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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 AND DISCLOSEABLE TRANSACTION**

#### **AMENDMENT TO THE TONGFU INNOVATION INDUSTRIAL INVESTMENT FUND PARTNERSHIP (LIMITED PARTNERSHIP) PARTNERSHIP AGREEMENT**

##### **AMENDMENT TO THE TONGFU INNOVATION INDUSTRIAL INVESTMENT FUND PARTNERSHIP (LIMITED PARTNERSHIP) PARTNERSHIP AGREEMENT**

Reference is made to the announcements issued by the Company on 31 October 2019 and 30 November 2020 and the circulars issued by the Company on 5 December 2019 and 13 December 2020, in relation to the entering into of the Tongchuang Investment Partnership (Limited Partnership) Partnership Agreement and the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement, and the amendment to the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement.

The Board of the Company approved the amendment to several terms of the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement by the Company with Tongchuang Investment, CNNC Capital, BSIF, Junmin Fund and Daxing Fund, on 30 March 2023.

The Directors (excluding the independent non-executive Directors whose opinions will be formed after considering the recommendations of the Independent Financial Adviser) consider that the terms of the amendment to the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement were determined after arm's length negotiations on normal commercial terms, and the transactions contemplated thereunder are fair and reasonable, and have been entered into in the ordinary and normal course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

## IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, CNNC, which directly and indirectly holds approximately 73.83% of the total issued share capital of the Company through Atomic Energy Institute, Nuclear Power Institute, CNNC Fund, 404 Company and B.Y. Investment, is the controlling shareholder of the Company. CNNC holds a 100% equity interest in CNNC Capital and CNNC Capital holds a 100% equity interest in Hynergy Industrial Funds. Therefore, CNNC Capital and Hynergy Industrial Funds are connected persons of the Company as defined in Chapter 14A of the Listing Rules. Therefore, the entering into of the Tongchuang Investment Partnership (Limited Partnership) Partnership Agreement and the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement and the transactions contemplated thereunder constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(2) of the Listing Rules, the Company shall re-comply with the announcement and independent Shareholders' approval requirements (if applicable) prior to the significant amendment to the terms of the agreement. As one or more of the applicable percentage ratios of the transactions under the Tongchuang Investment Partnership (Limited Partnership) Partnership Agreement and the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement exceed 5% but are less than 25%, the transactions contemplated thereunder are subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The entering into of the Tongchuang Investment Partnership (Limited Partnership) Partnership Agreement and the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement also constitutes discloseable transactions of the Company. Therefore, the Company shall re-comply with the announcement and independent Shareholders' approval requirements with regard to the amendment to the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement.

The Company will convene the 2022 annual general meeting to consider and, if appropriate, approve the resolution to be proposed and in relation to the amendment to the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement.

A circular containing, among other things, (i) details of the amendment to the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement; (ii) a letter from the Independent Board Committee containing its opinions and recommendations in respect of the amendment to the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the amendment to the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement; and (iv) a notice of the 2022 annual general meeting, is expected to be dispatched to the Shareholders within 15 business days.

## I. INTRODUCTION

Reference is made to the announcements issued by China Isotope & Radiation Corporation (the "**Company**") on 31 October 2019 and 30 November 2020 and the circulars issued by the Company on 5 December 2019 and 13 December 2020, in relation to the entering into of the Tongchuang Investment Partnership (Limited Partnership) Partnership Agreement and the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement, and the amendment to the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the announcements and the circulars.

The Board of the Company approved the amendment to several terms of the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement by the Company with Tongchuang Investment, CNNC Capital, BSIF, Junmin Fund and Daxing Fund, on 30 March 2023.

The Company will not make additional investment in Tongfu Fund this time.

## **II. AMENDMENT TO THE PRINCIPAL TERMS OF THE TONGFU INNOVATION INDUSTRIAL INVESTMENT FUND PARTNERSHIP (LIMITED PARTNERSHIP) PARTNERSHIP AGREEMENT**

Amount of contribution: *Prior to the amendment*

The total amount of contribution paid by the partners was RMB4,000 million, and the final target size of proceeds raised is RMB5,000 million, of which: Tongchuang Investment contributed RMB50 million, accounting for 1.25%; the Company contributed RMB1,200 million, accounting for 30%; CNNC Capital contributed RMB800 million, accounting for 20%; BSIF contributed RMB450 million, accounting for 11.25%; Junmin Fund contributed RMB1,000 million, accounting for 25%; and Daxing Fund contributed RMB500 million, accounting for 12.5%. The contribution to Tongfu Fund was determined by the Parties after arm's length negotiations with reference to the capital requirements of Tongfu Fund. The Company intends to fund the contribution funds through the internal resources of the Group. The Company will not consolidate its financial statements with those of Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership).

*After the amendment*

The total amount of contribution paid by the partners was RMB1,137,005,047.56, of which: Tongchuang Investment contributed RMB11,370,050.48, accounting for 1.0000%; the Company contributed RMB480,000,000.00, accounting for 42.2162%; CNNC Capital contributed RMB320,000,000.00, accounting for 28.1441%; BSIF contributed RMB46,531,888.85, accounting for 4.0925%; Junmin Fund contributed RMB227,401,009.51, accounting for 20.0000%; and Daxing Fund contributed RMB51,702,098.72, accounting for 4.5472%. The contribution to Tongfu Fund was determined by the Parties after arm's length negotiations with reference to the capital requirements of Tongfu Fund. The Company intends to fund the contribution funds through the internal resources of the Group. The Company will not consolidate its financial statements with those of Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership).

Method of contribution: *Prior to the amendment*

All partners shall make contributions to Tongfu Fund in RMB in cash.

1. Unless otherwise agreed between the executive partner and the relevant limited partners, the executive partner shall generally issue a notice of payment of contribution to the limited partners 15 working days in advance, stating the amount and payment term of contribution payable by such limited partners. The payment date specified in the notice of payment of first contribution is the first settlement date;
2. The contributions from partners to the partnership will be paid in three instalments in principle, in cash in RMB. Unless otherwise agreed by the executive partner, all capital contribution partners shall complete the first payment of capital amount according to the requirements in the notice of payment of contribution issued by the executive partner, the percentage of payment shall be 40% of their respective committed capital contribution. The remaining amount of capital shall be paid by two subsequent payments, the percentage of each payment shall be 30% and 30%, respectively, of their committed capital contribution amounts. The specific timing of payment shall be determined by the executive partner according to the project investment progress, each of the partners shall make payment of capital contribution to Tongfu Fund in accordance with the committed capital contribution amount and payment percentage on the cut-off date (i.e. the date of payment) as required in the notice of payment of capital contribution issued by the executive partner.

*After the amendment*

All partners shall make contributions to Tongfu Fund in RMB in cash.

Unless otherwise agreed between the executive partner and the relevant limited partners, the executive partner shall generally issue a notice of payment of contribution to the limited partners 15 working days in advance, stating the amount and payment term of contribution payable by such limited partners. The payment date specified in the notice of payment of first contribution is the first settlement date.

Investment region: *Prior to the amendment*

Tongfu Fund mainly conducts investment business inside the PRC and enhances the guidance that investment projects should be based in Beijing to realize the implementation of high-end scientific research results in Beijing. The total amount, invested by Tongfu Fund to enterprises registered in Beijing and enterprises not registered in Beijing but conforming to the functional position of the capital city, shall not be less than 70% of the initial size of proceeds raised (i.e. RMB2,500 million) by Tongfu Fund.

During the investment period of the Tongfu Fund, the total amount of funds invested in and/or introduced for Daxing District of Beijing by Tongfu Fund, the general partner and the manager shall not be less than 2 times of the paid-in capital contribution of Daxing Fund, and the obligation for designated investment shall be completed as scheduled. The project amount invested in Daxing District and Beijing can be double-counted. In other words, the project amount invested in Daxing District can be counted as the amount invested in Beijing at the same time, but not vice versa.

*After the amendment*

Tongfu Fund mainly conducts investment business inside the PRC and enhances the guidance that investment projects should be based in Beijing to realize the implementation of high-end scientific research results in Beijing. The total amount, invested by Tongfu Fund to enterprises registered in Beijing and enterprises not registered in Beijing but conforming to the functional position of the capital city, shall not be less than 2 times of the paid-in capital contribution of BSIF (i.e. RMB46,531,888.85).

During the investment period of the Tongfu Fund, the total amount of funds invested in and/or introduced for Daxing District of Beijing by Tongfu Fund, the general partner and the manager shall not be less than 2 times of the paid-in capital contribution of Daxing Fund (i.e. RMB51,702,098.72), and the obligation for designated investment shall be completed as scheduled. The project amount invested in Daxing District and Beijing can be double-counted. In other words, the project amount invested in Daxing District can be counted as the amount invested in Beijing at the same time, but not vice versa.

Valid duration,  
investment period,  
exit period and  
extension period:

*Prior to the amendment*

The “valid duration” of Tongfu Fund is 8 years from the establishment date of Tongfu Fund;

During the valid duration of Tongfu Fund, the “investment period” is 5 years from the first settlement day of Tongfu Fund or until the day when the total amount of capital contribution by the partners have been fully utilized in project investment and for payment of partnership fees; for the avoidance of doubt, the expiry date of the investment period shall be the date of occurrence of any of the following circumstances, whichever the earlier:

- (1) expiry of the 5-year term from the first settlement day for the partnership;
- (2) date of completion of first settlement for subsequent funds;
- (3) the total capital amount of Tongfu Fund, after making reasonable provisions for investment, payment of partnership fees, repayment of partnership debts, follow-up investments (namely, additional investment by Tongfu Fund in projects in which it has invested) and capital contributions which have been signed and legally binding, has been actually paid and utilized, that is, Tongfu Fund has basically completed the investment tasks, or all paid-in capital of Tongfu Fund has been fully used for the aforesaid purposes and the remaining amount of contributions cannot be paid, that is, Tongfu Fund has no more available funds to continue making investments;
- (4) Key person event has led to termination of investment period.

The “exit period” of Tongfu Fund commences from the day after the expiry of the investment period and ends on the expiry date of the valid duration of Tongfu Fund;

Upon expiry of the valid duration of Tongfu Fund, if is necessary to extend the valid duration due to the application for listing or the exit from lock-up period by projects invested by Tongfu Fund or other reasons, consent from all partners is required.

*After the amendment*

The “valid duration” of Tongfu Fund is 8 years from the establishment date of Tongfu Fund;

During the valid duration of Tongfu Fund, the “investment period” is 5 years from the first settlement day of Tongfu Fund or until the day when the total amount of capital contribution by the partners have been fully utilized in project investment and for payment of partnership fees; for the avoidance of doubt, the expiry date of the investment period shall be the date of occurrence of any of the following circumstances, whichever the earlier:

- (1) expiry of the 5-year term from the first settlement day for the partnership;
- (2) date of completion of first settlement for subsequent funds;
- (3) the total capital amount of Tongfu Fund, after making reasonable provisions for investment, payment of partnership fees, repayment of partnership debts, follow-up investments (namely, additional investment by Tongfu Fund in projects in which it has invested) and capital contributions which have been signed and legally binding, has been actually paid and utilized, that is, Tongfu Fund has basically completed the investment tasks, or all paid-in capital of Tongfu Fund has been fully used for the aforesaid purposes and the remaining amount of contributions cannot be paid, that is, Tongfu Fund has no more available funds to continue making investments;
- (4) Key person event has led to termination of investment period;
- (5) The investment period includes the suspension of the investment period.

The “exit period” of Tongfu Fund commences from the day after the expiry of the investment period and ends on the expiry date of the valid duration of Tongfu Fund;

At the beginning of the exit period, the executive partner shall, after properly reserving the partnership fees required during the exit period and the funds required to complete the investment according to the legally binding investment transaction documents signed before the end of the investment period, return the remaining capital contributions by partners that have not been used for investment and payment of partnership fees to each partner in accordance with the relative ratio of the principal of investment by all partners to be invested in the proposed investment projects in the table in Annex IV (including Tongchuang High-tech). (For those involving investment exclusion, the relative ratio will be adjusted according to the implementation of the provisions of this agreement.)

Upon expiry of the valid duration of Tongfu Fund, if is necessary to extend the valid duration due to the application for listing or the exit from lock-up period by projects invested by Tongfu Fund or other reasons, consent from all partners is required.

Implementation of partnership affairs:

*Prior to the amendment*

The general partner acts as executive partner to implement partnership affairs, and Hynergy Industrial Funds acts as manager to provide daily operation and investment management services to Tongfu Fund.

*After the amendment*

The general partner acts as executive partner to implement partnership affairs, and CNNC Industrial Fund Management Co., Ltd. acts as manager to provide daily operation and investment management services to Tongfu Fund.

Management fees:

*Prior to the amendment*

As consideration for the management and other services provided to Tongfu Fund in the capacity of fund manager, all parties have agreed that the management fees shall be paid by Tongfu Fund at the fee rate of 1.6% per annum based on the total paid-in capital contribution amount of limited partners. No management fees will be charged for the extension period and the liquidation period.

*After the amendment*

As consideration for the management and other services provided to Tongfu Fund in the capacity of fund manager, all parties have agreed that the management fees shall be paid by Tongfu Fund at the fee rate of 1.6% per annum based on the total paid-in capital contribution amount of limited partners. No management fees will be charged for the extension period, the suspension of the investment period and the liquidation period.

Distribution:

*Prior to the amendment*

(I) Cash distribution

1. Distribution of cash income received by the project shall be carried out according to the following order:
  - (1) Firstly, refund of capital contribution to limited partners.
  - (2) Secondly, refund of capital contribution to general partners.
  - (3) Thirdly, if remaining balance exists, the amount will be distributed as hurdle return to limited partners (the internal rate of return reaches 8%).
  - (4) After that, compensation to general partners.
  - (5) Finally, the excess profit will be shared on pro rata basis. If remaining balance exists, eighty per cent (80%) will be distributed to all partners in accordance with the relative ratio of the principal of investment by all partners; and twenty per cent (20%) will be distributed to general partners.
2. Timing for distribution of cash income:
  - (1) Unless otherwise agreed in this agreement, Tongfu Fund shall distribute income within 30 days from the date of receipt of cash income from the investment project.
  - (2) During the valid duration of Tongfu Fund, other after-tax distributable income other than investment income shall be distributed before the end of the first quarter and the third quarter of each year in accordance with the ratio of paid-in capital contribution of all partners.

3. On dissolution or liquidation of the Tongfu Fund, after overall accounting is completed, any partner who has received any excess amount above the income distribution amount that should be received according to the provisions of this agreement (such as calculation error, including the distribution amounts received by such partner due to capital reduction or exit from partnership) must return such excess amount to Tongfu Fund, or such excess amount shall be deducted from his receivable amount of liquidation distribution, whether he is still a partner of the Tongfu Fund by then. Particularly, when the total income received by general partners has exceeded income amount receivable when calculated according to the investment in the entire Tongfu Fund project pursuant to the distribution method stipulated under this agreement, the general partners shall return the excess amount to the Tongfu Fund, and such excess amount shall be distributed by the partnership accordingly pursuant to all the projects participated by each of its limited partners.

## (II) Non-cash distribution

1. Before liquidation of the Tongfu Fund, the fund manager shall make his best efforts to realize the investment in Tongfu Fund and avoid to make non-cash distribution; before the expiry of the operation period of Tongfu Fund, the distribution of Tongfu Fund is usually made in cash, but when in compliance with the applicable laws and agreed terms, after consideration by the meeting of partners and consent given by partners accounting for more than 85% of the paid-in capital contribution by partners, marketable securities traded in open market or other forms of non-cash assets may be distributed to the general partners in lieu of cash distribution. After dissolution of the Tongfu Fund, securities with restricted liquidity or other fund assets may be distributed.

Subject to the above terms of agreement, before completion of the liquidation of Tongfu Fund, the general partners shall make their best efforts to realize the investment in Tongfu Fund in cash and avoid to make non-cash distribution as far as practicable; however if cash distribution is not possible due to the prevailing laws and regulations, and after consideration by the meeting of partners and consent has been given by partners accounting for more than 85% of the paid-in capital contribution by partners, the general partners may receive distribution in non-cash form. If the non-cash assets for distribution are marketable securities traded in open market, the value shall be determined by the average trading price of such marketable securities within twenty (20) trading days of such securities prior to the determination date of distribution; the value of other non-cash assets shall be reasonably determined by the general partners in accordance with the fair market value confirmed by a reputable third party valuation assessment institution which is confirmed by the general partners and agreed by the consultation committee.

2. When non-cash distribution is made by the Tongfu Fund, the fund manager shall be responsible for assisting all partners to complete the registration procedure for the transfer of distributed assets, and to assist the partners to perform the information disclosure obligations in respect of accepting the transfer of such assets in accordance with the relevant laws and regulations; partners who accept non-cash distributions may also entrust their distributed non-cash assets to the fund manager for disposal according to their instructions, the specific details of the entrustment shall be agreed by separate agreements between the fund manager and relevant limited partners.

*After the amendment*

(I) Cash distribution

- (1) Cash income from invested projects prior to the date of adjustment to the fund size:

1. Distribution of cash income received by the project shall be carried out according to the following order:

- (i) Firstly, refund of capital contribution to limited partners. The distributable cash of the partnership shall be distributed among the corresponding limited partners participating in the project investment in accordance with the relative ratio of the principal of the invested projects by all limited partners, until the accumulative amount received by all limited partners from the invested projects based on this item (i) reaches the amount of paid-in capital contribution used. To avoid ambiguity, the cash income obtained by all limited partners from the invested projects prior to the date of adjustment to the fund size shall be included in the paid-in capital contribution distributed to all limited partners.

- (ii) Secondly, refund of capital contribution to general partners. If remaining balance exists, on the premise that general partners participate in the project investment, it will be fully distributed to general partners until the accumulative amount received by general partners from the invested projects based on this item (ii) reaches the amount of paid-in capital contribution used. All partners agreed that the refund of capital contribution that the general partners should receive will only be accrued for the time being, and will not be distributed until all cash income from projects received by all limited partners from the partnership reaches the full amount of paid-in capital contribution. Otherwise, the refund of capital contribution accrued by the general partners will be distributed to all limited partners until all cash income from projects received from the partnership reaches the full amount of paid-in capital contribution.

- (iii) Thirdly, the amount will be distributed as hurdle return to limited partners. If remaining balance exists, it will be distributed among the corresponding limited partners participating in the project investment in accordance with the relative ratio of the principal of the invested projects by all limited partners, until the corresponding limited partners receive an amount calculated at an internal rate of return of eight percent (8%) based on their paid-in capital contribution used;
- (iv) After that, compensation to general partners. If remaining balance exists, it will be fully distributed to the general partners until the accumulative amount received by them based on this item (iv) equals twenty-five percent (25%) of the amount received by the limited partners under item (iii) above. All partners agreed that the compensation to general partners will only be accrued for the time being, and will not be distributed until the cash income received by all limited partners from the partnership achieves a IRR hurdle return of not less than 8% on all their paid-in capital contributions. Otherwise, the compensation accrued by the general partners will be distributed to the corresponding limited partners, until the cash income from the partnership reaches the IRR hurdle return of not less than 8% on all their paid-in capital contributions;
- (v) Finally, the excess profit will be shared on pro rata basis. If remaining balance exists, eighty per cent (80%) will be distributed among the corresponding limited partners participating in the project investment in accordance with the relative ratio of the principal of the invested projects by all limited partners; and twenty per cent (20%) will be distributed among general partners.

All partners agreed that the excess profit to general partners will only be accrued for the time being, and will not be distributed until the cash income received by all limited partners from the partnership achieves a IRR hurdle return of not less than 8% on all their paid-in capital contributions. Otherwise, the excess profit accrued by the general partners will be distributed to the corresponding limited partners, until the cash income from the partnership reaches the IRR hurdle return of not less than 8% on all their paid-in capital contributions.

(vi) The parties agreed that each of items (i) to (iv) of this provision takes turns to be the prerequisite for the item after it.

(2) Cash income from proposed projects after the date of adjustment to the fund size:

(i) Firstly, refund of capital contribution to limited partners. The distributable cash of the partnership shall be distributed among the corresponding limited partners participating in the project investment in accordance with the relative ratio of the principal of the proposed projects by all limited partners, until the accumulative amount received by all limited partners from the proposed projects based on this item (i) reaches the amount of paid-in capital contribution unused.

(ii) Secondly, refund of capital contribution to general partners. If remaining balance exists, on the premise that general partners participate in the project investment, it will be fully distributed to general partners until the accumulative amount received by general partners from the proposed projects based on this item (ii) reaches the amount of paid-in capital contribution unused.

All partners agreed that the refund of capital contribution that the general partners should receive will only be accrued for the time being, and will not be distributed until all cash income from projects received by all limited partners from the partnership reaches the full amount of paid-in capital contribution. Otherwise, the refund of capital contribution accrued by the general partners will be distributed to all limited partners until all cash income from projects received from the partnership reaches the full amount of paid-in capital contribution.

(iii) Thirdly, the amount will be distributed as hurdle return to limited partners. If remaining balance exists, it will be distributed among the corresponding limited partners participating in the project investment in accordance with the relative ratio of the principal of the proposed projects by all limited partners, until the corresponding limited partners receive an amount calculated at an internal rate of return of eight percent (8%) based on their paid-in capital contribution unused. When the IRR of such cash distribution (excluding other distributable income obtained from idle fund management) is less than or equal to 8%, the actual distribution amount will be distributed to the limited partners in accordance with the relative ratio of the principal of the proposed projects by all limited partners.

- (iv) After that, compensation to general partners. If remaining balance exists, it will be fully distributed to the general partners until the accumulative amount received by them based on this item (iv) equals twenty-five percent (25%) of the amount received by the limited partners under item (iii) above.

All partners agreed that the compensation to general partners will only be accrued for the time being, and will not be distributed until the cash income received by all limited partners from the partnership achieves a IRR hurdle return of not less than 8% on all their paid-in capital contributions. Otherwise, the compensation accrued by the general partners will be distributed to the corresponding limited partners, until the cash income from the partnership reaches the IRR hurdle return of not less than 8% on all their paid-in capital contributions.

- (v) Finally, the excess profit will be shared on pro rata basis. If remaining balance exists, eighty per cent (80%) will be distributed among the corresponding limited partners participating in the project investment in accordance with the relative ratio of the principal of the proposed projects by all limited partners; and twenty per cent (20%) will be distributed among general partners.

All partners agreed that the excess profit to general partners will only be accrued for the time being, and will not be distributed until the cash income received by all limited partners from the partnership achieves a IRR hurdle return of not less than 8% on all their paid-in capital contributions. Otherwise, the excess profit accrued by the general partners will be distributed to the corresponding limited partners, until the cash income from the partnership reaches the IRR hurdle return of not less than 8% on all their paid-in capital contributions.

- (vi) The parties agreed that each of items (i) to (iv) of this provision takes turns to be the prerequisite for the item after it.

- (vii) If the proposed projects after the date of adjustment to the fund size involve investment exclusion, the income distribution ratio will be adjusted in accordance with the provisions of this agreement.

2. Timing for distribution of cash income:
  - (1) Unless otherwise agreed in this agreement, Tongfu Fund shall distribute income within 30 days from the date of receipt of cash income from the investment project.
  - (2) From the effective date of this agreement, during the valid duration of the partnership, other after-tax distributable income other than investment income shall be distributed before the end of the first quarter and the third quarter of each year among all partners in accordance with the relative ratio of paid-in capital contribution made by each of Tongchuang Investment, CNNC Capital, the Company and Junmin Fund.
3. On dissolution or liquidation of the Tongfu Fund, after overall accounting is completed, any partner who has received any excess amount above the income distribution amount that should be received according to the provisions of this agreement (such as calculation error, including the distribution amounts received by such partner due to capital reduction or exit from partnership) must return such excess amount to Tongfu Fund, or such excess amount shall be deducted from his receivable amount of liquidation distribution, whether he is still a partner of the Tongfu Fund by then. Particularly, when the total income received by general partners has exceeded income amount receivable when calculated according to the investment in the entire Tongfu Fund project pursuant to the distribution method stipulated under this agreement, the general partners shall return the excess amount to the Tongfu Fund, and such excess amount shall be distributed by the partnership accordingly pursuant to all the projects participated by each of its limited partners.

## (II) Non-cash distribution

1. Before liquidation of the Tongfu Fund, the fund manager shall make his best efforts to realize the investment in Tongfu Fund and avoid to make non-cash distribution; before the expiry of the operation period of Tongfu Fund, the distribution of Tongfu Fund is usually made in cash, but when in compliance with the applicable laws and agreed terms, after consideration by the meeting of partners and consent given by partners accounting for more than 85% of the paid-in capital contribution by partners, marketable securities traded in open market or other forms of non-cash assets may be distributed to the general partners in lieu of cash distribution. After dissolution of the Tongfu Fund, securities with restricted liquidity or other fund assets may be distributed.

Subject to the above terms of agreement, before completion of the liquidation of Tongfu Fund, the general partners shall make their best efforts to realize the investment in Tongfu Fund in cash and avoid to make non-cash distribution as far as practicable; however if cash distribution is not possible due to the prevailing laws and regulations, and after consideration by the meeting of partners and consent has been given by partners accounting for more than 85% of the paid-in capital contribution by partners, the general partners may receive distribution in non-cash form. If the non-cash assets for distribution are marketable securities traded in open market, the value shall be determined by the average trading price of such marketable securities within twenty (20) trading days of such securities prior to the determination date of distribution; the value of other non-cash assets shall be reasonably determined by the general partners in accordance with the fair market value confirmed by a reputable third party valuation assessment institution which is confirmed by the general partners and agreed by the consultation committee.

2. When non-cash distribution is made by the Tongfu Fund, the fund manager shall be responsible for assisting all partners to complete the registration procedure for the transfer of distributed assets, and to assist the partners to perform the information disclosure obligations in respect of accepting the transfer of such assets in accordance with the relevant laws and regulations; partners who accept non-cash distributions may also entrust their distributed non-cash assets to the fund manager for disposal according to their instructions, the specific details of the entrustment shall be agreed by separate agreements between the fund manager and relevant limited partners.

Investment decision  
committee:

*Prior to the amendment*

Tongfu Fund has put in place a five-member investment decision committee of which the members are appointed and dismissed by the executive partner. The Company may nominate one (1) member and one (1) industry expert, the executive partner may nominate two (2) members and Junmin Fund may nominate one (1) member. The chairman of the investment decision committee shall be either one of members nominated by the executive partner. The chairman of the investment decision committee is responsible for convening and presiding over meetings of the investment decision committee.

The investment decision committee makes decisions on projects investment and exit of investment for the Tongfu Fund;

Each member has one vote. For matters requiring decision of the investment decision committee, it must be approved by four (4) or more members. The decisions made by the investment decision committee will be considered and executed by the executive partner and the fund manager. The investment decision committee does not act as an agent for or represent the Tongfu Fund.

*After the amendment*

Tongfu Fund has put in place a five-member investment decision committee of which the members are appointed and dismissed by the executive partner. The Company may nominate one (1) member and one (1) industry expert, the executive partner may nominate one (1) member, CNNC Capital may nominate one (1) member and Junmin Fund may nominate one (1) member. The chairman of the investment decision committee shall be either one of members nominated by the executive partner. The chairman of the investment decision committee is responsible for convening and presiding over meetings of the Investment decision committee.

The investment decision committee makes decisions on projects investment and exit of investment for the Tongfu Fund;

Each member has one vote. For matters requiring decision of the investment decision committee, it must be approved by three (3) or more members. The decisions made by the investment decision committee will be considered and executed by the executive partner and the fund manager. The investment decision committee does not act as an agent for or represent the Tongfu Fund.

Investment project  
observers:

*Deletion*

Each of BSIF and CNNC Capital are entitled to appoint one investment project observer to the investment decision committee to attend the investment decision committee meeting held to consider any investment project but the observers do not have voting rights.

Consultation committee: *Prior to the amendment*

After the establishment of the Tongfu Fund, the executive partner shall, within a reasonable time, form a consultation committee composed of a certain number of representatives of limited partners to review and approve related matters. The consultation committee consists of three (3) members. BSIF, Junmin Fund and Daxing Fund have the right to appoint one member respectively. The executive partner is the convener for the consultation committee. The number of members of the consultation committee can be increased upon the admission of subsequent partner to the Tongfu Fund.

Unless otherwise agreed, resolutions of the consultation committee meeting are subject to unanimous approval by members having the voting rights. If the consultation committee considers connected transactions, related parties shall withdraw from voting, and matters in relation to the connected transactions shall be subject to unanimous approval by members of nonrelated parties; however, if there is only one (1) member of the consultation committee for the consideration due to the withdrawal from voting, such matters shall be subject to approval by the member.

The consultation committee has the right to review transactions between the general partner, the manager, the Key persons or the core management team, and the connected persons of the aforementioned persons, or the entities of which the actual controller, shareholder, administrator, director or consultant are the aforesaid persons and the fund, and limited partners (i.e. connected transactions and the single or total amount of investment by Tongfu Fund in a project exceeding RMB300 million (exclusive)).

*After the amendment*

The executive partner shall form a consultation committee composed of a certain number of representatives of limited partners to review and approve related matters. The consultation committee consists of three (3) members. BSIF, Junmin Fund and Daxing Fund have the right to appoint one member respectively. The executive partner is the convener for the consultation committee.

Unless otherwise agreed, for matters involving voting by the consultation committee on investment projects completed by the partnership before this agreement takes effect, all three (3) members shall have the right to vote; in addition, for any other matters that require voting by the consultation committee, only the one (1) member nominated by Junmin Fund shall have the right to vote, while the members nominated by Daxing Fund and BSIF shall not have the right to vote, nor shall they have the right to obtain materials involved in the voting matters and attend relevant meetings as non-voting delegates. Resolutions of the consultation committee meeting are subject to unanimous approval by members having the voting rights.

The consultation committee has the right to review transactions between the general partner, the manager, the Key persons or the core management team, and the connected persons of the aforementioned persons, or the entities of which the actual controller, shareholder, administrator, director or consultant are the aforesaid persons and the fund, and limited partners (i.e. connected transactions and the single or total amount of investment by Tongfu Fund in a project exceeding RMB300 million (exclusive)).

Key person provisions: *Prior to the amendment*

The Key persons of the executive partner management team are Yu Hongwei, Liu Pengbin and Gong Lingling. During the valid duration of the partnership, the management team's Key persons shall not change without the consent of the partners in meeting. Adjustment to the Key persons can be made by modifying the partnership agreement upon the admission of subsequent partners to the Tongfu Fund.

If any Key person fails to perform their duties for three consecutive months or more than 90 days in a year, deceases, loses capacity for civil conduct or resigns, it constitutes a "Key person event". After the Key person event occurs, the investment period is automatically suspended. The executive partner shall recommend a successor within 60 days from the date of occurrence of the above matters to take the role of a Key person after consideration by the partner meeting and with the unanimous consent of all partners. If the successor recommended by the executive partner fails to obtain the unanimous consent of all partners within 90 days from the date of occurrence of the Key person event, the partner meeting has the right to decide to replace the executive partner or to decide that the Tongfu Fund should be dissolved and liquidated. If all partners agree to the successor of the Key person, the investment period of the Tongfu Fund shall continue. For the avoidance of doubt, during the suspension of the investment period of the Tongfu Fund, the administrator shall not charge any management fee for the suspension period.

### *After the amendment*

The Key persons of the executive partner management team are Yu Hongwei, Liu Longwen and Yao Yong. During the valid duration of the partnership, the management team's Key persons shall not change without the consent of the partners in meeting.

If any Key person fails to perform their duties for three consecutive months or more than 90 days in a year, deceases, loses capacity for civil conduct or resigns, it constitutes a "Key person event". After the Key person event occurs, the investment period is automatically suspended. The executive partner shall recommend a successor within 60 days from the date of occurrence of the above matters to take the role of a Key person after consideration by the partner meeting and with the unanimous consent of all partners. If the successor recommended by the executive partner fails to obtain the unanimous consent of all partners within 90 days from the date of occurrence of the Key person event, the partner meeting has the right to decide to replace the executive partner or to decide that the Tongfu Fund should be dissolved and liquidated. If all partners agree to the successor of the Key person, the investment period of the Tongfu Fund shall continue. For the avoidance of doubt, during the suspension of the investment period of the Tongfu Fund, the administrator shall not charge any management fee for the suspension period.

The amendment to the terms of the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement is determined after arm's length negotiations between the parties.

### **3. REASONS FOR AMENDMENT TO THE TONGFU INNOVATION INDUSTRIAL INVESTMENT FUND PARTNERSHIP (LIMITED PARTNERSHIP) PARTNERSHIP AGREEMENT**

BSIF, the limited partner of Tongfu Fund, and Daxing Fund requested to Tongchuang Investment, in its capacity of the general partner and executive business partner, for their exit, respectively. Therefore, the parties decided to amend the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement.

#### **4. LISTING RULES IMPLICATIONS**

As at the date of this announcement, CNNC, which directly and indirectly holds approximately 73.83% of the total issued share capital of the Company through Atomic Energy Institute, Nuclear Power Institute, CNNC Fund, 404 Company and B.Y. Investment, is the controlling shareholder of the Company. CNNC holds a 100% equity interest in CNNC Capital and CNNC Capital holds a 100% equity interest in Hynergy Industrial Funds. Therefore, CNNC Capital and Hynergy Industrial Funds are connected persons of the Company as defined in Chapter 14A of the Listing Rules. Therefore, the entering into of the Tongchuang Investment Partnership (Limited Partnership) Partnership Agreement and the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement and the transactions contemplated thereunder constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(2) of the Listing Rules, the Company shall re-comply with the announcement and independent Shareholders' approval requirements (if applicable) prior to the significant amendment to the terms of the agreement. As one or more of the applicable percentage ratios of the transactions under the Tongchuang Investment Partnership (Limited Partnership) Partnership Agreement and the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement exceed 5% but are less than 25%, the transactions contemplated thereunder are subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The entering into of the Tongchuang Investment Partnership (Limited Partnership) Partnership Agreement and the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement also constitutes discloseable transactions of the Company. Therefore, the Company shall re-comply with the announcement and independent Shareholders' approval requirements with regard to the amendment to the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement.

#### **5. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the amendment to the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement. Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

## 6. 2022 ANNUAL GENERAL MEETING

The Company will convene the 2022 annual general meeting to consider and, if appropriate, approve the resolution to be proposed and in relation to the amendment to the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement. As at the date of this announcement, CNNC, directly and indirectly, holds approximately 73.83% of the Company's total issued share capital, and is the controlling shareholder of the Company. CNNC and its associates will therefore abstain from voting on the resolution for the amendment to the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement at the 2022 annual general meeting in which they have material interests. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save as disclosed herein, none of other Shareholders shall abstain from voting at the 2022 annual general meeting.

A circular containing, among other things, (i) details of the amendment to the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement; (ii) a letter from the Independent Board Committee containing its opinions and recommendations in respect of the amendment to the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the amendment to the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement; and (iv) a notice of the 2022 annual general meeting, is expected to be dispatched to the Shareholders within 15 business days.

The Directors (excluding the independent non-executive Directors whose opinions will be formed after considering the recommendations of the Independent Financial Adviser) consider that the terms of the amendment to the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement were determined after arm's length negotiations on normal commercial terms, and the transactions contemplated thereunder are fair and reasonable, and have been entered into in the ordinary and normal course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

## **7. GENERAL INFORMATION ABOUT 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.

### **Tongchuang Investment**

Tongchuang Investment, as general partner and executive partner of Tongfu Fund, will make a total capital contribution of RMB42.5 million. Hynergy Industrial Funds will make a total capital contribution of RMB25 million, accounting for 58.82% of the interest in Tongchuang Investment; the company will make a total capital contribution of RMB7.5 million, accounting for 17.65%; while Tongxin Business Management will make a total capital contribution of RMB10 million, accounting for 23.53%.

### **Hynergy Industrial Funds**

Hynergy Industrial Funds was established on 18 November 2016 with a registered capital of RMB200 million. It is registered with the Asset Management Association of China as a private equity fund manager. It is held as to 100% by CNNC Capital.

### **Tongxin Business Management**

Tongxin Business Management, a subsequent investment platform for employees of Hynergy Industrial Funds, makes a total capital contribution of RMB10 million, which will be fully paid by employees of Hynergy Industrial Funds. In accordance with Article 13 of the Measures for the Supervision and Administration of Private Investment Funds published by the Asset Management Association of China, all employees of Hynergy Industrial Funds are qualified for investment in Tongxin Business Management. Partners shall use their own funds to make capital contribution to Tongxin Business Management. The subsequent investment mechanism can align the interests of the fund with those of the management team, encourage the team to explore investment opportunities, reduce risks, solve the principal-agent problem and protect the rights of investors.

### **CNNC Capital**

CNNC Capital was established in July 2016 and is a wholly-owned subsidiary of CNNC, with a registered capital of RMB7.08 billion. As a specialized management platform for the financial sector of CNNC, CNNC Capital is positioned as a center of industrial finance risk control, industrial finance investment control, industrial financial resource allocation and industrial finance business collaboration of CNNC.

## **BSIF**

BSIF has a total scale of RMB30 billion. It sets up sub-funds around the three stages of original innovation, results transformation and highly sophisticated industries and arranges the amount of funds according to the ratio of 5:3:2. The fund's mission is to achieve "three sets of guidance": the first one is to guide the way to high-end "hard technology" innovation; the second is to guide the way to front-end original innovation; the third is to guide high-end scientific research results which can match up with the capital's positioning to locate in Beijing and to cultivate "highly sophisticated" industry. Through the construction of innovative investment ecosystem, the fund promotes the rapid and steady development of the science and technology industry of Beijing and contributes actively to building a globally influential innovation centre for science and technology in Beijing.

## **Junmin Fund**

Junmin Fund was led by the Ministry of Finance and the State Administration of Science, Technology and Industry for National Defence, and established with investments from the Ministry of Finance and investors. Its total planned size is RMB150 billion. The actual initial capital fund is RMB56 billion, of which RMB8 billion was contributed by the central government, and RMB48 billion was raised by 12 local governments, 13 central enterprises, 3 private enterprises and 2 financial institutions. It focuses on key areas including ocean, outer space and cyberspace, and promotes the development of related industries including nuclear, nuclear technology application, aerospace, aviation, high-tech ship and ocean engineering, electronic information and power.

## **Daxing Fund**

Daxing Fund has the total size of RMB10 billion, with actual capital contribution from the Daxing District People's Government of Beijing Municipality. It is managed by Beishang Capital Management (Beijing) Co., Ltd. (北商資本管理(北京)有限公司), a wholly-owned subsidiary of Beijing Daxing Investment Group Co., Ltd. (北京大興投資集團有限公司). Daxing Fund focuses on the key areas of economic and social development in Daxing District of Beijing, and guides various private capital to cooperate in establishing sub-funds, so as to support the development of key areas and address weaknesses in Daxing District.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions have the meanings set forth below:

|                                 |  |
|---------------------------------|--|
| “Board”                         | the board of Directors   |
| “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 established under the laws of the PRC on 29 June 1999, the controlling Shareholder  |
| “Company”                       | China Isotope & Radiation Corporation (中國同輻股份有限公司)   |
| “connected persons”             | has the meaning ascribed thereto under the Hong Kong Listing Rules   |
| “Director(s)”                   | director(s) of the Company   |
| “Group”                         | the Company and its subsidiaries   |
| “Hong Kong Listing Rules”       | the Rules Governing the Listing of Securities on The Stock Exchange  |
| “Independent Financial Adviser” | an independent financial adviser appointed by the Company to advise the Independent Board Committee and the independent Shareholders in respect of amendment to the Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) Partnership Agreement |
| “PRC” or “China”                | the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong, Macau Special Administrative Region 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  |
| “Hynergy Industrial Funds”      | Hynergy Industrial Funds Management Co., Ltd. (核建產業基金管理有限公司)   |
| “CNNC Capital”                  | CNNC Capital Holdings Limited (中國核工業集團資本控股有限公司)  |
| “BSIF”                          | Beijing Science & Technology Innovation Fund (Limited Partnership) (北京市科技創新基金(有限合夥))   |
| “Tongchuang Investment”         | Beijing Tongchuang High-tech Investment Partnership (Limited Partnership) (北京同創高科投資合夥企業(有限合夥))   |

|                               |   |
|-------------------------------|---|
| “Tongxin Business Management” | Tongxin Business Management (Tianjin) Partnership (Limited Partnership) (同鑫商業管理(天津)合夥企業(有限合夥))        |
| “Tongfu Fund”                 | Tongfu Innovation Industrial Investment Fund Partnership (Limited Partnership) (同輻創新產業投資基金合夥企業(有限合夥)) |
| “Junmin Fund”                 | National Junmin Integration Industry Investment Fund Co., Ltd. (國家軍民融合產業投資基金有限責任公司)                   |
| “Daxing Fund”                 | Bei jing Daxing Development Guidance Fund (Limited Partnership) (北京市大興發展引導基金(有限合夥))                   |

By order of the Board  
**China Isotope & Radiation Corporation**  
**Wang Suohui**  
*Chairman*

Beijing, the PRC, 30 March 2023

*As at the date of this announcement, the Board comprises Mr. Wang Suohui, Mr. Xu Hongchao and Mr. Du Jin as executive Directors; Mr. Chen Shoulei, Mr. Dai Shuquan, Ms. Chang Jinyu and Ms. Liu Xiuhong as non-executive Directors; and Mr. Hui Wan Fai, Mr. Tian Jiahe, Ms. Chen Jingshan and Mr. Lu Chuang as independent non-executive Directors.*