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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 IT SERVICES PROCUREMENT FRAMEWORK AGREEMENT 2021**

On 30 August 2021, the Company entered into the IT Services Procurement Framework Agreement 2021 with CR Resolink for a term commencing on 30 August 2021 and ending on 31 December 2022 with respect to the Group's procurement of the IT Services.

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 Resolink is a wholly-owned subsidiary of CRI. Accordingly, CR Resolink is a connected person of the Company and the transactions contemplated under the IT Services Procurement Framework Agreement 2021 constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual caps for the transactions contemplated under the IT Services Procurement Framework Agreement 2021 exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the IT Services Procurement Framework Agreement 2021 are only subject to reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **BACKGROUND**

On 30 August 2021, the Company entered into the IT Services Procurement Framework Agreement 2021 with CR Resolink for a term commencing on 30 August 2021 and ending on 31 December 2022 with respect to the Group's procurement of the IT Services.

## **IT SERVICES PROCUREMENT FRAMEWORK AGREEMENT 2021**

### **Principal Terms**

The principal terms of the IT Services Procurement Framework Agreement 2021 are set out as follows:

**(1) *Date***

30 August 2021

**(2) *Parties***

(a) CR Resolink; and

(b) The Company

**(3) Term**

From 30 August 2021 to 31 December 2022

**(4) Scope**

Pursuant to the IT Services Procurement Framework Agreement 2021, the Group may from time to time purchase the IT Services from CR Resolink Group, and the IT Services to be purchased from CR Resolink Group shall include (i) maintenance services for generic applications and operating systems, including daily maintenance, procurement of software, and licensing of software; (ii) specific implementation services, including development and implementation of unified application systems; (iii) IT infrastructure, including cloud platforms and hardware and software, and technical support services for the informatisation of traditional resource pool; and (iv) other services, including general contracting projects such as data security, smart manufacturing and smart parks, industrial internet of things (IIoT), and collection of externally applicable software licensing fees relating to legalization and localization of software, etc..

**(5) Pricing basis and pricing policies**

The service fee in respect of the IT Services pursuant to the IT Services Procurement Framework Agreement 2021 shall be determined through arm's length basis by the parties with reference to the then prevailing market price and taking into account the service level, quality of the services as well as other terms such as payment terms.

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 types and scale of the procurement. As part of the Group's internal approval and monitoring procedures relating to the transactions with CR Resolink, the Group will obtain quote from other independent suppliers for procurement of similar services and consider assessment criteria (including the price, quality, suitability, payment terms, and time required for the provision of the services) before it enters into any new procurement arrangement with CR Resolink, and such quotes, together with the offer from CR Resolink, 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.

## Historical Amounts

Historically, CR Resolink Group provided IT Services to the Group in the ordinary course of business and on normal commercial terms. Set out below are the approximate historical amounts of the relevant procurement by the Group from CR Resolink Group during the two years ended 31 December 2020 and six months ended 30 June 2021:

	For the years ended 31 December				For the six months ended 30 June	
	2019		2020		2021	
	<i>RMB</i> <i>(million)</i>	<i>HK\$</i> <i>(million)</i>	<i>RMB</i> <i>(million)</i>	<i>HK\$</i> <i>(million)</i>	<i>RMB</i> <i>(million)</i>	<i>HK\$</i> <i>(million)</i>
Procurement of IT Services	31	37	42	51	19	23

## Annual Caps and Basis of Determination

The proposed maximum annual caps for the transactions contemplated under the IT Services Procurement Framework Agreement 2021 for the years ending 31 December 2022 are as follows:

	For the years ending 31 December			
	2021		2022	
	<i>RMB</i> <i>(million)</i>	<i>HK\$</i> <i>(million)</i>	<i>RMB</i> <i>(million)</i>	<i>HK\$</i> <i>(million)</i>
Procurement of IT Services	59	71	61	73

In determining the proposed annual caps for the transactions contemplated under the IT Services Procurement Framework Agreement 2021, the Company has taken into account the scope of services contemplated thereunder and considered, among others, (a) the historical amount of procurement of services by the Group from CR Resolink Group; (b) the expected enhancement of CR Resolink Group's scope of services as compared to the service scope in the past (for example, data security, cloud platform services, software licensing fees collection, etc.); (c) the expected increase in the Group's demand for the relevant services as the Group continues to expand its business, taking into account, among other things, the digitalization of the Group's operation; and (d) the expected increase in average prices of the relevant services in the future.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The IT Services Procurement Framework Agreement 2021 will enable the Group to procure the IT Services provided by CR Resolink Group to support the Group's business, to ensure a steady source of services which are of reliable quality, and to support the development within the CR Resolink Group on normal commercial terms and on a scale which will not place the Group's resources at risk or affect its relationship with other independent third-party suppliers. Under the IT Services Procurement Framework Agreement 2021, the Group is not required to exclusively procure the IT Services from CR Resolink Group. The Board is of the view that the Group will retain the flexibility and discretion in selecting CR Resolink Group and/or other independent suppliers based on arm's length negotiation and taking into account the commercial terms and factors of consideration.

The Board (including the independent non-executive Directors) consider that the IT Services Procurement Framework Agreement 2021 was negotiated on an arm's length basis based on normal commercial terms and in the ordinary and usual course of business of the Group, and the relevant terms and proposed annual caps 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 Resolink is a wholly-owned subsidiary of CRI. Accordingly, CRI, Resolink is a connected person of the Company and the transactions contemplated under the IT Services Procurement Framework Agreement 2021 constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual caps for the transactions contemplated under the IT Services Procurement Framework Agreement 2021 exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the IT Services Procurement Framework Agreement 2021 are only subject to reporting, announcement and annual review requirement but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the IT Services Procurement Framework Agreement 2021 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 IT Services Procurement Framework Agreement 2021 and the transactions (including the relevant annual caps) contemplated thereunder.

## **INFORMATION OF THE PARTIES**

### **CR Resolink**

CR Resolink is a wholly-owned subsidiary of CRI, and is principally engaged in digital and intelligent development. It is a national high-tech enterprise and a leading integrated service provider of digital intelligence and IT services.

### **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 of the Company;
“Company”	China Resources Pharmaceutical Group Limited, a company incorporated in Hong Kong with limited liability, the share of which are listed on The Stock Exchange of Hong Kong Limited (stock code: 3320);
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules;
“CRI”	China Resources Inc. (華潤股份有限公司), a joint stock limited liability company established in the PRC and a controlling shareholder of the Company;
“CR Resolink”	潤聯智慧科技有限公司 (China Resources Resolink Co., Ltd.*), a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of CRI;
“CR Resolink Group”	CR Resolink and its subsidiaries;
“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”	the Hong Kong Special Administrative Region of the PRC;
“IT Services”	various types of IT services, which include (i) maintenance services for generic applications and operating systems, including daily maintenance, procurement of software, and licensing of software; (ii) specific implementation services, including development and implementation of unified application systems; (iii) IT infrastructure, including cloud platforms and hardware and software, and technical support services for the informatisation of traditional resource pool; and (iv) other services, including general contracting projects such as data security, smart manufacturing and smart parks, industrial internet of things (IIoT), and collection of externally applicable software licensing fees relating to legalization and localization of software, etc.;
“IT Services Procurement Framework Agreement 2021”	the IT services procurement framework agreement dated 30 August 2021 entered into between the Company and CR Resolink in relation to the IT Services;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
“PRC”	the People’s Republic of China, for the purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi Yuan, the lawful currency of the PRC; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

*For the purposes of this announcement and illustration only, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.20308. 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 versions shall prevail.*

By Order of the Board  
**China Resources Pharmaceutical Group Limited**  
**Wang Chuncheng**  
*Chairman*

Hong Kong, 30 August 2021

*As at the date of this announcement, the Board comprises Mr. Wang Chuncheng as chairman and non-executive Director, Mr. Han Yuewei, Mr. Li Xiangming and Mdm. Weng Jingwen as executive Directors, Mr. Yu Zhongliang, Mdm. Guo Wei, Mr. Hou Bo and Mr. Qing Mei Ping Cuo 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.*