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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)

CONNECTED TRANSACTION IN RELATION TO THE CAPITAL INCREASE IN NANCHANG HIGH-TECH BY HTA

On 30 June 2020, the Board has approved the entering into of the Capital Increase Agreement between HTA (a non-wholly-owned subsidiary of the Company) and Jiangxi Nuclear Industry, pursuant to which the parties intend an increase of RMB22.1 million in cash in the capital of Nanchang High-Tech (an indirect non-wholly-owned subsidiary of the Company), which shall be subscribed by the parties according to their current proportions of shareholdings.

In respect of the Directors attending the board meeting, connected Directors Mr. Meng Yanbin, Mr. Zhou Liulai, Mr. Chen Zongyu and Mr. Chen Shoulei were considered to have material interests by virtue of being employed by CNNC and its associates and had thus abstained from voting on the board resolution(s) in respect of the transaction.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Capital Increase Agreement are determined through arm's length negotiation on normal commercial terms, and the proposed transactions thereunder are fair and reasonable, entered into in the ordinary and usual business of the Group, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company holds approximately 68.28% equity interest in HTA, HTA holds 70% equity interest in Nanchang High-Tech and Jiangxi Mining and Metallurgy Bureau, through its wholly-owned subsidiary Jiangxi Nuclear Industry, holds 30% equity interest in Nanchang High-Tech, respectively. Jiangxi Mining and Metallurgy Bureau is a public institution directly controlled and managed by CNNC through its wholly-owned subsidiary CNUC. Therefore, Nanchang High-Tech is a connected subsidiary of the Company under Rule 14A.16(1) of the Listing Rules and is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the transactions under the Capital Increase Agreement constitute connected transactions of the Company.

As the highest applicable size test percentage ratio calculated according to the Listing Rules exceeds 0.1% but is lower than 5%, the transactions under the Capital Increase Agreement are subject to the reporting and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. INTRODUCTION

On 30 June 2020, the Board has approved the entering into of the Capital Increase Agreement between HTA (a non-wholly-owned subsidiary of the Company) and Jiangxi Nuclear Industry, pursuant to which the parties intend an increase of RMB22.1 million in cash in the capital of Nanchang High-Tech (an indirect non-wholly-owned subsidiary of the Company), which shall be subscribed by the parties according to their current proportions of shareholdings. Upon the completion of the capital increase, the registered capital of Nanchang High-Tech will increase from RMB22.5 million to RMB44.6 million, with the proportion of shareholding of each shareholder remaining unchanged.

2. CAPITAL INCREASE AGREEMENT

Parties:

Party A: HTA

Party B: Jiangxi Nuclear Industry

HTA is a non-wholly-owned subsidiary of the Company. Jiangxi Mining and Metallurgy Bureau is a public institution directly controlled and managed by CNNC through its wholly-owned subsidiary CNUC and Jiangxi Nuclear Industry is wholly held by Jiangxi Mining and Metallurgy Bureau. Therefore, Jiangxi Nuclear Industry is a connected person of the Company.

Capital contribution

Pursuant to the Capital Increase Agreement, both parties have agreed to increase the capital according to their current proportions of shareholdings. The proportion of shareholding will remain unchanged after the completion of the capital increase.

The total consideration payable by HTA to Nanchang High-Tech under the Capital Increase Agreement is RMB15,470,000, which will be funded by the internal resources of HTA. The total consideration payable by Jiangxi Nuclear Industry to Nanchang High-Tech under the Capital Increase Agreement is RMB6,630,000, which will be funded by the internal resources of Jiangxi Nuclear Industry.

Details of the total amount of capital increase and the amount of capital contribution by all parties under the Capital Increase Agreement are as follows:

Name of shareholder	Shareholding percentage	First capital contribution (RMB' 0,000)	Capital contribution under the Capital Increase Agreement (RMB' 0,000)	Total capital contribution after the capital increase (RMB' 0,000)
HTA	70%	1,575	1,547	3,122
Jiangxi Nuclear Industry	30%	675	663	1,338
Total	100%	2,250	2,210	4,460

The above amounts of capital contribution are determined by all parties through arm's length negotiations, taking into account a number of factors, such as the potential of business development, plan for business expansion and capital requirements of Nanchang High-Tech.

Conditions precedent

The capital contribution shall be signed and sealed and has been approved by the relevant decision-making body of the signing parties.

Timing of capital increase

Upon entering into the Capital Increase Agreement, both parties shall complete the capital increase into Nanchang High-Tech in cash based on the amount of capital increase under the Capital Increase Agreement.

3. REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT

As Nanchang High-Tech has recorded fast growth in its business recently, the construction of the program on Nanchang Isotope Medical Center invested by Nanchang High-Tech has entered the final construction stage. The capital increase in Nanchang High-Tech will guarantee the successful implementation of the program on Nanchang Isotope Medical Center, achieve the national layout of medical centers, speed up in completing the construction of fundamental capabilities on the sustainable development of industries with the application of nuclear technology of CIRC and HTA and facilitate the rapid implementation of development strategies of CIRC and HTA.

In respect of the Directors attending the board meeting, connected Directors Mr. Meng Yanbin, Mr. Zhou Liulai, Mr. Chen Zongyu and Mr. Chen Shoulei were considered to have material interests by virtue of being employed by CNNC and its associates and had thus abstained from voting on the board resolution(s) in respect of the transaction.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Capital Increase Agreement are determined through arm's length negotiation on normal commercial terms, and the proposed transactions thereunder are fair and reasonable, entering into in the ordinary and usual business of the Group, and in the interests of the Company and the Shareholders as a whole.

4. GENERAL INFORMATION ON THE COMPANY AND THE PARTIES

The Company

The Company and its subsidiaries 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 services for sterilization purpose and EPC services 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.

HTA

HTA was incorporated as a joint stock limited company in China on 18 May 2001, and was listed on NEEQ on 28 July 2006 and became an unlisted public company. HTA is mainly engaged in the manufacturing and sale of radioactive pharmaceuticals and provision of import and export services in respect of raw and auxiliary materials, mechanical equipment, instruments and meters, spare parts and technologies.

Jiangxi Nuclear Industry

Jiangxi Nuclear Industry's business scopes include the development, collaboration, transferring, training and consultation of geological and mineral technology, metallurgy technology, nuclear technology, electronic technology and chemical technology, which is currently and primarily engaged in the decommission and management of nuclear facilities within the jurisdiction of Jiangxi Bureau of Mining and Metallurgy, giving supports to its own development and the construction of Nanchang Isotope Medical Center through investment in the field of the development of the nuclear medicine application, thus promoting the implementation of projects.

Nanchang High-Tech

Nanchang High-Tech is primarily engaged in the manufacture and sales of radioactive pharmaceuticals for modern nuclear medicine clinical diagnosis and treatment. Nanchang Isotope Medical Center invested by Nanchang High-Tech is still at construction stage, and has not generated revenues.

5. LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company holds approximately 68.28% equity interest in HTA, HTA holds 70% equity interest in Nanchang High-Tech and Jiangxi Mining and Metallurgy Bureau, through its wholly-owned subsidiary Jiangxi Nuclear Industry, holds 30% equity interest in Nanchang High-Tech, respectively. Jiangxi Mining and Metallurgy Bureau is a public institution directly controlled and managed by CNNC through its wholly-owned subsidiary CNUC. Therefore, Nanchang High-Tech is a connected subsidiary of the Company under Rule 14A.16(1) of the Listing Rules and is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the transactions under the Capital Increase Agreement constitute connected transactions of the Company.

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Capital Increase Agreement”	the Shareholders’ agreement on capital increase of Nanchang Atomic High-Tech Pharmaceuticals Co., Ltd. (南昌原子高科醫藥有限公司)
“CNNC”	China National Nuclear Corporation (中國核工業集團有限公司, previously known as “中國核工業集團公司”), a company incorporated under the laws of the PRC on 29 June 1999 and is the controlling Shareholder
“CNUC”	China National Uranium Co., Ltd. (中國鈾業有限公司), a company with limited liability incorporated under the laws of PRC on 29 May 1989 and a connected person of the Company
“Company”	China Isotope & Radiation Corporation
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administration Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“HTA”	HTA Co., Ltd. (原子高科股份有限公司), a non-wholly-owned subsidiary of the Company, the shares of which are held by the Company as to 68.28%, and are listed on the National Equities Exchange and Quotations (stock code: 430005)
“Jiangxi Mining and Metallurgy Bureau”	Jiangxi Mining and Metallurgy Bureau of Nuclear Industry (核工業江西礦冶局), a public institution established under the laws of PRC and directly controlled by CNNC, and is a connected person of the Company
“Jiangxi Nuclear Industry”	Jiangxi Nuclear Industry Economic and Technology Development Co., Ltd. (江西核工業經濟技術開發有限公司), a company incorporated under the laws of PRC on 2 February 1991 and a connected person of the Company

“Nanchang High-Tech”	Nanchang Atomic High-Tech Pharmaceuticals Co., Ltd. (南昌原子高科醫藥有限公司), a company incorporated under the laws of PRC on 18 September 2017 and a connected person of the Company
“PRC” or “China”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Beijing, the PRC, 30 June 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 Zongyu, Mr. Chen Shoulei 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.