

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



CHINA ISOTOPE & RADIATION CORPORATION

中國同輻股份有限公司

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

(Stock code: 1763)

CONNECTED TRANSACTION CAPITAL INCREASE IN CNNCFC

THE TRANSACTION

The Board announces that, on 23 November 2023, the Company and CNNCFC entered into the Capital Increase Agreement, pursuant to which CNNCFC will convert its undistributed profits of RMB4,385.82 million to its registered capital in favour of all its shareholders in proportion to their respective shareholdings, by way of which, the Company has agreed to make capital contribution of RMB14.08 million thereof to CNNCFC. Upon the completion of the Capital Increase, the total capital contribution made by the Company to CNNCFC shall be RMB28.16 million, and the shareholding of the Company in the registered capital of CNNCFC will remain unchanged at 0.321%. For the purpose of the Capital Increase, CNNCFC has entered into or proposes to enter into the capital increase agreement with all its shareholders, respectively, and such agreements are identical in all material aspects.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CNNC holds approximately 73.83% of the Company's total issued share capital directly and indirectly, and is the controlling Shareholder of the Company. CNNCFC is a subsidiary and associate of CNNC. As such, CNNC and CNNCFC are connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios of the Transaction exceed 0.1% but are less than 5%, the Transaction shall be subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

I. INTRODUCTION

The Board announces that, on 23 November 2023, the Company and CNNCFC entered into the Capital Increase Agreement, pursuant to which CNNCFC will convert its undistributed profits of RMB4,385.82 million to its registered capital in favour of all its shareholders in proportion to their respective shareholdings, by way of which, the Company has agreed to make capital contribution of RMB14.08 million thereof to CNNCFC. Upon the completion of the Capital Increase, the total capital contribution made by the Company to CNNCFC shall be RMB28.16 million, and the shareholding of the Company in the registered capital of CNNCFC will remain unchanged at 0.321%. For the purpose of the Capital Increase, CNNCFC has entered into or proposes to enter into the capital increase agreement with all its shareholders, respectively, and such agreements are identical in all material aspects.

II. CAPITAL INCREASE AGREEMENT

A summary of the principal terms of the Capital Increase Agreement is set out below:

Date: 23 November 2023

Parties: (1) CNNCFC, as the target company
(2) the Company, as capital increase party

Subject Matter: Pursuant to the Plan for Conversion of Undistributed Profits to Registered Capital of CNNCFC considered and approved by the general meeting of CNNCFC, CNNCFC will convert its undistributed profits of RMB4,385.82 million to its registered capital in favour of all its shareholders in proportion to their respective shareholdings, by way of which, the Company shall make a capital contribution of RMB14.08 million to CNNCFC. Upon the completion of the Capital Increase, the total capital contribution made by the Company to CNNCFC shall be RMB28.16 million and the Company shall hold 0.321% equity interest in CNNCFC.

The amount of capital contribution under the Capital Increase Agreement was determined through arm's length negotiations, taking into account a number of factors, such as the business nature, working capital requirements and future development plans of CNNCFC.

Procedures Required for the Capital Increase: Both parties have agreed to actively cooperate in signing such necessary and reasonable legal instruments as may be required by the National Administration of Financial Regulation and the industrial and commercial registration authorities from time to time in order to facilitate expeditious completion of the registration procedures required for the Capital Increase.

Upon the completion of the Capital Increase, CNNCFC shall update its register of members based on the shareholding structure following the Capital Increase.

The costs of the change in registration procedures involved in the Capital Increase will be borne by CNNCFC.

Conditions Precedent: The Capital Increase Agreement shall be concluded from the date of signing and affixing of the respective company seals thereon by the legal representatives/authorised representatives of the Company and CNNCFC, and shall take effect from the date of being approved by the decision-making entities of both parties and ratified by Beijing Bureau of the National Administration of Financial Regulation.

III. SHAREHOLDING STRUCTURE OF CNNCFC PRIOR TO AND IMMEDIATELY FOLLOWING THE COMPLETION OF THE CAPITAL INCREASE

Names of shareholders	As at the date of this announcement		Immediately following the completion of the Capital Increase	
	Capital contribution to the registered capital (RMB0'000)	Shareholding percentage (%)	Capital contribution to the registered capital (RMB0'000)	Shareholding percentage (%)
CNNC	214,976	49.016	429,952	49.016
China Nuclear Engineering & Construction Corporation Limited	36,662	8.359	73,324	8.359
Qinshan Nuclear Power Co., Ltd.* (秦山核電有限公司)	28,160	6.421	56,320	6.421
China National Nuclear Corporation Overseas Ltd.	27,456	6.260	54,912	6.260
China Nuclear Uranium Co., Ltd.	23,232	5.297	46,464	5.297
China Nuclear Energy Industry Corp.	12,992	2.962	25,984	2.962
China Baoyuan Investment Co., Ltd.	11,968	2.729	23,936	2.729
Nuclear Power Qinshan Joint Venture Co., Ltd. * (核電秦山聯營有限公司)	9,600	2.189	19,200	2.189
Qinshan Nuclear Power Station No.3 Co., Ltd. *(秦山第三核電有限公司)	9,600	2.189	19,200	2.189
CNNC SUFA Technology Industry Co., Ltd.* (中核蘇閥科技實業股份有限公司)	9,600	2.189	19,200	2.189
Nuclear Industry General Hospital	8,960	2.043	17,920	2.043
China National Nuclear Corporation (Shenzhen) Limited	8,000	1.824	16,000	1.824
CNNC Lanzhou Uranium Enrichment Co., Ltd.* (中核蘭州鈾濃縮有限公司)	5,632	1.284	11,264	1.284
CNNC 404 Company Limited	4,928	1.124	9,856	1.124
CNNC Jianzhong Nuclear Fuel Co., Ltd.	4,928	1.124	9,856	1.124
Shanghai National Nuclear Puyuan Corp.* (上海中核浦原有限公司)	3,904	0.890	7,808	0.890

Names of shareholders	As at the date of this announcement		Immediately following the completion of the Capital Increase	
	Capital contribution to the registered capital (RMB0'000)	Shareholding percentage (%)	Capital contribution to the registered capital (RMB0'000)	Shareholding percentage (%)
Beijing Yuanfeng Technology Development Co., Ltd.*(北京原豐科技開發有限公司)	3,520	0.803	7,040	0.803
Sichuan Honghua Industry Co., Ltd.*(四川紅華實業有限公司)	2,816	0.642	5,632	0.642
CNNC Shaanxi Uranium Enrichment Co., Ltd.*(中核陝西鈾濃縮有限公司)	2,560	0.584	5,120	0.584
No. 2 Nuclear Industrial Research and Design Institute Co., Ltd.*(核工業第二研究設計院有限公司)	2,112	0.481	4,224	0.481
Huaye Geoscience (Beijing) Technology Co., Ltd.*(華業地學(北京)科技有限公司)	2,112	0.481	4,224	0.481
CNNC Fourth Research and Design Engineering Corporation	2,112	0.481	4,224	0.481
the Company	1,408	0.321	2,816	0.321
CNNC Fusion (Chengdu) Design & Research Institute Co., Ltd.*(中核聚變(成都)設研究院有限公司)	704	0.161	1,408	0.161
CNNC Qingyuan Environmental Technology Engineering Co., Ltd.	640	0.146	1,280	0.146
Total	438,582	100.000	877,164	100.000

* For identification purpose only.

IV. FINANCIAL INFORMATION OF CNNCFC

In accordance with the PRC Accounting Standards for Business Enterprises, the net profit before and after taxation of CNNCFC on a consolidated basis for the nine months ended 30 September 2023, as well as the years ended 31 December 2022 and 31 December 2021 are as follows:

	Nine months ended 30 September 2023 (RMB) (Unaudited)	Year ended 31 December 2022 (RMB) (Audited)	Year ended 31 December 2021 (RMB) (Audited)
Net profit before taxation	1,042,403,054.02	679,440,016.76	1,744,582,132.48
Net profit after taxation	702,352,149.36	553,935,126.36	1,348,214,522.36

According to the unaudited consolidated financial statements of CNNCFC prepared in accordance with the PRC Accounting Standards for Business Enterprises, the total assets and net assets of CNNCFC as at 30 September 2023 are RMB91,555,910,132.60 and RMB12,091,146,660.68, respectively.

V. REASONS FOR AND BENEFITS OF THE TRANSACTION

CNNCFC has been actively performing its role of a treasury management centre, and continuously optimising the quality and efficiency of its integrated financial services. While conducting its businesses and fully securing the demand for and schedule of fund utilisation by member units of CNNC, CNNC witnesses a comparatively significant fluctuation in its capital pool with the fluctuation in deposits exceeding RMB12 billion from month to month, thus constraining the enhancement and stabilisation of the scale of the credit business. Thus, it is necessary for CNNCFC to increase its paid-in capital, which is stable in the long term, so as to further explore and unleash the internal credit potential of CNNCFC, serve the industrial development of CNNC and satisfy the capital requirements of its member units and its shareholders.

In recent years, CNNC has been witnessing frequent fluctuations in its capital pool, adversely weighing down its liquidity management. Inter-borrowings among finance companies is an important tool to manage short-term liquidity. According to the relevant regulations, the amount for inter-borrowings among finance companies of CNNCFC shall not exceed its paid-in capital. Following the increase in the CNNCFC's registered capital (paid-in capital), the Company may apply to the National Interbank Lending Center for an increase in its upper limit for inter-borrowings among finance companies, satisfying the emergency management need for short-term liquidity to a greater extent and ensuring the stable business development.

In accordance with the Administrative Measures on Finance Companies of Corporate Groups (《企業集團財務公司管理辦法》) and the Regulation Governing Capital of Commercial Banks (《商業銀行資本管理辦法》), CNNCFC's business development requires capital support, while satisfying the regulatory requirements on certain ratios, including loan ratios and capital adequacy ratios. The loan ratio prescribes that the balance of loans of a finance company shall not be higher than 80% of the sum of the balance of deposits and paid-in capital, while the capital adequacy ratio prescribes that the ratio of net capital to risk assets of a finance company shall not be lower than 10.5%. At present, due to comparatively significant fluctuations in the amount of deposits placed at CNNCFC, there is a risk of the loan ratio reaching the upper limit. Following the increase in the registered capital, the upper limit of the fluctuation in deposits can be increased, which further ensures that the business development of CNNCFC is conducted in compliance with the relevant requirements.

In respect of the Directors attending the Board meeting, connected Directors Mr. Wang Suohui, Mr. Xu Hongchao, Mr. Du Jin, Mr. Chen Shoulei, Mr. Ding Jianmin and Ms. Liu Xiuhong, were considered to have material interests in the Capital Increase Agreement and the transaction contemplated thereunder by virtue of being employed by CNNC and its associates and had thus abstained from voting on the Board resolution in respect of the Capital Increase Agreement and the transaction contemplated thereunder.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Capital Increase Agreement are determined after arm's length negotiations on normal commercial terms, the transaction contemplated thereunder is fair and reasonable and has been entered into in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

VI. GENERAL INFORMATION

The Company

The Company and its subsidiaries are primarily engaged in the research, development, manufacturing and sale of diagnostic and therapeutic radio pharmaceuticals and radioactive source products for medical and industrial applications. The Company also provides irradiation services for sterilisation purpose and the engineering, procurement and construction services for the design, manufacturing and installation of gamma ray irradiation facilities. In addition, the Company provides independent clinical laboratory services to hospitals and other medical institutions.

CNNCFC

CNNCFC was established on 21 July 1997 by CNNC and CNNC's 24 member units. CNNCFC is a non-bank financial institution which strengthens the centralised management of fund within the CNNC group, improves the fund utilisation efficiency and the financial management services for CNNC groups' member units. Its business scope includes: (i) providing financial and financing consultancy, credit certification and related consultancy and agency services to member units of the CNNC group; (ii) assisting member units of the CNNC group in collection and payment of transaction funds; (iii) providing guarantees to members of the CNNC group; (iv) providing entrusted loan and entrusted investment services to member units of the CNNC group; (v) providing bill acceptance and discount services to member units of the CNNC group; (vi) processing the settlement of internal fund transfers among member units of the CNNC group and providing solution plans for relevant settlement and clearing; (vii) taking deposits from member units of the CNNC group; (viii) providing loan and finance leases to member units of the CNNC group; (ix) conducting inter-borrowings among finance companies; (x) issuing corporate bonds; (xi) underwriting the corporate bonds issued by member units of the CNNC group; (xii) equity investments in financial institutions; and (xiii) investments in negotiable securities.

VII. LISTING RULES IMPLICATIONS

As at the date of this announcement, CNNC holds approximately 73.83% of the Company's total issued share capital directly and indirectly, and is the controlling Shareholder of the Company. CNNCFC is a subsidiary and associate of CNNC. As such, CNNC and CNNCFC are connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios of the Transaction exceed 0.1% but are less than 5%, the Transaction shall be subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

VIII. 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 of the Company
“Capital Increase”	pursuant to the Plan for Conversion of Undistributed Profits to Registered Capital of CNNCFC considered and approved by the general meeting of CNNCFC, CNNCFC’s conversion of its undistributed profits of RMB4,385.82 million to its registered capital in favour of all its shareholders in proportion to their respective shareholdings, upon the completion of which, CNNCFC’s registered capital will increase from RMB4,385.82 million to RMB8,771.64 million
“Capital Increase Agreement”	the capital increase agreement entered into between the Company and CNNCFC on 23 November 2023 in relation to the Capital Increase
“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, the controlling Shareholder of the Company
“CNNCFC”	CNNC Finance Company Limited (中核財務有限責任公司), a company incorporated under the laws of the PRC on 21 July 1997, and a subsidiary of CNNC
“Company”	China Isotope & Radiation Corporation (中國同輻股份有限公司), a joint stock company incorporated in the PRC with limited liability
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange (as amended from time to time)
“PRC”	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
“Transaction”	capital contribution of RMB14.08 million made by the Company to CNNCFC in proportion to its shareholding in CNNCFC by way of converting the undistributed profits to the registered capital conducted by CNNCFC in accordance with the Capital Increase Agreement

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

Beijing, the PRC, 23 November 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. Ding Jianmin, Ms. Chang Jinyu and Ms. Liu Xiuhong as non-executive Directors; and Mr. Poon Chiu Kwok, Mr. Tian Jiahe, Ms. Chen Jingshan and Mr. Lu Chuang as independent non-executive Directors.