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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 RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION RENEWAL OF THE EXISTING ENGINEERING CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS

References are made to the announcements of the Company dated 30 November 2020 and 10 December 2020, in relation to, among others, the entering into of the Existing Supply Agreement, the Existing Purchase Agreement, the Existing Property & Equipment Leasing and Related Services Framework Agreement, the Existing Carbon-14 Supply Agreement, the Existing Cobalt-60 Supply Agreement and the Existing Consulting Services Fee Framework Agreement, and the announcement of the Company dated 19 April 2022, in relation to, among others, the revision of annual caps under the Existing Cobalt-60 Supply Agreement.

As the Existing Agreements will expire on 31 December 2023, with a view to continuing the transactions thereunder, the Board has resolved to renew the Existing Agreements and the Company has entered into the Renewed Agreements with the relevant parties on 31 October 2023 for a term of two years.

In respect of the Directors attending the Board meeting, connected Directors Wang Suohui, Chen Shoulei, Ding Jianmin, Xu Hongchao, Liu Xiuhong and Du Jin were considered to have material interests in the Renewed Agreements by virtue of being employed by CNNC and its associates and had thus abstained from voting on the Board resolution(s) in respect of the Renewed Agreements.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Renewed Agreements are determined through arm's length negotiation on normal commercial terms, and the transactions contemplated and the proposed annual caps 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.

RENEWAL OF THE EXISTING ENGINEERING CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

References are made to the announcement issued by the Company on 23 December 2022, in relation to, among others, the entering into of the Existing Engineering Construction Services Framework Agreement, and the announcement of the Company dated 30 March 2023 and the circular of the Company dated 15 May 2023, in relation to, among others, the revision of annual caps under the Existing Engineering Construction Services Framework Agreement.

As the Existing Engineering Construction Services Framework Agreement will expire on 31 December 2023, with a view to continuing the transactions thereunder, the Board has resolved to renew the Existing Engineering Construction Services Framework Agreement and the Company has entered into the Renewed Engineering Construction Services Framework Agreement with CNNC on 31 October 2023 for a term of two years, which (including the proposed annual caps thereunder) is subject to the approval by the Independent Shareholders at the Company's general meeting.

In respect of the Directors attending the Board meeting, connected Directors Wang Suohui, Chen Shoulei, Ding Jianmin, Xu Hongchao, Liu Xiuhong and Du Jin were considered to have material interests in the Renewed Engineering Construction Services Framework Agreement by virtue of being employed by CNNC and its associates and had thus abstained from voting on the Board resolution(s) in respect of the Renewed Engineering Construction Services Framework Agreement.

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 Renewed Engineering Construction Services Framework Agreement are determined after arm's length negotiation on normal commercial terms, and the transactions contemplated and the proposed annual caps 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CNNC is the controlling Shareholder of the Company, holding approximately 73.83% of our total issued share capital directly or indirectly through CIAE, NPIC, CNNC Fund, 404 Company and China Baoyuan. Therefore, CNNC and its associates are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. The Company and CNNC (through one of its subsidiaries) hold 51% and 49% equity interests in CNNC Tongxing, respectively. Therefore, CNNC Tongxing and its associates will constitute connected subsidiaries of the Company pursuant to Rule 14A.16 of the Listing Rules. The Company and CNNC (through one of its subsidiaries) hold approximately 54.1% and 27.9% equity interests in Headway, respectively. Therefore, Headway is a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules, while Headway and its subsidiaries are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. Therefore, the transactions under the Renewed Agreements and the Renewed Engineering Construction Services Framework Agreement are continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the proposed annual caps for the Renewed Agreements for the two years ended 31 December 2024 and 2025 exceed 0.1% but are less than 5%, the transactions contemplated under the Renewed Agreements are subject to the reporting, announcement and annual review requirements, but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the proposed annual caps for the Renewed Engineering Construction Services Framework Agreement for the two years ended 31 December 2024 and 2025 exceed 5% but are less than 25%, the transactions contemplated under the Renewed Engineering Construction Services Framework Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The transactions contemplated under the Renewed Engineering Construction Services Framework Agreement also constitute discloseable transactions 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 Renewed Engineering Construction Services Framework Agreement (including the proposed annual caps). The Company has engaged Rainbow Capital (HK) Limited as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the Renewed Engineering Construction Services Framework Agreement (including the proposed annual caps).

The Company will convene an extraordinary general meeting to consider and, if appropriate, approve the resolution to be proposed and in relation to the Renewed Engineering Construction Services Framework Agreement (including the proposed annual caps). A circular containing, among other things, (i) further details of the Renewed Engineering Construction Services Framework Agreement; (ii) a letter from the Independent Board Committee containing its opinions and recommendations in respect of the Renewed Engineering Construction Services Framework Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Renewed Engineering Construction Services Framework Agreement; and (iv) a notice of the extraordinary general meeting, will be dispatched to the Shareholders within 15 business days.

RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS AND RENEWAL OF THE EXISTING ENGINEERING CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

1. RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS

References are made to the announcements of China Isotope & Radiation Corporation (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) dated 30 November 2020 and 10 December 2020, in relation to, among others, the entering into of the products and services supply framework agreement with CNNC (the “**Existing Supply Agreement**”), the products and services purchase framework agreement with CNNC (the “**Existing Purchase Agreement**”), the property & equipment leasing and related services framework agreement with CNNC (the “**Existing Property & Equipment Leasing and Related Services Framework Agreement**”), the carbon-14 raw materials supply framework agreement with Headway (the “**Existing Carbon-14 Supply Agreement**”), the cobalt-60 radioactive sources supply and related services framework agreement with CNNC Tongxing (the “**Existing Cobalt-60 Supply Agreement**”) and the consulting services fee framework agreement with CNNC Tongxing (the “**Existing Consulting Services Fee Framework Agreement**”), and the announcement of the Company dated 19 April 2022, in relation to, among others, the revision of annual caps under the Existing Cobalt-60 Supply Agreement. The Existing Supply Agreement, the Existing Purchase Agreement, the Existing Property & Equipment Leasing and Related Services Framework Agreement, the Existing Carbon-14 Supply Agreement, the Existing Cobalt-60 Supply Agreement and the Existing Consulting Services Fee Framework Agreement above are collectively referred to as the existing agreements (the “**Existing Agreements**”).

As the Existing Agreements will expire on 31 December 2023, with a view to continuing the transactions thereunder, the board (the “**Board**”) of directors (the “**Directors**”) of the Company has resolved to renew the Existing Agreements and the Company has entered into the Renewed Agreements with the relevant parties on 31 October 2023 for a term of two years.

(1) Renewed Supply Agreement

Parties: CNNC (the purchaser); and
the Company (the supplier)

Principal Terms: The Company has entered into the Renewed Supply Agreement with CNNC on 31 October 2023, pursuant to which CNNC and its associates (excluding the Group) will purchase from the Group, and the Group will supply to CNNC and its associates (excluding the Group) the following products, i.e. radioactive source products, radioactive instruments and pharmaceuticals and other products, and the Group will provide detection, recycling, transportation and reloading services related to the sales of such products, research services related to research and development projects, and other services.

Term: The agreement will come into force on 1 January 2024 and expire on 31 December 2025, subject to renewal as may be agreed and negotiated upon by both parties.

Reasons for the transaction: The Group sells radioactive source products, radioactive instrument and pharmaceuticals to CNNC and/or its associates in its ordinary and usual business. For example, the Group sells isotope products to CNNC and/or its associates which are used in their engineering projects and radioactive products sold to their hospitals. The Group plays a critical role in the nuclear technology application business of CNNC and the research services provided by the Group to CNNC are expected to increase gradually in the next two years. As a result, resources could be gathered to facilitate the success of key research and development projects of CNNC, creating synergy effect of enhancing the competitiveness of both CNNC and the Group along the whole industrial chain.

Pricing Policy: The specific prices set by the Group for the sales of products to CNNC and its associates (excluding the Group) shall be determined by relevant parties through fair negotiation, and shall not be more favourable than those entered into between the Company and Independent Third Parties in the latest three months. The Company shall make reference to the historical prices of the products and collect information on market price and profit margin of relevant products from industry associations, industry peers and other channels, and determine the prices based on the average market profit margin or on cost-plus basis in order to ensure the fairness and reasonableness of the prices of products and services provided. The relevant cost consists of raw materials, ancillary materials, depreciation, labor cost, energy, administrative expense and finance cost. With respect to services provided in relation to transportation, the service cost shall be reflected in the cost of sales of products accordingly. The price of the research services provided by the Group to CNNC and its associates (excluding the Group) shall be mainly determined by both parties through negotiation, having taken into account the relevant research cost.

Historical Amounts: For each of the two years ended 31 December 2022 and the nine months ended 30 September 2023, the transaction amounts incurred under the Existing Supply Agreement are set out as follows:

Historical Amounts		
<i>(RMB'000)</i>		
2021	2022	Nine Months Ended 30 September 2023
<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
83,516	107,411	48,779

Proposed Annual Caps: The annual caps for the Existing Supply Agreement for each of the three years ended 31 December 2023 and the proposed annual caps for the Renewed Supply Agreement for each of the two years ended 31 December 2025 are set out as follows:

Annual Cap for 2021 (RMB'000)	Annual Cap for 2022 (RMB'000)	Annual Cap for 2023 (RMB'000)	Proposed Annual Cap for 2024 (RMB'000)	Proposed Annual Cap for 2025 (RMB'000)
100,000	110,000	120,000	150,000	170,000

The Basis for Annual Caps: The above annual caps are determined with reference to the following factors:

1. The historical transaction amounts and market price (as applicable) of each type of materials and service and the relevant industry development trend.
2. The Company is the major supplier of certain types of radioactive sources for CNNC and its associates to build and operate nuclear power station. Therefore, the Company will refer to the mid-term and long-term nuclear power development plan of the National Energy Administration to estimate CNNC’s purchase demand for radioactive sources from the Company. Based on the nuclear power development plan of the National Energy Administration for the year 2030, it is estimated that the amount of radioactive sources to be purchased by CNNC and/or its associates from the Company in the following two years will increase by around 10% per annum on average. However, such estimate is subject to specific approval by the National Energy Administration on nuclear power station each year.
3. Based on the historical amounts of the radioactive instruments and pharmaceuticals purchased by CNNC and/or its associates from the Company, the historical cost for importing radioactive instruments and cost of raw materials for pharmaceuticals, etc. in the past three years, the Company expects that the amount of radioactive instruments and pharmaceuticals to be purchased by CNNC and/or its associates from the Company will increase by approximately 10% to 15% per annum in the following two years.

(2) Renewed Purchase Agreement

Parties: the Company (the purchaser); and
CNNC (the supplier)

Principal Terms: The Company has entered into the Renewed Purchase Agreement with CNNC on 31 October 2023, pursuant to which the Group will purchase from CNNC and its associates (excluding the Group), and CNNC and its associates (excluding the Group) will provide the Group: (i) various types of raw and ancillary materials, production equipment and other products; (ii) transportation containers (including the designing and manufacturing services for transportation containers); (iii) technical testing services; (iv) encapsulation and processing services of cobalt-60 radioactive sources; (v) scientific research services related to high-end irradiation research and development; and (vi) other services.

Term: The agreement will come into force on 1 January 2024 and expire on 31 December 2025, subject to renewal as may be agreed and negotiated upon by both parties.

Reasons for the transaction: Historically, CNNC and/or its associates have been the suppliers of raw and ancillary materials, production equipment, technical testing, and irradiation services to the Group in its ordinary course of business. CNNC has a leading position in the fields of nuclear materials processing, the production of nuclear production equipment, nuclear technology testing and irradiation research and development. As a result of the long-term cooperation between the Group and CNNC and/or its associates in this regard, CNNC and/or its associates have accumulated knowledge and understanding in the Company's business needs for the products and services. Therefore, the Directors of the Company are of the view that it is efficient for the Company to continue such transactions with CNNC and/or its associates and it is in the best interest of the Company and the Shareholders as a whole.

Pricing Policy: The Company will determine the purchase prices by taking into account the following factors comprehensively:

1. The costs for relevant products and services (including labor costs and material costs).
2. The Group will contact suppliers (including CNNC and its associates (excluding the Group) and independent suppliers) to understand the market conditions.
3. The Group will organise public tender process before entering into purchase and sales contract with significant transaction amount in accordance with its internal tender rules and will determine the final price based on the results of such public tender process.

Historical Amounts: For each of the two years ended 31 December 2022 and the nine months ended 30 September 2023, the transaction amounts incurred under the Existing Purchase Agreement are set out as follows:

Historical Amounts

(RMB'000)

2021 <i>(Audited)</i>	2022 <i>(Audited)</i>	Nine Months Ended 30 September 2023 <i>(Unaudited)</i>
110,069	153,557	76,127

Proposed Annual Caps: The annual caps for the Existing Purchase Agreement for each of the three years ended 31 December 2023 and the proposed annual caps for the Renewed Purchase Agreement for each of the two years ended 31 December 2025 are set out as follows:

Annual Cap for 2021 <i>(RMB'000)</i>	Annual Cap for 2022 <i>(RMB'000)</i>	Annual Cap for 2023 <i>(RMB'000)</i>	Proposed Annual Cap for 2024 <i>(RMB'000)</i>	Proposed Annual Cap for 2025 <i>(RMB'000)</i>
170,000	180,000	190,000	150,000	150,000

The Basis for Annual Caps: The above annual caps are determined with reference to the historical transaction amounts between the Company and CNNC and/or its associates during the track record period, including the historical procurement costs.

(3) *Renewed Property & Equipment Leasing and Related Services Framework Agreement*

Parties: CNNC (the lessor and service provider); and
the Company (the lessee and service recipient)

Principal Terms: The Company has entered into the Renewed Property & Equipment Leasing and Related Services Framework Agreement with CNNC on 31 October 2023, pursuant to which the Group will rent or use a number of properties and equipment from CNNC and its associates (excluding the Group) in its ordinary course of business from time to time, and CNNC and its associates (excluding the Group) will provide supporting services relating to such properties and equipment. Such properties and equipment are mainly used for production, operation and office use, including but not limited to (i) office buildings, land and office facilities; (ii) production plants (mainly used to produce technetium labeled injections, fluorine-18-FDG injections and iodine-125 sealed source); (iii) production facilities in relation to waste liquid and gas emissions and others and treatment services; (iv) production equipment (mainly high-power accelerator); (v) common areas and facilities (including kindergarten, water and electricity facilities and other facilities); and (vi) services associated with employee education, safety production and research and development of technologies.

Term: The agreement will come into force on 1 January 2024 and expire on 31 December 2025, subject to renewal as may be agreed and negotiated upon by both parties.

Reasons for the transaction: Historically the Group has rented or used a number of properties and equipment of CNNC and/or its associates for the purpose of the Group's production, operation and management, and CNNC and/or its associates have provided the Company with general supporting services relating to such properties and equipment. In view of (a) the quality of the equipment and facilities provided by CNNC in the field of nuclear technology; (b) the Group's long-term business relationship with CNNC; and (c) the facts that certain key equipment and facilities were tailor made for the Group's production, the leasing of such properties and equipment is in line with the Group's business needs and economic interests and the Shareholders' interests as a whole. Relocation of or switch to new equipment and facilities will give rise to additional costs and expenses, cause interruption to the Company's production and require additional training costs and time. In addition, the high-quality employee education services, safety production training services and scientific research-related services provided by CNNC enable the Group to improve its management skills, to enhance its safety production and to improve its scientific research capability. In light of the above, the Directors are of the view that it is in the Shareholders' best interest to continue the current arrangement with CNNC and/or its associates in relation to the lease of the properties, equipment and the related services.

Pricing Policy: The Group will determine the transaction terms (such as rental fee, service fee, payment progress and method and other sundry charges) in accordance with the following criteria:

1. The rental fee for properties and equipment for administrative and other general purposes shall be equal to or not higher than the prevailing market price offered by an Independent Third Party under the same circumstances.

2. The service fees in respect of waste liquid and gas treatment and disposal will be determined with reference to the annual volume of the waste liquid and gas treated/ disposed and the service fees calculated based on the staff costs and facility costs for the treatment and disposal of waste liquid and gas.
3. The service fees in respect of employee education, safety production and scientific research will be determined with reference to several factors, including the relevant costs incurred by CNNC and/or its associates in providing such services and the Group's business scale.
4. The rental fee for properties and equipment which are of industry-specific nature will be determined by the parties through fair negotiation based on the costs of the relevant services provided by CNNC and/or its associates, such as equipment depreciation and staff costs.

Historical Amounts: For each of the two years ended 31 December 2022 and the nine months ended 30 September 2023, the transaction amounts incurred under the Existing Property & Equipment Leasing and Related Services Framework Agreement are set out as follows:

Historical Amounts		
<i>(RMB'000)</i>		
2021	2022	Nine Months Ended 30 September 2023
<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
32,129	35,942	27,759

Proposed Annual Caps: The annual caps for the Existing Property & Equipment Leasing and Related Services Framework Agreement for each of the three years ended 31 December 2023 and the proposed annual caps for the Renewed Property & Equipment Leasing and Related Services Framework Agreement for each of the two years ended 31 December 2025 are set out as follows:

Annual Cap for	Annual Cap for	Annual Cap for	Proposed	Proposed
2021	2022	2023	Annual Cap	Annual Cap
for 2024	for 2025			
<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
70,000	70,000	70,000	80,000	80,000

The Basis for Annual Caps: The above annual caps are determined with reference to the following factors:

1. The current floor area of the properties and the types of equipment and facilities leased by the Company from CNNC and/or its associates.
2. The expected market price for the leased properties and equipment and the expected changes in market price after renewal of such leases.
3. The expected aggregated volume of the waste liquid and gas treated and/or disposed based on the Company's business development plan, the raising standard for waste liquid and gas emission in compliance with applicable environmental protection laws and regulations, and the increasing processing costs for the waste liquid and gas.

4. The Company's estimated demand for its production plants, equipment and related supporting services based on its business expansion and its estimated production capacity.
5. The costs for lease of production properties and equipment from CNNC and/or its associates and disposal of waste gas and liquid by HTA, CNGT and CNNC Tongxing are estimated to be RMB55 million per year.
6. The costs for lease of research and development properties from CNNC and/or its associates are estimated to be RMB15 million per year.

(4) Renewed Carbon-14 Supply Agreement

Parties: Headway (the purchaser); and
the Company (the supplier)

Principal Terms: The Company has entered into the Renewed Carbon-14 Supply Agreement with Headway on 31 October 2023, pursuant to which the Group will provide Headway and its associates (excluding the Group) with carbon-14 as the raw materials for production of carbon-14 breath-testing medicine boxes, and other products, and also provide services such as packaging and transportation relating to sales of such products and other services.

Term: The agreement will come into force on 1 January 2024 and expire on 31 December 2025, subject to renewal as may be agreed and negotiated upon by both parties.

Reasons for the transaction: Headway is specialised in the field of breath diagnosis, and carbon-14 is the main raw material for manufacturing carbon-14 breath-testing products. Due to the Group's advanced nuclear application technology and its long-term and stable cooperation relationship with international carbon-14 raw materials suppliers, the Company can import high-quality and stable carbon-14 raw materials from Russia and other countries. Therefore, the Group is the exclusive supplier of carbon-14 raw materials to Headway and/or its associates.

Pricing Policy: The specific price set by the Group for the sales of products to Headway and its associates (excluding the Group) will be determined by both parties through mutual negotiation based on the cost-plus method, taking into account the Group's purchasing costs of importing carbon-14 from Russia and other countries, and the service fees of manpower, warehousing and transportation of the Group during the selling process.

Historical Amounts: For each of the two years ended 31 December 2022 and the nine months ended 30 September 2023, the transaction amounts incurred under the Existing Carbon-14 Supply Agreement are set out as follows:

Historical Amounts		
<i>(RMB'000)</i>		
2021	2022	Nine Months Ended 30 September 2023
<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
12,098	5,195	13,142

Proposed Annual Caps: The annual caps for the Existing Carbon-14 Supply Agreement for each of the three years ended 31 December 2023 and the proposed annual caps for the Renewed Carbon-14 Supply Agreement for each of the two years ended 31 December 2025 are set out as follows:

Annual Cap for 2021 <i>(RMB'000)</i>	Annual Cap for 2022 <i>(RMB'000)</i>	Annual Cap for 2023 <i>(RMB'000)</i>	Proposed Annual Cap for 2024 <i>(RMB'000)</i>	Proposed Annual Cap for 2025 <i>(RMB'000)</i>
22,000	23,000	24,000	30,000	30,000

The Basis for Annual Caps: The above annual caps are determined with reference to the following factors:

1. The business plan and development of Headway and/or its associates in the next two years. Based on Headway's historical sales volume of carbon-14 breath-testing medicine boxes in 2021, 2022 and 2023, it is expected that the clinical demand for carbon-14 breath-testing medicine boxes produced by Headway may increase by approximately 10% per annum in the following two years.
2. The expected changes relating to the price, supply and demand for carbon-14 raw materials in the international market and the change in the import cost of carbon-14 raw materials.

(5) Renewed Cobalt-60 Purchase Agreement

Parties: the Company (the purchaser); and
CNNC Tongxing (the supplier)

Principal Terms: The Company has entered into the Renewed Cobalt-60 Purchase Agreement with CNNC Tongxing on 31 October 2023, pursuant to which the Group will purchase from CNNC Tongxing and its subsidiaries, and CNNC Tongxing and its subsidiaries will provide cobalt-60 radioactive sources to the Group, and will provide related services such as transportation and reloading in connection with cobalt-60 radioactive sources and other services.

Term: The agreement will come into force on 1 January 2024 and expire on 31 December 2025, subject to renewal as may be agreed and negotiated upon by both parties.

Reasons for the transaction: CNNC Tongxing is the exclusive domestic supplier of cobalt-60 radioactive sources in the PRC. Due to the relationship between the Group and CNNC Tongxing, it is easier to purchase cobalt-60 radioactive sources from CNNC Tongxing and more efficient to recycle the waste, thereby reducing the costs of import, transportation and waste treatment and disposal relating to importing cobalt-60 radioactive sources overseas.

Pricing Policy: The specific price paid by the Group for purchasing the products should be no less favourable than the terms of the agreements entered into between the Group and Independent Third Parties in overseas markets. The actual purchase prices paid by the Group shall be determined by the parties through fair negotiation with reference to the production costs and the prevailing price in the international market of such products.

Historical Amounts: For each of the two years ended 31 December 2022 and the nine months ended 30 September 2023, the transaction amounts incurred under the Existing Cobalt-60 Supply Agreement are set out as follows:

Historical Amounts		
<i>(RMB'000)</i>		
2021	2022	Nine Months Ended 30 September 2023
<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
27,576	45,635	50,504

Proposed Annual Caps: The annual caps for the Existing Cobalt-60 Supply Agreement for each of the three years ended 31 December 2023 and the proposed annual caps for the Renewed Cobalt-60 Purchase Agreement for each of the two years ended 31 December 2025 are set out as follows:

Annual Cap for	Annual Cap for	Annual Cap for	Proposed	Proposed
2021	2022	2023	Annual Cap	Annual Cap
<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	for 2024	for 2025
			<i>(RMB'000)</i>	<i>(RMB'000)</i>
30,000	85,000	90,000	70,000	70,000

The Basis for Annual Caps: The above annual caps are determined with reference to the following factors:

1. The expected demands of cobalt-60 radioactive sources from the Company’s existing eight irradiation stations, the Company’s existing storage amount of cobalt-60 radioactive sources and the radioactivity level of such cobalt-60 radioactive sources. Particularly, the recovery growth after the pandemic and the following factors are taken into consideration:
 - (1) the half-life period of cobalt-60 radioactive sources is approximately five years;
 - (2) the Company started to purchase cobalt-60 radioactive sources to replenish its irradiation stations in 2011 and 2012;
 - (3) the Company’s existing irradiation stations require 800,000 to 900,000 Ci of cobalt-60 radioactive sources per year on average; and
 - (4) replenishment of cobalt-60 radioactive sources for irradiation stations is required from time to time, as the radioactivity level of cobalt-60 radioactive sources declines at a rate of approximately 12% per annum.

2. The historical and expected sales prices and production costs (including raw material cost, labor cost and production facility cost, etc.) of cobalt-60 radioactive sources supplied by CNNC Tongxing and/or its associates.
3. The production capacity of cobalt-60 radioactive sources of CNNC Tongxing and its associates.

(6) Renewed Consulting Services Fee Framework Agreement

Parties: CNNC Tongxing (the service receiver); and
the Company (the service provider)

Principal Terms: The Company has entered into the Renewed Consulting Services Fee Framework Agreement with CNNC Tongxing on 31 October 2023, pursuant to which the Company will provide technical support and consulting services to CNNC Tongxing and/or its associates relating to the market channels and customer resources of cobalt-60 radioactive sources, as well as other services, and CNNC Tongxing and its associates will pay the Company consulting service fees. Both CNNC Tongxing and the Company agree the consulting service fees to be paid by their respective group members in accordance with the terms agreed under the Renewed Consulting Services Fee Framework Agreement.

Term: The agreement will come into force on 1 January 2024 and expire on 31 December 2025, subject to renewal as may be agreed and negotiated upon by both parties.

Reasons for the transaction: In response to the PRC government's requirements on localised production of cobalt-60 radioactive sources and in light of the strategic transformation of the Group, the Company is no longer engaged in the import and sale of cobalt-60 radioactive sources and has offered the corresponding market channels and customer resources, and provided the relevant marketing and technical support, to CNNC Tongxing and/or its associates. In return, CNNC Tongxing and/or its associates pay the Company consulting service fees for the sale of cobalt-60 radioactive source products.

Pricing Policy: The consulting service fees shall be determined by the relevant parties through fair negotiation, taking into account comprehensively the Company's average annual revenue from historical sales of cobalt-60 radioactive sources, the demand trends of cobalt-60 radioactive sources in the next two years, and the estimated costs of the consulting services provided by the Company in the next two years, to ensure the determination of the consulting service fees is in line with the market pricing standard, fair and reasonable.

Historical Amounts: For each of the two years ended 31 December 2022 and the nine months ended 30 September 2023, the transaction amounts incurred under the Existing Consulting Services Fee Framework Agreement are set out as follows:

Historical Amounts		
<i>(RMB'000)</i>		
2021	2022	Nine Months Ended 30 September 2023
<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
19,817	16,521	9,307

Proposed Annual Caps: The annual caps for the Existing Consulting Services Fee Framework Agreement for each of the three years ended 31 December 2023 and the proposed annual caps for the Renewed Consulting Services Fee Framework Agreement for each of the two years ended 31 December 2025 are set out as follows:

Annual Cap for 2021 <i>(RMB'000)</i>	Annual Cap for 2022 <i>(RMB'000)</i>	Annual Cap for 2023 <i>(RMB'000)</i>	Proposed Annual Cap for 2024 <i>(RMB'000)</i>	Proposed Annual Cap for 2025 <i>(RMB'000)</i>
25,000	25,000	25,000	25,000	25,000

The Basis for Annual Caps: The above annual caps are determined with reference to the following factors:

1. The historical and expected sales amount of cobalt-60 radioactive sources of CNNC Tongxing. In 2021, 2022 and 2023, CNNC Tongxing sold approximately 7.64 million, 6.60 million and 6.80 million Ci of cobalt-60 radioactive sources in the domestic market in the PRC, respectively.
2. The market price and costs (including raw materials cost, labor cost and production equipment cost) of cobalt-60 radioactive sources in the next two years are expected to remain stable.
3. As the maximum production capacity of cobalt-60 radioactive sources of CNNC Tongxing and its associates is approximately 7.72 million Ci, the Company expects that the purchase amount from CNNC Tongxing will be the same for the next two years.

Internal Control System for Continuing Connected Transactions under the Renewed Agreements

The Company has established (1) the reporting, approval and, if necessary, selection and verification procedures, to ensure that the agreed prices and terms of the continuing connected transactions are no less favourable than those that may be granted by the relevant members of the Group to Independent Third Parties or be granted by Independent Third Parties to the relevant members of the Group (if applicable), and are in compliance with the pricing policies; and (2) the procedures and policies for the purpose of identifying the connected persons and monitoring the annual caps of continuing connected transactions.

The Company has established a series of procedures and internal control measures in order to ensure that the pricing mechanism and terms of the transactions are fair and reasonable and no less favourable than the terms provided by any Independent Third Party, so as to ensure that they serve the interests of the Company and its Shareholders as a whole. Such procedures and internal control measures mainly include:

- a) The transactions contemplated under the Renewed Agreements are conducted on a non-exclusive basis.
- b) The Company has adopted internal control rules such as the Connected Transaction Management Measures.

- c) Under the leadership of the Board, the Company has set up a connected transaction leading group headed by the chief financial officer, which is responsible for formulating and overseeing the internal control systems for the connected transactions, negotiating and signing various connected transaction agreements, regularly monitoring and reviewing the implementation of connected transactions (including but not limited to the implementation of agreed pricing policies and transaction amounts, etc.), regularly reviewing the Group's internal control systems for the connected transactions and offering proposals for modification, annually organising the training of connected transactions across the Group and periodically conducting supervision and inspection of the connected transactions, etc.
- d) Each subsidiary of the Group has established its connected transaction group headed by a senior manager responsible for finance. Specific personnel in the audit and discipline supervision department are arranged to be in charge of the pricing of the continuing connected transactions and required to strictly observe the pricing principles and policies for the continuing connected transaction disclosed in this announcement to set the price for each transaction.
- e) Under the leadership of the connected transaction leading group, the Company's internal control and risk management departments conduct regular internal assessments on the internal control measures of the Company on an annual basis, in order to ensure that the internal control measures in respect of connected transactions remain complete and effective. Further, the legal departments conduct prudent review of the connected transaction contracts, the financial departments control pricing of the connected transactions and the contract implementation departments monitor the transaction amounts in a timely manner.
- f) The Company carries out connected transactions in accordance with the internal control process, and requires all of its subsidiaries to submit implementation reports of connected transactions on a monthly basis. The Company consolidates, reviews, sums up and analyses the data, and monitors whether the transaction amounts are within the annual caps, and recommends improvement measures for any issues identified.
- g) The Board reviews the implementation of the continuing connected transactions on an annual basis and reviews the financial reports which consist of the implementation of the continuing connected transactions on a half-yearly basis. Matters reviewed mainly include: whether the Company and relevant connected person performed the continuing connected transaction agreement during the relevant period; whether the actual transaction amounts incurred are within the annual caps as approved at the general meeting. The independent non-executive Directors report to the general meeting of the Company on an annual basis on their performance of duties. Such reports include opinions on (i) whether the actual transaction amounts incurred are within the annual caps under the continuing connected transactions as approved at the general meeting; (ii) whether the continuing connected transactions are conducted pursuant to the agreements; and (iii) whether the terms of the continuing connected transactions are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Shareholders of the Company as a whole.

- h) The supervisory committee of the Company supervises the matters relating to the continuing connected transactions. It reviews the annual financial reports and interim financial reports which consist of the implementation of the continuing connected transactions on an annual basis. It also reviews whether the connected transactions comply with the relevant regulatory requirements in domestic and overseas places of listing, whether the prices are fair and reasonable and whether there are any performances which are detrimental to the interests of the Company and the Shareholders.
- i) The audit committee of the Company reviews annual financial reports, annual reports, interim financial reports and interim reports which consist of the implementation of the continuing connected transactions and opines on the connected transactions during the reporting periods on such matters as the fairness of the connected transactions and whether the actual transaction amounts incurred are within the annual caps under the continuing connected transactions.
- j) The external auditor of the Company conducts interim and year-end audit for each financial year, issues its opinions and letters to the Board in relation to the implementation of the pricing policies under the continuing connected transactions and whether the actual connected transaction amounts incurred are within the annual caps under the continuing connected transactions during the preceding year pursuant to the Listing Rules and submits the same to the Stock Exchange.

Many of the products and services sold or purchased by the Group are nuclear technology related and shall be manufactured or provided by entities with relevant qualifications and experience. The number of such product or service providers with relevant qualifications and experience in China is limited, the majority of which are CNNC and/or its associates, including the Company.

For sale of products and services under the Renewed Supply Agreement, the Renewed Carbon-14 Supply Agreement and the Renewed Consulting Services Fee Framework Agreement, the prices to be paid to the Group by CNNC and/or its associates will not be more favourable than those offered by the Group to Independent Third Parties. The Company will closely monitor each transaction through internal control measures as disclosed above. The Group has formulated rules to implement standard price for each product or service which is applied to both CNNC and/or its associates and Independent Third Parties. For each transaction, the legal department of each subsidiary of the Group will compare, among the others, the price offered to CNNC and/or its associates in the contract and the price offered to Independent Third Parties and ensure that the price offered to CNNC and/or its associates is not more favourable. The specific personnel in charge of the pricing of the continuing connected transactions in each subsidiary of the Group will strictly follow the price set for each transaction.

In respect of the products and services under the Renewed Purchase Agreement, the Renewed Property & Equipment Leasing and Related Services Framework Agreement and the Renewed Cobalt-60 Purchase Agreement, if the Company chooses suppliers through tendering process, the tendering process will be managed by the Group so as to strictly follow the rules and requirements of the Bidding Law of the PRC, and in the case other than through tendering process, the Group will set up different measures to encourage competition among potential suppliers including CNNC

and/or its associates and independent suppliers. Potential suppliers will be invited to submit fee quotations separately and independently and the Group will normally require several rounds of fee quotations to reduce prices. CNNC and/or its associates and independent suppliers will be treated fairly. If the Company chooses suppliers without conducting tendering process, the purchase price payable to CNNC and/or its associates by the Group shall be determined by the parties through fair negotiation with reference to the cost of the relevant products and services (including labor costs and material costs) and the prevailing market price. Depending on the type of product or service, the Company will contact its suppliers (including CNNC and/or its associates and independent suppliers) at least once a year to understand the market conditions. For each transaction, the legal department of each subsidiary of the Group will compare, among the others, the price offered by CNNC and/or its associates in the contract and the price offered by Independent Third Parties and ensure that the price offered by CNNC and/or its associates is not less favourable. The specific personnel in charge of the pricing of the continuing connected transactions in each subsidiary of the Group will strictly observe the price for each transaction.

By implementing the above internal control measures and procedures, the Directors are of the view that the Company has established sufficient internal control measures to ensure the pricing of each transaction under the Renewed Agreements are conducted in strict accordance with the various pricing principles and policies of continuing connected transactions as disclosed, on normal commercial terms or better, and will be fair and reasonable to the Company and the Shareholders as a whole.

Reasons for and Benefits of the Renewal of the Existing Agreements

The services provided by CNNC and/or its subsidiaries and CNNC Tongxing or the supply services provided by the Group to CNNC, CNNC Tongxing and Headway and/or their respective subsidiaries are conducted in the ordinary and usual course of business of the Group. It is expected that the Group will obtain a stable supply of raw materials and services required for production and operation, which will benefit its business development. The products and services provided by the Group to CNNC, CNNC Tongxing and Headway and/or their respective subsidiaries are expected to add value to the sales of the Group's products.

In respect of the Directors attending the Board meeting, connected Directors Wang Suohui, Chen Shoulei, Ding Jianmin, Xu Hongchao, Liu Xiuhong and Du Jin were considered to have material interests in the Renewed Agreements by virtue of being employed by CNNC and its associates and had thus abstained from voting on the Board resolution(s) in respect of the Renewed Agreements.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Renewed Agreements are determined through arm's length negotiation on normal commercial terms, and the transactions contemplated and the proposed annual caps 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.

2. RENEWAL OF THE EXISTING ENGINEERING CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

References are made to the announcement issued by the Company on 23 December 2022, in relation to, among others, the entering into of the engineering construction services framework agreement with CNNC (the “**Existing Engineering Construction Services Framework Agreement**”), and the announcement of the Company dated 30 March 2023 and the circular of the Company dated 15 May 2023, in relation to, among others, the revision of annual caps under the Existing Engineering Construction Services Framework Agreement.

As the Existing Engineering Construction Services Framework Agreement will expire on 31 December 2023, with a view to continuing the transactions thereunder, the Board has resolved to renew the Existing Engineering Construction Services Framework Agreement and the Company has entered into the Renewed Engineering Construction Services Framework Agreement with CNNC on 31 October 2023 for a term of two years, which (including the proposed annual caps thereunder) is subject to the approval by the Independent Shareholders at the Company’s general meeting.

Renewed Engineering Construction Services Framework Agreement

Parties: CNNC (the supplier); and

the Company (the purchaser)

Principal Terms: The Company has entered into the Renewed Engineering Construction Services Framework Agreement with CNNC on 31 October 2023, pursuant to which, CNNC and its associates (excluding the Group) will provide the following services to members of the Group: (i) engineering, procurement and construction services or construction services (“**Construction Services**”); (ii) equipment procurement, manufacturing or installation services (“**Equipment Services**”); and (iii) engineering consultation services including but not limited to engineering consultation, management and supervision and survey and design (“**Consultation Services**”).

Term: The agreement will come into force on 1 January 2024 and expire on 31 December 2025, subject to renewal as may be agreed and negotiated upon by both parties.

Pricing Policy: The following factors shall be considered in determining the specific price under the Renewed Engineering Construction Services Framework Agreement: (1) the cost for relevant products and services (including labor costs and material costs); (2) the market conditions learnt by the Group from suppliers (including CNNC and its associates and independent suppliers); and (3) with respect to purchase and sales contracts with significant amounts, public tendering shall be conducted in accordance with the internal tendering procedures of the Group, and the final price shall be determined based on the results of such process. The detailed pricing policy 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 that the services will be provided by CNNC and/or its associates after evaluation and review, and the contract price will be determined through negotiations (such price shall not violate laws, regulations and relevant national requirements).
- 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 that the services will be provided by CNNC and/or its associates after evaluation and review, and the contract price will be determined through negotiations (such price shall not violate laws, regulations and relevant national requirements).
- 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 that the services will be provided by CNNC and/or its associates after evaluation and review, and the contract price will be determined through negotiations (such price shall not violate laws, regulations and relevant national requirements).

The Renewed Engineering Construction Services Framework Agreement and the terms thereof are determined by the parties after arm's length negotiations.

Pursuant to Rule 14A.81 of the Listing Rules, the services under the Renewed Engineering Construction Services Framework Agreement shall be aggregated.

Historical Amounts: For each of the two years ended 31 December 2022 and the nine months ended 30 September 2023, the transaction amounts incurred under the Existing Engineering Construction Services Framework Agreement are set out as follows:

Nature of Transaction	Historical Amounts (RMB'000)		Nine Months Ended 30 September 2023 (Unaudited)
	2021 (Audited)	2022 (Audited)	
Construction Services	6,540	26,468	99,359
Equipment Services	–	7,542	–
Consultation Services	211	3,765	1,703

Proposed Annual Caps: The annual caps for the Existing Engineering Construction Services Framework Agreement for each of the three years ended 31 December 2023 and the proposed annual caps for the Renewed Engineering Construction Services Framework Agreement for each of the two years ended 31 December 2025 are set out as follows:

Nature of Transaction	Annual Cap for 2021 (RMB'000)	Annual Cap for 2022 (RMB'000)	Annual Cap for 2023 (RMB'000)	Proposed Annual Cap for 2024 (RMB'000)	Proposed Annual Cap for 2025 (RMB'000)
	Construction Services	80,000	150,000	600,000	450,000
Equipment Services	20,000	40,000	100,000	50,000	50,000
Consultation Services	40,000	40,000	100,000	50,000	50,000

Pursuant to Rule 14A.81 of the Listing Rules, the services under the Renewed Engineering Construction Services Framework Agreement shall be aggregated.

The Basis for Annual Caps: The above proposed annual caps are determined by reference to the following factors:

- a) arrangements made for the Company's "14th Five-Year Plan" projects and for the milestones of each key construction project and investment experience data for similar projects; and
- b) the Company's expectation of the total investment of engineering projects for the year ended 31 December 2024 and the year ended 31 December 2025.

Implementation of the Agreement

The Renewed Engineering Construction Services Framework Agreement is a framework agreement between the Company and CNNC in connection with the provision of engineering construction services by CNNC and/or its associates to the Group, and does not constitute a specific engineering construction services agreement. The parties will conclude separately specific engineering construction services agreements according to the principles under the Renewed Engineering

Construction Services Framework Agreement, and determine specific engineering construction services in writing. Subject to terms of the Renewed Engineering Construction Services Framework Agreement, all specific engineering construction services agreements shall be concluded on fair and reasonable basis, and define specific terms and conditions including specification requirements, and other terms including the prices of products and services, and the delivery time, etc.

Internal Control System for Continuing Connected Transactions under the Renewed Engineering Construction Services Framework Agreement

The Company has established (1) the reporting, approval and, if necessary, selection and verification procedures, to ensure that the agreed prices and terms of the continuing connected transactions are no less favourable than those that may be granted by the relevant members of the Group to Independent Third Parties or be granted by Independent Third Parties to the relevant members of the Group (if applicable), and are in compliance with the pricing policies; and (2) the procedures and policies for the purpose of identifying the connected persons and monitoring the annual caps of continuing connected transactions.

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 the Company's 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 aggregated amount 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 Renewed 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 CNNC and/or its associates with relevant qualifications as well as qualified independent suppliers to attend the public tendering process or negotiate with CNNC and/or its associates with relevant qualifications as well as qualified 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 PRC, and in the case other than through tendering process, the Group will set up different measures 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 are of the view that the pricing policy under the Renewed Engineering Construction Services Framework Agreement can ensure that the transactions will be conducted on normal commercial terms.

Reasons for and Benefits of Entering into the Renewed Engineering Construction Services Framework Agreement

The Group has invested in many construction projects throughout its rapid development. In particular, as the preliminary work of several base projects has been further promoted recently and such projects will enter the construction stage, the Group will conclude a large number of specific engineering construction service contracts in succession. 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. Therefore, it is very likely that the Group's engineering construction services will be eventually provided by CNNC and/or its associates by whatever means the Group selects engineering construction service providers. In addition, according to the Bidding Law of the PRC, the tenderer and the successful bidder shall enter into a written contract within 30 days from the date of issuing the letter of acceptance. Therefore, the Company shall enter into the Renewed Engineering Construction Services Framework Agreement in advance and implement the annual caps thereunder.

In respect of the Directors attending the Board meeting, connected Directors Wang Suohui, Chen Shoulei, Ding Jianmin, Xu Hongchao, Liu Xiuhong and Du Jin were considered to have material interests in the Renewed Engineering Construction Services Framework Agreement by virtue of being employed by CNNC and its associates and had thus abstained from voting on the Board resolution(s) in respect of the Renewed Engineering Construction Services Framework Agreement.

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 Renewed Engineering Construction Services Framework Agreement are determined after arm's length negotiation on normal commercial terms, and the transactions contemplated and the proposed annual caps 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.

3. 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.

CNNC

CNNC was established on 29 June 1999 and is principally engaged in scientific research and development, construction and production operations in nuclear power, nuclear power generation, nuclear fuel, natural uranium, nuclear environmental protection, non-nuclear civilian products, new energy sources, etc.

CNNC Tongxing

Established on 12 March 2010, CNNC Tongxing is principally engaged in the production of radioactive sources, instruments and apparatus, and mechanical equipment, and the provision of technical development and consulting, technology transfer, import and export services.

Headway

Incorporated as a limited company in China on 9 August 1996, Headway is mainly engaged in the production and sale of UBT kits and analyzer products.

4. LISTING RULES IMPLICATIONS

As at the date of this announcement, CNNC is the controlling Shareholder of the Company, holding approximately 73.83% of our total issued share capital directly or indirectly through CIAE, NPIC, CNNC Fund, 404 Company and China Baoyuan. Therefore, CNNC and its associates are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. The Company and CNNC (through one of its subsidiaries) hold 51% and 49% equity interests in CNNC Tongxing, respectively. Therefore, CNNC Tongxing and its associates will constitute connected subsidiaries of the Company pursuant to Rule 14A.16 of the Listing Rules. The Company and CNNC (through one of its subsidiaries) hold approximately 54.1% and 27.9% equity interests in Headway, respectively. Therefore, Headway is a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules, while Headway and its subsidiaries are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. Therefore, the transactions under the Renewed Agreements and the Renewed Engineering Construction Services Framework Agreement are continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the proposed annual caps for the Renewed Agreements for the two years ended 31 December 2024 and 2025 exceed 0.1% but are less than 5%, the transactions contemplated under the Renewed Agreements are subject to the reporting, announcement and annual review requirements, but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the proposed annual caps for the Renewed Engineering Construction Services Framework Agreement for the two years ended 31 December 2024 and 2025 exceed 5% but are less than 25%, the transactions contemplated under the Renewed Engineering Construction Services Framework Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The transactions contemplated under the Renewed Engineering Construction Services Framework Agreement also constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

5. 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 Renewed Engineering Construction Services Framework Agreement (including the proposed annual caps). The Company has engaged Rainbow Capital (HK) Limited as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the Renewed Engineering Construction Services Framework Agreement (including the proposed annual caps).

6. EXTRAORDINARY GENERAL MEETING

The Company will convene an extraordinary general meeting to consider and, if appropriate, approve the resolution to be proposed and in relation to the Renewed Engineering Construction Services Framework Agreement (including the proposed annual caps). 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 all resolutions for the Renewed Engineering Construction Services Framework Agreement (including the proposed annual caps) 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 on the Renewed Engineering Construction Services Framework Agreement.

A circular containing, among other things, (i) further details of the Renewed Engineering Construction Services Framework Agreement; (ii) a letter from the Independent Board Committee containing its opinions and recommendations in respect of the Renewed Engineering Construction Services Framework Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Renewed Engineering Construction Services Framework Agreement; and (iv) a notice of the extraordinary general meeting, will be dispatched to the Shareholders within 15 business days.

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
“Ci”	Curie
“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
“CNNC Tongxing”	CNNC Tongxing (Beijing) Nuclear Technology Co., Ltd. (中核同興(北京)核技術有限公司)

“connected persons”	has the meaning ascribed thereto under the Listing Rules
“EPC”	engineering, procurement and construction
“Headway”	Shenzhen Zhonghe Headway Bio-Sci & Tech Co., Ltd. (深圳市中核海得威生物科技有限公司)
“HTA”	HTA Co., Ltd. (原子高科股份有限公司)
“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”	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 Renewed Engineering Construction Services Framework Agreement (including the proposed annual caps)
“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
“Independent Third Party”	a third party independent of and not connected with the Company and its subsidiaries and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Renewed Agreements”	the Renewed Supply Agreement, the Renewed Purchase Agreement, the Renewed Property & Equipment Leasing and Related Services Framework Agreement, the Renewed Carbon-14 Supply Agreement, the Renewed Cobalt-60 Purchase Agreement and the Renewed Consulting Services Fee Framework Agreement
“Renewed Carbon-14 Supply Agreement”	the carbon-14 raw materials supply framework agreement entered into between the Company and Headway on 31 October 2023, pursuant to which, Headway and its associates (excluding the Group) will purchase carbon-14 raw materials, other products and related services and other services from the Group
“Renewed Cobalt-60 Purchase Agreement”	the cobalt-60 radioactive sources purchase and related services framework agreement entered into between the Company and CNNC Tongxing on 31 October 2023, pursuant to which, the Group will purchase cobalt-60 radioactive sources and related services and other services from CNNC Tongxing and its subsidiaries

“Renewed Consulting Services Fee Framework Agreement”	the consulting services fee framework agreement entered into between the Company and CNNC Tongxing on 31 October 2023, pursuant to which, the Company will provide certain technical support and consulting services and other services to CNNC Tongxing
“Renewed Engineering Construction Services Framework Agreement”	the engineering construction services framework agreement entered into between the Company and CNNC on 31 October 2023, pursuant to which, the Group will purchase certain construction services, equipment services and consultation services from CNNC and its associates (excluding the Group), and which (including the proposed annual caps thereunder) is subject to the approval by the Independent Shareholders at the Company’s general meeting
“Renewed Property & Equipment Leasing and Related Services Framework Agreement”	the property & equipment leasing and related services framework agreement entered into between the Company and CNNC on 31 October 2023, pursuant to which, the Group will rent or use certain properties and equipment from CNNC and its associates (excluding the Group) from time to time and CNNC and its associates (excluding the Group) will provide supporting services relating to such properties and equipment
“Renewed Purchase Agreement”	the products and services purchase framework agreement entered into between the Company and CNNC on 31 October 2023, pursuant to which, the Group will purchase certain products and related services and other services from CNNC and its associates (excluding the Group)
“Renewed Supply Agreement”	the products and services supply framework agreement entered into between the Company and CNNC on 31 October 2023, pursuant to which, CNNC and its associates (excluding the Group) will purchase certain products and related services and other services from the Group
“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
Wang Suohui
Chairman

Beijing, the PRC, 31 October 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.