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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 AGREEMENT ON THE ESTABLISHMENT OF THE JOINT VENTURE COMPANY

ENTERING INTO THE INVESTMENT AGREEMENT

On 16 December 2024, CNGT, a subsidiary of the Company, has entered into the Investment Agreement with 404 Company and Other Investors in respect of the establishment of the joint venture company, Gansu Hongye. Pursuant to the Investment Agreement, the registered capital of Gansu Hongye is RMB95 million, among which, RMB57 million will be contributed by 404 Company in cash, and RMB9.5 million will be contributed by CNGT, a subsidiary of the Company, in cash. Upon the establishment of Gansu Hongye, 404 Company and CNGT, a subsidiary of the Company, will hold 60% and 10% equity interests in Gansu Hongye, respectively, and Gansu Hongye will become a subsidiary of 404 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 404 Company is a wholly-owned subsidiary of CNNC, 404 Company is an associate of CNNC and a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into the Investment Agreement and the transaction 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 transaction under the Investment 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 16 December 2024, CNGT, a subsidiary of the Company, has entered into the Investment Agreement with 404 Company and Other Investors in respect of the establishment of the joint venture company, Gansu Hongye. Pursuant to the Investment Agreement, the registered capital of Gansu Hongye is RMB95 million, among which, RMB57 million will be contributed by 404 Company in cash, and RMB9.5 million will be contributed by CNGT, a subsidiary of the Company, in cash. Upon the establishment of Gansu Hongye, 404 Company and CNGT, a subsidiary of the Company, will hold 60% and 10% equity interests in Gansu Hongye, respectively, and Gansu Hongye will become a subsidiary of 404 Company.

II. THE INVESTMENT AGREEMENT

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

Date:	16 December 2024
Parties:	(1) 404 Company; (2) CNGT, a subsidiary of the Company; and (3) Other Investors.
Effective date:	The Investment Agreement will be executed after being signed by the legal representatives or authorized representatives of the parties and affixed with the respective company seals, and will become effective upon approval by the competent state-owned assets management authorities of the parties.
Contribution amount and method of payment:	The registered capital of Gansu Hongye is RMB95 million. Each of the parties will make contribution in cash. The amounts of contributions and shareholding ratios are as follows:

Company name	Contribution amount (RMB'0,000)	Shareholding ratio
404 Company	5,700	60%
Gansu Runyuan Environmental Resources Technology Co., Ltd. (甘肅潤源環境資源科技有限公司)	1,425	15%
CNGT (a subsidiary of the Company)	950	10%
Jiuquan Economic Development and Investment (Group) Co., Ltd. (酒泉市經濟開發投資(集團)有限責任公司)	475	5%
Jinta County Jinxin Industrial Investment and Development Group Co., Ltd. (金塔縣金鑫工業投資發展集團有限公司)	475	5%
Jiayuguan Chengfa Group Co., Ltd. (嘉峪關市城發集團有限公司)	475	5%

Objective:	To establish an integrated technology company for the extraction and separation of nuclides at the back-end of the nuclear fuel cycle, preparation of radioactive sources, research and development, processing, sales of isotope products, and recycling of waste sources, so as to realize the resourceful utilization of radioactive wastes, to fill the gap in the field of isotope production in China, and to form a complementary isotope technology and product supply pattern with our domestic counterparts.
Business scope:	<p>Licensed items: radioisotope production (except radiopharmaceuticals for positron emission computed tomography); sales of Class I radioactive sources; sales of Class II, III, IV and V radioactive sources; sales of Class II and III radiation devices; inspection and testing service; operation of Class III medical appliance. Solid radioactive waste treatment, storage, disposal.</p> <p>General items: nuclear and nuclear radiation measurement instruments manufacturing; instrument and meter manufacturing; sales of instrument and meter; sales of special instrument and meter for environmental monitoring; sales of experimental analytical instruments; sales of chemical products (excluding permitted chemical products); sales of specialized chemical products (excluding hazardous chemicals); sales agent; technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion.</p> <p>The business scope of Gansu Hongye is subject to such items as approved by the company registration authority. Where the scope of business 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.</p>
Management organization and legal representative of Gansu Hongye	<p>Gansu Hongye shall have a shareholders' meeting which acts as the organ of authority of Gansu Hongye and exercises its functions and powers in accordance with the Company Law and relevant laws, administrative regulations and the articles of association.</p> <p>Gansu Hongye shall have a board of directors which exercises its functions and powers in accordance with the Company Law and relevant laws, administrative regulations and the articles of association of Gansu Hongye.</p> <p>The board of directors of Gansu Hongye shall comprise five directors, three (including one external director) of which shall be recommended by 404 Company, one (external director) recommended by Gansu Runyuan Environmental Resources Technology Co., Ltd. (甘肅潤源環境資源科技有限公司) and one (external director) recommended by CNGT. All the directors shall be elected by the shareholders' meeting. The director recommended by 404 Company shall serve as the chairman of the board of directors and shall be elected by the board of directors.</p> <p>Gansu Hongye shall not establish a board of supervisors or have any supervisor. The board of directors shall establish an audit committee consisting of external directors and exercising the functions and powers of the board of supervisors in accordance with laws.</p>

Gansu Hongye shall have a general manager, who shall be recommended by 404 Company and appointed or dismissed by the board of directors; a chief accountant, recommended by 404 Company; a deputy general manager of sales, recommended by CNGT; and several deputy general managers and a general counsel, nominated by the general manager and appointed or dismissed by the board of directors.

Equity transfer and
pledge:

Shareholders may transfer all or part of equity held by them to each other. The transfer of equity shall be subject to the decision of the shareholders' meeting and the consent of shareholders representing more than two-thirds of the voting rights of all shareholders.

If a shareholder transfers the equity to a third party other than a shareholder, the shareholder shall notify the other shareholders in writing of the quantity, price, method of payment and period of time of the equity transfer, and the other shareholders shall have the right of first refusal under the same conditions. Any failure to reply by the shareholders within 30 days upon receiving such written notice shall be deemed as a waiver of the right of first refusal. If two or more shareholders 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.

When a shareholder transfers its equity in accordance with laws, Gansu Hongye shall promptly cancel the capital contribution certificate of the original shareholder and issue a capital contribution certificate under the common seal to the new shareholder based on the altered shareholding and capital contribution, and shall amend the articles of association and the records in register of shareholders in relation to the shareholder and its capital contribution accordingly.

A pledge by a shareholder of all or part of its capital contribution to any third party other than a shareholder must be approved by unanimous consent of all shareholders at the shareholders' meeting, and the pledge shall be recorded in the register of shareholders.

Within five years of the establishment of Gansu Hongye, all shareholders shall not transfer their equity externally, except for the transfer of all or part of the equity by a shareholder to its wholly-owned or controlled subsidiary, parent company, or the wholly-owned or controlled subsidiary of such parent company (hereinafter referred to as "related party(ies)"). New shareholders may be added upon a resolution passed by shareholders representing more than two-thirds of the voting rights of all shareholders. Where a shareholder transfers all or part of its equity of Gansu Hongye to a related party, other shareholders shall cooperate in performing the decision-making procedures at the shareholders' meeting and waive their rights of first refusal over such transfer.

III. REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT AGREEMENT TO ESTABLISH GANSU HONGYE

Gansu Hongye is a company specializing in the extraction of radioisotope products from the high-level radioactive waste liquid treatment solution generated during the spent fuel reprocessing process, which was established by 404 Company and a local government investment platform. After it is put into operation, it will be the only supplier of isotopes for spent fuel reprocessing in China. The entering into the Investment Agreement to establish Gansu Hongye is conducive to the realization of the industrial application of the technology for isotopes extraction from spent fuel and the utilization of high-level waste liquid resources, and the reduction of the source risks of isotopes-related raw materials in China.

The entering into the Investment Agreement to establish Gansu Hongye can diversify the procurement channels of certain raw materials for CNGT and reduce its dependence on imported raw materials. It is a strategic investment to thoroughly implement the “Integration and Synergy” work plan of CNNC, which is in the interests of the Company and Shareholders as a whole.

IV. GENERAL INFORMATION

CNGT

CNGT, a subsidiary of the Company, is principally engaged in the development, production and sale of radioisotope products, and also engages in import and export trading and cargo transportation. As at the date of this announcement, the Company directly holds approximately 93.1533% equity interest in CNGT.

404 Company

404 Company, a wholly-owned subsidiary of CNNC, is principally engaged in nuclear research and production, uranium conversion, spent fuel reprocessing, treatment of radioactive waste from decommissioned nuclear facilities, and recycling and reuse of radioactive and radiological sources. The ultimate beneficial owner of 404 Company is the State-owned Assets Supervision and Administration Commission of the State Council.

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 404 Company is a wholly-owned subsidiary of CNNC, 404 Company is an associate of CNNC and a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into the Investment Agreement and the transaction 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 transaction under the Investment 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, Han Yongjiang, Zhang Junqi, Chen Zan, Ding Jianmin and Liu Xiuhong, were deemed to have material interests in entering into the Investment Agreement and the transaction 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 the Investment Agreement and the transaction contemplated thereunder.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Investment Agreement are determined through arm's length negotiation on normal commercial terms, and the transaction contemplated thereunder is fair and reasonable and is 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:

“404 Company”	CNNC 404 Company Limited
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“CNGT”	Chengdu Gaotong Isotope Co., Ltd. (CNNC) (成都中核高通同位素股份有限公司)
“CNNC”	China National Nuclear Corporation (中國核工業集團有限公司, previously known as “中國核工業集團公司”), a company established under the laws of the PRC on 29 June 1999, the controlling Shareholder of the Company
“Company”	China Isotope & Radiation Corporation
“Company Law”	the Company Law of the PRC
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Group”	the Company and its subsidiaries
“Independent Third Parties”	independent third parties who are not connected persons of the Company and its subsidiaries, and are independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Other Investor(s)”	other investors other than 404 Company and CNGT under the Investment Agreement, including Gansu Runyuan Environmental Resources Technology Co., Ltd. (甘肅潤源環境資源科技有限公司), Jiuquan Economic Development and Investment (Group) Co., Ltd. (酒泉市經濟開發投資(集團)有限責任公司), Jinta County Jinxin Industrial Investment and Development Group Co., Ltd. (金塔縣金鑫工業投資發展集團有限公司) and Jiayuguan Chengfa Group Co., Ltd. (嘉峪關市城發集團有限公司), all of which are Independent Third Parties of the Company
“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

By order of the Board
China Isotope & Radiation Corporation
Han Yongjiang
Chairman

Beijing, the PRC, 16 December 2024

As at the date of this announcement, the Board comprises Mr. Han Yongjiang and Mr. Zhang Junqi as executive Directors; Mr. Chen Zan, Mr. Ding Jianmin, Ms. Chang Jinyu and Ms. Liu Xiuhong as non-executive Directors; and Mr. Poon Chiu Kwok, Ms. Chen Jingshan, Mr. Lu Chuang and Mr. An Rui as independent non-executive Directors.