Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

CHINA ISOTOPE & RADIATION CORPORATION
中國同輻股份有限公司

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

(Stock Code: 1763)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

RESULTS HIGHLIGHTS

The board of directors (the "**Board**") of China Isotope & Radiation Corporation (the "**Company**", together with its subsidiaries, the "**Group**" or "**we**") is pleased to announce the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020 (the "**first half of 2020**" or the "**Reporting Period**") together with unaudited comparative figures for the same period of 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the six months ended 30 June 2020 – unaudited
(Expressed in Renminbi ("RMB"))

		Six months ended 30 June	
	Note	**2020**	2019
		RMB'000	*RMB'000*
Revenue	*3*	**1,517,435**	1,654,979
Cost of sales		**(670,277)**	(464,730)
Gross profit		**847,158**	1,190,249
Other income	*4*	**34,253**	18,584
Selling and distribution expenses		**(482,020)**	(678,276)
Administrative expenses		**(230,668)**	(201,331)
Profit from operations		**168,723**	329,226
Finance costs	*5(a)*	**(18,385)**	(6,027)
Share of profits less losses of associates		**2,866**	1,559
Share of profits less losses of joint ventures		**11,165**	12,532
Profit before taxation	*5*	**164,369**	337,290
Income tax	*6*	**(30,577)**	(56,034)
Profit for the period		**133,792**	281,256
Attributable to:			
Equity shareholders of the Company		**71,924**	147,827
Non-controlling interests		**61,868**	133,429
Profit for the period		**133,792**	281,256
Earnings per share	*7*		
Basic and diluted (RMB)		**0.22**	0.46

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2020 – unaudited

(Expressed in RMB)

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Profit for the period	**133,792**	281,256
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to profit or loss:		
– exchange differences on translation of share of profits less losses of an associate	**454**	421
Items that will not be reclassified to profit or loss:		
– remeasurement of defined benefit liability	**(6)**	(1)
– equity investments at fair value though other comprehensive income – net movement in fair value reserve (non-recycling)	**5,095**	382
Other comprehensive income for the period	**5,543**	802
Total comprehensive income	**139,335**	282,058
Attributable to:		
Equity shareholders of the Company	**77,467**	148,629
Non-controlling interests	**61,868**	133,429
Total comprehensive income for the period	**139,335**	282,058

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2020 – unaudited
(Expressed in RMB)

	Note	At 30 June 2020 *RMB'000*	At 31 December 2019 *RMB'000*
Non-current assets			
Property, plant and equipment	*8*	**2,081,970**	1,987,037
Investment properties		**16,431**	22,425
Intangible assets		**167,625**	108,382
Goodwill		**43,875**	43,875
Interests in associates		**82,682**	61,543
Interests in joint ventures		**540,561**	529,396
Long-term receivables		**34,612**	33,784
Unquoted equity investments		**158,285**	151,492
Deferred tax assets		**229,926**	265,045
		3,355,967	3,202,979
Current assets			
Inventories		**753,047**	444,364
Trade and bill receivables	*9*	**1,974,991**	2,187,746
Prepayments, deposits and other receivables		**336,283**	263,400
Cash at bank and on hand	*10*	**2,413,848**	2,744,883
		5,478,169	5,640,393
Current liabilities			
Bank loans		**85,480**	191,215
Trade payables	*11*	**276,170**	173,556
Accruals and other payables		**2,179,997**	2,368,775
Lease liabilities		**31,461**	27,809
Provisions		**69,598**	69,598
Income tax payable		**35,409**	98,220
		2,678,115	2,929,173
Net current assets		**2,800,054**	2,711,220
Total assets less current liabilities		**6,156,021**	5,914,199

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
at 30 June 2020 – unaudited
(Expressed in RMB)

	At 30 June 2020 *RMB'000*	At 31 December 2019 *RMB'000*
Non-current liabilities		
Bank loans	**83,620**	97,235
Corporate bond	**499,682**	499,682
Deferred income	**62,111**	55,084
Defined benefit retirement obligation	**52,361**	52,094
Deferred tax liabilities	**19,827**	18,383
Lease liabilities	**52,622**	57,659
Provisions	**123,597**	119,814
Long-term payables	**11,695**	10,815
	905,515	910,766
Net assets	**5,250,506**	5,003,433
Capital and reserves		
Share capital	**319,875**	319,875
Reserves	**3,448,121**	3,439,471
Total equity attributable to equity shareholders of the Company	**3,767,996**	3,759,346
Non-controlling interests	**1,482,510**	1,244,087
Total equity	**5,250,506**	5,003,433

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("**IAS**") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("**IASB**"). It was authorised for issue on 28 August 2020.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (collectively referred to as the "**Group**") since the 2019 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong institute of the Certified Public Accountants.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the group:

- Amendments to IFRS 3, *Definition of a Business*
- Amendments to IFRS 9, IAS 39 and IFRS 7, *Interest Rate Benchmark Reform*
- Amendments to IAS 1 and IAS 8, *Definition of Material*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

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

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service lines		
– Sales of pharmaceuticals	**965,326**	1,379,369
– Sales of radioactive source products	**136,320**	157,913
– Sales of medical devices	**246,973**	–
– Irradiation services	**36,659**	31,989
– Technical services	**53,498**	32,049
– Revenue from construction contracts	**1,215**	2,652
– Independent clinical laboratory services	**49,564**	36,729
– Other services	**27,880**	14,278
	1,517,435	1,654,979

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in Note 3(b).

(b) Segment reporting

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

- Pharmaceuticals: manufacturing and sale of a range of imaging diagnostic and therapeutic radio pharmaceuticals imaging, UBT diagnostic kits and test analysers, 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 sterilisation purposes, and also design, manufacturing and installation of gamma ray irradiation facilities to irradiation service providers.

- Independent clinical laboratory services and other businesses: provision of independent clinical laboratory services for customers, sale of medical devices 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 period is set out below.

	Six months ended 30 June 2020				
	Pharmaceuticals *RMB'000*	**Radioactive source products** *RMB'000*	**Irradiation** *RMB'000*	**Independent clinical laboratory services and other businesses** *RMB'000*	**Total** *RMB'000*
Disaggregated by timing of revenue recognition					
Point in time	**967,185**	**147,642**	**36,659**	**364,734**	**1,516,220**
Over time	**–**	**–**	**1,215**	**–**	**1,215**
Revenue from external customers	**967,185**	**147,642**	**37,874**	**364,734**	**1,517,435**
Inter-segment revenue	**152**	**11,032**	**524**	**7,848**	**19,556**
Reportable segment revenue	**967,337**	**158,674**	**38,398**	**372,582**	**1,536,991**
Reportable segment profit (gross profit)	**662,529**	**80,126**	**12,144**	**93,439**	**848,238**

	Six months ended 30 June 2019				
	Pharmaceuticals *RMB'000*	Radioactive source products *RMB'000*	Irradiation *RMB'000*	Independent clinical laboratory services and other businesses *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition					
Point in time	1,384,397	184,934	31,989	51,007	1,652,327
Over time	–	–	2,652	–	2,652
Revenue from external customers	1,384,397	184,934	34,641	51,007	1,654,979
Inter-segment revenue	1,196	10,172	–	6,331	17,699
Reportable segment revenue	1,385,593	195,106	34,641	57,338	1,672,678
Reportable segment profit (gross profit)	1,058,909	100,967	10,548	20,300	1,190,724

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

	Six months ended 30 June	
	2020 ***RMB'000***	2019 *RMB'000*
Reportable segment profit (gross profit)	**848,238**	1,190,724
Elimination of inter-segment profit (gross profit)	**(1,080)**	(475)
Consolidated gross profit	**847,158**	1,190,249

(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.

4 OTHER INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Government grants	**17,647**	3,126
Interest income	**12,496**	11,529
Rental income from operating leases	**2,932**	4,039
Others	**1,178**	(110)
	34,253	18,584

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Interests on bank loans and other borrowings	**13,586**	4,161
Interests on lease liabilities	**1,814**	1,234
Less: interest expense capitalised into construction in progress	**841**	3,862
	14,559	1,533
Net foreign exchange loss	**119**	1,106
Interest accretion on reclamation obligations, net	**1,938**	1,871
Interest cost on defined benefit retirement plans	**887**	759
Interest cost on long-term payables	**882**	758
	18,385	6,027

The borrowing costs have been capitalised at a rate of 4.64% per annum (2019: 4.99%).

(b) Other items

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Depreciation		
– owned property, plant and equipment	**71,027**	45,664
– investment properties	**3,544**	513
Amortisation		
– intangible assets	**6,593**	3,439
Impairment losses		
– trade and bill receivables	**5,780**	10,279
– prepayments, deposits and other receivables	**85**	51
Research and development costs (other than amortisation costs)	**43,046**	39,496
Increase in provisions for reclamation obligations	**729**	1,703
Cost of inventories	**599,196**	391,610

6 INCOME TAX

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Current tax		
Provision for the period	**14,367**	55,445
(Over)/under-provision in respect of prior years	**(18,655)**	3,241
	(4,288)	58,686
Deferred tax		
Origination and reversal of temporary differences	**34,865**	(2,652)
	30,577	56,034

Notes:

(i) The Company and its subsidiaries established in the PRC are subject to PRC Corporate Income Tax rate of 25% (2019: 25%) for the six months ended 30 June 2020.

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

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB71,924,000 (six months ended 30 June 2019: RMB147,827,000) and the weighted average number of ordinary shares in issue of 319,875,000 (six months ended 30 June 2019: 319,875,000) in issue during the interim period.

The Company did not have any potential dilutive shares in existence during the interim period. Accordingly, diluted earnings per share is the same as basic earnings per share.

8 PROPERTY, PLANT AND EQUIPMENT

(a) During the six months ended 30 June 2020, the Group acquired items of plant and machinery with a cost of RMB162,783,000 (six months ended 30 June 2019: RMB214,228,000). Items of plant and machinery with a net book value of RMB1,840,000 were disposed of during the six months ended 30 June 2020 (six months ended 30 June 2019: RMB1,814,000), resulting in a loss on disposal of RMB829,000 (six months ended 30 June 2019: RMB634,000).

(b) During the six months ended 30 June 2020, the Group entered into a number of lease agreements for use of plants and offices, and therefore recognised the additions to right-of-use assets of RMB8,018,000.

9 TRADE AND BILL RECEIVABLES

	At 30 June 2020 *RMB'000*	At 31 December 2019 *RMB'000*
Bill receivables	**42,510**	34,898
Trade receivables due from		
– related parties under CNNC	**10,675**	16,062
– associates and a joint venture	**60,232**	77,133
– third parties	**1,995,377**	2,187,676
	2,108,794	2,315,769
Less: loss allowance	**133,803**	128,023
	1,974,991	2,187,746

All of the trade and bill receivables (net of impairment losses) are expected to be recovered within one year.

Aging analysis

As of the end of the reporting period, the ageing analysis of trade and bills receivables based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance, is as follows:

	At 30 June 2020 *RMB'000*	At 31 December 2019 *RMB'000*
Within 1 year	**1,703,209**	2,032,336
Between 1 to 2 years	**200,056**	116,179
Between 2 to 3 years	**56,101**	32,634
Over 3 years	**15,625**	6,597
	1,974,991	2,187,746

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

10 CASH AT BANK AND ON HAND

	At 30 June 2020 *RMB'000*	At 31 December 2019 *RMB'000*
Cash on hand	**58**	44
Cash at bank	**1,719,969**	1,833,565
Cash at CNNC Finance Company Ltd.	**693,821**	911,274
	2,413,848	2,744,883
Representing:		
Cash and cash equivalents in cash flow statement	**2,232,202**	2,640,314
Time deposits with original maturity over three months	**162,490**	93,346
Restricted deposits *(Note)*	**19,156**	11,223
	2,413,848	2,744,883

Note:

Restricted deposits mainly represent deposits for guarantee of letters of credit.

11 TRADE PAYABLES

All trade payables are expected to be settled within one year.

12 SHARE CAPITAL, RESERVES AND DIVIDENDS

Dividends

Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period.

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved during the following interim period, of RMB13.89 cents per share (six months ended 30 June 2019: RMB12.26 cents per share)	**44,431**	39,217

The final dividend in respect of the previous financial year proposed during the reporting period has not been paid at the end of the reporting period (2019: RMB39,217,000 paid in August 2019).

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 EPC services for the design, manufacturing and installation of gamma ray irradiation facilities and the provision of independent clinical laboratory services to hospitals and other medical institutions.

BUSINESS REVIEW

For the six months ended 30 June 2020, we operated in four business segments, including pharmaceuticals, radioactive source products, irradiation and independent clinical laboratory services and other businesses. In the first half of the year, the novel coronavirus outbreak brought a negative impact on our operations, seriously affecting the various business segments of the Group. Faced with the grim challenges of the pandemic, the Group adopted concrete and effective measures, with a firm commitment to prevent and control the epidemic and facilitated the resumption of work and production in a precise and orderly manner. Along with the improvement of pandemic prevention and control, the Group's operations started to change positively and experience a gradually improving financial performance. During the Reporting Period, the revenue achieved by the Group was RMB1,517.4 million, representing a year-on-year decrease of 8.3%. Net profit was RMB133.8 million, representing a year-on-year decrease of 52.4%, and net profit attributable to equity shareholders of the Group was RMB71.9 million, representing a year-on-year decrease of 51.3%.

Business segments

1. Pharmaceuticals

CIRC is the leading manufacturer of diagnostic and therapeutic radiopharmaceuticals in China, primarily engaged in the research, development, manufacturing and sale of a wide range of diagnostic and therapeutic radiopharmaceuticals, UBT kits and analyzers and in vitro diagnostic reagents in China. During the Reporting Period, some hospital customers of the Group's pharmaceuticals segment followed the demands of local authorities to temporarily halt certain fields of clinical treatment work, due to the state's overall arrangements in novel coronavirus prevention and control, which resulted in the suspension of health and body examination services, with some local medical and healthcare committees calling for a temporary halt on HP breath tests. On the other hand, due to the pandemic's impact, the nuclear medicine discipline reported a decline of the volume of patient cases, causing the period of pharmaceutical orders from the hospitals lengthened and the order quantities reduced. During the Reporting Period, the Group's pharmaceutical segment recorded a sales revenue of RMB967.2 million, representing a 30.1% decrease from the corresponding period in 2019. But an analysis of the Group's pharmaceutical sales during the Reporting Period shows that the Group's pharmaceutical sales had rebounded beginning in May, when the pandemic in China gradually came under control. In the second half of 2020, the Group's pharmaceutical sales volume is expected to demonstrate a growth trend.

During the Reporting Period, the Group diligently accelerated various works through scientific planning and coordination, to ensure an ample supply of products for the pharmaceuticals market. The subsidiaries of the Group actively strove for resumption in work and production, made timely adjustments to international shipments, ensured the supply of raw materials supply and that in the critical phase of coronavirus prevention and control, the Group did its utmost to satisfy the needs for clinical and pharmaceutical usage of all hospitals concerned. During the Reporting Period, the Group's subsidiary company HTA's integrated GMP factory passed the GMP test, and its two other subsidiaries – Nanning Atom Qualcomm Pharmaceutical Co., Ltd and Shijiazhuang HTA Pharmaceutical Co., Ltd – successfully obtained the license to operate Tc real-time labeling drugs. By entering production and operation, both companies injected new energy in HTA's industry layout, ensured that the key strategic missions of 2020 were accomplished as planned and reached for the objectives of becoming bigger, stronger and better in the nuclear technology application industry and strove continually toward their goals.

2. Radioactive source products

CIRC is one of the largest manufacturers of medical and industrial radioactive sources products in China and also a 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, industrial enterprises halted production given the impact of coronavirus, causing the demand to be lower for radioactive source products among industries in China. As a result, the Group derived revenue of RMB147.6 million from radioactive source business, representing a decrease of 20.2% from the same period in 2019. In February 2020, the Group successfully accomplished the mission of exporting industrial cobalt-60. In addition, in March 2020, the Group's subsidiary company HTA completed the research and development for Krypton-85 beta source, and the related products will be launched in the market imminently.

3. Irradiation

CIRC is primarily engaged in providing irradiation service for sterilization purpose to manufacturers of medical devices, food, traditional Chinese medicine and cosmetics in China, and provide EPC services for the design, manufacturing and installation of irradiation facilities to irradiation service providers. For the first half of 2020, the irradiation segment realized a revenue of RMB37.9 million, representing a period-on-period increase of 9.3%, which was mainly due to an increase in revenue from irradiation processing services and an increase in volume of irradiation processing work on coronavirus-prevention materials.

The Group actively participated in the formulation of "Emergency Regulations for Irradiation and Sterilization of Medical Disposable Protective Clothing during the Epidemic Period (Provisional)" during which we took full advantage of our industry's competitive edge to participate in epidemic prevention and control. For this exercise, we shortened the sterilization periods of disposable medical products from 14 days originally to 1 day. As of the end of June, a total of 2.51 million sets of medical disposable protective clothing were irradiated and sterilised, along with 2.49 million units of medical masks and 140 million pairs of medical gloves. This played an important role to relieve the shortage of critical materials at the frontline of the battle against the pandemic and full endorsement was offered by the Ministry of Industry and Information Technology; State Administration of Science, Technology and Industry for National Defence; and State-owned Assets Supervision and Administration Commission of the State Council.

During the Reporting Period, the Group's subsidiary company BINE signed a cooperation agreement with a latex gloves' manufacturer in Malaysia. Under this agreement, a 4 million Ci BFT cobalt-source irradiation facility will be built by BINE for sterilisation of latex products. BINE will undertake the entire project design, supply and installation of the full set of facilities and train the operational staff. As an example of the Group's technology solution being exported overseas, the project lays a solid foundation for China's nuclear technology applications in Malaysia.

4. *Independent clinical laboratory services and other businesses*

As a downstream extension of CIRC's in vitro immunoassay diagnostic reagents and kits business, we also provide independent clinical laboratory services to hospitals and other medical institutions in China. We primarily offer independent clinical laboratory services in respect to hepatitis, endocrine, bone metabolism, cardiovascular disease, diabetes and other diseases. The Group is promoting the chain operation of independent clinical laboratories. During the Reporting Period, the Group derived revenue of RMB364.7 million from independent clinical laboratory services and other businesses representing an increase of 615.1% on a period-on-period basis. Revenue derived from the Group's independent clinical laboratory services amounted to RMB49.6 million, primarily attributable to two laboratory centers in Wuhan and Chengdu under China Nuclear Zhongtong Lanbo, a subsidiary company of the Group, entering service as well as increased nucleic acid detection services rendered during pandemic period. Other businesses realized revenue of RMB315.1 million, primarily because of the growth of epidemic prevention goods export business and the operation of medical equipment business.

During the Reporting Period, CNNC Pulin Medical Technology (Chengdu) Co., Ltd. was registered in Chengdu. The company was a joint venture of three business units, including the Group's subsidiary, CNNC High Energy Equipment (Tianjin) Co., Ltd., that distributes gamma knife equipment as a business starting point. This new establishment will continue to expand into research and development, production, sale and services related to pharmaceuticals and medical equipment.

The table below sets forth our revenue by business segment for the six months ended 30 June 2020 and 30 June 2019:

	Six months ended 30 June 2020		Six months ended 30 June 2019	
(RMB in million, except in percentage)	**Amount**	**%**	Amount	%
Pharmaceuticals	**967.2**	**63.7**	1,384.4	83.7
Radioactive source products	**147.6**	**9.7**	184.9	11.2
Irradiation	**37.9**	**2.5**	34.7	2.1
Independent clinical laboratory services and other businesses	**364.7**	**24.1**	51.0	3.0
Total	**1,517.4**		1,655.0	

Marketing

During the Reporting Period, as market developments were affected by the pandemic, the Group's headquarters, together with its subsidiary company CNNC Headway and its subsidiary joint-venture company CNNC Accuray, invited experts of their respective fields to conduct online teaching, facilitated academic promotions and created "Isotope Technology Lecture Hall", "Headway Health Lecture Hall" and "Accuray Lecture Hall". As of 30 June 2020, 15 online sessions of "Isotope Technology Lecture Hall" were conducted, along with a series of topical seminars about nuclear medicine, isotope technology/irradiation pharmaceuticals, irradiation/short-distance treatment technology and irradiation technology and applications. A cumulative total of 2,869 learners attended the online sessions. As a forerunner of nuclear technology applications, in May 2020, the Group undertook the 8th Irradiation Pharmaceuticals Preparation and Qualitative & Quantitative Control training outsourced by the Nuclear Medicine unit of the Chinese Medical Association, to facilitate the developments of nuclear medicine technology. During the Reporting Period, the Group continued to support the work of the nuclear medicine unit of Chinese Medical Association in order to promote nuclear medicine diagnostic work and build the foundation of a demonstration base project. The efforts culminated in the completion of the Affiliated Hospital of Chifeng University in Inner Mongolia on 15 June 2020.

To continually drive the Group's inner momentum for product innovation, recruitment work was undertaken to hire the Chief Expert and Technology Leader for CNNC Headway in the first half of 2020, marking Headway's move to usher in top talents, implement the Group's development strategy and talents development plan and take a critical step in boosting the company's strengths in technology research and development. CNNC Headway's subsidiary company Anhui Yanghe Company successfully secured the title of the 12th batch of "115" industry innovation team through accomplishment of a novel laser analysis spectrometer project for UBT. During the Reporting Period, CNNC Headway won the second prize of Shenzhen Science and Technology Progress in 2019 and was offered approval for a stable and isotope application engineering technology R & D centre in Shenzhen Postdoctoral Innovation Practice Base and Guangdong Province. By building a technology innovation platform, Headway facilitated industry academic research and synergistic innovations, the breakthrough of technical bottlenecks for critical technologies in industry development and continued to maintain industry-leading standards in stable isotope and UBT technology.

Scientific Research and Innovation

The Group has strong research and development strengths. Our research and development team comprising 218 research and development staff focuses on the extensive researching and optimization of production technologies, the development of new products and the safety and efficacy upgrading of existing products. Resolving the shortage of sterilised medical protecting clothing in China after the initial coronavirus outbreak, the Group actively undertook the related sterilisation research and participated in the formulation of "Emergency Regulations for Irradiation and Sterilization of Medical Disposable Protective Clothing during the Epidemic Period (Provisional)," to provide free, highly effective irradiation and sterilisation services for pandemic prevention and control. We have always actively conducted research and development work on various types of imaging diagnosis and radioactive pharmaceuticals to fill the void of various fields of medical treatment and meet the medical needs of China. As of 30 June 2020, we had eight types of imaging diagnosis and radioactive pharmaceuticals under research and development.

Among them, a type of radioactive pharmaceutical (i.e. sodium iodine-131 capsule for therapeutic purpose) was awaiting approval, two types of radioactive pharmaceuticals (i.e. iodine-131-MIBG injection and sodium fluorine-18 injection) were in clinical trial phase and a type of radioactive pharmaceutical (i.e. palladium-103 sealed source) was awaiting approval for the clinical trial phase, and four types of imaging diagnosis and radioactive pharmaceuticals were in various phases of research and development.

During the Reporting Period, the Group achieved remarkable results in the work on intellectual properties, with a total of 34 patents applied including 12 patents for inventions and obtained 18 authorised patents, including 2 patents for invention. As of 30 June 2020, we had registered more than 320 patents and had filed applications for more than 150 patents, further consolidating our business strengths in China. As of 30 June 2020, the Group established six research and development centers under the CIRC Institute System, namely in vitro diagnosis technology, radioactive medicine and stable isotope and breath test technology, radioactive source and industrial applications, irradiation industrial applications and precision medicine. We will work with foreign and domestic advantageous enterprises to carry out innovations of the operational system and mechanism, adopt various methods including independent product development, alliance, entrustment, introduction or acquisition and merger, and will gradually establish a high-level enterprise research and development center covering nuclear various technology applications fields.

International Businesses

During the Reporting Period, the Group recorded revenue of RMB233.7 million from our export of UBT analyzers, coronavirus test kits, RIA kits, gamma irradiation station, cobalt sources and other products to nearly 50 countries and regions, representing a year-on-year increase of 992.1%, compared to the same period of 2019. Among them, the exports of coronavirus-related products amounted to RMB207.9 million, representing a year-on-year increase of 20.4% after netting out. During the pandemic period, the Group responded swiftly to market needs and successfully formulated novel coronavirus test kits which were included in the Ministry of Commerce's export white list, thereby increasing our export revenue. Other initiatives taken include carrying out product promotion through methods like phone calls and networking; signing an export contract successfully with prepayment received for a gamma irradiation station, the second of its kind exported by CIRC to the international market. During the reporting period, the Group has successfully exported 0.5 million Ci CN101 final cobalt-source product; marking a first breakthrough for the export of final cobalt-source products. The Group has realized the export of radioactive source and flaw detection machine integration through the innovation of business model; successfully signed NDT gamma radiography with radioactive source export contract and explored the technology collaboration methods to boost exports from the Group. Concurrently, the Group donated face masks to its international business partners to jointly fight the epidemic; became a member of China Chamber of Commerce for Import & Export of Medicine and Healthcare Products; conducted closer communication and exchanges with externally-oriented pharmaceutical and medical enterprises; liaised with the IAEA (International Atomic Energy Agency) to whom reports of the Group's nuclear technology application projects were filed; participated in international cloud exhibitions on multiple occasions; embarked on business training and self- enhancement work such as establishing an internal management system and actively pursued resources integration domestically, with a view of preparing for localized operation.

Capital Operation

Upholding the strategic objectives of "Becoming Larger, Stronger and Better", the Group firmly follows the development concept of "Assetization and Globalisation" to transform itself into a topnotch international organization and provider of nuclear technology application products and services. To implement the Group's strategy and improve our company's financial gains, we have teamed up with CIRC Funds to invest in various fields of nuclear technology applications, including nuclear medicine, medical device, In Vitro Diagnosis, industrial irradiation application and equipment manufacturing. These various projects have been underway as planned. During the Reporting Period, the Group did not acquire any enterprises.

Production Capacity

The manufacturing and production facilities of the Group have a wide geographical coverage in China. The pharmaceuticals centers are located in 17 regions, including Beijing, Shanghai, Guangzhou and Tianjin; the therapeutic radiopharmaceuticals manufacturing bases are located in 3 regions (i.e. Beijing, Ningbo and Jiajiang); the UBT diagnostic kits and test analyzers manufacturing bases are located in 2 regions (i.e. Shenzhen and Tongcheng); the radioactive source manufacturing bases are located in 2 regions (i.e. Beijing and Jiajiang) and the in vitro immunoassay diagnostic reagents and kits manufacturing bases are located in Beijing.

The production capacity, actual production volume and utilization rates for the six months ended 30 June 2020 are set out in the table below:

Imaging diagnostic and therapeutic radiopharmaceuticals:

	Six months ended 30 June 2020		
	Annual designed capacity	**Actual production volume**	**Utilization rate**
Fluorine-18-FDG injections (Ci)	12,203	2,609	21.38%
Molybdenum-99/technetium-99m generators (Ci)	32,445	5,394	16.63%
Technetium-99m instantly labelled pharmaceutical series (vial)	889,850	187,308	21.05%
Sodium iodine-131 oral solution (Ci)	22,036	4,862	22.06%
Iodine-125 sealed sources (unit)	990,000	259,722	26.23%
Strontium-89 chloride injections (vial)	67,000	3,902	5.82%

UBT kits and analyzers:

	Six months ended 30 June 2020		
	Annual designed capacity	**Actual production volume**	**Utilization rate**
Carbon-13 &14 UBT kits (unit)	23,000,000	10,834,827	47.1%
Carbon-13 &14 UBT analyzers (unit)	6,200	1,810	29.2%

In vitro immunoassay reagents and kits:

	Six months ended 30 June 2020		
	Annual designed capacity	**Actual production volume**	**Utilization rate**
RIA kits(unit)	200,000	37,951	18.98%
EIA reagents, CLIA reagents and TRFIA (unit)	100,000	15,291	15.29%
Colloidal gold reagents (unit)	100,000	0	0

Radioactive source products:

	Six months ended 30 June 2020		
	Annual designed capacity	**Actual production volume**	**Utilization rate**
Cobalt-60 source for gamma knife (Ci)	3,600,000	150,000	4.2%
Iridium-192 brachytherapy sources (Ci)	10,000	925	9.3%
Cobalt-60 radioactive source for irradiation service(Ci)	14,400,000	1,860,000	12.9%
Iridium-192 non-destructive testing radioactive sources (Ci)	1,200,000	70,008	5.8%
Caesium-137 radioactive sources (Ci)	55,700	2,030	3.6%
Americium-241/Beryllium neutron sources (Ci)	1,000	0.50	0.05%
Selenium-75 non-destructive testing radioactive source (Ci)	50,000	25,000	50.0%

FUTURE DEVELOPMENT

Presently, with the pandemic still spreading globally, the world economy will be drastically affected as it continues developing and evolving. This has placed enormous pressure on the China's domestic economy and its recovery. To ensure the Group's accelerated developments under the new circumstances, we will strengthen our evaluation of the external situation, focusing on the implementation of our various missions in an orderly manner, including prevention of various risks, the pursuit of progress amid stability, project development, technology research and development and management innovation in the second half of the year.

In terms of planning, we will continue to conduct an in-depth analysis on the medium-and-long-term impact of the external circumstances on the nuclear technology applications industry and on our Group's developments, as well as study and evaluate the effects of coronavirus pandemic for the Group's various business fields and development trends of the upstream and downstream industry. Revolving around the Group's development strategy and improvements, the "14th Five-Year Plan" will further enhance the scientific nature, professionalism, foresight and feasibility of planning to demonstrate a clear direction for the Group's qualitative developments.

In terms of project development, in order to speed up implementation of the Group's development strategy and improve its industry layout, we will make concerted efforts to pursue the "CRIC speed" in order to accelerate the planning of our country-wide medical centre network and focus on the key projects of building a medical base in Northern China and Sichuan. In the second half year of 2020, the Guangdong medical base will complete the relocation of its manufacturing facilities and expected to unleash the potential of its new productive capacity. Similarly, the construction of Northern China and Sichuan medical bases is also in progress. The successive completion of these medical bases will raise our research and development and productive capacity for our imaging diagnostic and radioactive medicine to become more standardized and scalable in meeting our production and operational demands, so as to address the increasing needs of the growing radiopharmaceuticals market of China.

In terms of technology research and development, we have witnessed the crucial role that nuclear technology has played in the current pandemic control, judging from the full endorsements of the various social sectors. Subsequently, we will embrace the opportunities that the pandemic has brought to the nuclear technology application industry, broaden the scope of applications and apply the technology in a more indepth manner.

In terms of management innovation, we will further strengthen cost management in an active response to the pandemic, accelerate the introduction of LEAN management and continue to push ahead cost reduction and efficiency enhancement. Meanwhile, on the foundation of smooth implementation of the Group's enhancement of equity value incentive initiative during the first half of the year, we will continue to deepen our business reforms, further entrench our reforms and innovations, remove the limitations on the developments of our system and mechanism and fully invigorate our company's drive for innovations and internal dynamism.

In the future development, the Group will firmly follow a market orientation, at the core of which is the commitment to raising economic efficiency and improving quality driven by reforms and innovations. We will also strive to accelerate the developments of nuclear technology applications to reinforce our leadership position in the industry.

FINANCIAL REVIEW

Revenue

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

Our revenue decreased by 8.3% from RMB1,655.0 million for the six months ended 30 June 2019 to RMB1,517.4 million during the Reporting Period, which was mainly due to revenue decreases of our pharmaceuticals segment and radioactive source products segment given the Covid-19 pandemic impact in the first half of the year.

Cost of Sales, Gross Profit and Gross Margin

Our cost of sales increased by 44.2% from RMB464.7 million for the six months ended 30 June 2019 to RMB670.3 million during the Report Period, which was mainly due to an increase in cost of sales of our independent clinical laboratory services and other businesses segments. On the one hand, the cost of independent clinical laboratory services increased with the business volume growth. On the other hand, the cost increase was due to the operation of medical equipment business and the growth of epidemic prevention material export business.

Our gross profit decreased by 28.8% from RMB1,190.2 million for the six months ended 30 June 2019 to RMB847.2 million during the Reporting Period and our gross margin decreased by 16.1% from 71.9% to 55.8%. The decrease in gross margin was primarily due to the gross margin decline of our pharmaceuticals segment under the pandemic.

Other Income

Our other income increased by 84.4% from RMB18.6 million for the six months ended 30 June 2019 to RMB34.3 million during the Reporting Period, which was mainly due to increased government grants received during the Reporting Period.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 28.9% from RMB678.3 million for the six months ended 30 June 2019 to RMB482.0 million during the Reporting Period, which mainly reflected the impact of the pandemic, causing our business volume to decline and therefore, a reduction of our sales service fees and transportation cost.

As a percentage of revenue, selling and distribution expenses decreased from 41% for the six months ended 30 June 2019 to 31.8% during the Reporting Period, which was mainly due to revenue structure changes and a decline of the pharmaceuticals business with relatively high selling expenses during the Reporting Period.

Administrative Expenses

Our administrative expenses increased by 14.6% from RMB201.3 million for the six months ended 30 June 2019 to RMB230.7 million during the Reporting Period, which was mainly due to (i) the increased staff costs resulting from our expanded operational scale, and (ii) the increase in depreciation and amortization charges of the Company, mainly due to the expansion of pharmaceuticals segment operations and investment of more fixed assets.

As a percentage of revenue, administrative expenses increased from 12.2% for the six months ended 30 June 2019 to 15.2% during the Reporting Period, which was mainly due to the need of settling fixed expenses such as staff costs as well as depreciation and amortization despite of declining revenue.

Finance costs

Our finance costs increased by 205.0% from RMB6.0 million for the six months ended 30 June 2019 to RMB18.4 million during the Reporting Period, which was mainly due to the increased interest expense of our debt financing.

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

Our share of profits less losses of associates increased by RMB1.3 million from RMB1.6 million for the six months ended 30 June 2019 to RMB2.9 million during the Reporting Period, mainly due to the decrease in losses incurred by our associates Shenzhen CICAM. Our share of profits of joint ventures decreased by 10.4% from RMB12.5 million for the six months ended 30 June 2019 to RMB11.2 million during the Reporting Period, mainly due to a decrease in profits from our joint venture Shanghai GMS Pharmaceutical Co., Ltd.

Profit before Tax

As a result of the foregoing, our profit before tax decreased by 51.3% from RMB337.3 million for the six months ended 30 June 2019 to RMB164.4 million during the Reporting Period.

Income Tax

Our income tax decreased by 45.4% from RMB56.0 million for the six months ended 30 June 2019 to RMB30.6 million during the Reporting Period, mainly due to the decrease in our taxable income.

For the six months ended 30 June 2019 and during our Reporting Period, our effective tax rate was 16.6% and 18.6% respectively.

Profit for the Period

As a result of the foregoing, our profit for the period decreased by 52.4% from RMB281.3 million for the six months ended 30 June 2019 to RMB133.8 million during the Reporting Period.

FINANCIAL POSITION

Overview

For the six months ended 30 June 2020, the total assets, the total liabilities and the total equity of the Group were RMB8,834.1 million, RMB3,583.6 million and RMB5,250.5 million respectively.

Net Current Assets

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

	RMB in million	
	At 30 June 2020	At 31 December 2019
Inventories	**753.1**	444.4
Trade and bill receivables	**1,975.0**	2,187.7
Prepayments, deposits and other receivables	**336.3**	263.4
Cash at bank and on hand	**2,413.8**	2,744.9
Total Current Assets	**5,478.2**	5,640.4
Borrowings	**85.5**	191.2
Trade payables	**276.2**	173.6
Accruals and other payables	**2,180.0**	2,368.8
Lease liabilities	**31.4**	27.8
Provisions	**69.6**	69.6
Income tax payable	**35.4**	98.2
Total Current Liabilities	**2,678.1**	2,929.2
Net Current Assets	**2,800.1**	2,711.2

Our net current assets increased by 3.3% from RMB2,711.2 million as of 31 December 2019 to RMB2,800.1 million as of 30 June 2020, which was mainly due to an increase in current liabilities caused by the growth of trade payables.

Adjusted Net Gearing Ratio and Quick Ratio

As of 31 December 2019 and 30 June 2020, our adjusted net gearing ratio (adjusted net debt (interest-bearing debt plus unaccrued proposed dividends) divided by adjusted equity (all components of equity less unaccrued proposed dividends) was 18.5% and 14.3%, respectively.

As of 31 December 2019 and 30 June 2020, our quick ratio (total current assets excluding inventories divided by total current liabilities as of the same date) was 1.8 times and 1.8 times respectively.

Analysis of Cash Flows

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

	RMB in million	
	Six months ended 30 June	
	2020	2019
Net cash used in operating activities	**(164.0)**	(13.9)
Net cash used in investing activities	**(256.6)**	(790.0)
Net cash generated from financing activities	**13.8**	0.4
Net decrease in cash and cash equivalents	**(406.8)**	(803.5)
Cash and cash equivalents at the beginning of the period	**2,640.3**	2,557.5
Effect of changes in foreign exchange rate	**(1.3)**	1.8
Cash and cash equivalents at the end of the period	**2,232.2**	1,755.9

Trade and Other Receivables

Trade and other receivables are stated at amortised cost using the effective interest method less allowance for credit losses. As of 30 June 2020, our trade and other receivables (net of bad debt allowance of RMB144.6 million) were RMB2,311.3 million.

Trade and Other Payables

Our trade and other payables mainly consist of trade payables and accruals and other payables, which include receipts in advance, other taxes payables, deposits from distributors, payables to distributors, payables for staff-related costs, dividends payables and other accruals and payables. As of 30 June 2020, our trade and other payables were RMB2,456.2 million.

Bank Loans and Pledge of Assets

As of 30 June 2020, our bank loans were RMB169.1 million, which mainly includes: (i) a one-year loan of RMB53.5 million newly borrowed by a subsidiary of the Group at an interest rate per annum of 3.915% during this period, with an amount of RMB130 million for the previous period and a balance of RMB83.5 million for this period, which was a credit loan without pledge of assets, mainly used for the company's daily production and operation turnover; (ii) a one-year loan of RMB2.0 million borrowed by a subsidiary of the Group at an interest rate per annum of 5.0025%, which was a credit loan without pledge of assets, mainly used for the company's procurements of goods; (iii) a 15-year loan of RMB8.0 million borrowed by a subsidiary of the Group at an interest rate equivalent to the five-year LPR of the business day before the loan contract becomes effective plus 78.5 base points (subject to adjustment every 12 months), with an amount of RMB7.7 million remaining during the period, which was mainly used for the company's procurement of goods, and for which the Group's properties with a carrying amount of RMB9.4 million and prepayment for land lease of RMB1.0 million were pledged; (iv) a five-year loan of RMB30.0 million borrowed by a subsidiary of the Group at an interest rate equivalent to the five-year LPR plus 20.25 base points (subject to adjustment every 12 months), with an amount of RMB20.0 million remaining during the period, which was used for the renovation of the company's office building and for which the Group's properties of RMB193.6 million and prepayment for land lease of RMB36.9 million were pledged; (v) a nine-year long-term loan of RMB50.0 million borrowed by a subsidiary of the Group at an interest rate equivalent to the five-year LPR of the business day before the actual withdrawal date minus 50 base points (subject to adjustment every 12 months), which was a credit loan without pledge of assets, mainly used for the construction of a pharmaceuticals base project; (vi) a six-year long-term loan of RMB5.9 million borrowed by a subsidiary of the Group at an interest rate equivalent to the five-year LPR of the business day before the actual withdrawal date plus 15 base points (subject to adjustment every 12 months), which was a credit loan without pledge of assets, mainly used for the construction of a pharmaceuticals base project.

Capital Expenditures

Our capital expenditures mainly comprise additions to ownership interests in leasehold land held for own use, investment properties, plant and equipment and intangible assets. During the Reporting Period, our capital expenditures were RMB228.6 million.

Contingent Liabilities

As of 30 June 2020, we did not have any material contingent liabilities.

Foreign Exchange and Foreign Exchange Risk

During the six months ended 30 June 2020, the Group was exposed to currency risks 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 Risks

In order to minimise 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 credibility 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 risks

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

Dividend Policy

When the Board recommends the declaration of cash dividends to shareholders 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.

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

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2020.

No Material Adverse Change

The Directors have confirmed that there was no material adverse change in our financial and trading position or prospects since 30 June 2020.

Use of Proceeds from the Initial Public Offering

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

In accordance with the requirements of paragraph 11(8) of Appendix 16 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the update of use of proceeds, and the use of proceeds from the initial public offering for the first half of 2020 (including the expected time of full utilisation of this balance) is set out below:

Unit: RMB in million

Use	Initial allocation of the net proceeds	Revised allocation of the net proceeds	Amount utilised as of 31 December 2019	Amount utilised in first half of 2020	Amount utilised as of 30 June 2020	Balance as of 30 June 2020	Expected time of full utilisation of balance
Investment in imaging diagnostic and therapeutic radiopharmaceuticals manufacturing and research and development bases	597.3	460.0	29.5	7.7	37.2	422.8	2021
Establishment of production and distribution subsidiaries	67.3	–	–	–	–	–	–
Establishment of new production facilities – Headway (Tongyuan or Shenzhen)	84.5	50.0	50.0	0.0	50.0	0.0	2020
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	76.6	4.3	80.9	37.4	2020
Investments/selective (mergers) acquisitions	286.5	536.1	529.9	3.8	533.7	2.4	2020
Working capital and general corporate purposes	143.3	268.1	232.5	31.3	263.8	4.3	2020
Total	1,432.5	1,432.5	918.5	47.1	965.6	466.9	

Employees and Remuneration Policy

The Group had a total of 3,030 employees as of 30 June 2020. During the six months ended 30 June 2020, our staff costs (including directors' remuneration but excluding contributions to any pension plan) were approximately RMB249.2 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.

CASH SETTLED SHARE BASED TRANSACTION

At the Annual General Meeting held on 30 June 2020, the plan for the first tranche of the share appreciation rights and the scheme for initial grant under the plan were approved by the Group. On 30 June 2020, the Board announced the first tranche of the share rights appreciation plan and approved the initial grant under the plan. The target group of the incentive comprised of 162 individuals (including 107 senior management executives and 55 senior technical staff members of the Group). A total of 8,607,700 share appreciation rights, which made up 2.69% of the total shares issued, were granted. Pursuant to the share option scheme, each share option is related to a share, and share option will be settled in cash, and thus there will be no influence on the total number of issued shares or dilution effect on shares. Under the initial grant, the highest exercise price for each share appreciation right is as follows: (1) HK$22.20, being the closing price of the Group's H Shares on the Hong Kong Stock Exchange on the Date of Grant, (2) the average closing price of HK$21.82 of the Group's H Shares on the Hong Kong Stock Exchange for the five consecutive trading days prior to the Date of Grant, or (3) the nominal value of the shares of the Company, that is HK$1.0948.

HEDGING ACTIVITIES

During the six months ended 30 June 2020, the Group had not entered into any hedging transaction in relation to foreign exchange risks or interest risks.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted and applied the principles and code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules. During the Reporting Period, the Company has complied with the principles and code provisions set out in 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. The Group has, with reference to the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, established a modern corporate governance structure effectively balanced and independently operated by the general meetings, 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 codes ("**Customized Code**") whose standards are not lower than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transaction by all Directors, Supervisors and the relevant employees of the Company.

Having made specific enquiries to the Directors and Supervisors, all Directors and Supervisors confirmed that they had complied with the required standards as set out in the Customized Code during the Reporting Period. The Company was also not aware of any incidents of non-compliance with the Customized Code by the relevant employees.

Audit and Risk Management Committee

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

The Audit and Risk Management Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed the relevant internal control and financial reporting matters with the management, including reviewing the unaudited condensed consolidated interim financial results of the Group for the six months ended 30 June 2020.

On 28 August 2020, the Audit and Risk Management Committee reviewed and confirmed the interim results announcement of the Group for the six months ended 30 June 2020, the 2020 interim report and the unaudited condensed consolidated interim financial information for the six months ended 30 June 2020 prepared in accordance with the IAS 34 Interim Financial Reporting.

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

During the six months ended 30 June 2020 and as of the date of announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

Material Litigation

As of 30 June 2020, the Company was not involved in any material litigation or arbitration. Nor were the Directors of the Company aware of any material litigation or claims that were pending or threatened against the Company.

Publication of Results Announcement and Interim Report

This announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.circ.com.cn). The interim report for the six months ended 30 June 2020 will be despatched to the shareholders of the Company and published on the above websites in due course.

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

Beijing, the PRC, 28 August 2020

As at the date of this announcement, the Board comprises Mr. Meng Yanbin, Mr. Wu Jian and Mr. Du Jin as executive directors; Mr. Zhou Liulai, Mr. Chen Shoulei, Mr. Chen Zongyu, and Ms. Chang Jinyu as non-executive directors; Mr. Guo Qingliang, Mr. Meng Yan, Mr. Hui Wan Fai and Mr. Tian Jiahe as independent non-executive directors