
SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this Prospectus. You should read the whole prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in “Risk Factors”, beginning on page 32 of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are the leading enterprise in the field of isotopes and irradiation technology applications in China. We are primarily engaged in the research, development, manufacturing and sale of diagnostic and therapeutic radiopharmaceuticals and radioactive source products for medical and industrial applications. We also provide irradiation service for sterilization purpose and EPC service for the design, manufacturing and installation of gamma ray irradiation facilities. In addition, we provide independent clinical laboratory services to hospitals and other medical institutions. According to Frost & Sullivan, in 2017, we were the largest manufacturer of imaging diagnostic and therapeutic radiopharmaceuticals, UBT kits and analyzers and radioactive source products, respectively, in terms of revenue in China. We have experienced stable business growth in recent years. In particular, our revenue increased from RMB2,152.1 million in 2015 to RMB2,363.1 million in 2016, and further to RMB2,672.0 million in 2017. In 2015, 2016 and 2017, our net profit was RMB410.4 million, RMB434.5 million and RMB475.6 million, respectively. We have the following four business segments:

Pharmaceuticals. In the pharmaceuticals segment, we are primarily engaged in the research, development, manufacturing and sale of a broad range of (i) imaging diagnostic and therapeutic radiopharmaceuticals, (ii) UBT kits and analyzers, and (iii) in vitro immunoassay diagnostic reagents and kits in China. We mainly sell these pharmaceuticals directly to hospitals and other medical institutions in China for the purposes of diagnosis, treatment and efficacy assessment of various diseases. Revenue generated from the pharmaceuticals segment was RMB1,773.6 million, RMB1,971.1 million and RMB2,253.8 million in 2015, 2016 and 2017, representing 82.4%, 83.4% and 84.3%, respectively, of our total revenue in the same periods. Gross profit of the pharmaceuticals segment was RMB1,316.9 million, RMB1,491.2 million and RMB1,708.2 million in 2015, 2016 and 2017, respectively. Gross margin of the pharmaceuticals segment was 74.3%, 75.7% and 75.8% in 2015, 2016 and 2017, respectively.

Radioactive source products. For the radioactive source products segment, we are primarily engaged in the research, development, manufacturing and sale of a variety of radioactive source products for use in medical and industrial fields as well as provision of the relevant technical services. We primarily supply radioactive source products and technical services to radiotherapy equipment manufacturers, irradiation service providers, non-destructive testing equipment manufacturers and service providers and oil field operators in China for use in radiotherapy, irradiation service, non-destructive testing and oil field tracer technical services, respectively. Revenue generated from the radioactive source products segment was RMB275.2 million, RMB287.7 million and RMB292.2 million in 2015, 2016 and 2017, representing 12.8%, 12.2% and 10.9%, respectively, of our total revenue in the same periods. Gross profit of the radioactive source products segment was RMB129.4 million, RMB137.8 million and RMB135.4 million in 2015, 2016 and 2017, respectively.

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Gross margin of the radioactive source products segment was 47.0%, 47.9% and 46.3% in 2015, 2016 and 2017, respectively.

Irradiation. With respect to our irradiation segment, we are primarily engaged in (i) providing an irradiation service to manufacturers of medical devices, food, traditional Chinese medicine and cosmetics in China for sterilization purpose, and (ii) providing EPC service for the design, manufacturing and installation of irradiation facilities to irradiation service providers by leveraging our leading irradiator design capability in China. Revenue generated from the irradiation segment was RMB47.9 million, RMB51.1 million and RMB65.9 million in 2015, 2016 and 2017, representing 2.2%, 2.2% and 2.5%, respectively, of our total revenue in the same periods. Gross profit of the irradiation segment was RMB18.0 million, RMB19.1 million and RMB21.1 million in 2015, 2016 and 2017, respectively. Gross margin of the irradiation segment was 37.6%, 37.4% and 31.9% in 2015, 2016 and 2017 respectively.

Independent clinical laboratory services and other businesses. As a downstream extension of our in vitro immunoassay diagnostic reagents and kits business, we provide independent clinical laboratory services to hospitals and other medical institutions in China. We primarily offer independent clinical laboratory services with respect to hepatitis, endocrine, bone metabolism, cardiovascular disease, diabetes and other diseases. Revenue generated from the independent clinical laboratory services and other businesses segment was RMB55.4 million, RMB53.2 million and RMB60.1 million in 2015, 2016 and 2017, representing 2.6%, 2.3% and 2.3%, respectively, of our total revenue in the same periods. Gross profit of the independent clinical laboratory services and other businesses segment was RMB22.8 million, RMB16.1 million and RMB20.2 million in 2015, 2016 and 2017, respectively. Gross margin of the independent clinical laboratory services and other businesses segment was 41.2%, 30.3% and 33.5% in 2015, 2016 and 2017, respectively.

Sales and Distribution

We have established a nationwide sales network of our products and services in China. As of December 31, 2017, our sales network, comprising our own sales force, promoters and distributors, covered 31 provinces, municipalities and autonomous regions in China. In addition, we have an extensive end-user base. As of December 31, 2017, our sales network covered more than 10,000 hospitals and other medical institutions, including over 1,400 Class III hospitals, 4,500 Class II hospitals and 4,300 Class I hospitals in China.

We adopt three major sales models with respect to our pharmaceuticals segment, namely: (i) direct sales through our own sales force; (ii) direct sales through marketing and promotion service by promoters; and (iii) distributorship. Our pharmaceuticals revenue generated from direct sales through own sales force was RMB746.1 million, RMB761.2 million and RMB828.2 million for the years ended December 31, 2015, 2016 and 2017, respectively, accounting for 42.1%, 38.6% and 36.7% of our segment revenue during the same periods. Our pharmaceuticals revenue generated through direct sales with marketing and promotion service by promoters was RMB960.6 million, RMB1,121.9 million and RMB1,322.7 million for the years ended December 31, 2015, 2016 and 2017, respectively, accounting for 54.2%, 56.9% and 58.7% of our segment revenue during the same periods. The relationship between our promoters and us is not that of seller and buyer. We sell certain pharmaceutical products to hospitals and other medical institutions who are our direct customers. Our promoters provide marketing and promotion service to hospitals and other medical institutions with respect to these pharmaceutical products. Our pharmaceuticals revenue generated through distributors was RMB60.8 million, RMB80.7 million and RMB88.1 million for the years ended December 31,

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2015, 2016 and 2017, respectively, accounting for 3.4%, 4.1% and 3.9% of our segment revenue for the same periods. The relationship between our distributors and us is seller and buyer. We generally sell our products and services to our customers directly in the remaining three business segments.

In 2015, 2016 and 2017, our selling and distribution expenses were RMB810.8 million, RMB933.9 million and RMB1,094.7 million, respectively. During the Track Record Period, the two largest components of our selling and distribution expenses were (i) service fees paid to promoters and distributors for their marketing and promotion services and (ii) staff costs of our sales and marketing personnel. Our sales service fees amounted to RMB675.0 million, RMB789.6 million and RMB955.0 million in 2015, 2016 and 2017, respectively. Our staff costs were RMB46.0 million, RMB50.4 million and RMB52.2 million in 2015, 2016 and 2017, respectively.

Research and Development and Product Pipeline

Our research and development activities focus on developing new products, enhancing the safety and efficacy of our existing products and refining production techniques. We carefully select our research and development programs based on market analysis and our industry expertise, with a focus on providing pharmaceuticals to address the unmet medical needs across various therapeutic areas in the PRC. We conduct research and development activities primarily through our in-house research and development team.

We are in the process of research and development of various imaging diagnostic and radiopharmaceuticals. As of the Latest Practicable Date, we had nine imaging diagnostic and therapeutic radiopharmaceuticals under research and development, of which one radiopharmaceutical is ready for production pending approval (i.e. sodium iodine-131 capsule for therapeutic purpose), one radiopharmaceutical at stage of clinical trials (i.e. iodine-131-MIBG injection), three imaging diagnostic and therapeutic radiopharmaceuticals (i.e. sodium fluoride-18 injection, palladium-103 sealed source, and technetium-99 methylene diphosphonate injection) pending application for clinical trials and four imaging diagnostic and therapeutic radiopharmaceuticals under various stages of research and development.

In addition, we also plan to engage in the research and development of other imaging diagnostic and therapeutic radiopharmaceuticals to be funded by the net proceeds of the Global Offering. See “Business — Research and Development — Product Candidates under Development” for further details of our products pipeline.

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Manufacturing and Production Facilities

As of December 31, 2017, we had eight, two and one production facilities for (i) imaging diagnostic and therapeutic radiopharmaceuticals, (ii) UBT kits and analyzers and (iii) in vitro immunoassay diagnostic reagents and kits, respectively. Our production facilities for imaging diagnostic and therapeutic radiopharmaceuticals are located in Beijing, Chengdu, Shanghai, Hangzhou, Tianjin, Chongqing, Zhengzhou and Guangzhou. Our production facilities for UBT kits and analyzers are located in Shenzhen and Tongcheng. Our production facility for in vitro immunoassay diagnostic reagents and kits is located in Beijing. As of December 31, 2017, we had three production facilities for radioactive source products in Beijing, Chengdu and Qinshan. The following table shows production capacity, actual production volume and the utilization rate of our major products during the Track Record Period:

Imaging diagnostic and therapeutic radiopharmaceuticals

	2015			2016			2017		
	Annual Design Capacity	Actual Production Volume	Utilization Rate	Annual Design Capacity	Actual Production Volume	Utilization Rate	Annual Design Capacity	Actual Production Volume	Utilization Rate
Fluorine-18-FDG injection (Ci) . . .	11,600	4,892	42.2%	11,600	4,999	43.1%	11,600	4,343	37.4%
Molybdenum-99/technetium-99m generator (Ci)	28,000	9,078	32.4%	28,000	10,737	38.3%	28,000	16,146	57.6%
Technetium-99m labeled injections (vial)	567,000	273,187	48.2%	567,000	294,642	52.0%	567,000	344,471	60.8%
Sodium iodine-131 oral solution (Ci)	17,000	13,971	82.2%	17,000	15,300	90.0%	17,000	13,395	78.8%
Iodine-125 sealed source (unit) . . .	200,000	230,000	115.0%	200,000	260,000	130.0%	350,000	304,871	87.1%
Strontium-89 chloride injection (vial)	35,000	13,285	38.0%	35,000	14,034	40.1%	35,000	14,615	41.8%

UBT kits and analyzers

	Annual Design Capacity	2015		2016		2017	
		Actual Production Volume (unit)	Utilization Rate	Actual Production Volume (unit)	Utilization Rate	Actual Production Volume (unit)	Utilization Rate
Carbon-14 UBT kits	18,000,000	15,036,280	83.5%	19,368,240	107.6%	27,388,800	152.2%
Carbon-13 urea UBT kits	5,000,000	3,414,176	68.3%	3,875,809	77.5%	3,850,497	77.0%
Carbon-14 UBT analyzers	5,200	2,811	54.1%	5,125	98.6%	4,698	90.4%
Carbon-13 UBT analyzers	1,000	1,089	108.9%	488	48.8%	498	49.8%

In vitro immunoassay reagents and kits

	Annual Design Capacity	2015		2016		2017	
		Actual Production Volume (unit)	Utilization Rate	Actual Production Volume (unit)	Utilization Rate	Actual Production Volume (unit)	Utilization Rate
RIA kits	200,000	141,207	70.6%	131,783	65.9%	114,387	57.4%
EIA reagents, CLIA reagents and TRFIA reagents	100,000	53,955	54.0%	48,465	48.5%	49,137	49.1%
Colloidal gold reagents	100,000	1,513	1.5%	1,276	1.3%	649	0.7%

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Radioactive source products

	Annual Design Capacity	2015		2016		2017	
		Actual Production Volume	Utilization Rate	Actual Production Volume	Utilization Rate	Actual Production Volume	Utilization Rate
		<i>(in Ci, except in percentage)</i>					
Cobalt-60 source for gamma knife	2.3 million	54,392	2.4%	194,386	8.5%	42,380.0	1.8%
Iridium-192 brachytherapy source	10,000	5,736	57.4%	5,296	53.0%	5,198.0	52.0%
Cobalt-60 source for irradiation service . . .	14.0 million	4.7 million	33.6%	4.3 million	30.7%	7.3 million	52.1%
Californium-252 startup neutron source . . .	—	—	—	—	—	—	—
Iridium-192 non-destructive testing radioactive source	1.0 million	227,355	22.7%	147,605	14.8%	74,130	7.4%
Caesium-137 radioactive source	700	51	7.2%	113.3	16.2%	49.3	7.0%
Americium-241/Beryllium neutron source	1000	38	3.8%	44.3	4.4%	71.0	7.1%

Note:

Please refer to “Business – Pharmaceuticals – Manufacturing of Pharmaceuticals” and “Business – Radioactive Source Products – Manufacturing of Radioactive Source Products” for the calculation basis of annual design capacity and utilization rate of our major products.

Expansion Plan

We are implementing our plans to establish new manufacturing facilities to increase our production capacities with respect to imaging diagnostic and therapeutic radiopharmaceuticals and UBT products. We plan to build two new and modern manufacturing and research and development bases for imaging diagnostic and therapeutic radiopharmaceuticals in Xianghe, Hebei province and Chengdu, Sichuan province to expand our manufacturing capabilities of imaging diagnostic and therapeutic radiopharmaceuticals and to meet the operation requirements for standardized and large-scale production. Moreover, in order to timely meet the increasing demand of short half-life radiopharmaceuticals in the population centers in China, we intend to establish a total of 26 manufacturing and distribution subsidiaries to produce and sell technetium-99m labeled injections and fluorine-18-FDG injection by 2023. We are also in the process of establishing our two new UBT products manufacturing bases to meet the increasing market demand for our UBT kits and analyzers. For more details, see “Business — Expansion Plan” in this prospectus.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success and distinguish us from our competitors:

- We are the isotopes and irradiation technology application industry platform of CNNC, the leading nuclear technology conglomerate with whole industry chain in China;
- Leading enterprise in the field of isotopes and irradiation technology applications in China, well positioned to capture the attractive growth potential in the PRC isotopes and irradiation technology industries;
- Comprehensive product portfolio with industry-leading technologies;
- Nationwide sales network and diversified marketing initiatives;
- Robust pipeline of products candidates supported by strong research and development capabilities; and
- Experienced and visionary senior management team leading us to stable growth

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OUR STRATEGIES

We intend to implement the following key strategies:

- Expand product portfolio through investments in the research and development projects;
- Increase market penetration by expanding our manufacturing capacity and strengthening our sales and marketing effort;
- Complement organic growth through strategic acquisitions; and
- Expand and leverage our independent clinical laboratory service capacities to enrich our service offerings

COMPETITION

We face competition mainly from manufacturers of image diagnostic and therapeutic radiopharmaceuticals, UBT kits and analyzers and in vitro immunoassay diagnostic reagents and kits in China. We compete primarily on the basis of research and development capabilities, technological expertise, brand recognition and academic marketing activities. As a result of our long history as the leading provider of a wide range of radiopharmaceuticals, radioactive source products and irradiation service, we believe we are well positioned to compete in the field of isotopes and irradiation technology applications in China.

We are the leading manufacturer and service provider in the field of isotopes and irradiation technology applications in China. According to Frost & Sullivan, we were the largest manufacturer of image diagnostic and therapeutic radiopharmaceuticals, UBT kits and analyzers, RIA kits and radioactive source products in terms of revenue in 2017 in China. We were also the largest EPC service provider for the design, manufacturing and installation of irradiation facilities in terms of revenue combined during the Track Record Period in China, according to Frost & Sullivan. See “Industry Overview” starting at page 76 of this prospectus for details of the competitive landscape of our business operations.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

Our primary customers are: (i) hospitals and other medical institutions in China with respect to our pharmaceuticals business; (ii) irradiation service providers, gamma ray radiotherapy equipment manufacturers and non-destructive testing equipment manufacturers in China with respect to our radioactive source products business; (iii) manufacturers of medical devices, cosmetics and traditional Chinese medicine, and irradiation service providers in China with respect to our irradiation business; and (iv) hospitals and other medical institutions with respect to our independent clinical laboratory services. For the years ended December 31, 2015, 2016 and 2017, sales to our five largest customers in aggregate accounted for 5.3%, 5.3% and 6.7%, respectively, of our total revenue.

Major Suppliers

Our primary suppliers are: (i) overseas manufacturers of radioisotopes in South Africa, Netherlands, Russia and Canada, overseas manufacturers of carbon-13 and carbon-14 in the US and domestic antigens and antibodies suppliers in China with respect to our pharmaceuticals business; (ii) overseas manufacturers of various radioisotopes in Russia and Canada and the domestic partners for the production of cobalt-60 sealed source for irradiation service with respect to our radioactive source products; (iii) manufacturers of machinery and equipment for irradiators in China for our irradiation business; and (iv) in vitro diagnostic reagents producers in China with respect to our

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independent clinical laboratory services. For the years ended December 31, 2015, 2016 and 2017, our five largest suppliers in aggregate accounted for 45.4%, 36.1% and 37.2%, respectively, of our total purchase.

CONTROLLING SHAREHOLDER

As at the Latest Practicable Date, CNNC directly holds 44.47% of our share capital, and indirectly holds 53.97% of our share capital through its controlled entities, i.e., CIAE, NPIC, CNNC Fund, 404 Company and Baoyuan Investment. CIAE and NPIC are public institutes directly controlled and managed by CNNC. CNNC Fund is a company controlled by CNNC. 404 Company is an indirectly wholly-owned subsidiary of CNNC, and Baoyuan Investment is a directly wholly-owned subsidiary of CNNC. Following completion of the Global Offering, CNNC will directly and through the above controlled entities indirectly hold approximately 73.83% of our total enlarged issued share capital in aggregate (assuming no exercise of the Over-allotment Option) and will continue to be our controlling shareholder. For details, see “Relationship with the Controlling Shareholder” starting at page 285 of this prospectus. In order to avoid potential competition, each of CNNC, CIRP, CIAE, NPIC, 404 Company and CNEIC has entered into a non-competition undertaking with our Company. For details of the non-competition undertakings, see “Relationship with the Controlling Shareholder” starting at page 285 of this prospectus.

We have carried out certain transactions with CNNC and/or its associates. For details, see “Connected Transactions” starting at page 236 of this prospectus. We believe we can conduct our business independently from CNNC and its close associates after the completion of Global Offering, see “Relationship with the Controlling Shareholder” starting at page 285 of this prospectus.

PRE-IPO INVESTMENT

We introduced CAIIF, CAIC and CNNC Fund as our Pre-IPO Investors, and entered into a capital contribution agreement with CNNC, CIAE, NPIC, CNNC Fund, 404 Company, Baoyuan Investment, CAIIF and CAIC on December 21, 2016 pursuant to which, CNNC, CIAE, NPIC, CNNC Fund, 404 Company, Baoyuan Investment, CAIIF and CAIC in aggregate subscribed for RMB850 million of the share capital of the Company. As of the Latest Practicable Date, CNNC Fund, CAIC and CAIIF held approximately 7.83%, 0.98% and 0.59% of the total issued share capital of our Company. Upon completion of the capital contribution agreement, the registered share capital of our Company increased from RMB200,000,000 to RMB239,906,100. For details, see “History, Development and Corporate Structure — History and Development — Pre-IPO Investment” starting at page 120 of this prospectus.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables present our summary consolidated financial information as of and for the years ended December 31, 2015, 2016 and 2017. This summary has been derived from our consolidated financial information set forth in the Accountants’ Report in Appendix I to this prospectus. You should read this summary in conjunction with our consolidated financial information included in the Accountants’ Report in Appendix I to this prospectus, including the accompanying notes, and the information set forth in “Financial Information” starting at page 303 of this prospectus.

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Summary Consolidated Statements of Profit or Loss

	Year ended December 31,		
	2015	2016	2017
	(RMB in millions)		
Revenue	2,152.1	2,363.1	2,672.0
Cost of sales	(664.9)	(698.8)	(787.3)
Gross profit	1,487.2	1,664.3	1,884.8
Selling and distribution expenses	(810.8)	(933.9)	(1,094.7)
Administrative expenses	(234.3)	(258.3)	(296.0)
Profit before taxation	485.8	512.7	558.0
Income tax	(75.4)	(78.2)	(82.3)
Profit for the year	410.4	434.5	475.6

The following table sets forth our revenue by business segment for the periods indicated:

	Year ended December 31,								
	2015			2016			2017		
	Revenue	Inter-segment Revenue	Segment Revenue	Revenue	Inter-segment Revenue	Segment Revenue	Revenue	Inter-segment Revenue	Segment Revenue
	(RMB in millions)								
Pharmaceuticals	1,773.6	5.7	1,779.3	1,971.1	3.1	1,974.2	2,253.8	2.6	2,256.3
Radioactive source products	275.2	33.3	308.5	287.7	22.0	309.7	292.2	21.2	313.4
Irradiation	47.9	—	47.9	51.1	—	51.1	65.9	0.7	66.7
Independent clinical laboratory services and other businesses	55.4	12.1	67.5	53.2	11.8	65.0	60.1	45.4	105.6
Elimination	—	(51.1)	(51.1)	—	(36.9)	(36.9)	—	(69.9)	(69.9)
Total	2,152.1	—	2,152.1	2,363.1	—	2,363.1	2,672.0	—	2,672.0

Our total revenue increased from RMB2,152.1 million in 2015 to RMB2,363.1 million in 2016, and further to RMB2,672.0 million in 2017. During the Track Record Period, the general increase in our total revenue was primarily due to the continued increase in our revenue generated from the sales of pharmaceuticals. Please see “Financial Information — Results of Operations” for the detailed discussion of the period to period results of operations.

Summary Consolidated Statements of Financial Position

	As of December 31,		
	2015	2016	2017
	(RMB in millions)		
Non-current assets	861.7	1,008.2	1,236.9
Current assets	2,108.3	2,574.8	3,459.9
Total assets	2,970.0	3,583.0	4,696.8
Non-current liabilities	212.2	157.0	334.2
Current liabilities	1,404.3	1,952.5	1,916.2
Total Liabilities	1,616.5	2,109.5	2,250.4
Total equity	1,353.7	1,473.5	2,446.3

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Summary Consolidated Cash Flow Statements

	Year ended December 31,		
	2015	2016	2017
	(RMB in millions)		
Net cash from operating activities	389.5	457.6	429.8
Net cash used in investing activities	(76.0)	(150.4)	(437.5)
Net cash from/(used in) financing activities	(471.0)	(40.8)	228.4
Net increase/(decrease) in cash and cash equivalents	(157.5)	266.4	220.7
Cash and cash equivalents at the beginning of the year/period	809.5	652.1	918.6
Effect of foreign exchange rate changes	0.1	0.1	(0.1)
Cash and cash equivalents at the end of the year/period	652.1	918.6	1,139.2

Selected Financial Ratios

	As of or for the year ended December 31,		
	2015	2016	2017
Current ratio (times)	1.5	1.3	1.8
Quick ratio (times)	1.4	1.2	1.7
Gearing ratio	4.4%	32.6%	6.1%
Return on assets	14.1%	13.3%	11.5%
Return on equity	32.5%	30.7%	24.3%
Gross margin	69.1%	70.4%	70.5%
Net profit margin	19.1%	18.4%	17.8%

Note: Gearing ratio equals total interest-bearing debts divided by total equity as of the same date. Please refer to “Financial Information — Financial Ratios” for the calculation method of other financial ratios.

RISK FACTORS

There are a number of risks involved in our operations and in connection with the Global Offering, many of which are beyond our control. We believe our major risks include:

- Constant technological changes and continuous changing market preferences could materially and adversely affect our business, which require significant research and development efforts, and our investment in new products and services may not result in any commercially viable products and services;
- We may fail to achieve widespread market acceptance due to competition in the PRC isotopes and irradiation technology markets;
- If our promoters fail to effectively market and promote our pharmaceuticals, we may not be able to effectively penetrate the market in China, and our future business growth may be materially and adversely affected; and
- We depend on a stable and adequate supply of quality raw materials and products from our suppliers.

NON-COMPLIANCE INCIDENTS

During the Track Record Period, we had certain non-compliance incidents such as the transfer of radioactive source to customers without the relevant prior regulatory approval and the failure to obtain the medical device registration certificates for two types of colloidal gold reagents. See “Business — Regulatory Compliance — Historical Non-compliance Incidents” for further details starting at page 221 of this prospectus.

BUSINESS OPERATIONS INVOLVING RESTRICTED COUNTRIES

In 2015, 2016 and 2017, the revenue from our business involving Restricted Countries was approximately RMB0.50 million, RMB0.98 million and RMB0.59 million, respectively, which

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accounted for approximately 0.02%, 0.04% and 0.02% of the total revenue of our Group. Our Directors do not expect a significant increase in the revenue from Restricted Countries after the Listing. Details of our business involving Restricted Countries is summarized in “Business — Business Operations Involving Restricted Countries.” Please also see “Risk Factors — Risk Relating to Our Business and Industry — We could be adversely affected as a result of our historical and future operations in certain countries and with certain persons that are subject to Sanctions”.

Based on the advice of our legal advisors which is based on information and assurances provided by our Group, we believe that the Relevant Persons are unlikely to face the risk of enforcement action for an alleged violation of, or designation under, applicable Sanctions as a result of their participation in the Listing and the Global Offering, taking into account (i) the Relevant Persons were not involved in our Group’s historic business with the Restricted Countries, (ii) our undertakings to the Hong Kong Stock Exchange relating to Sanctions compliance as stated in “Business — Business Operations Involving Restricted Countries — Our Undertakings and Internal Control Procedures” in this prospectus, and (iii) our Group’s commitment to implement a Sanctions compliance program in order to ensure that our Group does not engage in any transactions that would be prohibited under applicable Sanctions or breach our undertakings to the Hong Kong Stock Exchange.

We will continuously monitor and evaluate our business and take measures to comply with the undertakings made to the Hong Kong Stock Exchange and to protect the interests of our Group and our shareholders. For our undertakings to the Hong Kong Stock Exchange and the internal controls regarding Sanctions compliance that we are committed to implement, see “Business — Business Operations Involving Restricted Countries — Our Undertakings and Internal Control Procedures” starting at page 191 of this prospectus.

DIVIDEND

For the years ended December 31, 2015, 2016 and 2017, we declared cash dividends of RMB172.1 million, RMB186.3 million and RMB175.2 million, to our shareholders, respectively, and as of December 31, 2015, 2016 and 2017, we paid cash dividends of nil, RMB319.0 million and RMB177.5 million to our shareholders, respectively. On March 30, 2018, we declared cash dividends of RMB66.5 million to our shareholders.

We currently do not have a fixed dividend payout ratio, and we cannot assure you that dividends will be declared or paid in the future. See “Financial Information — Dividend Policy” starting at page 348 of this prospectus.

OFFERING STATISTICS

The numbers in the following table are based on the assumptions that (i) the Global Offering has been completed and 79,968,700 H Shares are issued and sold in the Global Offering, (ii) the Over-allotment Option is not exercised, and (iii) 319,874,800 Shares are issued and outstanding following the completion of the Global Offering.

	Based on an Offer Price of HK\$17.80 per H Share	Based on an Offer Price of HK\$24.20 per H Share
Market capitalization of Shares after completion of the Global Offering	HK\$5,693.8 million	HK\$7,741.0 million
Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽¹⁾	HK\$11.02	HK\$12.57

(1) The unaudited pro forma adjusted consolidated net tangible assets per Share was calculated after adjustments as specified in Appendix II to this Prospectus.

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USE OF PROCEEDS

Assuming an Offer Price of HK\$21.0 per H Share, being the mid-point of the indicative Offer Price range stated in this prospectus, and assuming the Over-allotment Option is not exercised, we currently intend to use such net proceeds from the Global Offering as follows:

- approximately 41.7% of the net proceeds, or approximately HK\$656.2 million, is expected to be used for investment in two imaging diagnostic and therapeutic radiopharmaceuticals manufacturing and research and development bases in Xianghe, Hebei province and Chengdu, Sichuan province to enhance our manufacturing and research and development capabilities. See “Business — Expansion Plan” for further details;
- approximately 4.7% of the net proceeds, or approximately HK\$74.0 million, is expected to be used for establishment of four manufacturing and distribution subsidiaries to primarily produce and distribute technetium-99m-labeled injections and fluorine-18-FDG injection in China. See “Business — Expansion Plan” for further details;
- approximately 5.9% of the net proceeds, or approximately HK\$92.8 million, is expected to be used for the establishment of new production facilities in Shenzhen, Guangdong province and Tongcheng, Anhui province to expand our manufacturing capacity of UBT kits and analyzers. See “Business — Expansion Plan” for further details;
- approximately 17.7% of the net proceeds, or approximately HK\$278.5 million, is expected to be used for investment in the research and development of various imaging diagnostic and therapeutic radiopharmaceuticals, raw materials of radioactive source product, medical radioisotopes, and UBT products and related raw materials. See “Business — Research and Development” for further details;
- approximately 20.0% of the net proceeds, or approximately HK\$314.7 million, is expected to be used for selective acquisitions. Please see “Business — Our Strategies” for the selection criteria of acquisition targets.
- approximately 10.0% of the net proceeds, or approximately HK\$157.4 million, is expected to be used for working capital and general corporate purposes.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately RMB87.6 million (assuming an Offer Price of HK\$21.0 per Offer Share, being the mid-point of the stated Offer Price range, and assuming the Over-allotment Option is not exercised). During the Track Record Period, RMB1.9 million have been recognized in our consolidated statements of profit or loss. Of the remaining RMB85.7 million, approximately RMB8.6 million will be recognized in our consolidated statements of profit or loss in 2018 and approximately RMB77.1 million will be capitalized. Our Directors do not expect such expenses to materially impact our results of operations in 2018.

RECENT DEVELOPMENTS

Since December 31, 2017, the PRC isotope and irradiation industry and our business have continued to grow. Since December 31, 2017 and up to the Latest Practicable Date, we did not obtain any bank loan.

On December 14, 2017, the Company, CNNC Taizhou, Mr. Cao Maofen and Saiwang (Taizhou) Irradiation Technology Application Co., Ltd. (賽王泰州輻射技術應用有限公司) (“Saiwang”)

SUMMARY

entered into an Asset Acquisition Agreement, pursuant to which CNNC Taizhou agreed to purchase all the operating assets of Saiwang at the consideration of RMB35 million. On April 27, 2018, the Company entered into a Share Purchase Agreement with Beijing Liuhe Zhongxin Culture Development Co. Limited (北京六合眾信文化發展有限公司) (“**Liuhe Zhongxin**”), pursuant to which the Company agreed to purchase 100% of the equity interest in Beijing Sanjin Electronic Corporation Limited (北京三金電子集團有限公司) (“**Sanjin**”) held by Liuhe Zhongxin at the consideration of RMB211.5 million. As of the Latest Practicable Date, the post-track-record-period acquisitions above are ongoing and subject to completion. The Company is also considering to acquire certain business of Xinghua Meiquan Technology Co., Ltd (興化市美全科技有限公司) (“**Meiquan**”), but had not entered into any form of agreement (binding or otherwise) relating to the possible business acquisition of Meiquan. See “Waivers from Strict Compliance with the Listing Rules — Waiver from Strict Compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules” and “History, Development and Corporate Structure — Post Track Record Period Acquisitions” of this prospectus.

As of the Latest Practicable Date, CNNC is planning to merge with China Nuclear Engineering & Construction Group Corporation Limited (中國核工業建設集團有限公司) (the “**CNEC**”) by absorption, upon the completion of which, CNEC will become a wholly-owned subsidiary of CNNC and a connected person of the Company. We expect that such merge by absorption is unlikely to complete before, or immediately after, the completion of the Global Offering.

CNEC is mainly engaged in engineering and construction of nuclear power plants, industrial and civil engineering, and clean-energy businesses. To the best knowledge and information of the Directors, as of the Latest Practicable Date CNEC is an Independent Third Party and not involved in any business which competes or is likely to compete, either directly or indirectly, with our Group’s principal business. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of the Directors, the Group sold non-destructive testing radioactive sources to CNEC and procured construction and engineering services from CNEC. The amounts of the transactions involved in the sales of non-destructive testing radioactive source were RMB725,791.30, RMB336,749.65 and RMB1,469,692.46 for the three years of 2015, 2016 and 2017, respectively. The amounts of the transactions involved in the purchase of engineering services from CNEC were RMB22,800, RMB2,289,929.19 and RMB120,900.86 for the three years of 2015, 2016 and 2017, respectively. The Company will fully comply with the relevant requirements of the Listing Rules (including but not limited to Chapter 14A of the Listing Rules) when CNEC becomes a connected person of the Company.

Our Directors have confirmed, after performing all of the due diligence that the Directors consider appropriate, that there has been no event which could materially affect the information shown in our consolidated financial information included in the Accountants’ Report set forth in Appendix I to this prospectus since December 31, 2017 (being the latest date of our audited consolidated financial statements) and up to the date of this prospectus, and as of the date of this prospectus there has been no material adverse change in our financial or trading position or prospects.