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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)

SUPPLEMENTAL ANNOUNCEMENT REGARDING CIRCULAR DATED 31 DECEMBER 2018

Reference is made to the circular dated 31 December 2018 (the “**Circular**”) of Beijing Chunlizhengda Medical Instruments Co., Ltd. (the “**Company**”) in relation to, among other things, the Bonus Issue and the Interim Dividend. Unless the context requires otherwise, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

According to the Circular, it is disclosed in the sub-section headed “Taxation” on pages 12 to 13 that (i) individual Domestic Shareholders shall be subjected to a deduction of withholding income tax in relation to the Bonus Issue and the Interim Dividend at the rate of 20%; and (ii) H Shareholders shall be subjected to a deduction of withholding income tax in relation to the Bonus Issue and the Interim Dividend at the rate of 10%. The Company noted that additional information needs to be disclosed in the sub-sections headed “Taxation” on pages 12 to 13 to the Circular in relation to the withholding tax implication and withholding tax payment arrangements and “Reasons for the proposed Bonus Issue” on pages 13 to 14 to the Circular in relation to the reasons for the proposed Bonus Issue therefore the content on these sub-sections should also include the following information:

* For identification purposes only

TAXATION

1. *PRC Withholding Tax Implication and Withholding Tax Payment Arrangements of the Bonus Issue and the Interim Dividend to the individual Domestic Shareholders*

The total PRC withholding tax arising from the Bonus Issue and the Interim Dividend in relation to the individual Domestic Shareholders is RMB0.2462 per Share, which is calculated by adding the withholding tax per Share arising from the Bonus Issue and the withholding tax per Share arising from the Interim Dividend as illustrated below:

- (a) withholding tax per Share arising from the Bonus Issue:

$$\text{RMB1} \times 20\% = \text{RMB0.2}$$

- (b) withholding tax per Share arising from the Interim Dividend:

$$\text{RMB0.231} \times 20\% = \text{RMB0.0462}$$

Since the Interim Dividend is RMB0.231 per Share, the total PRC withholding tax exceeds the Interim Dividend by RMB0.0152 per Share (the “**Additional Withholding Tax**”). Pursuant to Article 24 of the Regulation on the Implementation of the Individual Income Tax Law of the People’s Republic of China (2018 Revision) (中華人民共和國個人所得稅法實施條例(2018修訂)) (the “**Regulation**”), as the total PRC withholding tax exceeds the Interim Dividend, the Company shall withhold the entire Interim Dividend in relation to individual Domestic Shareholders and pay the same to the relevant PRC tax authority (the “**Domestic Withholding Tax**”). Therefore, the individual Domestic Shareholders would not receive any actual cash dividend in relation to the Interim Dividend.

Pursuant to the Regulation, the Company is the tax withholding agent in relation to the PRC withholding tax arising from the Bonus Issue and the Interim Dividend in relation to the Domestic Shareholders and is legally obliged to withhold the corresponding PRC withholding tax in full and pay the same to the relevant PRC tax authority. To ensure the Company fully complies with the withholding obligations under the Regulation, for the Additional Withholding Tax, the Company shall pay the Additional Withholding Tax to the relevant PRC tax authority and will then request the respective individual Domestic Shareholders to reimburse the Company the respective Additional Withholding Tax paid by the Company. In case the Company is not fully reimbursed by the individual Domestic Shareholder(s), the Company will deduct the outstanding amount from the future dividend of the Company payable to such individual Domestic Shareholder(s). The total amount of Additional Withholding Tax would be RMB760,000 (RMB0.0152 x 50,000,000 Domestic Shares). Since approximately 87.65% of the Domestic Shares are held by Mr. Shi Chunbao and Ms. Yue Shujun, the controlling shareholders and executive directors of the Company, RMB666,165 of the Additional Withholding Tax will be borne by Mr. Shi Chunbao and Ms. Yue Shujun. Each of Mr. Shi Chunbao and Ms. Yue Shujun undertakes to reimburse the Company of the said amount of the Additional

Withholding Tax (i.e. RMB666,165) upon request by the Company. The few other individual Domestic Shareholders, who in aggregate hold approximately 12.35% of the Domestic Shares, shall bear the remaining RMB93,835 of the Additional Withholding Tax, which is relatively a small amount. Therefore, the Board is of the view that the above arrangement would not have any material impact on the Company or the other individual Domestic Shareholders.

As at the date of this announcement, the Company has not paid the Domestic Withholding Tax and Additional Withholding Tax to the relevant PRC tax authority. It is expected that the Company will pay the Domestic Withholding Tax and Additional Withholding Tax to the relevant PRC tax authority on or before 10 May 2019.

2. ***PRC Withholding Tax Implication and Withholding Tax Payment Arrangements of the Bonus Issue and the Interim Dividend to the H Shareholders***

The total PRC withholding tax arising from the Bonus Issue and the Interim Dividend in relation to the H Shareholders is RMB0.1231 per Share, which is calculated by adding the withholding tax per Share arising from the Bonus Issue and the withholding tax per Share arising from the Interim Dividend as illustrated below:

- (a) withholding tax per Share arising from the Bonus Issue:

$$\text{RMB1} \times 10\% = \text{RMB0.1}$$

- (b) withholding tax per Share arising from the Interim Dividend:

$$\text{RMB0.231} \times 10\% = \text{RMB0.0231}$$

Since the Interim Dividend is RMB0.231 per Share, the total PRC withholding tax is less than the Interim Dividend by RMB0.1079 per Share. As such, the Company shall withhold RMB0.1231 per Share from the Interim Dividend in relation to H Shareholders and pay the same to the relevant PRC tax authority (the “**H Share Withholding Tax**”). Therefore, the actual cash dividend receivable by H Shareholders in relation to the Interim Dividend after the deduction of H Share Withholding Tax would be RMB0.1079 per Share.

As at the date of this announcement, the Company has not paid the H Share Withholding Tax to the relevant PRC tax authority. It is expected that the Company will pay the H Share Withholding Tax to the relevant PRC tax authority on or before 10 May 2019.

REASONS FOR THE PROPOSED BONUS ISSUE

3. *Reasons for the proposed Bonus Issue*

Based on the Company's recent financial performance, the Board is optimistic about the future prospect of the Company. As disclosed in the annual results announcement of the Company for the year ended 31 December 2018, the Company would continue to put an emphasis on diversifying the Group's product series and strengthening the Group's innovation ability. Accordingly, the Company intends to retain its financial resources in the research and development of new products. Therefore, instead of distributing the cash dividend, the Board is of the view that the Bonus Issue allows the Company to reserve more cash for the future business growth of the Group. The Board further believes that the Shareholders will enjoy economic benefit in the long run when, as a result of the business growth of the Group, (i) the value of the Shares is enhanced; and (ii) when the Board, at its discretion, declares dividends or other distributions for the Shares then in issue after having considered the results of the Group's operations, cash flow, financial condition and other relevant factors. Therefore, the Board is of the view that the Bonus Issue is in the interest of the Shareholders in the long run despite the one-off Domestic Withholding Tax and Additional Withholding Tax imposed on the Domestic Shareholders and the H Share Withholding Tax imposed on the H shareholders.

The above additional information does not affect other information contained in the Circular and the other contents of the Circular remain unchanged.

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

Beijing, the PRC, 23 April 2019

As at the date of this announcement, the executive directors of the Company are Mr. Shi Chunbao, Ms. Yue Shujun and Mr. Wang Jianliang; the non-executive director of the Company is Mr. Lin Yiming; and the independent non-executive directors of the Company are Mr. Ge Changyin, Mr. Tong Xiaobo and Mr. Ho Wai Ip.