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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

ENTERING INTO THE INVESTMENT AND COOPERATION AGREEMENT ON THE ESTABLISHMENT OF THE JOINT VENTURE COMPANY

ENTERING INTO THE INVESTMENT AND COOPERATION AGREEMENT

On 3 April 2024, the Company has entered into the Investment and Cooperation Agreement with CNNC Hainan Nuclear Power in respect of the establishment of the Joint Venture Company. Pursuant to the Investment and Cooperation Agreement, the registered capital of the Joint Venture Company is RMB50 million, of which, RMB25.5 million will be contributed by the Company with monetary funds, and RMB24.5 million will be paid by CNNC Hainan Nuclear Power with monetary funds. Upon the establishment of the Joint Venture Company, the Company and CNNC Hainan Nuclear Power will hold 51% and 49% equity interests in the Joint Venture Company, respectively, and the Joint Venture Company will become a subsidiary of the Company.

IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, CNNC indirectly holds approximately 73.83% of the Company's total issued share capital, and is the ultimate controlling Shareholder of the Company. Since China Nuclear Power, a non wholly-owned subsidiary of CNNC, holds 100% equity interests in CNNC Hainan Nuclear Power, CNNC Hainan Nuclear Power is an associate of CNNC and a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into of the Investment and Cooperation Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated under the Listing Rules in respect of the transactions under the Investment and Cooperation Agreement exceeds 0.1% but is less than 5%, such transaction is subject to the reporting and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. INTRODUCTION

On 3 April 2024, the Company has entered into the Investment and Cooperation Agreement with CNNC Hainan Nuclear Power in respect of the establishment of the Joint Venture Company. Pursuant to the Investment and Cooperation Agreement, the registered capital of the Joint Venture Company is RMB50 million, of which, RMB25.5 million will be contributed by the Company with monetary funds, and RMB24.5 million will be paid by CNNC Hainan Nuclear Power with monetary funds. Upon the establishment of the Joint Venture Company, the Company and CNNC Hainan Nuclear Power will hold 51% and 49% equity interests in the Joint Venture Company, respectively, and the Joint Venture Company will become a subsidiary of the Company.

II. THE INVESTMENT AND COOPERATION AGREEMENT

The principal terms of the Investment and Cooperation Agreement are summarized as bellow:

Date:	3 April 2024
Parties:	(1) CNNC Hainan Nuclear Power; and (2) the Company
Effective date:	The Investment and Cooperation Agreement will come into force from the date when it is affixed with the chops of, and signed by the authorized representatives of each party.
Contribution amount and method of payment:	The registered capital of the Joint Venture Company is RMB50 million, of which, RMB25.5 million will be contributed by the Company with monetary funds, representing 51% of the registered capital of the Joint Venture Company, and RMB24.5 million will be contributed by CNNC Hainan Nuclear Power with monetary funds, representing 49% of the registered capital of the Joint Venture Company. The first sum of contribution of RMB20.4 million by the Company and RMB19.6 million by CNNC Hainan Nuclear Power will be paid off within one month after the issue of the business license to the Joint Venture Company on a lump-sum basis, respectively. The second sum of contribution of RMB5.1 million by the Company and RMB4.9 million by CNNC Hainan Nuclear Power will be paid off within five years after the establishment of the Joint Venture Company, respectively, according to the operational need of the Joint Venture Company.
Objective and business scope:	The Joint Venture Company mainly engages in electronic accelerator radiation processing, and also operates fresh preservation, storage, sterilization and other deep processing services for special, featured agricultural products, as well as many other businesses, aiming to facilitate high quality development of special, featured agricultural products from Yulin and its surrounding regions, and become a leading enterprise in the field of radiation application in Yulin, and even in Guangxi.

The business scope of the Joint Venture Company includes entry-exit inspection and quarantine arrangement at borders; research and development of new materials, sales of synthetic materials; sales of refractory materials; operation of wires and cables; sales agent; management service for supply and marketing cooperatives; technical service, technical development, technical consultation, technical exchange, technical transfer and technical promotion; conference and exhibition service; operation of transportation station for road cargo; warehousing service for general cargo, among which, entry-exit inspection and quarantine arrangement at borders requires post-license, subject to the business scope approved by the corporate registration authority.

Where the scope of business of the Joint Venture Company falls within the scope of items that are subject to approval under laws and administrative regulations, it should obtain approval from the relevant authorities in accordance with laws.

Management organization and legal representative of the Joint Venture Company:

The Joint Venture Company shall set up the general meeting of shareholders, in which the shareholders exercise voting rights according to the proportion of their respective paid-in capital contribution. The rules of procedure of the general meeting of shareholders are subject to the requirements of the articles of association of the Joint Venture Company.

The Joint Venture Company shall establish the board of directors, comprising five directors, three of which shall be nominated by the Company (including the chairperson) and two of which shall be nominated by CNNC Hainan Nuclear Power.

The Joint Venture Company shall have 1 supervisor being nominated by CNNC Hainan Nuclear Power without establishing the board of supervisors.

The method to form the operation and management authority of the Joint Venture Company and its functions and responsibilities are set out in the articles of association of the Joint Venture Company. The general manager of the Joint Venture Company is the legal representative of the company. The Joint Venture Company shall establish an operation and management authority, responsible for daily operation and management of the Joint Venture Company. The operation and management authority of the Joint Venture Company has 1 general manager and 3 deputy general managers, among which, the general manager and 1 deputy general manager shall be nominated by the Company; 2 deputy general managers shall be nominated by CNNC Hainan Nuclear Power. The Joint Venture Company shall have 1 financial officer, nominated by the Company.

Equity transfer and pledge: The equity of the Joint Venture Company can be transferred according to laws, but the transferee is limited to the legal entities under CNNC. The shareholders of the Joint Venture Company may transfer all or part of equity held by them.

The transfer of equity in the Joint Venture Company held by the shareholders, including internal transfer and external transfer, should be subject to the approval from the shareholders holding more than half of the voting rights, failing which, the shareholders shall not, directly or indirectly, transfer, pledge or otherwise dispose their equity or interest in the Joint Venture Company. Any equity disposal in violation of the aforesaid provision should be invalid.

The shareholders shall inform the other shareholders of the equity transfer in writing to seek their consent. Any failure to reply by the other shareholders within 30 days upon receiving such written notice shall be deemed to have consented to the transfer. If more than half of the other shareholders do not consent to the transfer, the dissenting shareholders shall purchase the equity to be transferred; any failure to make such purchase shall be deemed as consent to the transfer. If the other shareholders reply that they intend to purchase such equity, the shareholders shall negotiate and reach an agreement among themselves within 30 days upon receiving the reply, failing which, the negotiation shall be terminated and the shareholders proposing the transfer may negotiate with and transfer their equity to a third party other than the shareholders. If the other shareholders reply that they have no intention of purchasing such equity, the shareholders proposing to transfer may negotiate with and transfer their equity to a third party other than the shareholders.

For the external transfer agreed by the shareholders, the other shareholders shall have the right of first refusal under the same conditions. If there are two or more shareholders proposing to exercise the right of first refusal, they shall negotiate and determine their respective proportion of purchase, failing which, the right of first refusal shall be exercised in accordance with their respective proportion of capital contribution at the time of the transfer. The shareholder who intends to transfer his/her equity shall inform the other shareholders of the result of his/her negotiation with a third party regarding the transfer of equity (including but not limited to the proportion of contribution capital to be transferred, transfer price, delivery method, time of transfer and others), so as to solicit whether the other shareholders shall exercise their right of first refusal under the same conditions. The other shareholders should reply within 15 days, and failure to give such reply shall be deemed as a waiver of such right. The other shareholders who reply to exercise the right of first refusal shall reach an agreement on the equity transfer with the shareholder who intends to transfer the equity within 30 days from the date of reply, otherwise they shall be deemed to have renounced such right.

The equity transfer involving state-owned assets shall be carried out in compliance with the relevant state-owned assets supervision and administration provisions.

When a shareholder transfers his/her equity in accordance with laws, the Joint Venture Company shall cancel his/her original capital contribution certificate and issue a capital contribution certificate to the new shareholders and/or transferees based on the altered shareholding and capital contribution. In the meantime, the Joint Venture Company shall amend the articles of association and the records in register of shareholders and follow the registration procedures for industrial and commercial changes in a timely manner.

III. 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 sterilization purpose and 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.

CNNC Hainan Nuclear Power

CNNC Hainan Nuclear Power was established on 10 October 2019 and its business scope includes the construction, operation, decommissioning and power sales of nuclear power plants; technical consulting and services; logistics services, asset leasing, training, catering, accommodation. As of the date of this announcement, CNNC Hainan Nuclear Power is a wholly-owned subsidiary of China Nuclear Power, which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council.

IV. REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JOINT VENTURE COMPANY

Nuclear power is the core industry of CNNC, and nuclear power sites are rare in China. As the development of nuclear power as a clean energy benefits the country and the people, it is essential to select a site which is supported by local governments and people. Irradiation processing, as a processing service industry that directly affects people's livelihood, has attracted the attention of municipal government of Yulin and local people, who hope to support the upgrading of local characteristic agricultural products industry with the help of irradiation processing technology. The Company and CNNC Hainan Nuclear Power have set up a model of cooperation by building an irradiation processing enterprise in Yulin, which promotes the establishment of an effective communication mechanism between the two parties to support each other and seek common development, so as to realize the coordinated development of the industry of CNNC.

Nuclear technology application industry is an important industry development direction of CNNC. Radiation technique application is one of the three major business segments of CNNC's nuclear technology application industry. Irradiation processing is an important part of the radiation technique application business. It is necessary for CNNC to establish the Joint Venture Company to realize its planning of irradiation application industry development.

The establishment of the Joint Venture Company can fill the gap in the irradiation processing business in Yulin and its surrounding areas. By replacing some traditional technologies such as high temperature and sulfur fumigation with more environmentally friendly and convenient irradiation sterilization and insecticidal technology, it ensures more thorough sterilization without toxic residue, and can directly treat packaged products, prevent cross-contamination, and make quality control simpler and more reliable. The preliminary market research in Yulin indicates a scarcity of products treated through irradiation processing technology. However, it highlights potential applications for certain agricultural products in Yulin to be processed with irradiation technology, such as insecticide and preservation of dried tangerine peel and Chinese herbal medicines, sterilization of spices and pet food, preservation of pre-made food and poultry, etc. Irradiation processing technology can provide an easy-to-control, continuous, residue-free, cost-effective and high-safety treatment method without sacrificing the color, fragrance, taste and nutritional components of food, which is conducive to regional industrial upgrading by providing necessary supporting facilities to promote the transformation and upgrading of the primary materials business to a higher value-added deep processing industry.

V. IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, CNNC indirectly holds approximately 73.83% of the Company's total issued share capital, and is the ultimate controlling Shareholder of the Company. Since China Nuclear Power, a non wholly-owned subsidiary of CNNC, holds 100% equity interests in CNNC Hainan Nuclear Power, CNNC Hainan Nuclear Power is an associate of CNNC and a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into of the Investment and Cooperation Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated under the Listing Rules in respect of the transactions under the Investment and Cooperation Agreement exceeds 0.1% but is less than 5%, such transaction is subject to the reporting and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

In respect of the Directors attending the Board meeting, connected Directors, Zhang Junqi, Xu Hongchao, Fan Guomin, Chen Shoulei, Ding Jianmin and Liu Xiuhong were deemed to have material interests in entering into the Investment and Cooperation Agreement and the transactions contemplated thereunder by virtue of being employed by CNNC and/or its associates and had thus abstained from voting on relevant Board resolutions in respect of the entering into of the Investment and Cooperation Agreement and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Investment and Cooperation Agreement are determined through arm's length negotiation on normal commercial terms, and the transactions contemplated thereunder are fair and reasonable and are 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. 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
“Board”	the board of Directors of the Company
“China Nuclear Power”	China National Nuclear Power Co., Ltd. (中國核能電力股份有限公司), a company established under the laws of the PRC on 21 January 2008 and a non wholly-owned subsidiary of CNNC
“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 ultimate controlling Shareholder of the Company
“CNNC Hainan Nuclear Power”	CNNC Hainan Nuclear Power Co., Ltd. (中核海南核電有限公司), a company established under the laws of the PRC on 10 October 2019, a wholly-owned subsidiary of China Nuclear Power
“Company”	China Isotope & Radiation Corporation (中國同輻股份有限公司)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Investment and Cooperation Agreement”	the investment and cooperation agreement entered into between the Company and CNNC Hainan Nuclear Power on 3 April 2024 in relation to the establishment of CNNC (Yulin) Irradiation Co., Ltd. (中核(玉林)輻照有限公司) (provisional name)
“Joint Venture Company”	CNNC (Yulin) Irradiation Co., Ltd. (中核(玉林)輻照有限公司) (provisional name), subject to the name approved and registered by company registration authority
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (subject to revision from time to time)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent

By order of the Board
China Isotope & Radiation Corporation
Zhang Junqi
Chairman

Beijing, the PRC, 3 April 2024

As at the date of this announcement, the Board comprises Mr. Zhang Junqi, Mr. Xu Hongchao and Mr. Fan Guomin 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.