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華潤醫藥集團有限公司

China Resources Pharmaceutical Group Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 3320)

CONTINUING CONNECTED TRANSACTIONS THE BUSINESS TRAVEL SERVICES FRAMEWORK AGREEMENT 2023

The Board is pleased to announce that, on 14 April 2023, the Company entered into the Business Travel Services Framework Agreement 2023 with CR Digital, pursuant to which CR Digital Group has agreed to provide certain business travel services to the Group for a term commencing from 14 April 2023 to 31 December 2024.

As at the date of this announcement, CRI, being a controlling shareholder of the Company, indirectly holds approximately 53.05% interest in the Company. CR Digital is an indirect wholly-owned subsidiary of CRI. Accordingly, CR Digital is a connected person of the Company and the transactions contemplated under into the Business Travel Services Framework Agreement 2023 constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules in respect of the aggregate annual cap for the transactions the Business Travel Services Framework Agreement 2023 exceed 0.1% but are less than 5%, the Business Travel Services Framework Agreement 2023 and the transactions and proposed annual cap contemplated thereunder are only subject to reporting, announcement and annual review requirements but are exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 14 April 2023, the Company entered into the Business Travel Services Framework Agreement 2023 with CR Digital, pursuant to which CR Digital Group has agreed to provide certain business travel services to the Group for a term commencing from 14 April 2023 to 31 December 2024.

THE BUSINESS TRAVEL SERVICES FRAMEWORK AGREEMENT 2023

The principal terms of the Business Travel Services Framework Agreement 2023 are set out as follows:

(1) Date

14 April 2023

(2) Parties

(a) The Company; and

(b) CR Digital

(3) Term

From 14 April 2023 to 31 December 2024. Subject to compliance with the Listing Rules and other applicable laws and regulations, the parties may renew the term of the Business Travel Services Framework Agreement 2023.

(4) Scope of Transactions under the Business Travel Services Framework Agreement 2023

The Group may use CR Digital Group's online business travel platform to purchase the following services from time to time, including:

- (i) enquiry, booking, cancellation and changing of flight tickets, accommodations, train tickets and ride-hailing services;
- (ii) sourcing and management of related independent third-party service providers or travel agencies for enquiry, booking, cancellation and changing of flight tickets, accommodations, train tickets and ride-hailing services;
- (iii) customer service, including but not limited to the provision of a hotline for the handling of enquiry, complaints, emergencies, compiling and reporting of related business data, and customer satisfaction surveys at regular intervals; and
- (iv) other related business travel services.

(5) Pricing Basis and Pricing Policies

The Group's employees, representatives and/or agents will send their request for service on the designated platform agreed upon by both parties from time to time, and CR Digital Group will charge on a cost-plus basis (i.e., the actual costs plus a service fee for the relevant services to be provided by CR Digital as set forth in the Business Travel Services Framework Agreement).

The service fee is fixed for each type of business travel services contemplated under the Business Travel Services Framework Agreement 2023, which is determined through arm's length basis by the parties with reference to the prevailing market rate or the commission rate charged by other independent third-party service providers or travel agencies, which provide the same or similar type of business travel services, as well as the service quality and other requirements for the specific type of business travel services. Where CR Digital Group engages other independent third-party providers or agents (such as travel agents, ticketing service providers) in providing the relevant services to the Group under the Business Travel Services Framework Agreement, the costs for any such services by such independent third-party providers or agents will be included in the total fees to be charged by CR Digital Group and paid by the Group.

When the Group procures relevant services in its ordinary and usual course of business, it selects suppliers and determines the relevant procurement terms through negotiations based on the categories and scale of the procurement. As part of the Group's internal approval and monitoring procedures relating to the transactions with CR Digital Group, the Group will obtain quote from other independent suppliers for procurement of similar services and consider assessment criteria (including the service fees, quality, suitability, payment terms, and time required for the provision of the services) before it enters into any specific arrangement with CR Digital Group, and such quotes, together with the terms offered by CR Digital Group, will be reviewed and passed by the Group's internal approval procedures. The Group has implemented adequate internal control measures for monitoring all of its continuing connected transactions, including (without limitation) the regular reporting of transaction volume to the Group's finance department for monitoring the annual caps of the relevant transactions. Furthermore, under the Business Travel Services Framework Agreement 2023, CR Digital will monitor and notify the Company if the actual annual transaction amounts reach a prescribed threshold of the proposed annual caps for the relevant year, and in such case, CR Digital and the Company will discuss and consider suspending the services under the Business Travel Services Framework Agreement 2023 to ensure the Company's compliance with the Listing Rules.

Historical Amounts

The transactions contemplated under the Business Travel Services Framework Agreement 2023 are new transactions between the Group and CR Digital Group, there was no historical transaction amounts in respect of such transactions between the parties.

Annual Cap and Basis of Determination

Set out below are the proposed maximum annual caps for the transactions contemplated under the Business Travel Services Framework Agreement 2023 for the years ending 31 December 2023 and 31 December 2024:

	For the year ending 31 December			
	2023		2024	
	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>
	<i>(million)</i>	<i>(million)</i>	<i>(million)</i>	<i>(million)</i>
Business travel service fees (inclusive of any third-party service fees and actual costs of tickets, accommodations or services and value-added tax) payable by the Group to CR Digital Group	171.7	196.5	185.0	211.7

In determining the proposed annual caps for the transactions contemplated under the Business Travel Services Framework Agreement 2023, the Company has taken into account the scope of services contemplated thereunder, the estimated number and type of business travel services required by the Group, the estimated average fees of the relevant business travel services, the average costs of the relevant services or tickets charged by other independent third-party service providers or travel agencies which provide flight tickets, accommodations, train tickets, and ride-hailing services, and the expected quality of the business travel services to be provided by CR Digital Group.

REASONS FOR AND BENEFITS OF THE BUSINESS TRAVEL SERVICES FRAMEWORK AGREEMENT 2023

The Group's employees require business travel services from time to time to attend work trips, and there is therefore a high demand for related business travel services throughout the year. By entering into the Business Travel Services Framework Agreement 2023, the Group will be able to centralize the bookings from its employees and make purchases from independent third-party service providers, travel agencies and/or other agents through utilizing CR Digital Group's platform. It is expected that the group or bulk purchases made under such platform can offer more competitive pricing in respect of the Group's business travel needs. This will also facilitate a simplified and orderly booking process for the Group's employees, thereby lowering the Group's administration costs as a whole. In addition, it is believed that the online platform offered by CR Digital Group can provide the Group with stable, reliable and cost-efficient business travel services. Under the Business Travel Services Framework Agreement 2023, the Group is not required to exclusively procure business travel services from CR Digital Group.

The Board (including the independent non-executive Directors) considered that the Business Travel Services Framework Agreement 2023 was negotiated on an arm's length basis and entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and the relevant terms and proposed annual cap thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CRI, being a controlling shareholder of the Company, indirectly holds approximately 53.05% interest in the Company. CR Digital is an indirect wholly-owned subsidiary of CRI. Accordingly, CR Digital is a connected person of the Company and the transactions contemplated under into the Business Travel Services Framework Agreement 2023 constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules in respect of the aggregate annual cap for the transactions contemplated under the Business Travel Services Framework Agreement 2023 exceed 0.1% but are less than 5%, the Business Travel Services Framework Agreement 2023 and the transactions and proposed annual cap contemplated thereunder are only subject to reporting, announcement and annual review requirements but are exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Business Travel Services Framework Agreement 2023 and the transactions (including the relevant annual caps) contemplated thereunder, and none of the Directors has abstained from voting on the relevant Board resolutions approving the Business Travel Services Framework Agreement 2023 and the transactions (including the relevant annual caps) contemplated thereunder.

INFORMATION OF THE PARTIES

CR Digital

CR Digital is a wholly-owned subsidiary of CRI, and is principally engaged in the provision of travel services, passenger ticketing agency services, computer software development and related technical services, information consulting, business management consulting, and other services. It holds the business permit for engaging in the domestic travel agency business and domestic packaged-tour businesses.

The Group

The Group's core business encompasses research and development, manufacturing, distribution and retail of an extensive range of pharmaceutical and other healthcare products.

DEFINITIONS

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

“Board”	the board of Directors;
“Business Travel Services Framework Agreement 2023”	the business travel services framework agreement relating to the provision of certain business travel services dated 14 April 2023 entered into between the Company and CR Digital;
“Company”	China Resources Pharmaceutical Group Limited, a company incorporated in Hong Kong with limited liability;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules;
“CR Digital”	華潤數字科技有限公司 (China Resources Digital Company Limited*), formerly known as 潤聯軟件系統(深圳)有限公司 (Resolink Software Systems (Shenzhen) Company Limited*), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of CRI;
“CR Digital Group”	CR Digital and its subsidiaries;
“CRC”	中國華潤有限公司 (China Resources Company Limited*), a company established in the PRC with limited liability, the ultimate holding company of the Company;
“CRI”	華潤股份有限公司 (China Resources Inc.*), a joint stock limited liability company established in the PRC, a controlling shareholder of the Company and is ultimately owned by CRC;
“Director(s)”	the director(s) of the Company;

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules.

For the purpose of this announcement and illustration only, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.14418. No representation is made that any amount in HK\$ or RMB could have been or could be converted at the above rate or at any other rates.

For ease of reference, the names of the PRC established companies or entities have been included in this announcement in both the Chinese and English languages, and in the event of any inconsistency, the Chinese version shall prevail.

By order of the Board
China Resources Pharmaceutical Group Limited
Han Yuewei
Chairman

Shenzhen, 14 April 2023

As at the date of this announcement, the Board comprises Mr. Han Yuewei as chairman and non-executive Director, Mr. Bai Xiaosong, Mr. Tao Ran and Mdm. Weng Jingwen as executive Directors, Mr. Lin Guolong, Mdm. Guo Wei, Mr. Hou Bo and Mdm. Jiao Ruifang as non-executive Directors and Mdm. Shing Mo Han Yvonne, Mr. Kwok Kin Fun, Mr. Fu Tingmei and Mr. Zhang Kejian as independent non-executive Directors.