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CHINA ISOTOPE & RADIATION CORPORATION

中國同輻股份有限公司

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

(Stock Code: 1763)

CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION DISPOSAL OF 100% EQUITY INTEREST IN BNIBT TO CNNC HEALTH

THE DISPOSAL

References are made to the announcements of the Company dated 8 September 2023 and 23 October 2023 in relation to, among others, the Company's intention to dispose of 100% equity interest held by the Company in BNIBT to CNNC Health by way of transfer through a public tender process on CBEX.

The Board announces that, on 23 November 2023, the Company (as the transferor) and CNNC Health (as the transferee) entered into the Equity Transfer Agreement, pursuant to which the Company agreed to sell and CNNC Health agreed to acquire 100% equity interest held by the Company in BNIBT for a consideration of RMB260,115,800. Upon completion of the Disposal, the Company will cease to hold any equity interest in BNIBT and BNIBT will no longer be accounted for as a subsidiary of the Group and its financial results would no longer be consolidated into the consolidated financial statements of the Group.

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. China Baoyuan, a wholly-owned subsidiary of CNNC, holds approximately 45% equity interest in CNNC Health. As such, CNNC, China Baoyuan and CNNC Health are the connected persons of the Company under Chapter 14A of the Listing Rules. The entering into of the Equity Transfer Agreement and the transactions thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the Disposal are more than 5% but less than 25%, the Equity Transfer Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The entering into of the Equity Transfer Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder. Rainbow Capital has been engaged as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder.

The Company will convene an extraordinary general meeting to consider and, if appropriate, approve the Equity Transfer Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing its opinions and recommendations in respect of the Equity Transfer Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder; and (iv) a notice of the extraordinary general meeting, will be despatched to the Shareholders within 15 business days.

I. INTRODUCTION

References are made to the announcements of the Company dated 8 September 2023 and 23 October 2023 in relation to, among others, the Company's intention to dispose of 100% equity interest held by the Company in BNIBT to CNNC Health by way of transfer through a public tender process on CBEX.

The Board announces that, on 23 November 2023, the Company (as the transferor) and CNNC Health (as the transferee) entered into the Equity Transfer Agreement, pursuant to which the Company agreed to sell and CNNC Health agreed to acquire 100% equity interest held by the Company in BNIBT for a consideration of RMB260,115,800. Upon completion of the Disposal, the Company will cease to hold any equity interest in BNIBT and BNIBT will no longer be accounted for as a subsidiary of the Group and its financial results would no longer be consolidated into the consolidated financial statements of the Group.

II. EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are summarized as follows:

Date: 23 November 2023

Parties: (1) the Company, as the transferor; and
(2) CNNC Health, as the transferee

Disposal: The Company agreed to sell and CNNC Health agreed to acquire 100% equity interest in BNIBT held by the Company.

Consideration:

The consideration under the Equity Transfer Agreement was RMB260,115,800, which was determined with reference to the valuation of the total equity attributable to the shareholders of BNIBT conducted by Zhuoxindahua, an independent third-party appraisal agency, using the income approach on the Valuation Reference Date of 31 March 2023 and after arm's length negotiations between both parties. According to the Valuation Report on BNIBT issued by Zhuoxindahua on 8 September 2023, the total equity attributable to the shareholders of BNIBT was RMB260,115,800 as at the Valuation Reference Date.

Payment arrangement:

The remaining amount of the consideration after deducting the transaction deposits, being RMB26.0116 million, payable by CNNC Health shall be transferred by CNNC Health to the settlement account designated by CBEX within 5 working days after the Equity Transfer Agreement becomes effective. The transaction deposits paid by CNNC Health as required by the Company and pursuant to the requirements set out in the Company's information disclosure announcement in relation to equity transfer on CBEX shall be deducted as part of the consideration after the payment of the aforesaid remaining amount.

Closing:

The Company and CNNC Health shall fulfill or assist each other in fulfilling the respective obligations of reporting to the approval authorities, and use their best efforts to address any reasonable requests and enquiries from any approval authority so as to obtain approval in respect of the Equity Transfer Agreement and the equity transfer thereunder.

The Company shall, within 20 working days after obtaining the equity transfer certificate issued by CBEX for the Disposal under the Equity Transfer Agreement, procure that BNIBT completes the registration procedures with respect to such change in title of equity in BNIBT while CNNC Health shall provide necessary assistance and cooperation.

During the period from the date of the signing of the Equity Transfer Agreement to the closing of BNIBT, the Company shall perform the obligation of exercising due care on BNIBT and its assets. The Company shall ensure and procure the normal operation of BNIBT during such period. Where there is any material adverse impact on BNIBT during such period, the Company shall promptly notify CNNC Health and take appropriate measures.

Effectiveness of the Equity Transfer Agreement:

The Equity Transfer Agreement shall take effect from the date when it is affixed with the seals of, and signed by the legal representatives or authorized representatives of the Company and CNNC Health, save for such circumstances where it is necessary to submit to the approval agency for approval in accordance with laws and administrative regulations and subject to the approval at the general meeting in accordance with the relevant provisions of the listing rules of the venue(s) where the securities are listed, where applicable.

In the event that the Equity Transfer Agreement is not approved by the Shareholders at the extraordinary general meeting or where the Disposal fails to proceed to completion due to force majeure or for reasons not attributable to the Company and CNNC Health, the Equity Transfer Agreement may be terminated by consensus between the Company and CNNC Health. Taking into consideration the progress of the Disposal and the relevant terms in respect of the costs that shall be borne by the Company and CNNC Health in relation to the Disposal under the Equity Transfer Agreement, the deposit paid by CNNC Health shall be refunded to CNNC Health without interest, after deduction of the relevant costs (such deduction, if any, and the amount thereof shall be determined by mutual agreement after arm's-length negotiations between the Company and CNNC Health, having taking into account the specific reasons for the failure of the Disposal to proceed to completion).

III. PROFIT FORECAST UNDER THE VALUATION REPORT ON BNIBT

As determination of the appraised value in the Valuation Report on BNIBT is made by applying the discounted cash flow method under the income approach, such appraisal constitutes profit forecast under Rule 14.61 of the Listing Rules (the “**Profit Forecast**”).

(I) Assessment Assumptions

According to the Valuation Report on BNIBT, the details of the assessment assumptions on which the Profit Forecast is based are set out below:

General assumptions:

- (1) Transaction assumption: it is assumed that all assets to be valued are in the course of transaction and the valuation conducted by the asset valuers is based on simulated market such as terms of transaction of the target assets.
- (2) Open market assumption: it is assumed that both transaction parties have equal status regarding the assets that are to be transacted or are intended to be transacted in the market. Each of them has opportunity and time to obtain sufficient market information so as to make rational judgments regarding the functions, uses and transaction prices of the assets.

- (3) Enterprise going concern assumption: it is assumed that the valuation target will continue to operate as a going concern after the Valuation Reference Date.
- (4) Assumption of continued use of assets: it is assumed that the appraised assets will continue to be used legally and effectively in accordance with the planned use and subject to the conditions of use, such as those on the manner, scale, frequency and environment, and will not undergo significant changes during the foreseeable period of use.

Special assumptions:

- (1) It is assumed that there being no significant changes in the relevant laws, regulations and policies in force in the PRC, the macroeconomic situation of the PRC and no significant changes in the political, economic and social environment of the regions where the parties of this transaction are located.
- (2) It is assumed that there will be no significant changes in interest rates, exchange rates, tax bases and tax rates, and policy-based levies related to the valuation target after the Valuation Reference Date.
- (3) It is assumed that the industry in which the valuation target operates maintains a trend of stable development and there are no significant changes in the industrial policies, management systems and relevant regulations.
- (4) It is assumed that there are no force majeure and unforeseeable factors that would have material adverse impacts on the valuation target after the Valuation Reference Date.
- (5) It is assumed that the accounting policies to be adopted by the valuation target after the Valuation Reference Date and the accounting policies adopted in preparation of the asset valuation report are consistent in material respects.
- (6) It is assumed that the company maintains its current manner and level of management and that the scope and manner of its operation remains consistent with those at the current time.

- (7) It is assumed that the operator of the company is a responsible one and the management of the company is capable of assuming its given roles.
- (8) It is assumed that the processes of purchasing, acquiring and constructing the assets involved in the valuation target are all in compliance with the provisions of relevant national laws and regulations.
- (9) It is assumed that the cash inflow of the valuation target is an average inflow and the cash outflow is an average outflow.
- (10) It is assumed that the contracts, agreements and bid awards provided by the valuation target that are being performed or not yet performed are valid and can be completed within the planned time.
- (11) It is assumed that the valuation target can continue to be entitled to the corresponding preferential taxation policies within such prescribed period.
- (12) It is assumed that the lease of assets to the valuation target can be normally renewed upon the expiry of the lease period and such leased assets can be used on a continuous basis thereupon.
- (13) It is assumed that licenses, use permits, consent letters or other legal and administrative authorisation documents required to be issued by national or local government authorities or organisations for the valuation target are all within the validity period and in normal and compliant use as at the Valuation Reference Date, and such licenses can be renewed or replaced upon expiry of their validity.

(II) Confirmations

SHINEWING (HK) CPA Limited (“SHINEWING”), the auditor of the Company, has been engaged to report on the arithmetical accuracy of the calculations of the cash flow forecast, which does not involve the adoption of accounting policies, of the Profit Forecast as set out in the Valuation Report on BNIBT.

The Board has reviewed the key assumptions on which the Profit Forecast is based and is of the view that the Profit Forecast has been made after due and careful enquiry. The letters issued by SHINEWING and by the Board are set out, respectively, in Appendix I and Appendix II to this announcement, respectively.

(III) Experts’ Qualifications and Consents

The qualification of the expert who has given its opinion and advice included in this announcement is as follows:

Name	Qualification
SHINEWING	certified public accountants

SHINEWING has given such written consent to the issue of this announcement with the inclusion of its letter and reference to its name in the form and context in which it is published, and has not withdrawn its consent to date.

As at the date of this announcement, SHINEWING does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the date of this announcement, SHINEWING does not have any direct or indirect interest in any asset which has been, since 31 December 2022 (being the date on which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or is proposed to be acquired or disposed of by or leased to any member of the Group.

IV. FINANCIAL INFORMATION OF BNIBT

In accordance with the Chinese Accounting Standards for Business Enterprises, net profits (on consolidated basis, before and after taxation) of BNIBT for the nine months ended 30 September 2023, the years ended 31 December 2022 and 2021 are set out below:

	Nine months ended 30 September 2023 (RMB0’000) (Unaudited)	Year ended 31 December 2022 (RMB0’000) (Audited)	Year ended 31 December 2021 (RMB0’000) (Audited)
<i>Net profit before taxation</i>	-4,113.31	8,757.49	1,517.16
<i>Net profit after taxation</i>	-4,227.39	6,869.48	1,418.22

The increase in net profit of BNIBT in 2022 as compared to that of 2021 was mainly attributable to such increase in its revenue generated from sales of nucleic acid testing services due to the increased nucleic acid testing conducted by the government, and hence increased screening of nucleic acid testing samples. However, since December 2022, nucleic acid testing was no longer required to be conducted on a regular basis by the local government, hence the demand for, and the revenue of BNIBT derived from its nucleic acid testing business saw a sharp decline in 2023. However, as BNIBT was unable to drive down labor costs in the short run (as the number of staff so designated for conducting nucleic acid testing could not be concurrently reduced), which coupled with the fixed monthly depreciation costs of equipment purchased for conducting nucleic acid testing, resulting in the decline in net profit of BNIBT as of 30 September 2023.

Based on the unaudited consolidated financial statements prepared by BNIBT in accordance with the Chinese Accounting Standards for Business Enterprises, as at 30 September 2023, the total assets of BNIBT were approximately RMB403.2 million, which mainly comprised of (i) fixed assets of approximately RMB68.5 million; (ii) trade receivables of approximately RMB213.7 million; and (iii) cash and cash equivalents of approximately RMB40.7 million. As at 30 September 2023, the total liabilities of BNIBT were approximately RMB211.6 million, which mainly comprised of (i) short-term and long-term borrowings of approximately RMB15.0 million; (ii) trade payables of approximately RMB63.1 million; (iii) other payables of approximately RMB87.0 million; and (iv) lease liabilities of approximately RMB17.1 million. The net current assets and equity attributable to the shareholders of BNIBT were approximately RMB119.6 million and RMB190.8 million, respectively, as at 30 September 2023.

V. REASONS FOR AND BENEFITS OF THE DISPOSAL

BNIBT, a wholly-owned subsidiary of the Company in the in vitro diagnosis business segment, has been immersed in the field of radio-immunity for nearly 40 years. Under the internal and external environmental influences, BNIBT faces huge development opportunities and challenges. The Company intends to introduce strategic investors for BNIBT so as to optimize its shareholding and governance structure, revitalise its existing assets through the introduction of complementary advantageous resources, provide industry synergy and empowerment, inject vitality into the development of BNIBT through the use of capital means to seek better transformation and development of BNIBT in the future and enhance its corporate image. The Disposal is beneficial to the Group and will not have any adverse impact on the business and financial performance of the Group.

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 Equity Transfer Agreement and the transactions 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 Equity Transfer Agreement and the transactions contemplated thereunder.

The Directors (excluding the independent non-executive Directors who shall provide their views after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Equity Transfer Agreement are determined through arm's length negotiations on normal commercial terms, and the transactions contemplated thereunder are fair and reasonable, entered into in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

VI. FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

Upon completion of the Disposal, the Company will cease to hold any equity interest in BNIBT and BNIBT will cease to be accounted for as a subsidiary of the Group and its financial results would no longer be consolidated into in the consolidated financial statements of the Group. The Company expects to record a pre-tax gain of approximately RMB48,521,900 from the Disposal. Such amount is determined based on (i) a consideration of approximately RMB260,115,800; and (ii) the audited carrying amount of the Group's 100% equity interest in BNIBT as at 31 March 2023 of RMB211,593,900 (on consolidated basis). The actual gain of the Disposal is subject to the audit by the Company's auditor.

The Company expects the aggregate amount of proceeds from the Disposal to be RMB260,115,800. The Group intends to use the proceeds from the Disposal on the fixed assets, technological research and development and equity investment expenditures of the Company's strategic main business segments such as radio pharmaceuticals, radio nuclides, radioactive sources and irradiation applications, while supplementing the liquidity required for its operations.

VII. 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 EPC 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.

BNIBT

BNIBT is principally engaged in the research, development, manufacturing and sale of in vitro diagnostic reagents, and its business covers the manufacturing of raw materials in the upstream business and products, scientific research service and other industrial chain businesses in the in vitro diagnosis segment. As at the date of this announcement, the Company holds 100% equity interest in BNIBT.

CNNC Health

Founded in December 2018, CNNC Health's main businesses include but are not limited to medical investment, health care industry, high-end medical manufacturing and pharmaceutical distribution industry. As at the date of this announcement, China Baoyuan, Hengyang City Construction Investment Co., Ltd., and Hunan University of South China Holding Co., Ltd. hold 45%, 40% and 15% equity interest in CNNC Health, respectively.

VIII. 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. China Baoyuan, a wholly-owned subsidiary of CNNC, holds approximately 45% equity interest in CNNC Health. As such, CNNC China Baoyuan and CNNC Health are the connected persons of the Company under Chapter 14A of the Listing Rules. The entering into of the Equity Transfer Agreement and the transactions thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the Disposal are more than 5% but less than 25%, the Equity Transfer Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The entering into of the Equity Transfer Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

IX. 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 Equity Transfer Agreement and the transactions contemplated thereunder. Rainbow Capital has been engaged as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder.

X. EXTRAORDINARY GENERAL MEETING

The Company will convene an extraordinary general meeting to consider and, if appropriate, approve the Equity Transfer Agreement and the transactions contemplated thereunder. 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 in relation to the Equity Transfer Agreement and the transactions contemplated thereunder at the extraordinary 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 extraordinary general meeting.

A circular containing, among other things, (i) further details of the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing its opinions and recommendations in respect of the Equity Transfer Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder; and (iv) a notice of the extraordinary general meeting, will be despatched to the Shareholders within 15 business days.

XI. DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“BNIBT”	Beijing North Institute of Biotechnology Co., Ltd. (北京北方生物技術研究所有限公司), a company established under the laws of the PRC on 6 June 1985 and a wholly-owned subsidiary of the Company as at the date of this announcement
“Board”	the board of Directors of the Company
“CBEX”	China Beijing Equity Exchange(北京產權交易所)
“China Baoyuan”	China Baoyuan Investment Co., Ltd. (中國寶原投資有限公司), a company established under the laws of the PRC on 20 January 1988 and a wholly-owned subsidiary of CNNC, the controlling Shareholder of the Company, as at the date of this announcement
“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 which holds approximately 73.83% equity interest in the Company and is the controlling Shareholder of the Company
“CNNC Health”	CNNC Health Investment Co., Ltd. (中核健康投資有限公司), a company established under the laws of the PRC on 20 December 2018 which is held as to 45%, 40% and 15% by China Baoyuan, Hengyang City Construction Investment Co., Ltd. (衡陽市城市建設投資有限公司), and Hunan University of South China Holding Co., Ltd. (湖南南華大學資產經營有限公司), respectively, as at the date of this announcement
“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
“Disposal”	the transaction in relation to the disposal of 100% equity interest in BNIBT by the Company to CNNC Health pursuant to the Equity Transfer Agreement

“Equity Transfer Agreement”	the equity transfer agreement entered into between the Company and CNNC Health on 23 November 2023, pursuant to which the Company agreed to sell and CNNC Health agreed to acquire 100% equity interest in BNIBT held by the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board, comprising Mr. Poon Chiu Kwok, Mr. Tian Jiahe, Ms. Chen Jingshan and Mr. Lu Chuang, all being the independent non-executive Directors of the Company
“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and transactions contemplated thereunder
“Independent Shareholders”	the Shareholders who are not required to abstain from voting in favour of the resolution for approving the proposed resolutions under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“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
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented, or otherwise modified from time to time)
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Reference Date”	31 March 2023

“Valuation Report on BNIBT”

the Asset Valuation Report on Value of Total Equity Attributable to Shareholders of Beijing North Institute of Biotechnology Co., Ltd. Involved in the Proposed Transfer of the Equity Interest Held by China Isotope & Radiation Corporation in Beijing North Institute of Biotechnology Co., Ltd. issued by Zhuoxindahua dated 8 September 2023 (Zhuo Xin Da Hua Ping Bao Zi (2023) No. 2206)

“Zhuoxindahua”

Beijing Zhuoxindahua Appraisal Co., Ltd. (北京卓信大華資產評估有限公司), an independent third-party appraisal agency engaged in connection with the Disposal

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.

Appendix I – Letter from SHINEWING (HK) CPA Limited on the Profit Forecast

The following is the full text of a letter on the Profit Forecast from the auditor of the Company, SHINEWING (HK) CPA Limited, for inclusion in this announcement. If there is discrepancy between the Chinese and English versions of this letter, the English version shall prevail.

Board of Directors

China Isotope & Radiation Corporation
No.66 Changwa Middle Street,
Haidian District,
Beijing, PRC

Dear Sirs,

INDEPENDENT ASSURANCE REPORT

We have examined the calculations of the underlying profit forecast (the “**Underlying Forecast**”) dated 8 September 2023 prepared by Beijing Zhuoxindahua Appraisal Co., Ltd.* (北京卓信大華資產評估有限公司) in respect of the business valuation on Beijing North Institute of Biotechnology Co., Ltd (北京北方生物技術研究所有限公司) (the “**Target Company**”) in connection with the proposed disposal of 100% equity interest in the Target Company by China Isotope & Radiation Corporation (the “**Company**”), as set out in the announcement of the Company dated 23 November 2023 (the “**Announcement**”). The business valuation is prepared under the income approach, which involves the calculations of discounted future estimated cash flows, therefore constitutes a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Directors’ Responsibilities

The directors of the Company and the Target Company (the “**Directors**”) are solely responsible for the preparation of the Underlying Forecast including the bases and assumptions, for the purpose of business valuation of the Target Company based on discounted cash flow method. The Underlying Forecast has been prepared using a set of bases and assumptions (the “**Assumptions**”) that include hypothetical assumptions about future events and management’s actions that are not necessarily expected to occur. Even if the events anticipated occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. The Directors are responsible for the reasonableness and validity of the Assumptions.

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants, (“**HKICPA**”) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, based on our work on the Underlying Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under Rule 14.62 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and for no other purpose. We have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and express no opinion on the reasonableness and validity of the Assumptions on which the Underlying Forecast is based. We accept no responsibility to any other person in respect of, arising out of or in connection with our work. The Underlying Forecast does not involve adoption of accounting policies.

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. We examined the arithmetical accuracy of the Underlying Forecast. We have planned and performed our work to obtain reasonable assurance for giving our opinion below.

We have planned and performed such procedures as we considered necessary to assist the Directors solely in evaluating whether the Underlying Forecast, so far as the calculations are concerned, has been properly compiled in accordance with the Assumptions made by the Directors. Our work does not constitute any valuation of the Target Company.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, so far as the calculations are concerned, the Underlying Forecast has been properly compiled, in all material aspects, in accordance with the Assumptions adopted by the Directors.

Yours faithfully,

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lee Shun Ming

Practising Certificate Number: P07068

Hong Kong
23 November 2023

* *For identification purpose only.*

Appendix II – Letter from the Board of Directors on the Profit Forecast

The following is the full text of a letter from the Board of Directors on the Profit Forecast, for inclusion in this announcement. If there is discrepancy between the Chinese and English versions of this letter, the Chinese version shall prevail.

To: Listing Division of The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square,
8 Connaught Place, Central,
Hong Kong

Dear Sirs:

Company: China Isotope & Radiation Corporation (the “Company”)

Related to: Profit Forecast – Confirmation required by Rule 14.62(3) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)

Reference is made to the announcement of the Company dated 23 November 2023, in which it is stated that Beijing Zhuoxindahua Appraisal Co., Ltd. (北京卓信大華資產評估有限公司) (the “**Independent Valuer**”) has adopted the income approach to conduct a valuation of the entire equity interests in Beijing North Institute of Biotechnology Co., Ltd. (北京北方生物技術研究所有限公司) (“**BNIBT**”) as at 31 March 2023 (the “**Valuation**”). Therefore, the Valuation constitutes a profit forecast (the “**Profit Forecast**”) pursuant to Rule 14.61 of the Listing Rules.

The board of directors (the “**Board**”) of the Company has reviewed the basis and assumptions of the Profit Forecast and has discussed the same with the Independent Valuer. The Board has also considered the letter dated 23 November 2023 from the Company’s auditor, SHINEWING (HK) CPA Limited, as to whether the Profit Forecast, so far as the calculations are concerned, has been properly prepared in all material respects in accordance with the assumptions used in the Valuation. Based on the above, the Board has confirmed that the Profit Forecast has been made after due and careful enquiry pursuant to Rule 14.62(3) of the Listing Rules.

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

23 November 2023