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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

The board of directors (the “**Board**”) of Beijing Chunlizhengda Medical Instruments Co., Ltd.* (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 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**” or “**China**”).

* For identification purposes only

CONSOLIDATED BALANCE SHEET OF THE GROUP

| Item | Notes | As at 31 December 2024 RMB | As at 31 December 2023 RMB |
|-----------------------------------------------------------|-------|-------------------------------------|-------------------------------------|
| Current assets: | | | |
| Monetary funds | | 1,139,778,517.24 | 1,266,367,522.67 |
| Held-for-trading financial assets | | 745,797,775.34 | 832,019,095.90 |
| Financial assets at fair value through profit and loss | | — | — |
| Derivative financial assets | | — | — |
| Notes receivables | | 160,052,600.00 | 35,825,458.71 |
| Accounts receivable | 2 | 218,658,632.35 | 405,895,527.39 |
| Prepayment | | 2,993,330.49 | 10,802,201.19 |
| Other receivables | | 177,919.45 | 348,800.03 |
| Including: Interests receivable | | — | — |
| Dividends receivable | | — | — |
| Inventories | | 550,842,677.89 | 434,485,725.70 |
| Contract assets | | — | — |
| Assets held-for-sale | | — | — |
| Non-current assets due within one year | | — | — |
| Other current assets | | 22,179,673.24 | 19,615,485.87 |
| Total current assets | | 2,840,481,126.00 | 3,005,359,817.46 |
| Non-current assets: | | | |
| 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 | | 311,008,174.74 | 312,930,579.87 |
| Construction in progress | | 156,777,773.93 | 150,138,063.04 |
| Productive biological assets | | — | — |
| Oil & gas assets | | — | — |
| Right-of-use assets | | 1,017,028.37 | 2,065,991.49 |
| Intangible assets | | 127,569,991.24 | 136,270,839.38 |
| Development expenditures | | — | — |
| Goodwill | | — | 13,359,553.09 |
| Long-term prepayments | | — | — |
| Deferred income tax assets | | 26,113,029.08 | 27,631,861.33 |
| Other non-current assets | | 2,767,859.62 | 1,804,219.22 |
| Total non-current assets | | 625,253,856.98 | 644,201,107.42 |
| Total assets | | 3,465,734,982.98 | 3,649,560,924.88 |

| Item | Notes | As at 31 December 2024 RMB | As at 31 December 2023 RMB |
|-------------------------------------------------------------|-------|-------------------------------------|-------------------------------------|
| Current liabilities: | | | |
| 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 | 227,845,174.60 | 225,500,169.91 |
| Advances received | | — | — |
| Contract liabilities | | 128,563,190.58 | 149,563,275.39 |
| Employee remuneration payable | | 52,272,626.41 | 89,719,385.48 |
| Taxes payable | | 6,656,073.81 | 61,519,271.32 |
| Other payables | | 69,459,231.16 | 66,314,036.00 |
| Including: Interests payable | | — | — |
| Dividends payable | | — | — |
| Liabilities held-for-sale | | — | — |
| Non-current liabilities due within one year | | 682,121.00 | 1,221,386.17 |
| Other current liabilities | | 61,266,897.36 | 82,835,311.24 |
| Total current liabilities | | 546,745,314.92 | 676,672,835.51 |
| Non-current liabilities: | | | |
| Long-term borrowings | | — | — |
| Bonds payable | | — | — |
| Including: Preferred shares | | — | — |
| Perpetual bonds | | — | — |
| Lease liabilities | | 184,315.07 | 531,543.62 |
| Long-term payables | | — | — |
| Long-term employee remuneration payable | | — | — |
| Estimated liabilities | | — | — |
| Deferred gains | | 86,749,559.54 | 83,790,835.82 |
| Deferred income tax liabilities | | 10,711,656.65 | 9,330,276.98 |
| Other non-current liabilities | | — | — |
| Total non-current liabilities | | 97,645,531.26 | 93,652,656.42 |
| Total liabilities | | 644,390,846.18 | 770,325,491.93 |

| Item | Notes | As at 31 December 2024 RMB | As at 31 December 2023 RMB |
|--------------------------------------------------------------------|-------|-------------------------------------|-------------------------------------|
| Shareholders' equity: | | | |
| Share capital | 4 | 383,568,500.00 | 383,568,500.00 |
| Other equity instruments | | | |
| Including: Preferred shares | | — | — |
| Perpetual bonds | | — | — |
| Capital reserve | 5 | 1,044,799,419.83 | 1,044,799,419.83 |
| Less: Treasury shares | | 12,018,864.19 | — |
| Other comprehensive income | | — | — |
| Specific reserve | | — | — |
| Surplus reserve | 6 | 195,115,661.94 | 181,585,925.26 |
| Undistributed profits | 7 | 1,208,437,565.70 | 1,267,513,008.25 |
| Total interests attributable to shareholders of the parent company | | 2,819,902,283.28 | 2,877,466,853.34 |
| Minority interests | | 1,441,853.52 | 1,768,579.61 |
| Total shareholders' equity | | 2,821,344,136.80 | 2,879,235,432.95 |
| Total liabilities and shareholders' equity | | 3,465,734,982.98 | 3,649,560,924.88 |
| Net current assets | | 2,293,735,811.08 | 2,328,686,981.95 |
| Total assets less current liabilities | | 2,918,989,668.06 | 2,972,888,089.37 |

CONSOLIDATED INCOME STATEMENT OF THE GROUP

| Item | Notes | Year ended 31 December | |
|------------------------------------------|-------|------------------------|------------------|
| | | 2024 RMB | 2023 RMB |
| I. Revenue | 8 | 805,857,022.19 | 1,208,523,845.88 |
| Less: Operating costs | 8 | 268,952,851.12 | 332,635,741.48 |
| Taxes and surcharge | | 7,723,578.58 | 10,850,629.27 |
| Selling expenses | | 240,247,102.81 | 383,140,145.99 |
| Administrative expenses | | 45,290,473.71 | 44,471,023.10 |
| Research and development expenses | | 133,096,848.59 | 157,445,504.26 |
| Financial expenses | | (17,067,794.63) | (16,582,007.56) |
| Including: Interest expenses | | 44,939.07 | 85,896.45 |
| Interest proceeds | | 16,309,711.03 | 14,461,912.36 |
| Add: Other gains | | 20,609,609.96 | 12,807,845.26 |
| | | | |
| Investment income/(losses) | | 10,980,482.17 | 12,012,452.06 |
| 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 | | 9,434,830.14 | 9,610,896.66 |
| Impairment loss of credit | | (4,186,610.52) | (4,315,237.96) |
| Impairment loss of assets | | (33,776,793.41) | (20,707,206.43) |
| Gains/(losses) on disposal of assets | | 39,213.61 | 3,904.60 |
| | | | |
| II. Operating profit/(losses) | | 130,714,693.96 | 305,975,463.53 |
| Add: Non-operating income | | 987,389.36 | 346,862.92 |
| Less: Non-operating expenses | | 102,914.25 | 416,463.41 |

| Item | Notes | Year ended 31 December | |
|-------------------------------------------------------------------------------------------------|-------|------------------------|----------------------|
| | | 2024 | 2023 |
| | | RMB | RMB |
| III. Total profit/(losses) | | 131,599,169.07 | 305,905,863.04 |
| Less: Income tax expenses | 9 | <u>6,937,885.57</u> | <u>28,087,746.56</u> |
| IV. Net profit/(losses) | | 124,661,283.50 | 277,818,116.48 |
| (I) Categorized by continuity of operations: | | | |
| 1. Net profit/(losses) attributable to continuing operations | | 124,661,283.50 | 277,818,116.48 |
| 2. Net profit/(losses) attributable to ceased operations | | <u>—</u> | <u>—</u> |
| (II) Categorized by ownership: | | | |
| 1. Net profit/(losses) attributable to the shareholders of the parent company | | 124,988,009.59 | 277,824,014.12 |
| 2. Minority profit/(losses) | | <u>(326,726.09)</u> | <u>(5,897.64)</u> |
| V. Net other comprehensive income after tax | | | |
| 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> |
| VI. Total comprehensive income | | 124,661,283.50 | 277,818,116.48 |
| Total comprehensive income attributable to the shareholders of the parent company | | 124,988,009.59 | 277,824,014.12 |
| Total comprehensive income attributable to minority shareholders | | <u>(326,726.09)</u> | <u>(5,897.64)</u> |
| VII. Earnings per share | | | |
| (I) Basic earnings per share | 10 | 0.33 | 0.72 |
| (II) Diluted earnings per share | 10 | <u>0.33</u> | <u>0.72</u> |

Notes:

1 GENERAL

History and development

Beijing Chunlizhengda Medical Instruments Co., Ltd.* (hereinafter referred to as the “**Company**”) was established as a limited liability company 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 for the year ended 31 December 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 for the year ended 31 December 2024, the Group has adopted all of the new and revised CASBE issued by the MOF that are effective as of 31 December 2024.

In December 2024, the MOF issued the “Notice on the Publication of ‘Interpretation No. 18 on ASBE’”, which clarified the accounting treatment for quality assurance deposits under the assurance category that do not constitute a single performance obligations should be in accordance with “ASBE No. 13 — Contingencies”, and the relevant amounts should be included in operating costs and presented as an estimated liability based on liquidity while recognizing the estimated liability. The 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 31 December 2024 | | | | | | | |
| Carrying amount | Amount (RMB) | — | 275,718,462.95 | 275,718,462.95 | 275,718,462.95 | — | 275,718,462.95 |
| | Percentage (%) | — | 100.00 | 100.00 | 100.00 | — | 100.00 |
| Provision | Amount (RMB) | — | 57,059,830.60 | 57,059,830.60 | 57,059,830.60 | — | 57,059,830.60 |
| | Percentage (%) | — | 20.69 | 20.69 | 20.69 | — | 20.69 |
| Net amount | | — | 218,658,632.35 | 218,658,632.35 | 218,658,632.35 | — | 218,658,632.35 |

Credit risk characteristics group:

| Aging | As at 31 December 2024 | | | As at 31 December 2023 | | |
|-------------------|------------------------|------------------|----------------------|------------------------|------------------|----------------------|
| | Carrying amount | Provision amount | Provision amount | Carrying amount | Provision amount | Provision amount |
| | Percentage | | | Percentage | | |
| | <i>RMB</i> | <i>%</i> | <i>RMB</i> | <i>RMB</i> | <i>%</i> | <i>RMB</i> |
| Within 1 year | 173,836,833.35 | 63.05 | 8,691,841.66 | 356,332,383.30 | 77.69 | 17,816,619.16 |
| 1 to 2 years | 47,231,963.69 | 17.13 | 7,084,794.56 | 67,750,933.51 | 14.77 | 10,162,640.04 |
| 2 to 3 years | 26,732,943.08 | 9.70 | 13,366,471.55 | 19,582,939.58 | 4.27 | 9,791,469.80 |
| More than 3 years | 27,916,722.83 | 10.12 | 27,916,722.83 | 15,021,798.42 | 3.27 | 15,021,798.42 |
| Total | <u>275,718,462.95</u> | <u>100.00</u> | <u>57,059,830.60</u> | <u>458,688,054.81</u> | <u>100.00</u> | <u>52,792,527.42</u> |

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

| Item | As at 31 December 2024 <i>RMB</i> | As at 31 December 2023 <i>RMB</i> |
|---------------------------------------------|--------------------------------------------|--------------------------------------------|
| Acquired materials and others | 188,993,975.19 | 176,014,488.16 |
| Acquired machines equipment and engineering | 38,851,199.41 | 49,485,681.75 |
| Total | <u>227,845,174.60</u> | <u>225,500,169.91</u> |

Aging analysis of accounts payable is as follows:

| Item | As at 31 December 2024 <i>RMB</i> | As at 31 December 2023 <i>RMB</i> |
|---------------------------|--------------------------------------------|--------------------------------------------|
| Within 1 year (inclusive) | 184,802,151.32 | 166,857,084.41 |
| More than 1 year | 43,043,023.28 | 58,643,085.50 |
| Total | <u>227,845,174.60</u> | <u>225,500,169.91</u> |

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

| | Year ended 31 December | | | |
|-------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
| | 2024 | | 2023 | |
| | <i>Number of shares</i> | <i>RMB</i> | <i>Number of shares</i> | <i>RMB</i> |
| Overseas-listed foreign shares (H Shares) in the ordinary shares with a nominal value of RMB1.00 each | 95,140,500 | 95,140,500 | 95,852,000 | 95,852,000 |
| Cancellation of overseas listed foreign shares (H Shares) | — | — | (711,500) | (711,500) |
| A Shares | <u>288,428,000</u> | <u>288,428,000</u> | <u>288,428,000</u> | <u>288,428,000</u> |
| | <u>383,568,500</u> | <u>383,568,500</u> | <u>383,568,500</u> | <u>383,568,500</u> |

Note: The Company convened the 14th meeting of the fifth session of the Board of Directors of the Company on 17 June 2024, at which the “Resolution on Repurchase of Shares of the Company through Centralized Bidding Trading” was considered and approved, and agreed that the Company use its own funds to repurchase part of the issued RMB ordinary shares of the Company by means of centralized bidding trading through the trading system of the Shanghai Stock Exchange. As at the end of the period, the Company had repurchased a total of 868,145 shares of the Company through the trading system of the Shanghai Stock Exchange by way of centralized bidding trading, representing 0.226% of the total share capital of the Company, with the highest repurchase price of RMB15.96 per share and the lowest repurchase price of RMB12.09 per share, and the total payment amounting to RMB12,018,864.19 (transaction fees exclusive), which were not cancelled as at the date of this report.

5 CAPITAL RESERVE

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

6 SURPLUS RESERVE

| <i>Item</i> | <i>As at 31 December 2024 RMB</i> | <i>As at 31 December 2023 RMB</i> |
|---------------------------|-----------------------------------------------|-----------------------------------------------|
| Statutory surplus reserve | <u>195,115,661.94</u> | <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

| Item | As at 31 December 2024 RMB | As at 31 December 2023 RMB |
|---------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Closing balances of the preceding year | <u>1,267,513,008.25</u> | <u>1,136,732,358.10</u> |
| Opening balances of the current year | 1,267,513,008.25 | 1,136,732,358.10 |
| Add: Net profit attributable to the owners of the parent company for the period | 124,988,009.59 | 277,824,014.12 |
| Less: Transfer to statutory reserve fund | 13,529,736.68 | 26,986,423.47 |
| Declaration of dividend | 170,533,715.46 | 120,056,940.50 |
| Dividend of ordinary shares transferred to share capital | — | — |
| Closing balances of the current year | <u><u>1,208,437,565.70</u></u> | <u><u>1,267,513,008.25</u></u> |

8 REVENUE AND OPERATING COSTS

| Item | Year ended 31 December | |
|----------------------------------|------------------------------|--------------------------------|
| | 2024 RMB | 2023 RMB |
| Revenue from principal operation | 805,215,899.92 | 1,207,484,429.04 |
| Revenue from other operations | <u>641,122.27</u> | <u>1,039,416.84</u> |
| | <u><u>805,857,022.19</u></u> | <u><u>1,208,523,845.88</u></u> |
| Costs of principal operation | 268,574,927.84 | 332,009,074.69 |
| Costs of other operations | <u>377,923.28</u> | <u>626,666.79</u> |
| | <u><u>268,952,851.12</u></u> | <u><u>332,635,741.48</u></u> |

Revenue and operating costs (classified by products)

| Item | Year ended 31 December | |
|-----------------------------------|------------------------------|--------------------------------|
| | 2024 RMB | 2023 RMB |
| Revenue | | |
| Revenue from principal operation: | | |
| – Medical Surgical Implants | <u><u>805,215,899.92</u></u> | <u><u>1,207,484,429.04</u></u> |
| Operating costs | | |
| Costs of for principal operation: | | |
| – Medical Surgical Implants | <u><u>268,574,927.84</u></u> | <u><u>332,009,074.69</u></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 | Year ended 31 December | |
|--------------------|------------------------|-------------------------|
| | 2024 RMB | 2023 RMB |
| The PRC | 451,882,916.32 | 1,009,325,738.39 |
| Other than the PRC | 353,332,983.60 | 198,158,690.65 |
| Total | <u>805,215,899.92</u> | <u>1,207,484,429.04</u> |

9. INCOME TAX EXPENSES

| Item | Year ended 31 December | |
|------------------------------------------------------------------------------------|------------------------|----------------------|
| | 2024 RMB | 2023 RMB |
| Current income tax calculated in accordance with relevant tax laws and regulations | 4,037,673.65 | 28,626,813.39 |
| Deferred income tax | 2,900,211.92 | (539,066.83) |
| Total | <u>6,937,885.57</u> | <u>28,087,746.56</u> |

Applicable tax rate

Information of corporate income tax rates for different taxable entities as of 31 December 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 | Year ended 31 December | |
|----------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| | 2024 | 2023 |
| | RMB | RMB |
| Profit before tax | <u>131,599,169.07</u> | <u>305,905,863.04</u> |
| Income tax expenses based on statutory/applicable tax rate | 19,739,875.36 | 45,885,879.46 |
| Effect of different tax rate applicable to subsidiaries | 1,228,162.04 | 515,374.37 |
| Effect of prior income tax reconciliation | 52,534.99 | 1,532,020.78 |
| Effect of non-deductible costs, expenses and losses | 1,650,529.37 | 956,669.96 |
| Effect of using the deductible temporary differences or deductible losses of previously unrecognized deferred income tax assets | (7,934.62) | — |
| Effects of additional deduction of research and development costs and others | (18,665,497.80) | (21,290,372.55) |
| Effect of deductible temporary differences or deductible losses of unrecognized deferred income tax assets in the current period | 3,000,359.90 | 542,679.66 |
| Additional deduction of the wages for employment of disabled persons | (60,143.67) | (54,505.12) |
| Income tax expenses | <u>6,937,885.57</u> | <u>28,087,746.56</u> |

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 31 December 2024, the Group had no potentially dilutive ordinary shares in issue.

Profit

| | Year ended 31 December | |
|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| | 2024 | 2023 |
| | (RMB) | (RMB) |
| Profits attributable to ordinary equity holders of the parent company for the purpose of calculating basic and diluted earnings per share | <u>124,988,009.59</u> | <u>277,824,014.12</u> |

Shares

| | Year ended 31 December | |
|-------------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------|
| | 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 "Interpretation No. 3 on ASBE" and accordingly, no separate segment information is prepared.

MANAGEMENT DISCUSSION AND ANALYSIS

The main products of the Company are orthopedic medical devices^(note 1) 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 China Securities Regulatory Commission, 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 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 continuous social and economic development, the increasing degree of population ageing, coupled with the gradual enhancement of awareness for healthcare. In this context, people’s demand for high-quality medical treatment is increasingly urgent, which has in turn effectively promoted the prosperous development of the global medical device market. In China, the healthcare reform continues to advance and medical devices have been included in medical care insurance coverage, which has significantly increased the market demand and patient’s acceptance for orthopedic implants^(note 2). Meanwhile, various favorable factors such as the accelerating progress of aging population, the continuous growth in healthcare expenditure and the continuous improvements in public healthcare infrastructure have jointly propelled the rapid growth of the orthopedic medical industry in the PRC.

Note 1: 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 instruments.

Note 2: Orthopedic implants refer to medical device products that are used for replacing or as an adjuvant treatment for injured bones and skeleton and implanted into human bodies, including joint implants (such as knee joints, hip joints, shoulder joints and elbow joints), spine implants (such as lumbar cage), sports medicine implants (such as suture anchors, looped titanium plates and door-shaped anchor) and trauma implants (such as calcaneal plates and bone pegs), excluding dental fillings.

In 2024, China continued to promote the centralized procurement of high-value orthopedic consumables, which is an important initiative for continuous advancement of national healthcare and pharmaceutical reform. The Company had actively responded to this new trend, on the one hand, it continued to make efforts in innovation and research and development, firmly insisting to focus on the orthopedic business; on the other hand, the Company also continuously expanded its product lines, moving towards diversification.

During the reporting period, the Company proactively implemented the national volume-based procurement policy by actively participating in the biddings of centralized procurement. In May 2024, the Renewal in Centralized Volume-based Procurement for Artificial Joints was opened for bidding in Tianjin. The Company achieved great performance in the bid process, all the three product systems for hip joints as well as the total knee products of it have been successfully selected. The Company fully ensured a stable supply of selected products and ensured the stability and reliability of supplied products in terms of quality.

The Company attached great importance to the research and development, continued to conduct in-depth research of new materials, products, technologies and processes, and continued to demonstrate and invest in research and development projects. The Company had made strategic arrangements for the research and development of new materials such as porous tantalum, magnesium alloy and PEEK. Besides, the Company also actively enhanced the research and development of products for new pipelines including surgical robots, sports medicine, PRP and oral cavity. Through these initiatives, the Company aims to continue to improve and diversify its product lines, and thereby comprehensively enhancing its competitiveness in the market.

While the Company had made comprehensive and in-depth strategic deployment in the field of high-value orthopedic consumables, it also actively sought expansion in orthopedic-related fields, vigorously searched for advanced technologies and excellent products, and continuously enriched its product reserves. Through this series of initiatives, the Company strives to further increase its market share and realize its 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 number and type of certificates.

In the field of artificial joints, the femoral head reconstruction rods, tantalum filler blocks and hip joint prosthesis components of the Company have been approved for marketing by the NMPA, marking that the Company has broken the monopoly 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 further increase the market share of the Company’s artificial joint products.

In the field of spinal products, the Company obtained registration certificates for products including porous tantalum metal lumbar cage, 4K medical endoscopic camera system, occipito-cervico-thoracic posterior internal fixation system, posterior spinal internal fixation system, spinal internal fixation system and spinal interbody cage. 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 products, the Company obtained registration certificates for various sports medicine products including 3D-printed titanium alloy suture anchors, tantalum-coated suture anchors, suture anchors (insertion type), all-suture anchors and non-absorbable suture anchors (bone plate anchors), which further enriched its sports medicine product line, marking the further improvement of its deployment in the field of sports medicine, and the comprehensive sports medicine product line facilitated the selection of clinical use. Furthermore, the acquisition of registration certificates for arthroscopes, arthroscopic endoscopic surgical instruments and arthroscopic trocars marked the entry of the Company’s sports medicine instrument products into the minimally invasive era.

In the field of trauma, the Company actively researched and developed the products in the field of trauma business. As of 31 December 2024, the launch of various products of the Company’s trauma product series had been approved, including bone plate, intramedullary nail, external fixation frame, metal bone needle, and hollow bone screws, which further complemented the orthopedic business product line of the Company.

In the field of shoulder joints and elbow joints, the Company actively conducted the research and development of related products. As of 31 December 2024, the launch of the Company’s various products related to shoulder and elbow joints had been approved, including the anatomic radial head prosthesis, elbow joints prosthesis and shoulder joints prosthesis, which further diversified the business product line of the Company in the field of joints.

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, temporary bonded glass ionized valves, light-cured flowable resin and dental polymer-based composite resin. This had 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 had planned comprehensive solutions in various stomatologic sub-sectors, namely orthodontics, planting, repair and maxillofacial surgery.

In the field of PRP products, the launch of the Company's PRP preparation kit, PRP preparation device and the medical centrifuge had been successively approved, of which the PRP preparation kit is the first fully automatic PRP 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 had 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 31 December 2024, the Company held 188 medical device registration certificates and recordation certificates in the PRC, covering joint products, spinal products, sports medicine 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 31 December 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, being 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 suture anchors, meniscus repair systems, titanium plates with tabs, PEEK suture anchors, PEEK interface screws, and other products that provide solutions for the four major joints of the human body, being hip, knee, shoulder and elbow, as well as the small joints of the hands, wrists and feet, etc., which enable us to formulate a solution with diversified product portfolio 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. Customized 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 National Enterprise Technology Center and Beijing Artificial Joint Engineering Laboratory. The Company has undertaken government projects of Ministry of Science and Technology of the 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:

- “Research on the InSitu Construction and Antifriction Mechanism of Composite Ceramic Thick Film on the Surface Gradient of Pulse Laser-induced Medical Zirconium Alloy” of National Natural Science Foundation of China in 2024;
- “Design, Mechanism and Application of Light-Responsive Solid-State Organic Light-Emitting Materials”, a project funded by 2024 Beijing Postdoctoral Research Activity Funding;
- “Research and Development of and Performance Study on Copper-nickel-titanium Memory Alloy Orthodontic Wire”, a funding project of the Golden Bridge Project by Beijing Association for Science and technology for 2024;
- “Clinical Application Scenario Project for Robotic-Arm-Free Orthopedic Surgical Navigation System”, a key application scenario project supported by 2024 Zhongguancun National Innovation Demonstration Zone Innovative Application Scenario Incubation Program;
- “Research and Development of CVD Tantalum Metal Hip Joint Prosthesis”, the Subsidy Project for Technological Innovation Talents from Tongzhou District in Beijing for 2024;
- “Research on Preparation and Performance of Biodegradable Zinc-Lithium Alloy Materials”, a funding project of 2024 Tongzhou Golden Bridge Seed Project;
- “Orthopedic Surgical Navigation Robot System Research and Development Project”, a typical application scene project under the “Robot+” Program of the Department of Industry and Information Technology of Hebei Province for 2024;
- “Hebei Engineering Research Center of Orthopedic Medical Robots” of Hebei Development and Reform Commission in 2024; and
- “Orthopedic Surgical Navigation Robot System Research and Development Project”, the “Unveiling and Hailing” Project of “Robot+” Application of the Department of Industry and Information Technology of Hebei Province for 2024.

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 31 December 2024, the Company had obtained 698 domestic intellectual properties, including 149 invention patents, 529 utility model patents, 6 design patents and 14 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 was 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, with a number of products becoming the first or the sole in China, or filling 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 the Company 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 flexible platform uni-condyle and fixed platform uni-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; and
- It is the first and sole enterprise in China to have products with CVD technology such as porous tantalum metal femoral head reconstruction rods, tantalum metal filler blocks, hip joint prosthesis components, and porous tantalum metal interbody fusion devices, filling the domestic gaps.

In addition, the Company has also made arrangements for its joint robots and developed orthopedic surgical robots for hip replacement, total knee replacement, uni-condyle 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 a wide and extensive distribution network covering all provinces, municipalities and autonomous regions in mainland China. Relying on this distribution network, the sales channels of the Company extend to numerous local hospitals. Currently, China is the primary market to which the products of the Company are sold, at the same time, the Company also actively expands overseas markets. Some products 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

The Company's revenue was approximately RMB805.86 million for the year ended 31 December 2024, a decrease of 33.32% as compared to approximately RMB1,208.52 million for the same period of last year, which was mainly attributable to the active implementation of the national centralized volume-based procurement policy by the Company as the centralized procurement policy continued to deepen, resulting in a decrease in the prices of related products and a decline in gross margin. In order to cope with the changing industry policies and ensure the stable supply of products that won the bidding in centralized procurement, the Company adjusted the prices of channel inventory before the implementation of centralized procurement, resulting in the decrease of the Company's total revenue.

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

| Product category | Year ended 31 December | | Growth over corresponding period |
|-------------------------|------------------------|-------------------|----------------------------------|
| | 2024 (RMB'000) | 2023 (RMB'000) | |
| Medical device products | 805,216 | 1,207,484 | -33.31% |
| Other businesses | 641 | 1,039 | -38.31% |
| Total | <u>805,857</u> | <u>1,208,523</u> | <u>-33.32%</u> |

Gross profit

For the year ended 31 December 2024, the Company's gross profit amounted to approximately RMB536.90 million, a decrease of 38.70% from approximately RMB875.89 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 year ended 31 December 2024, the Company's selling expenses were approximately RMB240.25 million, a decrease of 37.29% from approximately RMB383.14 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.

Research and development expenses

For the year ended 31 December 2024, the Company's research and development expenses were approximately RMB133.10 million, a decrease of 15.47% from approximately RMB157.45 million for the same period of last year, which was mainly attributable to the Company's ongoing commitment to investing in and optimising the management of the research and development to improve the relevant efficiency and the quality of results.

Impairment loss of credits

For the year ended 31 December 2024, the Company's impairment loss of credits was approximately RMB4.19 million, a decrease of 3.01% from approximately RMB4.32 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 year ended 31 December 2024, the Company's impairment loss of assets was approximately RMB33.78 million, an increase of 63.11% from approximately RMB20.71 million for the same period of last year, which was mainly attributable to the provision for the impairment loss of goodwill.

Income tax expenses

For the year ended 31 December 2024, the Company's income tax expenses were approximately RMB6.94 million, a significant decrease from approximately RMB28.09 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 year ended 31 December 2024, the Company achieved a net profit attributable to shareholders of the parent company of approximately RMB124.66 million, a decrease of 55.13% from approximately RMB277.82 million for the same period of last year, which was mainly attributable to the active implementation of the national centralized volume-based procurement policy by the Company as the centralized procurement policy continued to deepen, resulting in a decrease in the prices of related products and a decline in gross margin. Meanwhile, in order to cope with the changing industry policies and ensure the stable supply of products that won the bidding in centralized procurement, the Company adjusted the prices of channel inventory before the implementation of centralized procurement, resulting in the decrease in the profit of the Company.

Liquidity and capital resources

The Company's monetary funds decreased from approximately RMB1,266.37 million as of 31 December 2023 to approximately RMB1,139.78 million as of 31 December 2024.

The Company's principal sources of liquidity are generated from our operations. The Board is of the opinion that the Company has sufficient resources to support its management and to meet its 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.

| Items | Proportion | Amount available (RMB'000) | Net (expenses)/ interest income as of 31 December 2024 (RMB'000) | Outstanding amount as of 31 December 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 | (442,666.09) | 17,333.91 | December 2026 |
| Research and development centre construction project | 39.36% | 420,000.00 | (407,427.83) | 12,572.17 | December 2026 |
| Marketing network construction project | 1.87% | 20,000.00 | (817.11) | 19,182.89 | December 2026 |
| Replenishment of working capital project | 15.66% | 167,128.29 | (167,058.99) | 69.30 | N/A |
| Sub-total | <u>100%</u> | <u>1,067,128.29</u> | <u>(1,017,970.02)</u> | <u>49,158.27</u> | |

Notes receivables

The Company's notes receivables increased from approximately RMB35.83 million as of 31 December 2023 to approximately RMB160.05 million as of 31 December 2024, mainly resulted from the decrease in notes receivables.

Inventory

The Company's inventory increased from approximately RMB434.49 million as of 31 December 2023 to approximately RMB550.84 million as of 31 December 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 increased from approximately RMB463.07 million as of 31 December 2023 to approximately RMB467.79 million as of 31 December 2024, which was mainly attributable to the increase in construction in progress.

Net current assets

The Company's net current assets decreased from approximately RMB2,328.69 million as of 31 December 2023 to approximately RMB2,293.74 million as of 31 December 2024.

Working capital and financial resources

Cash flow analysis

As of 31 December 2024, net cash outflow generated from operating activities for the year was approximately RMB1.90 million, which was mainly attributable to the decrease in sales returns of the Company as compared to the same period of last year and the increase in cash paid to and for employees as compared to the same period of last year during the reporting period; the net cash inflow generated from investment activities was approximately RMB55.84 million, which was mainly due to a year-on-year increase in the net recoveries of financial investments in 2024; the net cash outflow generated from financing activities was approximately RMB183.14 million, which was mainly due to the payment of cash dividends during the period; and the cash and cash equivalents decreased by approximately RMB127.00 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 31 December 2024, the Company did not have any significant contingent liabilities or guarantees.

OTHER DISCLOSURES

Significant 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 31 December 2024 and its financial assets at fair value through profit or loss, which consisted of certain structured deposit products (the “**Structured Deposit Products**”) subscribed by the Group from Bank of Beijing.

The subscription of the 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, and in line with the Company's core objective of safeguarding its capital while ensuring liquidity.

All redeemed as of 31 December 2024:

| Trustee | Type of entrusted wealth 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 |
| Bank of Beijing — Fang Zhuang Sub-branch | Structured deposits | 16,000.00 | 14 March 2024 | 15 July 2024 | Idle capital | 1.3% or 2.78% | 149.89 | Full Redemption |
| Bank of Beijing — Daxing Sub-branch | Structured deposits | 33,500.00 | 27 May 2024 | 18 October 2024 | Idle capital | 1.3% or 2.8% | 370.06 | Full Redemption |
| Bank of Beijing — Fang Zhuang Sub-branch | Structured deposits | 12,000.00 | 27 May 2024 | 18 October 2024 | Idle capital | 1.3% or 2.8% | 132.56 | Full Redemption |
| Bank of Beijing — Fang Zhuang Sub-branch | Structured deposits | 12,500.00 | 27 May 2024 | 18 October 2024 | Internal funds | 1.3% or 2.8% | 138.08 | Full Redemption |
| Bank of Beijing — Fang Zhuang Sub-branch | Structured deposits | 18,000.00 | 18 July 2024 | 21 October 2024 | Idle capital | 1.3% or 2.72% | 127.43 | Full Redemption |

Unredeemed as of 31 December 2024:

| Trustee | Name of product | Type of entrusted wealth management | Amount of entrusted wealth management | Fair value as at 31 December 2024 | 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 |
|------------------------------------------|------------------------------------------------------------|-------------------------------------|---------------------------------------|-----------------------------------|---------------------------------------------------------|--------------------------------------------------|--------------------------------------------|----------------|------------|------------------|--------------------------------------------------------|
| | | | (RMB0'000) | (RMB0'000) | | | | | | | |
| Bank of Beijing — Daxing Sub-branch | EUR/USD Fixed-day Observation Interval Structured Deposits | Structured deposits | 32,700.00 | 32,780.36 | 9.46% | 23 October 2024 | 27 February 2025 | Idle capital | Banking | 1.3% or 2.57% | 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 | 12,000.00 | 12,029.49 | 3.47% | 23 October 2024 | 27 February 2025 | Idle capital | Banking | 1.3% or 2.57% | 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 | 12,530.72 | 3.62% | 23 October 2024 | 27 February 2025 | Internal funds | Banking | 1.3% or 2.57% | 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 | 17,200.00 | 17,239.21 | 4.97% | 28 October 2024 | 10 March 2025 | Idle capital | Banking | 1.3% or 2.4% | Undue, not redeemed at the end of the reporting period |
| | | | <u>74,400.00</u> | <u>74,579.78</u> | <u>21.52%</u> | | | | | | |

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 its 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 medicine 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, assembled 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 medicine 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 post-doctoral scientific research workstation, National Enterprise Technology Centre* (國家企業技術中心), Beijing Municipal Enterprise Technology Centre and Beijing Engineering Laboratory of Joint Prosthesis* (人工關節北京市工程實驗室), 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 the National Enterprise Technology Centre* (國家企業技術中心) and post-doctoral scientific research workstation, etc. 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, university scientific research teams 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 31 December 2024, the Group had approximately a total of 1,237 employees, which included management, production, quality and monitoring staff, research and development personnel, sales and marketing staff and general and administration staff. For the year ended 2024, the total salaries and related costs paid to our employees were approximately RMB246.88 million. The Group 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

The Company convened the 14th meeting of the fifth session of the Board of Directors of the Company on 17 June 2024, at which the Resolution on Repurchase of Shares of the Company through Centralized Bidding Trading was considered and approved, and agreed that the Company use its own funds to repurchase part of the issued RMB ordinary shares of the Company by means of centralized bidding trading through the trading system of the Shanghai Stock Exchange. As at the end of the period, the Company had repurchased a total of 868,145 shares of the Company through the trading system of the Shanghai Stock Exchange by way of centralized bidding trading, representing 0.226% of the total share capital of the Company, with the highest repurchase price of RMB15.96 per share and the lowest repurchase price of RMB12.09 per share, and the total payment amounting to RMB12,018,864.19 (transaction fees exclusive).

2024 FINAL DIVIDEND

The Company proposes to distribute a final dividend of RMB0.49 (tax inclusive) per 10 shares to all shareholders (31 December 2023: RMB3.62 (tax inclusive) per 10 shares). As of 31 December 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 868,145 shares, the actual number of shares participating in the profit distribution was 382,700,355 shares, and based on this calculation, a total of RMB18,752,317.40 (tax inclusive) was proposed to be paid out as final dividend. The amount of such final dividend accounts for 15.00% of the net profit attributable to ordinary shareholders of the listed company in the consolidated statement. As the Company had distributed an interim dividend of RMB31,764,129.47, the total amount of cash dividend for the year shall be RMB50,516,446.87 (tax inclusive), accounting for 40.42% of the net profit attributable to ordinary shareholders of the listed company in the consolidated statement. 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 final 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 Company did not distribute bonus shares and carry out any capitalization of capital reserve in 2024. The above proposed profit distribution has been considered and approved at the 22nd meeting of the fifth session of the Board of Directors of the Company and is subject to the approval of the general meeting of the Company for implementation.

The final dividend payable to the shareholders of H Shares will be paid in Hong Kong dollars, while the final dividend payable to the shareholders of A Shares will be paid in Renminbi. The applicable exchange rate shall be the mid-rate of the average exchange rate of the relevant foreign exchange published on the website of the People's Bank of China seven business days prior to the date of approval of the dividend. The final dividend is expected to be paid on or before 31 July 2025 to shareholders whose names appear on the register of members of the Company as at 3 July 2025 in respect of H Shares. The notice convening the annual general meeting will be published on the websites of the Stock Exchange and the Company. In case of any changes in the expected distribution dates and the closure period of the register of members of H Shares, the Company will make further announcements in respect to those changes in due course. The Company will publish a separate announcement on the Shanghai Stock Exchange regarding the payment of final dividend to shareholders of A Shares after the annual general meeting.

ANNUAL GENERAL MEETING

The annual general meeting will be held on 26 June 2025. Shareholders of H Shares should read the details of the circular relating to the annual general meeting, the notice of the annual general meeting and the accompanying proxy form, which will be published on the websites of the Stock Exchange and the Company.

Closure of the register of members of H Shares for the shareholders of H Shares

(1) Entitlement to attend and vote at the annual general meeting

In order to determine the shareholders who are entitled to attend and vote at the annual general meeting, the Company's register of members of H Shares will be closed from 23 June 2025 to 26 June 2025 (both days inclusive) during which period no transfer of H Shares will be effected. In order to be qualified to attend and vote at the annual general meeting, all the transfer documents of the Company's H Shares together with the relevant share certificates shall be lodged at the H Share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on 20 June 2025 (being the business day before the first day of closure of the register of members of H Shares) for registration.

(2) *Entitlement to final dividend*

In order to determine the entitlement to the final dividend, the Company's register of members of H Shares will be closed from 3 July 2025 to 7 July 2025 (both days inclusive) during which period no transfer of H Shares will be effected. In order to be qualified for the final dividend, all the transfer documents of the Company's H Shares together with the relevant share certificates shall be lodged at the H Share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on 2 July 2025 (being the business day before the first day of closure of the register of members of H Shares) for registration.

CORPORATE GOVERNANCE

The Board has been 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 Listing Rules. The Board considers that during the reporting period, the Company has complied with all the code provisions contained in the Corporate Governance 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 year ended 31 December 2024.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

WUYIGE Certified Public Accountants LLP has reviewed these financial statements.

The Audit Committee of the Board has reviewed the Company's consolidated financial statements for the year ended 31 December 2024, including the accounting principles and practices applied.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

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

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

By order of the Board
Beijing Chunlizhengda Medical Instruments Co., Ltd.*
Shi Wenling
Chairman

Beijing, the PRC, 28 March 2025

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.

* For identification purposes only