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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 ACQUISITION OF 100% EQUITY INTEREST IN DALIAN CNNC RADIATION**

#### **THE EQUITY TRANSFER**

The Board announces that, on 28 December 2023, the Company, China National Nuclear Corporation Dalian Institute of Applied Technology and Dalian CNNC Radiation entered into the Equity Transfer Agreement, pursuant to which, the Company agreed to acquire and China National Nuclear Corporation Dalian Institute of Applied Technology agreed to sell 100% equity interest held by it in Dalian CNNC Radiation for a consideration of RMB4,610,500. Upon completion of the Equity Transfer, the Company will hold 100% equity interest in Dalian CNNC Radiation and Dalian CNNC Radiation will be accounted for as a subsidiary of the Group and its financial results would be consolidated into the consolidated financial statements of the Group.

#### **LISTING RULES IMPLICATIONS**

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. In view of the fact that China National Nuclear Corporation Dalian Institute of Applied Technology is a public institute owned by CNNC, China National Nuclear Corporation Dalian Institute of Applied Technology is an associate of CNNC and a connected person of the Company under Chapter 14A of the Listing Rules. As such, the entering into of the Equity Transfer Agreement and the Equity Transfer constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Equity Transfer is more than 0.1% but less than 5%, the transaction shall be subject to the reporting and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## I. INTRODUCTION

The Board announces that, on 28 December 2023, the Company (as the transferee), China National Nuclear Corporation Dalian Institute of Applied Technology (as the transferor) and Dalian CNNC Radiation (as the target company) entered into the Equity Transfer Agreement, pursuant to which, the Company agreed to acquire and China National Nuclear Corporation Dalian Institute of Applied Technology agreed to sell 100% equity interest held by it in Dalian CNNC Radiation for a consideration of RMB4,610,500. Upon completion of the Equity Transfer, the Company will hold 100% equity interest in Dalian CNNC Radiation and Dalian CNNC Radiation will be accounted for as a subsidiary of the Group and its financial results would be consolidated into the consolidated financial statements of the Group.

## II. THE EQUITY TRANSFER AGREEMENT

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

**Date:** 28 December 2023

**Parties:**

- (1) China National Nuclear Corporation Dalian Institute of Applied Technology, as the transferor;
- (2) the Company, as the transferee; and
- (3) Dalian CNNC Radiation, as the target company

**Effective date:** The Equity Transfer Agreement shall take effect from the date when it is affixed with the chops of, and signed by the legal representatives or authorised representatives of each party.

**Target Equity Interest:** As at the date of the entering into of the Equity Transfer Agreement, the registered capital of Dalian CNNC Radiation was RMB7,990,000, which has been fully paid up.

China National Nuclear Corporation Dalian Institute of Applied Technology subscribed for the equity interest held by it in Dalian CNNC Radiation at a price of RMB7,990,000, which has been fully paid up.

The Target Equity Interest (i.e. 100% equity interest in Dalian CNNC Radiation held by China National Nuclear Corporation Dalian Institute of Applied Technology), which China National Nuclear Corporation Dalian Institute of Applied Technology agreed to sell and the Company agreed to purchase, includes all the rights and interests incidental thereto, and is not subject to any form of guarantee, including but not limited to the placing of a pledge on the Target Equity Interest or any restriction or obligation that would affect the Equity Transfer or the exercise of the shareholders' rights. The Target Equity Interest is not subject to injunctive measures such as seizure by any competent authorities. There is no potential dispute over the Target Equity Interest and there is no restriction or limitation preventing China National Nuclear Corporation Dalian Institute of Applied Technology from fulfilling its obligations under the Equity Transfer Agreement.

**Transfer price:** The transfer price under the Equity Transfer Agreement was RMB4,610,500, which was determined with reference to the valuation of the total equity attributable to the shareholders of Dalian CNNC Radiation conducted by China Assets Appraisal Co., Ltd. (中資資產評估有限公司), an independent third-party appraisal agency, using the asset-based approach on the valuation reference date of 31 March 2023 and after arm's length negotiations among parties. According to the Asset Valuation Report, the valuation of the total equity attributable to the shareholders of Dalian CNNC Radiation was RMB4,610,500 as at the valuation reference date.

**Payment methods:** The Company shall make the payment in one lump sum and remit full consideration for the Equity Transfer to the relevant collection account of China National Nuclear Corporation Dalian Institute of Applied Technology within 15 working days after all of the following conditions have been fulfilled and confirmed by the Company:

- (1) the industrial and commercial registration procedures of changes in respect of the Equity Transfer have been completed and Dalian CNNC Radiation has obtained a new business license;
- (2) Dalian CNNC Radiation has amended its articles of association and the corresponding industrial and commercial registration procedures of changes have been completed;
- (3) China National Nuclear Corporation Dalian Institute of Applied Technology, the Company and Dalian CNNC Radiation have completed their obligations in respect of the delivery of the operating rights and there has been no unfavorable change in the assets, operations, liabilities, tax or other financial position of Dalian CNNC Radiation during such period from the signing of the Equity Transfer Agreement to the delivery.

**Transition arrangements:** The transition period commences from 31 March 2023 (the valuation reference date) and ends on the date of completion of the industrial and commercial registration of changes in respect of the Equity Transfer.

Dalian CNNC Radiation will not enter into any agreement or commitment that is outside the scope of its licensed business or that is of significance. China National Nuclear Corporation Dalian Institute of Applied Technology and Dalian CNNC Radiation shall not take any of the following actions:

- (1) sell, transfer, lease, license or dispose of any material part of any Dalian CNNC Radiation's property or assets;
- (2) give any guarantee, pledge, indemnity, warranty or other security interest to any third party;
- (3) enter into any loan agreement or to borrow any funds;
- (4) purchase, lease or acquire any assets;
- (5) distribute the profits of Dalian CNNC Radiation;
- (6) take any actions that would be detrimental to the financial position and business development of Dalian CNNC Radiation.

During the transition period, China National Nuclear Corporation Dalian Institute of Applied Technology shall fulfill a duty of diligence to Dalian CNNC Radiation to ensure its legal existence, legal operation, tax payment and asset integrity, and maintain its normal production and operation.

**Delivery and registration of change:**

Within 15 working days from the effective date of the Equity Transfer Agreement, China National Nuclear Corporation Dalian Institute of Applied Technology shall complete the delivery of the complete operating rights of Dalian CNNC Radiation to the Company and the Company shall effectively take over Dalian CNNC Radiation. The handover order shall be signed by and affixed with chops of each party.

China National Nuclear Corporation Dalian Institute of Applied Technology and the Company shall submit the relevant information to Dalian CNNC Radiation for registration of the change of shareholders within 15 working days from the effective date of the Equity Transfer Agreement. Dalian CNNC Radiation shall apply to the market supervision and management department for registration of the change in shareholders within 3 days from the date of receipt of the relevant information, and China National Nuclear Corporation Dalian Institute of Applied Technology and the Company shall provide active cooperation.

**Taxes and fees:**

All related expenses incurred in the fulfillment of the Equity Transfer shall be borne by each party in accordance with the provisions of the law.

### III. FINANCIAL INFORMATION OF DALIAN CNNC RADIATION

In accordance with the China Accounting Standards for Business Enterprises, net profits (before and after taxation) of Dalian CNNC Radiation for the nine months ended 30 September 2023, the years ended 31 December 2022 and 2021 are set out below:

	<b>Nine months ended 30 September 2023 (RMB) (Unaudited)</b>	Year ended 31 December 2022 (RMB) (Audited)	Year ended 31 December 2021 (RMB) (Audited)
<i>Net profit before taxation</i>	<b>21,398.53</b>	282,535.76	364,190.09
<i>Net profit after taxation</i>	<b>21,398.53</b>	282,535.76	364,190.09

The unaudited total assets and net assets of Dalian CNNC Radiation as at 30 September 2023 amounted to RMB57,761,819.78 and RMB3,168,491.03 respectively. According to the Asset Valuation Report, as at the valuation reference date (i.e. 31 March 2023), the book value of the total assets of Dalian CNNC Radiation amounted to RMB57,827,600 and the book value of the net assets amounted to RMB1,796,600, while the appraised value of the total assets amounted to RMB60,641,500 and the appraised value of the net assets amounted to RMB4,610,500. The appreciation of net assets amounted to RMB2,813,900, representing an appreciation rate of 156.62%. The major assets that contributed to the relatively high appreciation rate of the net asset valuation included intangible assets such as land use rights and fixed assets such as buildings. Such land use right assets were acquired at an early stage and have been amortised over the years, and the market price of the surrounding area of the land has been on an upward trend, resulting in a relatively high appreciation of the value of the land; and the cost of materials, labor and machinery as at the valuation reference date of the buildings was higher than that at the time when such buildings were constructed.

### IV. 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 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.

#### **China National Nuclear Corporation Dalian Institute of Applied Technology**

China National Nuclear Corporation Dalian Institute of Applied Technology was established on 10 October 2019. Its business scope includes the construction, operation and decommissioning of nuclear power plants and sale of electricity; technical consultancy and technical services; logistics services, asset leasing, training, catering and accommodation. As at the date of this announcement, China National Nuclear Corporation Dalian Institute of Applied Technology is owned by CNNC.

## **Dalian CNNC Radiation**

Dalian CNNC Radiation was established on 24 November 2011. Its main businesses include technology development, technical services and applied research of radiation processing products. As at the date of this announcement, China National Nuclear Corporation Dalian Institute of Applied Technology holds 100% equity interest in Dalian CNNC Radiation.

### **V. REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER**

The acquisition of irradiation stations will enable the Company to rapidly expand its business scale, obtain local customer resources, and finally become a service provider covering the entire irradiation sterilisation industry chain and catering to the national market.

The Company's competitors in the domestic irradiation business are currently setting up production bases in various regions in China to effectively tap into the resources therein to expand production capacity and operation scale. In response to this trend, the Company is focusing its business development efforts in the Yangtze River Delta, Bohai Bay Rim, Southwestern China and the Pearl River Delta. Dalian CNNC Radiation is located in Dalian, Liaoning province. Both Dalian CNNC Radiation and CNNC Isotope & Radiation (Changchun) Radiation Technology Co., Ltd. (中核同輻(長春)輻射技術有限公司), located in the northeastern market, are able to share resources and link up to support each other in developing new customers in the northeastern market.

After more than ten years of development, Dalian CNNC Radiation has accumulated ample experience in irradiation process, production management and safety management techniques, which can form a synergy effect with the existing irradiation business of the Company in terms of product services, technical research and development, and cobalt source supply.

### **VI. LISTING RULES IMPLICATIONS**

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. In view of the fact that China National Nuclear Corporation Dalian Institute of Applied Technology is a public institute owned by CNNC, China National Nuclear Corporation Dalian Institute of Applied Technology is an associate of CNNC and a connected person of the Company under Chapter 14A of the Listing Rules. As such, the entering into of the Equity Transfer Agreement and the Equity Transfer constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

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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 considered to have material interests in the Equity Transfer Agreement and the Equity Transfer 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 Equity Transfer.

The Directors (including the independent non-executive Directors) 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 Equity Transfer is 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.

## VII. DEFINITIONS

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

“Asset Valuation Report”	the Asset Valuation Report on Value of Total Equity Attributable to Shareholders of Dalian CNNC Radiation Technology Co., Ltd. Involved in the Proposed Equity Interests Transfer Project of China National Nuclear Corporation Dalian Institute of Applied Technology issued by China Assets Appraisal Co., Ltd. dated 23 October 2023 (Zhong Zi Ping Bao Zi [2023] No. 419)
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“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
“Company”	China Isotope & Radiation Corporation (中國同輻股份有限公司)
“connected person(s)”	has the same meaning as defined in the Listing Rules
“Dalian CNNC Radiation”	Dalian CNNC Radiation Technology Co., Ltd. (大連中核輻射技術有限公司), a company established under the laws of the PRC on 24 November 2011 which is owned as to 100% by China National Nuclear Corporation Dalian Institute of Applied Technology as at the date of this announcement
“Director(s)”	director(s) of the Company
“Equity Transfer”	the equity transfer contemplated under the Equity Transfer Agreement

“Equity Transfer Agreement”	the equity transfer agreement entered into between the Company, China National Nuclear Corporation Dalian Institute of Applied Technology and Dalian CNNC Radiation on 28 December 2023 in relation to the acquisition of 100% equity interest in Dalian CNNC Radiation
“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
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning as defined in the Listing Rules
“Target Equity Interest”	the 100% equity interest in Dalian CNNC Radiation held by China National Nuclear Corporation Dalian Institute of Applied Technology
“%”	per cent.

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

Beijing, the PRC, 28 December 2023

*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.*