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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)

CONTINUING CONNECTED TRANSACTIONS

FURTHER ANNOUNCEMENT ON ENTERING INTO AN ENGINEERING CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of China Isotope & Radiation Corporation (the “**Company**”) dated 22 April 2020, in relation to the entering into an engineering construction services framework agreement with CNNC (the “**Announcement**”). Terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

As disclosed in the Announcement, the pricing policy under the Engineering Construction Services Framework Agreement is as follows:

- a) Construction Services: contract price of Construction Services: (1) in the case of selecting construction services providers through tendering process, the Company will determine whether the services will be provided by CNNC and/or its associates based on the results of such process, and the contract price shall be the award price; (2) in the case of selecting construction services providers other than through tendering process, the Company will determine the services will be provided by CNNC and/or its associates after evaluation and review, and the contract price will be determined through negotiations.
- b) Equipment Services: contract price of Equipment Services: (1) in the case of selecting equipment services providers through tendering process, the Company will determine whether the services will be provided by CNNC and/or its associates based on the results of such process, and the contract price shall be the award price; (2) in the case of selecting equipment services providers other than through tendering process, the Company will determine the services will be provided by CNNC and/or its associates after evaluation and review, and the contract price will be determined through negotiations.
- c) Consultation Services: contract price of Consultation Services: (1) in the case of selecting consultation services providers through tendering process, the Company will determine whether the services will be provided by CNNC and/or its associates based on the results of such process, and the contract price shall be the award price; (2) in the case of selecting consultation services providers other than through tendering process, the Company will determine the services will be provided by CNNC and/or its associates after evaluation and review, and the contract price will be determined through negotiations.

The Company further announces that for each of Construction Services, Equipment Services and Consultation Services:

- a) where tendering process is necessary under applicable laws, regulations and rules, the Group will organise public tendering process in accordance with our internal tendering rules, including issuing tendering announcement, reviewing qualification of bidders, formulating tendering review committee, bid opening, bid reviewing, public disclosure and bid determination. The Group will consider qualification, experience and bid price of suppliers to decide the bid winner, and will determine the final price based on the results of such process.
- b) where tendering process is not necessary under applicable laws, regulations and rules, the Group will negotiate with CNNC and/or its associates and independent suppliers separately. The prices shall be determined upon negotiation according to the aggregate of the total actual costs for providing the relevant services, reasonable profits and taxes. Where possible, the management will consider at least two comparable transactions with independent suppliers for the same period when determining the reasonable profit of any services under the Engineering Construction Services Framework Agreement.

The Group's construction projects require relatively complex radiation protection, and shall be completed by professional service providers with relevant qualifications and experience. The number of such service providers with relevant qualifications and experience in China is limited, the majority of which are CNNC and/or its associates. The Group will invite qualified CNNC and/or its associates as well as independent suppliers to attend the public tendering process or negotiate with qualified CNNC and/or its associates as well as independent suppliers.

The Company has formulated a series of procurement policies to manage procurement process and reduce cost. The tendering process will be managed by the Group to strictly follow the rules and requirements of the Bidding Law of the People's Republic of China, and in the case other than through tendering process, the Group will set up different steps to encourage competition among potential suppliers including CNNC and/or its associates and independent suppliers. CNNC and/or its associates and independent suppliers will be treated fairly.

The Company will regularly contact its suppliers (including CNNC and/or its associates and independent suppliers) to understand the market conditions. The audit and discipline supervision departments will monitor the whole process, and the legal departments of the Group will negotiate contractual terms with suppliers.

Given the Group has established above procurement measures, the Directors consider that the pricing policy under the Engineering Construction Services Framework Agreement can ensure that the transactions will be conducted on normal commercial terms.

By order of the Board
China Isotope & Radiation Corporation
Meng Yanbin
Chairman

Beijing, the PRC, 6 May 2020

As at the date of this announcement, the Board comprises Mr. Meng Yanbin, Mr. Wu Jian and Mr. Du Jin, as executive Directors; Mr. Zhou Liulai, Mr. Chen Zongyu, Mr. Chen Shoulei and Ms. Chang Jinyu, as non-executive Directors; and Mr. Guo Qingliang, Mr. Meng Yan, Mr. Hui Wan Fai and Mr. Tian Jiahe, as independent non-executive Directors.