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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)

ANNOUNCEMENT ON CHANGE OF CERTAIN A SHARE PROCEEDS-FUNDED PROJECTS

References are made to the Overseas Regulatory Announcement which set out the A Share Prospectus for the Initial Public Offering and Listing of Shares of Beijing Chunlizhengda Medical Instruments Co., Ltd.* on the Science and Technology Innovation Board (《北京市春立正達醫療器械股份有限公司首次公開發行股票並在科創板上市招股說明書》) published by Beijing Chunlizhengda Medical Instruments Co., Ltd.* (the “**Company**”) on 27 December 2021 (“**A Share Prospectus**”), the circular of the Company (the “**Circular**”) dated 24 July 2020 and the announcement of the Company (the “**Announcement**”) dated 18 January 2022, in relation to, among others, the proposed amount of the proceeds from A Share Offering (“**A Share Proceeds**” or “**Proceeds**”), its proposed uses (“**A Share Proceeds-funded Projects**”) and certain adjustment to the amount of proceeds proposed to be invested in A Share Proceeds-funded Projects. Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the A Share Prospectus, the Circular and the Announcement.

On 30 August 2023, the Company held the second meeting of the fifth session of the Board and the second meeting of the fifth session of the Supervisory Committee, at which the Resolution on the Change of Certain Proceeds-funded Projects (《關於部分募投項目變更的議案》) was considered and approved. The resolution approved the Company to make adjustments to certain A Share Proceeds-funded Projects. The independent non-executive Directors of the Company expressed their explicit consent, and the sponsor, Huatai United Securities Co., Ltd. (hereinafter referred to as the “**Sponsor**”), issued verification opinions on this matter.

The Resolution on the Change of Certain Proceeds-funded Projects (《關於部分募投項目變更的議案》) is subjected to the approval by the Shareholders at the extraordinary general meeting (the “**EGM**”) of the Company.

I. BASIC INFORMATION ON A SHARE PROCEEDS

As reviewed and approved by 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, the Company issued 38,428,000 A Shares with a par value of RMB1 each, at the issue price of RMB29.81 per Share. The A Share Proceeds amounted to RMB1,145.5387 million in aggregate. The actual net A Share Proceeds amounted to RMB1,067.1283 million after deducting the issue expenses (exclusive of value-added tax). The payment of the A Share Proceeds mentioned above was verified by WUYIGE Certified Public Accountants LLP, and a Capital Verification Report (WUYIGE Yan Zi [2021] No. 3-00041) (大信驗字[2021]第3-00041號《驗資報告》) was issued by them.

The Company has deposited the A Share Proceeds in a special account. A supervision agreement on the special account for the Proceeds has also been entered into among the Company, the Sponsor and the relevant bank of the special account for the Proceeds in accordance with the applicable regulations. The supervision agreement clearly stipulates the relevant responsibilities and obligations of the Company, the Sponsor, and the relevant bank for the deposit of the Proceeds, clarifies the rights and obligations of all parties, and implements strict approval procedures for the use of the Proceeds to ensure the special funds are for specified purpose only.

II. INFORMATION ON A SHARE PROCEEDS-FUNDED PROJECTS

As the actual net A Share Proceeds of the Company amounted to RMB1,067.1283 million, which was lower than the proposed amount of RMB2,000 million as disclosed in the A Share Prospectus and the Circular. With reference to the actual net Proceeds from the A Share Offering and the actual situation of A Share Proceeds-funded Projects, the Company adjusted the A Share Proceeds proposed to be invested in each of the A Share Proceeds-funded Projects. The specific adjustment allocation is as follows:

Unit: RMB0'000

No.	Name of Proceeds-funded Investment Project	Total investment for the project	Amount of Proceeds to be invested before adjustment	Amount of Proceeds to be invested after adjustment
1	Integrated Construction Project of Orthopedic Implants and Supporting Materials	94,470.38	86,000.00	46,000.00
2	Research and Development (“R & D”) Centre Construction Project	70,806.59	68,000.00	36,000.00
3	Marketing Network Construction Project	16,736.34	16,000.00	8,000.00
4	Replenishment of Working Capital Project	30,000.00	30,000.00	16,712.83
Total		212,013.31	200,000.00	106,712.83

As of 30 June 2023, the A Share Proceeds-funded Projects and the actual use of the A Share Proceeds of the Company are as follows:

Unit: RMB0'000

No.	Name of Proceeds-funded Investment Project	Total committed investment for the project	Total investment after adjustment	Accumulated amount invested as of 30 June 2023
1	Integrated Construction Project of Orthopedic Implants and Supporting Materials	86,000.00	46,000.00	11,985.86
2	R & D Centre Construction Project	68,000.00	36,000.00	4,660.94
3	Marketing Network Construction Project	16,000.00	8,000.00	102.27
4	Replenishment of Working Capital Project	30,000.00	16,712.83	16,843.71
Total		200,000.00	106,712.83	33,592.77

For details, please refer to the “Special Report on the Deposit and Actual Use of Proceeds for the First Half of 2023 of Beijing Chunlizhengda Medical Instruments Co., Ltd.* (《北京市春立正達醫療器械股份有限公司2023年半年度募集資金存放與實際使用情況的專項報告》)” (Announcement No.: 2023-033) published by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on 31 August 2023.

III. DETAILS OF THE CHANGES AND ADJUSTMENTS TO CERTAIN A SHARE PROCEEDS-FUNDED PROJECTS

(I) Adjustment to the investment amount of certain A Share Proceeds-funded Projects

Unit: RMB0'000

No.	Name of investment project in respect of the proceeds raised	Amount of Proceeds to be invested before adjustment	Amount of Proceeds to be invested after adjustment	Amount of change
1	R & D Centre Construction Project	36,000.00	42,000.00	+6,000.00
2	Marketing Network Construction Project	8,000.00	2,000.00	-6,000.00
Total		44,000.00	44,000.00	

(II) Changes and adjustments to the R & D Centre Construction Project

1. Adjustment to the investment amount of the R & D Centre Construction Project

Based on the actual situation of the Proceeds and taking into account the Company's need to further strengthen its forward-looking layout in the field of R & D, the Company intends to adjust the total amount of Proceeds to be used for the "R & D Centre Construction Project" from RMB360 million to RMB420 million, of which there will be an increase of RMB60 million, and the Company intends to deduct the increased funds from the Proceeds to be invested in the "Marketing Network Construction Project". The R & D Centre Construction Project is divided into the Beijing R & D Centre Construction Project and the Weixian R & D Centre Construction Project. The adjusted amount of RMB60 million will be fully invested in the Beijing R & D Centre Construction Project for the purposes of remuneration of R & D personnel and R & D expenses. There was no change in the specific R & D direction of the R & D Centre Construction Project after the change. Adjustments for changes in the R & D Centre Construction Project are as follows:

Unit: RMB0'000

No.	Item	Before the change		After the change	
		Total investment	Proceeds to be invested	Total investment	Proceeds to be invested
I	Beijing R & D Project	15,063.39	10,800.00	21,063.39	16,800.00
1	R & D personnel remuneration	8,626.00	6,480.00	12,480.00	10,080.00
2	R & D expenses	6,437.39	4,320.00	6,437.39	6,720.00
II	Weixian R & D Centre Project	55,743.20	25,200.00	55,743.20	25,200.00
Total		70,806.59	36,000.00	76,806.59	42,000.00

2. *Analysis on the reasons for the change of R & D Centre Construction Project*

With the continuous expansion of the implementation of centralised procurement policies in the field of orthopedic consumables, improving the market competitiveness of products by strengthening product R & D and innovation capabilities is the key to adapting to industry changes and achieving sustainable development of the Company. Beijing, as an international exchange centre and a science and technology innovation centre, is gathered by colleges and universities and well-known hospitals, and has the geographical advantages and medical resource advantages of accessing cutting-edge technologies and advanced clinical experience at home and abroad. The Beijing R & D Project is committed to applying advanced technologies at home and abroad to actual products and improving existing products to enhance the sensitivity of products to market demand and ultimately enhance the Company's market competitiveness. Under the new industry policies and competition environment, in order to better promote the Beijing R & D Project, the Company intends to increase the total investment in projects and the total investment amount of Proceeds, so as to provide continuous and strong technical support for the Company's products and services and further enhance the Company's core competitiveness.

(III) Changes in Marketing Network Construction Project

1. *Adjustment to the total investment amount and Proceeds to be invested in Marketing Network Construction Project*

Based on the actual situation of the Proceeds and taking into account the Company's need to further strengthen its forward-looking layout in the field of R & D, the Company intends to adjust the total project investment of the "Marketing Network Construction Project" from RMB80 million to RMB20 million, of which the Sub-project of marketing distribution outlets construction will no longer be invested, and the investment amount will be reduced by RMB60 million and invested in the "R & D Centre Construction Project". The details of the adjustment of the total investment of the Marketing Network Construction Project and the Proceeds to be invested are as follows:

Unit: RMB0'000

No.	Item	Before the change		After the change	
		Total investment	Proceeds to be invested	Total investment	Proceeds to be invested
1	Marketing Training Centres	3,250.00	1,800.00	3,250.00	1,800.00
2	Marketing Distribution Outlets	12,978.34	6,000.00	0.00	0.00
3	Marketing Network Information System	500.00	200.00	200.00	200.00
Total		16,736.34	8,000.00	3,750.00	2,000.00

2. *Changes in implementation methods and implementation locations*

The change is mainly due to the addition of online marketing training activities and marketing promotion activities for the implementation of the marketing training centre projects in the Marketing Network Construction Project according to the development and changes of the industry environment and the internal business development needs of the Company, and the relaxation of the implementation locations of the marketing training centres from 7 cities including Guangzhou, Shanghai, Chengdu, Wuhan, Zhengzhou, Shenyang and Xi'an to all provinces and prefecture-level cities in mainland China. The details are as follows:

Name of the sub-project	Implementation method before change	Implementation method after change
	Leasing sites to conduct marketing training activities	Leasing of venues or conducting marketing training and marketing promotion activities through online meetings
Marketing Training Centres	Place of implementation before change	Place of implementation after change
	7 cities including Guangzhou, Shanghai, Chengdu, Wuhan, Zhengzhou, Shenyang and Xi'an	All provinces and their prefecture-level cities in China

3. *Analysis of reasons for changes in Marketing Network Construction Projects*

(1) *Reasons for the adjustment of the total investment amount and Proceeds to be invested in the Marketing Network Construction Project*

With the continuous expansion of centralised procurement policies in the field of orthopedic consumables, the traditional marketing and promotion model of the medical device industry needs to adapt to the new policy environment and competition situation. The R & D capabilities and product quality of medical device manufacturers are also increasingly important in market promotion competition.

In order to maintain the Company's product competitiveness and performance stability, as a listed company on the Science and Technology Innovation Board, the Company plans to further enrich the existing product layout and improve the product competitiveness by improving its R & D innovation ability.

The Company's Marketing Network Construction Project originally included three sub-projects, namely the marketing training centre construction, the marketing distribution outlets construction and the marketing network information system construction. Based on the above operating principles, the Company intends to reduce the total investment amount and the use of the Proceeds of the Marketing Network Construction Project as a whole, and increase the investment amount and the use of the Proceeds of the R & D Centre Construction Project to enhance the Company's R & D innovation capability.

For the marketing distribution outlets construction, with the gradual maturity of the modern logistics industry and the gradual improvement of the distribution and delivery network in various regions, the Company will make full use of the regional coverage capacity of existing distribution outlets, platform distributors and distributors to ensure the timeliness of product supply. For the marketing network information system construction project, the Company will further improve the existing reporting system and customer management methods and build additional system construction expenditures to achieve cost reduction and efficiency improvement. In the event of changes in industry policies, changes in the competitive environment and continuous improvement in the Company's performance in the future, the Company will consider resuming the construction of marketing delivery outlets and marketing network information system with its own funds in due course based on its actual operational needs.

(2) *Reasons for the change in the implementation method and place of the Marketing Network Construction Project*

According to the development and changes of the industry environment and the internal business development needs of the Company, the Company increased the implementation methods of marketing training centre projects in the Marketing Network Construction Project to carry out online marketing training activities, mainly because with the increasing acceptance of video conferences and the maturity of technical means, the Company's marketing training activities were no longer limited to offline methods, but adopted more diversified and flexible methods to improve the efficiency of marketing promotion activities and reduce the cost of marketing promotion activities. Relaxation of the implementation locations of the marketing training centres from 7 cities, including Guangzhou, Shanghai, Chengdu, Wuhan, Zhengzhou, Shenyang and Xi'an, to all provinces and prefecture-level cities in China, mainly due to the nationwide distribution network and terminal hospitals served by the Company, the limitation of offline training locations to specific cities will cause inconvenience to some personnel participating in the training. In order to provide more flexible services to a wider range of distributors and clinicians, the specific implementation cities of marketing training activities are no longer restricted.

IV. IMPACT OF THE ADJUSTMENT TO THE INVESTMENT AMOUNT OF CERTAIN A SHARE PROCEEDS-FUNDED PROJECTS ON THE DAILY OPERATION OF THE COMPANY

The internal adjustment to the investment amount of part of the A Share Proceeds-funded Projects is a prudent decision made by the Company based on the actual situation of the implementation of the relevant A Share Proceeds-funded Projects and the Company's own development strategy and actual operation needs. The internal adjustment of the investment amount of part of the A Share Proceeds-funded Projects will not have a substantial impact on the implemented projects and will be in line with the production and operation conditions of the Company at the current stage. The internal adjustment of the investment amount of part of the A Share Proceeds-funded Projects does not prejudice the interests of the shareholders, is in compliance with the relevant requirements of the China Securities Regulatory Commission and the Shanghai Stock Exchange on the management of proceeds raised by listed companies, will not adversely affect the normal operation of the Company, will not prejudice the interests of the shareholders, and is in line with the long-term development plan of the Company and the long-term interests of the shareholders.

V. THE PERFORMED REVIEW PROCEDURES

On 30 August 2023, the Company convened the second meeting of the fifth session of the Board and the second meeting of the fifth session of the Supervisory Committee, at which the Resolution on the Change of Certain Proceeds-funded Projects (《關於部分募投項目變更的議案》) was considered and approved respectively. The Resolution approved the Company to make adjustments to certain A Share Proceeds-funded Projects. The independent non-executive Directors of the Company have expressed their explicit consent, and the Sponsor issued verification opinions of explicit consent on this matter. The Resolution on the Change of Certain Proceeds-funded Projects will be proposed at the EGM of the Company for consideration.

VI. STATEMENT OF SPECIAL OPINIONS

(I) Opinion of Independent non-executive Directors

The independent non-executive Directors of the Company are of the view that the adjustment and the change to certain A Share Proceeds-funded Projects is a prudent decision made by the Company based on the actual situation of the relevant A Share Proceeds-funded Projects and taking into account the Company's own development strategy and actual operation needs. It will not cause a substantial impact on the implemented projects and will be in line with the production and operation conditions of the Company at the current stage. The adjustment and the change to certain A Share Proceeds-funded Projects will not cause any material adverse impact on the normal operation of the Company, nor will it damage the interests of the Shareholders, which is in line with the long-term development plan of the Company and the long-term interests of the Shareholders. The decision-making and approval procedures of the matter are in compliance with the Regulatory Guideline for Listed Companies No. 2 – Regulatory Requirements for the Administration and Use of Proceeds of the Listed Companies (《上市公司監管指引第2號—上市公司募集資金管理和使用的監管要求》), the Guideline No.1 on the Application of Self-Regulatory Rules for Listed Companies on the Science and Technology Innovation Board of Shanghai Stock Exchange – Regulated Operation (《上海證券交易所科創板上市公司自律監管指引第1號—規範運作》) and the Proceeds Management System (《募集資金管理制度》) of the company and other relevant laws, regulations, regulatory documents and the system of the Company. In conclusion, all independent non-executive Directors approved the Resolution on the Change of Certain A Share Proceeds-funded Projects.

(II) Opinion of the Supervisory Committee

The Supervisory Committee of the Company is of the view that the changes and adjustments of part of the A Share Proceeds-funded Projects are made by the Company in a prudent manner based on the actual situation of the relevant A Share Proceeds-funded Projects and taking into account the Company's own development strategy and actual operation needs. It will not have a substantial impact on the implemented projects and will be in line with the production and operation conditions of the Company at the current stage. The adjustment and the change to certain A Share Proceeds-funded Projects will not cause any material adverse impact on the normal operation of the Company, nor will it damage the interests of the Shareholders, which is in line with the long-term development plan of the Company and the long-term interests of the Shareholders. The decision-making and approval procedures of the matter are in compliance with the Regulatory Guideline for Listed Companies No.2 – Regulatory Requirements for the Administration and Use of Proceeds of the Listed Companies (《上市公司監管指引第2號—上市公司募集資金管理和使用的監管要求》), the Guideline No.1 on the Application of Self-Regulatory Rules for Listed Companies on the Science and Technology Innovation Board of Shanghai Stock Exchange – Regulated Operation (《上海證券交易所科創板上市公司自律監管指引第1號—規範運作》) and the Proceeds Management System (《募集資金管理制度》) of the Company and other relevant laws, regulations, regulatory documents and the system of the Company. In conclusion, the Supervisory Committee approved the Resolution on the Change of Certain A Share Proceeds-funded Projects.

(III) Verification Opinion of the Sponsor

The Sponsor is of the view that: the matters in relation to the adjustment and the change to certain A Share Proceeds-funded Projects of the Company have been considered and approved by the Board and the Supervisory Committee of the Company, and the independent Directors have expressed their explicit consent and shall be required the consideration and approval of the general meeting in the future. The necessary legal review procedures were performed in this stage. This matter is in compliance with the Regulatory Guideline for Listed Companies No.2 – Regulatory Requirements for the Administration and Use of Proceeds of the Listed Companies (Revised in 2022) (《上市公司監管指引第2號—上市公司募集資金管理和使用的監管要求(2022年修訂)》), the Guideline No.1 on the Application of Self-Regulatory Rules for Listed Companies on the Science and Technology Innovation Board of Shanghai Stock Exchange – Regulated Operation (《上海證券交易所科創板上市公司自律監管指引第1號—規範運作》), the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange (《上海證券交易所科創板股票上市規則》), Measures for the Continuous Supervision of Companies Listed on the Science and Technology Innovation Board (for Trial Implementation) (《科創板上市公司持續監管辦法(試行)》) and other relevant laws and regulations. In conclusion, the Sponsor has no objection against the change of part of the A Share Proceeds-funded Projects of the Company.

VII. ANNEX TO THE ONLINE ANNOUNCEMENT

- (I) Independent Opinion of Independent non-executive Directors of Beijing Chunlizhengda Medical Instruments Co., Ltd.* on Matters Proposed on the Second Meeting of the Fifth Session of the Board of Directors (《北京市春立正達醫療器械股份有限公司獨立董事關於第五屆董事會第二次會議相關事項的獨立意見》)
- (II) Verification Opinion on the Adjustment of the Change to Certain Proceeds-funded Projects of Beijing Chunlizhengda Medical Instruments Co., Ltd.* issued by Huatai United Securities Co., Ltd. (《華泰聯合證券有限責任公司關於北京市春立正達醫療器械股份有限公司調整部分募投項目變更的核查意見》)

The Resolution on the Change of Certain Proceeds-funded Projects will be proposed by way of ordinary resolution to be approved by the Shareholders at the EGM.

A circular containing, amongst other things, detailed information in relation to the Resolution on the Change of Certain Proceeds-funded Projects, together with a notice convening the EGM will be despatched to the Shareholders in due course.

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

Beijing, the PRC, 30 August 2023

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

* *For identification purposes only*