CHINA ISOTOPE & RADIATION CORPORATION
中 國 同 輻 股 份 有 限 公 司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1763)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

RESULTS HIGHLIGHT

The board of directors (the "**Board**") of China Isotope & Radiation Corporation (the "**Company**", together with its subsidiaries, the "**Group**" or "**we**") is pleased to announce the consolidated financial statements of the Group for the year ended 31 December 2018 ("**2018**" or the "**Reporting Period**") together with the comparative figures for the same period of 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2018

*(Expressed in Renminbi ("**RMB**"))*

	Note	**2018**	2017
			(Note)
		RMB'000	*RMB'000*
Revenue	*4*	**3,238,019**	2,672,045
Cost of sales		**(945,471)**	(787,259)
Gross profit		**2,292,548**	1,884,786
Other income	*5*	**88,273**	35,965
Selling and distribution expenses		**(1,302,267)**	(1,094,684)
Administrative expenses		**(401,902)**	(296,014)
Profit from operations		**676,652**	530,053
Finance costs	*6(a)*	**(7,752)**	(7,095)
Share of profits less losses of associates		**(718)**	14,764
Share of profits of a joint venture		**24,952**	20,242
Profit before taxation	*6*	**693,134**	557,964
Income tax	*7*	**(105,076)**	(82,326)
Profit for the year		**588,058**	475,638
Attributable to:			
Equity shareholders of the Company		**322,951**	271,454
Non-controlling interests		**265,107**	204,184
Profit for the year		**588,058**	475,638
Earnings per share	*8*		
Basic and diluted (RMB)		**1.16**	1.17

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transaction methods chosen, comparative information is not restated. See Note 3.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

(Expressed in RMB)

	Note	**2018**	2017
			(Note)
		RMB'000	*RMB'000*
Profit for the year		**588,058**	475,638
Other comprehensive income for the year (after tax and reclassification adjustments):			
Item that may be reclassified subsequently to profit or loss:			
— exchange differences on translation of share of profits less losses of an associate		**2,949**	(4,930)
Items that will not be reclassified to profit or loss:			
— remeasurement of defined benefit liability		**(3,462)**	114
— equity investments at FVOCI-net movement in fair value reserves (non-recycling)		**12,495**	—
Other comprehensive income for the year		**11,982**	(4,816)
Total comprehensive income for the year		**600,040**	470,822
Attributable to:			
Equity shareholders of the Company		**335,380**	266,583
Non-controlling interests		**264,660**	204,239
Total comprehensive income for the year		**600,040**	470,822

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 3.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018

(Expressed in RMB)

	Notes	**2018**	2017
			(Note)
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**1,339,051**	765,845
Investment property		**14,526**	15,592
Lease prepayments		**115,925**	63,928
Intangible assets		**48,928**	32,176
Goodwill		**5,670**	5,670
Interests in associates		**85,510**	81,425
Interest in a joint venture		**42,917**	38,774
Long-term receivables		**32,206**	30,702
Unquoted equity investments		**125,491**	47,251
Deferred tax assets		**206,128**	155,489
		2,016,352	1,236,852
Current assets			
Trading securities		**—**	104
Inventories		**342,706**	263,002
Trade and bill receivables	*10*	**1,708,834**	1,507,234
Prepayments, deposits and other receivables		**197,319**	210,683
Income tax recoverable		**—**	86
Cash at bank and on hand		**2,599,577**	1,478,833
		4,848,436	3,459,942
Current liabilities			
Trade payables	*11*	**169,828**	198,016
Accruals and other payables		**1,872,817**	1,606,489
Contract liabilities		**184**	1,816
Provisions		**67,994**	64,614
Income tax payable		**79,652**	45,304
		2,190,475	1,916,239
Net current assets		**2,657,961**	1,543,703
Total assets less current liabilities		**4,674,313**	2,780,555

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018 (continued)

(Expressed in RMB)

	Note	**2018**	2017
			(Note)
		RMB'000	*RMB'000*
Non-current liabilities			
Borrowings		**150,000**	150,000
Deferred income		**45,625**	37,890
Defined benefit retirement obligation		**44,596**	40,511
Deferred tax liabilities		**8,347**	9
Provisions		**113,286**	105,811
Long-term payables		**9,283**	—
		371,137	334,221
Net assets		**4,303,176**	2,446,334
Capital and reserves			
Share capital		**319,875**	239,906
Reserves		**3,150,560**	1,629,038
Total equity attributable to equity shareholders of the Company		**3,470,435**	1,868,944
Non-controlling interests		**832,741**	577,390
Total equity		**4,303,176**	2,446,334

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 3.

Notes to the financial statements

(Expressed in RMB unless otherwise indicated)

1. Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**") and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2018 comprise the Group and the Group's interest in associates and a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that unquoted equity investments are stated at their fair value.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Changes in accounting policies

The ISAB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 9, *Financial instruments*
- IFRS 15, *Revenue from contracts with customers*
- IFRIC 22, *Foreign currency transactions and advance consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(i) IFRS 9, *Financial instruments*

IFRS 9 replaces IAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied IFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under IAS 39.

The following table summarises the impact of transition to IFRS 9 on retained earnings and reserves and the related tax impact at 1 January 2018.

	RMB'000
Retained earnings	
Recognition of additional expected credit losses on financial assets measured at amortised cost	(6,700)
Related tax	2,306
Net decrease in retained earnings at 1 January 2018	(4,394)
Fair value reserve (non-recycling)	
Increase in fair value reserve (non-recycling)	14,540
Related tax	(3,635)
Net increase in fair value reserve (non-recycling) at 1 January 2018	10,905
Non-controlling interests	
Recognition of additional expected credit losses on financial assets measured at amortised cost and decrease in non-controlling interests at 1 January 2018	(327)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(a) Classification of financial assets and financial liabilities

IFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede IAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The following table shows the original measurement categories for each class of the Group's financial assets under IAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with IAS 39 to those determined in accordance with IFRS 9.

	IAS 39 carrying amount at 31 December 2017	Reclassification	Remeasurement	**IFRS 9 carrying amount at 1 January 2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets carried at amortised cost				
Cash at bank and on hand	1,478,833	—	—	**1,478,833**
Trade and bill receivables	1,507,234	—	(7,763)	**1,499,471**
Other receivables (included in prepayments, deposits and other receivables)	84,248	—	—	**84,248**
	3,070,315	—	(7,763)	**3,062,552**
Financial assets measured at FVOCI (non-recyclable)				
Equity securities (Note)	—	47,251	14,540	**61,791**
Financial assets carried at FVPL				
Trading securities	104	—	—	**104**
Financial assets classified as available-for-sale under IAS 39 (Note)	47,251	(47,251)	—	**—**

Note:

Under IAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVPL under IFRS 9, unless they are eligible for and designated at FVOCI by the Group. At 1 January 2018, the Group designated its investment in unlisted equity securities at FVOCI (non-recycling), as these investments are held for strategic purposes.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of IFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

(b) ***Credit losses***

IFRS 9 replaces the "incurred loss" model in IAS 39 with the "expected credit losses" (ECLs) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in IAS 39.

The Group applies the new ECL model to the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, trade and bill receivables and other receivables), and

— contract assets as defined in IFRS 15.

The following table reconciles the closing loss allowance determined in accordance with IAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with IFRS 9 as at 1 January 2018.

	RMB'000
Loss allowance at 31 December 2017 under IAS 39	114,180
Additional credit loss recognised at 1 January 2018	
— Trade and bill receivables	7,763
Loss allowance at 1 January 2018 under IFRS 9	121,943

(c) ***Transition***

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

— Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under IAS 39 and thus may not be comparable with the current period.

— The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of IFRS 9 by the Group):

  — the determination of the business model within which a financial asset is held; and

  — the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).

— If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(ii) IFRS 15, ***Revenue from contracts with customers***

IFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. IFRS 15 replaces IAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and IAS 11, *Construction contracts*, which specified the accounting for construction contracts.

IFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. As allowed by IFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

The transition to IFRS 15 does not have any material impact on retained earnings and reserves and related tax impact at 1 January 2018.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(a) Timing of revenue recognition

Previously, revenue arising from construction contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. IFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of IFRS 15 does not have a significant impact on when the Group recognises revenue from sales of goods and rendering of services.

(b) Sales commission payable related to sales contracts

The Group previously recognised sales commission payable related to sales contracts as distribution costs when they were incurred. Under IFRS 15, the Group is required to capitalise these sales commissions as costs of obtaining contracts when they are incremental and are expected to be recovered, unless the expected amortisation period is one year or less from the date of initial recognition of the asset, in which case the sales commissions can be expensed when incurred. Capitalised commissions are charged to profit or loss when the revenue from the related property sale is recognised and are included as distribution costs at that time.

As the expected amortisation period is one year or less from the date of initial recognition of the asset, this change in accounting policy does not have any material impact on the financial position and the financial result of the Group.

(c) Presentation of contract assets and liabilities

Under IFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balances relating to construction contracts in progress were named "Gross amounts due from customers for contract work" or "Gross amounts due to customers for contract work" in the consolidated statement of financial position respectively.

To reflect these changes in presentation, the Group renamed "Gross amounts due from customers for contract work" and "Gross amounts due to customers for contract work" to "Contract assets" and "Contract liabilities" at 1 January 2018, as a result of the adoption of IFRS 15.

(iii) IFRIC 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of IFRIC 22 does not have any material impact on the financial position and the financial result of the Group.

4. Revenue and segment reporting

(a) Revenue

The Group is principally engaged in research, development, manufacturing and sale of a broad range of pharmaceuticals and radioactive source products, and also design, manufacturing, construction and installation of gamma ray irradiation facilities, provision of irradiation service for sterilisation purpose as well as independent clinical laboratory services.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2018	2017
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service lines		
— sales of pharmaceuticals	**2,679,584**	2,244,259
— sales of radioactive source products	**334,784**	246,468
— irradiation services	**67,056**	52,991
— technical services	**76,895**	55,253
— revenue from construction contracts	**5,230**	12,953
— independent clinical laboratory services	**65,262**	50,935
— other services	**9,208**	9,186
	3,238,019	2,672,045

Note: The Group has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with IAS 18 and IAS 11 (see Note 3).

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in Note 4(b).

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group's revenue in 2018 and 2017.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2018, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB590,000. This amount mainly represents revenue expected to be recognised in the future from construction contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur within the next 12 months.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the sales contracts that had an original expected duration of one year or less.

The above amount also does not include any amounts of completion bonuses that the Group may earn in the future by meeting the conditions set out in the Group's construction contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses.

(b) Segment reporting

The Group manages its businesses by divisions, which are mainly organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Pharmaceuticals: manufacturing and sale of a range of imaging diagnostic and therapeutic radio pharmaceuticals imaging, UBT diagnostic kits and test analyzers, in vitro immunoassay diagnostic reagents and kits and other products.

- Radioactive source products: sale of medical and industrial radioactive source products and technical services.

- Irradiation: provision of irradiation services to manufacturers of medical facilities, pharmaceuticals, cosmetics and food in the PRC for steriliation purposes, and also design, manufacturing and installation of gamma ray irradiation facilities to irradiation service providers.

- Independent clinical laboratory services and other businesses: provision of independent clinical laboratory services for customers and other miscellaneous services.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources among segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following basis:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. The measure used for reporting segment profit is gross profit. The Group's other income and expense items, such as other income, selling and distribution expenses, administrative and other operating expenses, and assets and liabilities, are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2018 and 2017 is set out below.

	Year ended 31 December 2018				
	Pharma-ceuticals *RMB'000*	**Radioactive source products** *RMB'000*	**Irradiation** *RMB'000*	**Independent clinical medical and laboratory services and other businesses** *RMB'000*	**Total** *RMB'000*
Disaggregated by timing of revenue recognition					
Point in time	**2,693,630**	**397,633**	**67,056**	**74,470**	**3,232,789**
Over time	**—**	**—**	**5,230**	**—**	**5,230**
Revenue from external customers	**2,693,630**	**397,633**	**72,286**	**74,470**	**3,238,019**
Inter-segment revenue	**4,123**	**21,895**	**1,348**	**12,461**	**39,827**
Reportable segment revenue	**2,697,753**	**419,528**	**73,634**	**86,931**	**3,277,846**
Reportable segment profit (gross profit)	**2,058,987**	**180,725**	**31,250**	**30,532**	**2,301,494**

	Year ended 31 December 2017				
	Pharma-ceuticals *RMB'000*	Radioactive source products *RMB'000*	Irradiation *RMB'000*	Independent clinical medical and laboratory services and other businesses *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition					
Point in time	2,253,758	292,222	52,991	60,121	2,659,092
Over time	—	—	12,953	—	12,953
Revenue from external customers	2,253,758	292,222	65,944	60,121	2,672,045
Inter-segment revenue	2,588	21,178	708	45,447	69,921
Reportable segment revenue	2,256,346	313,400	66,652	105,568	2,741,966
Reportable segment profit (gross profit)	1,676,291	138,526	21,657	61,926	1,898,400

(ii) Reconciliations of reportable segment profit (gross profit)

	2018 ***RMB'000***	2017 *RMB'000*
Reportable segment profit (gross profit)	**2,301,494**	1,898,400
Elimination of inter-segment profit (gross profit)	**(8,946)**	(13,614)
Consolidated gross profit	**2,292,548**	1,884,786

(iii) Geographic information

All of the Group's operations are carried out and most of the Group's customers are located in the PRC. The Group's non-current assets, including property, plant and equipment, investment property, lease prepayments and intangible assets are all located or allocated to operations located in the PRC.

5. Other income

	2018	2017
	RMB'000	*RMB'000*
Government grants	**4,037**	9,026
Interest income	**19,294**	15,904
Rental income from operating leases	**8,703**	6,691
Net loss on disposal of property, plant and equipment	**(149)**	(1,190)
Net foreign exchange gain	**52,766**	—
Distributions from unquoted equity investments	**1,408**	1,683
Others	**2,214**	3,851
	88,273	35,965

6. Profit before taxation

Profit before taxation is arrived at after charging:

(a) Finance costs

	2018	2017
	RMB'000	*RMB'000*
Interests on borrowings	**8,283**	2,234
Less: interest expense capitalised into construction in progress	**(5,673)**	—
	2,610	2,234
Interest accretion on reclamation obligations, net	**3,509**	3,314
Interest cost on defined benefit retirement plans	**1,633**	1,396
Others	**—**	151
	7,752	7,095

The borrowing costs have been capitalised at a rate of 4.99% per annum (2017:Nil).

(b) Staff costs

	2018	2017
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**347,593**	278,754
Contributions to defined contribution retirement plans	**52,204**	34,163
Expenses recognised in respect of defined benefit retirement plans	**790**	602
	400,587	313,519

(c) Other items

	2018	2017
		(Note)
	RMB'000	*RMB'000*
Depreciation#		
— property, plant and equipment	**66,202**	62,866
— investment property	**942**	957
Amortisation#		
— lease prepayments	**2,919**	1,660
— intangible assets	**3,394**	2,449
Impairment losses		
— trade receivables	**25,959**	14,538
— other receivables	**4,417**	448
Auditors' remuneration		
— audit services	**2,909**	407
Research and development costs (other than amortisation costs)	**73,035**	73,452
Increase in provisions for reclamation obligations	**5,432**	5,621
Operating lease charges: minimum lease payment#	**7,427**	7,025
Cost of inventories#	**801,349**	660,993

Note: The Group has initially applied IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 3.

\# Cost of inventories includes RMB212,044,000 (2017: RMB199,807,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7. Income tax in the consolidated statements of profit or loss

(a) Taxation in the consolidated statements of profit or loss represents:

	2018	2017
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**146,917**	113,303
Under provision in respect of prior years	**5,217**	3,474
	152,134	116,777
Deferred tax		
Origination and reversal of temporary differences	**(47,058)**	(34,451)
	105,076	82,326

(b) Reconciliation between tax expenses and accounting profits at applicable tax rates:

	2018	2017
	RMB'000	*RMB'000*
Profit before taxation	**693,134**	557,964
National tax on profit before taxation at PRC statutory tax rate	**173,284**	139,491
Tax effect of non-deductible expenses	**2,288**	2,367
Tax effect of non-taxable income	**(6,406)**	(9,422)
Tax effect of unused tax losses and temporary differences not recognised	**2,325**	2,368
Tax concessions (Note (ii))	**(70,276)**	(47,906)
Tax effect of unused tax losses and temporary differences not recognised in previous year but utilised in current year	**(2,452)**	(602)
Under provision in respect of prior years	**5,217**	3,474
Others	**1,096**	(7,444)
Actual tax expense	**105,076**	82,326

Notes:

(i) The Company and its subsidiaries established in the PRC are subject to PRC Corporate Income Tax rate of 25% (2017: 25%).

(ii) Certain subsidiaries of the Group are approved High and New Technology Enterprises and subject to a preferential PRC Corporate Income Tax rate of 15% during the approved period, subject to fulfillment of recognition criteria.

(iii) A subsidiary of the Group has obtained approval from the relevant tax bureau to be taxed as an enterprise with tax incentive for development of the western region for the calendar year of 2018 and therefore enjoyed a preferential PRC Corporate Income Tax rate of 15% (2017: 25%).

8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the company of RMB322,951,000 (2017: RMB271,454,000) and the weighted average of 279,123,000 ordinary shares (2017: 232,034,000 ordinary shares), calculated as follows:

Weighted average number of ordinary shares

	2018	2017
Ordinary shares at 1 January	**239,906,000**	200,000,000
Effect of issue of ordinary shares	**39,217,000**	32,034,000
Weighted average number of ordinary shares at 31 December	**279,123,000**	232,034,000

The Company did not have any potential dilutive shares in existence during the years ended 31 December 2018 and 2017. Accordingly, diluted earnings per share is the same as basic earnings per share.

9. Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2018	2017
	RMB'000	*RMB'000*
Interim dividend declared of RMB15 cents per ordinary share (2017: RMB Nil)	**47,981**	—
Final dividend proposed after the end of the reporting period of RMB12.26 cents per ordinary share (2017: RMB28 cents per ordinary share)	**39,217**	66,478
	87,198	66,478

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the year

	2018	2017
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial years, approved during the year, of RMB28 cents per ordinary share (2017: RMB73 cents per ordinary share)	**66,478**	175,161

10. Trade and bill receivables

	31 December 2018	1 January 2018	31 December 2017
	RMB'000	*RMB'000*	*RMB'000*
Bill receivables	**41,062**	22,341	22,341
Trade receivables due from			
— related parties under China National Nuclear Corporation ("CNNC")	**19,443**	16,522	16,522
— associates and a joint venture	**65,281**	46,168	46,168
— third parties	**1,730,249**	1,536,383	1,536,383
	1,856,035	1,621,414	1,621,414
Less: loss allowance	**147,201**	121,943	114,180
	1,708,834	1,499,471	1,507,234

Note: Upon the adoption of IFRS 9, an opening adjustment as at 1 January 2018 was made to recognise additional ECLs on trade and bill receivables (see Note 3).

All of the trade and bill receivables, net of allowance for doubtful debts, are expected to be recovered within one year.

Aging analysis

The aging analyses of trade and bill receivables, based on the invoice dates and net of loss allowance, are as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**1,527,367**	1,352,610
1 to 2 years	**128,294**	118,193
2 to 3 years	**33,567**	22,516
Over 3 years	**19,606**	13,915
	1,708,834	1,507,234

Trade and bills receivables are required to be settled in accordance with contract terms and are generally due immediately without credit period.

11. Trade payables

	2018	2017
	RMB'000	*RMB'000*
Trade payables due to		
— related parties under CNNC	**50,569**	53,191
— associates and a joint venture	**4,542**	7,569
— third parties	**114,717**	137,256
	169,828	198,016

(a) Aging analysis

As of the end of the reporting period, the aging analyses of trade payables, based on the invoice dates, are as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**134,101**	175,613
1 to 2 years	**22,632**	22,403
2 to 3 years	**13,095**	—
	169,828	198,016

All of the trade payables are expected to be settled within one year or are repayable on demand.

12. Share capital

	2018		2017	
	No. of shares (thousand shares)	***RMB'000***	*No. of shares (thousand shares)*	*RMB'000*
Ordinary shares issued				
At 1 January	**239,906**	**239,906**	200,000	200,000
Share issued	**79,969**	**79,969**	39,906	39,906
At 31 December	**319,875**	**319,875**	239,906	239,906

All shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

On 6 July 2018, the Company issued 79,968,700 H shares with par value of RMB1.00 per share at a price of HKD21.6 per share by way of initial public offering to Hong Kong and overseas investors. On 3 August 2018, the over-allotment option granted by the Company was partially exercised. The Company issued and allotted an aggregate of 100 H shares at HKD21.6 each. After the issuance and allotment of these shares, the registered and issued ordinary shares of the Company increased to 319,874,900 shares with 79,968,800 H shares being listed on The Stock Exchange of Hong Kong Limited.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is primarily engaged in the research, development, manufacturing and sale of diagnostic and therapeutic radiopharmaceuticals and radioactive source products for medical and industrial applications, the provision of irradiation service for sterilisation purpose and EPC service for the design, manufacturing and installation of gamma ray irradiation facilities and the provision of independent clinical laboratory services to hospitals and other medical institutions.

BUSINESS REVIEW

For the year ended 31 December 2018, we operated four business segments, namely pharmaceuticals, radioactive source products, irradiation and independent clinical laboratory services and other businesses. Benefiting from medical treatment technologies and policies, the continuing deepening of the reform of the State pharmaceuticals system, the progress of the radioactive pharmaceuticals and medical treatment technologies, the further improvement of the nuclear medicine system, coupled with the ageing population, the increased average longevity of people and the enhanced health awareness and per-capita consumption of citizens, the isotopes and irradiation industry has widespread development and application in China. During the Reporting Period, the Group considered the situation, focused on research and development, strengthened production and construction, promoted the industrial strategic layout and captured market share. Revenue achieved was RMB3,238.0 million, representing a year-on-year increase of 21.2%. Net profit for the year was RMB588.1 million, representing a year-on-year increase of 23.6%, and net profit attributable to equity shareholders of the Company was RMB323.0 million, representing a year-on-year increase of 19.0%.

Business segments

1. Pharmaceuticals

We are the leading manufacturer of diagnostic and therapeutic radiopharmaceuticals in China, primarily engaged in the research, development, manufacturing and sale of a wide range of imaging diagnostic and therapeutic radiopharmaceuticals, UBT kits and analyzers and in vitro immunoassay diagnostic reagents and kits in China. During the Reporting Period, the Group promoted all production and operation activities successively, adjusted the marketing strategy according to circumstances, placed sources to explore new markets, continuously optimized products and improved the industrial structure. Revenue from the pharmaceuticals business was RMB2,693.6 million, representing a year-on-year increase of 19.5%. In 2018, revenue from sales of Technetium-99m instantly labeled pharmaceuticals increased by 21% compared to 2017; revenue from sales of Fluorine-18-FDG injections increased by 18% compared to 2017, which was mainly due to the fact that with the official operation of the pharmaceuticals center in Hengdian and the increased market supply volume of HTA in Shenyang, the region to be supplied continued to expand and the market supply capacity improved; revenue from sales of Iodine-125 sealed sources grew by 23% compared to 2017, mainly because Iodine-125 sealed sources are becoming more suitable for patients' treatment, coupled with the promotion and publicity on treatment of malignant tumors with Iodine-125 sealed sources, leading to the increased existing patient flow. Meanwhile, as more and more hospitals choose Iodine-125 sealed sources as a method for treatment, it has brought more new customers for CIRC; and revenue from sales of Carbon-14 UBT kits increased by 26.21% compared to 2017, mainly due to the significant growth of UBT kits as a result of the further exploration of the frontline physical examination market, the continuous conducting of academic promotion and charity clinics activities and the enhanced health awareness of frontline hospitals and the general public.

2. ***Radioactive source products***

We are one of the largest manufacturers of medical and industrial radioactive sources products in China and also a radioactive sources producer with a most complete range of radioactive source product offerings in China, primarily engaged in the research, development, manufacturing and sale of various medical and industrial radioactive sources products as well as provision of related technical services. During the Reporting Period, we unremittingly overcame difficulties and solved many problems such as qualifications and transportation of the cobalt source export, and successfully achieved the large-scale export of 1-million-Ci cobalt-60 radioactive sources for the first time in early 2018. During the Reporting Period, the Group actively broadened its customer base, and resumed the production of some of its industrial radioactive source production lines, which promoted a significant increase in sales revenue of radioactive source products. Revenue from sales of radioactive source products was RMB397.6 million, representing a year-on-year increase of 36.1%, among which, revenue from sales of gamma knife radioactive resources grew by 257% compared to the same period of 2017, which was mainly due to the proactive maintenance and expansion of international raw materials supply channels to ensure the supply of raw materials of medical radioactive resources; revenue from sales of radioactive resources for non-destructive testing purpose increased by 35% compared to the same period of 2017 through a deep understanding of the utilization plans of customers of gamma ray non-destructive testing in respect of the demand for radioactive resources and our reasonable storage of inventories; and revenue from the radioactive resource decommission service increased by 16% compared to the same period of 2017 which was attributable to the proactive conducting of nuclear technical service business. Revenue from sales of Cobalt-60 radioactive sources for irradiation purpose increased by 61.2% compared to the same period of 2017, mainly due to the growing market demand of Cobalt-60 sources for irradiation purpose and our increasing efforts to explore overseas markets.

3. ***Irradiation***

We are primarily engaged in providing irradiation service to manufacturers of medical devices, food, traditional Chinese medicine and cosmetics for sterilisation in China, and provide EPC services for the design, manufacturing and installation of gamma ray irradiation facilities to irradiation service providers. During the Reporting Period, although the competition in the irradiation market was fierce and the demand for the EPC service of irradiation facilities was reduced, the Group still spared no effects to intensify user tracking and follow-up, keep abreast of market situation, maximized our efforts to understand and meet users' demand and was committed to improving service quality. By proactively expanding the new irradiation industry, we achieved revenue from our irradiation business of RMB72.3 million, representing a year-on-year increase of 9.6%.

4. Independent clinical laboratory services and other businesses

As a downstream extension of our in vitro immunoassay diagnostic reagents and kits sales, we also provide independent clinical laboratory services to hospitals and other medical institutions in China. We offer independent clinical laboratory services with respect to hepatitis, endocrine, bone metabolism, cardiovascular disease, diabetes and other diseases. In 2018, a subsidiary of the Group, which is engaged in clinical laboratory services, successfully completed the relocation and expansion of its headquarter, added more than 20 new testing items and provided updated and more complete clinical laboratory services, while achieving the nationwide chain operation of independent clinical laboratories. In particular, our laboratory centers in Chengdu, Wuhan and Changsha were landed, which in turn improved our industry competitiveness and regional strategic layout. During the Reporting Period, revenue from independent clinical laboratory services and other businesses of the Group was RMB74.5 million, representing a year-on-year increase of 23.9%, of which revenue from our independent clinical laboratory services increased by 28.1% year-on-year. The main reasons are due to the completion of the relocation and expansion of our clinical laboratory service subsidiary; establishment of our special testing platform to fill our gaps in the course of development and to promote technological upgrade and enhance our strengths; entering into a strategic cooperation agreement with BGI (大華基因) to tap the gene testing market.

Meanwhile, as a new industry, the nuclear medical equipment business is accelerating its geographical distribution. The Company has established CNNC High Energy Equipment (Tianjin) Co., Ltd (中核高能（天津）裝備有限公司) ("**CNHE**") in Tianjin as a nuclear medical equipment platform of the Group to expedite the introduction of foreign advanced technologies and to cooperate with domestic first-class enterprises in order to achieve a "corner overtaking". On 28 January 2019, CNHE established a subsidiary with an American company, Accuray Asia Limited, in the PRC for production and sale of high-end radiotherapy equipment.

The table below sets forth our revenue by business segment in 2018 and 2017:

	Year ended 31 December 2018		Year ended 31 December 2017	
(RMB in millions, except for percentage)	**Amount**	**%**	Amount	%
Pharmaceuticals	**2,693.6**	**83.2**	2,253.8	84.4
Radioactive source products	**397.6**	**12.3**	292.2	10.9
Irradiation	**72.3**	**2.2**	65.9	2.5
Independent clinical laboratory services and other businesses	**74.5**	**2.3**	60.1	2.2
Total	**3,238.0**		2,672.0	

Marketing

In order to strengthen the market management ability of the Company's system, coordinate with the market to develop resources, enhance the marketing ability and improve the market competitiveness, the Company established a radiopharmaceutical marketing center, a radioactive source marketing center and a brachytherapy business division in 2018, and will continue to extensively explore their respective market segments, fully tap market potential and promote the rapid expansion of the existing businesses. There were 10 newly-launched nuclide therapy clinical promotion projects and 4 hospitals passing the approval-listing examination during the year. There are currently 47 participating hospitals nationwide. The expedited penetration of nuclear clinical therapy application has effectively helped the Company to expand the market for its products. The Company is striving to build its "Comprehensive Nuclear Medical Solution" platform to provide large hospitals across the country with comprehensive nuclear medical solution services and accelerate and promote the shift from supply of products to provision of system solutions, which in turn will expedite the penetration of nuclear medicine offices of medical institutions in China and promote the development and growth of the nuclear medicine undertaking in China. We held marketing training and marketing speech contests to enhance our abilities, boost our confidence, unite our people and shape our image. We also organized and conducted customer satisfaction survey for our systems, strengthened our "market-oriented and customers' value-focused" operating concept and continuously improved our market service system based on problems. The Company held 14 national-level academic conferences, industrial exhibitions and other publicity activities in the whole year, which significantly improved the band influence of the Company. The Group has established a nationwide sales network in China and owns diversified marketing and promotion activities.

As of 31 December 2018, the Group held various marketing activities through our sales network comprising our own sales staff, promoters and distributors, covering 31 provinces, municipalities and autonomous regions in China. In addition, the Group had a broader end user base. As of 31 December 2018, the Group had an extensive end user base covering more than 11,000 hospitals and other medical institutions, including 1,800 Class III hospitals, 5,000 Class II hospitals and 4,400 Class I hospitals in China.

Scientific research and innovation

The Group owns strong research and development strengths. Our research and development team comprising 186 research and development staff focuses on the extensive researching and optimization of production technologies, the development of new products and the safety and efficacy upgrading of existing products. The Group first conducts detailed market analysis and then strictly selects research and development projects according to its own advantages, industrial expertise and market demand. We have been proactively researching and developing various imaging diagnostic and therapeutic radiopharmaceuticals and are striving to fill in the blanks in the China therapy fields so as to meet the therapy demand. As of 31 December 2018, we owned nine imaging diagnostic and therapeutic radiopharmaceuticals under research and development, including one radiopharmaceutical pending approval for production (i.e. sodium iodine-131 capsule for therapeutic purpose), one radiopharmaceutical at the stage of clinical trial (i.e. iodine-131-MIBG injection), one therapeutic radiopharmaceutical pending approval for clinical trial (i.e. palladium-103 sealed source), one imaging diagnostic radiopharmaceutical pending application and approval for clinical trial (i.e. sodium fluorine-18 injection) and four imaging diagnostic and therapeutic radiopharmaceuticals under various stages of research and development.

In 2018, we achieved remarkable results in our work on intellectual properties with a total of 44 patents applied including 20 patents for inventions and 26 licensed patents including 6 patents for inventions. As of 31 December 2018, we had registered more than 230 patents and had filed applications for more than 70 patents, which further solidified our business strengths in China. On 23 November 2018, the inauguration of the establishment of the Group's CIRC Institute (中國同輻研究院) took place. The Group worked with foreign and domestic advantageous enterprises and public institutions to innovate on operating systems and mechanisms, carried out product research and development through various methods including independent research and development, alliance, entrustment, introduction or acquisition and merger, and will gradually establish a high-level enterprise research and development center covering all nuclear technology application fields. In addition, our "Project for Technological Research and Development and Industrialization of Cobalt-60 for Industrial Purposes to be Produced Using Nuclear Heavy Water Reactors" (利用核電重水堆生產工業應用鈷 [60Co] 技術研發及產業化工程) was awarded the nomination prize in the Fifth China Industry Awards (第五屆中國工業大獎).

International businesses

During the Reporting Period, we recorded revenue of RMB48.53 million from our export of UBT analyzers, RIA kits, cobalt sources and other products to more than 50 countries and regions. We have completed the return of a large batch of old and retired cobalt sources back to the original exporters and constructed a full cycle mechanism of international import and export of cobalt sources. We have exported a total of 3.45 million curies of cobalt sources in three batches during the full year based on our first export of domestically-made cobalt sources at the beginning of the year. Up to date, China's cobalt sources have achieved a great transformation from long-term dependence on import to localization by breaking through the monopoly and then to the going global and mass export. Our Iodine-125 sealed sources have completed the entry formalities of a country's food and drug administration, and the first operation with them is round the corner. We have participated in the first Ministerial Meeting of Nuclear Science and Technologies held by International Atomic Energy Agency and successfully held China Bilateral Meeting and Exhibition, which has paved a solid base for the landing of relevant cooperation projects. Responding to the State's "One Belt, One Road" Initiative, we have organized to donate gamma knife radiotherapy equipment to Morocco so as to help explore into the African market. Our Special Funds for Asian Cooperation Project (亞洲合作專項資金項目) has been successfully approved by the Ministry of Foreign Affairs. This is the first project in the nuclear technology application field in China supported by such special funds, which is of significance for the Group to go global as the leader of the industry.

Production capacity

The manufacturing and production facilities of the Group have a wide geographical coverage in China. As of 31 December 2018, the Group had ten production facilities for imaging diagnostic and therapeutic radiopharmaceuticals, two production facilities for UBT kits and analyzers, one production facility for in vitro immunoassay diagnostic reagents and kits and three production facilities for radioactive source products. These production bases are located in Beijing, Chengdu, Shanghai, Hangzhou, Tianjin, Chongqing, Zhengzhou, Guangzhou, Shenyang, Hengdian, Shenzhen, Tongcheng and Qinshan.

The production capacity, actual production volume and utilization rates for 2018 are set out in the table below:

Imaging diagnostic and therapeutic radiopharmaceuticals:

	Year ended 31 December 2018		
	Annual designed capacity	**Actual production volume**	**Utilization rate**
Fluorine-18-FDG injections (Ci)	11,600	4,453	38.4%
Molybdenum-99/technetium-99m generators (Ci)	32,445	15,903	49.0%
Technetium-99m labeled injections (vial)	567,000	396,333	69.9%
Sodium iodine-131 oral solution (Ci)	21,986	12,961	59.0%
Iodine-125 sealed sources (unit)	800,000	378,069	47.3%
Strontium-89 chloride injections (vial)	65,000	8,952	13.8%

UBT kits and analyzers:

	Year ended 31 December 2018		
	Annual designed capacity	**Actual production volume**	**Utilization rate**
Carbon-14/13 UBT kits (unit)	23,000,000	26,414,999	114.9%
Carbon-14/13 UBT analyzers (unit)	6,200	4,135	66.7%

In vitro immunoassay reagents and kits:

	Year ended 31 December 2018		
	Annual designed capacity	**Actual production volume**	**Utilization rate**
RIA kits (unit)	200,000	113,249	56.6%
EIA reagents, CLIA reagents and TRFIA reagents (unit)	100,000	56,246	56.3%
Colloidal gold reagents (unit)	100,000	304	0.3%

Radioactive source products:

	Year ended 31 December 2018		
	Annual designed capacity	Actual production volume	Utilization rate
Cobalt-60 source for gamma knife (Ci)	2,500,000	340,800	13.6%
Iridium-192 brachytherapy sources (Ci)	10,000	3,700	37.0%
Cobalt-60 source for irradiation service (Ci)	14,000,000	8,890,018	63.4%
Californium-252 startup neutron sources (Ci)	—	—	—
Iridium-192 non-destructive testing radioactive sources (Ci)	1,200,000	149,790	12.5%
Caesium-137 radioactive sources (Ci)	55,835	2,041	3.7%
Americium-241/Beryllium neutron sources (Ci)	1,000	1	0.1%

FUTURE DEVELOPMENT

The China isotopes and irradiation technology industry is developing rapidly. We will pay close attention to the developments in politics, economic conditions, healthcare policy, capital market and our peers in China in order to address the continuing and fast market changes. As an isotopes and irradiation technology application industry platform of CNNC, we will leverage the strong business plan and strategy executing abilities of our management team and the rich knowledge and experience of our professional and skilled talents to expand our product portfolio, increase our production capacity and strengthen our sales and marketing efforts through our investment in the research and development projects so as to increase our market penetration at home and abroad. Meanwhile, we will complement our organic growth through strategic acquisitions, and expand and leverage our independent clinical laboratory service capacities to enrich our service offerings, so as to create our advantages in research and development capabilities, technological expertise, brand recognition and academic marketing activities, thereby distinguishing us from our peers in the PRC isotopes and irradiation technology application field.

In order to meet the needs of the Company for future development and to address market demands, we are implementing various expansion plans. In order to increase our production capacity of imaging diagnostic and therapeutic radiopharmaceuticals and UBT kit and analyzer products, we are proactively building our new manufacturing facilities. The construction of two new modern production, research and development bases in Hebei Province and Sichuan Province are proceeding successively, which is expected to strengthen our research and development and production capability, satisfy the needs for standardized and large-scale production and operation of imaging diagnostic and therapeutic radiopharmaceuticals, and cater for the growing imaging diagnostic and therapeutic radiopharmaceuticals market in China. Meanwhile, in addition to the 26 centers we originally plan to establish before 2023, supported by the industry-related policy and according to the actual circumstances of our business developments, the number of pharmaceuticals centers we use to produce and sell Technetium-99m labeled injections and Fluorine-18-FDG injections will further increase, which will help form a network layout covering major cities nationwide. Among them, the three bases under construction are expected to be put into commercial production commencing from the first half of 2019, which we believe can meet the growing demand of the population centers in China for radiopharmaceuticals with relatively shorter half-life period. In addition, in order to expand the existing production capacity of UBT kits and analyzers, we are currently in the process of constructing two new-type UBT kit and analyzer manufacturing bases located in Shenzhen and Tongcheng, of which the new production base in Tongcheng has commenced commercial production since December 2018.

Meanwhile, we have placed abundant resources in the research and development of various imaging diagnostic and therapeutic radiopharmaceuticals, raw materials of radioactive products, radioactive source products, medical radioisotopes, and UBT products and related raw materials in order to promptly develop and introduce new products and services that can meet market demands, while keeping pace with the medical and industrial application of radioactive isotopes.

The Group will adhere to the core values of "focusing on customers' value, keeping improvement, making effective innovation, pursuing solidarity and being responsible". Driven by the corporate vision of "becoming the world-class supplier of nuclear technology application products and services", the Group will take the measures of "controlling the source, developing the financing business and focusing on research and development" to promote the integration of culture and management philosophy, achieve the reasonable allocation of resources, insist on collectivized operation, proactively implement the dual-asset strategic development, pay equal attention to product-based operation and asset-based operation and promote independent development and introduction of technologies simultaneously, so as to achieve the rapid development of the Company, further enhance the position of the Group in the domestic nuclear technology application industry and build it into a reputable enterprise with influence in the international isotopes and irradiation industry.

FINANCIAL REVIEW

Revenue

We derived our revenue mainly from the following four major business segments: (1) pharmaceuticals; (2) radioactive source products; (3) irradiation; and (4) independent clinical laboratory services and other businesses.

Our revenue increased by 21.2% from RMB2,672.0 million for the year ended 31 December 2017 to RMB3,238.0 million during the Reporting Period, which was mainly due to an increase in revenue from our pharmaceuticals segment, radioactive source products segment and independent clinical laboratory services and other businesses.

Cost of Sales, Gross Profit and Gross Margin

Our cost of sales increased by 20.1% from RMB787.3 million for the year ended 31 December 2017 to RMB945.5 million during the Reporting Period, which was mainly due to an increase in cost of sales of our pharmaceuticals segment and radioactive source products segment.

Our gross profit increased by 21.6% from RMB1,884.8 million for the year ended 31 December 2017 to RMB2,292.5 million during the Reporting Period and our gross margin increased from 70.5% to 70.8%. The increase in gross margin was primarily due to higher gross margin of our pharmaceuticals segment with higher proprotion of revenue in our total revenue.

Other Income

Our other income increased by 145.4% from RMB36.0 million in 2017 to RMB88.3 million in 2018, primarily due to an increase in net exchange gains during the Reporting Period mainly as a result of an increase in the HKD-denominated funds raised from our listing in 2018 due to the effect of changes in foreign exchange rates.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 19.0% from RMB1,094.7 million in 2017 to RMB1,302.3 million in 2018, which was primarily due to an increase in our sales service fees and staff costs resulting from the expansion of operational scale of our radiopharmaceuticals products.

As a percentage of revenue, selling and distribution expenses decreased slightly from 41.0% in 2017 to 40.2% in 2018.

Administrative Expenses

Our administrative expenses increased by 35.8% from RMB296.0 million in 2017 to RMB401.9 million in 2018, mainly due to (i) the increased staff costs resulting from our expanded operational scale, (ii) the increased promotion expense for the listing of the Company, and (iii) the increased impairment losses on trade and other receivables.

As a percentage of revenue, administrative expenses increased slightly from 11.1% in 2017 to 12.4% in 2018.

Finance Costs

Our finance costs increased by 9.3% from RMB7.1 million in 2017 to RMB7.8 million in 2018, which was mainly attributable to increased finance costs recognised for provision of accretion of decommissioning liabilities and establishment of the benefit plan.

Share of Profits less Losses of Associates and Share of Profits of a Joint Venture

Our share of profits less losses of associates decreased by 104.9% from RMB14.8 million in 2017 to negative RMB0.7 million in 2018, mainly due to the losses derived from our associate, Shenzhen CICAM. Our share of profits of a joint venture increased by 23.3% from RMB20.2 million in 2017 to RMB25.0 million in 2018, mainly due to an increase in profits from our joint venture, Shanghai GMS Pharmaceutical.

Profit before Tax

As a result of the foregoing, our profit before tax increased by 24.2% from RMB558.0 million in 2017 to RMB693.1 million in 2018.

Income Tax

Our income tax increased by 27.6% from RMB82.3 million in 2017 to RMB105.1 million in 2018, mainly due to (i) our increased taxable income, and (ii) an increase in our current income taxes as a result of the consolidation and final settlement of our annual enterprise income tax.

Our effective tax rate was 14.8% and 15.2% in 2017 and 2018, respectively.

Profit for the year

As a result of the foregoing, our profit for the year increased by 23.6% from RMB475.6 million in 2017 to RMB588.1 million in 2018.

FINANCIAL POSITION

Overview

For the year ended 31 December 2018, the total assets of the Group increased significantly. The total assets, the total liabilities and the total equity were RMB6,864.8 million, RMB2,561.6 million and RMB4,303.2 million, respectively.

Net Current Assets

The table below sets forth our current assets, current liabilities and net current assets as at the dates indicated:

		RMB in million
	2018	2017
Trading securities	**—**	0.1
Inventories	**342.7**	263.0
Trade and bill receivables	**1,708.8**	1,507.2
Prepayments, deposits and other receivables	**197.3**	210.7
Income tax recoverable	**—**	0.1
Cash at bank and on hand	**2,599.6**	1,478.8
Total Current Assets	**4,848.4**	3,459.9
Trade payables	**169.8**	198.0
Accruals and other payables	**1,872.8**	1,606.5
Contract liabilities	**0.2**	1.8
Provisions	**68.0**	64.6
Income tax payable	**79.7**	45.3
Total Current Liabilities	**2,190.5**	1,916.2
Net Current Assets	**2,657.9**	1,543.7

Our net current assets increased by 72.2% from RMB1,543.7 million as of 31 December 2017 to RMB2,657.9 million as of 31 December 2018, which was mainly due to an increase in cash from the proceeds raised from our listing.

Adjusted Net Debt-to-Capital Ratio and Quick Ratio

Our adjusted net debt-to-capital ratio (adjusted net debt (interest-bearing borrowings plus unaccrued proposed dividends) divided by adjusted capital (all components of equity less unaccrued proposed dividends) was 9.1% and 4.4% as of 31 December 2017 and 31 December 2018, respectively.

Our quick ratio (total current assets excluding inventories divided by total current liabilities as of the same date) was 1.7 times and 2.1 times as of 31 December 2017 and 31 December 2018, respectively.

Analysis of Cash Flows

The following table sets forth the cash flows of the Group:

		RMB in million
	2018	2017
Net cash generated from operating activities	**577.7**	429.8
Net cash used in investing activities	**(455.4)**	(437.5)
Net cash generated from financing activities	**1,227.0**	228.4
Net increase in cash and cash equivalents	**1,349.3**	220.7
Cash and cash equivalents at the beginning of the year	**1,139.2**	918.6
Effect of changes in foreign exchange rate	**52.8**	(0.1)
Cash and cash equivalents at the end of the year	**2,541.3**	1,139.2

Trade and Other Receivables

Trade and other receivables are stated at amortised cost using the effective interest method less allowance for credit losses. As of 31 December 2018, our trade and other receivables (net of loss allowance of RMB157.7 million) were RMB1,804.9 million.

Trade and Other Payables

Our trade and other payables mainly consist of trade payables and accruals and other payables, which include receipts in advance, other taxes payables, deposits from distributors, payables to distributors, payables for staff-related costs, dividends payables and other accruals and payables. As of 31 December 2018, our trade and other payables were RMB2,042.6 million.

Bank Loans

In 2017, a subsidiary of the Group borrowed a five-year loan which carries interest at a rate of 5.0% above the five-year benchmark lending rate per annum of the People's Bank of China ("**PBOC**"). As of 31 December 2018, our bank loans were RMB150.0 million, which was in line with that at the end of last year.

Capital Expenditures

Our capital expenditures mainly comprise additions to prepaid lease payments, investment properties, property, plant and equipment and intangible assets. In 2018, our capital expenditures were RMB610.2 million.

Contingent Liabilities

As of 31 December 2018, we did not have any material contingent liabilities.

Pledge of Assets by the Group

As at 31 December 2018, a subsidiary of the Group borrowed a five-year loan which carried interest at a rate of 5.0% above the PBOC five-year benchmark lending rate per annum and was jointly guaranteed by shareholders of the subsidiary, and the Group's certain land lease prepayments with carrying amount of RMB25.8 million, and time deposits with original maturity over three months of RMB18.0 million as at 31 December 2018 were pledged as security for such bank loan.

Foreign Exchange and Foreign Exchange Risk

During the year ended 31 December 2018, the Group was exposed to currency risk primarily through bank deposits denominated in foreign currency, which were primarily Hong Kong dollars. The Group monitors foreign exchange movements and determines exchange when necessary. The Group currently has no foreign exchange hedging policy.

Credit Risk

In order to minimize the credit risk, we have policies in place to monitor the exposures to these credit risks on an ongoing basis. Before accepting any new customer requiring credit over a certain amount, we carry out research into their creditability and assess their credit quality and define credit limits for that customer. Our individual credit evaluations focus on the customer's historical payment records, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

We normally do not require collateral from customers. Therefore, our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customer operates. The significant concentration of credit risk primarily arises when we rely heavily on individual customers. We will, however, perform periodic credit evaluation on our customers and monitor the compliance of credit terms by them. We believe we do not have any significant concentration of credit risk as the trade and bill receivables involve a large number of customers across diverse industries and geographical areas.

Liquidity Risk

Our policy is to regularly monitor current and expected liquidity requirements to ensure that we maintain sufficient reserves of cash and adequate commitment funds from major financial institutions to meet both short and long term liquidity requirements. Our Directors believe that there is no significant liquidity risk, as we have sufficient monetary capital to fund our operations.

Dividend Policy

When the Board recommends the declaration of cash dividends to Shareholders in a general meeting, the decision to make a recommendation for payment of any dividends and the amount of dividends will depend on, among other things:

- our results of operations and cash flows;
- our financial position;
- overall performance;
- our future prospects;
- statutory, regulatory and contractual restrictions on the payment of dividends by us; and
- other factors that the Board deems relevant.

Our Board will propose declaration of dividend, if any, in Renminbi with respect to the Shares on a per Share basis for Shareholders' approval. We will pay such dividend in Renminbi. According to the Articles of Association of the Company, all of our Shareholders are equally entitled to dividend and distribution. Holders of the Shares will be proportionately entitled to all dividends and other distributions declared on a per Share basis.

No Material Adverse Change

The Directors have confirmed that there was no material adverse change in our financial and trading position or prospects as of 31 December 2018.

Subsequent Events

On 18 January 2019, the Company entered into an equity transfer agreement with Tibet Huajin Tianma Equity Investment Partnership (Limited Partnership)* (西藏華金天馬股權投資合夥企業(有限合夥)) (the "**Junan Seller**"), Tibet Juzhi Venture Investment Co., Ltd.* (西藏聚智創業投資有限公司) and Ningbo Junan Pharmaceuticals Technology Co., Ltd.* (寧波君安藥業科技有限公司) ("**Ningbo Junan**"), pursuant to which the Company has agreed to acquire 100% equity interest in Ningbo Junan from the Junan Seller at a consideration of RMB80,000,000 (equivalent to HK$92,800,000). Upon completion of the equity transfer agreement, Ningbo Junan will become a wholly-owned subsidiary of the Company.

On 28 January 2019, CNNC High Energy Equipment (Tianjin) Co., Ltd (中核高能(天津)裝備有限公司), a wholly-owned subsidiary of the Company, entered into a joint venture agreement with Accuray Asia Limited, an American company, pursuant to which, both parties have agreed to establish a joint venture in China for production and sale of high-end radiotherapy equipment. The Company holds 51% equity interest in the joint venture and the joint venture will become a subsidiary of the Group with its results to be consolidated into the financial statements of the Group.

On 29 March 2019, the Company and Chengdu Gaotong Isotope Co., Ltd. (CNNC) (成都中核高通同位素股份有限公司), ("**CNGT**", a subsidiary of the Company) entered into an equity acquisition agreement in respect of Beijing Leike Mechatronic Engineering Technology Co., Ltd. (北京市雷克機電工程技術有限公司) ("**Leike Mechatronic**") with Beijing Yuanke Technology Development Co., Ltd. (北京原科技術開發有限公司) (the "**Leike Seller**") and China Institute of Atomic Energy (中國原子能科學研究院), pursuant to which CNGT has agreed to acquire 100% equity interest in Leike Mechatronic from the Leike Seller at a consideration of RMB51,002,000. Upon completion of the equity acquisition agreement, Leike Mechatronic will become a subsidiary of the Group.

Listing Expenses

The total listing expenses (as expensed) incurred were RMB10.4 million for the year ended 31 December 2018.

Use of Proceeds from the Initial Public Offering

On 6 July 2018, H shares of the Company became listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 1763). Based on the offer price of HKD21.60 per H share and upon the partial exercise of the over-allotment option (100 Shares), the net proceeds that the Group received from the global offering were approximately HKD1,690.0 million after deduction of the underwriting commissions and other related expenses in relation to the global offering. As at 31 December 2018, the current assets of approximately RMB71.67 million were used and approximately RMB51.40 million was used in selective mergers and acquisitions.

Given that:

(i) the application of the PRC nuclear technologies become increasingly diverse with broader market space;

(ii) the penetration rate of the medical application of the PRC nuclear technologies is far lower than that in developed countries, and driven by factors including enhanced health awareness of citizens, increased average lifespan, aging population and favourable governmental policies, the potential of enhancing the penetration rate becomes prominent and the market demand is expected to grow fast; and

(iii) due to the accelerated integration of the PRC nuclear technology medical application market, the Group, as the leading enterprise in the industry, is in urgent needs to supplement its production capability and accelerate the deployment of the upstream resource supply and the downstream application scenarios.

In order to fully capture the growth and integration opportunities in the industry, solidify and increase market share, the Group intends to make strategic amendments to the original plan to accelerate strategic investment and merger, optimize the deployment of financial resources and improve the utilisation efficiency of funds. Based on the aforesaid factors, the Board resolved to change the original plan as follows:

(1) the net proceeds to be used for investment in imaging diagnostic and therapeutic radiopharmaceuticals manufacturing and research and development bases and for establishment of subsidiaries to produce and distribute technetium-99m-labeled injections and fluorine-18-FDG injection will be reduced to approximately RMB460.0 million.

In order to optimise the regional layout of the above production, research and development and distribution facilities, accelerate the construction progress and increase the utilisation efficiency of funds, the scope of site selection for the imaging diagnostic and therapeutic radiopharmaceuticals manufacturing and research and development bases in North China (North China Base) is to be expanded from Xianghe, Hebei Province to the North China region according to the latest strategic planning of the Group.

(2) the net proceeds to be used for establishment of new production facilities in Tongcheng, Anhui Province will be reduced to approximately RMB50.0 million.

(3) the net proceeds to be used for investment in the research and development of various imaging diagnostic and therapeutic radiopharmaceuticals, raw materials of radioactive source products, medical radioisotopes, and UBT products and related raw materials will be reduced to approximately RMB118.3 million.

According to the latest strategic planning of the Group, the Group will become market-oriented and focus on the preparation of radioisotopes, the research and development of nuclide labeled radiopharmaceuticals, the research and development of isotope diagnostic reagents and auxiliary apparatuses and other research and development projects in radioactive sources and industrial applications (including without limitation, those disclosed in the Prospectus).

(4) the net proceeds to be used for investment/selective acquisition (merger) will increase to approximately 536.1 million, which mainly represent strategic, expansionary and complementary investments in the upstream and downstream of the industry, focusing on the deployment of medical equipment, irradiation processing, featured pharmaceuticals, independent testing, diagnostic reagents and therapeutic drugs, industrial application of radioactive sources, accelerators and other fields.

(5) the net proceeds to be used for working capital and general corporate purposes will increase to approximately RMB268.1 million, mainly including payment of daily operating expenses, payment of cash dividends to Shareholders and replenishment of working capital of subsidiaries by way of entrusted loans. Details of the change in the use of net proceeds are as follows:

(Approximately RMB in millions)

Use	**Initial allocation of the net proceeds**	**Revised allocation of the net proceeds**	**Amount utilized as of 31 December 2018**	**Balance of the net proceeds allocated after the proposed change as of 31 December 2018**
Investment in imaging diagnostic and therapeutic radiopharmaceuticals manufacturing and research and development bases	597.3	460.0	—	460.0
Establishment of production and distribution subsidiaries	67.3			
Establishment of new production facilities	84.5	50.0	—	50.0
Investment in the research and development of various imaging diagnostic and therapeutic radiopharmaceuticals, raw materials of radioactive source products, medical radioisotopes, and UBT products and related raw materials	253.6	118.3	—	118.3
Investments/selective acquisitions	286.5	536.1	51.4	484.7
Working capital and general corporate purposes	143.3	268.1	71.7	196.4
Total	1,432.5	1,432.5	123.1	1,309.4

The Group will transfer the relevant proceeds to the project contractors in forms including investments/selective acquisitions (including without limitation, equity investments, acquisitions and mergers, capital increase, new establishments, etc.) entrusted loans and entrusted research and development.

The aforesaid changes in the use of the net proceeds from the global offering will enable the Company to effectively deploy its financial resources.

The Board is of view that such changes can help implement the strategic planning and optimise the utilisation efficiency of funds. The Board considers that there is no material change in the business nature of the Group as disclosed in the Prospectus and that the aforesaid changes in the use of the net proceeds from the global offering are in the best interest of the Company and its Shareholders taken a whole.

Employees and Remuneration Policy

The Group had a total of 2,176 employees as at 31 December 2018. During the year ended 31 December 2018, our staff costs (including directors' remuneration but excluding contributions to any pension plan) were approximately RMB400.6 million. The remuneration policy of the Group is to motivate and retain excellent staff so as to realize the long-term enterprise goals and objectives. The employee remuneration policy of the Group is determined after taking into account the overall salary level, employees' performance and other factors. The management regularly reviews the employee remuneration policy and arrangement of the Group.

We provide our employees with salaries and bonuses, as well as employee benefits, including employee retirement schemes, medical and vocational injury insurance schemes and housing provident fund schemes. Our employees located in China are covered by the mandatory social security schemes defined by PRC local practice and regulations, which are essentially defined contribution schemes.

We provide training to all of our employees to have them equipped with the necessary skills to perform their jobs competently and to give them the opportunities to realize their personal career goals and aspirations. We are also committed to providing individuals with management and leadership training that will improve our capability to achieve our vision, mission and growth objectives. We realize the importance of developing individual career paths that will help people develop their full potential. Development opportunities are provided as a result of on-the-job experience and formal training programs.

Hedging Activities

During the year ended 31 December 2018, the Group had not entered into any hedging transaction in relation to foreign exchange risks or interest risks.

Future Plans for Material Investments or Capital Assets

The Group will actively explore investment opportunities in and outside the PRC to diversify its source of income, which may or may not include any acquisition or disposal of assets and/or business by the Group. Any such plans will comply with the applicable requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") (where appropriate).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted and applied the principles and provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules. On 6 July 2018 ("**Listing Date**"), H shares of the Company had been listed on the Stock Exchange.

From the Listing Date to 31 December 2018, the Company has complied with the mandatory code provisions of the Corporate Governance Code. The Group has always been committed to enhancing its corporate governance level and deems the corporate governance as an integral part of the value created for shareholders of the Company. The Group has, with reference to the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, established a modern corporate governance structure effectively balanced and independently operated by the general meeting, the Board, the supervisory committee and senior management of the Company. The Company has also adopted the Corporate Governance Code as the corporate governance practices of the Company.

Compliance with the Model Code for Securities Transactions

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transaction by all directors, supervisors and the relevant employees of the Company (the "**Model Code**"). Having made specific enquiry by the Directors and supervisors of Company ("**Supervisors**"), all Directors and Supervisors confirmed that they had complied with the required standards as set out in the Model Code from the Listing Date to 31 December 2018. No incident of non-compliance with the Model Code by such employees was noted by the Company.

Audit and Risk Management Committee

The audit and risk management committee of the Company (the "**Audit and Risk Management Committee**") consists of two independent non-executive Directors and one non-executive Director, namely Mr. Hui Wan Fai (chairman), Mr. Meng Yan and Mr. Zhou Liulai, which terms of reference comply with the Listing Rules.

The Audit and Risk Management Committee has considered and reviewed the accounting principles and practice adopted by the Group and has discussed the relevant internal control and financial reporting matters with the management, including reviewing the consolidated financial results of the Group for the year ended 31 December 2018.

On 29 March 2019, the Audit and Risk Management Committee reviewed and confirmed the annual results announcement of the Group for the year ended 31 December 2018, the 2018 annual report and the consolidated financial information for the year ended 31 December 2018.

Scope of work of the auditors

The figures in respect of the annual results announcement of the Group for the year ended 31 December 2018 (the "**Annual Results Announcement**") have been agreed by the auditors of the Company, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on the Annual Results Announcement.

Purchase, Sale and Redemption of the Listed Securities of the Company

The H shares of the Company were listed on the Main Board of the Stock Exchange on 6 July 2018. The over-allotment option was partially exercised on 27 July 2018 and the corresponding H shares were listed on the Main Board of the Stock Exchange on 3 August 2018.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to 31 December 2018.

2018 Annual General Meeting

The 2018 annual general meeting of the Company (the "**AGM**") will be held on Friday, 28 June 2019 and a notice convening the AGM will be published and despatched to the Shareholders in due course.

2018 Final Dividend

The Board resolved to declare a final dividend of RMB0.1226 per Share (inclusive of tax) for 2018 (the "**2018 Final Dividend**") to Shareholders whose names appear on the register of members of the Company on 10 July 2019, with a total cash dividend to be distributed of RMB39,216,662.74. The 2018 Final Dividend is expected to be paid in RMB to holders of Domestic Shares and in Hong Kong dollars to holders of H Shares before 28 August 2019. Dividend payable in Hong Kong dollars will be converted from RMB based on the average median price of the exchange rate of Hong Kong dollars against RMB as quoted by the PBOC for the five business days preceding the date of the dividend payment (inclusive). The above dividend distribution proposal is subject to the review and approval by shareholders at the AGM to be held on 28 June 2019. Details of the dividend distribution will be published after the AGM.

Closure of Register of Members

The Company will hold the AGM on 28 June 2019. In order to determine the list of shareholders who are entitled to attend and vote at the AGM and are entitled to receive the 2018 Final Dividend, the register of members of the Company will be closed from Wednesday, 29 May 2019 to Friday, 28 June 2019 (both dates inclusive) and from Friday, 5 July 2019 to Wednesday, 10 July 2019 (both dates inclusive), during which periods no transfer of shares will be registered. Shareholders whose names appear on the register of members of the Company on 28 June 2019 will be entitled to attend and vote at the AGM. Shareholders whose names appear on the register of members of the Company on 10 July 2019 will be entitled to receive the 2018 Final Dividend. In order to be qualified as shareholders to attend and vote at the AGM, Shareholders of the Company must lodge all transfers of shares accompanied by the relevant share certificates with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or the Company's registered office at Room 611, 6/F, Fuxingmenwai Street No. A2, Xicheng District, Beijing, China (for holders of Domestic Shares) for registration no later than 4:30 p.m. on Tuesday, 28 May 2019. In order to be qualified as Shareholders to receive the 2018 Final Dividend (subject to the approval by Shareholders at the AGM), Shareholders must lodge all transfers of shares accompanied by the relevant share certificates with the Company's H Share Registrar (see the address above) (for holders of H Shares) or the Company's registered office (see the address above) (for holders of Domestic Shares) for registration no later than 4:30 p.m. on Thursday, 4 July 2019.

Publication of Results Announcement and Annual Report

This announcement has been published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.china-isotope.com). The annual report for the year ended 31 December 2018 will be despatched to the shareholders of the Company and will be available at the above websites in due course.

By order of the Board
China Isotope & Radiation Corporation
Meng Yanbin
Chairman

Beijing, the PRC, 29 March 2019

As at the date of this announcement, the Board comprises Mr. Meng Yanbin, Mr. Wu Jian and Mr. Du Jin as executive Directors; Mr. Zhou Liulai as non-executive Director; Mr. Guo Qingliang, Mr. Meng Yan and Mr. Hui Wan Fai, as independent non-executive Directors.