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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 SUPPLY CHAIN MANAGEMENT SERVICES REVISION OF ANNUAL CAPS AND EXTENSION OF TERM

Reference is made to the joint announcement dated 26 April 2024 (the “**Announcement**”) made by China Resources Pharmaceutical Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) and China Resources Medical Holdings Company Limited (“**CR Medical**”) in relation to, among others, the Supplemental Cooperation Framework Agreement dated 26 April 2024 entered into between the Company and CR Medical. Unless otherwise stated, capitalized terms used herein shall have the same meaning as defined in the Announcement.

The Company wishes to provide additional information on its internal control measures with respect to the transactions under the Cooperation Framework Agreement. As disclosed in the Announcement, 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. The Group has implemented stringent internal policies and procedures on procurement, which set forth, among others, the selection and approval procedures of all of the Group’s suppliers and service providers in its ordinary course of business (whether or not connected persons are involved). Depending on the type and scale of the transaction involved, the Group is required to follow specific internal procurement policies and procedures and selection and approval processes in order to select suppliers or service providers for the Group.

As part of the Group's internal approval and monitoring procedures relating to the transactions with CR Medical Group, the Group will:

- (i) form a group of procurement personnel, and collate the specific requirements of the relevant transaction;
- (ii) to the extent reasonably practicable, obtain quotations from at least two independent third parties (where available) for the relevant transaction;
- (iii) evaluate the quotations obtained from each participating service provider with reference to the pricing policies set for the specific transaction, and consider various assessment criteria including, without limitation, (a) the competitiveness of the fee quotation (such as the fees and payment terms), (b) the suitability of the relevant service offered by the potential service provider to the Group, (c) the quality of the potential service provider (such as the quality of services based on market reputation and/or past dealings with the Group, time required for the provision of the products or services), and (d) business needs of the Group in its ordinary and usual course of business;
- (iv) formulate a review report on the procurement results, and obtain internal approval for the procurement amount in accordance with the procurement results; and
- (v) notify the relevant parties of the procurement results, and complete internal filing of the procurement documents.

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.

By order of the Board

China Resources Pharmaceutical Group Limited

Han Yuewei

Chairman

PRC, 10 May 2024

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. Deng Rong as executive Directors, Mdm. Guo Wei, Mr. Sun Yongqiang, 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.