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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)

CHANGE OF USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to the prospectus of Beijing Chunlizhengda Medical Instruments Co., Ltd.* (the “Company”, together with its subsidiaries, the “Group”) dated 27 February 2015 (the “Prospectus”) in relation to the global offering (the “Global Offering”) and the listing of the H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. Unless otherwise stated, the terms used in this announcement have the same meanings as those defined in the Prospectus.

USE OF PROCEEDS DISCLOSED IN THE PROSPECTUS

As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Company intends to use the net proceeds of the Global Offering for the following purposes:

- approximately 50.0% of the net proceeds from the Global Offering will be used for the development of Phase I of the Daxing New Production Base;
- approximately 20.2% of the net proceeds from the Global Offering will be used for research and development activities;
- approximately 20.0% of the net proceeds from the Global Offering will be used for expansion of our existing marketing and distribution networks to increase the level of our market penetration to cover more distributors and hospitals, and accordingly increase our market share; and
- approximately 9.8% of the net proceeds from the Global Offering will be used for working capital and other general corporate purposes.

Net proceeds from the Global Offering amounted to approximately RMB185.86 million after deducting underwriting commissions and all related expenses. As of the date of this announcement, the Group has used approximately RMB170.12 million of the proceeds strictly in accordance with the use of proceeds from the Global Offering as set out in the Prospectus. The unutilised net proceeds amount to approximately RMB15.74 million. The use of proceeds from the Global Offering as at the date of this announcement is as follows:

Use of Proceeds from Issue of H Shares	Proportion	Amount available (RMB million)	Expense as of the date of this announcement (RMB million)	Outstanding amount as of the date of this announcement (RMB million)	Expected timeline for the application of the unutilized proceeds
First-installment expense for the development of Daxing New Production Base	50%	92.93	92.02	0.91	By 31 December 2022
Research and development activities	20.20%	37.55	22.72	14.83	By the first half of 2023
Expansion of our existing marketing and distribution network, in order to enhance our market penetration with coverage of more distributors and hospitals for increment of market share	20%	37.17	37.17	0.00	
Working capital and other general corporate purposes	9.80%	18.21	18.21	0.00	
Total	100%	185.86	170.12	15.74	

CHANGE OF USE OF PROCEEDS

The Board approved the change in the intended use and allocation of the net proceeds from the Global Offering. Details of the revised use of the net proceeds are set out below:

Use of Proceeds from Issue of H Shares	Revised Proportion	Revised Amount available (RMB million)	Expense as of the date of this announcement (RMB million)	Revised outstanding amount as of the date of this announcement (RMB million)	Expected timeline for the application of the unutilized proceeds
First-installment expense for the development of Daxing New Production Base	57.53%	106.93	92.02	14.91	By 31 December 2022
Research and development activities	12.67%	23.55	22.72	0.83	By the first half of 2023
Expansion of our existing marketing and distribution network, in order to enhance our market penetration with coverage of more distributors and hospitals for increment of market share	20%	37.17	37.17	0.00	
Working capital and other general corporate purposes	9.80%	18.21	18.21	0.00	
Total	100%	185.86	170.12	15.74	

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The change of use of part of the net proceeds can effectively liquidise the reserve fund of the Company.

The Directors consider that the development direction of the Company is still in line with the disclosures in the Prospectus in spite of the change of use of the proceeds as stated above. As at the date of this announcement, the Directors confirm that there is no material change in the nature of business of the Group as set out in the Prospectus. The Directors consider that the change is in the best interest of the Company and Shareholders as a whole and will not have any material adverse effect on the existing business and operations of the Group.

The Directors will continuously assess the plans for the use of proceeds and may revise or amend such plans where necessary to cope with the changing market conditions and strive for better business performance for the Group.

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

Beijing, the PRC, 13 October 2022

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

* For identification purpose only