
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Overview

Our Group's history can be traced back to 1983 when China Isotope, our predecessor, was established by the Ministry of Nuclear Industry with the approval of the State Council as a company owned by the whole people to engage in the research, development, manufacturing and sale of isotope products. During the period from 2001 to 2007, our controlling shareholder CNNC made several rounds of capital injections in our Company and was the sole shareholder of our Company then. In 2007, we underwent a restructuring and successfully transformed from a company owned by the whole people into a limited liability company and CNNC remained our sole and controlling shareholder.

In May 2011, CIAE and NPIC, the subordinate public institutes directly controlled and managed by CNNC, became shareholders of our Company. In the same year, CNNC, CIAE and NPIC transferred the entire interest in HTA and CNGT held by them to our Company, respectively, and thus HTA and CNGT became subsidiaries of our Company and our Company became the largest and most comprehensive enterprise engaged in research and development, manufacturing and sales, as well in the promotion and application of radiopharmaceuticals and radioactive sources. Our Company also represented the largest and most comprehensive enterprise engaged in the promotion and application of labeled compounds.

In December 2011, our Company was restructured to a joint stock limited company. In March 2017, CNNC Fund, CAIF and CAIC, our Pre-IPO Investors, became the shareholders of our Company, and at the same time, CNNC further injected capital in our Company. As of the Latest Practicable Date, the registered capital of our Company was RMB 239,906,100.

Milestones of Development

Set out below are our key milestones in our history to date:

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| In 1983 | China Isotope, our predecessor, was established to commence isotope related business operations. |
| In 1985 | BNIBT, one of our principal subsidiaries, was established, which marked our march into the field of labeled immunoassay. |
| In 1989 | With the approval of the Ministry of Nuclear Industry, we launched the organization of the China Isotope & Radiation Association, and our Company became the member with a tenure position of executive vice chairman in the China Isotope & Radiation Association. |
| In 1992 | Together with Amersham (Far East) Ventures Limited, we jointly established a new high-tech enterprise to achieve the large-scale export of isotope products. |
| In 1993 | Together with Syncor International Corporation (美國欣科國際有限公司), a US incorporated company, we jointly established Shanghai GMS Pharmaceutical to initiate the instant labeled technetium-99m injections manufacturing center in China. |
| In 2007 | We acquired Headway, which possessed related capacities in the research, development, manufacturing and sale of UBT kits and analyzers for diagnosis of helicobacter pylori infection in China, and began to comprehensively enter into the domestic UBT diagnosis area.

We acquired Anhui Young-Hearty and became the largest manufacturer of UBT analyzers in China.

We established CIC Lab and entered into the field of independent clinical laboratory services. |
| In 2008 | We acquired the carbon-13 UBT kits products business from HTA and became the sole enterprise possessing carbon-13 and carbon-14 UBT kits products in China. |

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- In 2010 CNNC transferred Huakang Radiation which engages in the irradiation business to our Company in July 2010, and we commenced our irradiation business.
- In 2011 We integrated with HTA and CNGT, and were restructured to become China Isotope & Radiation Corporation, a joint stock company. We became the largest and most comprehensive enterprise engaged in the research and development, manufacturing and sales and the promotion and application of radiopharmaceuticals and radioactive sources in China, as well as the largest and most comprehensive enterprise engaged in the promotion and application of labeled compounds in China.
- In 2012 We completed the hi-tech industrialization demonstration engineering project for Cobalt-60 production by utilizing nuclear power reactors, and broke the foreign monopoly in respect of Cobalt-60 production. In the following year, we obtained the Award of Science and Technology of National Defense (First Class) for the technology research and development and industrialization project for cobalt-60 production by utilizing a heavy water reactor.
- In 2013 CNNC transferred Suzhou Radiation, which engages in the irradiation business, to us in October 2013, which diversified our irradiation business.
- In 2014 BINE became a subsidiary of our Company, and since then the design capacity of our irradiation facilities accounted for two-thirds of national overall capacity, and we possessed the capacity covering the entire irradiation industrial chain.
- In 2016 We completed a capital increase and introduced internal and external strategic investors of the Group, which further enriched our industrial resources.
- In 2017 Our Cobalt-60 for medical applications successfully operated in reactors, which is expected to break the foreign monopoly in this regard and to realize domestic manufacturing of Cobalt-60 for medical applications.

History and Development

Establishment and Development

In 1983, China Isotope, our predecessor, was funded and established by the Ministry of Nuclear Industry with the approval of the State Council as a company owned by the whole people. At that time, China Isotope was principally engaged in the research, development, manufacturing and sale of isotope products and directly managed by our controlling shareholder, the Ministry of Nuclear Industry (later restructured to China Nuclear Industry Corporation), the predecessor of CNNC. In December 1983, the registered capital of China Isotope was RMB4,000,000.

In 1991, China Isotope expanded its business scope to include the research, development, manufacturing and sale of irradiation products, and increased its registered capital to RMB4,410,000. In 1993, China Isotope further expanded its business scope to include the sale of a variety of products, and increased its registered capital to RMB12,120,000. In 2011, HTA became our subsidiary. HTA has been providing EPC services for the design and installation of irradiation facilities in China since 2004. In 2014, BINE became our subsidiary.

In 2007, China Isotope was restructured into a limited liability company with its name changed into China Isotope Company Limited (中國同位素有限公司), and increased its registered capital to RMB50,000,000, which was wholly owned by CNNC. From May 2008 to April 2010, after three rounds of capital increase, the registered capital of China Isotope Company Limited was increased to RMB74,000,000.

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Equity Transfer and Restructuring to Joint Stock Limited Company

On March 21, 2011, CNNC was approved by SASAC to further consolidate nuclear technology application resources and relevant business of state-owned assets and to build a nuclear technology application platform. CNNC entered into an equity transfer agreement with CIAE and NPIC, respectively, pursuant to which CNNC agreed to transfer its 26.92% and 21.15% equity interest in China Isotope Company Limited to CIAE and NPIC, respectively. Such equity transfer was completed in December 2011.

Pursuant to the approval of MOF and SASAC in 2011, NPIC transferred its approximately 90.38% equity interest in CNGT to China Isotope Company Limited, and CNNC transferred its entire equity interest in HTA as to approximately 17.00% to China Isotope Company Limited. Upon completion of such equity transfer, China Isotope Company Limited held approximately 68.28% and 90.38% equity interest in HTA and CNGT, respectively, and as such HTA and CNGT became our subsidiaries. The Group expanded its business scope to the manufacturing, research and development and sale of radiopharmaceuticals and radioactive source products and related technical services, including sealed source reloading, radioactive material transportation and recycling. Please refer to “Our Principal Subsidiaries” for details of HTA and CNGT.

On December 6, 2011, China Isotope Company Limited changed its name to China Isotope & Radiation Corporation and was restructured into a joint stock limited company. Our registered capital increased from RMB74,000,000 to RMB200,000,000 by converting the Company’s capital reserve into registered capital. Upon completion of such capital increase, the shareholding structure of our Company was as follows:

<u>Name of shareholder</u>	<u>Amount of capital contribution (RMB thousand)</u>	<u>Percentage of shareholding</u>
CNNC	103,860	51.93%
CIAE	53,840	26.92%
NPIC	42,300	21.15%
Total	200,000	100.00%

Pre-IPO Investment

Capital Contribution Agreement

For the benefit of our long-term business development and the expansion of our Group, we introduced CNNC Fund, CAIF and CAIC as our Pre-IPO Investors. Meanwhile, our controlling shareholder CNNC further injected capital in our Company, both directly and through its controlled entities.

On December 21, 2016, the Company, CNNC, CIAE, NPIC, CNNC Fund, 404 Company, Baoyuan Investment, CAIF and CAIC entered into the capital contribution agreement (the “**Capital Contribution Agreement**”), pursuant to which the parties thereto agreed to inject capital and subscribe Shares in our Company, upon completion of which, the registered share capital of our Company increased from RMB200,000,000 to RMB239,906,100. The capital contribution was fully paid on an irrevocable basis on January 10, 2017 and completed on March 14, 2017.

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The following table sets out details of the Capital Contribution Agreement, the number of Shares subscribed by, and shareholding percentage of, each party in our Company before and after such capital contribution:

<u>Party name</u>	<u>Subscription amount (RMB thousand)</u>	<u>Before the capital contribution</u>		<u>After the capital contribution</u>	
		<u>Number of Shares subscribed</u>	<u>Shareholding percentage</u>	<u>Number of Shares subscribed</u>	<u>Shareholding percentage</u>
CNNC	60,000	103,860,000	51.93%	106,676,900	44.47%
CIAE	100,000	53,840,000	26.92%	58,534,800	24.40%
NPIC	100,000	42,300,000	21.15%	46,994,800	19.59%
CNNC Fund	400,000	—	—	18,779,300	7.83%
404 Company	80,000	—	—	3,755,900	1.57%
Baoyuan Investment	30,000	—	—	1,408,500	0.59%
CAIIF	30,000	—	—	1,408,500	0.59%
CAIC	50,000	—	—	2,347,400	0.98%
Total	850,000	200,000,000	100.00%	239,906,100	100.00%

The subscription amount of each party above was determined after arm's length negotiations by reference to the valuation performed by an Independent Third Party, China United Assets Appraisal Group Co., Ltd. (中聯資產評估集團有限公司), who conducted the valuation of our Shareholders' equity interest as at the valuation reference date, i.e. December 31, 2015, using the income approach.

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Summary of the Capital Contribution

The following table sets out a summary of the capital contribution:

Name	Date of signing the Capital Contribution Agreement	Amount of consideration paid (RMB'000)	Payment date of consideration	Shareholding in our Company upon the completion of the Global Offering	Background of the Pre-IPO Investor/Subscriber	Strategic benefits to the Company	Shareholders of the Pre-IPO Investor/Subscriber (except as otherwise prescribed, as an Independent Third Party)
Summary of the capital contribution made by Pre-IPO Investors							
CNNC Fund	December 21, 2016	400,000	January 10, 2017	5.87% (assuming the Over-allotment allotment Option is not exercised) 5.66% (assuming the Over-allotment allotment Option is fully exercised)	A private investment fund incorporated on December 10, 2015 in the form of a limited partnership, and principally engaged in investment in non-securities business, investment management, consulting services and investment project investment.	Strengthened capital; enhanced corporate governance, knowledge and experience in operations and development of business strategy; introduction of good opportunities for high quality assets and possibility of business expansion	<ul style="list-style-type: none"> Zhonghe Industry Fund Management (Beijing) Co., Ltd.: 1.64%, fund manager; Zhonghe Industry Fund Management (Beijing) Co., Ltd. was a 66.67% owned subsidiary of our controlling shareholder, CNNC, and the remaining 33.33% interest was indirectly held by ABC International Holding Limited (農銀國際控股有限公司). Our controlling shareholder, CNNC: 49.18% ABC-CA (Shanghai) Asset Management Co., Ltd.: 49.18%. ABC-CA (Shanghai) Asset Management Co., Ltd. was wholly-owned by ABC-CA Fund Management Co., Ltd..
CAIIF	December 21, 2016	30,000	January 10, 2017	0.44% (assuming the Over-allotment allotment	A private investment fund incorporated on March 3, 2010 in the form of a limited	Strengthened capital; enhanced corporate governance; introduction of	<ul style="list-style-type: none"> AVIC Fund (Beijing) Co., Ltd. (航天產業投資基金管理(北

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Name	Date of signing the Capital Contribution Agreement	Amount of consideration paid (RMB'000)	Payment date of consideration	Shareholding in our Company upon the completion of the Global Offering	Background of the Pre-IPO Investor/Subsriber	Strategic benefits to the Company	Shareholders of the Pre-IPO Investor/Subsriber (except as otherwise prescribed, as an Independent Third Party)
CAIC	December 21, 2016	50,000	January 10, 2017	Option is not fully exercised) exercised)	partnership, principally in non-securities business, consulting non-securities business.	and knowledge in management, operations, investment and business strategy, and of enterprises acquisition and listing	<p>京) 有限公司): 1%, fund manager</p> <ul style="list-style-type: none"> China Aerospace Investment Holdings Ltd. (航天投資控股有限公司): 24.67% Beijing E-Town International Investment & Development Co., Ltd., (北京亦莊國際投資發展有限公司): 24.67% Beijing State-Owned Capital Operation and Management Center Haidian Branch (北京市海澱區國有資本經營管理中心): 12.34% Taikang Life Insurance Co., (泰康人壽保險有限公司): 12.34% China Three Gorges Corporation (三峽資本控股有限責任公司): 12.34% China Citic Co., Ltd (中國中信有限公司): 12.34% Xinjiang Yang Fan Zheng Xing Equity Investment Co., (新疆揚帆正興股權投資有限公司): 0.31% China Aerospace Science & Industry Corporation: 44.06%

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Name	Date of signing the Capital Contribution Agreement	Amount of consideration paid (RMB'000)	Payment date of consideration	Shareholding in our Company upon the completion of the Global Offering	Background of the Pre-IPO Investor/Subsriber	Strategic benefits to the Company	Shareholders of the Pre-IPO Investor/Subsriber (except as otherwise prescribed, as an Independent Third Party)
				allotment Option is not exercised)	October 29, 2009, mainly engaged in mergers and acquisitions to build its own industrial sector, (including funds, merger and acquisition funds, technological innovation & investment special funds), property and securitization business, etc.	introduction of knowledge and experience in operations, management, development of business strategy	<ul style="list-style-type: none"> Eight institutional investors (the highest individual shareholding percentage being 3.70%) total: 17.35% Institute of Defense Technologies under the China Aerospace Science & Industry Corporation: 14.95% Institute of Aviation Technologies under the China Aerospace Science & Industry Corporation: 14.95% China Space Sanjiang Group Corporation (中國航天三江集團公司): 8.69%
Summary of the capital contribution made by CNNC and its controlled entities							
CNNC	December 21, 2016	60,000	January 10, 2017	32.14% (assuming the Over-allotment Option is not exercised)	Our shareholding and a state-owned enterprise, principally engaged in scientific research and development, construction and production operations in nuclear power, nuclear power generation, nuclear fuel natural uranium, nuclear environmental production, application of nuclear	N/A	Directly controlled and managed by SASAC

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Name	Date of signing the Capital Contribution Agreement	Amount of consideration paid (RMB'000)	Payment date of consideration	Shareholding in our Company upon the completion of the Global Offering	Background of the Pre-IPO Investor/Subscriber	Strategic benefits to the Company	Shareholders of the Pre-IPO Investor/Subscriber (except as otherwise prescribed, as an Independent Third Party)	
CIAE	December 21, 2016	100,000	January 10, 2017	17.63% (assuming the Over-allotment Option is not exercised)	16.90% (assuming the Over-allotment Option is fully exercised)	A public institute established by MOF, and principally engaged in nuclear physics research, reactor engineering research and design, radiochemical research, fast reactor research and design, isotope research, nuclear technology application and research, radiation safety research.	N/A	Directly controlled and managed by CNNC
NPIC	December 21, 2016	100,000	January 10, 2017	14.16% (assuming the Over-allotment Option is not exercised)	13.57% (assuming the Over-allotment Option is fully exercised)	A public institute established by MOF and principally engaged in nuclear power engineering design, integrated equipment supply of nuclear steam supply system, reactor operation and applied research, reactor engineering experimental research, nuclear fuel and materials research, isotope	N/A	Directly controlled and managed by CNNC

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Name	Date of signing the Capital Contribution Agreement	Amount of consideration paid (RMB'000)	Payment date of consideration	Shareholding in our Company upon the completion of the Global Offering	Background of the Pre-IPO Investor/Subscriber	Strategic benefits to the Company	Shareholders of the Pre-IPO Investor/Subscriber (except as otherwise prescribed, as an Independent Third Party)
404 Company	December 21, 2016	80,000	January 10, 2017	1.13% (assuming the Over- allotment Option is not exercised) 1.08% (assuming the Over- allotment Option is fully exercised)	production and nuclear technology services and applications. Principally engaged in nuclear research and production, uranium conversion, reprocessing of spent fuel, decommission of nuclear facilities and radioactive waste treatment and disposal.	N/A	A wholly-owned subsidiary of CNNC
Baoyuan Investment	December 21, 2016	30,000	January 10, 2017	0.42% (assuming the Over- allotment Option is not exercised) 0.41% (assuming the Over- allotment Option is fully exercised)	Principally engaged in nuclear industrial services, nuclear medical services, property operation and management services, trade business, operation and management of non-nuclear civilian goods, and equity investment in the areas of aerospace equipment, finance and others	N/A	A wholly-owned subsidiary of CNNC

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As of the Latest Practicable Date, RMB400,000,000 out of the above capital contribution has been utilized to repay the commercial loans of our Company, RMB60,000,000 out of the above capital contribution has been utilized for the construction of irradiation stations, and the remaining RMB 390,000,000 has not yet been utilized.

Based on the investment amount of RMB480,000,000 and the Shares expected to be held by our Pre-IPO Investors after the Global Offering, the amount to be paid by thereby would be RMB21.3 per Share, which represents a premium of 19.7% and a discount of 12.0% against the lowest and highest Offer Price of HK\$17.80 and HK\$24.20, respectively.

No Special Rights, Lock-up and Public Float

Pursuant to the Capital Contribution Agreement, none of the above capital contributors, including our Pre-IPO Investors, was granted any special rights that were not available to our other Shareholders. According to the relevant laws, regulations and rules or the requirements of the local government authorities, our Pre-IPO Investors and other capital contributors mentioned above shall not transfer its respective Shares in the Company within one year after the Listing of the Company.

Unless disclosed above, the terms of the Capital Contribution Agreement did not impose any other lock-up obligations upon the Shares which are expected to be held by our Pre-IPO Investors or other capital contributors after the Listing.

As both CAIF and CAIC are independent of our Group and our connected persons, all Shares to be held by CAIF and CAIC after the Listing will count towards the public float of the Company. Since CNNC Fund is a company controlled by CNNC (our controlling shareholder and thus a connected person), CNNC Fund shall be deemed as a connected person of the Company and all Shares to be held by CNNC Fund after the Listing will not be counted towards the public float of the Company.

Compliance with Interim Guidance

On the basis that (i) the consideration for the pre-IPO investment was settled more than 28 clear days before the date of our first submission of the listing application form to the Listing Division of the Stock Exchange in relation to the Listing; and (ii) none of the Pre-IPO Investors was granted any privilege different from that of our investors, the Sole Sponsor confirms that the pre-IPO investment is in compliance with the Interim Guidance on Pre-IPO Investments issued by the Stock Exchange on October 13, 2010, the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017 and the Guidance Letter HKEx-GL44-12 issued by the Stock Exchange in October 2012 and as updated in March 2017.

Post Track Record Period Acquisitions

On December 7, 2017, the Company established CNNC Taizhou with Saiwang, in which the Company and Saiwang hold 86% and 14% equity interests respectively. As of the Latest Practicable Date, Mr. Cao Maofen was a beneficial owner of Saiwang and served as the general manager of Saiwang, and was responsible for the daily management and operation of Saiwang. Upon establishment of CNNC Taizhou by our Company and Saiwang, Mr. Cao Maofen was appointed as the director and vice president of CNNC Taizhou. To the best knowledge and information of the Directors, before the appointment of director of CNNC Taizhou, Mr. Cao Maofen was an Independent Third

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Party. On December 14, 2017, the Company, CNNC Taizhou, Mr. Cao Maofen and Saiwang entered into the Asset Acquisition Agreement, pursuant to which CNNC Taizhou agreed to purchase all the operating assets of Saiwang, including but not limited to production plant, warehouse, land and operating equipment, at the consideration of RMB35 million which was determined by the parties after arm's length negotiations by reference to the assessment of the value of the target assets. The consideration shall be paid by CNNC Taizhou in installments. On December 26, 2017 and January 23, 2018, CNNC Taizhou paid RMB7 million and RMB0.7 million, respectively, for part of the target assets, including the lands and buildings of Saiwang. The Company expects that the Saiwang Acquisition will complete in October 2018.

On April 27, 2018, the Company entered into the Share Purchase Agreement with Liuhe Zhongxin, pursuant to which the Company agreed to purchase 100% of the equity interest in Sanjin held by Liuhe Zhongxin at the consideration of RMB 211.5 million. Liuhe Zhongxin is a company incorporated under the laws of the PRC, and is principally engaged in, among others, the organization of cultural activities and exhibitions, investment management and asset management. To the best knowledge and information of the Directors, as of the Latest Practicable Date, Liuhe Zhongxin is an Independent Third Party. The consideration was determined by the parties after arm's length negotiations by reference to the value of the equity interests in Sanjin held by Liuhe Zhongxin and shall be paid by the Company in installments. On April 27, 2018 and April 28, 2018, the Company paid RMB 80 million and RMB 120 million, respectively, as part of the consideration to Liuhe Zhongxin. The Company expects that the Sanjin Acquisition will complete in October 2018.

In addition, after the Track Record Period and up to the Latest Practicable Date, the Company is considering to acquire certain businesses of Meiquan.

Information of Saiwang, Sanjin and Meiquan

Saiwang is a company incorporated under the laws of the PRC, and is principally engaged in the research and application of irradiation technologies in relation to environmental coating and dyeing and printing auxiliaries, irradiation services for sterilization purposes, irradiation cross-link wires and cables, irradiation cross-link pipes, etc. It has been operating an irradiation station with a designed capacity of 2 million Ci of cobalt-60 since 2009. According to the unaudited management accounts of Saiwang, which were made available to the Company, its total assets amounted to approximately RMB31.29 million and RMB35.17 million as of December 31, 2016 and 2017, respectively, its total revenue amounted to approximately RMB2.92 million and RMB4.10 million for the year ended December 31, 2016 and 2017, respectively, and it recorded a loss (before and after tax) of RMB0.59 million and RMB0.52 million for the year ended December 31, 2016 and 2017, respectively.

Sanjin is a company incorporated under the laws of the PRC, and is principally engaged in, among others, property management and leasing of office buildings. According to the unaudited management accounts of Sanjin made available to the Company, its total assets amounted to approximately RMB 46.89 million and RMB 46.99 million as of December 31, 2016 and December 31, 2017, respectively, its total revenue amounted to approximately RMB 4.90 million and RMB 6.06 million for the year ended December 31, 2016 and December 31, 2017, respectively, and it recorded a profit before tax of approximately RMB 0.14 million and RMB 0.91 million for the year ended December 31, 2016 and December 31, 2017, and a profit after tax of RMB0.13 million and RMB0.32 million for the year ended December 31, 2016 and December 31, 2017, respectively.

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Meiquan is a company incorporated under the laws of the PRC, and is principally engaged in processing and the application of isotope irradiation, etc. According to the unaudited management accounts of Meiquan, which were made available to our Company, Meiquan's total assets amounted to approximately RMB27.44 million and RMB26.57 million as of December 31, 2016 and 2017, respectively, and its total revenue amounted to approximately RMB3.11 million and RMB3.20 million for the year ended December 31, 2016 and 2017, respectively, and it recorded a loss (before and after tax) of RMB0.77 million and RMB0.22 million for the year ended December 31, 2016 and 2017, respectively.

As our reporting accountants have not audited or reviewed the financial statements of Saiwang, Sanjin and Meiquan, prospective investors should be aware that adjustments may arise.

Reasons and benefits of the Post-TRP Acquisitions

Due to favorable policies of the local government, the market demand for irradiation services is increasing in Jiangsu Province in recent years. Therefore, the Company needs additional irradiation stations to provide irradiation services in the local market. After conducting due diligence work towards Saiwang and Meiquan, it is found that the operating assets of Saiwang and Meiquan match such need. It is also more cost-effective and time-saving for the Company to acquire an irradiation station in market, rather than to build a new irradiation station by itself, as building a new irradiation station usually requires large amount of investment and takes long time. The Saiwang Acquisition and Possible Meiquan Acquisition would enable the Group to further develop its irradiation technology application research and services and expand its market share in Jiangsu Province, PRC. In addition, the current office building area can't meet the Group's needs anymore, and the Group has been considering to relocate its headquarter to new office building to improve the working environment and conditions. After intensive due diligence and internal evaluation, the Company is of the view that the office building of Sanjin meets the Group's requirement in terms of environment, location, transportation, decoration, consideration, etc. Therefore, the Sanjin Acquisition would enable the Group to relocate its headquarter to new office building which is equipped with better conditions and therefore improve the company image.

As of the Latest Practicable Date: (i) the Company had not entered into any form of agreement (binding or otherwise) with the counterparties in relation to the Possible Meiquan Acquisition; (ii) the Post-TRP Acquisitions remained subject to the completion by, or commercial negotiation between the parties negotiations between, the relevant parties (as the case may be); and (iii) there was no assurance as to whether the Possible Meiquan Acquisition would proceed as at the date of this prospectus. As there is no consent has yet been provided by the relevant counterparties for public disclosure of confidential information of the target business, the relevant financial information of the target business in relation to the Post-TRP Acquisitions has not been included in this prospectus. If we enter into a legally binding agreement in respect of the Possible Meiquan Acquisition after Listing, we will comply with the requirements under the relevant guidance letter issued by the Hong Kong Stock Exchange and the Listing Rules (including the requirement to make a further announcement(s) under Chapter 14 of the Listing Rules) as and when appropriate.

To the best knowledge and information of the Directors, Saiwang, Sanjin and Meiquan are Independent Third Parties.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in

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relation to the Post-TRP Acquisitions. For details, see “Waivers from Strict Compliance with the Listing Rules — Waiver from Strict Compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules” in this prospectus.

Our Principal Subsidiaries

As a result of the history of our development, strategic business development and geographic coverage of our operations, the structure of our Group is complicated. The Company has a total of 42 subsidiaries operating mainly in the PRC, of which 15 are first-tier subsidiaries in which the Company directly holds equity interest, and 27 are second-tier subsidiaries in which the Company indirectly holds equity interest. As of the Latest Practicable Date, we have six principal first-tier subsidiaries which are engaged in our core business sectors. The details of these six principal first-tier subsidiaries are set out as below:

HTA

HTA was incorporated as a joint stock limited company in China on May 18, 2001, and was listed on NEEQ on July 28, 2006 and became an unlisted public company. In 2011, CIAE and CNNC transferred their entire equity interest in HTA to China Isotope Company Limited, our predecessor. After such equity transfer and as of the Latest Practicable Date, our Company held 68.28% equity interest in HTA, the Fourth Research and Design Engineering Corporation of CNNC (中核第四研究設計工程有限公司), a wholly-owned subsidiary of CNNC, held 3.02% equity interest in HTA, and the remaining 28.70% equity interest was held by individual public shareholders, who, to the best knowledge and information of the Directors, are Independent Third Parties. HTA has a total of 25 wholly owned or non-wholly owned subsidiaries, which are principally engaged in the manufacturing and sale of in vivo radiopharmaceuticals, radioactive sources, radioactive medical devices, radioactive labeled compounds and tracer reagents.

Given that HTA was listed on NEEQ, it is subject to applicable disclosure requirements under the laws and regulations of the PRC, and the rules implemented by NEEQ. For public information disclosed by HTA, the Company will issue relevant announcements in Hong Kong pursuant to the related requirements of the Listing Rules, including but not limited to, Rule 13.10B of the Listing Rules, when necessary.

HTA commenced its operations since the date of its incorporation, and is mainly engaged in the manufacturing and sale of radioactive pharmaceuticals and provision of import and export services in respect of raw and auxiliary materials, mechanical equipment, instruments and meters, spare parts and technologies. As of the Latest Practicable Date, the registered capital of HTA was RMB132,560,000.

CNGT

CNGT was established in China on June 11, 2002. In 2011, NPIC transferred its entire equity interest in CNGT to China Isotope Company Limited, our predecessor. After such equity transfer, CNGT became a subsidiary of the Company. As of the Latest Practicable Date, the Company held 90.38% equity interest in CNGT and the remaining 6.63% and 3.00% interest was, to the best knowledge and information of our Directors, held by Independent Third Parties Chengdu Tonglida

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Nuclear Technology Development Co., Ltd.^{note 1} (成都通力達核技術開發有限公司) and MASEP Medical Science Technology Development(Shenzhen) Co., Ltd (深圳瑪西普醫學科技發展有限公司), respectively.

CNGT commenced its operations since the date of its incorporation, and is mainly engaged in the production of radiopharmaceuticals, sealed radioactive sources, such as strong sealed radioactive sources and standard sealed radioactive sources, and related technical services, including sealed source reloading, radioactive material transportation and recycling. As of the Latest Practicable Date, the registered capital of CNGT was RMB40,000,000.

Headway

Headway was incorporated as a limited liability company in China on August 9, 1996. In January 2007, China Isotope, our predecessor, entered into an equity transfer agreement with Shenzhen Weema Investment and Development Co., Ltd (深圳市威瑪投資發展有限公司) (“**Shenzhen Weema**”), a limited liability company incorporated in China, and Zhang Weibin, both of whom are, to the best knowledge and information of our Directors, Independent Third Parties, pursuant to which Shenzhen Weema and Zhang Weibin agreed to transfer their equity interests of 46.00% and 9.00% in Headway to China Isotope, respectively, for the consideration of RMB18,590,000 which was determined by the parties after arm’s length negotiations by reference to the assessment of the value of shareholders’ equity interest of Headway as at December 31, 2006 using the income approach. After such equity transfer, the Company held 55.00% equity interest in Headway and CNNC Sufa Technology Industry Co., Ltd (“**CNNC Technology**”), an associate of CNNC, held the remaining 45.00% equity interest.

Subsequently, Headway underwent a series of equity transfers and capital increases. As of the Latest Practicable Date, our Company directly held 34.10% interest, and indirectly held 20.00% interest through our subsidiary HTA in Headway. CNNC Technology, an associate of CNNC, held 27.90% equity interest in Headway, Chen Shixiong, general manager of Anhui Young-Hearty, a subsidiary of Headway, held 3.28% equity interest in Headway, and the remaining 14.72% interest was held by Guangzhou Yanghui Investment and Consultation Co., Ltd. (廣州養慧投資諮詢有限公司), which to the best knowledge and information of our Directors is an Independent Third Party.

Headway commenced its operations since the date of its incorporation, and is mainly engaged in the production and sale of UBT kits and analyzer products. As of the Latest Practicable Date, the registered capital of Headway was RMB25,000,000.

BNIBT

On June 6, 1985, with the approval of the Ministry of Nuclear Industry, China Isotope, our predecessor, founded North Immune Reagent Institute (北方免疫試劑研究所) as an enterprise owned by the whole people. In December 1995, North Immune Reagent Institute changed its name to Beijing North Institute of Biological Technology. In August 2014, BNIBT became a limited liability company.

BNIBT commenced its operations since the date of its incorporation, and is mainly engaged in the research and development and production of RIA in vitro immunoassay diagnostic reagents, and

¹ Chengdu Tonglida Nuclear Technology Development Co., Ltd. (“**Tonglida**”) is a holding company which holds 2,650,000 shares of CNGT as of the Latest Practicable Date. Among the 2,650,000 shares of CNGT directly held by Tonglida, 1,501,500 shares are held by Tonglida on behalf of more than 1,300 individuals. With respect to the another portion of 350,000 shares of CNGT held by Tonglida, due to historical reasons, our shareholders CNNC and NPIC are of the view that this portion of shares of CNGT are held by Tonglida on behalf of NPIC.

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production of a full range of RIA in vitro diagnostic kits and analyzer products for thyroid function, gonad, cancer, and high blood pressure. As of the Latest Practicable Date, the registered capital of BNIBT was RMB18,000,000.

CNNC Tongxing

On March 12, 2010, China Isotope, our predecessor, and Qinshan No. 3 Nuclear Power jointly established CNNC Tongxing as a limited liability company, which was principally engaged in the production and operation of Cobalt-60 radioactive sources. As of the Latest Practicable Date, our Company held 51.00% equity interest in CNNC Tongxing and Qinshan No. 3 Nuclear Power held the remaining 49.00% equity interest in CNNC Tongxing. Qinshan No. 3 Nuclear Power is a subsidiary of our controlling shareholder, CNNC, and thus a connected person of our Company, which is mainly responsible for the engineering construction and management of the production and operation of Qinshan Phase III nuclear power plant.

CNNC Tongxing commenced its operations since the date of its incorporation, and is mainly engaged in the production of radioactive sources, instruments and meters and mechanical equipment, and provision of technology development, technology consulting, technology transfer and technology import and export services. As of the Latest Practicable Date, the registered capital of CNNC Tongxing was RMB30,000,000.

Suzhou Radiation

Suzhou Radiation, previously known as Suzhou Medical College Wujiang Radiation Center (蘇州醫學院吳江輻照中心), was initially incorporated as a collective joint ownership enterprise owned by the whole people on December 15, 1994. In March 2000, Suzhou Medical College Wujiang Radiation Center was restructured as a limited liability company, i.e. Suzhou CNNC Huadong Radiation Co., Ltd.

In August 2010, Huakang Radiation transferred its 3.33% equity interest in Suzhou Radiation to China Isotope Company Limited, our predecessor, at the consideration of RMB919,100, which was determined by the parties after arm's length negotiations. On October 27, 2013, CNNC Technology, Shanghai CNNC Puyuan Co., Ltd. (上海中核浦原有限公司), Haiyan Baoli Service Co., Ltd. (海鹽寶力服務公司) and the Company entered into an equity transfer agreement, pursuant to which CNNC Technology, Shanghai CNNC Puyuan Co., Ltd., and Haiyan Baoli Service Co., Ltd. (海鹽寶力服務公司) agreed to transfer their respective equity interest of 33.70%, 7.28% and 7.28% in Suzhou Radiation to the Company for the consideration of RMB18,872,000, RMB4,076,620 and RMB4,076,620, respectively, which was determined by the parties after arm's length negotiations by reference to the assessed value of net assets of Suzhou Radiation as of December 31, 2012. The equity transfer was completed on August 5, 2015. As of the Latest Practicable Date, the Company held 51.59% equity interest in Suzhou Radiation, and the remaining interest was held as to 36.81% and 11.60% by Jiangsu Suda Investment Co., Ltd. (江蘇蘇大投資有限公司) and Suzhou Wujiang Songling Real Estate Development Co., Ltd. (蘇州市吳江區松陵房產綜合開發公司), each to the best knowledge and information of our Directors being an Independent Third Party, respectively.

Suzhou Radiation commenced its operations since the date of its incorporation, and is mainly engaged in the production and sale of radiation cross-linked heat-shrinkable products, and the provision of industrial irradiation and its application technology development and technical consulting

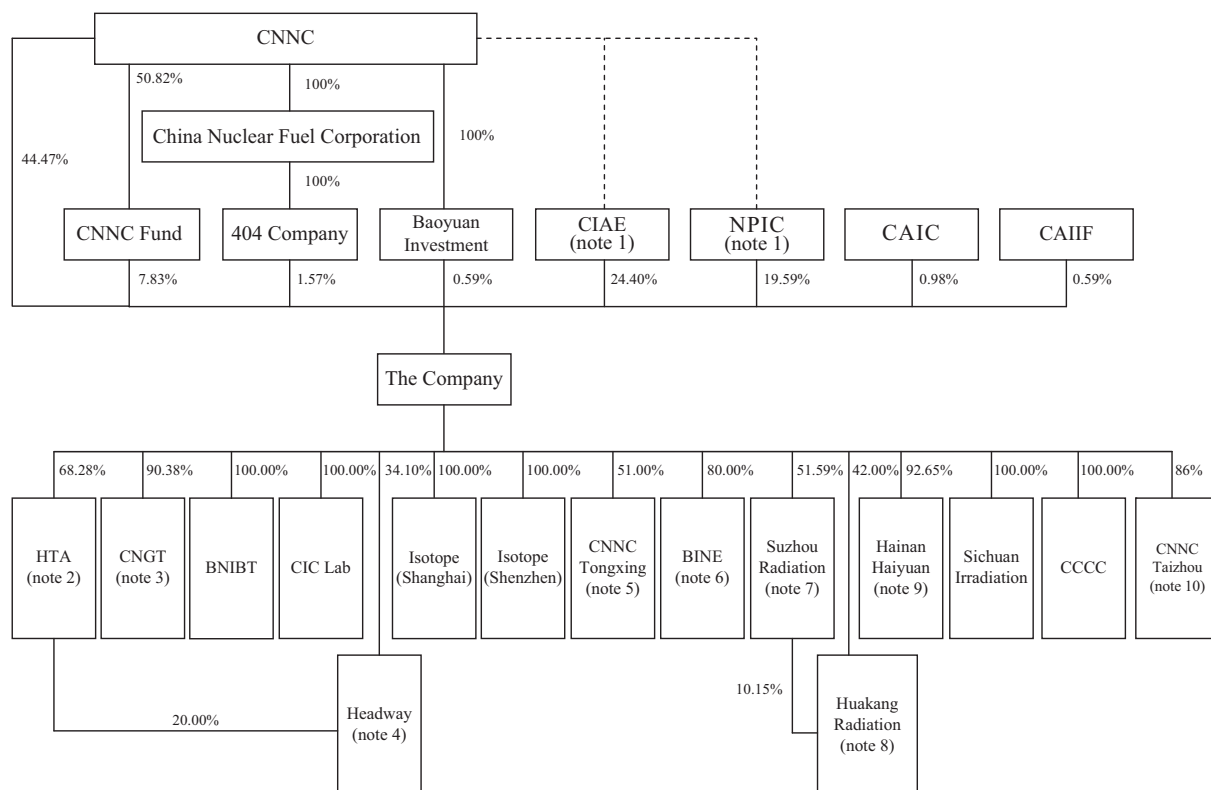
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services. As of the Latest Practicable Date, the registered capital of Suzhou Radiation was RMB27,600,000.

For details of the subsidiaries which would have impact on the financial performance, assets or liabilities of the Group during the Track Record Period, please see the section headed “Accountants’ Report” of Appendix I to this prospectus.

Corporate Structure

The following chart sets out the simplified corporate structure of our Company and its first-tier subsidiaries immediately prior to the Global Offering:



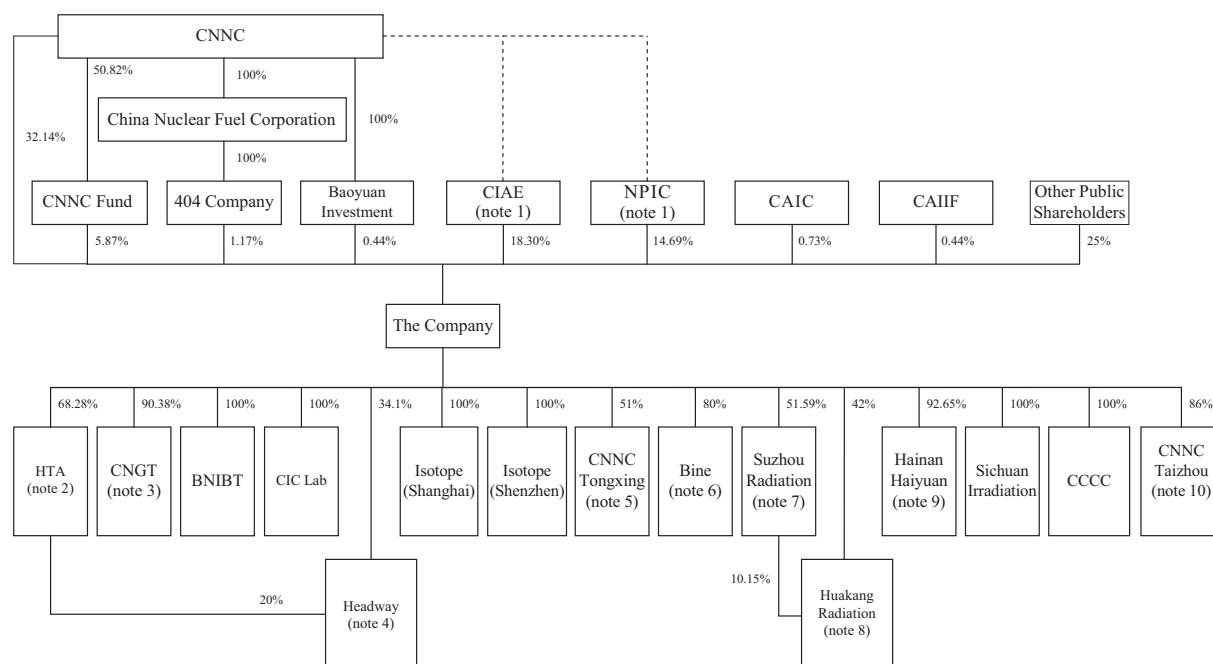
Notes:

1. CIAE and NPIC are public institutes which are established by MOF and directly controlled and managed by CNNC.
2. HTA is owned as to 68.28% by our Company and 3.02% by the Fourth Institute of Nuclear Engineering of CNNC, being a wholly-owned subsidiary of CNNC, and the remaining 28.70% by individual public shareholders, respectively, who to the best knowledge and information of the Directors, are Independent Third Parties.
3. CNGT is owned as to 90.38% by our Company, and the remaining 6.62% and 3.00% by Chengdu Tonglida Nuclear Technology Development Co., Ltd. (成都通力達核技術開發有限公司) and MASEP Medical Science Technology Development (Shenzhen) Co., Ltd. (深圳瑪西普醫學科技發展有限公司), respectively, who to the best knowledge and information of the Directors, are Independent Third Parties. Chengdu Tonglida Nuclear Technology Development Co., Ltd. (“**Tonglida**”) is a holding company which holds 2,650,000 shares of CNGT as of the Latest Practicable Date. Among the 2,650,000 shares of CNGT directly held by Tonglida, 1,501,500 shares are held by Tonglida on behalf of more than 1,300 individuals. With respect to the another portion of 350,000 shares of CNGT held by Tonglida, due to historical reasons, our shareholders CNNC and NPIC are of the view that this portion of shares of CNGT are held by Tonglida on behalf of NPIC.
4. Headway is owned as to 34.10% by our Company, 20.00% by HTA, our subsidiary, 27.90% by CNNC Technology, being an associate of CNNC, Chen Shixiong, general manager of Anhui Young-Hearty, a subsidiary of Headway, held 3.28% equity interest in Headway, and the remaining 14.72% interest was held by Guangzhou Yanghui Investment and Consultation Co., Ltd. (廣州養慧投資諮詢有限公司), which to the best knowledge and information of our Directors being an Independent Third Party.
5. CNNC Tongxing is owned as to 51.00% by our Company and the remaining 49.00% by Qinshan No.3 Nuclear Power, a subsidiary of CNNC.

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6. BINE is owned as to 80.00% by our Company, 2.50% by Liu Ge, director of BINE, and the remaining 9.50%, 5.00%, 1.00%, 1.00% and 1.00% by Dingdian Investment Management (Beijing) Co., Ltd. (鼎典投資管理(北京)有限公司), Feng Jianhua, Wu Qinliang, Liu Qifeng and Ba Yanfeng, respectively, who to the best knowledge and information of the Directors, are Independent Third Parties.
7. Suzhou Radiation is owned as to 51.59% by our Company, and the remaining 36.81% and 11.60% owned by Jiangsu Suda Investment Co., Ltd. (江蘇蘇大投資有限公司) and Suzhou Wujiang Songling Real Estate Development Co., Ltd. (蘇州市吳江區松陵房產綜合開發公司), respectively, who to the best knowledge and information of the Directors, are Independent Third Parties.
8. Huakang Radiation is owned as to 42.00% by our Company, 10.15% by Suzhou Radiation, our subsidiary, 25.4925% by Zheng Minlei, director and general manager of Huakang Radiation, and the remaining 8.0025%, 4.785%, 4.785% and 4.785% by Xu Jinyao, director of Huakang Radiation, Zhou Song, Wu Tianming and Zheng Jing, respectively, who to the best knowledge and information of the Directors, are Independent Third Parties.
9. Hainan Haiyuan is owned as to 92.65% by our Company and the remaining 7.35% by Baoyuan Investment, a wholly-owned subsidiary of CNNC.
10. CNNC Taizhou is owned as to 86% by our Company and the remaining 14% by Mr. Cao Maofen.

The following chart sets out the simplified corporate structure of our Company and its principal subsidiaries immediately following the Global Offering (and assuming the Over-allotment Option is not exercised):



Notes:

1. CIAE and NPIC are public institutes which are established by MOF and directly controlled and managed by CNNC.
2. HTA is owned as to 68.28% by our Company and 3.02% by the Fourth Institute of Nuclear Engineering of CNNC, being a wholly-owned subsidiary of CNNC, and the remaining 28.70% by individual public shareholders, respectively, who to the best knowledge and information of the Directors, are Independent Third Parties.
3. CNGT is owned as to 90.38% by our Company, and the remaining 6.62% and 3.00% by Chengdu Tonglida Nuclear Technology Development Co., Ltd. (成都通力達核技術開發有限公司) and MASEP Medical Science Technology Development (Shenzhen) Co., Ltd. (深圳瑪西普醫學科技發展有限公司), respectively, who to the best knowledge and information of the Directors, are Independent Third Parties.
4. Headway is owned as to 34.10% by our Company, 20.00% by HTA, our subsidiary, 27.90% by CNNC Technology, being an associate of CNNC, Chen Shixiong, general manager of Anhui Young-Heartly, a subsidiary of Headway, held 3.28% equity interest in Headway, and the remaining 14.72% interest was held by Guangzhou Yanghui Investment and Consultation Co., Ltd. (廣州養慧投資諮詢有限公司), which to the best knowledge and information of our Directors being an Independent Third Party.
5. CNNC Tongxing is owned as to 51.00% by our Company and the remaining 49.00% by Qinshan No.3 Nuclear Power, a subsidiary of CNNC.
6. BINE is owned as to 80.00% by our Company, 2.50% by Liu Ge, director of BINE, and the remaining 9.50%, 5.00%, 1.00%, 1.00% and 1.00% by Dingdian Investment Management (Beijing) Co., Ltd. (鼎典投資管理(北京)有限公司), Feng Jianhua, Wu Qinliang, Liu Qifeng and Ba Yanfeng, respectively, who to the best knowledge and information of the Directors, are Independent Third Parties.
7. Suzhou Radiation is owned as to 51.59% by our Company, and the remaining 36.81% and 11.60% owned by Jiangsu Suda Investment Co., Ltd. (江蘇蘇大投資有限公司) and Suzhou Wujiang Songling Real Estate Development Co., Ltd. (蘇州市吳江區松陵房產綜合開發公司), respectively, who to the best knowledge and information of the Directors, are Independent Third Parties.

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(蘇州市吳江區松陵房產綜合開發公司), respectively, who to the best knowledge and information of the Directors, are Independent Third Parties.

8. Huakang Radiation is owned as to 42.00% by our Company, 10.15% by Suzhou Radiation, our subsidiary, 25.4925% by Zheng Minlei, director and general manager of Huakang Radiation, and the remaining 8.0025%, 4.785%, 4.785% and 4.785% by Xu Jinyao, director of Huakang Radiation, Zhou Song, Wu Tianming and Zheng Jing, respectively, who to the best knowledge and information of the Directors, are Independent Third Parties.
9. Hainan Haiyuan is owned as to 92.65% by our Company and the remaining 7.35% by Baoyuan Investment, a wholly-owned subsidiary of CNNC.
10. CNNC Taizhou is owned as to 86% by our Company and the remaining 14% by Mr. Cao Maofen.

The Party Committee

According to “The Constitution of the Communist Party of China”, the Company established the Committee of Communist Party of China Isotope & Radiation Corporation (the “Party Committee”), which plays a core political role in the Company. The Party Committee mainly assumes the following responsibilities:

- ensuring and supervising the implementation of the policies and strategies of the PRC and the Communist Party of China. Supporting major decisions made by Central Committee of the Communist Party of China and the State Council, as well the work deployment of relevant state ministries and higher party organizations.
- supervising and supporting the Board and the management team to fulfill their functions in accordance with applicable laws and regulations. Advising the nomination of and/or nominating directors and general managers, or evaluating candidates for directors and general managers with the Board.
- researching, discussing and advising on issues related to the Company’s reform and development, major business management and operation matters and matters relating to employees’ interest.
- leading the ideological and political work, promoting cultural and ideological progress of the Company, cultivating corporate culture and assisting the work of labor union and the communist youth league of the Company. Leading the Company in building an honest and clean party and supporting the supervisory work conducted by discipline inspection commission.