<b>484,080.40</b>	21,899.35
Additional deduction of the wages for employment of disabled persons	<b>(29,984.36)</b>	—
Income tax expenses	<b>4,109,067.77</b>	12,552,076.63

## 10 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent company, and the weighted average number of ordinary shares of 383,568,500 (2023: 383,568,500) shares in issue.

As of 30 June 2024, the Group had no potentially dilutive ordinary shares in issue.

### Profit

	Six months ended 30 June	
	2024 (RMB)	2023 (RMB)
Profits attributable to ordinary equity holders of the parent company for the purpose of calculating basic and diluted earnings per share	<u>79,026,078.82</u>	<u>126,077,038.00</u>

### Shares

	Six months ended 30 June	
	2024	2023
Weighted average number of ordinary shares in issue for the purpose of calculating basic and diluted earnings per share	<u>383,568,500</u>	<u>383,568,500</u>

## 11 SEGMENT INFORMATION

The Group is mainly engaged in the manufacture and trading of surgical implants, instruments and related products. Based on the Group's internal organisational structure, management requirements and internal reporting policies, the operation of the Company constitutes one single reportable segment, i.e. manufacturing and trading of surgical implants, instruments and related products, which is under the provisions on segment information in business statements of the "ASBE No. 35 – Segment Reporting" and Accounting Standards for Business Enterprises Bulletin No. 3 and accordingly, no separate segment information is prepared.

## MANAGEMENT DISCUSSION AND ANALYSIS

The main products of the Company are orthopedic medical devices<sup>(note)</sup> and tissue repair products, including spine, trauma, joint, sports medicine and bone repair material implants, surgical instrumentation products, as well as platelet-rich plasma (PRP) preparation kits and closed wound negative pressure drainage kits. According to the Guidelines for the Industry Classification of Listed Companies (2012 Revision) issued by the CSRC, the industry in which the Company operates is “special equipment manufacturing industry” (classification code: C35). According to the Classification of Strategic Emerging Industries (2018), the Company falls under “4.2.2 Manufacture of Interventional Biomedical Materials and Equipment” in “4.2 Biomedical Engineering Industry”. According to “Industrial Classification for National Economic Activities” (《國民經濟行業分類》) (GB/T4754-2017), the industry in which the Company operates is “implantable (interventional) medical devices manufacturing” under “other medical instruments, equipment and instruments manufacturing” (classification code: C3589) in “medical instruments, equipment and instruments manufacturing” (classification code: C358).

The topic of health has become a global hotspot, with the economic development, the aging society and the increasing awareness for healthcare, resulting in the growing demand for high-quality medical treatment and in turn promoting the booming development of the global medical device market. The inclusion of medical devices in medical care insurance coverage under the healthcare reform in the PRC has increased the demand and acceptance for orthopedic implants<sup>(note 2)</sup>. Various favorable factors such as aging population, continuous growth in healthcare expenditure and improvements in public healthcare infrastructure have also propelled the growth of the orthopedic implant industry in the PRC.

In 2024, the development of the orthopedic industry has been affected to some extent due to the implementation or enforcement of the policy on high-value orthopedic consumables progressively at a national level. The Company has continued to innovate research and development, insisted to focus on the orthopedic business and strove to expand its diversified product lines.

During the reporting period, the Company conducted in-depth research and analysis on the national volume-based procurement policy. It actively implemented the policy to ensure a stable supply of selected products, regulate the procurement and usage practices of medical institutions, and facilitate the smooth implementation of the selected results for artificial joint procurement.

*Note:* Orthopedic medical devices refer to medical devices that are used for orthopedic disease treatment and recovery, mainly including orthopedic medical implant instruments and orthopedic operation implant instruments.

In the field of artificial joints, in May 2024, the results were announced for the Centralized Volume-based Procurement for Artificial joints bid opening in Tianjin. All the three product systems for hip joints as well as the total knee products of the Company have been successfully selected.

In the field of spinal products, among the selected results of the national organized centralized procurement of spinal consumables in 2023, with all eight product system categories submitted by the Company being successfully selected and in implementation by the provinces currently.

In the field of sports medicine, the state-organized centralized banded procurement of IOL and sports medicine consumables will be opened in Tianjin in November 2023, and all the sports medicine products of the Company won the bidding, which will increase the share of total demand. The Company is actively promoting the marketing network construction to further increase its market share.

Through the research and development of new materials, products, technologies and processes, the Company has continued to invest in research and development projects. For instance, the Company has made corresponding arrangements for the research and development of new materials such as porous tantalum, magnesium alloy and PEEK, and enhanced the research and development of products for new pipelines including surgical robots, sports medicine, PRP and oral cavity. The strategic arrangements above are made to continue to improve the Company's product lines and enhance its competitiveness in the market.

While the Company has made in-depth deployment in the field of orthopedic high-value consumables, it has also strengthened its expansion in orthopedic-related fields, actively searched for advanced technologies and excellent products, and enriched its product reserves to further increase its market share and realize long-term stable and sustainable development in the medical field.

### **Comprehensive medical device registration certificates**

According to the domestic joint products registration index (國產關節類產品註冊檢索) of the National Medical Products Administration ("NMPA"), the Company is one of the domestic enterprises that hold the most comprehensive medical device registration certificates for joint prosthesis products in the PRC in terms of the numbers and types of certificates.

In the field of artificial joints, the femoral head reconstruction rods and tantalum filler blocks of the Company have been approved for marketing by the National Medical Products Administration, marking that the Company has broken the dominance of foreign brands and became the first domestic enterprise with chemical vapor deposition (CVD) porous tantalum implants. The launch of these new products further enriches the categories of joint product lines and will increase the market share of the Company's joint products.

In the field of spinal products, the Company obtained registration certificates including for porous tantalum metal lumbar cage, occipito-cervico-thoracic posterior internal fixation system and posterior spinal internal fixation system. Obtaining the above-mentioned registration certificates for spinal products has enriched the spinal product line of the Company, further enhanced the Company's market competitiveness in the spinal orthopedic industry.

In the field of sports medicine, the Company has obtained various sports medicine registration certificates for 3D-printed titanium alloy anchors, tantalum-coated anchors, and anchors (insertion type), which further enriched its sports medicine product line, marking the further improvement of its deployment in the field of sports medicine, and the complete sports medicine product line facilitates the selection of clinical use. Furthermore, the acquisition of registration certificates for arthroscopes, arthroscopic endoscopic surgical instruments and arthroscopic trocars marks the entry of the company's sports medicine instrument products into the minimally invasive era.

In the field of trauma, the Company has actively researched and developed the products in the field of trauma business. As of 30 June 2024, the launch of various products of the Company's trauma product series has been approved, including bone plate, intramedullary nail, external fixation frame, metal bone needle etc., which further complemented the orthopedic business product line of the Company.

In the field of stomatologic products, the Company was granted the registration certificates for dental implants and orthodontic products including lingual clasps and free retractor hooks; the craniomaxillofacial surgical registration certificates including for the jawbone system; the registration certificates for dental repair products including bonded glass ionized valves and temporary bonded glass ionized valves. This has further diversified the Company's stomatologic product line and expanded its layout in the stomatologic product field. With the aim of building a comprehensive one-stop stomatologic ecosystem solution, the Company has planned comprehensive solutions in various stomatologic sub-sectors, namely orthodontics, planting, repair and maxillofacial surgery.

In the field of PRP products, the Company has been approved to market the PRP preparation kit, PRP preparation device and the medical centrifuge, of which the plateletrich plasma preparation kit is the first fully automatic platelet-rich plasma preparation system in China. Medical centrifuge is active equipment, and the certification and successful launch of this product signified the Company's further expansion in the PRP-product matrix.

In the field of surgical robots, the Company has obtained the registration certificates of knee joint replacement surgical navigation system and hip joint replacement surgical navigation system, the first self-developed orthopedic handheld robot system in China. The advanced sensor control system and self-sensing power system are used for their strength including high precision, simple operation, trivial floor space, fewer disinfection steps and lower cost. The success in research and development of handheld orthopedic robots has improved surgical precision and promoted the progress of minimally invasive, intelligent and digitalized orthopedic surgery.

As of 30 June 2024, the Company held 155 medical device registration certificates and recordation certificates in the PRC which cover joint products, spinal products, sports medical products, trauma, stomatologic products, PRP products and surgical robots. The various registration certificates further diversified the Company's product lines and expanded the Company's layout in the medical field to constantly meet the diversified market and clinical needs. This will strengthen the Company's comprehensive competitiveness and be conducive to further enhancing the Company's market expansion capability.



As for the international registration, as of 30 June 2024, the Company obtained registration certificates from multiple countries. It also held the CE certificates for three product series of the hip, knee and spine. Meanwhile, the Company received the approval of FDA 510(K) in the US for its “Knee Prosthesis System” on 15 April 2024. The certificates not only serve as proof of the satisfactory performance of the product and its compliance with product safety requirements, but also demonstrate the Company’s technical superiority at an international level. Obtaining these certificates is a guarantee for our increasing international sales and a manifestation of our strong competitiveness in the international market.

### **Diversified Product Portfolio**

As one of the first local enterprises engaged in the research and development and production of joint prosthesis products in the PRC, the Company has established a large portfolio of joint prosthesis products, spine products, trauma products and sports medicine products. Our joint prosthesis products cover the four major joints of the human body: hip, knee, shoulder and elbow. Our spine products are a full range of spinal fixation and spinal fusion systems, including anterior and posterior cervical fixation series, anterior and posterior thoracolumbar fixation series, cervical fusion series and thoracolumbar fusion series. The Company’s trauma products provide comprehensive solutions for repositioning, immobilizing and stabilizing various types of fractures, including bone splints, intramedullary nails, external fixation braces, and metal bone pins. The Company’s sports medicine products include non-absorbable anchor nails, meniscus repair systems, titanium plates with tabs, PEEK anchor nails, PEEK interface screws, and other products that provide solutions for the four major joints of the human body – hips, knees, shoulders and elbows – as well as the small joints of the hands, wrists and feet, etc., which enable us to formulate a wide range of products for clinically complex sports injuries. In addition, our joint prosthesis products are divided into standard joint prosthesis products and customized joint prosthesis products. Standard joint prosthesis products mainly include hip prosthesis products and knee prosthesis products, while customized joint prosthesis products are divided into two categories, i.e. traditional customized joint prosthesis products and customized (combination) joint prosthesis products. Custom joint prosthesis products are applicable to four major human joints and are specially designed and manufactured to meet clinical needs.

### **Strong research and development capabilities**

As G20 Innovation Leading Enterprise of “Thirteenth Five-Year Plan” and National High-tech Enterprise, the Company has scientific research platforms such as post-doctoral scientific research workstations and holds qualifications such as Municipal Enterprise Technology Center of the PRC and Beijing Artificial Joint Engineering Laboratory. The Company has undertaken government projects of Ministry of Science and Technology of PRC, Beijing Municipal Commission of Science and Technology, Beijing Municipal Commission of Development and Reform, and Beijing Municipal Commission of Economy and Informatization for multiple times, with a number of products filling the gaps in the domestic market and enhancing the level of independent innovation of domestic medical devices.

The Company emphasizes the integration of production, learning, research and clinical application in terms of research and development. In its efforts to new product research and development as well as product improvement, the opinions from experts in related fields gained full absorption while the Company collaborated closely with experts to ensure that the products developed meet the market demand and fulfill the requirements of clinical practicability.

During the reporting period, the research and development projects of the Company recognized by the government include:

- 2024 Beijing Postdoctoral Research Activity Funding Project “Design, Mechanism and Application of Light-Responsive Solid-State Organic Light-Emitting Materials”;
- 2024 “Orthopedic Surgical Navigation Robot System Research and Development Project”, “Robot+” Typical Application Scene Project, Department of Industry and Information Technology of Hebei Province;
- 2024 “Orthopedic Surgical Navigation Robot System Research and Development Project”, “Robot+” Application “Unveiling and Hailing” Project, Department of Industry and Information Technology of Hebei Province;
- 2024 “Research on Preparation and Performance of Biodegradable Zinc-Lithium Alloy Materials”, Funding Project of Tongzhou Golden Bridge Seed Project;

Apart from the above research and development projects, the Company was awarded as an enterprise leading an individual field of the manufacturing industry at the National Level by the Ministry of Industry and Information Technology in 2024. The Company is the first and currently the only enterprise leading an individual field of the manufacturing industry that focuses on the main business of artificial joint prosthesis. It shows full affirmation from MIIT for the Company’s persistent innovation-driven, excellence-driven and continuous pursuit of excellence in the field of artificial joints over the long term.

As of 30 June 2024, the Company had obtained 606 domestic intellectual properties, including 124 invention patents, 468 utility model patents, 5 design patents and 9 software copyrights. The abundant patent licenses manifest the Company’s innovation ability and core competitiveness. In the 23rd China Patent Award announced by China National Intellectual Property Administration, the “New Axis Knee Joint Prosthesis” of the Company has been awarded the Outstanding Award of the China Patent Award. China Patent Award is the highest national accolade in the field of intellectual property, and getting the award demonstrates the level of patent technology and innovation of the Company. It is also a recognition of the Company’s patent market transformative value, patent protection and patent management.

## **Advanced joint prosthesis products**

The Company is one of the earliest enterprises manufacturing advanced joint prosthesis products in the PRC.

The Company continuously innovated in research and development, so that a number of products have become the first in China or to fill the domestic gaps:

- In 2015, it obtained the medical device registration certificate of BIOLOX®*delta* fourth generation (the most widely used generation at present) ceramic joint prosthesis products, remarking it as the first enterprise to acquire the all-ceramic certificate in mainland China, and also the first to gain the refurbished ceramics in the PRC;
- It is the first enterprise in China to have both single movable and stationary platform condyle products;
- It is the first enterprise to have patellofemoral joint products;
- It is the first enterprise to have the Vitamin E high cross-linked polyethylene hip and knee products;
- It is the first enterprise in China to have inverted shoulder joint products;
- It is the first enterprise in China to possess the fully automatic PRP manufacturing system;
- It is the first enterprise in China to have porous tantalum metal femoral head reconstruction rods.

In addition, the Company has also made arrangements for its joint robots and developed orthopedic surgical robots for hip replacement, total knee replacement, epicondylar joint replacement and other product lines. Among them, the hip joint surgical robots are the first approved handheld orthopedic robots with autonomous sensing all over the world.

## **Extensive distribution and sales network**

The Company has built an extensive distribution network covering all provinces, municipalities and autonomous regions in the PRC (excluding Hong Kong, Macau and Taiwan), and our sales network has covered numerous hospitals located in these regions through our distributors. Most of the products of the Company are sold in the PRC and some are exported to countries and regions in Asia, South America, Africa, Oceania and Europe under the brand name of “春立 Chunli” or through OEM.

## FINANCIAL REVIEW

### Revenue

Our revenue was approximately RMB380.13 million for the six months ended 30 June 2024, a decrease of 29.70% as compared to approximately RMB540.71 million for the same period of last year, which was mainly attributable to the depressed selling price of related products resulted from the implementation of the PRC's bulk purchase of high-value consumables.

The revenue of our major products compared with that of the previous year is as follows:

Product category	Six months ended 30 June		Growth over corresponding period
	2024 (RMB'000)	2023 (RMB'000)	
Medical device products	379,972	540,242	-29.67%
Other businesses	159	465	-65.81%
<b>Total</b>	<b>380,131</b>	<b>540,707</b>	<b>-29.70%</b>

### Gross profit

For the six months ended 30 June 2024, the Company's gross profit amounted to approximately RMB271.88 million, a decrease of 30.54% from approximately RMB391.41 million for the same period of last year, which was mainly attributable to the depressed selling price of related products resulted from the implementation of the PRC's bulk purchase of high-value consumables.

### Selling expenses

For the six months ended 30 June 2024, the Company's selling expenses were approximately RMB111.48 million, a decrease of 33.20% from approximately RMB166.89 million for the same period of last year, which was mainly attributable to the decrease in marketing expenses resulted from the implementation of the PRC's bulk purchase of high-value consumables.

### Administrative expenses

For the six months ended 30 June 2024, the Company's administrative expenses were approximately RMB21.31 million, an increase of 12.39% from approximately RMB18.96 million for the same period of last year, which was mainly attributable to the increase in the employee remuneration and rentals and property expenses.

## **Research and development expenses**

For the six months ended 30 June 2024, the Company's research and development expenses were approximately RMB67.66 million, a decrease of 9.27% from approximately RMB74.57 million for the same period of last year. The Company's research and development expenses in the first half of 2024 accounted for 17.80% of the revenue (the research and development expenses accounted for 13.79% of the revenue for the same period of last year). The Company will continue to invest in and optimise the management of the research and development to improve the relevant efficiency and the quality of results.

## **Impairment loss of credits**

For the six months ended 30 June 2024, the Company's impairment loss of credits was approximately RMB5.79 million, a decrease of 34.13% from approximately RMB8.79 million for the same period of last year, which was mainly attributable to the decrease in trade receivables, leading to a corresponding decrease in the provision for impairment of trade receivables in accordance with the policy on bad debt provision for trade receivables.

## **Impairment loss of assets**

For the six months ended 30 June 2024, the Company's impairment loss of assets was approximately RMB5.23 million, an increase of 64.47% from RMB3.18 million for the same period of last year, which was mainly attributable to the increase in the inventories of the Company, leading to a corresponding increase in the provision for the impairment of inventories according to the Company's policy on inventory impairment.

## **Income tax expenses**

For the six months ended 30 June 2024, the Company's income tax expenses were approximately RMB4.11 million, a decrease of 67.25% from approximately RMB12.55 million for the same period of last year, which was mainly attributable to the decrease in the profit of the Company.

## **Net profit**

For the six months ended 30 June 2024, the Company achieved a net profit attributable to the shareholders of the parent company of RMB79.03 million, a decrease of 37.32% from approximately RMB126.08 million for the same period of last year, which was mainly attributable to the depressed selling price of related products of the Company resulted from the implementation of the PRC's bulk purchase of high-value consumables.

## **Liquidity and capital resources**

The Company's monetary funds increased from approximately RMB1,266.37 million as of 31 December 2023 to approximately RMB1,277.67 million as of 30 June 2024.

The Company's principal sources of liquidity are generated from our operations. The Board is of the opinion that we have sufficient resources to support our management and to meet our foreseeable capital expenditure demands.

## Use of Proceeds from the Listing on the Science and Technology Innovation Board

Upon the approval of the listing committee of the Science and Technology Innovation Board of the Shanghai Stock Exchange and pursuant to the document for the approval of registration Zheng Jian Xu Ke (2021) No. 3702 (證件許可(2021) 3702號) issued by the China Securities Regulatory Commission, on 30 December 2021, the Company completed the A Share offering of 38,428,000 A Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange at an issue price of RMB29.81 per share, raising gross proceeds of RMB1,145,538,680.00 through the A Share. After deducting the issue expenses of RMB78,410,387.77, the actual net proceeds from the A Share offering amounted to RMB1,067,128,292.23. The net proceeds from the initial public offering of A Shares have been and will be used in accordance with the uses described in the Company's A Share offering prospectus dated 14 December 2021 and the Company's announcement dated 30 August 2023.

*Unit: RMB*

Project Name	Proportion	Amount available (RMB'000)	Net (expenses)/ interest income as of 30 June 2024 (RMB'000)	Outstanding amount as of 30 June 2024 (RMB'000)	The date on which the project is ready for its intended useable condition
Integrated construction project of orthopedic implant and ancillary materials	43.11%	460,000.00	(442,039.88)	17,960.12	August 2024
Construction project of research and development centre	39.36%	420,000.00	(364,136.69)	55,863.31	August 2024
Marketing network construction project	1.87%	20,000.00	1,838.29	21,838.29	December 2024
Replenishment of working capital	15.66%	167,128.29	(167,059.04)	69.25	N/A
Sub-total	<u>100%</u>	<u>1,067,128.29</u>	<u>(971,397.32)</u>	<u>95,730.97</u>	

### Notes receivables

The Company's notes receivable decreased significantly from approximately RMB35.83 million as of 31 December 2023 to approximately RMB75.74 million as of 30 June 2024, mainly resulted from changes with the various return method of receivables.

## **Inventory**

The Company's inventory increased from approximately RMB434.49 million as of 31 December 2023 to approximately RMB520.40 million as of 30 June 2024, which was mainly attributable to the reserve of inventory according to market needs.

## **Fixed assets and construction in progress**

The Company's fixed assets and construction in progress decreased, from approximately RMB463.07 million as of 31 December 2023 to approximately RMB462.73 million as of 30 June 2024, which was mainly attributable to the depreciation of fixed assets.

## **Net current assets**

The Company's net current assets increased from approximately RMB2,328.69 million as of 31 December 2023 to approximately RMB2,273.49 million as of 30 June 2024, which was mainly attributable to the allowance made for final dividend in 2023. As at 30 June 2024, the current ratio was 4.16 (31 December 2023: 4.44).

## **Working capital and financial resources**

### ***Cash flow analysis***

As at 30 June 2024, net cash outflow generated from operating activities was approximately RMB69.06 million, which was mainly attributable to the during the reporting period, the sales returns of the Company decreased as compared to the same period of last year while cash paid to and for employees increased as compared to the same period of last year; the net cash flow inflow generated from investment activities was approximately RMB79.64 million, which was mainly due to an increase in the net recoveries of financial investments in the first half of 2024; the net cash outflow generated from financing activities was approximately RMB0.55 million, which was mainly due to the leasing-related capital expenditure of the Company; and the cash and cash equivalents increased by approximately RMB11.31 million as compared to the end of last year.

## **Capital expenditure**

The Company's capital expenditure was mainly used in the expansion of new production base and the acquisition of production facilities.

## **Contingent liabilities or guarantees**

As of 30 June 2024, the Company did not have any significant contingent liabilities or guarantees.

## OTHER DISCLOSURES

### Material Investments

Pursuant to paragraph 32(4A) of Appendix D2 to the Listing Rules, the Company would like to provide information in respect of its significant investments with a value of 5% or more of the Group’s total assets as at 30 June 2024 and its financial assets at fair value through profit or loss, which consisted of the Group’s subscription of certain structured deposit products offered by Bank of Beijing (the “**Structured Deposit Products**”).

The subscription of structured deposit products by the Company is a reasonable and effective use of certain portion of its temporarily idle capitals out of proceeds from the public offering of A Shares and its internal resources, which is conducive to enhancing the Group’s overall capital return, in line with the Company’s core objective of safeguarding its capital while ensuring liquidity.

### All redeemed as of 30 June 2024:

Trustee	Type of entrusted wealth Trustee management	Amount of entrusted wealth management (RMB0’000)	Commencement date of entrusted wealth management	Expiry date of entrusted wealth management	Capital Source	Annualised Yield	Actual Gains or (losses) (RMB0’000)	Actual recovery
Bank of Beijing-Daxing Sub-branch	Structured deposits	35,000.00	18 October 2023	16 January 2024	Idle capital	1.3 or 2.76%	238.19	Full Redemption
Bank of Beijing – Fang Zhuang Sub-branch	Structured deposits	14,000.00	18 October 2023	16 January 2024	Idle capital	1.3 or 2.76%	95.28	Full Redemption
Bank of Beijing – Fang Zhuang Sub-branch	Structured deposits	12,500.00	18 October 2023	16 January 2024	Internal funds	1.3 or 2.76%	85.07	Full Redemption
Bank of Beijing – Fang Zhuang Sub-branch	Structured deposits	21,500.00	9 November 2023	11 March 2024	Idle capital	1.3 or 2.78%	201.42	Full Redemption
Bank of Beijing – Fang Zhuang Sub-branch	Structured deposits	12,000.00	22 January 2024	20 May 2024	Idle capital	1.3 or 2.78%	108.76	Full Redemption
Bank of Beijing – Fang Zhuang Sub-branch	Structured deposits	12,500.00	22 January 2024	20 May 2024	Internal funds	1.3 or 2.78%	113.29	Full Redemption
Bank of Beijing-Daxing Sub-branch	Structured deposits	33,500.00	22 January 2024	20 May 2024	Idle capital	1.3 or 2.78%	303.63	Full Redemption



Not redeemed as of 30 June 2024:

Trustee	Name of product	Type of entrusted wealth	Amount of entrusted wealth (RMB'000)	Fair value as at 30 June 2024 (RMB'000)	Size of fair value relative to the Group's total assets	Commencement date of entrusted wealth management	Expiry date of entrusted wealth management	Capital Source	Money Flow	Annualised Yield	Actual recovery
Bank of Beijing – Fang Zhuang Sub-branch	EUR/USD Fixed-day Observation Interval Structured Deposits	Structured deposits	16,000.00	16,061.55	4.42%	14 March 2024	15 July 2024	Idle capital	Banking	1.30% or 2.78%	Undue, not redeemed at the end of the reporting period
Bank of Beijing – Daxing Sub-branch	EUR/USD Fixed-day Observation Interval Structured Deposits	Structured deposits	33,500.00	33,5404.57	9.23%	27 May 2024	18 October 2024	Idle capital	Banking	1.30% or 2.72%	Undue, not redeemed at the end of the reporting period
Bank of Beijing – Fang Zhuang Sub-branch	CCBC Entity-targeted RMB Customised Structured Deposit	Structured deposits	12,000.00	12,014.53	3.31%	27 May 2024	18 October 2024	Idle capital	Banking	1.30% or 2.72%	Undue, not redeemed at the end of the reporting period
Bank of Beijing – Fang Zhuang Sub-branch	EUR/USD Fixed-day Observation Interval Structured Deposits	Structured deposits	12,500.00	12,515.14	3.44%	27 May 2024	18 October 2024	Internal funds	Banking	1.30% or 2.72%	Undue, not redeemed at the end of the reporting period
			74,000.00	74,131.78	20.41%						

*Note:* Bank of Beijing is a licensed bank in the PRC and a joint stock company established under the laws of the PRC, which provides corporate and personal banking business, treasury business, finance leasing, asset management and other financial services in the PRC. Its shares are listed on the Shanghai Stock Exchange (stock code: 601169). Bank of Beijing (Fangzhuang Branch) and Bank of Beijing (Daxing Branch) are branches of Bank of Beijing. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Bank of Beijing and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

## **SUBSEQUENT EVENTS**

From the end of the reporting period to the date of this announcement, the Group did not have any other significant events.

## **FUTURE PROSPECTS**

Looking forward, various favourable factors such as aging population, continuous increase in per capita income and enlarging scope of the medical insurance coverage will continue to sustain the rapid development of the healthcare market in the PRC, especially the orthopedic medical device industry. The Company believes that the demand of our products will continue to increase along with the growth of the PRC joint prosthesis market. In the long run, the Company aims to become a leading enterprise in the market with a full range of orthopedic medical device products and to become one of the internationally renowned orthopedic medical device manufacturers. The Company implements the following strategies:

### **Diversify our product series**

The Company will continue to optimize and modify our existing products, and keep abreast of the technology development of the joint prosthesis sector and invest more resources in the research and development of new products. The Company will strengthen production, operation and internal management, enhance its product innovation capacity and reinforce marketing promotion. The Company will develop new markets on the basis of consolidating existing markets consistently and strive to improve the market share of the related products. The Company will develop more products catering for patients' needs through the application of new materials and the improvement of production processes, in order to build a more comprehensive product series and to achieve product diversification. The Company has continued to lead the high-value orthopedic implant products in China and carried out innovative research and development of joints as main business to provide a more various and tailor-made product series for the Chinese people and to stay ahead in the domestic joint implants market. In addition, the Company has expanded and perfected the product line in the field of orthopedic, for instance, the orthopedic robots, spine, trauma and sports medical products, and boosted the strategic layout in dentistry, and PRP products. Furthermore, the Company has also closely focused on the development of related new technologies, such as new bio-materials and drug-device combinations and other products. As maintaining its leading position in the domestic market, the Company has also improved its international business team building and increased investment in marketing promotion with a view to developing the international market.

The development of domestic orthopedic medical devices is moving towards customization, minimally invasiveness and intelligence approaches. With the development of China's national economy, there will be more demand domestically for customized products. The customized joint prosthesis products of the Company primarily include two categories: traditional customized joint prosthesis products and assembled customized joint prosthesis products. Traditional customized joint prosthesis products are designed and manufactured in accordance with the skeletal structure data of specific patients based on the needs of the patients. Assembled customized joint prosthesis products are designed and manufactured based on the statistical analysis of numbers of patients' clinical data and clinically assembled from off-the-shelf components of various specifications and sizes. Compared to traditional customized joint prosthesis products, customized joint prosthesis can be manufactured and assembled in a shorter period of time to meet the needs of different patients, thus minimizing the delays in medical procedures.

The Company possesses a full range of customized joint technologies, including 3D printed osteotomy guide boards for the hip, knee, shoulder, elbow, spine, small joints of the extremities and maxillofacial positions, which are intended to be used for the position, guide and protection during osteotomies at the joint site. The 3D printed osteotomy guide boards can be highly compatible with the anatomical shape of the patients' bone tissue with its customized design and additive manufacturing and position and guide accurately during osteotomies, which can greatly reduce the time of osteotomy in joint surgery, minimize surgical errors and boost the surgery success rate and patient satisfaction to a significant extent. The Company believes that advanced, customized and individualized joint prosthesis products can generate higher profit margins. In recent years, the relevant regulations issued by the NMPA are also more conducive to the development of customized prostheses. The Company will take this opportunity to promote the rapid development of patents for customized and individualized products.

### **Strengthen the Company's innovation ability and increase the research and development resources**

In the future, the Company shall continue its focus on the research and development of standard joint prosthesis products, advanced customized and individualized joint prosthesis products, orthopedic robots, spinal products, trauma, sports medical products, PRP products and dental products. The Company plans to establish a product research and development center at Daxing New Production Base, which is expected to consist of research and development centers on joint product, spinal product and orthopedic trauma product. Meanwhile, the Company would continue to recruit more research and development talents to join its research and development team and continue to increase its expenditure on the verification of the research and development projects. In addition, under the support of the academician and expert workstation, post-doctoral scientific research workstation and Beijing Municipal Enterprise Technology Centre, the Company will focus on cultivating the research and development standards and innovation capabilities of research and development personnel, while continuously optimizing the allocation of research and development resources and iterating on corporate innovation mechanism. The Company can also make good use of Beijing Municipal Enterprise Technology Centre, post-doctoral scientific research and development workstation and academician and expert workstation to strengthen cooperation with renowned medical institutions in the PRC in order to enhance its professional knowledge, technology and competitiveness.

## **Expand brand influence**

To further strengthen its brand, the Company will continue to implement strict supervision on product quality. At the same time, the Company will actively organize and participate in seminars for market practitioners including distributors and representatives from hospitals on orthopedic medical devices with well-known experts and professors in the industry from both the PRC and overseas to promote its products during such seminars. The Company will also strengthen the cooperation with different academic institutes and hospitals and organize academic seminars at different levels and in various aspects.

## **Talent development and incentives**

The Company will continue to adhere to its existing talent development policy while establishing a new training system for talent development and attracting high quality talents with competitive remuneration system. On the other hand, the Company has established an effective incentive and appraisal system to motivate the work initiative and enthusiasm of employees.

## **EMPLOYEE**

As at 30 June 2024, the Company had approximately a total of 1,291 employees, which included management, production, quality and monitoring staff, research and development personnel, sales and marketing staff and general and administration staff. As of 30 June 2024, the total salaries and related costs paid to our employees were approximately RMB151.56 million. The Company enters into individual employment contracts with employees to cover matters such as salaries, bonus, employee benefits, contract term, duties, location of workplace, working hours, leave policies, labour protection, confidentiality, non-competition and grounds for termination, etc.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities for the six months ended 30 June 2024.

## **INTERIM DIVIDEND**

The net profit attributable to owners of the parent company for the half-year of 2024 amounted to RMB79,026,078.82. Taking into account the reasonable returns for investors and the long-term development of the Company, and under the premise of guaranteeing the Company's development of normal operation and business, the Board has resolved to make a profit distribution for the half-year of 2024 on the basis of the total share capital registered on the date of the implementation of the rights registration for the distribution, less the amount of the shares held by the repurchase account, and the number of shares held by the repurchase account. The proposed profit distribution is set out below:

The Company proposes to distribute a cash dividend of RMB0.83 (tax inclusive) for every 10 shares to all shareholders. As of 31 July 2024, the total share capital of the Company was 383,568,500 shares, and after deducting the number of shares held by the A-share repurchase account of 227,145 shares, the actual number of shares participating in the profit distribution was 383,341,355 shares, and based on this calculation, a total of RMB31,817,332.47 (tax inclusive) was proposed to be paid out as cash dividend. The amount of cash dividend of the Company in the first half of 2024 accounts for 40.26% of the net profit attributable to shareholders of the listed company in the consolidated statement. The Company will not carry out any capitalization of capital reserve and distribute bonus shares.

If the total share capital of the Company changes as a result of conversion of convertible bonds, share repurchase, share buyback and cancellation of share repurchase under share incentive scheme, share buyback and cancellation of share repurchase under major asset reorganization during the period from the date of disclosure of this announcement to the date of registration of the rights to implementation of the profit distribution, the Company intends to maintain the amount of the cash dividend per share as it is and adjust the total amount of the distribution accordingly, and will make a separate announcement of the specific adjustments.

The proposed profit distribution has been considered and approved at the Sixteenth Meeting of the Fifth Session of the Board of the Company and is subject to the approval of the 2024 Extraordinary General Meeting of the Company for implementation. The dates of closure of register of members of the Company for the purpose of determining the identity of shareholders entitled to attend the 2024 EGM and to receive the proposed interim dividend and the payment date of the said interim dividend will be announced later.

## **CORPORATE GOVERNANCE**

The Company has committed to maintaining a high standard of corporate governance. The Board believes that, the high standard of corporate governance provides a framework for the Group to safeguard shareholder interest, enhance enterprise value, formulate its business strategy and policy, and is essential to enhancing the transparency and accountability. The Company has adopted the principles and code provisions of the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules. The Board considers that during the reporting period, the Company complies with all the code provisions contained in the CG Code.

## **COMPLIANCE WITH MODEL CODE**

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” contained in Appendix C3 to the Listing Rules (the “**Model Code**”) as its code of conduct for directors’ and supervisors’ securities transactions. Having made specific enquiry with the Directors and Supervisors, all of the Directors and Supervisors confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2024.

## **REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE**

WUYIGE Certified Public Accountants LLP has reviewed these financial statements.

The Audit Committee of the Board has reviewed our Company's consolidated financial statements for the six months ended 30 June 2024, including the accounting principles and practices applied.

## **PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT**

This results announcement is published on our Company's website ([www.clzd.com](http://www.clzd.com)) and the HKExnews website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

The Company's 2024 Interim Report containing all information required under the Listing Rules will be published on the Company's website and the HKExnews website of the Stock Exchange in due course.

On behalf of the Board  
**Beijing Chunlizhengda Medical Instruments Co., Ltd.\***  
**Shi Wenling**  
*Chairman*

Beijing, the PRC, 30 August 2024

*As at the date of this announcement, the executive Directors of the Company are Ms. Shi Wenling, Mr. Shi Chunbao, Ms. Yue Shujun and Mr. Xie Feng Bao; the non-executive Director of the Company is Mr. Wang Xin; and the independent non-executive Directors of the Company are Ms. Xu Hong, Mr. Weng Jie and Mr. Wong Tak Shing.*