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CHINA ISOTOPE & RADIATION CORPORATION

中國同輻股份有限公司

(A joint stock 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 2023

ANNUAL RESULTS

The board of directors (the “**Board**”) of China Isotope & Radiation Corporation (the “**Company**” or “**CIRC**”, 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 2023 (“**2023**” or the “**Reporting Period**”) audited by SHINEWING (HK) CPA Limited, the Company’s auditor, together with the comparative figures for the same period of 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2023
(Expressed in Renminbi (“RMB”))

	<i>Notes</i>	2023 RMB’000	2022 RMB’000 (Restated)
Revenue	4	6,634,992	6,153,549
Cost of sales		<u>(3,152,753)</u>	<u>(2,635,867)</u>
Gross profit		3,482,239	3,517,682
Other income, gains and losses	5	240,928	91,222
Selling and distribution expenses		(1,768,368)	(1,788,089)
Administrative expenses		(635,914)	(575,149)
Research and development costs		(306,051)	(300,510)
Impairment losses on trade and other receivables		<u>(71,236)</u>	<u>(31,193)</u>
Profit from operations		941,598	913,963
Finance costs	6(a)	(36,142)	(35,336)
Share of profits less losses of associates		(14,303)	8,618
Share of profits of joint ventures		<u>31,284</u>	<u>33,548</u>
Profit before taxation	6	922,437	920,793
Income tax expense	7	<u>(146,307)</u>	<u>(165,556)</u>
Profit for the year		<u>776,130</u>	<u>755,237</u>
Attributable to:			
Equity shareholders of the Company		370,967	392,275
Non-controlling interests		<u>405,163</u>	<u>362,962</u>
Profit for the year		<u>776,130</u>	<u>755,237</u>
Earnings per share:	8		
Basic and diluted (RMB)		<u>1.16</u>	<u>1.23</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

(Expressed in RMB)

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Profit for the year	<u>776,130</u>	<u>755,237</u>
Other comprehensive (expense) income for the year (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
Remeasurement of net defined benefit liability	(621)	(3,374)
Equity investments at FVOCI-net movement in fair value reserve (non-recycling)	<u>(5,185)</u>	<u>15,523</u>
Other comprehensive (expense) income for the year	<u>(5,806)</u>	<u>12,149</u>
Total comprehensive income for the year	<u><u>770,324</u></u>	<u><u>767,386</u></u>
Attributable to:		
Equity shareholders of the Company	365,070	405,805
Non-controlling interests	<u>405,254</u>	<u>361,581</u>
Total comprehensive income for the year	<u><u>770,324</u></u>	<u><u>767,386</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

(Expressed in RMB)

	31 December 2023	31 December 2022	1 January 2022
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i> (Restated)	<i>RMB'000</i> (Restated)
Non-current assets			
Property, plant and equipment	3,601,172	2,939,823	2,563,279
Investment properties	46,053	49,604	19,670
Intangible assets	212,117	160,876	156,496
Goodwill	81,526	30,764	44,036
Interests in associates	119,599	118,096	52,500
Interests in joint ventures	503,514	512,867	594,252
Long-term receivables	49,196	38,997	37,176
Unquoted equity investments	156,394	162,494	150,410
Deferred tax assets	220,431	222,460	215,124
Other non-current assets	7,239	9,899	35,255
	<u>4,997,241</u>	<u>4,245,880</u>	<u>3,868,198</u>
Current assets			
Inventories	814,165	678,560	691,932
Contract assets	19,862	27,359	29,423
Trade and bill receivables	10 3,876,341	3,495,093	2,823,815
Deposits and other receivables	254,569	151,802	154,792
Prepayments	337,908	236,997	218,689
Cash at bank and on hand	2,891,624	2,954,032	2,749,848
	<u>8,194,469</u>	<u>7,543,843</u>	<u>6,668,499</u>
Current liabilities			
Bank loans	196,310	37,196	137,084
Corporate bond	—	—	499,996
Trade payables	11 626,668	494,102	346,290
Accruals and other payables	3,255,920	3,289,544	2,843,685
Lease liabilities	20,879	28,520	53,368
Provisions	86,612	86,322	76,554
Income tax payable	67,532	95,729	69,398
	<u>4,253,921</u>	<u>4,031,413</u>	<u>4,026,375</u>
Net current assets	<u>3,940,548</u>	<u>3,512,430</u>	<u>2,642,124</u>
Total assets less current liabilities	<u>8,937,789</u>	<u>7,758,310</u>	<u>6,510,322</u>

	31 December 2023 RMB'000	31 December 2022 RMB'000 (Restated)	1 January 2022 RMB'000 (Restated)
Non-current liabilities			
Bank loans	1,447,011	786,513	144,680
Deferred income	59,779	60,001	43,875
Lease liabilities	31,322	51,631	40,500
Defined benefit retirement obligation	44,007	53,940	49,898
Deferred tax liabilities	8,876	19,040	18,237
Provisions	139,728	138,802	133,660
Other long-term payables	67,738	38,775	45,432
	<u>1,798,461</u>	<u>1,148,702</u>	<u>476,282</u>
Total non-current liabilities			
	<u>1,798,461</u>	<u>1,148,702</u>	<u>476,282</u>
Net assets	<u>7,139,328</u>	<u>6,609,608</u>	<u>6,034,040</u>
Capital and reserves			
Share capital	319,875	319,875	319,875
Reserves	4,373,445	4,148,784	3,862,117
	<u>4,693,320</u>	<u>4,468,659</u>	<u>4,181,992</u>
Total equity attributable to equity shareholders of the Company			
	<u>4,693,320</u>	<u>4,468,659</u>	<u>4,181,992</u>
Non-controlling interests	2,446,008	2,140,949	1,852,048
	<u>2,446,008</u>	<u>2,140,949</u>	<u>1,852,048</u>
Total equity	<u>7,139,328</u>	<u>6,609,608</u>	<u>6,034,040</u>

1. STATEMENT OF COMPLIANCE

These consolidated 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 consolidated 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 amendments to 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 accounting periods and reflected in these consolidated financial statements.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Basic of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred as the “Group”) and the Group’s interests in associates and joint ventures.

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

The preparation of consolidated 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.

(b) Merger accounting involving entities under common control

On 20 December 2023, the Company entered into an acting in concert agreement with other shareholders of China Nuclear Qinshan Isotope Co., Ltd.* (中核秦山同位素有限公司) (“China Nuclear Qinshan”). Pursuant to the acting in concert agreement, other shareholders irrevocably and unconditionally undertook that it would vote in the same manner as the Company in meetings of shareholders of China Nuclear Qinshan. The Company and other shareholders hold 55% of the issued share capital of China Nuclear Qinshan. Among the 9 directors on the board of directors, the Company and other shareholders nominated 5 directors in total. After signing the acting in concert agreement, the Company has more than half of the voting power in China Nuclear Qinshan.

On 28 December 2023, the Company entered into the equity transfer agreement with China National Nuclear Corporation Dalian Institute of Applied Technology* (核工業大連應用技術研究所) to acquire Dalian CNC Radiation Technology Co., Ltd.* (大連中核輻射技術有限公司) (“Dalian CNC Radiation”) through business combinations, pursuant to which, the Company acquired 100% equity interests in Dalian CNC Radiation held by China National Nuclear Corporation Dalian Institute of Applied Technology at a total consideration of RMB4,611,000.

* *English name is for identification purpose only.*

3. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are effective for the Group's financial year beginning on 1 January 2023:

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules

In addition, the Group applied the agenda decisions of the International Financial Reporting Standards Interpretations Committee of the International Accounting Standards Board which are relevant to the Group.

Except as described below, the application of the new and amendments to IFRSs and the committee's agenda decisions in the current year has had no material impact on the Group's financial positions and performance in the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The Group previously applied IAS 12 requirements to the relevant assets and liabilities arising from a single transaction as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis. Upon application of the amendments to IAS 12, the Group has assessed the relevant deferred tax assets and deferred tax liabilities for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities separately.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) the Group also, as at 1 January 2022, recognised deferred tax assets (to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised) and deferred tax liabilities for all deductible and taxable temporary differences associated with right-of-use-assets and lease liabilities.

The details of the impacts on each financial statement line item and earnings per share arising from the application of the amendments are set out below. Comparative figures have been restated.

The effects of changes in accounting policy on the consolidated statement of profit or loss and other comprehensive income and earnings per share, are as follows:

Impact on profit for the year

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
(Increase)/decrease in income tax expense	(189)	391
Net (decrease)/increase in profit for the year	(189)	391
(Decrease)/increase in profit for the year attributable to:		
– Equity shareholders of the Company	(99)	388
– Non-controlling interests	(90)	3
	(189)	391
(Decrease)/increase in total comprehensive income for the year attributable to:		
– Equity shareholders of the Company	(99)	388
– Non-controlling interests	(90)	3
	(189)	391

Impact on basic and diluted earnings per share

	Year ended 31 December	
	2023 RMB	2022 RMB
Basic and diluted earnings per share before adjustments	1.16	1.22
Net adjustments arising from change in accounting policy in relation to:		
– Deferred tax impact on leasing transactions	0.00	0.00
Reported basic and diluted earnings per share	<u>1.16</u>	<u>1.22</u>

The effects of changes in accounting policy on the consolidated statement of financial position as at 1 January 2022 and 1 January 2023, are as follows:

	As at 1 January 2022 (originally stated) RMB'000	Adjustments RMB'000	As at 1 January 2022 (restated) RMB'000
Deferred tax assets	214,445	679	215,124
Deferred tax liabilities	(17,347)	(890)	(18,237)
Total effect on net assets		<u>(211)</u>	
Reserves	3,859,415	(161)	3,859,254
Non-controlling interests	1,852,098	(50)	1,852,048
Total effect on equity	<u>6,031,388</u>	<u>(211)</u>	<u>6,031,177</u>
	As at 1 January 2023 (originally stated) RMB'000	Adjustments RMB'000	As at 1 January 2023 (restated) RMB'000
Deferred tax assets	221,484	976	222,460
Deferred tax liabilities	(18,242)	(798)	(19,040)
Total effect on net assets		<u>178</u>	
Reserves	4,145,412	225	4,145,637
Non-controlling interests	2,087,996	(47)	2,087,949
Total effect on equity	<u>6,553,283</u>	<u>178</u>	<u>6,553,461</u>

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, also design, manufacturing, construction and installation of gamma ray irradiation facilities, provision of irradiation service for sterilisation purpose, and sale of radiation therapy equipment 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service lines		
– sales of pharmaceuticals	4,017,476	3,880,262
– sales of radioactive source products	532,567	533,725
– sales of radiation therapy equipment	706,124	502,731
– sales of medical device	544,690	171,843
– sales of nucleic acid detection kit	111,107	152,669
– irradiation services	161,687	157,680
– technical services	349,390	232,052
– revenue from construction contracts	35,826	60,366
– independent clinical laboratory services	52,004	385,649
– others	124,121	76,572
	<u>6,634,992</u>	<u>6,153,549</u>

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 2023 and 2022.

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

As at 31 December 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately RMB19,862,000 (2022: RMB23,817,000). 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 five 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 sterilization purposes, and also design, manufacturing and installation of gamma ray irradiation facilities to irradiation service providers.
- Radiation therapy equipments and related services: sale of radiation therapy equipments and provision of related maintenance services.
- Independent clinical laboratory services and other businesses: provision of independent clinical laboratory services for customers, sale of radiation therapy equipment 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 2023 and 2022 is set out below.

	Year ended 31 December 2023					
	Pharmaceuticals <i>RMB'000</i>	Radioactive source products <i>RMB'000</i>	Irradiation <i>RMB'000</i>	Radiation therapy equipment and related services <i>RMB'000</i>	Independent clinical medical and laboratory services and other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
Disaggregated by timing of revenue recognition						
Point in time	4,128,583	586,207	161,687	706,406	720,814	6,303,697
Over time	–	–	9,108	227,337	94,850	331,295
Revenue from external customers	4,128,583	586,207	170,795	933,743	815,664	6,634,992
Inter-segment revenue	3,681	51,869	7,760	6,969	819	71,098
Reportable segment revenue	4,132,264	638,076	178,555	940,712	816,483	6,706,090
Reportable segment profit (gross profit)	2,892,901	276,405	91,433	167,287	84,557	3,512,583
	Year ended 31 December 2022					
	Pharmaceuticals <i>RMB'000</i>	Radioactive source products <i>RMB'000</i>	Irradiation <i>RMB'000</i>	Radiation therapy equipment and related services <i>RMB'000</i>	Independent clinical medical and laboratory services and other businesses <i>RMB'000</i>	Total <i>RMB'000</i> (Restated)
Disaggregated by timing of revenue recognition						
Point in time	3,923,267	580,929	157,680	514,012	745,978	5,921,866
Over time	–	–	13,513	218,170	–	231,683
Revenue from external customers	3,923,267	580,929	171,193	732,182	745,978	6,153,549
Inter-segment revenue	1,793	37,508	132	7,796	9,263	56,492
Reportable segment revenue	3,925,060	618,437	171,325	739,978	755,241	6,210,041
Reportable segment profit (gross profit)	2,823,082	260,180	87,981	143,754	295,517	3,610,514

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

	2023 RMB'000	2022 <i>RMB'000</i> (Restated)
Reportable segment profit (gross profit)	3,512,583	3,610,514
Elimination of inter-segment profit (gross profit)	(30,344)	(92,832)
Consolidated gross profit	<u>3,482,239</u>	<u>3,517,682</u>

(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, GAINS AND LOSSES

	2023 RMB'000	2022 <i>RMB'000</i> (Restated)
Bank interest income	30,973	45,286
Government grants	32,626	41,948
Dividend income on unquoted equity investments	5,593	6,404
Rental and related income from operating leases	8,841	6,397
Net foreign exchange loss	(4,387)	(13,290)
Net loss on disposal of property, plant and equipment	(135)	(1,116)
Gain on disposal of a subsidiary	158,435	–
Gain on deemed disposal of a subsidiary	124	–
Gain on bargain purchase	–	125
Others	8,858	5,468
	<u>240,928</u>	<u>91,222</u>

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Interests on bank loans	32,439	9,212
Interests on corporate bond	–	19,004
Interests on lease liabilities	3,231	4,696
Less: interest expense capitalised into construction progress	<u>(9,606)</u>	<u>(5,330)</u>
	26,064	27,582
Interests accretion on reclamation obligations, net	6,592	3,690
Interests cost on defined benefit retirement plans	1,316	1,675
Interests cost on long-term payables	<u>2,170</u>	<u>2,389</u>
	<u>36,142</u>	<u>35,336</u>

The borrowing costs have been capitalised at 3.57% (2022: 4.71%) per annum.

(b) Staff costs

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Salaries, wages and other benefits	775,565	714,883
Contributions to defined contribution retirement plans	90,994	82,074
Expenses recognised in respect of defined benefit retirement plans	<u>819</u>	<u>876</u>
	<u>867,378</u>	<u>797,833</u>

Employees of the Company's subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Company's subsidiaries in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

(c) **Other items**

	2023 RMB'000	2022 <i>RMB'000</i> (Restated)
Depreciation [#]		
– property, plant and equipment	237,104	204,937
– investment property	6,194	2,392
Amortisation [#]		
– intangible assets	21,053	15,819
Impairment losses recognised		
– trade and bill receivables	67,099	28,931
– contract assets	1,317	148
– deposits and other receivables	4,137	2,262
– intangible assets	–	3,392
– goodwill	–	13,272
Write-off of intangible assets	–	8
Write-off of property, plant and equipment	–	660
Auditors' remuneration		
– audit services	1,950	1,950
– non audit services	299	–
Loss on early termination of lease	–	7,977
Increase in provisions for reclamation obligations	1,353	11,220
Cost of inventories [#]	2,960,107	2,468,714

[#] Cost of inventories includes approximately RMB400,818,000 (2022: RMB360,696,000) relating to staff costs, depreciation and amortisation expenses, 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

Taxation in the consolidated statement of profit or loss represents:

	2023 RMB'000	2022 <i>RMB'000</i> (Restated)
Current tax		
Provision for the year	153,002	165,977
Under-provision in respect of prior years	13,825	7,847
Deferred tax	166,827	173,824
Origination and reversal of temporary differences	(20,520)	(8,268)
	146,307	165,556

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 approximately RMB370,967,000 (2022: RMB392,275,000) and the weighted average of 319,874,900 ordinary shares (2022: 319,874,900 ordinary shares).

The Company did not have any potential dilutive shares in existence during the years ended 31 December 2023 and 2022. 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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of RMB31.31 cents per ordinary share (2022: RMB44.07 cents per ordinary share)	<u>100,153</u>	<u>140,969</u>

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 and paid during the year

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB44.07 cents per share (2022: RMB37.79 cents per share)	<u>140,969</u>	<u>120,881</u>

10. TRADE AND BILL RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Bill receivables	111,870	96,794
Trade receivables due from		
– Related parties under CNNC	62,626	57,596
– associates and joint ventures	19,872	20,583
– third parties	<u>3,886,629</u>	<u>3,505,496</u>
	4,080,997	3,680,469
Less: loss allowance for expected credit loss	<u>(204,656)</u>	<u>(185,376)</u>
	<u>3,876,341</u>	<u>3,495,093</u>

As at 1 January 2022, the gross amount of trade receivables arising from contracts with customers amounted to approximately RMB2,823,815,000.

Aging analysis

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Within 1 year	3,335,766	3,026,852
1 to 2 years	389,000	386,911
2 to 3 years	115,870	59,761
Over 3 years	35,705	21,569
	<u>3,876,341</u>	<u>3,495,093</u>

The Group granted credit term on a case by case basis and trade and bills receivables are required to be settled in accordance with credit terms as stipulated in the contract and invoice due to issuance.

11. TRADE PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Trade payables due to		
– related parties under CNNC	44,384	32,236
– associates and joint ventures	5,879	2,769
– third parties	576,405	459,097
	<u>626,668</u>	<u>494,102</u>

Aging analysis

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Within 1 year	573,437	444,463
1 to 2 years	37,684	35,181
2 to 3 years	2,803	4,576
over 3 years	12,744	9,882
	<u>626,668</u>	<u>494,102</u>

All of the trade payables are usually for settlement within one year or are repayable on demand.

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 sterilization purpose and engineering, procurement and construction (“EPC”) service for the design, manufacturing and installation of gamma ray irradiation facilities and the provision of nuclear medical equipment and services such as independent clinical laboratory services to hospitals and other medical institutions.

BUSINESS REVIEW

For the year ended 31 December 2023, we operated five business segments, namely pharmaceuticals, radioactive source products, irradiation, radiation therapy equipment and related services and other businesses. In 2023, we continued to intensify our market development efforts and achieved continued growth in economic efficiency. For the year of 2023, we recorded revenue of RMB6.635 billion, representing a year-on-year increase of 7.82%, realised net profit of RMB776 million, representing a year-on-year increase of 2.77%, with net profit attributable to the parent company achieving RMB371 million, representing a year-on-year decrease of 5.43%.

BUSINESS SEGMENTS

1. *Pharmaceuticals*

The Group is a 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, Urea Breath Test (UBT) kits and analyzers and in vitro diagnostic reagents and kits in the domestic market.

During the Reporting Period, the Group adhered to the strategic development plan of each business segment. In respect of pharmaceutical segment, it provided a stable supply of radiopharmaceuticals to domestic medical institutions and strengthened the promotion of nuclear medicine diagnosis and treatment technology to clinical departments and other market development work through supporting the work of the nuclear medicine branch of the Chinese Medical Association, while continuously promoting development in existing industries and businesses. Through academic conferences and other means, the Group conducted scientific popularization for the general public and nuclear medicine clients on new products such as “therapeutic sodium iodine-131 capsule” and scientific radionuclide, enhancing its influence in the field of nuclear medicine. In December 2023, therapeutic sodium iodine-131 capsule manufactured by HTA Co., Ltd., a subsidiary of the Group, has successfully entered the National Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (2023) as a drug covered by the national medical insurance negotiations.

The Group vigorously promoted academic brand building of its respiratory disease testing products, analyzed market users, held national science knowledge competition related to health management and launched the helicobacter pylori standardized diagnosis and treatment demonstration center project. In addition, the Group launched a series of public welfare activities, including a series of free medical consultation activities under multiple themes, such as the “International Stomach Care Day” (國際護胃日), the “Chinese Doctors’ Day” (中國醫師節) and the “Together in CIRC” (核你在一起). Various academic conferences and other academic publicity activities were also held with respect to helicobacter pylori and UBT.

During the Reporting Period, the Group recorded RMB4,128.6 million in revenue from sales of pharmaceuticals, representing a year-on-year increase of 5.2%, recorded RMB1,682.8 million in revenue from imaging diagnostic and therapeutic radiopharmaceuticals, representing a year-on-year increase of 15.3%, and recorded RMB2,323.8 million in revenue from breath test, representing a year-on-year decrease of 1.0%.

2. Radioactive source products

The Group is a major manufacturer of medical and industrial radioactive source products in China and also a radioactive source 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, gamma knife source and non-destructive testing radioactive source remained a stable and high market share, achieving growth in revenue, of which, gamma knife source realised operating revenue of RMB73 million and non-destructive testing radioactive source realised operating revenue of RMB89 million. The supporting radioactive source developed by the Group for the Shenzhou XV manned spacecraft performed satisfactorily during the mission by ensuring accurate ignition command of the thrust reverser engine by the Y-altitude control device and safe and soft landing of the returning capsule, thereby guaranteeing the successful completion of Shenzhou XV manned mission. The technology of reusing retired radioactive source has made outstanding contributions in the field of applied research on circular economy, and won the First Prize of Sichuan Province Low Carbon Science and Technology Award (四川省低碳科學技術獎).

During the Reporting Period, the Group recorded RMB586.2 million in revenue from radioactive source products, representing a year-on-year increase of 0.9%.

3. Irradiation

In the field of irradiation processing, the Group mainly aims at providing the manufacturers of medical devices, food, traditional Chinese medicine and cosmetics in China with sterilization services, as well as EPC service related to the design, manufacturing and installation of irradiation facilities.

The Group actively explored the irradiation product market, with sales revenue of new irradiation products soaring to over RMB28.5 million, reaching a record high. The Company made innovation in the mode of cooperation and made deep-seated efforts to lay out its business in and explore EB curing industry, resulting in completion of technique and production line of EB plates, while arranging for EB color-coated plates and EB film so as to build EB curing industrial ecosystem.

BINE High-Tech Co., Ltd., a subsidiary of the Group, successfully completed the after-sales maintenance for the 4 million curies BFT gamma irradiation equipment of Grand Ten Holdings in Malaysia, which is the first export project of BINE High-Tech Co., Ltd. and has maintained safe operation for 10 years without any incident.

During the Reporting Period, the Group recorded RMB170.8 million in revenue from irradiation-related business, representing a year-on-year decrease of 0.2%.

4. *Radiation therapy equipment and related services*

During the Reporting Period, the Group accelerated domestic manufacturing process of high-end radiotherapy equipment. On 28 September 2023, CNNC Accuray (Tianjin) Medical Technology Co., Ltd. (中核安科銳(天津)醫療科技有限責任公司)(“CNNC Accuray”), a subsidiary of the Group, successfully obtained the medical device registration certificate issued by the National Medical Products Administration for its domestic high-end spiral tomotherapy system (TOMO C). This product has become the first domestic spiral tomotherapy product in the high-end medical field in China. The official mass production launch event and investor exchange meeting of TOMO C was held in Tianjin on 25 October. In addition, CNHE-MDR, the outcome of the mobile digital medical X-ray photography system research and development project, was approved in June 2023 and obtained the medical device registration certificate. The Smart Cobalt-60-based Cone Beam Focused Stereotactic Therapy System project has completed the product type testing and entered the clinical trial stage smoothly. The SPECT/CT project has passed the general inspection and acceptance of the State Administration of Science, Technology and Industry for National Defence, with an acceptance rating of “excellent”.

During the Reporting Period, the Group recorded RMB933.7 million in revenue from nuclear medical equipment and related services, representing a year-on-year increase of 27.5%.

5. *Other businesses*

In order to provide users with a full range of services, the Group also provides trade and other services in relation to nuclear technology industry applications and medical product applications. We primarily provide users with trade services in relation to imported radioactive source, medical nuclides, imported radiopharmaceuticals, nuclear instruments and devices, medical equipment and other products. The Group is promoting the cooperation with international pharmaceutical companies to introduce advanced radiopharmaceuticals, intensive management services for hospital consumables, and import agency sales of medical devices.

During the Reporting Period, revenue from trade services and other businesses of the Group was RMB815.7 million, representing a year-on-year increase of 9.3%.

The table below sets forth our revenue by business segment in 2023 and 2022:

<i>(RMB in million, except for percentage)</i>	Year ended		Year ended	
	31 December 2023		31 December 2022	
	Amount	%	Amount	%
Pharmaceuticals	4,128.6	62.2	3,923.3	63.8
Radioactive source	586.2	8.8	580.9	9.4
Irradiation	170.8	2.6	171.2	2.8
Radiation therapy equipment and related services	933.7	14.1	732.2	11.9
Other businesses	815.7	12.3	746.0	12.1
Total	<u>6,635.0</u>	<u>100.0</u>	<u>6,153.6</u>	<u>100.0</u>

Marketing

During the Reporting Period, the Group deepened its brand building efforts. In May 2023, the Group successfully organized the “Sichuan Medical Isotopes and Radiopharmaceutical Industry Development Promotion Summit” in conjunction with eight departments in Sichuan Province. In September 2023, the Group contributed to and participated in the Conference on the High-quality Development of the Nuclear Technology Application Industry, the 2nd China-ASEAN Forum for Peaceful Use of Nuclear Technology (中國－東盟和平利用核技術論壇), and etc. where the Group launched cooperation demonstration projects, signed business cooperation documents, and displayed nuclear medical equipment and digital exhibits for nuclear medicine. The Group participated in the Academic Annual Conference of the Nuclear Medicine Branch of the Chinese Medical Association in 2023 to launch the Radiant Intelligence 1.0 Intelligent Nuclear Medicine System, and co-hosted the 2nd International Forum on the Development of Nuclear Technology Application Industry in October 2023, fully demonstrating the CIRC’s leadership in nuclear technology application industry.

Furthermore, the Group has been actively leveraging the value of the IAEA Collaboration Center platform to enhance its international influence. In August 2023, the Group hosted the “International Training Course on Radiopharmaceuticals Preparation for the Asia-Pacific Region” (亞太地區放藥製備國際培訓班) in the name of the IAEA Collaboration Center for Radiopharmaceuticals and Radioactive Sources, with 15 trainees from member countries, including Thailand, Malaysia, Indonesia, Pakistan, India, Korea, Japan and China, participating in on-site teaching and professional exchanges. In September 2023, the Group organized a delegation of experts from the Nuclear Medicine Branch of the Chinese Medical Association to visit IAEA for discussion, with a view to enhancing cooperation.

The Group has persisted in reform of its marketing center to foster the synergistic, high-quality and safe development of its business in radiopharmaceuticals, radioactive sources and radioactive particles. In respect of the marketing of domestic nuclides, internal resources were coordinated and integrated for production, sales, distribution and services of domestic Lu-177 and Ge/Ga generators, laying the foundation for market development after reaching design capacity thereof in 2024.

Scientific Research and Innovation

The Group has always actively conducted research and development work on various types of imaging diagnosis and therapeutic pharmaceuticals to fill gaps in various fields of medical treatment and meet the medical needs of China. As of 31 December 2023, we had a number of imaging diagnosis and therapeutic radiopharmaceuticals under research and development. Among them, sodium fluorine-18 injection has completed clinical trials and was submitted for new drug application; iodine-131-MIBG injection was in Phase III clinical trial; technetium-99m sulfide colloidal injection, 68Ga-Dotatate injection, fluorine-18 betazine injection, fluorine-18 stamine injection, fluorine-18-L dopa injection and lutetium-177 oxyoctreotide injection were approved for the clinical trial, and a variety of imaging diagnosis and therapeutic radiopharmaceuticals were in preclinical research and development stage.

Diagnostic drugs

Diagnostic drugs for tumors

1. Bone imaging drug: sodium fluorine-18 is a PET bone imaging drug used to diagnose lesions with altered bone activity, including bone metastases, incipient fracture, ostealgia, joint hyperplasia, etc. The Group's product under development, sodium fluorine-18 injection, was completed with clinical trials and passed registration inspection, on-site inspection of clinical trials, etc.
2. Pheochromocytoma diagnostic drug: iodine-131-MIBG injection can be used for the diagnosis of neuroendocrine tumors such as pheochromocytoma and neuroblastoma. The Group's product under development, iodine-131-MIBG injection, is in Phase III clinical trial.
3. Prostate cancer diagnostic drug: PMSA is an ideal tumor marker for prostate cancer. The development of radioactive targeted PMSA diagnostic (therapeutic) drugs is currently a hot spot of interest that the domestic and foreign radiopharmaceutical companies are concerned about and compete for. The combination of [18F]Florastamin and PSMA has a higher specificity and a higher safety profile. The Group has signed a joint development agreement with FutureChem in Korea to obtain the exclusive rights to develop, manufacture and market [18F]Florastamin injection in PRC. At present, the Group's product under development, [18F] Florastamin injection, is in Phase I clinical trial, which was granted the Approval for Drug Clinical Trial by the National Medical Products Administration on 15 March 2023.
4. Breast cancer sentinel lymph nodes imaging drug: technetium-99m sulfide colloid is the first technetium marked radiocolloid for lymph imaging, which is used for the location and tracing of breast cancer sentinel lymph nodes. The Group's product under development, sulfide colloid kit and technetium-99m sulfide colloidal injection, is in Phase III clinical trial, which was granted the Approval for Drug Clinical Trial by the National Medical Products Administration on 4 January 2023.

Diagnostic drugs for neurodegenerative diseases

1. Alzheimer (AD) diagnostic drug: β -Amyloid ($A\beta$) is an important target for early diagnosis of AD. The development of positron emission tomography (PET) imaging agents with high affinity and selectivity with $A\beta$ protein can realize early non-invasive diagnosis of such disease. [18F]Florbetazine injection is an $A\beta$ PET imaging agent jointly developed by the Group and the Key Laboratory of the Ministry of Education for Radiopharmaceuticals of Beijing Normal University, which has independent intellectual property rights and good imaging properties, and is a domestic Class I innovative drug. The Group's product under development, [18F]Florbetazine injection, is in Phase I clinical trial, which was granted the Approval for Drug Clinical Trial by the National Medical Products Administration on 8 March 2023.

2. Parkinsonism diagnostic drug: 6-fluorine-18-L dopa injection is used clinically for the diagnosis of nervous system diseases such as parkinsonism, schizophrenia and AD, and has clinical value for early diagnosis of disease, assessment of disease severity and cell transplantation detection. The Group's product under development, 6-fluorine-18-L dopa injection, is in the preparation for Phase III clinical trial, which was granted the Approval for Drug Clinical Trial by the National Medical Products Administration on 17 April 2023.

Integrated drug for diagnosis and treatment

Integrated drug for diagnosis and treatment for neuroendocrine tumor. Internationally, the use of 68Ga-DOTATATE for PET/CT of neuroendocrine tumor has become the gold standard in imaging. 68Ga-DOTATATE can also be used to evaluate the treatment effect of patients with neuroendocrine tumor. 177Lu-DOTATATE is an effective drug in the treatment of neuroendocrine tumor. The Group's product under development, 68Ga-DOTATATE injection and kits, was granted the Approval for Drug Clinical Trial by the National Medical Products Administration on 20 February 2023. The product under development, lutetium-177 oxyoctreotide injection, is in Phase III clinical trial, which was granted the Approval for Drug Clinical Trial by the National Medical Products Administration on 8 May 2023.

Therapeutic drug for tumor

Therapeutic drug for prostate cancer. Palladium-103 sealed source is an in vivo implant for brachytherapy, suitable for the permanent implantation of solid tumors with low to neutral sensitivity to radiation, both for superficial, intra-thoracic and intra-abdominal solid tumors such as prostate cancer, pancreatic cancer, lung cancer, head and neck cancer, as well as for residual diseases and recurrent tumors after external radiation therapy. The Group's product under development, palladium-103 sealed source, has completed various pre-clinical studies.

During the Reporting Period, the Group yielded remarkable results in the work related to intellectual properties, with a total of 298 patents applied, 240 patent authorizations obtained, including 5 foreign design patent authorizations. As of 31 December 2023, the Group had 945 active licensed patents, among which there were 149 invention patents, sustaining and enhancing its technological strength.

During the Reporting Period, the Company had 11 registered trademarks, 38 registered copyrights, 1 national standard, 1 energy industry standard and 6 group standards issued, and 1 national standard, 1 agricultural industry standard, 4 nuclear industry standards and 12 group standards under preparation/to be released.

In terms of technological awards and honors, during the Reporting Period, the Group won 1 provincial and ministerial technology award, 4 social science and technology awards, 1 group-level science and technology award, and 3 awards in the CNNC Science and Innovation Competition.

The project "Carbon[13C]-Urea Crude Drugs Development and Industrialization" (《碳[13C]-尿素原料藥研發及產業化》) of Shenzhen Zhonghe Headway Bio-Sci & Tech Co., Ltd. won the second prize of Nuclear Energy Industry Association's Scientific and Technological Progress Award. The project fills the gap of domestic carbon[13C]-urea crude drugs, breaks the monopoly of foreign countries thereon, showcasing its top-notch technique in China.

The project “Research and development of new krypton-85 thickness gauge sources” (《新型 Kr-85 測厚源的研製》) of HTA Co., Ltd. won the third prize of Nuclear Energy Industry Association’s Scientific and Technological Progress Award. The project has a number of independent intellectual property rights, and the overall technology has reached the international advanced level, which has a wide range of potential applications in paper, plastic film, and especially in the new energy field of lithium battery.

The “¹⁴C-based Crude Drugs Research and Development and Liquid Scintillation Helicobacter Pylori Diagnostic Industrialization Project” (《基於¹⁴C原料藥研製及液閃式幽門螺桿菌診斷產業化項目》) of Shenzhen Zhonghe Headway Bio-Sci & Tech Co., Ltd. won the second prize of Shenzhen Scientific and Technological Progress Award.

The project “Key Technology and Application of Nuclide Diagnosis and Treatment for Thyroid Disease” (《甲狀腺疾病核素診療關鍵技術及應用》) of Chengdu Gaotong Isotope Co., Ltd. (CNNC) won the third prize of Science and Technology Award of CNNC and the third prize of Sichuan Medical Science and Technology, and the project “Research on Technology of Reusing Retired Radioactive Source” (《退役放射源再利用技術研究》) won the first prize of Low Carbon Science and Technology Award of Sichuan Association of Circular Economy.

Internal platforms

Medical Diagnostic R&D Center
Radiopharmaceuticals R&D Center
Stable Isotope and Breath Test Technology R&D Center
Radioactive Sources and Application R&D Center
Irradiation Application Technology R&D Center

External platforms

IAEA Radiopharmaceuticals and Radioactive Sources Collaboration Center
National Atomic Energy Agency Research and Development Center for Nuclear Technology
(Radiopharmaceutical Engineering Transformation)
CNNC Radiopharmaceuticals Engineering and Technology Research Center
Guangdong Radioactive Isotope-labeled Drugs Engineering Technology Research Center
Guangdong Stable Isotope Application Engineering Technology Research Center
Shenzhen Carbon Isotope Application Engineering Technology Research Center
Technology Center of Anhui Young-Hearty Medical Appliance & Equipment Co., Ltd.
Beijing Enterprise Technology Center (New)
Chengdu Enterprise Technology Center (New)
CIRC Branch of Isotope Engineering and Technology Research Center
Key Laboratory of Quality Control of In Vitro Diagnostic Reagents of the National Medical
Products Administration
Sichuan Radioisotope Engineering and Technology Research Center
Shanxi Molecular Imaging Technology and Equipment Research and Development and
Transformation Engineering Research Center
Key Laboratory of Radiopharmaceuticals Quality Control and Evaluation of Guangdong Medical
Products Administration
Shanghai Molecular Imaging Probe Engineering Technology Center
Zhejiang Engineering Research Center for Isotope Preparation and Application Technology (New)

In terms of industry-academia-research cooperation, the Group has formed active research cooperation with industry-advantaged research institutes, universities and hospitals such as National Institute of Metrology, Shanghai Institute of Materia Medica of Chinese Academy of Sciences, China Institute for Radiation Protection, Harbin Institute of Technology, Sichuan University, Beijing Normal University, Peking Union Medical College Hospital and 301 Hospital, and strengthened academic exchanges and research talent cultivation through the establishment of joint laboratories, research and development centers and collaborative innovation centers for purpose of achieving comprehensive cooperation in technological innovation.

The Group has a long-standing commitment to building a system of high-level talents, with 2 top foreign talents, 12 national-level talents, 12 provincial and ministerial level talents, 4 chief experts, 16 technology leaders, and a scientific research team of 549 research and development personnel focusing on extensive researching and optimizing production technologies, developing new products and upgrading safety and efficacy existing products to jointly promote technological innovation in various industrial fields of the Group. In addition, the Group has set up a post-doctoral research workstation of MOHRSS, a post-doctoral innovation practice base in Shenzhen, a post-graduate workstation for radiopharmaceuticals in Jiangsu Province and a post-graduate workstation for irradiation application in Suzhou University with an aim of actively developing post-doctoral and post-graduate training and continuously strengthening the construction of talent team.

International Business

During the Reporting Period, the Group robustly explored the international market and exported breath test kits, radioimmunity kits, radiopharmaceuticals dispensing equipment, medical equipment and devices as well as other products to dozens of countries and regions such as Indonesia, Brazil, Peru, Colombia, Ecuador, India, Bangladesh, Singapore and Vietnam, realizing a total export revenue of RMB430 million. International business revenue from regular medical products maintained significant growth in 2023. During such period, the Group made breakthroughs in a number of international businesses, including the successful signing of a contract for a nuclear medicine project in Indonesia in 2023, marking the export of domestic radiopharmaceuticals for the first time, the winning of a large-scale foreign-aided healthcare project, the ADB Uzbekistan Healthcare Project, which is the first in integrated healthcare projects for the Group. Furthermore, the Group has been proactively expanding its reach into the Latin American market by grasping the opportunities, fulfilling the contract and completing the shipment of the products, as a result of which, a new market area was opened up and export revenue experienced new growth. The Group signed a strategic cooperation agreement with the leading domestic medical enterprise, solidifying the cooperation between the two parties in various fields, and jointly exploring the international market through collaborative export. The Group co-organized the Ministry of Commerce's Nuclear Technology Application Training Project for Developing Countries and participated in a number of world-class industry exhibitions and academic conferences to enhance its brand awareness and influence in overseas markets. In addition, the Group proactively promoted internal and external business synergies, expanded international channels, hosted the IAEA Radiopharmaceuticals Collaboration Center training project, improved the export risk management mechanism, launched international business training, and strengthen its internal management and business system construction on a continuous basis, so as to push forward the further improvement of the level of its international operation.

Capital Operation

During the Reporting Period, the Group has entered into agreements to acquire two enterprises with a total investment of RMB103.4087 million.

S/N	Acquired enterprise	Agreement execution date	Acquisition completion date	Acquisition amount (RMB in million)	Principal businesses	Shareholding percentage
1	Dalian CNNC Radiation Technology Co., Ltd.	2023.12	2023.12	4.6105	Research on the application of nuclear radiation technology and three wastes treatment technology; radiation processing product technology development, technical services and application research; environmental monitoring technology consultation, technical services; chemical technology and equipment test research; isotope instrument research and development; industrial automation application technology services, computer application technology services and development; general instrument research and development, production, sales, technical services; house leasing; food, pre-packaged food sales. (Items subject to approval in accordance with the law can only carry out business activities after approval by the relevant authorities.)	100%
2	Xi'an Zhanshi Testing Engineering Co., Ltd.	2023.8	2023.9	98.7982	General items: security technology protection system design and construction services; Internet of Things technology services; software development technology services, technology development, technology consulting, technology exchanges, technology transfer, technology promotion; instrument sales; digital video surveillance system sales. (In addition to items subject to approval by law, carrying out independently business activities with a business licence in accordance with the law) Permitted items: special equipment inspection and testing services; safety production inspection and testing; safety assessment business; mapping services; inspection and testing services. (Items subject to approval in accordance with the law can only carry out business activities after approval by the relevant authorities, and specific business items are subject to the approval results.)	51%

As of 31 December 2023, the Company's actual amount paid to Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) (“**Tongfu Fund**”) was RMB429 million (including recovery of principal) accounting for 44.17% of the total actual amount paid to Tongfu Fund, which was RMB970 million. After evaluation, as of 31 December 2023, the net asset of Tongfu Fund measured at fair value was RMB1,067.46 million, and the value of the Company's share of Tongfu Fund's net asset was RMB454.58 million, accounted for 3.45% of the Group's total assets. In 2023, the Company's investment income in Tongfu Fund was RMB8.6 million, and the Company received dividend of RMB10.09 million.

Production Capacity and Base Construction

In order to meet the growing demand for radiopharmaceuticals in China in a timely manner, in the past year, we vigorously practiced the “CIRC speed” by accelerating the national layout of our pharmaceutical centers. In 2023, three pharmaceutical centers in Lanzhou, Nanjing and Xi'an were completed and put into operation, as a result of which, the cumulative number of centers in operation of the Group reached 26. Seven production lines of positron drugs in Nanning, Shantou, Kunming, Xi'an, Nanjing, Yichang and Taiyuan have completed construction and were put into operation, as a result of which, the cumulative number of companies of the Group that can supply positron drugs amounted to 22. Seven pharmaceutical centers have entered the production certification stage, three were under construction and five were in the pre-project phase, gradually improving the network layout of national pharmaceutical centers.

In order to further enhance the R&D and production capacity of CIRC in the fields of radiopharmaceuticals and radioactive sources, we have been vigorously promoting the construction of R&D and production bases of isotopes and their products in recent years. At present, the diagnostic and therapeutic radiopharmaceuticals manufacturing bases were mainly located in four regions, including Beijing and Ningbo, and the medical bases in North China and Shanghai that were newly planned and laid out were progressing in an orderly manner. In 2023, the construction of the main structure of the North China medical base project was completed, the installation of supporting system was finished, and the conditions for setting in the processing equipment in production plants were met. The main structure of the Shanghai medical base project was completed and the conditions for equipment installation were met. The UBT kits and analyzers manufacturing bases were located in Shenzhen and Tongcheng, and stable isotope production base project stably discharged qualified gas in trial-production. The radioactive source manufacturing bases were located in Beijing and Leshan, and the main structure of the radioactive source base project was completed. In 2023, the main structure of all parts of the CNNC Qinshan isotope production base project was finished, which will become the largest isotope production base in China after completion and is of great significance to enhance domestic manufacturing capability of isotope in China.

Aiming at the “Healthy China” Strategy and Facilitating the Construction of “One County, One Department”

Dedicated to the provision of integrated solutions in nuclear medicine and radiation therapy, the Group is a leading company in nuclear technology applications in China, integrating research and development, production, sales and services. In order to facilitate the implementation of the “Medium and Long-term Development Plan for Medical Isotopes” (《醫用同位素中長期發展規劃》) and the national development strategy of “One County, One Department”, the Group has established a nuclear medicine development center in a timely manner. Starting from national and provincial demonstration centers and gradually expanding to municipal and county demonstration bases, the Company promotes standardized, regulated, and intelligent department construction solutions across the country, providing six full-cycle intelligent services covering intelligent department planning and design, intelligent site construction EPC, intelligent equipment support, nuclear medicine supply and intelligent management, full-process intelligent department management, and expert think-tanks and talent cultivation, thereby contributing to hierarchical diagnosis and treatment and “early screening”, “early diagnosis”, and “early treatment” of severe diseases (tumors).

Supporting and Demonstrating to Create a Brand-New Benchmark in Nuclear Medicine

In March 2023, the Group and Wu Jieping Medical Foundation jointly established Tongfu Smart Nuclear Medical Special Fund (同輻智慧核醫療專項基金), aiming to support the implementation of intelligent nuclear medicine projects in demonstration hospitals across the country, and to provide funding and resource support for the construction of intelligent departments in the field of nuclear medicine, the talent training for the “One County, One Department” program, scientific research, science popularization education, clinical training and promotion, and diagnosis and treatment assistance for poor patients. At the same time, CIRC took the lead in establishing the first national-level intelligent nuclear medicine demonstration base in Peking Union Medical College Hospital. The jointly developed and independently innovated “Irradiation Intelligence 1.0” (輻智 1.0) intelligent nuclear medicine system platform was formally released in September 2023, which comprehensively promoted the development of the “Four Standards” (Process Standardization, Monitoring Systemization, Operational Visibility, and Management Regularization) in the nuclear medicine departments, setting a new benchmark for the high-quality development of intelligent nuclear medicine across the country.

The Group signed a strategic cooperation agreement with the Nuclear Medicine Branch of the Chinese Medical Association to jointly promote the construction of a demonstration base for the advancement of nuclear medicine diagnostic and treatment work in the country, and to help primary hospitals to realize high-quality development through free expert diagnosis, clinical seminars and departmental assistance. By the end of 2023, we started a total of 68 demonstration bases construction projects and had 28 demonstration bases passed the acceptance test and established.

Promoting Cooperation, Building Strong Alliances, and Creating a New Force for the Development of Intelligent Nuclear Medicine

In June 2023, the Group established “Zhejiang Province Nuclide Therapy Specialist Alliance” (浙江省核素治療專科聯盟) with 13 hospitals in Zhejiang Province. As a director of the Alliance, the Group, through the co-construction of the platform of the specialty alliance, took nuclide therapy as an entry point to expand and help more municipal and county hospitals that have newly established or upgraded nuclide therapy, establish a number of demonstration units of nuclide therapy, promote the popularization and coverage of nuclide therapy in Grade III general hospitals in Zhejiang Province, and gradually establish comprehensive clinical guidelines. In October, the Group organized national and provincial experts to the People’s Hospital of Quzhou City, the first stop in Zhejiang Province, to carry out voluntary medical consultations and expert assistance by leveraging the resources of the Alliance and the Nuclear Medicine Branch of the Chinese Medical Association, and initiated the construction of demonstration bases for the advancement of nuclear medicine to provide medical services to the public and practically push forward the high-quality development of nuclear medicine.

In July 2023, under the guidance of the strategic agreement signed between CNNC and the government of Xinjiang Uygur Autonomous Region, the Group and 14 hospitals, including the People’s Hospital of Xinjiang Uygur Autonomous Region, jointly initiated the establishment of Xinjiang “The Belt and Road” Nuclear Medicine Development Committee. At the same time, CIRC and the People’s Hospital of Xinjiang Uygur Autonomous Region signed a strategic cooperation agreement to jointly build a demonstration base for integrated diagnostic and treatment of intelligent nuclear medicine, and to create a model project for the development of high-quality nuclear medicine, which served as a positive example for the development of nuclear medicine in Xinjiang.

In December 2023, the Group signed a strategic cooperation agreement with the Health Commission of Leshan City to establish the first prefecture-level nuclear medicine specialty alliance in Sichuan Province with 11 district and county hospitals in Leshan. In the meanwhile, the Group signed a cooperation agreement with the People's Hospital of Leshan City on the construction of intelligent nuclear medicine departments to fully promote the planning and implementation of "1 center, 4 nuclear medicine departments and 7 outpatient clinics".

Adhering to the market-oriented principle, the Group continuously improved its core competitiveness, focused on the strategy of "Healthy China", seized the historical development opportunities, and took advantage of the trend to lead its industry peers to jointly promote the high-quality development of China's nuclear medicine and the implementation of the "Medium and Long-term Development Plan for Medical Isotopes (2021 – 2035)" (《醫用同位素中長期發展規劃(2021-2035年)》), so as to continuously improve the level of precision medical treatment in China.

Quality and Safety

In 2023, with the quality principle of "Quality First, Customer Satisfaction, Continuous Improvement and Pursuit of Excellence" and the quality concept of "Brand Foundation and Success Once", CIRC pushed forward the effective implementation of various tasks under the theme of "Promoting Development through Innovation and Optimization, and Building a Stronger Nation by Nucleus Technology and High Quality" ("創新優化促發展, 核力質勝築強國"). During the Reporting Period, CNHE and CNNC Accuray established quality management systems, completed the application for registration certificates for two medical devices, namely Mobile DR and TOMO C, and launched them for sale, thus giving full play to the key role of quality management in safeguarding the implementation of the Group's strategies. During the Reporting Period, we established a Group-wide information system for the assessment and evaluation on the laws and regulations of pharmaceuticals and medical devices, which was launched in the fourth quarter of the Reporting Period to facilitate the further implementation of the Drug Marketing Authorization Holder System and the continuous improvement of the quality of the Group's pharmaceuticals. Upholding the management philosophy of continuous improvement and pursuit of excellence in quality management, the Group promoted Lean and Six Sigma management throughout the Group, with 39 employees with green belts and 2 employees with black belts in total during the Reporting Period. A total of 20 Lean and Six Sigma projects were completed during the Reporting Period, achieving the effect of utilizing scientific and effective management theories to comprehensively improve product quality and quality management. During the Reporting Period, the quality risk was effectively controlled in the process of reforming state-owned enterprises to achieve a smooth transition. The Group did not experience any quality accidents (incidents) during the Reporting Period, and achieved the overall objectives of quality management for all products and services, with quality risks being stable and within control.

Safety is the lifeline of CIRC. In 2023, adhering to Xi Jinping's ideology on ecological civilization and General Secretary Xi Jinping's instructions on production safety, the Group insisted on the Party's overall leadership of production safety and comprehensively coordinated safety and development, and there were no production and safety accidents and environmental pollution incidents throughout the year. Based on the whole industry chain, the Group organized and launched the Radiation Safety Management Special Enhancement Campaign to comprehensively enhance the radiation safety management system and management capability in five aspects, namely, changing the image, eliminating hidden dangers, upgrading management, enhancing safety through science and technology, and forming unique features, and achieved significant results. The Group organized and carried out scientific research projects on waste source reuse production technology, mastered all the technical skills required for the production of industrial radiation sources from the cobalt-60 Gamma Knife waste source, and possessed the capability and conditions for the production of industrial irradiation sources from Gamma Knife waste sources, which made useful explorations for practicing radioactive waste reduction and resource utilization, and establishing a new model for the development of circular economy in the field of nuclear technology application, and is of great practical significance for promoting the sustainable development of the nuclear technology application industry in China. The East China Irradiation Safety Informatization Platform developed by the Group was officially put into operation in 2023. The platform has 16 modules and 41 sub-projects, which meets the needs of safety management of irradiation enterprises and remote monitoring by the regulatory authorities, and has been recognized by the Ministry of Ecology and Environment's Department of Irradiation Safety Supervision, East China Nuclear and Irradiation Safety Supervisory Station, and the Nuclear and Irradiation Safety Center and other regulatory authorities. On 13 December 2023, the "Nuclear + Beidou" Radioactive Sources Intelligent Monitoring Terminal, a pilot project initiated by CIRC, was successfully installed and tested. The Radioactive Sources Intelligent Monitoring Terminal was successfully connected to the Beidou signals, which realized the full-process monitoring of the radioactive sources' transportation routes, and added a scientific and technological safety barrier to the management of the transportation of radioactive articles. With culture as its guiding force, the Group published the "Safety Culture Handbook of China Isotope & Radiation Corporation" (《中國同輻股份有限公司安全文化手冊》) and customized posters on the ten prohibitions on safety production, developed irradiation safety peer assessment standards and nuclear safety culture assessment standards applicable to the application of nuclear technology, explored the implementation of advanced safety management tools for nuclear power generation in enterprises engaged in the application of nuclear technology, and infused the enterprise with the safety concept of "Pursuit of Excellence".

Party Building Work

Enhancing political capabilities practically. The Group thoroughly learned and implemented the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, insisted on the "First Topic" to follow up the learning, the central group demonstration to lead the learning, the special reading class in-depth learning, and further used the Party's innovative theories to equip the mind, guide practice, and promote the work. We learned carefully to promote a deep and practical theme of education, and established a "1 + 2 + 4" working mechanism to promote the theme of education "New" and "Mindful". We conducted in-depth discussions on 10 topics, including deepening reforms and new business development, and endeavored to solve a number of challenges. The experience and practice of thematic education in promoting the development of nuclear technology application industry was published for three times in the thematic education briefings of CNNC.

Strengthening party building continuously. The Group took forward the work of increasing the members of the “two committees” in an orderly manner, with four members of the Party Committee and one member of the Discipline Inspection Committee being added. We established two new party committees, built eight new party organizations, guided the general election of party organizations of 13 member units, and continued to carry out special rectification work for the construction of party organizations of “small, remote, scattered and new” units. We further improved the Southwest China Regional Party Building Coordination Center and established the South China Regional Party Building Coordination Center. The Group launched capacity enhancement training, experience sharing and exchange in integrating party building into core work, knowledge contests and other activities for mutual empowerment. About ten important systems were newly compiled and revised.

Optimizing the talent pool of cadres. Adhering to the principle of placing cadres and talents under Party’s supervision, the Group systematically planned and promoted the construction of high-quality cadres, further improved the market-oriented selection and appointment mechanism, promoted and appointed 7 leading cadres, and exchanged and adjusted 49 cadres of the Party Committee. The North China Branch of CNNC Human Resource Sharing Center was established, becoming the first human resource sharing center of CNNC to obtain the “Human Resource Service License” (《人力資源服務許可證》).

Building a strong position in ideology and culture. The Group held a series of activities to celebrate its 40th anniversary, including “Forty years of hard work, new journey and new glory” (四十載砥礪奮進, 新征程再創輝煌), organized and carried out important activities, such as visiting former leaders, holding seminars, publishing milestones, recognizing outstanding people, setting up exhibition halls, and hosting thematic lectures on “China’s Nuclear Industry under the Leadership of the Party” (“黨領導下的中國核工業”). The new version of “Corporate Culture Handbook” (《企業文化手冊》) was issued, which was honored as the Golden Award for the most beautiful voice of communication by China Culture Management Association. Two cases were successfully selected in the “CNNC Annual Corporate Social Responsibility Report 2022” (《中核集團2022年度企業社會責任報告》), two cases were successfully selected in the “CNNC Blue Book of Overseas Social Responsibility (2023)” (《中核集團海外社會責任藍皮書(2023)》), and the practical case of harmonization culture “Concentrate on “Nuclear” Force, Radiate “Intelligent” Future” (《同心“核”力輻“智”未來》) was honored as one of the Top 10 Excellent Cases of CNNC in 2023.

Strengthening brand promotion and leadership. The Group adhered to the Party’s control over ideology, strictly implemented the responsibility system for ideological work, and rectified the ideological stronghold on the Internet. We launched comprehensive publicity on new media matrix, such as People’s Daily, Xinhua Finance, Enterprise Management, the magazine in charge of SASAC, and the Group’s official microblog. The exploration of “CIRC Medical” (同輻醫療) sub-brand creation path won the “2022 Model Case of Brand Building of State-owned Enterprises” award. We jointly established the National Defense Education Exhibition Hall with the 221 Bureau (二二一局) and the Guangzhou National Defense Education Center to create the first nuclear industry publicity platform in Guangdong Province.

Identifying advanced typical examples. The Group gave full play to the role of honorary recognition as a spiritual guide and typical example. During the year, the Group selected 30 “Double Excellence” (兩優) party members and 3 “One Pioneer” (一先) party organizations, and a total of 2 organizations and 9 individuals were honored by China Baoyuan. A total of 5 organizations and individuals were honored with CNNC’s May 4th Youth Award, 24 organizations and individuals were honored with China Baoyuan’s May 4th Youth Award, and 2 organizations were honored with Shenzhen Youth Award.

Promoting comprehensive and strict governance of the Party. The Group took the “two responsibilities” for the construction of the clean and honest government, emphasized political supervision, established a list of key concerns, and followed up on the 13 specific tasks and objectives continuously. The Group established a list of annual supervision and inspection programs and carried out 41 supervision and inspections throughout the year. We intensified the construction of clean culture, and the clean culture bases of 5 units were evaluated as excellent clean culture micro-base demonstration points of China Baoyuan. We compiled and published the “E-Manual on Integrity in the Workplace” (《廉潔從業電子手冊》), which compiles a list of positive and negative aspects of job performance in 15 business areas.

Systematically implementing mass organization work. The Group was concerned about the good life of its employees, carefully organizing various cultural, sports and athletic activities, and carrying out various kinds of consolation and other activities. We held employee meetings on a regular basis to consider major issues such as employee directors and supervisors. We were awarded the Outstanding Organization of Retirement Highlights of CNNC for the year 2023. The Group set up a youth commando, established youth civilization units and demonstration posts for youth production safety, organized and carried out exchange activities for youth innovation and efficiency, created an environment for youth innovation, and served the youth to grow up and become a success.

Future Development

2024 will mark the 75th anniversary of the founding of the People’s Republic of China, and is the key year for realization of the objectives of the “14th Five-Year Plan”. Looking back at the past 40 years of hard work, CIRC has grown from scratch, from small to large, step by step to become the industry leader, and made positive contributions to the nuclear industry’s strong foundation, leapfrog development, overall improvement of system capability, and accelerating catch-up from big to strong. Looking ahead, CIRC will adhere to the principle of “helping people’s livelihood and benefiting society”, give full play to the unique advantages of nuclear medicine in the diagnosis and treatment of major diseases such as neurodegenerative diseases, cardiovascular and cerebrovascular diseases and malignant tumors, and provide quality products, services and integrated solutions to better protect people’s lives and health and facilitate the construction of “Healthy China”.

In 2024, the Company will closely focus on the goals and tasks of the “14th Five-Year Plan”, keep a firm understanding of the profound connotation of “Chinese-style modernization is the greatest politics, and high-quality development is the absolute principle in the new era”, and strive to promote the modernization of the governance system and governance capacity, and continuously consolidate the dominant position in the market. We will standardize our operation, pursue lean management, make changes and innovations, be efficient and high-quality, and make every effort to drive our economic performance to a record high. In addition, we will strive to strengthen our new strengths in isotopes and related products, to break new ground for nuclear medical equipment, and to explore new areas for application of irradiation. We will also take bold steps to promote the reform deepening and enhancement action, strive for excellence to comprehensively improve the management effectiveness, and make concerted efforts to build a synergistic development landscape. Besides, we will continue to deepen our party building work, practically improve our innovation and value creation capabilities, continuously strengthen our core functions and enhance our core competitiveness, and perform the three major roles of scientific and technological innovation, industry control, and safety support, in order to accomplish the planning objectives and tasks.

All efforts to achieve the core objective of stabilizing growth. Since the publication of the “Medium and Long-term Development Plan for Medical Isotopes (2021-2035)” (《醫用同位素中長期發展規劃(2021-2035年)》), there has been a significant increase in concern and awareness of medical isotopes and related industries from all walks of life, and the governments at all levels are particularly concerned about the innovative development of radiopharmaceuticals. The Ministry of Industry and Information Technology, the State Administration of Science, Technology and Industry for National Defence, and the National Medical Products Administration and other competent departments have attached great importance to and initiated relevant policy research and formulation. China’s nuclear technology application industry is entering the “fast lane” of development under the impetus of favorable policies. CIRC will firmly grasp the development opportunities and make every effort to maintain the good growth momentum. In 2024, we will strive to achieve new highs in operating indicators such as operating income and net profit.

Strengthening new strengths in isotopes and related products. CIRC will continue to strengthen the research and development of isotopes and products, capacity building and business expansion, and continue to consolidate its leading position in the domestic radiopharmaceutical and radioactive source industries. We will insist on independent research and development and technology introduction to enrich the product pipeline quickly and efficiently. The sodium fluoride-18 injection project has obtained drug registration certificate and officially launched for sale. A series of projects under research and development such as iodine-131-MIBG injection are being promoted rapidly to obtain certification as early as possible. We will accelerate the construction of six bases including North China, East China and Sichuan to speed up the expansion of the national pharmaceutical center and strengthen the control of the industry. CIRC will actively develop external cooperation and continue to enhance the influence and voice of the industry. In addition, we will accelerate promoting the “One County, One Department” program of CIRC, and the “Irradiation Intelligence 1.0” intelligent nuclear medicine platform to help nuclear medicine departments across the country achieve high-quality development.

Striving to break new ground for nuclear medical equipment. CIRC will increase its efforts in independent innovation and external cooperation to build an international first-class nuclear medical equipment enterprise integrating research and development, production, sales and services, and to break new ground for nuclear medical equipment. We will adhere to the general principle of seeking progress while maintaining stability, strengthen the analysis of the nuclear medical equipment industry, systematically plan the business development strategy and the path of advancement, and form the “integrated diagnosis and treatment” industrial layout. We will accelerate product substitution by domestic products and speed up independent innovation. The domestic Gamma Knife has obtained the medical device registration certificate and has been put on the market for sale, accelerating the pace of independent research and development around the key components of high-end medical equipment, and gradually realizing substitution by domestic products.

Exploring new areas for application of irradiation. CIRC strives to become a leading irradiation application company in China. We will grasp the development trend of the industry, accelerate the implementation of new projects in the irradiation industry, and continuously improve the network of irradiation processing services in the regions in which CIRC has an advantage. We will accelerate the industrialization of accelerator applications and actively extend to the end of products. CIRC completed the construction of the first industrial-scale production line of radiation curing plate materials, achieving a new breakthrough in the business of irradiation new materials. We will increase our efforts in mergers and acquisitions, and complete a number of capital operation projects in the field of irradiation applications, which are important for supporting the industry.

Taking bold steps to promote the reform deepening and enhancement action. CIRC will not waver in its belief in reform and further release the innovative vitality and development potential of the Company through deepening reform. We will solidly promote CIRC’s “Reform Deepening and Enhancement Action”, consolidate and deepen institutional reforms, focus on functional reforms, prioritize the implementation and accelerate the development of strategic new industries, better serve national strategies, and satisfy the growing demand for medical isotopes and related products among domestic users. In addition, we will fully promote the reform of the market-oriented operation mechanism, implement the contractual assessment of the tenure system, and stimulate the spirit of entrepreneurship among cadres and employees. CIRC will further optimize the pattern of gradient cultivation of “specialized, refined, differential and innovative” enterprises, establish 2-3 new “specialized, refined, differential and innovative” enterprises and 1-2 new “Little Giant” enterprises.

Striving for excellence to comprehensively improve management effectiveness. CIRC will keep pace with the times and plan for the future, study and compile the medium and long-term development plans for isotopes, radiopharmaceuticals, nuclear medical equipment and other sub-sector of its business, more accurately grasp the laws of the sub-sector, highlight the new journey, new starting point and new mission, and focus more on high level, performance and quality. We will firmly carry out the specific work of “CIRC Work Plan for Improving the Quality of Listed Companies” (《中國同輻提高上市公司質量工作方案》) to strengthen the quality of listed companies internally and build up their image externally, and continuously improve the core competitiveness and market influence of listed companies. CIRC will accelerate its digital transformation and upgrading, promote the construction of smart factory projects and enhance its digital operation capability. We will comprehensively strengthen the special campaigns on nuclear and radiation safety management and continue to consolidate the foundation for safe development. Besides, we will continue to improve our level of quality management and promote the implementation of high-level Lean and Six Sigma projects. CIRC will speed up the establishment of Lean Benchmarking Workshops for business modules such as radiopharmaceuticals, radioactive sources and nuclear medical equipment, and continuously enhance the efficiency of the standardized operation of the Medical Center. In addition, we will strengthen the construction of the compliance system, continue to deepen the application of “four-in-one” system of compliance, risk, internal control and law, establish an integrated and coordinated workflow, and improve the effectiveness of compliance management.

Making concerted efforts to build a synergistic development landscape. We will firmly establish the basic concept of “synergizing and enhancing overall functions”, increase the overall awareness, and promote the development of our business on the premise of keeping the whole picture in mind. CIRC will consolidate the concept of system, promote the optimal functioning of the whole through high-level synergy, and creatively push forward our work on various fronts to achieve new results. We will also increase cooperation with domestic universities and colleges in technological innovation in areas such as nuclear medicine and irradiation application, drive the in-depth integration of the industrial chain, innovation chain and talent chain, and promote the integration of industry, academia, research and application of synergistic innovation. In addition, we will maintain the conglomerate operation, take the overall solution of nuclear medicine as the guide, accelerate the integration of internal advantageous resources, and promote the upstream and downstream development of isotopes, radiopharmaceuticals, radioactive sources, and nuclear medical equipment, so as to continuously consolidate and give full play to CIRC’s competitive advantages in “drug and equipment synergies” and “resource and equipment synergies”.

The “14th Five-Year Plan” is a strategic opportunity period for the development of the nuclear technology application industry. We will closely focus on the objectives of the “14th Five-Year Plan”, unify our ideology and understanding, maintain our strategic determination, practice the “CIRC speed”, make every effort to promote the implementation of the key tasks of the “14th Five-Year Plan”, and accelerate the establishment of an internationally renowned isotope and radiation technology application products and services supply group.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. To the best of knowledge and belief of the Directors, the Directors consider that the following are the principal risks and uncertainties identified by the Group as at the date of this annual report.

Market Risk

Market risk is the risk that deteriorates profitability or affects ability to meet business objectives arising from the movement in market prices, like foreign exchange rates and interest rates. The management of the Group manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Foreign Exchange Risk

The Group mainly operates in the PRC with most of the transactions settled in Renminbi. During the year ended 31 December 2023, other than those mentioned above, the Group did not carry out any other hedging activity against foreign currency risk. Any substantial exchange rate fluctuation of foreign currencies against Renminbi is less likely to have a financial impact on the Group.

Interest Rate Risk

For interest-sensitive products and investments, the Group analyses the interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through variety of means.

Liquidity Risk

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group monitors cash flows and maintains an adequate level of cash and cash equivalent to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. The management will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

Investment Risk

Investment risk can be defined as the likelihood of occurrence of losses relative to the expected return on any particular investment. Key concern of investment framework will be balancing risk and return across different investments, and thus risk assessment is a core aspect of the investment decision process. Proper authorization system has been set up and detailed analysis will be made before approving investments. Regular updates on the progress of the investments of the Group would be submitted to the Board.

Economic Environment

Most of the Group's facilities, operations are located in and its revenue derived from mainland China and Hong Kong. The Group's results of operations and financial condition therefore depend on the economies of mainland China and Hong Kong. The economy of Hong Kong is significantly affected by the developments in mainland China and the Asia-Pacific region. Mainland China's economy may experience negative economic developments, and other regional economies may also deteriorate.

The Group also has significant business across the PRC and one of its growth strategies is to expand into new regions. These regions have also been adversely affected by the global economic slowdown and any continued slowdown may have an adverse effect on the Group's existing operations in, and planned expansion into, these regions.

FINANCIAL REVIEW

Revenue

We derived our revenue mainly from five major business segments: (1) pharmaceuticals; (2) radioactive source products; (3) irradiation; (4) radiation therapy equipment and related services; and (5) other businesses.

Our revenue increased by 7.82% from RMB6,153.5 million in 2022 to RMB6,635.0 million in 2023, which was mainly due to an increase in revenue from our pharmaceuticals, radiation therapy equipment and related services segments.

Cost of Sales, Gross Profit and Gross Margin

Our cost of sales increased by 19.6% from RMB2,635.9 million in 2022 to RMB3,152.8 million in 2023, which was mainly due to a corresponding increase in cost of sales of radiation therapy equipment and related services and other businesses, resulting from the increase in revenue.

Our gross profit decreased by 1.0% from RMB3,517.7 million in 2022 to RMB3,482.2 million in 2023 and our gross margin decreased from 57.2% to 52.5%. The decrease in gross profit was primarily due to the relatively significant increase in the revenue of the radiation therapy equipment and related services and other businesses, which had a lower gross margin, pulling down the overall gross profit growth.

Other Income, Gains and Losses

Our other income increased by 164.1% from RMB91.2 million in 2022 to RMB240.9 million in 2023, mainly due to the increase in investment income from disposal of Beijing North Institute of Biotechnology Co., Ltd. (北京北方生物技术研究所有限公司), a former subsidiary of the Company, during the year.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 1.1% from RMB1,788.1 million in 2022 to RMB1,768.4 million in 2023, mainly due to the decrease in sales service fees as a result of the changes in the Company's pharmaceuticals sales policies during the year.

The percentage of our selling and distribution expenses to revenue decreased from 29.1% in 2022 to 26.7% in 2023.

Administrative Expenses, Research and Development Costs and Credit Impairment Losses

Our administrative expenses, research and development costs and credit impairment losses increased by 11.7% from RMB906.9 million in 2022 to RMB1,013.2 million in 2023, mainly due to (i) the increase in credit impairment losses from the Company's receivables during the year, and (ii) the increased employee compensation.

The percentage of our administrative expenses, research and development costs and credit impairment losses to revenue increased from 14.7% in 2022 to 15.3% in 2023.

Finance Costs

Our finance costs increased 2.3% from RMB35.3 million in 2022 to RMB36.1 million in 2023.

Share of Profits Less Losses of Associates and Share of Profits of Joint Ventures

Our share of profits less revenue of associates decreased by 266.0% from RMB8.6 million in 2022 to RMB-14.3 million in 2023, mainly due to the decrease in profit of associates during the year.

Our share of profits of joint ventures decreased by 6.7% from RMB33.5 million in 2022 to RMB31.3 million in 2023, mainly due to the year-on-year decrease in the appreciation of the investment projects of Tongfu Fund, a joint venture of the Company.

Profit before Tax

As a result of the foregoing, our profit before tax increased by 0.2% from RMB920.8 million in 2022 to RMB922.4 million in 2023.

Income Tax Expense

Our income tax expense decreased by 11.6% from RMB165.6 million in 2022 to RMB146.3 million in 2023. Our effective tax rates were 18.0% and 15.9% in 2022 and 2023, respectively.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 2.8% from RMB755.2 million in 2022 to RMB776.1 million in 2023.

FINANCIAL POSITION

Overview

For the year ended 31 December 2023, the total assets of the Group have increased. The total assets, the total liabilities and the total equity were RMB13,191.7 million, RMB6,052.4 million and RMB7,139.3 million, respectively.

Net Current Assets

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

	<i>RMB in million</i>	
	31 December 2023	31 December 2022 <i>(Restated)</i>
Inventories	814.2	678.6
Contract assets	19.9	27.4
Trade and bill receivables	3,876.3	3,495.0
Deposits and other receivables	254.6	151.8
Prepayments	337.9	237.0
Cash at bank and on hand	2,891.6	2,954.0
Total Current Assets	8,194.5	7,543.8
Bank loans	196.3	37.2
Corporate bond	–	–
Trade payables	626.7	494.1
Accruals and other payables	3,256.0	3,289.6
Lease liabilities	20.9	28.5
Provisions	86.6	86.3
Income tax payable	67.5	95.7
Total Current Liabilities	4,254.0	4,031.4
Net Current Assets	3,940.5	3,512.4

Our net current assets increased by 12.2% from RMB3,512.4 million as of 31 December 2022 to RMB3,940.5 million as of 31 December 2023, which was mainly due to the increase in the Company's trade receivables.

Adjusted Net Gearing Ratio and Quick Ratio

Our adjusted net gearing ratios (adjusted net debt (interest-bearing debt plus unaccrued proposed dividends) divided by adjusted equity (total equity of the Company less unaccrued proposed dividends)) were 16.2% and 25.5% as of 31 December 2022 and 31 December 2023, respectively.

Our quick ratios (total current assets, excluding inventories, divided by total current liabilities as of the same date) were 1.7 times and 1.7 times as of 31 December 2022 and 31 December 2023, respectively.

Trade and Other Receivables

Trade and other receivables are stated at amortized cost using the effective interest method less allowance for credit losses. As of 31 December 2023, our trade and other receivables (net of bad debt allowance of RMB217.82 million) were RMB4,130.9 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 promoters, payables to promoters, payables for staff related costs, dividends payables and other accruals and payables. As of 31 December 2023, our trade and other payables were RMB3,882.6 million.

Bank Loans and Pledge of Assets

As of 31 December 2023, the Group's total bank loans amounted to RMB1,570.37 million.

As of 31 December 2023, the unsecured long-term bank loans mainly comprised of:

- (i) A loan principal of RMB622.95 million borrowed by the Group in 2023 at an interest rate of 2.7%.
- (ii) A loan principal of RMB151.53 million borrowed by a subsidiary of the Group in 2023 at an interest rate of 3.23%.
- (iii) A loan principal balance of RMB145 million borrowed by a subsidiary of the Group in 2023 at an interest rate of 2.7%.
- (iv) A loan principal balance of RMB132.86 million borrowed by a subsidiary of the Group in 2023 at an interest rate of 3.8%.
- (v) A loan principal balance of RMB107.07 million borrowed by a subsidiary of the Group in 2023 at an interest rate of 3.0%.
- (vi) A loan principal balance of RMB86.48 million borrowed by a subsidiary of the Group in 2023 at an interest rate of 3.03%.
- (vii) A loan principal balance of RMB59.10 million borrowed by a subsidiary of the Group in 2023 at an interest rate of 3.0%.

- (viii) A loan principal balance of RMB33.19 million borrowed by a subsidiary of the Group in 2023 at an interest rate of 2.7%.
- (ix) A loan principal balance of RMB16.65 million borrowed by a subsidiary of the Group in 2023 at an interest rate of 2.8%.
- (x) A loan principal balance of RMB10.06 million borrowed by a subsidiary of the Group in 2023 at an interest rate of 3.55%.

As of 31 December 2023, the secured long-term bank loan mainly comprised of a loan principal of RMB5.84 million borrowed by a subsidiary of the Group at an interest rate of 4.985%, with a carrying amount of RMB5.84 million in 2023, for which assets with total carrying amount of RMB7.79 million were pledged.

As of 31 December 2023, the unsecured short-term bank loan mainly comprised of:

- (i) A loan principal of RMB66.60 million borrowed by a subsidiary of the Group in 2023 at an interest rate of 2.95%.
- (ii) A loan principal of RMB51.0 million borrowed by a subsidiary of the Group in 2023 at an interest rate of 2.40%.
- (iii) A loan principal balance of RMB26.60 million borrowed by a subsidiary of the Group in 2023 at an interest rate of 3.00%.
- (iv) A loan principal of RMB18.36 million borrowed by a subsidiary of the Group in 2023 at an interest rate of 2.95%.

As of 31 December 2023, the secured short-term bank loan mainly comprised of a loan principal of RMB13 million borrowed by a subsidiary of the Group, including a loan borrowed at an interest rate of 3.82%, with a carrying amount of RMB10 million in 2023, and a loan borrowed at an interest rate of 3.00%, with a carrying amount of RMB3 million in 2023, for which assets with a total carrying amount of RMB13 million were pledged.

Capital Expenditures

Our capital expenditures mainly comprise additions to plant and equipment and intangible assets. In 2023, our capital expenditures were RMB1,046.4 million.

Contingent Liabilities

As of 31 December 2023, we did not have any material contingent liabilities.

Foreign Exchange and Foreign Exchange Risk

During the year ended 31 December 2023, 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 credit 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-term 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

The dividend policy of the Company is summarized as below:

In distributing the profit after tax of the current year, the Company shall allocate 10% of its profit into its statutory reserve fund. When the aggregate amount of the statutory reserve fund of Company is more than 50% of its registered capital, further appropriations are not required. Where the statutory reserve fund of the Company is insufficient to make up for the losses of the previous year, the profits of the current year shall be used to make up for such losses before making allocation to its statutory reserve fund in accordance with the aforementioned. After allocation of its profits after tax to its statutory reserve fund, the Company may, subject to the approval of the shareholders of the Company at the shareholders' general meeting allocate its profits after tax to its discretionary reserve fund. After making up for the losses and making allocations to the reserve fund, any remaining profits after tax shall be distributed by the Company to the shareholders of the Company in proportion to their respective shareholdings according to the resolution adopted at the shareholders' general meeting of the Company. If the shareholders' general meeting of the Company has, in violation of the provision of the aforementioned, distributed profits to the shareholders of the Company before the Company has made up for its losses and made allocations to its statutory reserve fund, the shareholders of the Company shall return to the Company the profit distributed in violation of the provision. The Company's shares held by the Company are not entitled to any profit distribution.

The Company may distribute dividends in the form of cash or shares.

Dividends are declared and paid in RMB to holders of domestic shares of the Company, whereas dividends payable to holders of H shares will be declared in RMB and payable in Hong Kong dollars. Exchange rate between RMB and Hong Kong dollar will be the arithmetic mean of the median of the exchange rates of Hong Kong dollars against RMB as quoted by the People's Bank of China for the five business days preceding the date of the dividend payment (inclusive). The Company's specific profit distribution proposal will be formulated by the Board in accordance with the relevant laws and regulations and the Company's operating conditions, based on the opinions of the Company's independent Directors, and will be considered and decided by general meeting of the Company. In the event that a profit distribution proposal is approved at the general meeting of the Company, the Company will implement the specific plan within two months after the conclusion of the relevant general meeting.

When the Board recommends the declaration of cash dividends to shareholders of the Company (the "**Shareholder(s)**") at a general meeting, the decision to declare 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.

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 2023.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 26 March 2024, the Board resolved to propose to issue bonds by the Company, in accordance with requirements of the relevant laws, regulations and regulatory documents, including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Administrative Measures for the Issue and Trading of Bonds. For further details, please refer to the announcement of the Company dated on 26 March 2024.

Save as disclosed above, there were no significant subsequent events to be disclosed after the Reporting Period to the date of this announcement.

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 estimated expenses in relation to the Global Offering. As at 31 December 2023, current assets of approximately RMB268.1 million were used and approximately RMB536.1 million was used in selective mergers and acquisitions.

The Group has utilised the net proceeds from the Global Offering in accordance with the intended use disclosed in the prospectus of the Company dated 22 June 2018 and the announcements of the Company dated 29 March 2019 and 20 September 2019. In accordance with the requirements of paragraph 11(8) of Appendix D2 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), the use of proceeds will be updated to provide the use of proceeds from the initial public offering for 2023 (including the expected timeline of full utilisation of the balance), which is set out below:

Use	Initial Allocation of the net proceeds	Revised Allocation of the net proceeds	Amount Utilised as of					Amount Utilised as of 31 December 2023	Expected time of full utilisation of balance	
			2018	2019	2020	2021	2022			
Investment in imaging diagnostic and therapeutic radiopharmaceuticals manufacturing and research and development bases	597.3	460.0	0.0	29.5	200.0	251.5	427.0	459.3	0.7	In 2024
Establishment of production and distribution subsidiaries	67.3	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	
Establishment of new production facilities	84.5	50.0	0.0	50.0	50.0	50.0	50.0	50.0	0.0	
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	0.0	76.6	101.2	105.4	105.5	105.5	12.8	In 2024
Investments/selective (mergers) acquisitions	286.5	536.1	51.4	529.9	536.1	536.1	536.1	536.1	0.0	
Working capital and general corporate purposes	143.3	268.1	71.7	232.5	268.1	268.1	268.1	268.1	0.0	
Total	1,432.5	1,432.5	123.1	918.5	1,155.4	1,211.1	1,386.7	1,419.0	13.5	

Note: The investment in the research and development in the use of proceeds is under preparation due to certain research and development projects to be newly launched. There may be differences between the actual and expected timeline for utilising the proceeds for investment in research and development. The specific timeline of utilisation of the proceeds for the investment in the research and development is subject to the actual timeline of utilisation of the projects. The Company will fulfill the disclosure obligations in accordance with the relevant requirements according to the progress of the projects.

EMPLOYEES AND REMUNERATION POLICY

The Group had a total of 3,105 (as at 31 December 2022: 3,376) employees as at 31 December 2023. During the year ended 31 December 2023, our staff costs were approximately RMB867.4 million (for the year ended 31 December 2022: RMB797.8 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 of the Group. The employee remuneration policy of the Group is determined after taking into account the overall salary level in the industry, 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 benefit 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 employees develop their full potential. Development opportunities are provided as a result of on-the-job training and formal training programs.

HEDGING ACTIVITIES

During the year ended 31 December 2023, the Group had not entered into any hedging transaction in relation to foreign exchange risks or interest rate 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 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 C1 to the Listing Rules.

During the Reporting Period, 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 C1 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 a set of code with the standard no less favorable than that of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the “**Customised Code**”) as its own code of conduct regarding securities transaction by all Directors, supervisors (the “**Supervisors**”) and the relevant employees of the Company.

Having made specific enquiry by the Directors and Supervisors, all Directors and Supervisors confirmed that they had complied with the required standards as set out in the Customised Code during the Reporting Period. No incident of non-compliance with the Customised 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. Poon Chiu Kwok (chairman), Mr. Lu Chuang and Mr. Chen Shoulei, 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 2023.

On 22 March 2024, the Audit and Risk Management Committee reviewed and confirmed the annual results announcement of the Group for the year ended 31 December 2023, annual report of 2023 and the consolidated financial information for the year ended 31 December 2023.

Scope of Work of Auditor

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement 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 SHINEWING (HK) CPA Limited on this preliminary announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

2023 Annual General Meeting

The 2023 annual general meeting of the Company (the "AGM") will be held on Friday, 7 June 2024, and the notice of the AGM will be published and despatched to Shareholders in due course.

2023 Final Dividend

The Board resolved to declare a final cash dividend of RMB0.3131 per Share (inclusive of tax) for the year ended 31 December 2023 (the "2023 Final Dividend") to Shareholders whose names appear on the register of members of the Company on 19 June 2024, with a total cash dividend to be distributed of RMB100,152,831.19 (inclusive of tax). The 2023 Final Dividend is expected to be declared and paid in RMB to holders of Domestic Shares and, whereas dividends payable to holders of H shares will be declared in RMB and payable in Hong Kong dollars before 6 August 2024. Exchange rate between RMB and Hong Kong dollar will be the arithmetic mean of the median of the exchange rates of Hong Kong dollars against RMB as quoted by the People's Bank of China 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. Details of the dividend distribution will be published after the AGM.

According to the "Enterprise Income Tax Law of the People's Republic of China" and its implementing rules, which came into effect on 1 January 2008, and other relevant rules, the Company is required to withhold 10% enterprise income tax before distributing the proposed 2023 Final Dividend to non-resident enterprise Shareholders whose names appear on the register of members of the Company. Any H Shares registered in the name of non-individual registered Shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by non-resident enterprise Shareholders and therefore will be subject to the withholding of enterprise income tax.

According to the letter titled the “Tax arrangements on dividends paid to Hong Kong residents by mainland companies” issued by the Stock Exchange to the issuers on 4 July 2011 and a circular (Guo Shui Han [2011] No. 348) issued by the State Administration of Taxation on 28 June 2011, and relevant laws and regulations, if individual holders of H Shares are residents of Hong Kong or Macau or countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders. If individual holders of H Shares are residents of countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will nonetheless withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders. In such a case, if the relevant Shareholders would like a refund of the additional amount withheld, the Company will apply for the agreed preferential tax treatment provided that information required by the applicable tax treaty notice(s) is submitted to the Company’s H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited. If individual holders of H Shares are residents of countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If individual holders of H Shares are residents of countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or countries which have not entered into any tax treaty with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of such Shareholders.

The Company assumes no responsibility and will not entertain any claim arising from any delay in, or inaccurate determination of, the tax status or tax treatment of Shareholders or any dispute over tax(es) withheld. Shareholders are recommended to consult their tax advisers regarding the PRC, Hong Kong and other tax effects involved in their holding and disposal of H Shares.

Closure of Register of Members

The Company will hold the AGM on 7 June 2024. The register of members of the Company will be closed from Tuesday, 4 June 2024 to Friday, 7 June 2024 (both dates inclusive) and from Friday, 14 June 2024 to Wednesday, 19 June 2024 (both dates inclusive). Shareholders whose names appear on the register of members of the Company on 7 June 2024 will be entitled to attend and vote at the AGM. Shareholders whose names appear on the register of members of the Company on 19 June 2024 will be entitled to receive the 2023 Final Dividend. For the purpose of being qualified as Shareholders to attend and vote at the AGM, Shareholders must lodge all transfers documents 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 No. 66 Changwa Middle Street, Haidian District, Beijing, China (for holders of Domestic Shares) for registration no later than 4:30 p.m. on Monday, 3 June 2024. For the purpose of being qualified as Shareholders to receive the 2023 Final Dividend (subject to the approval by Shareholders at the AGM), Shareholders must lodge all transfers documents 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, 13 June 2024.

Publication of Results Announcement and Annual Report

This announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.circ.com.cn). The Company will despatch the annual report for the year ended 31 December 2023 to the Shareholders of the Company in due course, which is available on the aforesaid websites.

By order of the Board
China Isotope & Radiation Corporation
Zhang Junqi
Chairman

Beijing, the PRC, 27 March 2024

As at the date of this announcement, the Board comprises Mr. Zhang Junqi, Mr. Xu Hongchao and Mr. Fan Guomin as executive Directors; Mr. Chen Shoulei, Mr. Ding Jianmin, Ms. Chang Jinyu, and Ms. Liu Xiuhong as non-executive Directors; and Mr. Poon Chiu Kwok, Mr. Tian Jiahe, Ms. Chen Jingshan and Mr. Lu Chuang as independent non-executive Directors.