

China National Accord Medicines Corporation Ltd.

Semi-Annual Financial Report 2018



August 2018

Section X Financial Reporting

I.Report of the Auditors

Consolidated financial statements for the six months ended 30 June 2018 haven't been audited.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED BALANCE SHEET

As at 30 June 2018

(Expressed in Renminbi Yuan)

ASSETS	Note V	30 June 2018	31 December 2017
Current assets			
Cash and bank balances	1	3,943,595,560.58	4,191,655,438.51
Notes receivable	2	1,021,697,370.21	1,504,194,764.08
Accounts receivable	3	9,441,542,367.19	7,589,412,679.88
Advances to suppliers	4	456,680,224.23	516,778,117.47
Interest receivable	5	47,507.80	61,441.11
Other receivables	6	698,672,023.18	657,871,058.54
Inventories	7	4,245,354,625.22	3,781,858,238.12
Other current assets	8	91,769,652.56	78,947,644.62
Total current assets		19,899,359,330.97	18,320,779,382.33
Non-current assets			
Financial assets available-for-sale	9	13,685,760.00	13,685,760.00
Long-term equity investments	10	1,756,735,242.44	1,650,619,373.09
Investment properties	11	149,409,723.79	153,678,339.11
Fixed assets	12	550,102,564.29	551,710,434.02
Construction in progress	13	30,805,874.11	22,947,258.99
Intangible assets	14	314,816,778.00	325,751,430.88
Goodwill	15	830,729,152.75	830,729,152.75
Long-term prepaid expenses	16	261,074,227.40	252,247,050.79
Deferred tax assets	17	76,070,138.33	79,472,883.06
Other non-current assets	18	130,226,885.24	142,022,462.75
Total non-current assets		4,113,656,346.35	4,022,864,145.44
Total assets		24,013,015,677.32	22,343,643,527.77

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2018

(Expressed in Renminbi Yuan)

<u>LIABILITIES</u>	Note V	30 June 2018	31 December 2017
Current liabilities			
Short-term borrowings	19	2,051,139,651.67	1,561,354,521.64
Notes payable	20	2,373,628,140.86	2,732,437,828.42
Accounts payable	21	7,230,024,480.35	6,144,221,000.10
Advances from customers	22	178,425,087.30	216,938,239.32
Employee benefits payable	23	150,685,442.26	215,656,526.54
Tax payable	24	223,351,730.76	223,752,900.24
Interest payable	25	10,378,213.91	7,311,819.65
Dividends payable	26	8,889,443.11	11,889,443.11
Other payables	27	1,024,176,704.11	1,011,128,397.26
Non-current liabilities due within one year	28	5,651,227.56	5,434,770.70
Other current liabilities	29	<u>114,239.45</u>	<u>112,817.65</u>
Total current liabilities		<u>13,256,464,361.34</u>	<u>12,130,238,264.63</u>
Non-current liabilities			
Long-term borrowings	30	31,600,000.00	31,600,000.00
Long-term payables	31	6,604,575.84	9,332,537.14
Payable for specific projects	33	800,000.00	800,000.00
Deferred income	34	121,995,380.11	125,082,372.53
Long-term employee benefits payable	32	1,636,000.00	1,777,000.00
Deferred tax liabilities	18	69,864,262.88	71,883,253.02
Other non-current liabilities	35	<u>45,427,343.31</u>	<u>45,427,343.31</u>
Total non-current liabilities		<u>277,927,562.14</u>	<u>285,902,506.00</u>
Total liabilities		<u>13,534,391,923.48</u>	<u>12,416,140,770.63</u>

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2018

(Expressed in Renminbi Yuan)

<u>SHAREHOLDERS' EQUITY</u>	Note V	30 June 2018	31 December 2017
Shareholders' equity			
Share capital	36	428,126,983.00	428,126,983.00
Capital surplus	37	3,181,826,407.20	3,181,429,064.99
Other equity instruments		-	-
Surplus reserve	38	214,063,491.50	214,063,491.50
Retained earnings	39	6,086,241,746.42	5,572,952,806.39
Shareholders' equity attributable to shareholders of the parent		9,910,258,628.12	9,396,572,345.88
Non-controlling interests		568,365,125.72	530,930,411.26
Total shareholders' equity		10,478,623,753.84	9,927,502,757.14
Total liabilities and shareholders' equity		24,013,015,677.32	22,343,643,527.77

The accompanying notes form an integral part of these financial statements

The financial statements have been signed by:

Legal representative:

Financial controller:

Head of Accounting Department:

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2018

(Expressed in Renminbi Yuan)

	Note V	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Operating revenue	40	20,779,166,699.67	20,524,807,669.57
Less: Operating costs	40	18,367,643,723.84	18,364,034,450.83
Tax and surcharge	41	56,620,527.25	63,185,620.86
Selling expenses	42	1,273,588,756.07	1,110,446,938.17
Administrative expenses	43	351,820,063.78	340,636,051.11
Finance costs	44	57,541,544.32	44,498,778.76
Impairment loss	45	(517,852.98)	96,757.16
Add: Investment income	46	162,693,771.35	146,726,039.90
Incl: Investment income from associates		162,662,271.35	146,676,039.90
Gain on disposal of assets	47	4,281,164.61	485,085.66
Other income	48	10,589,212.57	7,958,493.67
Operating profits		850,034,085.92	757,078,691.91
Add: Non-operating income	49	5,498,951.11	6,056,142.83
Incl: Gain from disposal of non-current assets		-	-
Less: Non-operating expenses	50	1,797,292.80	3,559,988.09
Incl: Loss from disposal of non-current assets		-	-
Total profit		853,735,744.23	759,574,846.65
Less: Income taxes	51	164,486,734.32	160,041,107.63
Net profit		689,249,009.91	599,533,739.02
Incl: Net profit of acquiree before business combinations involving enterprises under common control		-	-
Net Profit from continuing operations		689,249,009.91	599,533,739.02
Net profit attributable to shareholders of the parent		641,727,034.93	556,125,318.19
Profit or loss of non-controlling interests		47,521,974.98	43,408,420.83
Total comprehensive income		689,249,009.91	599,533,739.02
Incl: Total comprehensive income for the year attributable to owners of the parent		641,727,034.93	556,125,318.19
Total comprehensive income for the year attributable to non-controlling interests		47,521,974.98	43,408,420.83
Earnings per share			
Basic earnings per share		1.50	1.30
Diluted earnings per share		1.50	1.30

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2018
(Expressed in Renminbi Yuan)

2018	Shareholders' equity attributable to shareholders of the parent						Non-controlling interests	Total equity
	Share capital	Other equity instrument	Capital surplus	Surplus reserve	Retained earnings	Subtotal		
Closing balance of the preceding year	428,126,983.00	-	3,181,429,064.99	214,063,491.50	5,572,952,806.39	9,396,572,345.88	530,930,411.26	9,927,502,757.14
Business combination involving enterprises under common control	-	-	-	-	-	-	-	-
Opening balance of the current year	428,126,983.00	-	3,181,429,064.99	214,063,491.50	5,572,952,806.39	9,396,572,345.88	530,930,411.26	9,927,502,757.14
Movements in the current year	-	-	397,342.21	-	513,288,940.03	513,686,282.24	37,434,714.46	551,120,996.70
(1) Total comprehensive income	-	-	-	-	641,727,034.93	641,727,034.93	47,521,974.98	689,249,009.91
(2) Capital paid and reduced by owners	-	-	397,342.21	-	-	397,342.21	26,721,512.76	27,118,854.97
1.Capital injection by owners	-	-	-	-	-	-	24,381,200.00	24,381,200.00
2.Business combination involving enterprises under common control	-	-	-	-	-	-	-	-
3.Others	-	-	397,342.21	-	-	397,342.21	2,340,312.76	2,737,654.97
(3) Profit distribution	-	-	-	-	(128,438,094.90)	(128,438,094.90)	(36,808,773.28)	(165,246,868.18)
1.Distribution to equity owners	-	-	-	-	(128,438,094.90)	(128,438,094.90)	(36,808,773.28)	(165,246,868.18)
2.Others	-	-	-	-	-	-	-	-
Closing balance of the current year	428,126,983.00	-	3,181,826,407.20	214,063,491.50	6,086,241,746.42	9,910,258,628.12	568,365,125.72	10,478,623,753.84

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2017
(Expressed in Renminbi Yuan)

2017	Shareholders' equity attributable to shareholders of the parent						Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital surplus	Surplus reserve	Retained earnings	Subtotal		
Closing balance of the preceding year	362,631,943.00	65,495,040.00	3,151,518,024.92	181,315,971.50	4,689,189,642.51	8,450,150,621.93	463,832,912.18	8,913,983,534.11
Business combination involving enterprises under common control	-	-	1,200,000.00	-	1,076,241.59	2,276,241.59	1,517,494.39	3,793,735.98
Opening balance of the current year	362,631,943.00	65,495,040.00	3,152,718,024.92	181,315,971.50	4,690,265,884.10	8,452,426,863.52	465,350,406.57	8,917,777,270.09
Movements in the current year	65,495,040.00	(65,495,040.00)	28,711,040.07	32,747,520.00	882,686,922.29	944,145,482.36	65,580,004.69	1,009,725,487.05
(1) Total comprehensive income	-	-	-	-	1,057,791,930.67	1,057,791,930.67	98,946,915.42	1,156,738,846.09
(2) Capital paid and reduced by owners	65,495,040.00	(65,495,040.00)	28,711,040.07	-	(1,075,583.99)	27,635,456.08	20,214,810.63	47,850,266.71
1.Capital injection by owners	5,114,297.00	(5,114,297.00)	-	-	-	-	14,873,000.00	14,873,000.00
2.Significant reorganization	60,380,743.00	(60,380,743.00)	(3,430,029.00)	-	-	(3,430,029.00)	-	(3,430,029.00)
3.Business combination involving enterprises under common control	-	-	(1,200,000.00)	-	(1,075,583.99)	(2,275,583.99)	(1,517,055.99)	(3,792,639.98)
4.Business combination not involving enterprises under common control	-	-	-	-	-	-	6,858,866.62	6,858,866.62
5.Others	-	-	33,341,069.07	-	-	33,341,069.07	-	33,341,069.07
(3) Profit distribution	-	-	-	32,747,520.00	(174,029,424.39)	(141,281,904.39)	(53,581,721.36)	(194,863,625.75)
1. Withdrawal of statutory surplus reserve	-	-	-	32,747,520.00	(32,747,520.00)	-	-	-
2.Distribution to equity owners	-	-	-	-	(141,281,904.39)	(141,281,904.39)	(53,581,721.36)	(194,863,625.75)
Closing balance of the current year	428,126,983.00	-	3,181,429,064.99	214,063,491.50	5,572,952,806.39	9,396,572,345.88	530,930,411.26	9,927,502,757.14

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2018

(Expressed in Renminbi Yuan)

	Note V	For the six months ended 30 June 2018	For the six months ended 30 June 2017
1.CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sales of good or rendering of services		22,055,082,715.59	21,970,884,180.09
Tax refunds		1,593,193.21	5,740,675.89
Cash receipts related to other operating activities	52	<u>311,984,787.60</u>	<u>98,022,828.67</u>
Sub-total of cash inflows from operating activities		<u>22,368,660,696.40</u>	<u>22,074,647,684.65</u>
Cash paid for goods and services		19,799,894,631.80	19,734,413,196.28
Cash paid to and on behalf of employees		956,322,585.28	864,562,267.50
Cash paid for all types of taxes		548,616,793.36	601,078,629.47
Cash payments related to other operating activities	52	<u>838,468,976.76</u>	<u>646,256,160.00</u>
Sub-total of cash outflows from operating activities		<u>22,143,302,987.20</u>	<u>21,846,310,253.25</u>
Net cash flows from operating activities	53	<u>225,357,709.20</u>	<u>228,337,431.40</u>
2.CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from recovery of investments		-	-
Cash received from returns on investments		78,825,446.85	58,647,191.65
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		6,064,099.87	171,059.95
Net cash received from disposal of subsidiaries and other business units		-	-
Cash receipts related to other investing activities	52	<u>48,766,145.15</u>	<u>87,027,340.19</u>
Sub-total of cash inflows from investing activities		<u>133,655,691.87</u>	<u>145,845,591.79</u>

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the six months ended 30 June 2018

(Expressed in Renminbi Yuan)

	Note V	For the six months ended 30 June 2018	For the six months ended 30 June 2017
2.CASH FLOWS FROM INVESTING ACTIVITIES(Continued)			
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		97,867,494.61	82,123,615.39
Cash paid for acquisition of investments		10,000,000.00	71,120,000.00
Net cash paid for acquisition of subsidiaries and other business units	52	-	14,706,789.56
Net cash paid from disposal of subsidiaries and other business units	52	-	-
Cash payments related to other investing activities	52	43,999,800.00	70,175,078.90
		<u>151,867,294.61</u>	<u>238,125,483.85</u>
Sub-total of cash outflows from investing activities			
		<u>(18,211,602.74)</u>	<u>(92,279,892.06)</u>
3.CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from investments by others		11,781,200.00	9,075,000.00
Incl: Cash received from capital contributions from non-controlling shareholders of subsidiaries		11,781,200.00	9,075,000.00
Cash received from borrowings		40,775,440.04	233,533,871.46
Cash receipts related to other financing activities	53	83,745,164.60	90,932,396.75
		<u>136,301,804.64</u>	<u>333,541,268.21</u>
Sub-total of cash inflows from financing activities			
Cash repayments for debts		79,670,200.30	201,503,745.30
Cash payments for distribution of dividends or profit and interest expenses		226,149,759.15	215,828,281.10
Incl: Profit and dividends paid to non-controlling shareholders of subsidiaries		40,392,215.98	30,408,202.08
Cash payments related to other financing activities	53	118,725,719.23	178,991,574.67
		<u>424,545,678.68</u>	<u>596,323,601.07</u>
Sub-total of cash outflows from financing activities			
		<u>(288,243,874.04)</u>	<u>(262,782,332.86)</u>
Net cash flows from financing activities			

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the six months ended 30 June 2018

(Expressed in Renminbi Yuan)

	Note V	For the six months ended 30 June 2018	For the six months ended 30 June 2017
4.EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		<u>314,863.47</u>	<u>-</u>
5.NET INCREASE IN CASH AND CASH EQUIVALENTS	53	(80,782,904.11)	(126,724,793.52)
Add: Cash and cash equivalents at beginning of the year		<u>3,673,498,691.48</u>	<u>3,150,915,425.49</u>
6.CASH AND CASH EQUIVALENTS AT END OF YEAR	53	<u>3,592,715,787.37</u>	<u>3,024,190,631.97</u>

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY BALANCE SHEET

As at 30 June 2018

(Expressed in Renminbi Yuan)

<u>ASSETS</u>	<u>Note XIV</u>	30 June 2018	31 December 2017
Current assets			
Cash and bank balances		1,521,055,158.90	1,776,696,342.87
Notes receivable		63,423,575.48	64,799,618.07
Accounts receivable	1	553,496,096.71	480,467,760.92
Advances to suppliers		1,230,913.18	1,138,312.26
Interest receivable		1,861,132.76	1,844,294.10
Dividends receivable		-	-
Other receivables	2	1,629,938,110.28	1,516,037,945.71
Inventories		193,931,164.48	172,022,676.96
Other current assets		<u>39,482.38</u>	<u>788,964.90</u>
Total current assets		<u>3,964,975,634.17</u>	<u>4,013,795,915.79</u>
Non-current assets			
Long-term equity investments	3	7,297,085,972.70	7,180,306,084.56
Investment properties		2,359,843.19	2,763,831.92
Fixed assets		17,398,259.52	13,831,103.54
Construction in progress		-	-
Intangible assets		1,501,299.51	1,287,775.78
Long-term deferred expenses		5,003,173.65	5,543,217.86
Deferred tax assets		3,293,246.89	2,764,724.75
Other non-current assets		<u>67,397,698.11</u>	<u>71,808,611.00</u>
Total non-current assets		<u>7,394,039,493.57</u>	<u>7,278,305,349.41</u>
Total assets		<u>11,359,015,127.74</u>	<u>11,292,101,265.20</u>

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY BALANCE SHEET (Continued)

As at 30 June 2018

(Expressed in Renminbi Yuan)

<u>LIABILITIES</u>	30 June 2018	31 December 2017
Current liabilities		
Short-term borrowings	694,424,900.71	707,000,000.00
Notes payable	227,485,804.97	239,563,961.30
Accounts payable	462,200,812.82	434,886,685.35
Advances from customers	3,941,540.07	1,912,503.90
Employee benefits payable	24,654,592.33	33,592,851.93
Tax payables	41,130,974.27	42,386,907.00
Interest payable	547,681.64	669,533.78
Other payables	1,056,082,762.67	1,415,053,655.18
Non-current liabilities due within one year	-	-
Other current liabilities	114,239.45	112,817.65
Total current liabilities	2,510,583,308.93	2,875,178,916.09
Non-current liabilities		
Long-term borrowings	31,600,000.00	31,600,000.00
Payables for specific projects	800,000.00	800,000.00
Deferred income	1,824,963.62	2,054,250.00
Long-term employee benefits payable	-	-
Deferred tax liabilities	3,773,319.00	3,773,319.00
Total non-current liabilities	37,998,282.62	38,227,569.00
Total liabilities	2,548,581,591.55	2,913,406,485.09

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY BALANCE SHEET (Continued)

As at 30 June 2018

(Expressed in Renminbi Yuan)

<u>SHAREHOLDERS' EQUITY</u>	30 June 2018	31 December 2017
Shareholders' equity		
Share capital	428,126,983.00	428,126,983.00
Capital surplus	4,407,488,826.34	4,407,091,484.13
Surplus reserves	214,063,491.50	214,063,491.50
Other equity instruments	-	-
Retained earnings	<u>3,760,754,235.35</u>	<u>3,329,412,821.48</u>
Total shareholders' equity	<u>8,810,433,536.19</u>	<u>8,378,694,780.11</u>
Total liabilities and shareholders' equity	<u>11,359,015,127.74</u>	<u>11,292,101,265.20</u>

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY INCOME STATEMENT

For the six months ended 30 June 2018

(Expressed in Renminbi Yuan)

	<u>Note XIV</u>	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Operating revenue	4	1,687,621,355.83	1,658,600,818.96
Less: Operating costs	4	1,614,717,473.91	1,600,647,589.46
Tax and surcharge		2,016,368.93	5,062,317.16
Selling expenses		25,894,795.45	22,844,614.29
Administrative expenses		33,679,106.75	24,917,988.21
Finance costs		(19,369,880.08)	(37,042,967.55)
Impairment loss		623,542.31	(32,604.71)
Add: Investment income	5	534,840,744.46	508,360,741.85
Incl: Investment income from associates		173,326,290.14	155,838,740.45
Gain on disposal of assets		-	1,087.38
Other income		1,299,345.14	641,300.00
Operating profits		566,200,038.16	551,207,011.33
Add: Non-operating income		33.08	184,531.96
Incl: Gain from disposal of non-current assets		-	-
Less: Non-operating expenses		127,688.63	1,011,760.15
Incl: Loss from disposal of non-current assets		-	-
Total profit		566,072,382.61	550,379,783.14
Less: Income taxes		6,292,873.84	21,856,015.57
Net profit		<u>559,779,508.77</u>	<u>528,523,767.57</u>
Net Profit from continuing operations		559,779,508.77	528,523,767.57
Total comprehensive income		<u>559,779,508.77</u>	<u>528,523,767.57</u>

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2018

(Expressed in Renminbi Yuan)

2018	Share capital	Other equity instruments	Capital surplus	Surplus reserve	Retained earnings	Total equity
Closing balance of the preceding year	428,126,983.00	-	4,407,091,484.13	214,063,491.50	3,329,412,821.48	8,378,694,780.11
Others	-	-	-	-	-	-
Opening balance of the current year	428,126,983.00	-	4,407,091,484.13	214,063,491.50	3,329,412,821.48	8,378,694,780.11
Movements in the current year	-	-	397,342.21	-	431,341,413.87	431,738,756.08
(1) Total comprehensive income	-	-	-	-	559,779,508.77	559,779,508.77
(2) Capital paid and reduced by owners	-	-	397,342.21	-	-	397,342.21
1. Capital injection by owners	-	-	-	-	-	-
2. Significant reorganization	-	-	-	-	-	-
3. Others	-	-	397,342.21	-	-	397,342.21
(3) Profit distribution	-	-	-	-	(128,438,094.90)	(128,438,094.90)
1. Distribution to owners	-	-	-	-	(128,438,094.90)	(128,438,094.90)
Closing balance of the current year	428,126,983.00	-	4,407,488,826.34	214,063,491.50	3,760,754,235.35	8,810,433,536.19

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

For the Year ended 31 December 2017

(Expressed in Renminbi Yuan)

2017	Share capital	Other equity instruments	Capital surplus	Surplus reserve	Retained earnings	Total equity
Closing balance of the preceding year	362,631,943.00	65,495,040.00	4,381,845,619.03	181,315,971.50	2,829,823,727.08	7,821,112,300.61
Others	-	-	-	-	-	-
Opening balance of the current year	362,631,943.00	65,495,040.00	4,381,845,619.03	181,315,971.50	2,829,823,727.08	7,821,112,300.61
Movements in the current year	65,495,040.00	(65,495,040.00)	25,245,865.10	32,747,520.00	499,589,094.40	557,582,479.50
(1) Total comprehensive income	-	-	-	-	673,618,518.79	673,618,518.79
(2) Capital paid and reduced by owners	65,495,040.00	(65,495,040.00)	25,245,865.10	-	-	25,245,865.10
1. Capital injection by owners	5,114,297.00	(5,114,297.00)	-	-	-	-
2. Significant reorganization	-	-	-	-	-	-
3. Others	60,380,743.00	(60,380,743.00)	25,245,865.10	-	-	25,245,865.10
(3) Profit distribution	-	-	-	32,747,520.00	(174,029,424.39)	(141,281,904.39)
1. Transferred from surplus reserve	-	-	-	32,747,520.00	(32,747,520.00)	-
2. Distribution to owners	-	-	-	(-)	(141,281,904.39)	(141,281,904.39)
Closing balance of the current year	428,126,983.00	-	4,407,091,484.13	214,063,491.50	3,329,412,821.48	8,378,694,780.11

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY CASH FLOW STATEMENT

For the six months ended 30 June 2018
(Expressed in Renminbi Yuan)

	For the six months ended 30 June 2018	For the six months ended 30 June 2017
1. CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from sales of good or rendering of services	1,787,065,555.60	1,691,499,935.88
Cash receipts related to other operating activities	43,943,301.92	16,864,750.56
Sub-total of cash inflows from operating activities	1,831,008,857.52	1,708,364,686.44
Cash paid for goods and services	1,655,107,446.18	1,590,317,986.60
Cash paid to and on behalf of employees	44,855,325.83	40,727,189.33
Cash paid for all types of taxes	18,706,775.51	28,888,466.38
Cash payments related to other operating activities	36,183,479.25	17,091,927.42
Sub-total of cash outflows from operating activities	1,754,853,026.77	1,677,025,569.73
Net cash flows from operating activities	76,155,830.75	31,339,116.71
2. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from returns of investments	187,137,437.23	202,011,829.53
Cash receipts related to other investing activities	857,940,000.00	1,979,269,200.00
Sub-total of cash inflows from investing activities	1,045,077,437.23	2,181,281,029.53
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	6,044,462.78	3,921,020.07
Cash paid for investment	10,000,000.00	1,019,000,000.00
Net cash paid for purchasing subsidiaries and other business	-	16,840,000.00
Cash payments related to other investing activities	1,051,642,980.00	1,424,861,720.90
Sub-total of cash outflows from investing activities	1,067,687,442.78	2,464,622,740.97
Net cash flows from investing activities	(22,610,005.55)	(283,341,711.44)

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY CASH FLOW STATEMENT (Continued)

For the six months ended 30 June 2018

(Expressed in Renminbi Yuan)

	For the six months ended 30 June 2018	For the six months ended 30 June 2017
3. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from borrowings	10,000,000.00	41,600,000.00
Cash receipts related to other financing activities	8,065,884,436.80	7,272,687,714.06
Sub-total of cash inflows from financing activities	8,075,884,436.80	7,314,287,714.06
Cash repayments for debts	10,000,000.00	41,600,000.00
Cash payments for distribution of dividends or profit and interest expenses	144,898,008.66	143,087,008.08
Cash payments related to other financing activities	8,230,488,300.78	7,131,182,482.56
Sub-total cash outflows from financing activities	8,385,386,309.44	7,315,869,490.64
Net cash flows from financing activities	(309,501,872.64)	(1,581,776.58)
4.EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	314,863.47	-
5. NET INCREASE IN CASH AND CASH EQUIVALENTS	(255,641,183.97)	(253,584,371.31)
Add: Cash and cash equivalents at beginning of the year	1,776,696,342.87	1,342,041,409.86
6. CASH AND CASH EQUIVALENTS AT END OF YEAR	1,521,055,158.90	1,088,457,038.55

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

I Profile of the Company

(1) Historical development and basic information

As approved by the People's Government of Shenzhen (SFBF (1993) No.356), China National Accord Medicines Corporation Ltd. (hereinafter referred to as the “the Company”), formerly known as Shenzhen Health Mineral Water Corp., Ltd., was registered as a joint stock liability limited company on 1 February 1993 through stock transformation. In March 1993, with the approval from the Shenzhen Branch of the People's Bank of China, the Company issued 30 million A shares (including 16.5 million public shares, 3.5 million employee shares and 10 million corporation shares) and 20 million B shares. After this issuance, the Company's share capital was RMB105 million. Through convert capital surplus into share capital, bonus issues and issuance of shares for years, the share capital of the Company increased to RMB428,126,983 as at 30 June 2018.

In November 2000, the Company entered into an Assets Exchange Agreement with Shenzhen Investment Management Company, the original major shareholder of the Company, to exchange all the assets and liabilities of the Company as of 31 August 2000 for Shenzhen Investment Management Company's 100% equity interests in 11 pharmaceutical companies and certain properties as well as 51% equity interests in Shenzhen Tefa Modern Computer Co., Ltd. The above assets exchange proposal was approved by shareholders in the Second Extraordinary General Meeting on December 29, 2000. The transaction was completed on 8 January 2001.

On 18 February 2004, the Company's original major shareholder, Shenzhen Investment Management Company, entered into a Stock Transfer Agreement with Sinopharm Group Co., Ltd. (hereinafter referred to as “Sinopharm Group”) to transfer its 43.33% shares in the Company to Sinopharm Group. The legal procedures of the above equity transfer were completed on 9 December 2004. At the same time, as approved by the State-owned Assets Supervision and Administration Commission of the State Council (GZCQ (2004) No.525) and the China Securities Regulatory Commission (ZJGSZ (2004) No.94), the nature of these shares was changed from state-owned stock to state-owned legal entity stock and Sinopharm Group became the largest shareholder of the Company.

On 14 April 2006, the Company's proposal on reformation of segregated stocks was approved. To gain liquidity for the restricted stocks of the Company, the holders of the restricted stocks of the Company agreed to pay the following consideration: based on the stock registration as of 27 April 2006, the Company issued bonus shares on 28 April 2006 at the ratio of 3 shares to every 10 A shares to liquidated A-shareholders which went public on the same day. After this bonus issue, the total number of shares of the Company remained unchanged with corresponding changes in the composition of shareholdings.

On March 14 2014, the company issued 74,482,543 ordinary shares (A shares) through the non-public offering. Par value per share is RMB1 yuan. The shares shall not be transferred within 36 months since the issued day. The total number of shares of the Company was 362,631,943 since the date of issue.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

I Profile of the Company (Continued)

(1) Historical development and basic information (Continued)

As of 31 October 2016, the company issued RMB65,495,040.00 ordinary shares (A shares) through the non-public offering. Par value per share is RMB1 yuan. Through the non-public offering, the Company acquired the companies under common control, including Sinopharm Holding Guoda Pharmacy Co., Ltd. (“Guoda Pharmacy”), Foshan Nanhai Medicine Group Co., Ltd. (“Foshan Nanhai”), Guangdong South Pharmaceutical Foreign Trade Co., Ltd. (“South Pharma & Trade”), Guangdong Dong Fang Uptodate & Special Medicines Co., Ltd. (“Guangdong Uptodate & Special Medicines”) by issuing shares and raised supporting funds by issuing shares to Ping An Asset Management Co., Ltd. (“Ping An Asset Management”) to acquire non-controlling interest of South Pharma & Trade. The relevant shares were successfully issued and listed on 5 January 2017.

As of 30 June 2018, the total share capital was RMB428,126,983.

The Company is registered with Shenzhen Administration for Industry & Commerce. Its Uniform Social Credit Code is 91440300192186267U. The operation period of the Company is from 2 August 1986 to the long term. The registered capital of the Company is RMB428,126,983. The legal representative of the Company is Lin Zhaoxiong.

The approved scope of business of the Company and its subsidiaries (together “the Group”) includes: the wholesale of traditional Chinese medicine preparations, bulk pharmaceutical drugs, chemical preparations, bulk antibiotic drugs, antibiotic preparations, biochemical drugs, biological products (including vaccines and in vitro diagnostic reagents psychotropic drugs and preparations, narcotic drugs, toxic drugs for medical use, protein assimilation preparation and peptide hormones; trade of dietary supplement; research, development and consultation services of pharmaceutical packaging materials and pharmaceutical industry products; industrial investment holding; domestic trade; material supply and marketing industry (other than special licensing); sale of ambulances; trade of second-class and third-class medical equipment; project investment; property management and lease of self-owned properties; pharmacovigilance and medical information consulting; parking operation; logistics and related services; package agency business; logistic design; import and export services (excluding projects that are prohibited by the country; limited projects has to be approved before operating).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

I Profile of the Company (Continued)

- (2) The Group's parent and ultimate parent company is Sinopharm Group and China National Pharmaceutical Group Corporation respectively.
- (3) These financial statements were authorized for issue by the board of directors of the Company on 24 August 2018.

II Basis of preparation

The financial statements were prepared in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006 and the specific accounting standards and the relevant regulations issued thereafter (hereafter collectively referred to as the “Accounting Standards for Business Enterprises” or “CAS”), and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting issued by the China Securities Regulatory Commission.

These financial statements are prepared on a going concern basis.

Except for certain financial instruments, the financial statements have been prepared using historical cost as the principle of measurement. Where assets are impaired, provisions for asset impairment are made in accordance with the relevant requirements.

The Group has made accounting policies and accounting estimates according to its own operation and production characteristics, which are mainly reflected in the bad debt provision for account receivables (Note III (10)), inventory costing methods (Note III (11)), depreciation methods for fixed assets and amortization method for intangible assets (Note III (14), Note III (17)), judgement basis for capitalization of development costs (Note III (17)) , impairment of long-term assets (Note III (20)), revenue recognition (Note III (24)).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates

(1) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the period ended 30 June 2018 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Group and the Company as of 30 June 2018 and the operating results, cash flows and other information of the Group and the Company for the year then ended.

(2) Accounting year

The Company's accounting year starts on 1 January and ends on 31 December.

(3) Functional currency

The functional currency is Renminbi (RMB).

(4) Business combinations

(a) Business combinations involving entities under common control

Assets and liabilities (including goodwill arising from ultimate controlling shareholder's acquisition of the party being absorbed) that are obtained by the absorbing party in a business combination shall be measured at their carrying amounts at the combination date as recorded by the party being absorbed. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted to share premium under capital surplus. If the capital surplus is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. The transaction costs of issuing equity securities or debt securities for business combination are recognized at the initial recognition amount of equity securities or debt securities.

(b) Business combinations involving enterprises not under common control

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquirer's identifiable net assets, the difference is recognized as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquirer's identifiable net assets, the difference is recognized in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(4) Business combinations (Continued)

Where the business combination not involving enterprises under common control which is achieved in stages, the acquirer's previously held equity interests in the acquiree are remeasured at the fair value on the acquisition date, with the difference between fair value and carrying amount recognized as investment income for the current period. If the acquirer's previously held equity interests of the acquiree involve other comprehensive income (“OCI”) under the equity method, the accounting treatment is conducted on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities, and the changes in shareholders' equity other than net profit or loss, OCI and profit distributions are charged to profit or loss for the current period on the acquisition date. For the acquirer's previously held other equity instruments, the fair value of OCI accumulated before the acquisition date are transferred into retained earnings.

(5) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realized before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealized profits are eliminated in the consolidated financial statements. The portion of a subsidiary's equity and the portion of a subsidiary's net profits, losses and comprehensive income for the period not attributable to the Company are recognized as non-controlling interests and presented separately in the consolidated financial statements within equity, net profits and total comprehensive income respectively. Unrealized gain or loss from selling assets to subsidiaries fully offsets the net income attributable to equity holders of the company. Unrealized gain or loss from purchasing assets from subsidiaries offsets the net income attributable to equity holders of the company and attributable to the non-controlling interest by the distribution proportion regarding the Company and the subsidiary. Unrealized gain or loss from transaction between subsidiaries offsets the net income attributable to equity holders of the company and attributable to the non-controlling interest by the distribution proportion regarding the Company and the selling side of the subsidiaries. If different recognition perspectives for the same transaction arise within different accounting identities setup, there is an adjustment for the transaction from the Group's perspective.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(6) Acquisition of non-controlling interests in controlled subsidiaries

The Company acquires equity from the minority shareholders after taking control of the subsidiary, in the consolidated financial statements, the subsidiary's assets, liabilities should be measured from the combination or acquisition date. The difference between the carrying amount of acquisition of non-controlling interest and the net assets proportion calculated by the original share percentage since the acquisition date should be recognized in capital surplus. If the capital surplus is insufficient to dilute, the retained earnings shall be adjusted.

(7) Cash and cash equivalents

Cash and cash equivalent comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(8) Foreign currency translation

Foreign currency transact translated into RMB using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognized in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalized as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(9) Financial instruments

(a) Financial assets

(i) Classification of financial assets

Financial assets are classified into the following categories at initial recognition, including: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. At initial recognition, the Group measures a financial assets at its fair value plus, in the case of a financial asset not at a fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction expenses of financial assets measured at fair value through profit or loss are expensed in profit or loss, and those of others are included in receivables' original book value.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Recognition and measurement

Subsequent measurement of financial assets depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset.

Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is measured at amortised cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial asset is included in finance income using the effective interest rate method.

Financial assets measured at fair value through other comprehensive income

Where the Group’s management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognized in investment income when the Group’s right to receive payments is established.

Financial assets measured subsequently at fair value through profit or loss

For this kind of financial asset, it measured subsequently at fair value, and the movement of fair value is recorded in profit or loss

(iii) Impairment of financial assets

The Group assesses the expected credit losses associated with its financial assets measured at amortised cost on a forward looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(iv) Derecognition of financial assets

A financial asset is derecognized when any of the following criteria is met: (i) the contractual rights to receive the cash flows from the financial asset expire; (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (iii) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(iv) Derecognition of financial assets (Continued)

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that had been recognized directly in equity is recognized in profit or loss.

(b) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition, including financial liabilities measured at fair value through profit or loss, and other financial liabilities. Transaction expenses of financial liabilities measured at fair value through profit or loss are expensed in profit or loss, and those of others are included in receivables' original book value.

Subsequent measurement of financial liabilities depends on their categories:

Other financial liabilities

For other financial liabilities, it measured subsequently at amortized value.

(c) Offset of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the balance sheet when both of the following conditions are satisfied: 1) the enterprise has a legal right to set off the recognized amounts and the legal right is currently enforceable; 2) the enterprise intends either to settle on a net basis or to realize the financial asset and settle the financial liability simultaneously.

(d) Transfer of financial assets

A financial asset is derecognized when the Group has transferred substantially all the risks and rewards of the asset to the referee. A financial asset is not derecognized when the Group retains substantially all the risks and rewards of the asset.

When the Group has neither transferred nor retained substantially all the risks and rewards of the asset, it either i) derecognizes the transferred asset when it has transferred control of the asset; or ii) continues to recognize the transferred asset to the extent of the Group's continuing involvement, in which case, the Group also recognizes an associated liability.

Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the asset and the guarantee amount. The guarantee amount is the maximum amount of consideration that the Group could be required to repay.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(10) Receivables

Receivables comprise notes receivable, accounts receivable and other receivables. Accounts receivable arising from the sale of goods or rendering of services are initially recognized at fair value of the contractual payments from the buyers or service recipients.

- (a) Receivables with amounts that are individually significant and subject to separate assessment for provision for bad debts

Receivables with amounts that are individually significant are subject to assessment for impairment on the individual basis. If there exists objective evidence that the Group will not be able to collect the amount under the original terms, a provision for impairment of that receivable is made.

The criterion for determining individually significant amounts is that any individual amount is more than RMB5 million.

The method of providing for bad debts for those individually significant amounts is as follows: the amount of the present value of the future cash flows expected to be derived from the receivable below its carrying amount.

- (b) Receivables that are subject to provision for bad debts on the grouping basis

Receivables with amounts that are not individually significant and those receivables that have been individually assessed for impairment and have not been found impaired are classified into certain groupings based on their credit risk characteristics. The provision for bad debts is determined based on the historical loss experience for the groupings of receivables with similar credit risk characteristics, taking into consideration of the current circumstances.

A provision for impairment of the receivables is made based on the ageing of receivables at the following percentage:

	Provision ratios used for accounts receivable	Provision ratios used for other receivables
Within 1 year	0-5%	0-5%
1 to 2 years	5-10%	5-10%
2 to 3 years	10-30%	10-30%
3 to 4 years	20-50%	20-50%
4 to 5 years	20-80%	20-80%
More than 5 years	20-100%	20-100%

- (c) Receivables with amounts that are not individually significant but subject to separate assessment for provision for bad debts

The reason for making separate assessment for provision for bad debts is that there exists objective evidence that the Group will not be able to collect the amount under the original terms of the receivable.

The provision for bad debts is determined based on the amount of the present value of the future cash flows expected to be derived from the receivable below its carrying amount.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(10) Receivables (Continued)

- (d) When the Group transfers the accounts receivable to the financial institutions without recourse, the difference between the proceeds received from the transaction and their carrying amounts and the related taxes is recognized in profit or loss for the current period.

(11) Inventories

- (a) Classification

Inventories include raw materials, work in progress, finished goods, delegate processing supplies and turnover materials, and are measured at the lower of cost and net realizable value.

- (b) Costing of inventories

Cost is determined on the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor and an allocation of systematically allocated overhead expenditures incurred based on the normal operating capacity.

- (c) Basis for determining net realizable values of inventories and method for making provisions for decline in the value of inventories

Provisions for declines in the value of inventories are determined at the excess amount of the carrying value of the inventories over their net realizable value. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

- (d) The Group adopts the perpetual inventory system.

- (e) Amortization methods of low value consumables and packaging materials

Turnover materials include low value consumables and packaging materials, which are expensed when issued.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(12) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries and the Group's long-term equity investments in its associates.

Subsidiaries are the investees over which the Company is able to exercise control. Associates are the investees that the Group has significant influence on their financial and operating policies.

Investments in subsidiaries are measured using the cost method in the Company's financial statements, and adjusted by using the equity method when preparing the consolidated financial statements. Interests in associates are accounted for using the equity method.

(a) Determination of investment cost

For long-term equity investments acquired through a business combination: for long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of shareholders' equity of the party being absorbed at the combination date; for long-term equity investments acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

(b) Subsequent measurement and recognition of related profit or loss

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognized as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(12) Long-term equity investments (Continued)

For long-term equity investments accounted for using the equity method, the Group recognizes the investment income according to its share of net profit or loss of the investee. The Group discontinues recognizing its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognizing the investment losses and the provisions. For changes in shareholders' equity of the investee other than those arising from its net profit or loss, other comprehensive income, and profit distribution, the Group adjusts the book value of the investment and records capital surplus accordingly. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee.

The unrealized profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses are recognized. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealized loss is not eliminated.

(c) Basis for determining existence of control, joint control or significant influence over investees

Control is the power to govern the financial and operating policies of the investee so as to obtain benefits from its operating activities. In determining whether the Company is able to exercise control over the investee, the effect of potential voting rights over the investee is considered, such as convertible debts and warrants currently exercisable.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

(d) Impairment of long-term equity investments

The carrying amount of long-term equity investments in subsidiaries and associates is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (Note III (21)).

(13) Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing, and buildings that are being constructed or developed for the purpose of leasing in future, are measured initially at cost. Subsequent expenditures incurred in relation to an Investment properties are included in the cost of the Investment properties when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognized in profit or loss in the period in which they are incurred.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(13) Investment properties (Continued)

The Group adopts the cost model for subsequent measurement of investment properties. Buildings and land use rights are depreciated or amortized to their estimated net residual values over their estimated useful lives. The estimated useful lives, the estimated net residual values that are expressed as a percentage of cost and the annual depreciation (amortization) rates of investment properties are as follows:

	Estimated useful life	Estimated residual value	Annual depreciation (amortization) rates
Buildings	12-35 years	0-5%	2.71-7.92%
Land use rights	30-50 years	-	2.00-3.33%

When an Investment properties is transferred to owner-occupied properties, it is reclassified as a fixed asset or intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as an investment property at its carrying amount at the date of the transfer.

The Investment properties' estimated useful life, net residual value and depreciation (amortization) method applied are reviewed and adjusted as appropriate at each end of year.

An Investment properties is derecognized on disposal or when the Investment properties is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an Investment properties after its carrying amount and related taxes and expenses is recognized in profit or loss for the current period.

The carrying amount of an Investment properties is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note III (20)).

(14) Fixed assets

(a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, machinery and equipment, motor vehicles, other equipment and leasehold improvements.

Fixed assets are recognized when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the acquisition date. The fixed assets contributed by the State shareholders at the reorganization of the Company into a corporation entity are recognized based on the revaluated amounts approved by the State-owned Assets Administration Department.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognized. All the other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(14) Fixed assets (Continued)

(b) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates are as follows:

	Estimated useful lives	Estimated residual value	Annual depreciation rates
Buildings	20-35 years	0-5%	2.71-5.00%
Machinery and equipment	5-14 years	3-6%	6.79-19.40%
Motor vehicles	3-10 years	0-5%	9.50-33.33%
Other equipment	3-10 years	0-5%	9.50-33.33%
Leasehold improvements above	within 5 years	0%	20% and

The estimated useful life, the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at least at each end of year.

(c) The carrying amount of fixed assets is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (Note III (20)).

(d) Recognition basis and measurement method for financing leased fixed assets.

Finance leases are leases with the whole risks and rewards related to the asset substantially transferred. Fixed assets leased under finance lease are recognized with at smaller value of the fair value and minimum lease payments. The difference between the book value and the minimum lease payments should be recognized as unrecognized financing charges (Note III (27) (b)).

Fixed assets leased under finance lease are depreciated using the same policy as that those fixed assets owned by the company. For those leased assets that the ownership of the assets can be ascertained by the expiration date, the assets should be depreciated within estimated useful lives. Otherwise, the assets should be depreciated within the shorter period of the leasing period and estimated useful lives.

(e) Disposal of fixed assets

A fixed asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognized in profit or loss for the current period.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(15) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalization and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (Note III (20)).

(16) Borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of a fixed asset that needs a substantially long period of time for its intended use commence to be capitalized and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalization of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognized in profit or loss for the current period. Capitalization of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of a fixed asset qualifying for capitalization, the amount of borrowing costs eligible for capitalization is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalization period.

For the general borrowings obtained for the acquisition or construction of a fixed asset qualifying for capitalization, the amount of borrowing costs eligible for capitalization is determined by applying the weighted average effective interest rate of general borrowings, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the borrowings or an applicable shorter period are discounted to the initial amount of the borrowings.

(17) Intangible assets

Intangible assets include land use rights, computer software, technology patents, trademarks and distribution network, which are initially recognized at cost. Intangible assets contributed by state-owned shareholders during the Company reorganization were recorded based on the valuation amount approved by the State-owned Assets Supervision and Management Department.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(17) Intangible assets (Continued)

<u>Categories</u>	<u>Useful lives</u>
Land use rights	Between the approved useful period and the Company's operating period
Software	3-5 years
Trademarks	5-10 years
Technology patents	5 years
Distribution network	20 years
Franchising rights	10 years
Favorable leases	17-20 years

A land use right granted by government with an infinite useful life would not be amortized. Other land use rights are amortized on the straight-line basis over their approved useful period. If the acquisition costs of land use rights and the buildings located thereon cannot be reliably allocated between the land use rights and the buildings, all of the acquisition costs are recognized as fixed assets.

For an intangible asset with a finite useful life, review of its useful life and amortization method is performed at each end of year, with adjustments made as appropriate. For an intangible asset without a definite useful life, review of its useful life is performed at each end of year.

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at end of the project.

Expenditure for investigation, evaluation and selection of production process and new drugs researches is recognized in profit or loss in the period in which it is incurred. Expenditure on the designation, measurement of the final utilization of the production process and new drugs before mass production, is capitalized only if all of the following conditions are satisfied:

- development of the production process and new drugs has been fully demonstrated by the technical team;
- management has approved the budget of drug production development and new drugs;
- market research analysis suggests that the products produced by the new production technology are able to be promoted;
- adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- the expenditure attributable to the intangible asset during its development phase can be reliably measured.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(17) Intangible assets (Continued)

Other development costs that do not meet the conditions above are recognized in profit or loss in the period in which they are incurred. Development costs previously recognized as expenses are not recognized as an asset in a subsequent period. Capitalized expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

The carrying amount of intangible assets is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (Note III (20)).

(18) Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to fixed assets under operating leases, and other expenditures that have been made but should be recognized as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortized on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortization.

(19) Governmental medical reserve funds and specially approved reserving materials

Appointed by the PRC Government, CNPGC is responsible for purchasing, allocating and providing the governmental medical reserves, which include the medical products, traditional Chinese medicine and medical appliances for nation-wide emergency rescue and disaster relief. Appointed by the Government of Guangxi Province, Sinopharm Medicine Holding Guangxi Co., Ltd. (“Sinopharm Guangxi”), a subsidiary of the Company, is responsible for purchasing, allocating and providing the medical reserves, which include the medical products needed for serious disasters, epidemics and other emergencies as well as endemic diseases in Guangxi Province. In accordance with the regulation of CNPGC, as being the enterprise who bears the obligation for specially approved medical reserving materials, the medical reserve funds received from the PRC Government or local government are recognized as other non-current liabilities. The Group reserves the specially approved medical reserving materials according to the reserve program (by category and by quantity), applies dynamic management and recognizes as other non-current assets.

(20) Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives, long-term prepaid expenses and investment properties measured using the cost model and long-term equity investments in subsidiaries and associates are tested for impairment if there is any indication that an asset may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(20) Impairment of long-term assets (Continued)

Goodwill that is separately presented in the financial statements, intangible assets with infinite useful lives and capitalized development costs are tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the goodwill allocated, is lower than its carrying amount, the corresponding impairment loss is recognized. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amount of other assets within the asset groups or groups of asset groups in proportion to the carrying amount of other assets.

Once the above Impairment loss is recognized, it will not be reversed for the value recovered in the subsequent periods.

(21) Employee benefits

Employee benefits mainly include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits incurred in exchange for service rendered by employees or various forms of rewards or compensation due to severance of labor relation.

(a) Short-term employee benefits

Short-term employee benefits include wages or salaries, bonuses, allowances and subsidies, staff welfare, medical insurance, work injury insurance, maternity insurance, housing funds, and labor union funds and employee education funds. The employee benefits are recognized in the accounting period in which the service has been rendered by the employees, and as costs of assets or expenses to whichever the employee service is attributable.

(b) Post-employment benefits (defined contribution plans)

The Company classifies post-employment benefit plans into either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Company's post-employment benefits mainly include basic pensions, unemployment insurance and enterprise annuity, both of which belong to the defined contribution plans.

Basic pensions

The Company's employees participate in the defined basic pension insurance plan set up and administered by local labor and social protection authorities. Basic pensions are provided monthly according to stipulated bases and proportions to local labor and social security contribution. When employees retire, local labor and social security institutions have a duty to pay the basic pension insurance to them. The amounts payable are recognized as liabilities based on the above provisions in the accounting period in which the service has been rendered by the employees, and as costs of assets or expenses to whichever the employee service is attributable.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(21) Employee benefits (Continued)

(c) Termination benefits

The Group recognizes the debt and the gain or loss, when offering compensation for terminating the labor contract before the due date, or encouraging the staff to resign voluntarily, at the earlier of when the Group cannot unilaterally withdraw the labor relation plan and when the Group recognizes the cost relating to recombinate involving the payment of termination benefits.

(d) Retirement benefits

The Group provides retirement benefits to employees who accept the internal retirement arrangements. Retirement benefits refer to the salary and social security contribution provided to those staff who voluntarily quit the job with approval from the management team, before the retirement age.

The group offers retirement benefits from the date when the arrangement begins, to the date when the staff reaches the retirement age. The liability including salary and security contribution funds is recognized when conditions for recognition are met, regarding to the period from the staff leaves the position to the normal retirement date. Difference arising from the changes in actuarial assumptions for retirement benefits and adjustments in welfare standard, will be accounted for in the current profits and losses.

Retirement benefits that are expected to be paid within one year from the balance sheet date are disclosed as current liabilities.

(22) Provisions

An obligation related to a contingency shall be recognized by the Group as a provision when all of the following conditions are satisfied, except contingent considerations and contingent liabilities assumed in a business combination not involving enterprises under common control:

- (1) The obligation is a present obligation of the Group;
- (2) It is probable that an outflow of economic benefits from the Group will be required to settle the obligation; and
- (3) The amount of the obligation can be measured reliably.

The provisions are initially measured at the best estimate of the expenditure required to settle the related present obligation, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money as a whole. The carrying amount of provisions is reviewed at the balance sheet date. Where there is clear evidence that the carrying amount of a provision does not reflect the current best estimate, the carrying amount is adjusted to the current best estimate.

Contingent liabilities of the acquiree obtained in a business combination shall be measured at fair value in initial recognition. After initial recognition, subsequent measurement is conducted using the higher of the amount recognized by provisions and the amount of initial recognition deducting the accumulated amortization amount determined by the principles of revenue recognition.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(23) Dividend distribution

Cash dividend distribution is recognized as a liability in the period in which it is approved by shareholder at the annual shareholders' meeting.

(24) Revenue recognition

Revenue is recognized when control of the goods or services has been transferred to customers.

Revenue from the sale of products directly to customers, is recognized when control the goods transferred, being when the products are accepted by customers. The customers have full discretion over the products, and there is no un-fulfilled obligation that could affect the customers' acceptance of the products.

The Group provides freight, storage and other services to external parties. The freights are recognized on a percentage-of-completion basis, and determined on the time proportion method. Other revenue is determined in accordance with the amount provided in the service period stipulated in the contract.

The Group shall recognise a refund liability if the Group receives consideration from a customer and expects to refund some or all of that consideration to the customer. A refund liability is measured at the amount of consideration received (or receivable) for which the entity does not expect to be entitled (ie amounts not included in the transaction price). The refund liability (and corresponding change in the transaction price and, therefore, the *contract liability*) shall be updated at the end of each reporting period for changes in circumstances.

The Group, offers a customer loyalty programme where points earned through the purchase of goods can only be redeemed for goods provided by Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd. or other free goods. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the award credits and the other components of the sale. Fair value of award points is measured on the basis of the value of the awards (that is, goods or services) for which they could be redeemed, the fair value of the award credits should take account of expected forfeitures as well as the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale.

Determining whether revenue of the Group should be reported gross or net is based on a continuing assessment of various factors. Since the Group has sole discretion in determining the pricing, takes full responsibility of a good or service provided to the customers, and also is responsible for the risk associated with the goods before change of control over the goods, and the customers' complaints and requests, the Group considers it controls the specified goods or services before their delivery to its customers and is a principal in the transactions. Accordingly, the Group recognizes revenue in the gross basis. Otherwise, the Group records the net amount earned as commissions from products sold or services provided.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(24) Revenue recognition (Continued)

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself as a principal or to arrange for those goods or services to be provided by the other party as an agent. The Group determines whether it is a principal or an agent for each specified good or service promised to the customer. A specified good or service is a distinct good or service (or a distinct bundle of goods or services) to be provided to the customer. If a contract with a customer includes more than one specified good or service, an entity could be a principal for some specified goods or services and an agent for others.

Interest income is recognized and measured based on the loan period and the actual interest rate.

Rental income is recognized and measured based to the straight-line method during the rental period.

(25) Government grants

Government grants are transfers of monetary or non-monetary assets from the government to the Group at nil consideration, including refund of taxes and financial subsidies, etc.

A government grant is recognized when the conditions attached to it can be complied with and the government grant can be received. For a government grant in the form of transfer of monetary assets, the grant is measured at the amount received or receivable. For a government grant in the form of transfer of

non-monetary assets, it is measured at fair value; if the fair value is not reliably determinable, the grant is measured at nominal amount.

A government grant related to an asset is a grant received aimed to create a long-term asset by contracting or other methods. A government grant related to income is any grant other than government grants related to assets.

A government grant related to an asset is recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset. Government grants measured at nominal amounts are recognized immediately in profit or loss for the current period.

For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred by the Group in the subsequent periods, the grant is recognized as deferred income, and included in profit or loss over the periods in which the related costs are recognized; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognized immediately in profit or loss for the current period.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(26) Income tax

Income tax comprises current and deferred tax. Income tax is recognized as income or an expense in profit or loss of the current period, or recognized directly in shareholders' equity if it arises from a business combination or relates to a transaction or event which is recognized directly in shareholders' equity.

The Group measures a current tax asset or liability arising from the current and prior period based on the amount of income tax expected to be paid by the Group or returned by tax authority calculated according to related tax laws.

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognized for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognized for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognized for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

Deferred tax assets are only recognized for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilized.

Deferred tax assets and liabilities are offset when:

- the deferred taxes are related to the same tax payer within the Group and the same taxation authority; and,
- that tax payer has a legally enforceable right to offset current tax assets against current tax liabilities.

Deferred tax liabilities are recognized for temporary differences arising from investments in subsidiaries and associates, except where the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilized, the corresponding deferred tax assets are recognized.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(27) Leases

Finance leases are leases with the whole risks and rewards related to the asset substantially transferred. The other kinds of leases are nominated operating leases.

(a) Operating leases

Lease payments under an operating lease are recognized on a straight-line basis over the period of the lease, and are either capitalized as part of the cost of related assets or charged as an expense for the current period.

Lease income under an operating lease is recognized on a straight-line basis over the period of the lease.

(b) Finance leases

Fixed assets leased under finance leases are recognized at the smaller value of the fair value and present value of the minimum lease payments. The difference between the book value and the minimum lease payments should be recognized as unrecognized financing charges, and amortized within the leasing period. The minimum lease payments net off the unrecognized financing charges should be classified as long-term payables.

(28) Discontinued operations

A discontinued operation is a component of an enterprise that either has been disposed of or is classified as held for sale, and is separately identifiable operationally and for financial reporting purpose, and satisfies one of the following conditions:

- (1) Represents a separate major line of business or geographical area of operations;
- (2) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation;
- (3) Is a subsidiary acquired exclusively with a view to resale.

(29) Segment information

The Group identifies operating segments based on the internal organization structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(30) Critical accounting estimates

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

(a) Critical accounting estimates and key assumptions

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

(i) Accounting estimates on impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amount of asset groups and groups of asset groups is the present value of the future cash flows expected to be derived from them. These calculations require the use of estimates (Note V (16)).

If management revises the gross margin that is used in the calculation of the future cash flows of asset groups and groups of asset groups, and the revised gross margin is lower than the one currently used, the Group would need to recognize further impairment against goodwill and fixed assets.

If management revises the pre-tax discount rate applied to the discounted cash flows, and the revised pre-tax discount rate is higher than the one currently applied, the Group would need to recognize further impairment against goodwill and fixed assets.

If the actual gross margin/pre-tax discount rate is higher/lower than management's estimates, the impairment loss of goodwill previously provided for is not allowed to be reversed by the Group.

(ii) Accounting estimates on impairment of accounts receivable

In accordance with the Group's accounting policy (Note III (10)), the Group's management tests annually whether receivables have suffered any impairment. Impairment of receivables has been assessed by taking into account the customers' credit history and financial position together with the current market conditions. Even if the Group's management has made bad debt provision for the expected loss at its best estimate, there is a possibility that changes in customers' financial position or market conditions will alter the result.

(iii) Accounting estimates on impairment of inventories

In accordance with the Group's accounting policy (Note III (11) (c)), the Group's management estimates the net realizable value of the inventory. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes. Even if the Group's management has made stock provision for the expected impairment at its best estimate, there is a possibility that changes in market conditions will alter the result.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(30) Critical accounting estimates (Continued)

(a) Critical accounting estimates and key assumptions (Continued)

(iv) Sales return

A refund liability is measured at the amount of consideration received (or receivable) for which the entity does not expect to be entitled (ie amounts not included in the transaction price). The refund liability (and corresponding change in the transaction price and, therefore, the *contract liability*) shall be updated at the end of each reporting period for changes in circumstances.

(v) Customer loyalty programme

The fair value of the consideration received or receivable in respect of the initial sale is allocated between the award credits and the other components of the sale. Fair value of award points is measured on the basis of the value of the awards (that is, goods or services) for which they could be redeemed, the fair value of the award credits should take account of expected forfeitures as well as the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(30) Critical accounting estimates (Continued)

(b) Changes in accounting policies

Accounting policies of revenue were altered in accordance with the requirement of Notice on Issuing and Revising Accounting Standard No. 14 – Revenue by Ministry of Finance. And those of financial instruments were also altered in accordance with the requirement of Notice on Issuing and Revising Accounting Standard No. 22 – Recognition and Measurement of Financial Instruments, No. 23 – Transfer of Financial Instruments, No. 24 – Hedging Instruments, and No.37 – Disclosures of Financial Instruments. The Group adopted these standards since January 1, 2018. The alteration of these accounting policies had no effect on the net profit of the Group as well as the stockholders' equity of the Group.

The content and reasons of changes in accounting policies	Procedures	Remarks
In 5 th July 2017, Notice on Issuing and Revising Accounting Standard No. 14 – Revenue was announced by Ministry of Finance. The enterprises listed in Mainland and abroad simultaneously should adopt the standard since 1 st January 2018, while others should adopt it since 1 st January 2020.	Agreed in the meeting of board of directors held in 22 nd August 2018.	The Group adopted this new standard since 1 st January 2018. The adoption of this standard did not lead to the significant changes in revenue recognition. It had no effect on the net profit, total assets and total liabilities of the Group.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

III Summary of significant accounting policies and accounting estimates (Continued)

(30) Critical accounting estimates (Continued)

(b) Changes in accounting policies (Continued)

The content and reasons of changes in accounting policies	Procedures	Remarks
<p>Notice on Issuing and Revising Accounting Standard No. 22 – Recognition and Measurement of Financial Instruments, No. 23 – Transfer of Financial Instruments, No. 24 – Hedging Instruments, and No.37 – Disclosures of Financial Instruments were announced by Ministry of Finance in 2017. The enterprises listed in Mainland and abroad simultaneously should adopt the standard since 1st January 2018, while others should adopt it since 1st January 2019.</p>	<p>Agreed in the meeting of board of directors held in 22nd August 2018.</p>	<p>(1) The percentages of voting interests held by the Group in Shanghai Guoda Shuguang Pharmacy Co., Ltd, Shanghai Guoren Pharmacy Co., Ltd., Sinopharm Holding Hubei Guoda Pharmacy Co., Ltd., Hunan Zhongbai pharmaceutical investment Co., Ltd. and Sinopharm Health Online Co., Ltd. are 25%, 10%, 10%, 6.31% and 8.06%, respectively. However, the Group neither appoint the directors and key management for those 5 companies, nor involve in or affect the financial or operating decision-making process or ordinary course of business of those companies. Therefore, the Group had no significant influence over the above companies and recognized its investments in those companies as available-for-sale equity instruments. The Group recorded these assets as available-for-sale financial assets. After adopting new standard, these assets were recorded in financial assets measured at fair value through other comprehensive income. The alteration had no effect on the retained earnings, other comprehensive income and other data in comparative period.</p> <p>(2) According to the new standard, the Group should assess the expected credit losses associated with its financial assets measured at amortized cost on a forward looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The management considered that although the Group adopted new standard, it could still assess the provision of bad debt on the grouping basis. And it had no significant effect on the financial statements of the Group.</p>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

IV Taxation

1. Main categories and rates of taxes:

Categories	Tax base	Tax rate
Corporate income tax (“CIT”)	Taxable income	15%, 20% or 25%
Value added tax (“VAT”)	Taxable value added amount (Tax payable is calculated using the taxable sales amount multiplied by the effective tax rate less deductible VAT input of the current period)	0%, 3%, 5%, 6%, 10%, 11%, 16% or 17%
Business tax	Revenue from rental income, interest income and etc. (from 1 January 2016 to 30 April 2016)	5%
City maintenance and construction tax	Amount of VAT	5% or 7%
Educational surcharge	Amount of VAT	3%
Local educational surcharge	Amount of VAT	2%

2. Tax preferences

- (a) In 2014, the Group’s subsidiary Sinopharm Holding Guangxi Logistics Co., Ltd. (“Sinopharm Guangxi Logistics”) was approved by the Guangxi Local Tax Bureau to enjoy a tax discount applicable to corporations in the region of Western Development to pay income tax at a tax rate of 15%. In 2016, due to the real estate relocation income, the operating revenue’s proportion is below 70%, which does not meet the requirements of the preferential tax rate, so Sinopharm Guangxi Logistics was subject to a corporate income tax rate of 25% during the year.

From May to December of 2015, eight subsidiaries in Guangxi Province of the Group, including Sinopharm Guangxi, Sinopharm Holding Liuzhou Co., Ltd. (“Sinopharm Liuzhou”), Sinopharm Holding Beihai Co., Ltd. (“Sinopharm Beihai”), Sinopharm Holding Guilin Co., Ltd. (“Sinopharm Guilin”), Sinopharm Holding Guigang Co., Ltd. (“Sinopharm Guigang”), Sinopharm Holding Yulin Co., Ltd. (“Sinopharm Yulin”), Sinopharm Holding Baise Co., Ltd. (“Sinopharm Baise”) and Sinopharm Holding Wuzhou Co., Ltd. (“Sinopharm Wuzhou”) were all approved by the Guangxi Local Tax Bureau to enjoy a tax concession of Western Development at a preferential CIT rate of 15%. The applicable period for Sinopharm Guangxi, Sinopharm Liuzhou and Sinopharm Beihai is 1 January 2014 to 31 December 2020, and that for the other 5 subsidiaries is 1 January 2015 to 31 December 2020.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

IV Taxation (Continued)

2. Tax preferences (Continued)

- (b) The Urumqi Head Office, Changji Branch and Karamay Branch of Sinopharm Holding Xinjiang New & Special Medicines Chain Store Co., Ltd. (“Xinjiang New & Special Medicines”), a subsidiary of the Group, shall pay tax at a rate of 15% by jurisdictions According to the Circular of the Ministry of Finance, the State Administration of Taxation, the General Administration of Customs on Issues Concerning Tax Policies for the Further Development of the Western Regions (Cai shui [2011] No.58), enterprises from encouraged industries in the Western Regions, could enjoy a reduced CIT rate of 15% from 1 January 2011 to 31 December 2020. According to the reply to *Registration Form for Items Enjoying Preferential Treatments in Corporate Income Tax* by local tax authorities, in 2016 and 2017, the Urumqi Head Office, Changji Branch and Karamay Branch of Xinjiang New & Special Medicines were subject to a reduced CIT rate of 15%.

According to Ning cai (shui) fa [2012] No.957, Ningxia Guoda Pharmacy Chain Store Co., Ltd., a subsidiary of the Group, was qualified for the enterprise from encouraged industries of Western Development. Therefore, in 2016 and 2017, the company was exempt from the local retained portion of the corporate income tax (40%), and therefore subject to a CIT rate of 15%.

According to Cai shui [2011] No.58 and Notices on Tax Reduction and Exemption (Hu shi hui guo shui deng zi [2014] No. 37), Sinopharm Holding Guoda Neimenggu Pharmacy Chain Store Co., Ltd., a subsidiary of the Group, was entitled to the preferential tax rate for the further development of the Western Regions. Therefore the company is entitled to a preferential CIT rate of 15%.

According to the tax reduction and exemption conditions under the Circular of Local Taxation Bureau of the Autonomous Region on Printing and Distributing the Administration and Implementation Measures for Preferential Corporate Income Tax (Gui di shui fa [2009] No. 150), Sinopharm Holding Guoda Guangxi Pharmacy Chain Store Co., Ltd., received the Written Decision on Approval and Confirmation of Preferential Tax from local taxation bureau of Liuzhou city on 21 May 2015, which approved that the company was subject to a CIT rate of 15% in 2016 and 2017.

- (c) The Corporate Income Tax Law of the People's Republic of China stipulates in Article 28 that, small low-profit enterprises are subject to corporate income tax at a rate of 20%. The Implementation Rules for the Corporate Income Tax Law of the People's Republic of China stipulate in Article 92 that, small low-profit enterprises refer to enterprises operating in industries not restricted or prohibited by the State and satisfying following conditions: 1. For industrial enterprises, the annual taxable income does not exceed RMB300,000; the number of employees does not exceed 100 and the total assets does not exceed RMB30 million; 2. for other industries, the annual taxable income does not exceed RMB300,000; the number of employees does not exceed 80 and the total assets does not exceed RMB10 million.

In addition, according to the *Circular on Issues Concerning the Preferential Policies for Corporate Income Tax for Small Low-profit Enterprises* (Cai shui [2015] No. 34), *Announcement of the State Administration of Taxation on Issues concerning the Implementation of the Further Expansion of the Scope of Small Low-profit Enterprises* (Cai shui [2015] No.99), small low-profit enterprises with annual taxable income of RMB300,000 or less enjoy a tax reduction of 50% of the income and pays income tax at a rate of 20%. That is, the applicable corporate income tax rate is 10%.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements

1. Cash and bank balances

	30 June 2018	31 December 2017
Cash on hand	3,721,460.75	6,208,674.32
Cash at banks	3,588,994,326.62	3,667,290,017.16
Other cash balances	350,879,773.21	518,156,747.03
	<u>3,943,595,560.58</u>	<u>4,191,655,438.51</u>

At 30 June 2018, other cash balances were consisted of letter credit deposits amounting to RMB228,116.00 (31 December 2017: RMB258,800.00), bank acceptance notes deposits amounting to RMB350,651,657.21 (31 December 2017: RMB514,638,979.04). At the peiod end, there was no pledge loans deposits (31 December 2017: RMB3,258,967.99).

2. Notes receivable

	30 June 2018	31 December 2017
Trade acceptance notes	750,395,988.43	584,211,909.22
Bank acceptance notes	271,301,381.78	919,982,854.86
	<u>1,021,697,370.21</u>	<u>1,504,194,764.08</u>

At 30 June 2018 and 31 December 2017, there were no notes receivable that were pledged

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

2. Notes receivable (Continued)

Notes receivable endorsed or discounted by the Group to other parties which were not yet due at 30 June 2018 and 31 December 2017 are as follows:

	30 June 2018	
	Derecognized	Not derecognized
Trade acceptance notes	-	209,881,899.63
Bank acceptance notes	706,198,208.44	-
	<u>706,198,208.44</u>	<u>209,881,899.63</u>

As at 30 June 2018 and 31 December 2017, notes that were converted into accounts receivable due to the drawer's inability to settle the note on maturity date are as follows:

	30 June 2018
Bank acceptance notes	868,060.00
Trade acceptance notes	<u>14,804,431.01</u>
	15,672,491.01

3. Accounts receivable

The accounts receivable by category are analyzed below:

	30 June 2018				31 December 2017			
	Gross carrying amount		Provision for bad debt		Gross carrying amount		Provision for bad debt	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
Individually significant items for which provision for bad debt is recognized separately	575,496,544.28	6.07%	11,858,368.75	2.06%	497,346,019.41	6.52%	11,968,509.21	2.41%
Items for which provision for bad debt is recognized by group	8,860,337,753.97	93.43%	28,158,497.05	0.32%	7,106,178,799.93	93.09%	26,069,970.29	0.37%
Not individually significant items for which provision for bad debt is recognized separately	47,417,171.54	0.50%	1,692,236.80	3.57%	29,813,325.95	0.39%	5,886,985.91	19.75%
	<u>9,483,251,469.79</u>	<u>100.00%</u>	<u>41,709,102.60</u>	<u>0.44%</u>	<u>7,633,338,145.29</u>	<u>100.00%</u>	<u>43,925,465.41</u>	<u>0.58%</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

3. Accounts receivable (Continued)

At 30 June 2018, accounts receivable that are individually significant and individually assessed for provisions are as follows:

Accounts receivable(by company)	Carrying amount	Bad debt provision	Rate	Assessment for impairment
Receivable of medical insurance				Part of the medical insurance receivable takes longer to collect, and has risk of default
Receivable of E-Business	425,708,736.16	282,897.53	0.07%	Receivable of E-Business with no risk of recoverability
Receivable of Franchises	47,432,657.88	-	0.00%	Receivable of Franchises with no risk of recoverability
Sinopharm Group Co., Ltd.	43,303,952.30	16,292.93	0.04%	Receivable due from a related party with low risk of recoverability
Daton Xin Jian Kang Hospital	30,140,408.15	-	0.00%	Receivable due from a fixed cooperative hospital with no risk of recoverability
Receivable of medical insurance	17,351,611.50	-	0.00%	Part of the medical insurance receivable takes longer to collect, and has risk of default
	<u>11,559,178.29</u>	<u>11,559,178.29</u>	100.00%	
Total	<u>575,496,544.28</u>	<u>11,858,368.75</u>	-	-

The accounts receivable for which the Group recognized provision for bad debt using the aging analysis method are presented as follows

	30 June 2018		
	Carrying amount	Bad debt provision	
	Amount	Amount	Proportion
Within 1 year	8,817,097,861.51	24,372,754.71	0.28%
1 to 2 years	33,418,766.48	1,918,465.80	5.74%
2 to 3 years	5,871,978.85	660,521.64	11.25%
Over 3 years	<u>3,949,147.13</u>	<u>1,206,754.90</u>	<u>30.56%</u>
	<u>8,860,337,753.97</u>	<u>28,158,497.05</u>	<u>0.32%</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

3. Accounts receivable (Continued)

The provision for bad debt was RMB7,628,609.34 in 30 June 2018, including RMB9,827,439.11 recovered or reversed. Important recovered or reversed bad debt items are listed below:

	Recovered or reversed amount	Way of recovery
Guangdong Tasly Yue Jian Pharmaceutical Co., Ltd.	4,083,065.20	Amount received due to the lawsuit
Tianjin Social Security Fund Management Centre	200,000.00	Amount reversed
Yunfu People's Hospital	172,831.60	Amount received
People's Hospital of Deqing County	96,757.20	Amount received
Zhaoqing Chinese Medical Hospital	84,623.81	Amount received
Health Centre of Heshan City Yayao Town	54,698.00	Amount received
Others	140,430.23	Amount received
	<u>4,832,406.04</u>	

Accounts receivable written off in 30 June 2018 are analysed below:

Company	Amount
Shenzhen Bainian Out-patient Department	28,571.84

Company	Nature of the receivable	Amount	Reason	Procedure performed	Related party transaction or not
Shenzhen Bainian Out-patient Department	Receivables of goods sold	<u>28,571.84</u>	Non-recoverable	Written off according to company policy	No

As at 30 June 2018, the top five accounts receivable by customer are summarised below:

	Amount	Bad debt provision amount	% of the total accounts receivable
The top five accounts receivable total	<u>648,539,647.93</u>	<u>1,806,641.25</u>	<u>6.84%</u>

In 30 June 2018, accounts receivable of RMB1,703,007,115.68 have been factored to a financial institute.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

4. Advances to suppliers

(a) The aging of advances to suppliers is analyzed below:

	30 June 2018		31 December 2017	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	451,853,929.99	98.95%	507,613,407.19	98.23%
1 to 2 years	3,573,044.24	0.78%	7,410,774.78	1.43%
2 to 3 years	1,253,250.00	0.27%	1,753,935.50	0.34%
Above 3 years	-	0.00%	-	0.00%
	<u>456,680,224.23</u>	<u>-</u>	<u>516,778,117.47</u>	<u>-</u>

The prepayment aged for more than a year is mainly the advance made by South Pharma & Trade to suppliers for equipment to be resold to the hospitals amounting to RMB4,826,294.24 (31 December 2017: RMB9,164,710.28) as the hospital equipment procurement is a large project and takes a long time to complete.

(b) As at 30 June 2018, the top five advances to suppliers by customer are summarized below:

	Amount	Proportion of total balance
Total amount of top five advances to suppliers	<u>47,114,151.95</u>	<u>10.32%</u>

5. Interest receivable

	30 June 2018	31 December 2017
Fixed deposits	-	-
Entrusted Loans	47,507.80	61,441.11
	<u>47,507.80</u>	<u>61,441.11</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

6. Other receivables

(a) Other receivables and related provision for bad debts by category are analyzed below:

	30 June 2018				31 December 2017			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant and subject to separate impairment assessment	217,091,197.85	30.37%	9,268,199.70	4.27%	355,636,071.62	52.84%	8,980,000.00	2.53%
Receivable accounts with similar credit risk	485,835,323.29	67.95%	4,122,008.68	0.85%	282,169,420.65	41.93%	2,782,712.61	0.99%
Individually not significant but individually evaluated for impairment	12,028,679.44	1.68%	2,892,969.02	24.05%	35,176,616.14	5.23%	3,348,337.26	9.52%
	<u>714,955,200.58</u>	<u>100.00%</u>	<u>16,283,177.40</u>	<u>2.28%</u>	<u>672,982,108.41</u>	<u>100.00%</u>	<u>15,111,049.87</u>	<u>2.25%</u>

(b) As at 30 June 2018, impairment provision for other receivables individually significant are analyzed as below:

	Amount	Bad debt provision	Rate	Assessment for impairment
Shanghai Shyndec Pharmaceutical Co., Ltd. ("Morden Pharma")	101,166,758.92	-	-	Receivable due from a related party with low risk of recoverability
Deposit	95,782,045.77	288,199.70	0.30%	Cash deposit, no risk of recoverable, no provision
Shanghai Roche Pharmaceutical Co., Ltd.	11,162,393.16	-	-	Price reduction compensation for DTP medicine
Shenzhen Yinghai Technology Investment Co., Ltd	8,980,000.00	8,980,000.00	100.00%	The ageing is over 5 years
	<u>217,091,197.85</u>	<u>9,268,199.70</u>	<u>-</u>	

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

6. Other receivables (Continued)

- (c) Provisions for impairment of the receivables which are within a similar risk group are analyzed below:

	30 June 2018		
	Carrying amount	Bad debt provision	
	amount	Amount	Rate
Within 1 year	456,116,259.07	2,147,110.50	0.47%
1 to 2 years	10,122,384.98	152,153.35	1.50%
2 to 3 years	4,810,948.33	436,170.53	9.07%
Above 3 years	14,785,730.91	1,386,574.30	9.38%
	<u>485,835,323.29</u>	<u>4,122,008.68</u>	<u>0.85%</u>

(d)

Nature	30 June 2018	31 December 2017
Deposits	271,993,381.60	226,111,186.83
Receivable due from related parties	114,539,922.50	127,922,489.88
Petty cash advance to employees	16,905,695.03	13,392,873.34
Entrusted borrowings	44,000,000.00	44,000,000.00
Receivable of equity transactions	8,980,000.00	8,980,000.00
Others	258,536,201.45	252,575,558.36
	<u>714,955,200.58</u>	<u>672,982,108.41</u>

- (e) Bad debt provision of other receivables in 2018 was RMB2,284,955.11 (2017: RMB747,448.78), with the recovered or reversed amount of RMB1,112,827.58 (2017: 929,511.16).
- (f) There were no other receivables written off in the current year.
- (g) As at 30 June 2018, the top 5 parties that owed the largest amounts of other receivable balances are analyzed below:

	Nature	Amount	Age	% of total amount	Provision of bad debt
Morden Pharma	Recivables of merge	101,166,758.92	Within 2 year	14.15%	-
Guangdong Pharmaceutical electronic trading platform	Pharmaceutical trading platform repayment not yet cleared	90,619,946.24	Within 1 year	12.67%	-
Sinopharm Group Zhijun (Suzhou) Pharmaceutical Co., Ltd. ("Zhijun Suzhou")	Entrusted borrowings	44,000,000.00	Within 1 year	6.15%	-
TCM-Integrated Cancer Center of Southern Medical University	Deposit of logistics extension services project	30,000,000.00	Within 1 year	4.20%	-
Shenyang Social Security Administration	Medical insurance deposti	26,870,049.18	Within 1 year	3.76%	-
		<u>292,656,754.34</u>		<u>40.93%</u>	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

7. Inventories

(a) Inventories by category are analyzed below:

	30 June 2018			31 December 2017		
	Book value	Provision	Net book value	Book value	Provision	Net book value
Raw materials	1,526,166.46	-	1,526,166.46	1,181,095.08	-	1,181,095.08
Work in progress	1,252,296.05	-	1,252,296.05	129,098.02	-	129,098.02
Finished goods	4,243,417,987.75	6,667,841.42	4,236,750,146.33	3,785,146,957.42	6,840,110.55	3,778,306,846.87
Low cost consumables	5,826,016.38	-	5,826,016.38	2,241,198.15	-	2,241,198.15
	<u>4,252,022,466.64</u>	<u>6,667,841.42</u>	<u>4,245,354,625.22</u>	<u>3,788,698,348.67</u>	<u>6,840,110.55</u>	<u>3,781,858,238.12</u>

(b) Provision for declines in value of inventories is analysed below:

	1 January 2018	Increases		Decreases		30 June 2018
		charge	Other	Reversal or Written off	Other	
Finished goods	<u>6,840,110.55</u>		<u>2,390,647.06</u>	<u>2,562,916.19</u>	-	<u>6,667,841.42</u>
	<u>6,840,110.55</u>		<u>2,390,647.06</u>	<u>2,562,916.19</u>	-	<u>6,667,841.42</u>

(c) Provision of inventories is determined according to the gap between the net realizable value and the inventory book value.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

8. Other current assets

	30 June 2018	31 December 2017
Input VAT to be credited	91,576,950.50	78,014,460.84
Corporate income tax to be deducted	192,702.06	933,183.78
Others	-	-
	<u>91,769,652.56</u>	<u>78,947,644.62</u>

9. Financial assets available-for-sale

(1) Financial assets available-for-sale

	30 June 2018			31 December 2017		
	Book value	Provision	Net book value	Book value	Provision	Net book value
Available-for-sale equity instruments	13,685,760.00	-	13,685,760.00	13,865,760.00	180,000.00	13,685,760.00
- Measured at cost	-	-	-	13,865,760.00	180,000.00	13,685,760.00
- Measured at fair value through other comprehensive income	13,685,760.00	-	13,685,760.00	-	-	-
	<u>13,685,760.00</u>	<u>-</u>	<u>13,685,760.00</u>	<u>13,865,760.00</u>	<u>180,000.00</u>	<u>13,685,760.00</u>

(2) Financial assets available-for-sale measured at fair value

Classification	Equity investments available for sale	Debt instrument available for sale	Total
Fair value	<u>13,685,760.00</u>	<u>-</u>	<u>13,685,760.00</u>

Notice:

According to “CSA No.22- Financial Instrument Measurement and Recognition” and “CSA No.37- Financial Instrument Disclosure”, the boarder regonized the assets as financial assets measured at fair value through other comprehensive income

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

9. Financial assets available-for-sale

(3) Financial assets available-for-sale measured at cost

Investee	Carrying amount				Impairment provision				Shareholding (%)	received for the year
	Opening	Increase	Decrease	Closing	Opening	Increase	Decrease	Closing		
Sinopharm Health Online Co., Ltd.	12,000,000.00	-	(12,000,000.00)	-	-	-	-	-	8.06	-
Sinopharm Holding Hubei Guoda Pharmacy Co., Ltd.	1,000,000.00	-	(1,000,000.00)	-	-	-	-	-	10.00	-
Hunan Zhongbai pharmaceutical investment Co., Ltd.	315,000.00	-	(315,000.00)	-	-	-	-	-	6.31	31,500.00
Shanghai Guoda Shuguang Pharmacy Co., Ltd.	270,760.00	-	(270,760.00)	-	-	-	-	-	25.00	-
Xinxiang Golden Elephant.	180,000.00	-	(180,000.00)	-	(180,000.00)	-	180,000.00	-	18.00	-
Shanghai Guoren Pharmacy Co., Ltd.	100,000.00	-	(100,000.00)	-	-	-	-	-	10.00	-
	<u>13,865,760.00</u>	<u>-</u>	<u>13,865,760.00</u>	<u>-</u>	<u>(180,000.00)</u>	<u>-</u>	<u>180,000.00</u>	<u>-</u>	<u>-</u>	<u>31,500.00</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

10. Long-term equity investments

Associates in 2018

Investee	1 January 2018	Changes in the year					30 June 2018	Provision for impairment
		Additional Investment	Profit of loss under equity method	Other changes in equity	Cash dividend declared by investee	Other		
Associates								
Shenzhen Main Luck Pharmaceutical Inc. ("Main Luck Pharmaceutical").	239,046,738.14	-	29,983,887.32	-	-	-	269,030,625.46	-
Zhijun Medicine	291,042,921.20	-	61,373,560.78	-	(58,111,254.57)	-	294,305,227.41	-
Zhijun Trade	7,676,142.69	-	853,674.01	-	(664,795.03)	-	7,865,021.67	-
Zhijun Suzhou	46,199,728.91	-	(10,671,086.78)	-	-	-	35,528,642.13	-
Pingshan Medicine	68,686,804.33	-	15,453,485.62	-	(9,719,480.71)	-	74,420,809.24	-
Morden Pharma	979,174,050.62	-	65,661,682.41	397,342.21	(8,641,853.20)	193,639.30	1,036,784,861.34	-
Shanghai Beiyi Guoda Pharmaceutical Co. Ltd.	9,518,694.65	-	659,783.20	-	-	-	10,178,477.85	-
Shanghai Liyi Pharmacy Co., Ltd.	771,408.05	-	-	-	-	-	771,408.05	-
Sinopharm Jienuo Medical Treatment Service Guangdong Co., Ltd. ("Guangdong Jie nuo")	8,502,884.50	-	(652,715.21)	-	-	-	7,850,169.29	-
Shanghai Dingqun Management & Consulting Co., Ltd	-	20,000,000.00	-	-	-	-	20,000,000.00	-
Dongyuan Accord Pharmaceutical Chain Co., Ltd.	396,638.32	-	-	-	-	-	396,638.32	396,638.32
	<u>1,651,016,011.41</u>	<u>20,000,000.00</u>	<u>162,662,271.35</u>	<u>397,342.21</u>	<u>(77,137,383.51)</u>	<u>193,639.30</u>	<u>1,757,131,880.76</u>	<u>396,638.32</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

11. Investment properties

Subsequent measurement under the cost model:

2018	Buildings and constructions	Land use right	Total
Original cost			
Opening balance	245,932,518.64	23,370,084.72	269,302,603.36
Purchase	45,481.13	-	45,481.13
Transfer from fixed assets	4,605,965.69	-	4,605,965.69
Transfer to fixed assets	6,209,855.73	-	6,209,855.73
Transfer to intangible assets	470,783.88	-	470,783.88
Closing balance	<u>243,903,325.85</u>	<u>23,370,084.72</u>	<u>267,273,410.57</u>
Accumulated depreciation and amortization			
Opening balance	106,139,314.25	8,184,950.00	114,324,264.25
Provision	4,506,346.47	249,314.66	4,755,661.13
Transfer from fixed assets	1,192,262.29	-	1,192,262.29
Transfer to fixed assets	3,420,626.15	-	3,420,626.15
Transfer to intangible assets	287,874.74	-	287,874.74
Closing balance	<u>108,129,422.12</u>	<u>8,434,264.66</u>	<u>116,563,686.78</u>
Provision for impairment			
Opening balance	1,300,000.00	-	1,300,000.00
Closing balance	<u>1,300,000.00</u>	<u>-</u>	<u>1,300,000.00</u>
Carrying amount			
At end of year	<u>134,473,903.73</u>	<u>14,935,820.06</u>	<u>149,409,723.79</u>
At beginning of the year	<u>138,493,204.39</u>	<u>15,185,134.72</u>	<u>153,678,339.11</u>

(2) The fixed asset failing to accomplish certification of title

Items	Carrying amount	Reason for outstanding property right certificates
Reconstruction of old town	<u>65,329,796.40</u>	Sinopharm Guangxi Logistics leased the property. As at 30 June 2018, the original cost is RMB70,085,820.00 and the Accumulated depreciation and amortization is RMB4,756,023.60. The certification of title is in progress.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

12. Fixed assets

2018

	Buildings	Machinery	Vehicles	Other equipment	Fixed asset improvements	Total
Original cost						
Opening balance	456,161,611.21	183,752,571.14	87,999,790.56	259,281,585.41	30,111,198.47	1,017,306,756.79
Purchase	11,609,004.98	7,511,943.05	2,537,492.46	8,854,897.18	6,106,795.57	36,620,133.24
Transfer from construction in progress	-	2,066,324.80	-	-	-	2,066,324.80
Transfer from Investment properties	6,209,855.73	-	-	-	-	6,209,855.73
Business combination not involving enterprises under common control	-	-	-	-	-	-
Transfer to Investment properties	4,605,965.69	-	-	-	-	4,605,965.69
Disposal of subsidiaries	-	-	-	-	-	-
Disposal or retirement	-	1,176,437.95	3,672,293.82	1,263,162.39	1,110,799.64	7,222,693.80
Closing balance	<u>469,374,506.23</u>	<u>192,154,401.04</u>	<u>86,864,989.20</u>	<u>266,873,320.20</u>	<u>35,107,194.40</u>	<u>1,050,374,411.07</u>
Accumulated depreciation						
Opening balance	149,119,755.22	73,601,067.33	59,221,772.87	154,689,144.23	28,964,583.12	465,596,322.77
Provision	6,394,173.54	11,961,644.96	3,796,763.45	9,720,011.38	6,493,533.09	38,366,126.42
Transfer from Investment properties	3,420,626.15	-	-	-	-	3,420,626.15
Transfer to Investment properties	1,192,262.29	-	-	-	-	1,192,262.29
Disposal of subsidiaries	-	-	-	-	-	-
Disposal or retirement	-	1,037,763.79	3,142,894.82	979,173.35	759,134.31	5,918,966.27
Closing balance	<u>157,742,292.62</u>	<u>84,524,948.50</u>	<u>59,875,641.50</u>	<u>163,429,982.26</u>	<u>34,698,981.90</u>	<u>500,271,846.78</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

12. Fixed assets (Continued)

2018(Continued)

	Buildings	Machinery	Vehicles	Other equipment	Fixed asset improvements	Total
Provision for impairment						
Opening balance	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Carrying amount						
At end of year	311,632,213.61	107,629,452.54	26,989,347.70	103,443,337.94	408,212.50	550,102,564.29
At beginning of the year	307,041,855.99	110,151,503.81	28,778,017.69	104,592,441.18	1,146,615.35	551,710,434.02

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

12. Fixed assets (Continued)

(a) Fixed assets held under finance leases are presented as follows:

2018

	Original cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery	25,065,579.83	8,994,037.20	-	16,071,542.63

(b) Fixed assets without official property right certificates

Items	Carrying amount	Reason for outstanding property right certificates
Buildings	27,867,743.48	In the process

(c) As at 30 June 2018, there were no fixed assets that were leased under operating leases.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

13. Construction in progress

	30 June 2018			31 December 2017		
	Carrying balance	Provision for impairment	Carrying amount	Carrying balance	Provision for impairment	Carrying amount
Warehouse improvement project	3,563,091.66	-	3,563,091.66	1,009,314.93	-	1,009,314.93
New office building project	1,056,812.98	-	1,056,812.98	765,882.63	-	765,882.63
Supply chain extension project	8,234,723.40	-	8,234,723.40	8,193,935.70	-	8,193,935.70
Software project	8,038,066.18	-	8,038,066.18	3,926,271.33	-	3,926,271.33
Other projects	9,913,179.89	-	9,913,179.89	9,051,854.40	-	9,051,854.40
	<u>30,805,874.11</u>	<u>-</u>	<u>30,805,874.11</u>	<u>22,947,258.99</u>	<u>-</u>	<u>22,947,258.99</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

13. Construction in progress (Continued)

(a) Changes of significant construction in progress

Changes of significant construction in progress in 2018 are presented as follows:

Project name	Budget	At beginning of the year	Increase	Decrease					At end of year	Source of funds	Proportion of investment to budget (%)
				Transferred to fixed assets	Transferred to intangible assets	Transfer to long term prepaid expense	Disposal of subsidiaries	Others			
Warehouse improvement project	6,808,651.57	1,009,314.93	3,919,831.35	-	-	-	-	1,366,054.62	3,563,091.66	Other	70.65%
New office building Project	1,410,920.18	765,882.63	290,930.35	-	-	-	-	-	1,056,812.98	Other	86.80%
Supply chain extension project	32,144,615.39	8,193,935.70	2,107,112.50	2,066,324.80	-	-	-	-	8,234,723.40	Other	87.41%
Software project	10,880,000.00	3,926,271.33	4,111,794.85	-	-	-	-	-	8,038,066.18	Other	30.00%
Other construction projects	207,890,962.32	9,051,854.40	1,939,425.82	-	-	-	-	1,078,100.33	9,913,179.89	Other	5.21%
	259,135,149.46	22,947,258.99	12,369,094.87	2,066,324.80	-	-	-	2,444,154.95	30,805,874.11	-	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

13. Construction in progress (Continued)

(a) Changes of significant construction in progress (Continued)

Project name	Budget	Progress (%)	Accumulated amount of interest capitalized	Incl: interest capitalized in current year	Capitalization rate (%)
Warehouse improvement project	6,808,651.57	70.65%	-	-	-
New office building project	1,410,920.18	86.80%	-	-	-
Supply chain extension project	32,144,615.39	87.41%	-	-	-
Software project	10,880,000.00	30.00%	-	-	-
Other construction projects	207,890,962.32	5.21%	-	-	-
	259,135,149.46	-	-	-	-

For the six month ended 30 June 2018, the original cost of construction in progress transferred to fixed assets amounted to RMB2,066,324.80 (For the six month ended 30 June 2017: RMB1,687,272.11), the original cost of construction in progress transferred to long term prepaid expense amounted to RMB2,444,154.95 (For the six month ended 30 June 2017: RMB14,725,268.66) and there is no construction in progress transferred to intangible assets (For the six month ended 30 June 2017: RMB15,395,443.32).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

14. Intangible assets

2018	Land use right	Software	Sales network	Trademarks	Franchise	Total
Original cost						
Opening balance	60,481,989.28	126,128,809.36	112,117,142.86	159,219,850.00	710,000.00	458,657,791.50
Purchase	-	1,925,352.60	-	-	-	1,925,352.60
Transfer from construction in progress	-	-	-	-	-	-
Transfer from investment properties	470,783.88	-	-	-	-	470,783.88
Disposal of subsidiaries	-	-	-	-	-	-
Transfer to investment properties	-	-	-	-	-	-
Transfer to long term prepaid expense	-	-	-	-	-	-
Disposal or retirement	1,210,000.00	-	-	-	-	1,210,000.00
Closing balance	59,742,773.16	128,054,161.96	112,117,142.86	159,219,850.00	710,000.00	459,843,927.98
Accumulated amortization						
Opening balance	26,667,841.47	55,408,075.33	35,086,476.18	15,033,967.64	710,000.00	132,906,360.62
Provision	288,177.06	6,268,956.05	2,802,928.57	2,472,852.94	-	11,832,914.62
Transfer from investment properties	287,874.74	-	-	-	-	287,874.74
Disposal of subsidiaries	-	-	-	-	-	-
Transfer to investment properties	-	-	-	-	-	-
Transfer to long term prepaid expense	-	-	-	-	-	-
Disposal or retirement	-	-	-	-	-	-
Closing balance	27,243,893.27	61,677,031.38	37,889,404.75	17,506,820.58	710,000.00	145,027,149.98

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

14. Intangible assets (Continued)

2018 (Continued)	Land use right	Software	Sales network	Trademarks	Franchise	Total
Provision for impairment						
Opening balance	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Carrying amount						
At end of the year	32,498,879.89	66,377,130.58	74,227,738.11	141,713,029.42	-	314,816,778.00
At beginning of the year	33,814,147.81	70,720,734.03	77,030,666.68	144,185,882.36	-	325,751,430.88

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

14. Intangible assets (Continued)

As at 30 June 2018, there were no intangible assets arising from internal research and development (30 June 2017: none)

As at 30 June 2018, intangible assets without the right certificates as below,

Items	Carrying amount	Reason for outstanding property right certificates
Land use right	4,000,000.00	In the process

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

15. Goodwill

(1) Goodwill cost

30 June 2018	Opening balance	Increase	Decrease	Closing balance
Jiangmen Renren Medical Co., Ltd. ("Sinopharm Jiangmen")	27,392,317.73	-	-	27,392,317.73
Sinopharm Holding Shenzhen Yanfeng Co., Ltd. ("Sinopharm Yanfeng")	16,868,644.87	-	-	16,868,644.87
Sinopharm Holding Zhaoqing Co., Ltd. ("Sinopharm Zhaoqing")	2,594,341.53	-	-	2,594,341.53
Sinopharm Holding Shaoguan Co., Ltd. ("Sinopharm Shaoguan")	1,686,496.80	-	-	1,686,496.80
Sinopharm Holding Meizhou Co., Ltd. ("Sinopharm Meizhou")	1,610,819.66	-	-	1,610,819.66
Sinopharm Holding Huizhou Co., Ltd. ("Sinopharm Huizhou")	923,184.67	-	-	923,184.67
Sinopharm Holding Zhanjiang Co., Ltd. ("Sinopharm Zhanjiang")	282,135.55	-	-	282,135.55
Sinopharm Holding Dongguan Co., Ltd. ("Sinopharm Dongguan")	1,499.02	-	-	1,499.02
South Pharma & Trade	2,755,680.62	-	-	2,755,680.62
Foshan Nanhai	88,877,850.51	-	-	88,877,850.51
Sinopharm Holding Zhuhai Co., Ltd. (Sinopharm Zhuhai)	6,772,561.47	-	-	6,772,561.47
Sinopharm Holding Maoming Co., Ltd. ("Sinopharm Maoming")	66,417.07	-	-	66,417.07
Sinopharm Holding Guoda ForMe Medicines (Shanghai) Co., Ltd. ("ForMe Medicines")	3,033,547.53	-	-	3,033,547.53
Sinopharm Holding Guoda ForMe Pharmacy Chain Store Co., Ltd. ("ForMe Pharmacy Chain Store")	19,405,450.23	-	-	19,405,450.23
Sinopharm Holding Guoda Shanxi Yiyuan Pharmacy Chain Store Co., Ltd.	9,080,100.00	-	-	9,080,100.00
Sinopharm Holding Guoda Yangzhou Dadasheng Pharmacy Chain Store Co., Ltd.	7,979,000.00	-	-	7,979,000.00
Zhejiang Guoda Pharmacy Co., Ltd.	3,045,183.85	-	-	3,045,183.85
Guoda Shenyang Tianyitang Pharmacy Chain	1,687,942.92	-	-	1,687,942.92
Sinopharm Holding Guoda Shenyang Pharmacy Chain Store Co., Ltd.	39,360,015.16	-	-	39,360,015.16
Sinopharm Holding Guoda Nanjing Pharmacy Chain Store Co., Ltd.	11,598,341.12	-	-	11,598,341.12
Sinopharm Holding Guoda Shandong Pharmacy Chain Store Co., Ltd.	29,110,409.46	-	-	29,110,409.46
Quanzhou Guoda Pharmacy Chain Store Co., Ltd.	41,298,622.59	-	-	41,298,622.59
Shanxi Guoda Wanmin Pharmacy Chain Store Co., Ltd.	65,025,000.00	-	-	65,025,000.00
Sinopharm Holding Hunan Guoda Minshengtang Pharmacy Chain Co., Ltd.	41,165,574.64	-	-	41,165,574.64
Liyang Guoda People Pharmacy Chain Store Co., Ltd.	107,275,095.74	-	-	107,275,095.74

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

15. Goodwill (Continued)

(1) Goodwill cost (Continued)

30 June 2018 (Continued)	Opening balance	Increase Business combination not involving enterprises under common control	Decrease Disposal	Closing balance
Sinopharm Holding Guoda Henan Pharmacy Chain Store Co., Ltd.	22,666,179.77	-	-	22,666,179.77
Sinopharm Holding Guoda Neimenggu Pharmacy Chain Store Co., Ltd.	70,485,777.00	-	-	70,485,777.00
Sinopharm Guoda Pharmacy Jiangmen Chain Co., Ltd.	77,350,000.00	-	-	77,350,000.00
Fujian Guoda Pharmacy Chain Store Co., Ltd.	1,567,250.76	-	-	1,567,250.76
Sinopharm Holding Guoda Pharmacy Chain Store Shanghai Co., Ltd.	5,028,638.00	-	-	5,028,638.00
Beijing Golden Elephant Pharmacy Medicine Chain Company Limited ("Beijing Golden Elephant")	63,546,507.81	-	-	63,546,507.81
Beijing Yangqiao Rongzhi Golden Elephant Pharmacy Company Limited	593,616.55	-	-	593,616.55
Xiaoyi Guoda Wanmin Baicaotang Pharmacy Chain Store Co., Ltd. ("Xiaoyi Wanmin")	15,866,680.00	-	-	15,866,680.00
Shijiazhuang Lerentang Yikang Pharmacy Chain Store Co., Ltd. ("Hebei Yikang")	29,482,149.57	-	-	29,482,149.57
Shenzhen Guanganli Pharmacy Chain Store Co., Ltd. store acquisition	13,420,000.00	-	-	13,420,000.00
Guoda Taishan	26,826,120.55	-	-	26,826,120.55
	<u>855,729,152.75</u>	<u>-</u>	<u>-</u>	<u>855,729,152.75</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

15. Goodwill (Continued)

(2) Provision of impairment loss

Changes in provision for impairment of goodwill are presented as follows:

2018	Opening balance	Increase	Decrease	Closing balance
Quanzhou Guoda Pharmacy Chain Store Co., Ltd.	25,000,000.00	-	-	25,000,000.00

The method of goodwill impairment testing process, parameter and recognition of impairment loss:

The recoverable amount of asset groups and groups of asset groups is calculated by using the estimated cash flows according to the five-year budget approved by management. Management determines budgeted gross margin based on historical experience and forecast on market development. The discount rates determined by management are the pre-tax interest rates which reflect the risks specific to the related asset groups and groups of asset groups. The above assumptions are used to assess the recoverable amount of each asset group and group of asset groups within the corresponding operating segment.

16. Long-term prepaid expenses

2018	Opening balance	Additions	Amortization	Other decrease	Closing balance
Fixed asset improvement expenditure	199,209,837.80	47,172,150.82	37,044,188.47	1,059,643.27	208,278,156.88
Acquisition expenditure to obtain the right to operate	49,013,331.48	4,191,488.00	3,801,140.68	-	49,403,678.80
Others	4,023,881.51	161,478.68	792,968.47	-	3,392,391.72
	252,247,050.79	51,525,117.50	41,638,297.62	1,059,643.27	261,074,227.40

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

17. Deferred tax assets/liabilities

(a) Deferred tax assets before offsetting

	30 June 2018		31 December 2017	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	65,649,831.79	15,142,434.13	66,273,264.14	16,274,860.36
Deductible tax loss	92,143,605.37	22,824,595.10	115,556,647.93	28,705,915.53
Accrued payroll	38,401,349.70	9,046,959.71	60,250,524.89	14,540,506.81
Accrued expenses	83,904,219.01	20,394,682.93	47,994,796.55	11,141,862.66
Deferred revenue	29,041,585.51	7,198,990.94	30,837,426.91	7,540,824.20
Others	6,946,672.66	1,462,475.52	5,424,788.24	1,268,913.50
	<u>316,087,264.04</u>	<u>76,070,138.33</u>	<u>326,337,448.66</u>	<u>79,472,883.06</u>

(b) Deferred tax liabilities before offsetting

	30 June 2018		31 December 2017	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Fair value adjustment for business combination not involving enterprises under common control	233,836,821.08	58,459,205.27	239,773,296.84	59,943,324.20
Changes in fair value	45,620,230.45	11,405,057.61	53,300,601.31	11,939,928.82
	<u>279,457,051.53</u>	<u>69,864,262.88</u>	<u>293,073,898.15</u>	<u>71,883,253.02</u>

Deferred tax assets and liabilities are presented after being offset against each other:

	30 June 2018		31 December 2017	
	Deferred tax assets/liabilities - Net	Temporary differences after set-off	Deferred tax assets/liabilities - Net	Temporary differences after set-off
Deferred tax assets		<u>76,070,138.33</u>		<u>79,472,883.06</u>
Deferred tax liabilities		<u>69,864,262.88</u>		<u>71,883,253.02</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

17. Deferred tax assets/liabilities (Continued)

- (c) The deductible temporary differences and deductible losses that were not recognized as deferred tax assets are presented as follows:

	30 June 2018	31 December 2017
Deductible temporary differences	886,927.95	1,480,000.00
Deductible loss (i)	<u>21,759,547.45</u>	<u>21,759,547.45</u>
	<u>22,646,475.40</u>	<u>23,239,547.45</u>

- (i) For those loss-making subsidiaries, as it is not considered probable that taxable profit will be available against which the tax losses can be utilized, the Group has not recognized deferred tax assets arising from accumulated losses amounting to RMB21,759,547.45 which are tax deductible under the tax law.

The aforesaid unrecognized deductible losses will due:

	30 June 2018	31 December 2017
2018	2,970,715.21	2,970,715.21
2019	3,159,690.78	3,159,690.78
2020	4,835,260.23	4,835,260.23
2021	2,641,220.49	2,641,220.49
2022	<u>8,152,660.74</u>	<u>8,152,660.74</u>
	<u>21,759,547.45</u>	<u>21,759,547.45</u>

(note) As some subsidiaries are still making loss, and it's uncertainty that the loss-making subsidiaries can obtain enough taxable income to offset against the loss in the future. So the group do not recognised deferred tax assets which came from the deductible loss of RMB 21,759,547.45 .

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

18. Other non-current assets

	30 June 2018	31 December 2017
Prepayment for investment (Note 1)	60,000,000.00	60,000,000.00
Physical assets reserve specifically authorized	43,002,651.70	45,074,249.27
Prepayment for a rental fee (Note 2)	13,728,510.39	17,506,780.28
Prepayment for project and equipment	13,495,723.15	19,441,433.20
	<u>130,226,885.24</u>	<u>142,022,462.75</u>

Note 1 On March 2017, the Group subscribed to Sinopharm Zhongjin medical industry fund, as its limited partner. The total investment which amounted to RMB200 million, will be paid within 3 years gradually. The total amount paid until now was 30% of the total investment which was RMB60 million. The amount which should be paid in current year have not been settled.

Note 2: The prepayment for a rental fee which is over one year is recognized at other non-current assets for the Group.

19. Short-term borrowings

	30 June 2018	31 December 2017
Credit borrowings	1,841,257,752.04	1,413,638,993.97
Discounted notes	209,881,899.63	147,715,527.67
	<u>2,051,139,651.67</u>	<u>1,561,354,521.64</u>

As at 30 June 2018, the annual interest rate for the above borrowings was 4.65% (31 December 2017: 4.34%).

As at 30 June 2018, credit borrowings of RMB1,423,611,601.11 were guaranteed by the Company and its subsidiaries (31 December 2017: credit borrowings of RMB1,156,302,581.02 were guaranteed by the Company and its subsidiaries.), guaranteed borrowings of RMB122,986,581.52 (31 December 2017: RMB147,715,527.67) were guaranteed by Sinopharm Group.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

20. Notes payable

	30 June 2018	31 December 2017
Commercial acceptance notes	40,893,576.65	60,129,565.95
Bank acceptance notes	<u>2,332,734,564.21</u>	<u>2,672,308,262.47</u>
	<u>2,373,628,140.86</u>	<u>2,732,437,828.42</u>

At 30 June 2018, balance of notes payable at maturity was RMB0.00. (31 December 2017: RMB 19,900.00).

21. Accounts payable

	30 June 2018	31 December 2017
Trade payables	<u>7,230,024,480.35</u>	<u>6,144,221,000.10</u>

At 30 June 2018, the total amount of accounts payable aged over one year was RMB391,213,598.73(31 December 2017: RMB269,295,585.18), and the payment has not yet been cleared.

22. Advances from customers

	30 June 2018	31 December 2017
Sales received in advance	<u>178,425,087.30</u>	<u>216,938,239.32</u>

At 30 June 2018, the total amount of accounts payable aged over one year was RMB3,598,442.48(31 December 2017: RMB16,618,324.72).

23. Employee benefits payable

2018	At beginning of the year	Increase	Decrease	At end of the year
Short-term employee benefits (a)	209,320,163.70	828,379,586.12	897,398,633.92	140,301,115.90
Post-employment benefits (defined contribution plan)(b)	5,596,277.12	83,185,725.88	78,979,669.66	9,802,333.34
Termination benefits (c)	<u>740,085.72</u>	<u>587,663.14</u>	<u>745,755.84</u>	<u>581,993.02</u>
	<u>215,656,526.54</u>	<u>912,152,975.14</u>	<u>977,124,059.42</u>	<u>150,685,442.26</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

23. Employee benefits payable (Continued)

(a) Short-term employee benefits

2018	At beginning of year	Increase	Decrease	At end of year
Salaries, bonuses, allowances and grants	193,078,506.49	721,571,753.11	790,541,221.26	124,109,038.34
Staff welfare	2,602,805.92	21,451,963.99	22,876,399.30	1,178,370.61
Social security contribution	1,363,649.32	41,911,740.91	40,873,381.07	2,402,009.16
Incl: Medical insurance	1,130,984.41	37,059,846.24	36,185,027.55	2,005,803.10
Work injury insurance	10,541.55	1,788,839.75	1,680,745.39	118,635.91
Maternity insurance	222,123.36	3,063,054.92	3,007,608.13	277,570.15
Housing funds	929,089.33	28,300,167.29	28,485,275.01	743,981.61
Labor union funds and employee education funds	10,178,562.87	14,254,035.42	13,705,147.37	10,727,450.92
Other short-term benefits	1,167,549.77	889,925.40	917,209.91	1,140,265.26
Total	209,320,163.70	828,379,586.12	897,398,633.92	140,301,115.90

(b) Defined contribution plan

2018	At beginning of year	Increase	Decrease	At end of year
Basic pension insurance	1,739,623.34	79,178,966.66	76,578,569.12	4,340,020.88
Unemployment insurance	221,831.21	2,274,056.40	2,062,541.82	433,345.79
Contribution to pension fund	3,634,822.57	1,732,702.82	338,558.72	5,028,966.67
	5,596,277.12	83,185,725.88	78,979,669.66	9,802,333.34

Note:

For half year of 2018, the Group provided other termination benefits for severing labor relations of RMB69,075.00 (2017: RMB117,149.03).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

24. Tax payable

	30 June 2018	31 December 2017
Value-added tax	82,014,625.51	85,843,903.33
Corporate Income taxes	100,059,775.47	102,947,883.38
Individual income tax payable	11,467,041.74	3,921,305.41
City maintenance and construction surtax	7,179,360.17	6,691,713.89
Educational surcharge payable	5,219,506.77	4,862,588.43
Water conservancy fund payable	5,216,011.64	5,356,119.89
Stamp duty	3,350,847.10	4,166,596.91
Property tax	811,622.69	971,268.99
Land use tax payable	187,073.98	513,790.48
Others	7,845,865.69	8,477,729.53
	<u>223,351,730.76</u>	<u>223,752,900.24</u>

25. Interest payable

	30 June 2018	31 December 2017
Interest payable		
- interest on long-term borrowings	35,440.24	38,984.28
- interest on short-term borrowings	10,316,727.99	6,968,878.69
Factoring interest payable	10,856.93	-
Interest payable to former shareholder	15,188.75	303,956.68
	<u>10,378,213.91</u>	<u>7,311,819.65</u>

26. Dividend payable

	30 June 2018	31 December 2017
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	4,835,511.58	4,835,511.58
Luqi Zhong	1,853,188.06	4,103,188.06
Lunan Zhong	345,928.44	765,928.44
Xiangjun Zhong	271,800.92	601,800.92
Meiluo Pharmaceutical Co., Ltd.	164,170.07	164,170.07
Ganyin Bai	29,204.73	29,204.73
Zhenfang Zhang	1,389,639.31	1,389,639.31
	<u>8,889,443.11</u>	<u>11,889,443.11</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

27. Other payables

	30 June 2018	31 December 2017
Payables for factoring programs	305,380,394.63	388,729,758.59
Deposit	231,443,810.46	129,662,851.39
Payables arising from acquisition of subsidiaries	80,432,813.17	109,445,960.00
Payables for construction in progress and equipment	50,543,206.13	98,293,860.11
Accrued selling and distribution expenses	128,398,461.81	96,065,832.84
Payables to individuals	49,879,370.07	34,316,089.64
Payables for rentals	13,320,632.62	27,766,119.66
Payables for land transfer payments	18,071,000.00	18,071,000.00
Payables to related parties	20,450,723.24	15,817,669.33
Temporary loan	15,800,000.00	15,800,000.00
Collection of others	18,182,500.61	8,430,347.08
Others	92,273,791.37	68,728,908.62
	<u>1,024,176,704.11</u>	<u>1,011,128,397.26</u>

At 30 June 2018, other payables due within 1 year amounted to RMB 184,112,776.75(31 December 2017: RMB 136,676,639.91). It is mainly consisted of construction cost payable, company borrowings payable, deposits and etc.

28. Non-current liabilities due within 1 year

	30 June 2018	31 December 2017
Finance lease payables	<u>5,651,227.56</u>	<u>5,434,770.70</u>
	<u>5,651,227.56</u>	<u>5,434,770.70</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

29. Other current liabilities

	30 June 2018	31 December 2017
Output VAT to be recognized	<u>114,239.45</u>	<u>112,817.65</u>

30. Long-term borrowings

	30 June 2018	31 December 2017
Credit borrowings (a)	<u>31,600,000.00</u>	<u>31,600,000.00</u>
	<u>31,600,000.00</u>	<u>31,600,000.00</u>

(a) At 30 June 2018, the entrusted borrowings of RMB31,600,000.00 were provided by Sinopharm Group through Group Financial Co.

At 30 June 2018, the annual interest rate of above-mentioned borrowings was 4.04% (31 December 2017: 4.40%).

31. Long-term payables

	30 June 2018	31 December 2017
Finance lease payables	12,255,803.40	14,767,307.84
Less: due within one year	<u>(5,651,227.56)</u>	<u>(5,434,770.70)</u>
	<u>6,604,575.84</u>	<u>9,332,537.14</u>

32. Long-term employee benefits payable

	30 June 2018	31 December 2017
Early retirement benefits payable	1,636,000.00	1,777,000.00
Less: Retirement benefits payable – within 1 year (Note V (24)(c))	<u>-</u>	<u>-</u>
	<u>1,636,000.00</u>	<u>1,777,000.00</u>

33. Payable for specific projects

2018	At beginning of year	Increase	Decrease	At end of year
Special funds granted by government	<u>800,000.00</u>	<u>-</u>	<u>-</u>	<u>800,000.00</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

34. Deferred income

2018	Opening balance	Increase	Decrease	Closing balance	Reasons of derred income
Government grants	96,725,183.34	-	2,663,153.60	94,062,029.74	Government grants
Promotion Rewards Program	28,357,189.19	1,189,038.59	1,612,877.41	27,933,350.37	The fair value of promotion rewards
	<u>125,082,372.53</u>	<u>1,189,038.59</u>	<u>4,276,031.01</u>	<u>121,995,380.11</u>	

As at 30 June 2018, deferred income from government grants are as follow:

Government grants program	Opening balance	Addition in the year	Amount included in non-operating income in the year	Amount included in other income in the year	Closing balance	Asset related/ income related
Resettlement Compensation (i)	78,253,849.73	-	1,349,204.28	-	76,904,645.45	Asset related
Guangxi Logistics Project	6,949,832.98	-	-	248,203.20	6,701,629.78	Asset related
Logistics standardization project	3,361,259.39	-	-	273,123.42	3,088,135.97	Asset related
A comprehensive experimental modern service industry subsidies	1,800,000.00	-	-	150,000.00	1,650,000.00	Asset related
Shared Logistics Center (completed)	270,858.75	-	-	9,400.20	261,458.55	Asset related
Other projects	<u>6,089,382.49</u>	-	-	<u>633,222.50</u>	<u>5,456,159.99</u>	income related
	<u>96,725,183.34</u>	-	<u>1,349,204.28</u>	<u>1,313,949.32</u>	<u>94,062,029.74</u>	

Due to the implementation of urban planning for old town reconstruction in Nanning, the operating center of Guangxi Logistics which was located in Longteng Road District, Nanning City, was to be reconstructed in another place. According to the agreement signed between Guangxi Logistics and the real estate developer, Guangxi Logistics would obtain a compensation of RMB120,250,000.00, including cash of RMB50,000,000.00 and property in constructing equaling a value of RMB70,250,000.00. Cash compensation of RMB 50,000,000.00 was received in May 2012. In year 2015, construction properties with a value of RMB70,250,000.00 were built and delivered, and had been recognized as investment properties (Note V (18)).

The compensation relating the capital expenditure in the reconstruction of the new logistic center in another place, amounting to RMB93.32 million was recognized as deferred revenue, and would be amortized and recognized in the income statement within the expected useful lives using the straight line method (Note V(71)), and the other cash compensation, which amount approximates to RMB26.93 million, was recognized in the income statement in 2012.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

35. Other non-current liabilities

	30 June 2018	31 December 2017
Governmental medical reserve funds	45,427,343.31	45,427,343.31

Certain medical reserves funds were received by the Group from the PRC government and local government for purchasing medical products (including medicines) required to respond to serious disasters, epidemics and other emergencies.

36. Share capital

2018	At beginning of year	At end of year
Shares	428,126,983.00	428,126,983.00

37. Capital surplus

2018	At beginning of year	Increase	Decrease	At end of year
Share premium	2,118,174,787.27	-	-	2,118,174,787.27
Significant reorganization Transition reserves from investments in associates reclassified from capital surplus to other comprehensive income	1,173,907,763.19	-	-	1,173,907,763.19
Transfer of capital surplus recognized under the previous accounting system	2,020,250.22	-	-	2,020,250.22
	2,650,322.00	-	-	2,650,322.00
Others	(115,324,057.69)	397,342.21	-	(114,926,715.48)
	3,181,429,064.99	397,342.21	-	3,181,826,407.20

Capital surplus-others increased by RMB397,342.21 when other changes in equity of Modern Pharmaceutical resulted in adjustment of long-term equity investment and an increase of capital surplus by RMB397,342.21.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

38. Surplus reserve

	At beginning of year	Increase	Decrease	At end of year
Surplus reserve	214,063,491.50	-	-	214,063,491.50
	214,063,491.50	-	-	214,063,491.50

39. Retained earnings

	30 June 2018	31 December 2017
Retained earnings at the end of the prior year	5,572,952,806.39	4,689,189,642.51
A business combination involving enterprises under common control	-	1,076,241.59
Retained earnings at beginning of year after retrospective adjustment and restatement	5,572,952,806.39	4,690,265,884.10
Add: Net profit attributable to the parent	641,727,034.93	1,057,791,930.67
Deduct: Withdrew surplus reserve	-	(32,747,520.00)
Ordinary share cash dividends payable	(128,438,094.90)	(141,281,904.39)
Others	-	(1,075,583.99)
Retained earnings at end of year	6,086,241,746.42	5,572,952,806.39

40. Operating revenue and cost

	For the six months ended 30 June 2018		For the six months ended 30 June 2017	
	Revenue	Cost	Revenue	Cost
main operations	20,606,027,974.57	18,355,002,752.42	20,372,097,755.35	18,352,591,276.82
Other operating	173,138,725.10	12,640,971.42	152,709,914.22	11,443,174.01
	20,779,166,699.67	18,367,643,723.84	20,524,807,669.57	18,364,034,450.83

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

41. Tax and surcharges

	For the six month ended 30 June 2018	For the six month ended 30 June 2017
City maintenance and construction tax	22,352,680.77	24,931,171.70
Educational surcharge	16,112,625.97	18,243,233.02
Property tax	3,075,856.41	3,345,273.43
Land tax	245,070.74	172,937.56
Vehicle and vessel use tax	98,966.20	98,180.93
Stamp duty	14,200,426.96	14,569,034.12
Others	534,900.20	1,825,790.10
	<u>56,620,527.25</u>	<u>63,185,620.86</u>

42. Selling expenses

	For the six month ended 30 June 2018	For the six month ended 30 June 2017
Employees payroll and welfare benefits	659,176,548.69	582,798,944.53
Rental expenses	322,805,173.33	285,053,247.11
Transportation charges	33,086,676.72	29,416,679.32
Depreciation expenses	26,125,384.59	21,860,957.80
Promotion and marketing expenses	18,454,328.54	16,881,877.36
Office allowances	16,283,197.98	15,153,489.34
Entertainment expenses	11,357,532.12	11,158,406.02
Storage expenses	14,866,861.14	23,155,581.32
Travel allowances	3,415,890.36	3,425,411.69
Market development fees	3,255,084.76	250,938.26
Conference expenses	1,654,991.62	2,800,521.29
Others	163,107,086.22	118,490,884.13
	<u>1,273,588,756.07</u>	<u>1,110,446,938.17</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

43. Administrative expenses

	For the six month ended 30 June 2018	For the six month ended 30 June 2017
Employees payroll and welfare benefits	248,803,724.84	237,320,475.09
Rental expenses	18,347,245.83	17,030,347.32
Depreciation expenses	12,732,380.45	14,130,107.15
Office allowances	11,877,499.56	13,498,455.92
Amortization of intangible assets	8,272,613.85	7,873,617.35
Entertainment expenses	6,428,775.38	5,878,571.05
Amortization of long-term deferred expenses	4,518,905.10	4,478,646.05
Vehicle management expenses	4,435,451.82	4,100,271.65
Travel allowances	4,323,679.13	3,538,432.83
Utilities	2,713,666.76	3,714,057.62
Taxations	2,241,415.79	4,087,147.80
Conference expenses	2,059,875.35	718,993.59
Repairing fees	1,624,550.73	1,665,071.14
Others	23,440,279.19	22,601,856.55
	<u>351,820,063.78</u>	<u>340,636,051.11</u>

44. Finance costs

	For the six month ended 30 June 2018	For the six month ended 30 June 2017
Interest expenses	83,356,367.18	59,569,071.77
Less: Interest income	(23,082,233.56)	(17,460,371.42)
Cash discount	(21,542,580.44)	(13,655,314.59)
Exchanges loss/(gain)	329,665.40	(283,622.22)
Others	18,480,325.74	16,329,015.22
	<u>57,541,544.32</u>	<u>44,498,778.76</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

45. Impairment loss

	For the six month ended 30 June 2018	For the six month ended 30 June 2017
Inventories provision	508,849.26	(836,741.23)
Bad debt allowance	(1,026,702.24)	933,498.39
Impairment in fixed assets	-	-
Impairment in goodwill	-	-
	<u>(517,852.98)</u>	<u>96,757.16</u>

46. Investment income

	For the six month ended 30 June 2018	For the six month ended 30 June 2017
Investment income from long-term equity investments under the equity method	162,662,271.35	146,775,417.29
Investment income from disposal of subsidiaries	-	-
Gain from remeasurement of fair value of remaining equity interest upon loss of control	-	-
Investment income from available-for-sale financial assets	31,500.00	50,000.00
Remeasurement loss of fair value when achieved subsidiary in stages	-	(99,377.39)
	<u>162,693,771.35</u>	<u>146,726,039.90</u>

47. Gain on disposal of assets

	For the six month ended 30 June 2018	For the six month ended 30 June 2017
Gain on disposal of fixed assets	389,144.70	554,192.50
Gain on disposal of intangible assets	3,892,019.91	-
Gain on disposal of other non-current assets	-	(69,106.84)
	<u>4,281,164.61</u>	<u>485,085.66</u>

48. Other income

	For the six month ended 30 June 2018	For the six month ended 30 June 2017
Government grants related to daily activities	<u>10,589,212.57</u>	<u>7,958,493.67</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

49. Non-operating income

	For the six month ended 30 June 2018	For the six month ended 30 June 2017	Amount classified as non-recurring profit or loss
Government grants (Note a)	1,349,204.28	1,349,204.28	1,349,204.28
Gain on disposal of non-current assets	2,303.00	1,363.70	2,303.00
Incl: Gain on disposal of fixed assets	-	-	-
Gain from writing off the unnecessary payment	2,898,512.62	2,249,156.84	2,898,512.62
Gain arising from donation	-	-	-
Others	1,248,931.21	2,456,418.01	1,248,931.21
	<u>5,498,951.11</u>	<u>6,056,142.83</u>	<u>5,498,951.11</u>

All non-operating income was wholly classified as non-recurring profit or loss for the six month ended

Note a:

Government grants which was recorded in profit or loss are as follow:

	For the six month ended 30 June 2018	For the six month ended 30 June 2017	Related to asset/income
Resettlement Compensation of Guangxi Logistics	<u>1,349,204.28</u>	<u>1,349,204.28</u>	Asset related

50. Non-operating expenses

	For the six month ended 30 June 2018	For the six month ended 30 June 2017	Amount classified as non-recurring profit or loss
Donation expenses	60,000.00	59,900.00	60,000.00
Losses on disposal of non-current assets	28,525.01	284,142.93	28,525.01
Incl: Losses on disposal of fixed assets	8,300.35	284,142.93	8,300.35
Penalty expenses	1,194,388.28	1,925,449.66	1,194,388.28
Others	514,379.51	1,290,495.50	514,379.51
	<u>1,797,292.80</u>	<u>3,559,988.09</u>	<u>1,797,292.80</u>

Non-operating cost was wholly classified as non-recurring profit or loss for the six month ended 30 June 2018.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

51. Income taxes

	For the six month ended 30 June 2018	For the six month ended 30 June 2017
Current income tax	163,102,979.73	162,853,639.57
Deferred income tax	1,383,754.59	(2,812,531.94)
	<u>164,486,734.32</u>	<u>160,041,107.63</u>

The reconciliation from income tax calculated based on applicable tax rates and total profit presented in the consolidated financial statements to the income taxes is listed below:

	For the six month ended 30 June 2018
Total profit	<u>853,735,744.23</u>
Income taxes calculated at applicable tax rates	213,433,936.06
Lower tax rates enacted by local authorities	(12,404,268.99)
Adjustment of income tax expense of previous year	(799,186.91)
Income not subject to tax	(40,673,442.84)
Expenses not deductible for tax	4,061,292.94
Utilization of previously unrecognized tax losses	16,701.91
Deductible loss on unconfirmed deferred tax assets at end of the year	951,711.58
Impact of the temporary discrepancy on unconfirmed deductible deferred tax assets at end of the year	(100,009.43)
Income tax	<u>164,486,734.32</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

52. Notes to items in the cash flow statement

(a) Cash receipts related to other operating activities

	2018	2017
Government grants except tax return	10,345,223.64	1,349,204.28
Rent income	37,793,728.50	28,140,527.98
Operational restricted bank deposits received	88,156,799.79	4,067,748.35
Interest income	22,642,258.30	17,412,415.01
Others	153,046,777.37	47,052,933.05
	<u>311,984,787.60</u>	<u>98,022,828.67</u>

(b) Cash paid relating to other operating activities

	2018	2017
Rental expenses	341,152,419.16	302,083,594.43
Entertainment expenses	17,786,307.50	17,036,977.07
Shipping expenses	33,086,676.72	29,416,679.32
Travel expenses	7,739,569.49	6,963,844.52
Storage expenses	14,866,861.14	23,155,581.32
Office expenses	28,160,697.54	28,651,945.26
Advertising expenses	18,454,328.54	16,881,877.36
Others	377,222,116.67	222,065,660.72
	<u>838,468,976.76</u>	<u>646,256,160.00</u>

(c) Cash received relating to other investing activities

	2018	2017
Received Entrusted loan payments from Zhijun Suzhou	44,000,000.00	-
Received funds of acquiring Sinopharm Guangzhou Huadu	4,680,000.00	-
Received deposits returned by Shyndec	-	75,259,200.00
Others	86,145.15	11,768,140.19
	<u>48,766,145.15</u>	<u>87,027,340.19</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

52. Notes to items in cash flow statement (Continued)

(d) Cash paid relating to other investing activities

	2018	2017
Entrusted loan payments to Zhijun Suzhou	43,999,800.00	44,000,000.00
Others	-	26,175,078.90
	<u>43,999,800.00</u>	<u>70,175,078.90</u>

(e) Cash received relating to other financing activities

	2018	2017
Received bank factoring money	-	59,676,813.84
Received security deposit of pledged borrowings	79,825,164.60	31,255,582.91
Others	3,920,000.00	-
	<u>83,745,164.60</u>	<u>90,932,396.75</u>

(f) Cash payments relating to other financing activities

	2018	2017
Repayment of bank factoring	64,002,739.23	-
Cash paid for acquisition of non-controlling interests	54,722,980.00	158,996,642.00
Repayment of entrusted borrowings provided by Sinopharm Group	-	13,415,363.07
Others	-	6,579,569.60
	<u>118,725,719.23</u>	<u>178,991,574.67</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

53. Supplementary information of cash flow statement

(a) Reconciliation of net profit to cash flows from operating activities

	For the six month ended 30 June 2018	For the six month ended 30 June 2017
Net profit	689,249,009.91	599,533,739.02
Adjustments: Provision for asset impairment	(506,814.18)	422,321.11
Depreciation of fixed assets and investment properties	38,366,126.42	35,222,304.68
Amortization of intangible assets	11,832,914.62	12,273,709.34
Amortization of long-term prepaid expenses	41,638,297.62	31,374,523.14
Gains on disposal of fixed assets, and other non-current assets	(4,254,942.60)	(202,306.43)
Financial expenses	82,449,854.36	28,528,443.16
Investment income	(162,693,771.35)	(146,726,039.90)
Decrease/(increase) of deferred tax assets	3,402,744.73	(1,641,139.11)
Decrease of deferred tax liabilities	(2,018,990.14)	(2,666,680.74)
Decrease/(increase) of inventory	(463,324,117.97)	113,733,297.36
(Increase)/decrease in operating receivables items	(1,298,602,834.11)	(1,127,697,064.94)
Increase/(decrease) in operating payables items	1,170,553,090.12	596,195,867.27
Others	119,267,141.77	89,986,457.44
Net cash generated from operating activities	<u>225,357,709.20</u>	<u>228,337,431.40</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

53. Supplementary information of cashflow statement (Continued)

(c) Movement of cash

	For the six month ended 30 June 2018	For the six month ended 30 June 2017
Cash at end of year	3,592,715,787.37	3,024,190,631.97
Less: cash at beginning of year	<u>3,673,498,691.48</u>	<u>3,150,915,425.49</u>
Net increase in cash	<u>(80,782,904.11)</u>	<u>(126,724,793.52)</u>

(d) Acquisition of subsidiaries and operating units

	For the six month ended 30 June 2018	
Cash and cash equivalents paid for acquisitions of subsidiaries and other business units	16,380,000.00	
Incl: Sinopharm Zhuhai	-	
Sinopharm Guangzhou Huadu	16,380,000.00	
Maoming Yongsheng Medicines Co., Ltd. (Maoming Yongsheng)	-	
Less: Cash held by subsidiaries at the acquisition date	21,146,145.15	
Incl: Sinopharm Zhuhai	-	
Sinopharm Guangzhou Huadu	21,146,145.15	-
Maoming Yongsheng	-	
Net cash outflow on acquisition of the subsidiaries and business units	<u>(4,766,145.15)</u>	

(e) Cash

	30 June 2018	31 December 2017
Cash	3,592,715,787.37	3,673,498,691.48
Incl: Cash on hand	3,721,460.75	6,208,674.32
Bank deposits on demand	<u>3,588,994,326.62</u>	<u>3,667,290,017.16</u>
Ending balance cash and cash equivalent	<u>3,592,715,787.37</u>	<u>3,673,498,691.48</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

54. Notes to changes in shareholders' equity

Capital surplus-others increased by RMB397,342.21 when other changes in equity of Modern Pharmaceutical resulted in adjustment of long-term equity investment and an increase of capital surplus by RMB397,342.21.

55. Assets under restricted ownership or right to use

	Book value	Reasons
Cash and cash equivalents	350,879,773.21	Deposits of bank acceptance notes, depositis for letter of credit
Notes receivables	209,881,899.63	Notes receivable endorsed but not due, notes receivable discounted but not due.
	<u>560,761,672.84</u>	

56. Foreign monetary items

	30 June 2018		
	Original currency	Exchange rate	Equivalent to RMB
Short-term borrowings	10,000.00	6.3978	63,978.00
US dollar	10,000.00	6.3978	63,978.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

VI. Changes in the scope of consolidation

1. Business combination not involving enterprises under common control

(1) Business combination not involving enterprises under common control during the current period

Name of the entity acquired	Equity acquisition date	Equity acquisition cost	Equity acquisition ratio	Equity acquisition method	Date of acquisition	Basis for determining the acquisition date	Revenue of the entity acquired from the acquisition date to the end of period	Net income of the entity acquired from the acquisition date to the end of period
Sinopharm Holding Guangzhou Huadu Co., Ltd.	Apr.26 th 2018	16,380,000.00	70.00%	Cash	Apr.30 th 2018	Acquisition of controlling interest	0.00	(415,654.72)

Other information:

In April 2018, the Group increased capital in Guangzhou Honoka red Pharmaceutical Co., Ltd. to 70% for RMB 16,380,000.00 to constitute a business combination involving enterprises not under common control. After the increase of capital, Guangzhou Honoka red Pharmaceutical Co., Ltd. changed its name to Sinopharm Holding Guangzhou Huadu Co., Ltd.. The acquisition was completed on April 30th 2018 and included in the consolidation scope of the company.

(2) Cost of combination and Goodwill

	Sinopharm Holding Guangzhou Huadu Co., Ltd.
Cost of combination	
Cash	16,380,000.00
Total cost of combination	16,380,000.00
Less: Fair value shares of identifiable net assets obtained	16,380,729.29
The amount of Goodwill / Cost of combination less than fair value shares of identifiable net assets obtained	(729.29)

Illustration for the method of determining fair value of the cost of combination and for contingent consideration and its variation:

Fair value of the cost of combination is determined by the consideration actually paid.

(3) Identifiable assets and liabilities of the acquired entity on the acquisition date

	Sinopharm Holding Guangzhou Huadu Co., Ltd.	
	Fair value	Carrying amount
Cash and bank balances	16,466,145.15	16,466,145.15
Accounts receivable	8,111,461.42	8,111,461.42
Advances to suppliers	2,140,000.00	2,140,000.00
Other receivables	1,751,932.93	1,751,932.93
Accounts payable	244,940.00	244,940.00
Tax payables	1,341,300.52	1,341,300.52
Other payables	24,587,265.45	24,587,265.45
Net assets	2,296,033.53	2,296,033.53

Method of determining fair value of the identifiable assets and liabilities:
Determined by valuation price.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

VI. Changes in scope of consolidation (Continued)

2. Changes in scope of consolidation for other reasons

Establishment of subsidiaries:

	30 June 2018 Net assets	30 June 2018 Net profits	Remarks
Sinopharm Holding Guoda Haohai Pharmacy Co., Ltd. (a)	-	-	New establishment
Sinopharm Holding Foshan Medical Consumables Supply Chain Co., Ltd. (b)	7,994,832.20	(5,167.80)	New establishment
Sinopharm Holding Medical Supply Chain Services (Guangxi) Co., Ltd. (c)	19,583,025.78	(416,974.22)	New establishment
Sinopharm Holding Baiyi Pharmacy Guangxi Co., Ltd. (d)	1,938,956.56	(61,043.44)	New establishment
a. On 18 January 2018, the Group and Shanghai Linhong Medical Equipment Co., Ltd. set up Sinopharm Holding Guoda Haohai Pharmacy Co., Ltd. registered capital subscribed RMB 408,000.00 and RMB 392,000.00 respectively. As of 30 June 2018, funding has not yet been completed.			
b. On 30 January 2018, the Group and Shenzhen Qingniu Medical Investment Co., Ltd. set up Sinopharm Holding Foshan Medical Consumables Supply Chain Co., Ltd., subscription of registered capital of RMB 8,000,000.00 for which the Group has indirect holding of 70%.			
c. On 4 January 2018, the Group, Guorun Medical Supply Chain Service (Shanghai) Co., Ltd. and Guangxi Deyiyuan Medical Investment Center (Limited Partnership) set up Sinopharm Holding Medical Supply Chain Services (Guangxi) Co., Ltd., registered capital subscribed RMB6,120,000.00, RMB5,880,000.00 and RMB8,000,000.00 respectively. As of 30 June 2018, fundings of RMB3,060,000.00, RMB2,940,000.00 and RMB4,000,000.00 has been completed respectively.			
d. On 24 April 2018, the Group and Baise Jian'an Medical Chain Co., Ltd. set up Sinopharm Holding Baiyi Pharmacy Guangxi Co., Ltd., registered capital subscribed RMB1,020,000.00 and RMB980,000.00 respectively. As of 30 June 2018, funding has not yet been completed.			

3. Cancellation of subsidiary

Subsidiaries	Principal place of business	Place of incorporation	Registered capital (RMB 0.000)	Nature of business	Shareholding		Reason for no longer being a subsidiary
					Direct	Indirect	
Tangshan Lerentang Pharmacy Chain Store Co., Ltd.e	Tangshan	Tangshan	300	Wholesale and sales of medicines and health products	-	100%	Absorption merger
e. In March 2018, Tangshan Lerentang Pharmacy Chain Store Co., Ltd. completed industrial and commercial cancellation procedures, and cancelled corporate body.							

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

VII Interests in other entities

1. Interests in subsidiaries

(1) The composition of the Group:

Subsidiaries	Principal place of business	Place of incorporation	Nature of business	Shareholding		Ways of acquisition
				Direct	Indirect	
Sinopharm Guilin	Guilin	Guilin	Commercial	-	100.00%	Establishment
Sinopharm Baise	Baise	Baise	Commercial	-	100.00%	Establishment
Sinopharm Holding Zhongshan Co., Ltd. ("Sinopharm Zhongshan")	Zhongshan	Zhongshan	Commercial	100.00%	-	Establishment
Sinopharm Guigang	Guigang	Guigang	Commercial	-	100.00%	Establishment
Sinopharm Beihai	Beihai	Beihai	Commercial	-	100.00%	Establishment
Guangzhou Medical Treatment	Guangzhou	Guangzhou	Commercial	-	51.00%	Establishment
Shenzhen Jianmin Pharmaceutical Co., Ltd. ("Sinopharm Jianmin")	Shenzhen	Shenzhen	Commercial	100.00%	-	Business combinations involving entities under common control
Sinopharm Holding Shenzhen Traditional & Herbal Medicine Co., Ltd. ("Sinopharm Traditional & Herbal Medicine")	Shenzhen	Shenzhen	Commercial	100.00%	-	Business combinations involving entities under common control
Sinopharm Holding Shenzhen Logistics Co., Ltd. ("Shenzhen Logistics")	Shenzhen	Shenzhen	Services	100.00%	-	Business combinations involving entities under common control
Sinopharm Holding Guangzhou Co., Ltd. ("Sinopharm Guangzhou")	Guangzhou	Guangzhou	Commercial	100.00%	-	Business combinations involving entities under common control
Sinopharm Holding Guangdong Hengxing Co., Ltd. ("Sinopharm Hengxing")	Guangzhou	Guangzhou	Commercial	100.00%	-	Business combinations involving entities under common control
Sinopharm Yulin	Yulin	Yulin	Commercial	-	100.00%	Business combinations involving entities under common control

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

(1) The composition of the Group (Continued):

Subsidiaries	Principal place of business	Place of incorporation	Nature of business	Shareholding		Ways of acquisition
				Direct	Indirect	
Sinopharm Liuzhou	Liuzhou	Liuzhou	Commercial	51.00%	-	Business combinations involving entities under common control
Guangdong Huixin Investment Co., Ltd. ("Huixin Investment")	Guangzhou	Guangzhou	Service	100.00%	-	Business combinations involving entities under common control
Sinopharm Holding Foshan Co., Ltd. ("Sinopharm Foshan")	Foshan	Foshan	Commercial	100.00%	-	Business combinations involving entities under common control
Sinopharm Holding Guangdong Yuexing Co., Ltd. ("Sinopharm Yuexing")	Guangzhou	Guangzhou	Commercial	100.00%	-	Business combinations involving entities under common control
Sinopharm Holding Guangdong Logistics Co., Ltd. ("Guangdong Logistic")	Guangzhou	Guangzhou	Service	100.00%	-	Business combinations involving entities under common control
Sinopharm Guangxi	Nanning	Nanning	Commercial	100.00%	-	Business combinations involving entities under common control
Guangxi Logistic	Nanning	Nanning	Service	-	100.00%	Business combinations involving entities under common control
Sinopharm Wuzhou	Wuzhou	Wuzhou	Commercial	-	99.90%	Business combinations involving entities under common control
Sinopharm Holding Dongguan Co., Ltd. ("Sinopharm Dongguan")	Dongguan	Dongguan	Commercial	100.00%	-	Business combinations involving entities not under common control
Sinopharm Holding Zhanjiang Co., Ltd. ("Sinopharm Zhanjiang")	Zhanjiang	Zhanjiang	Commercial	100.00%	-	Business combinations involving entities not under common control
Sinopharm Holding Yanfeng Co., Ltd. ("Sinopharm Yanfeng")	Shenzhen	Shenzhen	Commercial	51.00%	-	Business combinations involving entities not under common control
Sinopharm Holding Meizhou Co., Ltd. ("Sinopharm Meizhou")	Meizhou	Meizhou	Commercial	100.00%	-	Business combinations involving entities not under common control

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

(1) The composition of the Group (Continued):

Subsidiaries	Principal place of business	Place of incorporation	Nature of business	Shareholding		Ways of acquisition
				Direct	Indirect	
Sinopharm Holding Huizhou Co., Ltd. ("Sinopharm Huizhou")	Huizhou	Huizhou	Commercial	100.00%	-	Business combinations involving entities not under common control
Sinopharm Holding Zhaoqing Co., Ltd. ("Sinopharm Zhaoqing")	Zhaoqing	Zhaoqing	Commercial	100.00%	-	Business combinations involving entities not under common control
Sinopharm Holding Jiangmen Renren Medical Co., Ltd. ("Sinopharm Jiangmen")	Jiangmen	Jiangmen	Commercial	100.00%	-	Business combinations involving entities not under common control
Sinopharm Holding Shaoguan Co., Ltd. ("Sinopharm Shaoguan")	Shaoguan	Shaoguan	Commercial	70.00%	-	Business combinations involving entities not under common control
Sinopharm Shantou	Shantou	Shantou	Commercial	100.00%	-	Business combinations involving entities not under common control
Foshan Nanhai Medicine Co., Ltd.	Foshan	Foshan	Commercial	100.00%	-	Business combinations involving entities not under common control
Foshan Nanhai Uptodate & Special Medicines Co., Ltd.	Foshan	Foshan	Commercial	-	100.00%	Business combinations involving entities not under common control
Foshan Nanhai Medicine Co., Ltd.	Foshan	Foshan	Commercial	-	100.00%	Business combinations involving entities not under common control
Guangdong Uptodate & Special Medicines	Guangzhou	Guangzhou	Commercial	100.00%	-	Business combinations involving entities not under common control
Guangdong South Pharmaceutical Foreign Trade Co., Ltd.	Guangzhou	Guangzhou	Commercial	100.00%	-	Business combinations involving entities not under common control
Sinopharm Zhuhai	Zhuhai	Zhuhai	Commercial	100.00%	-	Business combination not involving enterprises under common control
Sinopharm Maoming	Maoming	Maoming	Commercial	100.00%	-	Business combination not involving enterprises under common control
Sinopharm Holding Guangzhou Medical Treatment Technology Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	51.00%	Establishment
Sinopharm Holding Guangzhou Medical Supply Chain Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	51.00%	Establishment
Sinopharm Heyuan	Heyuan	Heyuan	Commercial	-	70.00%	Business combination not involving enterprises under common control
Sinopharm Holding Foshan Medical Consumables Supply Chain Co., Ltd.	Foshan	Foshan	Commercial	-	70.00%	Establishment
Sinopharm Holding Medical Supply Chain Services (Guangxi) Co., Ltd.	Nanning	Nanning	Commercial	-	30.60%	Establishment
Sinopharm Holding Guoda Haohai Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	-	51.00%	Establishment
Sinopharm Holding Guangzhou Huadu Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	70.00%	Business combination not involving enterprises under common control
Sinopharm Holding Baiyi Pharmacy Guangxi Co., Ltd.	Nanning	Nanning	Commercial	-	51.00%	Establishment
Sinopharm Holding Guoda Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	-	100.00%	Business combinations involving entities not under common control
Sinopharm Holding Guoda Pharmacy Chain Store Shanghai Co., Ltd.	Shanghai	Shanghai	Commercial	-	100.00%	Business combinations involving entities not under common control

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

VII. Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

(1) The composition of the Group (Continued)

Subsidiaries	Principal place of business	Place of incorporation	Nature of business	Shareholding		Ways of acquisition
				Direct	Indirect	
Beijing Guoda Pharmacy Chain Store Co., Ltd.	Beijing	Beijing	Commercial	-	100.00%	Business combinations involving entities under common control
Tianjin Guoda Pharmacy Chain Store Co., Ltd.	Tianjin	Tianjin	Commercial	-	80.00%	Business combinations involving entities under common control
Guangxi Guoda Pharmacy Consulting Chain Store Co., Ltd.	Nanning	Nanning	Commercial	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Guangdong Co., Ltd.	Shenzhen	Shenzhen	Commercial	-	100.00%	Business combinations involving entities under common control
Sinopharm Guoda Pharmacy Guangxi Chain Co., Ltd.	Liuzhou	Liuzhou	Commercial	-	100.00%	Business combinations involving entities under common control
Zhejiang Guoda Pharmacy Co., Ltd.	Hangzhou	Hangzhou	Commercial	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Yangzhou Dadesheng Pharmacy Chain Store Co., Ltd.	Yangzhou	Yangzhou	Commercial	-	93.68%	Business combinations involving entities under common control
Ningxia Guoda Pharmacy Chain Store Co., Ltd.	Yinchuan	Yinchuan	Commercial	-	70.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Nanjing Pharmacy Chain Store Co., Ltd.	Nanjing	Nanjing	Commercial	-	60.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Shandong Pharmacy Chain Store Co., Ltd.	Linyi	Linyi	Commercial	-	55.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Shenyang Pharmacy Chain Store Co., Ltd.	Shenyang	Shenyang	Commercial	-	51.00%	Business combinations involving entities under common control
Fujian Guoda Pharmacy Chain Store Co., Ltd.	Xiamen	Xiamen	Commercial	-	100.00%	Business combinations involving entities under common control

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

VII. Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

(1) The composition of the Group (Continued)

Subsidiaries	Principal place of business	Place of incorporation	Nature of business	Shareholding		Ways of acquisition
				Direct	Indirect	
Anhui Guoda Pharmacy Chain Store Co., Ltd.	Hefei	Hefei	Commercial	-	60.00%	Business combinations involving entities under common control
Quanzhou Guoda Pharmacy Chain Store Co., Ltd.	Quanzhou	Quanzhou	Commercial	-	51.00%	Business combinations involving entities under common control
Shanxi Guoda Wanmin Pharmacy Chain Store Co., Ltd.	Taiyuan	Taiyuan	Commercial	-	85.00%	Business combinations involving entities under common control
Sinopharm Holding Hunan Guoda Minshengtang Pharmacy Chain Co., Ltd.	Hengyang	Hengyang	Commercial	-	51.00%	Business combinations involving entities under common control
Liyang Guoda People Pharmacy Chain Store Co., Ltd.	Liyang	Liyang	Commercial	-	80.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Henan Pharmacy Chain Store Co., Ltd.	Pingdingshan	Pingdingshan	Commercial	-	60.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Neimenggu Pharmacy Chain Store Co., Ltd.	Hohhot	Hohhot	Commercial	-	96.70%	Business combinations involving entities under common control
Sinopharm Hebei Lerentang Pharmacy Chain Store Co., Ltd.	Shijiazhuang	Shijiazhuang	Commercial	-	60.00%	Business combinations involving entities under common control
Sinopharm Guoda Pharmacy Jiangmen Chain Co., Ltd.	Jiangmen	Jiangmen	Commercial	-	65.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Shanxi Yiyuan Pharmacy Chain Store Co., Ltd.	Taiyuan	Taiyuan	Commercial	-	80.00%	Business combinations involving entities under common control
Sinopharm Holding Xinjiang New & Special Medicines Chain Store Co., Ltd.	Urumqi	Urumqi	Commercial	-	51.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda ForMe Medicines (Shanghai) Co., Ltd.	Shanghai	Shanghai	Commercial	-	97.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda ForMe Pharmacy Chain Store Co., Ltd. (Formerly “Shanghai ForMe YiXing Pharmacy Chain Store Co., Ltd.”)	Shanghai	Shanghai	Commercial	-	99.76%	Business combinations involving entities under common control

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

VII. Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

(1) The composition of the Group (Continued)

Subsidiaries	Principal place of business	Place of incorporation	Nature of business	Shareholding		Ways of acquisition
				Direct	Indirect	
Beijing Golden Elephant Pharmacy Medicine Chain Company Limited	Beijing	Beijing	Commercial	-	53.13%	Business combinations involving entities under common control
Shanxi Tongfeng Pharmacy Logistics Co., Ltd.	Taiyuan	Taiyuan	Commercial	-	100.00%	Business combinations involving entities under common control
Datong Guoda Wanmin Pharmacy Chain Store Co., Ltd.	Datong	Datong	Commercial	-	100.00%	Business combinations involving entities under common control
Changzhi Guoda Wanmin Pharmacy Chain Store Co., Ltd.	Changzhi	Changzhi	Commercial	-	51.00%	Business combinations involving entities under common control
Shanxi Guoda Wanmin Clinic Management Chain Co., Ltd.	Taiyuan	Taiyuan	Medical services	-	100.00%	Business combinations involving entities under common control
Shanghai Guoda Shanghong Qibao Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	-	51.00%	Business combinations involving entities under common control
Zhejiang Intimedicine Pharmacy Dongshan Co., Ltd.	Hangzhou	Hangzhou	Commercial	-	51.00%	Business combinations involving entities under common control
Shanghai Guoda Dongsheng Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	-	100.00%	Business combinations involving entities under common control
Sinopharm Guoda Drug Store (Shenzhen) Chain Co., Ltd.	Shenzhen	Shenzhen	Commercial	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Guangzhou Chain Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	100.00%	Business combinations involving entities under common control
Shanghai Guoda Changxin Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	-	100.00%	Business combinations involving entities under common control
Shanghai Guodong Chinese Traditional Medicine Clinic Co., Ltd.	Shanghai	Shanghai	Medical clinic	-	100.00%	Business combinations involving entities under common control
Shanghai Guoda Dongxin Pharmacy Chain Store Co., Ltd.	Shanghai	Shanghai	Commercial	-	100.00%	Business combinations involving entities under common control

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

VII. Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

(1) The composition of the Group (Continued)

Subsidiaries	Principal place of business	Place of incorporation	Nature of business	Shareholding		Ways of acquisition
				Direct	Indirect	
Shanghai Yutaitang Chinese Traditional Medicine Clinic Co., Ltd.	Shanghai	Shanghai	Commercial	-	100.00%	Business combinations involving entities under common control
Beijing Yangqiao Rongzhi Golden Elephant Pharmacy Company Limited	Beijing	Beijing	Commercial	-	50.79%	Business combinations involving entities under common control
Sanhe Liyang Golden Elephant Pharmacy Co., Ltd.	Langfang	Langfang	Commercial	-	100.00%	Business combinations involving entities under common control
Xiaoyi Guoda Wanmin Baicaotang Pharmacy Chain Store Co., Ltd.	Xiaoyi	Xiaoyi	Commercial	-	70.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Hulun Buir Co., Ltd.	Hulun Buir	Hulun Buir	Commercial	-	51.00%	Business combinations involving entities under common control
Shijiazhuang Lerentang Yikang Pharmacy Chain Store Co., Ltd.	Shijiazhuang	Shijiazhuang	Commercial	-	100.00%	Business combinations involving entities under common control
Shanghai ForMe Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Ulanqab Co., Ltd.	Ulanqab	Ulanqab	Commercial	-	60.00%	Establishment
Sinopharm Guoda Pharmacy Qinhuangdao Chain Co., Ltd.	Qinhuangdao	Qinhuangdao	Commercial	-	51.00%	Business combinations involving entities under common control
Taishan Sinopharm Holding Guoda Qunkang Pharmacy Chain Store Co., Ltd.	Taishan	Taishan	Commercial	-	70.00%	Business combinations involving entities under common control
Beijing Golden Elephant Fuxing Technology Co., Ltd.	Beijing	Beijing	Commercial	-	80.00%	Business combinations involving entities under common control
Sinopharm Lerentang GuoDa Drugstore Manzhouli Co., Ltd.	Shijiazhuang	Shijiazhuang	Commercial	-	100%	Business combinations involving entities under common control
Sinopharm Guoda Pharmacy Maanshan Chain Store Co., Ltd.	Manzhouli	Manzhouli	Commercial	-	51.00%	Establishment
Sinopharm Guoda Pharmacy Yongsheng (Shanghai) Co., Ltd.	Anshan	Anshan	Commercial	-	51.00%	Establishment
Sanhe Lixin Golden Elephant Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	-	55.00%	Establishment
	Langfang	Langfang	Commercial	-	100.00%	Establishment

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

VII. Interests in other entities (Continued)

2. Interests in associates

	Principal place of business	Place of incorporation	Nature of business	Shareholding(%)		Accounting
				Direct	Indirect	
Associates						
Shenzhen Main Luck Pharmaceutical Co., Ltd. ("Main Luck Pharmaceutical ")	Shenzhen	Shenzhen	Manufacturing	35.19%	-	Equity
Sinopharm Group Zhijun(Suzhou) Pharmaceutical Co., Ltd.	Suzhou	Suzhou	Manufacturing	33.00%	-	Equity
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	Shenzhen	Shenzhen	Manufacturing	49.00%	-	Equity
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	Shenzhen	Shenzhen	Commercial	49.00%	-	Equity
Sinopharm Group Zhijun(Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Shenzhen	Shenzhen	Manufacturing	49.00%	-	Equity
Shanghai Shyndec Pharmaceutical Co., Ltd. ("Shyndec Pharmaceutical")	Shanghai	Shanghai	Manufacturing	16.00%	-	Equity
上海鼎群企业管理咨询有限公司	Shanghai	Shanghai	商务服务业	2.53%		Equity
Shanghai Beiyi Guoda pharmaceutical Co. Ltd.	Shanghai	Shanghai	Commercial	-	26.00%	Equity
Shanghai Liyi Pharmacy Co., Ltd	Shanghai	Shanghai	Commercial	-	35.00%	Equity
Sinopharm Jienuo Medical Treatment Service Guangdong Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	29.00%	Equity
Dongyuan accord pharmaceutical chain Co., Ltd.	Heyuan	Heyuan	Commercial	-	45.00%	Equity

According to the Articles of Association and investment agreement, the board of directors of Shanghai Dingqun Enterprise Management Consulting consisted of three directors, in which one were appointed by the Group, accounting for 33.33% of voting rights.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

VII. Interests in other entities (Continued)

3. Summarised financial information of significant associate

	30 June 2018 Shanghai Shyndec Pharmaceutical Co., Ltd.	30 June 2017 Shanghai Shyndec Pharmaceutical Co., Ltd.
Current assets	8,210,661,752.98	6,919,923,607.58
Non-current assets	8,136,876,492.43	8,250,667,440.18
Total assets	16,347,538,245.41	15,170,591,047.76
Current liabilities	6,124,167,753.55	5,390,426,266.96
Non-current liabilities	2,190,226,473.72	2,132,391,027.26
Total liabilities	8,314,394,227.27	7,522,817,294.22
Non-controlling interests	1,502,385,107.44	1,474,395,375.11
Shareholders' equity attributable to shareholders of the parent	6,530,758,910.70	6,173,378,378.43
Portion of net assets calculated by shareholding ratio	1,036,784,861.34	979,174,050.63
Carrying value of equity investment in joint ventures	1,036,784,861.34	979,174,050.63
Operating revenue	5,853,255,169.05	4,579,660,856.59
Net profit	575,258,204.58	524,753,028.55
Total comprehensive income	575,258,204.58	524,753,028.55
Dividends received from joint ventures this year	8,641,853.20	22,468,818.32

VIII. Risks related to financial instruments

1. Classification of financial instruments

The fair values of each category of financial instruments that reasonably approximate to their carrying amounts at the end of the reporting period are as follows:

30 June 2018	Borrowings and receivables	Available-for-sale financial assets	Total
Financial assets			
Cash and bank balances	3,943,595,560.58	-	3,943,595,560.58
Notes receivable	1,021,697,370.21	-	1,021,697,370.21
Accounts receivable	9,441,542,367.19	-	9,441,542,367.19
Interest receivable	47,507.80	-	47,507.80
Other receivables	698,672,023.18	-	698,672,023.18
Available-for-sale financial assets	-	13,685,760.00	13,685,760.00
	15,105,554,828.96	13,685,760.00	15,119,240,588.96

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi "RMB" unless otherwise stated)

VIII. Risks related to financial instruments (Continued)

1. Classification of financial instruments (Continued)

31 December 2017

Financial assets	Borrowings and receivables	Available-for-sale financial assets	Total
Cash and bank balances	4,191,655,438.51	-	4,191,655,438.51
Notes receivable	1,504,194,764.08	-	1,504,194,764.08
Accounts receivable	7,589,412,679.88	-	7,589,412,679.88
Interest receivable	61,441.11	-	61,441.11
Other receivables	657,871,058.54	-	657,871,058.54
Available-for-sale financial assets	-	13,685,760.00	13,685,760.00
	13,943,195,382.12	13,685,760.00	13,956,881,142.12
Financial liabilities		30 June 2018	31 December 2017
Short-term borrowings		2,051,139,651.67	1,561,354,521.64
Notes payable		2,373,628,140.86	2,732,437,828.42
Accounts payable		7,230,024,480.35	6,144,221,000.10
Dividends payable		8,889,443.11	11,889,443.11
Other payables		1,024,176,704.11	1,011,128,397.26
Non-current liabilities due within one year		5,651,227.56	5,434,770.70
Interest payable		10,378,213.91	7,311,819.65
Long-term borrowings		31,600,000.00	31,600,000.00
Long-term payables		6,604,575.84	9,332,537.14
		12,742,092,437.41	11,514,710,318.02

2. Transfer of financial assets

Transferred financial assets that are not derecognized in their entirety

As at 30 June 2018, the Group had endorsed commercial bills receivable (the "Endorsed Bills") to certain of its suppliers in order to settle accounts payable due to such suppliers of RMB0 (31 December 2017: RMB0). During the year, the Group operated a number of discounting business through several banks in China. At 30 June 2018, the carrying value thereof was RMB209,881,899.63 (31 December 2017: RMB147,715,527.67). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognize the full carrying amounts of the Endorsed Bills and the associated accounts payable settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sales, transfer or pledge of the Endorsed Bills to any other third parties. As at 30 June 2018, the carrying value of accounts payable settled by the Group totalled RMB209,881,899.63 (31 December 2017: RMB147,715,527.67).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

VIII. Risks related to financial instruments (Continued)

2. Transfer of financial assets (Continued)

Transferred financial assets that are derecognized in their entirety in which continuing involvement exists

As at 30 June 2018, the Group had endorsed commercial bills receivable (the "Endorsed Bills") to certain of its suppliers in order to settle accounts payable due to such suppliers of RMB706,198,208.44 (31 December 2017: RMB667,900,939.97). During the year, the Group operated a number of discounting business through several banks in China. At 30 June 2018, the carrying value thereof was RMB361,130,021.33 (31 December 2016: RMB367,011,030.59). The Derecognized Bills had a maturity of 1 to 12 months at the end of the reporting period. In accordance with the Law of Negotiable Instruments, the holders of the Derecognized Bills have a right of recourse against the Group if the accepting banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognized Bills. Accordingly, it has derecognized the full carrying amounts of the Derecognized Bills and the associated accounts payable. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognized Bills and the undiscounted cash flows to repurchase these Derecognized Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognized Bills are not significant.

As part of its normal business, the Group entered into an accounts receivable factoring arrangement (the "Arrangement") without recourse and transferred certain accounts receivable to a bank. In the opinion of the directors, the Group has transferred substantially all risks and rewards under the arrangement. Accordingly, it has derecognized the full carrying amounts of the associated accounts receivable. The original carrying value of the derecognized accounts receivable transferred under the Arrangement that have not been settled as at 30 June 2018 amounted to RMB761,574,518.74 (31 December 2017: RMB525,614,331.67).

As of 30 June 2018, the Group has not recognized any gain or loss on the date of transfer. No gain or loss were recognized from derecognized financial assets in which Continuing Involvement exists, both during the year or cumulatively.

As of 30 June 2018, the Group has not recognized any gain or loss on the date of transfer of the Derecognized Bills. No gains or losses were recognized from the Continuing Involvement, both during the year or cumulatively.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

VIII. Risks related to financial instruments (Continued)

3. Risks of financial instruments

The main purpose and policies of financial risk management

The Group's principal financial instruments comprise bank borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk.

Credit risk

Credit risk is managed on the basis of the Group. Credit risk mainly arises from cash at banks and on hand, accounts receivable, other receivables and notes receivable, etc.

The Group expects that there is no significant credit risk associated with cash at banks since it is deposited with state-owned banks and other medium or large sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on accounts receivable, other receivables and notes receivable. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantees from third parties, their credit history and other factors such as current market conditions. The Group will confirm the balances with its clients regarding the accounts receivable semi-annually, and assess the recoverability of each account receivable, by using individual evaluation and similar credit risk group methods. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarter. The Group's finance department at its headquarter monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs. In the meanwhile, the Group continually monitors the terms of the debt covenants in the loan agreements, ensuring that sufficient unutilized commitments from major financial institutions, in order to meet the short-term and long-term liquidity requirements.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

VIII Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Liquidity risk (Continued)

The maturity analysis of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted cash flows, is as follows:

	30 June 2018				
	Within 1 year	1 to 2 years	2 to 5 years	Above 5 years	Total
Short-term borrowings	2,070,582,956.14	-	-	-	2,070,582,956.14
Notes payable	2,373,628,140.86	-	-	-	2,373,628,140.86
Accounts payable	7,230,024,480.35	-	-	-	7,230,024,480.35
Interest payables	10,378,213.91	-	-	-	10,378,213.91
Dividend payables	8,889,443.11	-	-	-	8,889,443.11
Other payables	1,024,176,704.11	-	-	-	1,024,176,704.11
Current portion of non-current	5,651,227.56	-	-	-	5,651,227.56
Long-term payables	-	3,716,803.49	2,887,772.35	-	6,604,575.84
Long-term borrowings	1,293,570.14	32,695,104.58			33,988,674.72
	12,724,624,736.18	36,411,908.07	2,887,772.35		12,763,924,416.60

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

VIII Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Liquidity risk (Continued)

31 December 2017

	Within 1 year	1 to 2 years	2 to 5 years	Above 5 years	Total
Short-term borrowings	1,574,233,015.06	-	-	-	1,574,233,015.06
Notes payable	2,732,437,828.42	-	-	-	2,732,437,828.42
Accounts payable	6,144,221,000.10	-	-	-	6,144,221,000.10
Interest payables	7,311,819.65	-	-	-	7,311,819.65
Dividend payables	11,889,443.11	-	-	-	11,889,443.11
Other payables	1,011,128,397.26	-	-	-	1,011,128,397.26
Current portion of non-current	7,304,197.88	-	-	-	7,304,197.88
Long-term payables	-	7,304,197.88	4,987,438.87	-	12,291,636.75
Long-term borrowings	1,293,570.14	1,293,570.14	32,043,003.47	-	34,630,143.75
	11,489,819,271.62	8,597,768.02	37,030,442.34	-	11,535,447,481.98

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

VIII Risks related to financial instruments (Continued)

4. Market risk

Interest rate risk

The Group's interest rate risk arises from long-term borrowings from banks. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 30 June 2018, if the floating interest rates of the long-term interest-bearing borrowings increases or decreases by 50 base points, while other factors does not change, the Group's net income will decrease or increase by RMB118,500 (31 December 2017: RMB118,500).

Increases in interest rates will increase the cost of new borrowings and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial position. The Group's finance department at its headquarter continuously monitors the interest rate position of the Group and makes decisions with reference to the latest market conditions. The Group may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. During first half of 2018 and 2017, the Group did not enter into any interest rate swap agreements.

For the year ended 30 June 2018, the Group has long-term interest-bearing borrowings with floating interest rates amounted to RMB31,600,000.00 (31 December 2017: RMB31,600,000.00).

Currency risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognized assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to United States dollars and Hong Kong dollars. The Group's finance department at its headquarter is responsible for monitoring the amounts of assets and liabilities, and transactions denominated in foreign currencies. The Group may consider entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk.

As at 30 June 2018, if the currency had weakened/strengthened by 5% against the United States dollar while all other variables had been held constant, the Group's net profit for the year would increase/decrease by RMB0 (2017: RMB0).

As at 30 June 2018, if the currency had weakened/strengthened by 5% against the Hong Kong Dollar while all other variables had been held constant, the Group's net profit for the year would increase/decrease by RMB0 (2017: RMB0).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

VIII Risks related to financial instruments (Continued)

5. Capital management

The Company's primary objective for managing capital is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business, maximize shareholders' value and benefit related parties. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management adjusts the capital structure through adjusting dividend payments to shareholders, returning capital to shareholders, issuing new shares or selling assets to reduce debts.

The Group's total capital is the total shareholders' equity in the balance sheet. The Group does not adopt an asset ratio as a compulsory factor to govern capital investment.

The gearing ratios of the Group as at the end of the reporting periods were as follows:

	30 June 2018	31 December 2017
Gearing ratio	56.36%	55.57%

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

IX Disclosure of fair value

1. The fair value of financial assets and liabilities recorded in fair value

	Fair value at period end			
	Level 1	Level 2	Level 3	Total
Financial assets available-for-sale	-	-	13,685,760.00	13,685,760.00
(1) Debt investment	-	-	-	-
(2) Equity investment	-	-	13,685,760.00	13,685,760.00
(3) Others	-	-	-	-

The results of fair value measurement are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

(1) Assets that are measured at fair value on a recurring basis

The Group has no assets that are measured at fair value on a recurring basis.

(2) Assets that are measured at fair value on a non-recurring basis

The Group has no assets that are measured at fair value on a non-recurring basis.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

1. Parent

	Registered address	Nature of business	Share capital (RMB'0,000)	Proportion of ownership interest in the Company	Proportion of voting power in the Company
Sinopharm Group	Shanghai	Industrial investment holding, trustee of a pharmaceutical enterprise, assets reorganization, distribution and retail of medicines and pharmaceutical products, etc.	276,709.51	56.06%	56.06%

The ultimate controlling party of the Company is CNPGC.

2. Subsidiaries

Refer to Note VII (1) for details of subsidiaries.

3. Associates

Refer to Note VII (2) for details of associates.

<u>Company name</u>	<u>Related party relationships</u>
Shenzhen Main Luck Pharmaceutical Co., Ltd.	Associate
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	Associate
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	Associate
Sinopharm Group Zhijun(Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Associate
Shanghai Modern Pharmaceutical Co., Ltd. (Modern Pharmaceutical)	Associate
Sinopharm Group Zhijun(Suzhou) Pharmaceutical Co., Ltd.	Associate
Shanghai Dingqun Enterprise Management Consulting Co., Ltd.	Associate
Sinopharm Jienuo Medical Treatment Service Guangdong Co., Ltd.	Associate
Shanghai Beiyi Guoda pharmaceutical Co. Ltd.	Associate
Shanghai Liyi Drug Store Co.,Ltd	Associate
Dongyuan accord pharmaceutical chain Co., Ltd.	Associate

4. Other related parties

<u>Company name</u>	<u>Related party relationships</u>
China Otsuka Pharmaceutical Co., Ltd.	Associate of CNPGC
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	Associate of CNPGC
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	Associate of CNPGC
Shenzhen Wanwei Medicine trading Co., Ltd.	Subsidiary of Main Luck Pharmaceutical
Sinopharm Holding Financing Lease Co., Ltd.	Associate of Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

<u>Company name</u>	<u>Related party relationships</u>
China Otsuka Pharmaceutical Co., Ltd.	Associate of CNPGC
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	Associate of CNPGC
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	Associate of CNPGC
Shenzhen Wanwei Medicine trading Co., Ltd.	Subsidiary of Main Luck Pharmaceutical
Yichang Humanwell Pharmaceutical Co., Ltd.	Associate of Sinopharm Group
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	Associate of Sinopharm Group
Sinopharm Health Online Co., Ltd..	Associate of Sinopharm Group
Shanghai Guoda Lingyun Pharmacy Co., Ltd.	Associate of Sinopharm Group
Sichuan Kang Daxin Pharmaceutical Co., Ltd.	Associate of Sinopharm Group
Hubei Medical Group Co., Ltd.	Associate of Sinopharm Group
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.("Fosun Pharm")	Shareholder who has significant influence over Sinopharm Group
Chongqing Yaoyou Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Sichuan Hexin Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Shanghai Chaohui Pharmecurical Co., Ltd.	Subsidiary of Fosun Pharm
Tibet Yaopharma Co., Ltd.	Subsidiary of Fosun Pharm
Shenyang Hongqi Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	Subsidiary of Fosun Pharm
Chongqing Haisiman Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Jinzhou AoHong Pharmaceuticals Co., Ltd.	Subsidiary of Fosun Pharm
Hunan Dongting Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Suzhou Erye Pharmaceutical Limited Company	Subsidiary of Fosun Pharm
Foshan Chancheng District Central Hospital	Subsidiary of Fosun Pharm
Foshan Chanyixing Medicine Development Co Ltd.	Subsidiary of Fosun Pharm
Foshan Chancheng Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Shenzhen Hengsheng Hospital	Subsidiary of Fosun Pharm
Guilin South pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Shanghai Transfusion Technology Co., Ltd.	Subsidiary of Fosun Pharm
Jiangsu Huanghe Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Jiangsu Fuxing Pharmaceutical Trading Co., Ltd.	Subsidiary of Fosun Pharm
Group Financial Co.Group Financial Co.	Controlled by CNPGC
Sinopharm Group Guangdong Medicine Device Co., Ltd.	Controlled by CNPGC
Huayi Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sichuan Jiangyouzhongbafuzi Technology Development Co., Ltd.	Controlled by CNPGC
Guizhou Tongjitang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Anhui Jingfang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Guangdong Medi-World Pharmaceutical Co., Ltd.	Controlled by CNPGC
Shandong Lu Ya Pharmaceutical Co., Ltd.	Controlled by CNPGC
Foshan Fengliaoqing Pharmaceutical Co., Ltd.	Controlled by CNPGC

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

<u>Company name</u>	<u>Related party relationships</u>
China Otsuka Pharmaceutical Co., Ltd.	Associate of CNPGC
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	Associate of CNPGC
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	Associate of CNPGC
Shenzhen Wanwei Medicine trading Co., Ltd.	Subsidiary of Main Luck Pharmaceutical
Winteam Pharmaceutical Group Ltd.	Controlled by CNPGC
Chengdu Rongsheng Pharmacy Co., Ltd.	Controlled by CNPGC
Lanzhou Institute of Biological Products Co., Ltd.	Controlled by CNPGC
Shantou Jinshi Powder Injection Co., Ltd.	Controlled by CNPGC
China National Pharmaceutical Industry Co., Ltd.	Controlled by CNPGC
Sinopharm Group Weiqida Medicine Co., Ltd.	Controlled by CNPGC
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	Controlled by CNPGC
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	Controlled by CNPGC
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	Controlled by CNPGC
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	Controlled by CNPGC
The Fourth Pharmaceutical Co., Ltd. of Zhonglian Group	Controlled by CNPGC
Sinopharm Chuan Kang Pharmaceutical Co., Ltd.	Controlled by CNPGC
China National Pharmaceutical Foreign Trade Corporation	Controlled by CNPGC
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	Controlled by CNPGC
Sinopharm Zhuhai Medical Instrument Co., Ltd.	Controlled by CNPGC
Sinopharm Fujian Medical Examination Co., Ltd.	Controlled by CNPGC
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	Controlled by CNPGC
Beijing Huamiao Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Holding Sanyi Medicine (Wuhu) Co., Ltd.	Controlled by CNPGC
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Hebei Medical Instrument Co., Ltd.	Controlled by CNPGC
Sinopharm Fengliaoqing (Foshan) Medicines Co., Ltd.	Controlled by CNPGC
China National Scientific Instruments & Materials Imp/Exp Shenzhen Co., Ltd.	Controlled by CNPGC
CMDC Guizhou Qiannan Co., Ltd.	Controlled by CNPGC
Fujian CMDC Co., Ltd.	Controlled by CNPGC
Sinopharm Fengliaoqing Medical Hospital Co., Ltd.	Controlled by CNPGC
Beijing Tiantan Biological Products Co., Ltd.	Controlled by CNPGC
Sinopharm Guangdong Medical Examination Co., Ltd.	Controlled by CNPGC
Sinopharm Group Shanghai Medicine Device Co., Ltd.	Controlled by CNPGC
Foshan Dezhong Pharmaceutical Co., Ltd.	Controlled by CNPGC
Chengdu Institute of Biological Products Co., Ltd.	Controlled by CNPGC
China National of Traditional&Herbal Medicine Co., Ltd.	Controlled by CNPGC
Sinopharm Chongqing Pharmaceutical and Medical Industry Design Institute	Controlled by CNPGC

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

<u>Company name</u>	<u>Related party relationships</u>
China Otsuka Pharmaceutical Co., Ltd.	Associate of CNPGC
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	Associate of CNPGC
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	Associate of CNPGC
Shenzhen Wanwei Medicine trading Co., Ltd.	Subsidiary of Main Luck Pharmaceutical
Sinopharm (Guangzhou) Medical Equipment Co., Ltd.	Controlled by CNPGC
China Sinopharm International Corporation	Controlled by CNPGC
Shanghai Shangsheng Biological Products Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tianjin Binhai Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Shanghai Tongyu Information Technology Co., Ltd.	Controlled by Sinopharm Group
Guorun Medical Supply Chain Services (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Southwest Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tianjin Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hunan Co., Ltd.	Controlled by Sinopharm Group
China National Medicines Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Guorui Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Huahong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Sub Marketing Center Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Henan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Fuzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shandong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dezhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hainan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Fujian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guizhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Lianyungang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Lerentang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Le-Ren-Tang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shenyang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yangzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Lunan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hulun Buir Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

<u>Company name</u>	<u>Related party relationships</u>
China Otsuka Pharmaceutical Co., Ltd.	Associate of CNPGC
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	Associate of CNPGC
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	Associate of CNPGC
Shenzhen Wanwei Medicine trading Co., Ltd.	Subsidiary of Main Luck Pharmaceutical
Sinopharm Holding Inner Mongolia Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Pingdingshan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiangsu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xiamen Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Suzhou Co., Ltd.	Controlled by Sinopharm Group
Shanghai Merro Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ningxia Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Instrument Branch Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wuxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dalian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jinan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tianjin Distribution Center Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yancheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jinzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Rizhao Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Putian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chengdu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Quanzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Kashi New & Special Drugs Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anhui Co., Ltd.	Controlled by Sinopharm Group
Beijing Tongyu Information Technology Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ulanqab Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hubei Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhihui Minsheng (Tianjin) Medicine Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

<u>Company name</u>	<u>Related party relationships</u>
China Otsuka Pharmaceutical Co., Ltd.	Associate of CNPGC
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	Associate of CNPGC
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	Associate of CNPGC
Shenzhen Wanwei Medicine trading Co., Ltd.	Subsidiary of Main Luck Pharmaceutical
Sinopharm Holding Shanxi Jincheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhejiang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changsha Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nanping Newforce Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yangzhou Biological Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Taizhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wende Medicine Nanjing Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dalian Hecheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tongliao Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiangxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Chemical Reagent Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ordos Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tianjin North Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yongzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jinhua Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chongqing Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Prospect Dentech (Beijing) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Medicine Logistic Co., Ltd.	Controlled by Sinopharm Group
China National Pharmaceutical Logistics Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hubei Hongyuan Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wuhu Co., Ltd..	Controlled by Sinopharm Group
Sinopharm Holding Lu'an Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Suzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiling Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Liaocheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yunnan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Honghe Co., Ltd.	Controlled by Sinopharm Group
Yuxi Sinopharm Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hainan Hongyi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Gansu Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

<u>Company name</u>	<u>Related party relationships</u>
China Otsuka Pharmaceutical Co., Ltd.	Associate of CNPGC
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	Associate of CNPGC
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	Associate of CNPGC
Shenzhen Wanwei Medicine trading Co., Ltd.	Subsidiary of Main Luck Pharmaceutical
Sinopharm Holding Longyan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ningde Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nanchang Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tongren Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zunyi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guizhou Medical Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jilin Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jilin Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Siping Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wenzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nantong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Heilongjiang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Hengshui Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Baoding Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Qinghai Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Sichuan Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhangzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Huaian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xiangyang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinxiang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hongrun Medical Business Service (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Huangshi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Xinxiang Chain Store Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Qianxinan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanghai Co., Ltd.	Controlled by Sinopharm Group
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	Controlled by Sinopharm Group
Xinjiang Baitong Property Service Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanghai Management Consulting Branch Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Huaideju Pharmaceutical (Xiamen) Co., Ltd.	Controlled by Sinopharm Group
Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinyu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Llimited.	Controlled by Sinopharm Group
Sinopharm Holding Jiaozuo Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Xinjiang Korla Pharmaceutical Co., Ltd. Sinopharm Xinjiang Korla	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

<u>Company name</u>	<u>Related party relationships</u>
China Otsuka Pharmaceutical Co., Ltd.	Associate of CNPGC
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	Associate of CNPGC
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	Associate of CNPGC
Shenzhen Wanwei Medicine trading Co., Ltd. Pharmaceutical Co., Ltd.	Subsidiary of Main Luck Pharmaceutical
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd	Non-controlling interest of a subsidiary
Hunan Minshengtang Investment Co., Ltd.	Non-controlling interest of a subsidiary
Shenyang Pharmaceutical Co., Ltd	Non-controlling interest of a subsidiary
Lerentang Investment Group Co., Ltd.	Non-controlling interest of a subsidiary
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	Non-controlling interest of a subsidiary
Linyi Medical Group Co., Ltd.	Non-controlling interest of a subsidiary
Huang Lijin Huang Lijin	Non-controlling interest of a subsidiary
Guangdong Jiyuantang Development Co., Ltd.	Non-controlling interest of a subsidiary
Shenzhen Jiufeng Investment Co., Ltd.	Non-controlling interest of a subsidiary
Taishan Qunkang Pharmacy Co., Ltd.	Non-controlling interest of a subsidiary
Zhang Zhenfang Zhang Zhenfang	Non-controlling interest of a subsidiary
Hangzhou Xihu Business Group Corporation	Non-controlling interest of a subsidiary
Guangxi Deyiyuan Medical Investment Center (Limited Partnership)	Non-controlling interest of a subsidiary
Baise Jianan Medicine Chain Co., Ltd.	Non-controlling interest of a subsidiary
Heyuan Mairui Trading Co., Ltd.	Non-controlling interest of a subsidiary
Wang Yang Wang Yang	Family member of the non-controlling shareholder of a subsidiary
Gu Jinfang Gu Jinfang	Controller of non-controlling interest of a subsidiary
Nanjing Yuanguang Trading Co., Ltd.	Controlled by non-controlling interest of a subsidiary
Taishan Xiangranhui Trade Co., Ltd	Controlled by non-controlling interest of a subsidiary
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	Controlled by non-controlling interest of a subsidiary

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties

(1) Related party transactions –goods and services

Purchase of goods and receiving of services from related parties

Related party	Type of transaction	2018	2017
Sinopharm Holding Sub Marketing Center Co., Ltd.	Purchase of goods	515,167,083.81	503,647,182.73
China National Medicines Co., Ltd.	Purchase of goods	237,636,101.58	192,328,445.40
Sinopharm Holding Shanxi Co., Ltd.	Purchase of goods	156,466,334.83	105,080,688.10
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	Purchase of goods	127,271,627.94	100,523,284.41
Sinopharm Group Co., Ltd.	Purchase of goods	95,150,353.69	246,228,882.09
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	Purchase of goods	90,145,795.30	86,204,005.23
Sinopharm Holding Shanxi Co., Ltd.	Purchase of goods	83,517,976.15	75,921,179.25
Sinopharm Le-Ren-Tang Medicine Co., Ltd.	Purchase of goods	79,259,083.01	79,720,630.75
Sinopharm Holding Shenyang Co., Ltd.	Purchase of goods	63,689,297.73	48,659,442.34
Lanzhou Institute of Biological Products Co., Ltd.	Purchase of goods	52,860,000.00	30,600,000.00
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Purchase of goods	39,872,567.55	31,547,957.86
Sinopharm Holding Lunan Co., Ltd.	Purchase of goods	39,298,409.81	22,663,023.60
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	Purchase of goods	33,623,739.18	34,629,877.72
Sinopharm Holding Beijing Co., Ltd.	Purchase of goods	23,822,442.41	21,094,588.81
Jinzhou AoHong Pharmaceuticals Co., Ltd.	Purchase of goods	23,749,213.17	-
Sinopharm Holding Yangzhou Co., Ltd.	Purchase of goods	23,005,232.97	25,252,127.28
Sinopharm Holding Hunan Co., Ltd.	Purchase of goods	22,435,971.65	9,503,424.67
Chongqing Yaoyou Pharmaceutical Co., Ltd.	Purchase of goods	21,508,305.23	16,356,695.13
Sinopharm Holding Inner Mongolia Co., Ltd.	Purchase of goods	18,984,953.29	17,911,878.26
Sinopharm Holding Lerentang Pharmaceutical Co., Ltd.	Purchase of goods	16,967,826.05	14,552,984.64
Winteam Pharmaceutical Group Ltd.	Purchase of goods	15,331,219.12	4,095,720.68
Sinopharm Holding Pingdingshan Co., Ltd.	Purchase of goods	14,446,097.55	17,629,734.37
Shenzhen Main Luck Pharmaceutical Co., Ltd.	Purchase of goods	14,173,934.35	18,163,682.64
China National Pharmaceutical Foreign Trade Corporation	Purchase of goods	13,645,110.09	2,074,302.37
Sinopharm Holding Jiangsu Co., Ltd.	Purchase of goods	12,276,533.11	13,721,003.83

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions –goods and services (Continued)

Purchase of goods and receiving of services from related parties (Continued)

Related party	Type of transaction	2018	2017
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	Purchase of goods	10,465,965.70	14,140,996.60
Shenzhen Wanwei Medicine Trading Co., Ltd.	Purchase of goods	10,428,796.93	12,411,303.09
Suzhou Erye Pharmaceutical Limited Company	Purchase of goods	9,554,764.03	-
Sinopharm Holding Xiamen Co., Ltd.	Purchase of goods	9,246,131.91	9,257,962.72
Sinopharm Holding Fujian Co., Ltd.	Purchase of goods	9,171,420.33	11,822,333.08
Chengdu Rongsheng Pharmacy Co., Ltd.	Purchase of goods	8,958,139.00	10,163,100.00
Sinopharm Holding Shanxi Instrument Branch Co., Ltd.	Purchase of goods	7,410,730.23	3,895,843.72
Sinopharm Holding Henan Co., Ltd.	Purchase of goods	6,575,293.46	2,394,853.44
Sinopharm Holding Suzhou Co., Ltd.	Purchase of goods	6,247,553.79	8,828,494.63
Sinopharm Holding Ningxia Co., Ltd.	Purchase of goods	6,113,483.50	5,691,842.49
Sinopharm Chuan Kang Pharmaceutical Co., Ltd.	Purchase of goods	5,794,907.91	-
Sinopharm Group Zhijun (Shenzhen) PingShan Pharmaceutical Co., Ltd.	Purchase of goods	5,519,530.03	4,251,111.59
Sinopharm Holding Fuzhou Co., Ltd.	Purchase of goods	4,703,935.11	3,003,163.81
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	Purchase of goods	4,670,243.13	2,222,406.63
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	Purchase of goods	4,530,675.45	7,317,867.44
Yichang Humanwell Pharmaceutical Co., Ltd.	Purchase of goods	4,513,583.78	4,109,780.72
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	Purchase of goods	3,676,515.83	933,727.04
Sinopharm Holding Jinan Co., Ltd.	Purchase of goods	3,621,583.69	1,832,235.96
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	Purchase of goods	3,614,733.64	4,544,410.21
Sinopharm Holding Beijing Huahong Co., Ltd.	Purchase of goods	3,550,261.18	3,843,243.29
Sinopharm Group Guorui Medicine Co., Ltd.	Purchase of goods	3,735,052.72	65,812.60
Shandong Lu Ya Pharmaceutical Co., Ltd.	Purchase of goods	2,909,280.05	-
Sinopharm Holding Changzhou Co., Ltd.	Purchase of goods	2,900,395.11	7,051,762.45
Tibet Yaopharma Co., Ltd.	Purchase of goods	2,761,512.07	-
Sinopharm Holding Wuxi Co., Ltd.	Purchase of goods	2,453,393.36	2,736,138.04
Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.	Purchase of goods	2,298,554.23	-
Sinopharm Holding Jinzhou Co., Ltd.	Purchase of goods	2,249,516.98	1,199,028.41
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	Purchase of goods	2,240,460.54	3,179,370.11

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions –goods and services (Continued)

Purchase of goods and receiving of services from related parties (Continued)

Related party	Type of transaction	2018	2017
Shanghai Merro Pharmaceutical Co., Ltd.	Purchase of goods	2,016,321.47	8,681,736.93
Foshan Fengliaoqing Pharmaceutical Co., Ltd.	Purchase of goods	2,015,702.90	320,789.59
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	Purchase of goods	2,003,690.59	1,111,214.17
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	Purchase of goods	1,889,376.44	2,446,393.63
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Purchase of goods	1,799,439.15	2,203,729.99
Sinopharm Holding Tianjin Co., Ltd.	Purchase of goods	1,598,345.37	1,531,041.56
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	Purchase of goods	1,574,958.10	367,123.16
Guizhou Tongjitang Pharmaceutical Co., Ltd.	Purchase of goods	1,536,282.82	783,375.17
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	Purchase of goods	1,451,522.48	866,286.88
Sinopharm Holding Yancheng Co., Ltd.	Purchase of goods	1,402,672.48	1,321,450.59
Sichuan Hexin Pharmaceutical Co., Ltd.	Purchase of goods	1,094,458.11	(288.55)
Shenyang Hongqi Pharmaceutical Co., Ltd.	Purchase of goods	1,058,670.33	509,884.44
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	Purchase of goods	995,510.64	1,019,792.18
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	Purchase of goods	921,863.31	1,117,427.20
Sinopharm Holding Putian Co., Ltd.	Purchase of goods	895,532.89	1,060,202.09
Sinopharm Holding Dalian Co., Ltd.	Purchase of goods	769,041.46	1,933,096.74
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	Purchase of goods	763,625.20	321,124.91
Sinopharm Holding Shandong Co., Ltd.	Purchase of goods	718,163.95	-
Sinopharm Holding Hulun Buir Co., Ltd.	Purchase of goods	713,341.49	18,397,145.25
Huayi Pharmaceutical Co., Ltd.	Purchase of goods	695,732.52	-
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	Purchase of goods	615,989.84	1,398,400.16
Sinopharm Holding Rizhao Co., Ltd.	Purchase of goods	586,905.03	1,070,541.55
Sinopharm Holding Tongliao Co., Ltd.	Purchase of goods	584,726.70	74,569.23
Guangdong Medi-World Pharmaceutical Co., Ltd.	Purchase of goods	584,223.16	-
Sinopharm Holding Anhui Co., Ltd.	Purchase of goods	539,726.50	251,374.86
Sinopharm Holding Quanzhou Co., Ltd.	Purchase of goods	509,662.25	693,843.09
Sinopharm Holding Yangzhou Biological Medicine Co., Ltd.	Purchase of goods	444,000.00	-
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	Purchase of goods	435,887.39	583,749.71

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions –goods and services (Continued)

Purchase of goods and receiving of services from related parties (Continued)

Related party	Type of transaction	2018	2017
Sinopharm Holding Changsha Co., Ltd.	Purchase of goods	414,897.11	-
Sinopharm Holding Kashi New & Special Drugs Co., Ltd.	Purchase of goods	400,421.76	488,097.76
Hunan Dongting Pharmaceutical Co., Ltd.	Purchase of goods	340,441.92	135,686.75
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	Purchase of goods	335,484.62	72,490.93
Shanghai Chaohui Pharmaceutical Co., Ltd.	Purchase of goods	330,363.62	-
Shantou Jinshi Powder Injection Co., Ltd.	Purchase of goods	330,119.93	-
Sinopharm Holding Ulanqab Co., Ltd.	Purchase of goods	308,191.79	142,060.09
Sinopharm Holding Zhejiang Co., Ltd.	Purchase of goods	289,516.54	-
Sinopharm Holding Dalian Hecheng Co., Ltd.	Purchase of goods	262,027.99	-
China Otsuka Pharmaceutical Co., Ltd.	Purchase of goods	241,236.29	2,811,496.30
Sinopharm Holding Dezhou Co., Ltd.	Purchase of goods	228,731.52	228,117.43
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	Purchase of goods	200,544.82	-
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	Purchase of goods	193,277.45	116,087.32
China National Pharmaceutical Industry Co., Ltd.	Purchase of goods	188,275.39	80,821.92
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	Purchase of goods	173,484.94	923.08
Sinopharm Group Southwest Medicine Co., Ltd.	Purchase of goods	153,389.66	-
Sinopharm Holding Lianyungang Co., Ltd.	Purchase of goods	153,111.27	-
Shanghai Modern Pharmaceutical Co., Ltd. (Modern Pharmaceutical)	Purchase of goods	142,521.39	-
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	Purchase of goods	121,618.26	4,666.51
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	Purchase of goods	109,039.96	55,299.53
Sinopharm Holding Hainan Co., Ltd.	Purchase of goods	97,450.60	-
Sinopharm Group Shanxi Co., Ltd.	Purchase of goods	87,596.90	862,803.50
Sinopharm Holding Zhihui Minsheng (Tianjin) Medicine Co., Ltd.	Purchase of goods	80,410.58	-
Sinopharm Holding Guizhou Co., Ltd.	Purchase of goods	73,729.75	-
Sinopharm Holding Taizhou Co., Ltd.	Purchase of goods	73,304.23	-
Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	Purchase of goods	63,648.72	(1,108.71)
Sinopharm Holding Sanyi Medicine (Wuhu) Co., Ltd.	Purchase of goods	58,952.78	102,930.09
Sichuan Jiangyouzhongbafuzi Technology Development Co., Ltd.	Purchase of goods	49,297.30	22,300.88

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions –goods and services (Continued)

Purchase of goods and receiving of services from related parties (Continued)

Related party	Type of transaction	2018	2017
Sinopharm Holding Yongzhou Co., Ltd.	Purchase of goods	38,141.67	22,688.00
Chongqing Haisiman Pharmaceutical Co., Ltd.	Purchase of goods	33,895.38	22,055,921.01
Sinopharm Group Weiqida Medicine Co., Ltd.	Purchase of goods	31,965.52	-
Sinopharm Holding Wende Medicine Nanjing Co., Ltd.	Purchase of goods	27,310.34	-
The Fourth Pharmaceutical Co., Ltd. of Zhonglian Group	Purchase of goods	24,295.86	112,080.00
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	Purchase of goods	20,598.94	14,862.40
Sinopharm Holding Nanping Newforce Co., Ltd.	Purchase of goods	15,315.32	-
Sinopharm Holding Shanxi Jincheng Co., Ltd.	Purchase of goods	11,481.46	-
Sinopharm Zhuhai Medical Instrument Co., Ltd.	Purchase of goods	9,564.95	-
Sinopharm Hebei Medical Instrument Co., Ltd.	Purchase of goods	6,533.84	29,467.36
Sinopharm Prospect Dentech (Beijing) Co., Ltd.	Purchase of goods	4,073.48	2,101.14
Beijing Huamiao Pharmaceutical Co., Ltd.	Purchase of goods	2,649.79	-
Sinopharm Group Guangdong Medicine Device Co., Ltd.	Purchase of goods	1,770.86	-
Sinopharm Holding Jinhua Co., Ltd.	Purchase of goods	38.80	15,569.23
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	Purchase of goods	12.82	-
Sinopharm Holding Tianjin Distribution Center Co., Ltd.	Purchase of goods	-	1,452,364.83
Sinopharm Holding Chengdu Co., Ltd.	Purchase of goods	-	809,743.62
Sinopharm Fujian Medical Examination Co., Ltd.	Purchase of goods	-	680,423.93
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	Purchase of goods	-	219,374.28
Guizhou Longlife Pharmacertical Co., Ltd.	Purchase of goods	-	188,738.84
Beijing Tongyu Information Technology Co., Ltd.	Purchase of goods	-	175,351.00
Sinopharm Holding Hubei Co., Ltd.	Purchase of goods	-	137,617.16
Sinopharm Holding Jiangxi Co., Ltd.	Purchase of goods	-	69,941.45
Sinopharm Group Chemical Reagent Co., Ltd.	Purchase of goods	-	46,153.84
Sinopharm Holding Tianjin North Medicine Co., Ltd.	Purchase of goods	-	23,066.70
Sinopharm Holding Chongqing Co., Ltd.	Purchase of goods	-	9,230.76
Sinopharm Fengliaoqing (Foshan) Medicines Co., Ltd.	Purchase of goods	-	2,332.96

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions –goods and services (Continued)

Purchase of goods and receiving of services from related parties (Continued)

Related party	Type of transaction	2018	2017
China National Scientific Instruments & Materials Imp/Exp Shenzhen Co., Ltd.	Purchase of goods	-	(1,598,611.60)
Sinopharm Holding Ordos Co., Ltd.	Purchase of goods	(10,667.01)	35,826.67
Anhui Jingfang Pharmaceutical Co., Ltd.	Purchase of goods	(13,269.30)	460,506.20
Sinopharm Group Medicine Logistic Co., Ltd.	Storage and transport cost	6,666,668.71	7,395,406.16
Sinopharm Health Online Co., Ltd.	Consulting service fee	6,085,895.22	3,071,581.63
Shanghai Beiyi Guoda pharmaceutical Co. Ltd.	Consulting service fee	1,263,962.22	589,442.86
Shanghai Tongyu Information Technology Co., Ltd.	Information system access fee	98,113.21	98,113.21
China National Pharmaceutical Logistics Co., Ltd.	Storage and transport cost	44,030.65	28,856.97
Sinopharm Holding Tianjin Binhai Pharmaceutical Co., Ltd.	Information system access fee	7,075.47	-
Sinopharm Group Co., Ltd.	Consulting service fee	-	5,982.51

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions –goods and services (Continued)

Sale of goods and rendering of services

Related party	Type of transaction	2018	2017
Sinopharm Group Co., Ltd.	Sale of goods	54,514,170.65	5,593,686.39
Shanghai Beiyi Guoda pharmaceutical Co. Ltd.	Sale of goods	49,727,338.63	51,483,490.91
Foshan Chancheng Pharmaceutical Co., Ltd.	Sale of goods	42,375,781.14	33,011,056.01
Sinopharm Holding Hainan Co., Ltd.	Sale of goods	29,338,160.25	36,385,390.99
Sinopharm Holding Hainan Hongyi Co., Ltd.	Sale of goods	24,127,524.50	25,628,473.91
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Sale of goods	17,376,808.71	13,060,212.97
Sinopharm Holding Wenzhou Co., Ltd.	Sale of goods	10,830,194.79	16,144,827.68
Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.	Sale of goods	10,524,551.98	
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Sale of goods	9,738,902.57	9,566,003.52
Sinopharm Sichuan Pharmaceutical Co., Ltd.	Sale of goods	9,061,104.38	37,145,400.72
Sinopharm Holding Sub Marketing Center Co., Ltd.	Sale of goods	8,970,804.72	12,124,282.34
Sinopharm Holding Henan Co., Ltd.	Sale of goods	8,736,054.45	15,920,365.63
Sinopharm Holding Nantong Co., Ltd.	Sale of goods	8,717,338.95	10,668,342.56
Shenzhen Hengsheng Hospital	Sale of goods	8,215,885.93	
Sinopharm Le-Ren-Tang Medicine Co., Ltd.	Sale of goods	7,728,482.84	29,700,260.69
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	Sale of goods	7,489,471.75	137,615.38
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	Sale of goods	6,837,559.00	28,222,286.50
Sinopharm Holding Beijing Co., Ltd.	Sale of goods	5,770,691.44	46,330,723.11
Sinopharm Holding Yunnan Co., Ltd.	Sale of goods	5,713,012.18	13,882,513.85
Sinopharm Holding Yangzhou Co., Ltd.	Sale of goods	5,144,530.81	4,983,173.28
Sinopharm Holding Beijing Huahong Co., Ltd.	Sale of goods	4,816,641.92	18,809,022.65
Sinopharm Holding Shandong Co., Ltd.	Sale of goods	4,577,546.05	54,609,405.93
Foshan Chancheng District Central Hospital	Sale of goods	4,504,644.96	4,152,584.46
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	Sale of goods	4,409,528.78	2,315,354.12
Sinopharm Holding Hubei Co., Ltd.	Sale of goods	3,772,162.27	36,728,642.88
Sinopharm Holding Shanxi Co., Ltd.	Sale of goods	2,577,305.96	1,347,127.61

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions –goods and services (Continued)

Sale of goods and rendering of services

Related party	Type of transaction	2018	2017
China National Medicines Co., Ltd.	Sale of goods	1,740,716.75	2,063,573.21
Foshan Chanyixing Medicine Development Co Ltd.	Sale of goods	1,450,198.02	1,405,871.30
Sinopharm Holding Gansu Co., Ltd.	Sale of goods	1,353,030.00	2,884,856.13
Sinopharm Holding Hunan Co., Ltd.	Sale of goods	1,308,950.82	5,020,059.72
Sinopharm Holding Dalian Co., Ltd.	Sale of goods	1,263,047.36	486,071.84
Shanghai Merro Pharmaceutical Co., Ltd.	Sale of goods	1,223,626.19	3,234,923.55
Sinopharm Holding Jilin Co., Ltd.	Sale of goods	1,172,196.27	3,009,786.08
Sinopharm Holding Anhui Co., Ltd.	Sale of goods	1,168,187.29	366,059.49
Sinopharm Holding Guizhou Co., Ltd.	Sale of goods	1,042,466.52	5,972,815.92
Sinopharm Holding Tianjin Co., Ltd.	Sale of goods	1,029,758.40	8,825,649.05
Sinopharm Group Southwest Medicine Co., Ltd.	Sale of goods	1,006,172.43	15,591,867.75
Sinopharm Holding Fujian Co., Ltd.	Sale of goods	979,220.98	6,048,503.32
Sinopharm Holding Zhejiang Co., Ltd.	Sale of goods	921,282.05	6,829,401.70
Sinopharm Holding Shanxi Co., Ltd.	Sale of goods	917,123.69	6,299,521.58
Hubei Medical Group Co., Ltd.	Sale of goods	853,130.68	-
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	Sale of goods	673,847.93	4,235.90
Yuxi Sinopharm Medicine Co., Ltd.	Sale of goods	625,927.21	-
Shanghai Guoda Lingyun Pharmacy Co., Ltd.	Sale of goods	540,476.78	713,931.05
Sinopharm Group Shanxi Co., Ltd.	Sale of goods	486,510.78	844,560.30
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	Sale of goods	448,887.64	201,902.45
Sinopharm Holding Changzhou Co., Ltd.	Sale of goods	435,840.01	-
Sinopharm Holding Jiangxi Co., Ltd.	Sale of goods	371,671.87	647,485.30
Sinopharm Holding Wuxi Co., Ltd.	Sale of goods	349,203.27	215,010.22
Sinopharm Holding Heilongjiang Co., Ltd.	Sale of goods	324,789.98	2,720,546.27
Sinopharm Holding Dalian Hecheng Co., Ltd.	Sale of goods	301,982.46	366,975.51
Sinopharm Holding Ningxia Co., Ltd.	Sale of goods	240,539.93	6,303,526.27
Sinopharm Holding Inner Mongolia Co., Ltd.	Sale of goods	239,130.68	366,510.94
Sinopharm Holding Chengdu Co., Ltd.	Sale of goods	215,685.18	1,227,783.73
Sinopharm Holding Yongzhou Co., Ltd.	Sale of goods	203,544.77	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions –goods and services (Continued)

Sale of goods and rendering of services

Related party	Type of transaction	2018	2017
Sinopharm Holding Ulanqab Co., Ltd.	Sale of goods	175,775.17	92,908.28
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	Sale of goods	175,352.41	291,901.64
Sinopharm Holding Qinghai Co., Ltd.	Sale of goods	168,653.68	1,759,644.99
Sinopharm Holding Chongqing Co., Ltd.	Sale of goods	145,147.69	125,938.47
Sinopharm Holding Guizhou Medical Equipment Co., Ltd.	Sale of goods	133,404.19	-
Sinopharm Holding Huaian Co., Ltd.	Sale of goods	128,653.00	440,133.12
Sinopharm Holding Wuhu Co., Ltd.	Sale of goods	127,195.59	-
Sinopharm Holding Shenyang Co., Ltd.	Sale of goods	103,846.57	3,907,366.12
Sinopharm Holding Suzhou Co., Ltd.	Sale of goods	103,840.63	-
Sinopharm Holding Hubei Hongyuan Co., Ltd.	Sale of goods	97,162.40	-
Sinopharm Holding Jilin Pharmacy Co., Ltd.	Sale of goods	91,435.98	-
Sinopharm Group Zhijun (Shenzhen) PingShan Pharmaceutical Co., Ltd.	Sale of goods	79,279.28	-
Sinopharm Holding Lu'an Co., Ltd.	Sale of goods	66,987.18	-
Sinopharm Holding Putian Co., Ltd.	Sale of goods	64,610.68	637,366.11
Sinopharm Holding Tianjin North Medicine Co., Ltd.	Sale of goods	58,775.86	-
Sinopharm Holding Longyan Co., Ltd.	Sale of goods	58,172.99	114,780.52
Sinopharm Holding Nanchang Pharmacy Co., Ltd.	Sale of goods	54,017.59	-
Dongyuan accord pharmaceutical chain Co., Ltd.	Sale of goods	39,393.65	-
Sinopharm Holding Zunyi Co., Ltd.	Sale of goods	35,054.94	-
Sinopharm Holding Xinxiang Co., Ltd.	Sale of goods	34,164.62	-
Sinopharm Holding Huangshi Co., Ltd.	Sale of goods	34,025.78	87,938.08
Sinopharm Holding Siping Co., Ltd.	Sale of goods	26,548.13	-
Sinopharm Holding Ningde Co., Ltd.	Sale of goods	23,864.90	603,115.39
Sinopharm Holding Tongren Co., Ltd.	Sale of goods	21,011.20	-
Sinopharm Holding Hongrun Medical Business Service (Shanghai) Co., Ltd.	Sale of goods	19,240.32	-
Sinopharm Holding Jiling Co., Ltd.	Sale of goods	19,035.54	-
Sinopharm Fengliaoqing Medical Hospital Co., Ltd.	Sale of goods	16,804.60	2,175.11
Sinopharm Holding Liaocheng Co., Ltd.	Sale of goods	15,596.82	-
Fujian CMDC Co., Ltd.	Sale of goods	13,988.00	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions –goods and services (Continued)

Sale of goods and rendering of services

Related party	Type of transaction	2018	2017
Sinopharm Lerentang Baoding Medicine Co., Ltd.	Sale of goods	12,991.45	-
CMDC Guizhou Qiannan Co., Ltd.	Sale of goods	12,712.58	-
Sinopharm Lerentang Hengshui Medicine Co., Ltd.	Sale of goods	12,108.38	-
Sinopharm Holding Honghe Co., Ltd.	Sale of goods	9,595.25	-
Sinopharm Zhuhai Medical Instrument Co., Ltd.	Sale of goods	9,119.70	-
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	Sale of goods	7,617.49	-
Sinopharm Holding Fuzhou Co., Ltd.	Sale of goods	6,927.14	6,073,301.78
Sinopharm Holding Hulun Buir Co., Ltd.	Sale of goods	4,570.00	5,955,618.61
Hunan Minshengtang Investment Co., Ltd.	Sale of goods	-	4,378,542.02
Sinopharm Holding Quanzhou Co., Ltd.	Sale of goods	-	2,300,292.62
Sinopharm Holding Lunan Co., Ltd.	Sale of goods	-	1,004,572.65
Sinopharm Holding Zhangzhou Co., Ltd.	Sale of goods	-	750,514.60
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	Sale of goods	-	598,153.85
Sinopharm Group Guangdong Medicine Device Co., Ltd.	Sale of goods	-	557,307.70
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	Sale of goods	-	409,246.96
China Otsuka Pharmaceutical Co., Ltd.	Sale of goods	-	153,846.15
China National Scientific Instruments & Materials Imp/Exp Shenzhen Co., Ltd.	Sale of goods	-	121,846.14
Sinopharm Holding Xiangyang Co., Ltd.	Sale of goods	-	109,542.99
Sinopharm Xinxiang Chain Store Co., Ltd.	Sale of goods	-	66,445.13
Sichuan Kang Daxin Pharmaceutical Co., Ltd.	Sale of goods	-	33,230.76
Beijing Tiantan Biological Products Co., Ltd.	Sale of goods	-	7,692.31
Sinopharm Holding Qianxinan Co., Ltd.	Sale of goods	-	7,478.63
Sinopharm Guangdong Medical Examination Co., Ltd.	Sale of goods	-	802.05
China National Medicines Co., Ltd.	Transport and storage income	3,580,698.30	3,785,126.52
Sinopharm Group Medicine Logistic Co., Ltd.	Transport and storage income	294,804.62	1,133,089.80
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	Meal fee	294,180.00	266,360.00
Sinopharm Group Zhijun (Shenzhen) PingShan Pharmaceutical Co., Ltd.	Transport and storage income	122,242.00	110,434.27

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions –goods and services (Continued)

Sale of goods and rendering of services

Related party	Type of transaction	2018	2017
Sinopharm Holding Shanxi Co., Ltd.	Consulting service income	9,433.96	28,301.88
Guizhou Tongjitang Pharmaceutical Co., Ltd.	Consulting service income	8,285.71	-
Winteam Pharmaceutical Group Ltd.	Consulting service income	2,023.58	6,580.11
Sinopharm Holding Shanxi Instrument Branch Co., Ltd.	Other income	1,132.08	22,830.19
Sinopharm Holding Sub Marketing Center Co., Ltd.	Consulting service income	-	51,379.25
Shenzhen Wanwei Medicine Trading Co., Ltd.	Transport and storage income	-	38,808.71
Sinopharm Holding Shanxi Co., Ltd.	Other income	-	19,433.96
Shenzhen Main Luck Pharmaceutical Co., Ltd.	Transport and storage income	-	18,277.71
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	Meal fee	-	17,461.63
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	Other income	-	13,650.94
Sinopharm Health Online Co., Ltd.	Consulting service income	-	10,697.08

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(2) Related party transactions - leases

(a) As the lessor

	Type of assets under leases	Income from leases in 2018	Income from leases in 2017
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	Building	351,428.58	637,142.88
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	Building	285,714.30	-
China National Medicines Co., Ltd.	Building	45,714.29	45,714.29
Sinopharm Holding Sub Marketing Center Co., Ltd.	Building	-	22,857.14

(b) As the lessee

	Type of assets under leases	Expenses from leases in 2018	Expenses from leases in 2017
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Building	5,461,904.76	4,780,000.00
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Building	3,914,124.76	4,239,560.37
Sinopharm Group Shanghai Co., Ltd.	Building	3,790,426.48	3,574,131.14
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	Equipment	3,750,000.00	3,750,000.00
Shenyang Pharmaceutical Co., Ltd.	Building	3,548,219.75	3,263,809.62
Sinopharm Group Medicine Logistic Co., Ltd.	Building	3,539,999.98	3,539,999.98
Lerentang Investment Group Co., Ltd.	Building	2,277,892.99	2,700,000.00
Hunan Minshengtang Investment Co., Ltd.	Building	2,027,673.99	1,548,351.84
Sinopharm Holding Yangzhou Co., Ltd.	Building	1,862,857.14	1,862,857.14
Linyi Medical Group Co., Ltd.	Building (Store)	1,329,859.65	-
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	Building	1,277,732.57	2,402,965.82
Guangdong Jiuyuantang Development Co., Ltd.	Building	1,192,864.11	611,398.72
Nanjing Yuanguang Trading Co., Ltd.	Building	866,794.89	-
Linyi Medical Group Co., Ltd.	Building (Warehouse, Office)	706,516.80	-
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	Building	470,161.86	470,161.86
Taishan Xiangranhui Trade Co., Ltd.	Building	451,963.88	-
Zhang Zhenfang	Building	402,499.98	402,499.98
Wang Yang	Building	262,857.12	262,857.12
Sinopharm Group Co., Ltd.	Building	259,915.02	259,915.04
Sinopharm Holding Kashi New & Special Drugs Co., Ltd.	Building	236,051.50	212,179.81

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(2) Related party transactions – leases (Continued)

(b) As the lessee (continued)

	Type of assets under leases	Expenses from leases in 2018	Expenses from leases in 2017
Sinopharm Holding Beijing Co., Ltd.	Building	235,714.29	221,944.46
Sinopharm Holding Shanxi Co., Ltd.	Building	234,017.16	297,653.30
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	Building	184,253.18	184,253.33
Gu Jinhua	Building	178,800.00	596,654.10
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	Building	173,523.81	254,544.44
China National Medicines Co., Ltd.	Building	153,750.00	199,563.50
Hangzhou Xihu Business Group Corporation	Building	132,823.81	126,500.00
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	Building	130,208.30	125,000.04
Shenzhen Jiufeng Investment Co., Ltd.	Building	89,260.15	-
Taishan Qunkang Pharmacy Co., Ltd.	Building	74,170.32	-
Xinjiang Baitong Property Service Co., Ltd.	Building	44,581.16	34,551.74
Sinopharm Group Zhijun (Shenzhen)			
PingShan Pharmaceutical Co., Ltd.	Park	35,428.57	-
Sinopharm Holding Fujian Co., Ltd.	Building	6,571.38	1,999.98
Huang Lijin	Building	-	819,144.15
Taishan Qunkang Pharmacy Co., Ltd.	Building	-	81,271.80
Linyi Medical Group Co., Ltd.	Building	-	2,010,483.23
Sinopharm Group Xinjiang Pharmaceutical Co., Ltd.	Building	-	27,000.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(3) Related party transactions – Financing

Related party	Amount	Inception	Maturity	Note
Borrowed from				
Group Financial Co.				Discount on commercial acceptance notes
	28,864,324.33	6.February.2018	31.March.2018	
Group Financial Co.				Discount on commercial acceptance notes
	17,745,523.36	8.June.2018	31.July.2018	
Group Financial Co.				Discount on commercial acceptance notes
	16,989,310.72	8.June.2018	2.July.2018	
Group Financial Co.				Discount on commercial acceptance notes
	15,000,000.00	6.February.2018	9.May.2018	
Group Financial Co.				Discount on commercial acceptance notes
	15,000,000.00	8.June.2018	9.July.2018	
Group Financial Co.				Discount on commercial acceptance notes
	14,421,033.37	8.June.2018	31.July.2018	
Group Financial Co.				Discount on commercial acceptance notes
	13,299,616.90	6.February.2018	9.June.2018	
Group Financial Co.				Discount on commercial acceptance notes
	10,427,104.57	8.June.2018	9.August.2018	
Group Financial Co.				Discount on commercial acceptance notes
	10,000,000.00	8.June.2018	25.July.2018	
Group Financial Co.				Discount on commercial acceptance notes
	10,000,000.00	8.June.2018	25.August.2018	
Group Financial Co.				Discount on commercial acceptance notes
	9,154,974.69	6.February.2018	31.March.2018	
Group Financial Co.				Discount on commercial acceptance notes
	8,492,564.70	6.February.2018	31.March.2018	
Group Financial Co.				Discount on commercial acceptance notes
	6,533,003.82	23.May.2018	27.June.2018	
Group Financial Co.				Discount on commercial acceptance notes
	5,824,599.68	8.June.2018	31.July.2018	
Group Financial Co.				Discount on bank acceptance notes
	5,494,215.57	29.January.2018	25.July.2018	
Group Financial Co.				Discount on commercial acceptance notes
	5,397,269.57	8.June.2018	25.August.2018	
Group Financial Co.				Discount on commercial acceptance notes
	4,829,908.00	6.February.2018	25.April.2018	
Group Financial Co.				Discount on bank acceptance notes
	3,500,231.10	23.May.2018	28.September.2018	
Group Financial Co.				Discount on commercial acceptance notes
	3,203,901.98	8.June.2018	25.July.2018	
Guorun Medical Supply Chain Services (Shanghai) Co., Ltd.				Short-term borrowings
Group Financial Co.				Discount on commercial acceptance notes
	3,200,000.00	27.June.2018	26.June.2018	
Group Financial Co.				Discount on commercial acceptance notes
	2,985,850.00	8.June.2018	25.July.2018	
Group Financial Co.				Discount on commercial acceptance notes
	2,586,003.25	6.February.2018	9.April.2018	
Group Financial Co.				Discount on commercial acceptance notes
	2,500,661.99	8.June.2018	9.July.2018	
Group Financial Co.				Discount on bank acceptance notes
	2,000,000.00	23.May.2018	28.June.2018	
Group Financial Co.				Discount on bank acceptance notes
	2,000,000.00	23.May.2018	19.October.2018	

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

Related party	Amount	Inception	Maturity	Note
Borrowed from				
Group Financial Co.	1,819,472.43	29.January.2018	25.July.2018	Discount on bank acceptance notes
Group Financial Co.	1,782,632.39	6.February.2018	31.May.2018	Discount on commercial acceptance notes
Group Financial Co.	1,727,218.03	8.June.2018	31.August.2018	Discount on commercial acceptance notes
Group Financial Co.	1,721,826.42	29.January.2018	26. August.2018	Discount on bank acceptance notes
Group Financial Co.	1,614,923.40	29.January.2018	25.June.2018	Discount on bank acceptance notes
Group Financial Co.	1,567,611.66	8.June.2018	31.July.2018	Discount on commercial acceptance notes
Group Financial Co.	1,424,501.98	8.June.2018	3.November.2018	Discount on commercial acceptance notes
Group Financial Co.	1,350,000.00	29.January.2018	27.June.2018	Discount on bank acceptance notes
Group Financial Co.	1,020,299.50	6.February.2018	26.April.2018	Discount on commercial acceptance notes
Group Financial Co.	1,009,120.49	8.June.2018	30.September.2018	Discount on commercial acceptance notes
Group Financial Co.	1,000,000.00	23.May.2018	30.July.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	23.May.2018	17.October.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	25.July.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	25.July.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	25.July.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	25.July.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	25.July.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	25.July.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	25.July.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	25.July.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	26.August.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	26.August.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	26.August.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	26.August.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	26.August.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	26.August.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	26.August.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	28.June.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	28.June.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	28.June.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	28.June.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	28.June.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	28.June.2018	Discount on bank acceptance notes
Group Financial Co.	1,000,000.00	29.January.2018	28.June.2018	Discount on bank acceptance notes

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)**For the Year ended 30 June 2018**

(All amounts in Renminbi “RMB” unless otherwise stated)

[illegible]

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)**For the Year ended 30 June 2018**

(All amounts in Renminbi “RMB” unless otherwise stated)

Related party	Amount	Inception	Maturity	Note
Borrowed from				
Group Financial Co.	999,000.00	11.February.2018	25.March.2018	Discount on commercial acceptance notes
Group Financial Co.	999,000.00	11.February.2018	25.March.2018	Discount on commercial acceptance notes
Group Financial Co.	999,000.00	11.February.2018	25.March.2018	Discount on commercial acceptance notes
Group Financial Co.	999,000.00	11.February.2018	25.April.2018	Discount on commercial acceptance notes
Group Financial Co.	999,000.00	11.February.2018	25.April.2018	Discount on commercial acceptance notes
Group Financial Co.	999,000.00	11.February.2018	25.April.2018	Discount on commercial acceptance notes
Group Financial Co.	999,000.00	11.February.2018	25.April.2018	Discount on commercial acceptance notes
Group Financial Co.	999,000.00	11.February.2018	25.April.2018	Discount on commercial acceptance notes
Group Financial Co.	999,000.00	11.February.2018	25.April.2018	Discount on commercial acceptance notes
Group Financial Co.	999,000.00	11.February.2018	25.April.2018	Discount on commercial acceptance notes
Group Financial Co.	999,000.00	11.February.2018	25.April.2018	Discount on commercial acceptance notes
Group Financial Co.	999,000.00	11.February.2018	25.April.2018	Discount on commercial acceptance notes
Group Financial Co.	999,000.00	11.February.2018	25.April.2018	Discount on commercial acceptance notes
Group Financial Co.	999,000.00	11.February.2018	25.April.2018	Discount on commercial acceptance notes
Group Financial Co.	999,000.00	11.February.2018	25.April.2018	Discount on commercial acceptance notes
Group Financial Co.	999,000.00	11.February.2018	25.April.2018	Discount on commercial acceptance notes
Group Financial Co.	999,000.00	11.February.2018	25.April.2018	Discount on commercial acceptance notes
Group Financial Co.	999,000.00	11.February.2018	25.April.2018	Discount on commercial acceptance notes
Group Financial Co.	999,000.00	11.February.2018	25.April.2018	Discount on commercial acceptance notes
Group Financial Co.	965,711.76	29.January.2018	27.March.2018	Discount on bank acceptance notes
Group Financial Co.	960,382.84	23.May.2018	30.June.2018	Discount on bank acceptance notes
Group Financial Co.	881,196.30	23.May.2018	13.July.2018	Discount on bank acceptance notes
Group Financial Co.	866,989.11	11.February.2018	25.March.2018	Discount on commercial acceptance notes
Group Financial Co.	832,908.92	23.May.2018	20.October.2018	Discount on bank acceptance notes
Group Financial Co.	773,422.00	8.June.2018	26.July.2018	Discount on commercial acceptance notes
Group Financial Co.	762,190.80	6.February.2018	26.May.2018	Discount on commercial acceptance notes
Group Financial Co.	726,717.56	23.May.2018	26.July.2018	Discount on bank acceptance notes
Group Financial Co.	725,482.85	23.May.2018	8.September.2018	Discount on bank acceptance notes
Group Financial Co.	705,466.20	6.February.2018	30.June.2018	Discount on commercial acceptance notes
Group Financial Co.	700,894.97	23.May.2018	7.September.2018	Discount on bank acceptance notes
Group Financial Co.	700,000.00	23.May.2018	26.September.2018	Discount on bank acceptance notes
Group Financial Co.	682,963.15	29.January.2018	28.June.2018	Discount on bank acceptance notes
Group Financial Co.	663,946.00	8.June.2018	26.August.2018	Discount on commercial acceptance notes

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

Related party	Amount	Inception	Maturity	Note
Borrowed from				
Group Financial Co.	662,209.60	23.May.2018	26.July.2018	Discount on bank acceptance notes
Group Financial Co.	644,139.50	11.February.2018	25.March.2018	Discount on commercial acceptance notes
Group Financial Co.	637,825.05	11.February.2018	25.April.2018	Discount on commercial acceptance notes
Group Financial Co.	630,654.72	23.May.2018	12.June.2018	Discount on bank acceptance notes
Group Financial Co.	626,307.92	23.May.2018	27.July.2018	Discount on bank acceptance notes
Group Financial Co.	605,037.40	8.June.2018	26.September.2018	Discount on commercial acceptance notes
Group Financial Co.	603,985.26	11.February.2018	30.March.2018	Discount on commercial acceptance notes
Group Financial Co.	579,670.29	23.May.2018	23.July.2018	Discount on bank acceptance notes
Group Financial Co.	572,565.64	8.June.2018	31.October.2018	Discount on commercial acceptance notes
Group Financial Co.	509,183.55	23.May.2018	23.August.2018	Discount on bank acceptance notes
Group Financial Co.	483,944.32	6.February.2018	25.March.2018	Discount on commercial acceptance notes
Group Financial Co.	448,347.26	11.February.2018	27.April.2018	Discount on commercial acceptance notes
Group Financial Co.	234,565.32	23.May.2018	28.July.2018	Discount on bank acceptance notes
Group Financial Co.	217,124.56	11.February.2018	31.May.2018	Discount on commercial acceptance notes
Group Financial Co.	147,903.08	8.June.2018	25.July.2018	Discount on commercial acceptance notes
Lend to				
Sinopharm Group Zhijun(Suzhou) Pharmaceutical Co., Ltd.	44,000,000.00	26.January.2018	25. January.2019	Entrusted loan

(4) Related party asset transfer

	Type of transaction	2018	2017
Sinopharm Holding Tianjin Binhai Pharmaceutical Co., Ltd.	Purchase of construction in progress	21,794.87	
Shanghai Tongyu Information Technology Co., Ltd.	Purchase of intangible asset		46,153.85

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(5) Other related party transactions

		2018	2017
(a) Remuneration for key management personnel		2,981,250.00	2,507,458.00
(b) Interest expense			
Related party	Category	2018	2017
Group Financial Co.	Payment of notes discount interest	3,411,652.84	3,150,834.52
China National Pharmaceutical Group Corporation	Payment of entrusted loan interest	641,469.02	134,673.05
Sinopharm Holding Financing Lease Co., Ltd.	Payment of financing lease interest	623,402.17	837,111.29
Guorun Medical Supply Chain Services (Shanghai) Co., Ltd.	Payment of related parties loan interest	1,778.67	-
Group Financial Co..	Payment of loan interest	-	688,598.96
		<u>4,678,302.70</u>	<u>4,811,217.82</u>
(c) Interest income			
Related party	Category	2018	2017
Sinopharm Group Zhijun (Suzhou) Pharmaceutical Co., Ltd.	Entrusted loan interest	1,549,650.99	937,951.77
Group Financial Co.	Deposit interest	387,479.46	129,656.35
Shanghai Shyndec Pharmaceutical Co., Ltd.	Other interest	-	47,628.66
		<u>1,937,130.45</u>	<u>1,115,236.78</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

6. Commitments between the Group and related parties

	2018 RMB'0,000	2017 RMB'0,000
Leases		
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	3,439.50	2,580.00
Shenyang Pharmaceutical Co., Ltd.	3,000.00	700.00
Sinopharm Holding Yangzhou Co., Ltd.	978.00	1,173.60
Linyi Medical Group Co., Ltd.	959.42	429.97
Sinopharm Group Medicine Logistic Co., Ltd.	806.70	-
Guangdong Jiyuantang Development Co., Ltd.	685.50	-
Nanjing Yuanguang Trading Co., Ltd.	672.00	463.09
Taishan Xiangranhui Trade Co., Ltd.	551.18	527.54
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	512.85	162.11
Sinopharm Group Shanghai Co., Ltd.	488.79	4,032.80
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	352.45	877.80
Lerentang Investment Group Co., Ltd.	263.50	527.00
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	216.08	263.09
Gu Jinhua	213.96	289.06
Sinopharm Group Co., Ltd.	147.29	173.28
Sinopharm Holding Beijing Co., Ltd.	146.00	166.42
Taishan Qunkang Pharmacy Co., Ltd.	93.01	53.36
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	86.90	-
Wang Yang	82.80	110.40
China National Medicines Co., Ltd.	75.00	94.50
Hangzhou Xihu Business Group Corporation	73.99	87.93
Shenzhen Jiufeng Investment Co., Ltd.	58.00	-
Sinopharm Holding Kashi New & Special Drugs Co., Ltd.	48.54	52.89
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	27.56	40.69
Sinopharm Holding Fujian Co., Ltd.	1.96	2.65
Hunan Minshengtang Investment Co., Ltd.	-	841.86
Sinopharm Group Zhijun (Shenzhen) PingShan Pharmaceutical Co., Ltd.	-	-
Xinjiang Baitong Property Service Co., Ltd.	-	-
Zhang Zhenfang	-	80.50
Shenzhen Jiufeng Investment Co., Ltd.	-	78.00
Sinopharm Holding Shanxi Co., Ltd.	-	49.14
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	-	45.31
	<u>13,980.97</u>	<u>13,902.99</u>
Lease out		
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	-	35.14
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	-	28.57
Sinopharm Group Medicine Logistic Co., Ltd.	-	16.94
	<u>-</u>	<u>80.65</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

7. Amounts due from related parties

Accounts receivable	2018		2017	
	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Related party				
Foshan Chancheng Pharmaceutical Co., Ltd.	36,703,959.69	207,364.54	21,934,107.53	175,357.55
Sinopharm Group Co., Ltd.	30,140,408.15	-	15,369,464.29	-
Shanghai Beiyi Guoda pharmaceutical Co. Ltd.	18,617,164.50	-	17,897,203.42	-
Sinopharm Holding Hainan Co., Ltd.	10,514,385.94	-	14,215,247.85	-
Sinopharm Holding Hainan Hongyi Co., Ltd.	8,529,182.80	-	8,091,971.32	-
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	4,589,946.00	-	2,157,970.20	-
Sinopharm Health Online Co., Ltd.	4,525,649.68	-	9,422,294.03	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	4,190,027.84	-	2,804,530.25	-
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	4,124,312.92	-	8,809,915.50	-
Sinopharm Sichuan Pharmaceutical Co., Ltd.	3,976,185.33	-	662,971.38	-
Foshan Chancheng District Central Hospital	3,576,265.62	20,670.88	2,529,205.51	12,659.85
China National Medicines Co., Ltd.	3,501,874.71	-	2,676,276.13	-
Shenzhen Hengsheng Hospital	3,490,867.82	-	-	-
Sinopharm Le-Ren-Tang Medicine Co., Ltd.	3,339,262.36	-	3,637,345.22	-
Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.	2,854,404.51	-	7,370,859.93	-
Sinopharm Holding Nantong Co., Ltd.	2,722,425.92	-	1,704,073.87	-
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	2,635,080.55	-	1,005,726.44	-
Sinopharm Holding Yunnan Co., Ltd.	2,532,060.95	-	1,035,424.32	-
Sinopharm Holding Henan Co., Ltd.	1,557,141.42	-	1,154,757.68	-
Sinopharm Holding Beijing Huahong Co., Ltd.	1,375,881.06	-	506,804.30	-
Sinopharm Holding Hubei Co., Ltd.	1,339,756.44	-	2,748,951.80	-
Sinopharm Holding Beijing Co., Ltd.	1,296,500.16	-	90,046.08	-
Sinopharm Holding Shanxi Co., Ltd.	1,265,918.60	-	1,200,884.28	-
Sinopharm Holding Wenzhou Co., Ltd.	1,230,357.78	-	1,158,304.46	-
Sinopharm Holding Shandong Co., Ltd.	1,225,393.60	-	588,056.32	-
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	1,148,175.69	-	4,323,084.16	-
Foshan Chanyixing Medicine Development Co Ltd.	987,490.80	3,943.78	673,746.17	2,421.30
Sinopharm Holding Yangzhou Co., Ltd.	935,414.27	-	1,296,112.24	-
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	675,756.00	-	130,704.00	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Accounts receivable(continued)	2018		2017	
	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Related party				
Sinopharm Holding Guizhou Co., Ltd.	639,918.78	-	170,986.79	-
Sinopharm Holding Hunan Co., Ltd.	595,452.08	-	43,981.92	-
Sinopharm Holding Jilin Co., Ltd.	492,849.62	-	565,721.74	-
Sinopharm Holding Tianjin Co., Ltd.	416,379.20	-	135,626.56	-
Sinopharm Holding Anhui Co., Ltd.	391,641.84	-	33,633.20	-
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	329,296.00	-	380,649.04	-
Shanghai Merro Pharmaceutical Co., Ltd.	249,999.26	-	612,664.66	-
Sinopharm Holding Fujian Co., Ltd.	235,092.24	-	180,055.08	-
Sinopharm Holding Shanxi Co., Ltd.	229,324.80	-	36,481.28	-
Sinopharm Holding Ningxia Co., Ltd.	227,560.68	-	1,104,953.59	-
Sinopharm Group Southwest Medicine Co., Ltd.	224,193.04	-	16,558.20	-
Sinopharm Holding Dalian Co., Ltd.	214,854.56	-	541,531.52	-
Shanghai Guoda Lingyun Pharmacy Co., Ltd.	209,212.66	-	270,164.54	-
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	179,629.32	-	124,991.20	-
Sinopharm Group Medicine Logistic Co., Ltd.	155,588.33	-	189,151.95	-
Yuxi Sinopharm Medicine Co., Ltd.	146,026.37	-	146,026.37	-
Sinopharm Holding Qinghai Co., Ltd.	108,180.98	-	27,315.00	-
Sinopharm Holding Gansu Co., Ltd.	98,794.08	-	-	-
Sinopharm Holding Ulanqab Co., Ltd.	97,118.11	-	-	-
Hubei Medical Group Co., Ltd.	85,653.12	-	113,688.23	-
Sinopharm Holding Heilongjiang Co., Ltd.	76,328.00	-	50,000.00	-
Sinopharm Holding Tianjin North Medicine Co., Ltd.	68,180.00	-	-	-
Sinopharm Holding Nanchang Pharmacy Co., Ltd.	62,660.40	-	-	-
Sinopharm Holding Dalian Hecheng Co., Ltd.	62,495.50	-	168,912.00	-
Sinopharm Group Shanxi Co., Ltd.	52,792.80	-	127,541.80	-
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	44,066.56	-	67,701.92	-
Sinopharm Holding Huangshi Co., Ltd.	39,317.00	-	-	-
Sinopharm Group Zhijun (Shenzhen) PingShan Pharmaceutical Co., Ltd.	39,204.00	-	19,980.00	-
Sinopharm Holding Chengdu Co., Ltd.	35,908.41	-	144,788.41	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Accounts receivable(continued)	2018		2017	
	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Related party				
Sinopharm Holding Wuxi Co., Ltd.	30,260.00	-	61,247.00	-
Sinopharm Holding Fuzhou Co., Ltd.	15,192.00	-	-	-
Sinopharm Holding Putian Co., Ltd.	15,192.00	-	-	-
Sinopharm Holding Longyan Co., Ltd.	15,192.00	-	-	-
Sinopharm Holding Zunyi Co., Ltd.	12,238.80	-	-	-
Sinopharm Holding Jiangxi Co., Ltd.	11,188.52	-	129,605.63	-
Sinopharm Holding Honghe Co., Ltd.	11,130.50	-	-	-
Sinopharm Holding Xinxiang Co., Ltd.	9,789.00	-	-	-
Sinopharm Holding Ningde Co., Ltd.	7,596.00	-	-	-
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	3,534.90	-	6,780.30	-
Sinopharm Holding Hongrun Medical Business Service (Shanghai) Co., Ltd.	2,316.62	-	-	-
Sinopharm Fengliaoxing Medical Hospital Co., Ltd.	2,278.20	-	4,611.25	14.56
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	-	-	155,520.00	-
Sinopharm Holding Zhejiang Co., Ltd.	-	-	716,400.00	-
Sinopharm Xinxiang Chain Store Co., Ltd.	-	-	20,066.29	-
Sinopharm Holding Changzhou Co., Ltd.	-	-	483,328.40	-
China National Pharmaceutical Foreign Trade Corporation	-	-	1,327.42	-
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	-	-	72,992.40	-
Shanghai Liyi Drug Store Co.,Ltd	-	-	35,579.55	-
Linyi Medical Group Co., Ltd.	-	-	2,538.80	-
Sinopharm Holding Huaian Co., Ltd.	(19.40)	-	-	-
Sinopharm Holding Hulun Buir Co., Ltd.	(33,295.45)	-	982,776.96	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Notes receivable	2018		2017	
	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Related party				
Sinopharm (Guangzhou) Medical Equipment Co., Ltd.	20,000,000.00	-	-	-
Sinopharm Holding Hainan Co., Ltd.	6,160,961.40	-	3,650,933.87	-
Sinopharm Le-Ren-Tang Medicine Co., Ltd.	900,000.00	-	-	-
Sinopharm Holding Hubei Co., Ltd.	243,000.00	-	-	-
Sinopharm Group Zhijun (Shenzhen) PingShan Pharmaceutical Co., Ltd.	80,000.00	-	-	-
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	-	-	161,555.40	-
Sinopharm Holding Shanxi Co., Ltd.	-	-	500,000.00	-
Sinopharm Holding Henan Co., Ltd.	-	-	1,500,000.00	-
Sinopharm Holding Inner Mongolia Co., Ltd.	-	-	136,172.00	-
Sinopharm Holding Nantong Co., Ltd.	-	-	2,240,000.00	-
Sinopharm Holding Dalian Hecheng Co., Ltd.	-	-	116,885.00	-
Foshan Chancheng Pharmaceutical Co., Ltd.	-	-	8,149,623.63	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Other receivables	2018		2017	
	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Related party				
Sinopharm Group Medicine Logistic Co., Ltd.	5,001,939.98	-	1,398,849.53	-
Sinopharm Group Zhijun(Suzhou) Pharmaceutical Co., Ltd.	44,000,000.00	-	44,000,000.00	-
Guorun Medical Supply Chain Services (Shanghai) Co., Ltd.	2,940,000.00	-	-	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	8,120.00	-	-	-
Sinopharm Holding Henan Co., Ltd.	67,526.20	-	-	-
Sinopharm Holding Jiaozuo Co., Ltd.	21,476.00	-	-	-
Sinopharm Holding Fujian Co., Ltd.	5,476.29	-	-	-
Shanghai Modern Pharmaceutical Co., Ltd. (Modern Pharmaceutical)	101,166,758.92	-	125,181,658.92	-
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	5,000.00	500.00	5,000.00	500.00
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	79,791.10	600.00	17,060.30	300.00
Guangxi Deyiyuan Medical Investment Center (Limited Partnership)	4,000,000.00	-	-	-
China National Medicines Co., Ltd.	115,340.85	-	-	-
Sinopharm Holding Shanxi Co., Ltd.	-	-	100,000.00	-
Baise Jianan Medicine Chain Co., Ltd.	980,000.00	-	-	-
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	100,000.00	-	100,000.00	-
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	48,493.16	-	48,493.16	-
Sinopharm Health Online Co., Ltd.	-	-	1,071,427.97	-

Advances to suppliers	2018		2017	
	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Related party				
Hunan Minshengtang Investment Co., Ltd.	4,466,242.71	-	2,670,438.92	-
Sinopharm Holding Shanxi Co., Ltd.	3,119,762.79	-	287,996.37	-
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	1,532,954.29	-	2,025,021.70	-
Sinopharm Group Co., Ltd.	1,327,141.31	-	1,963,516.79	-
Sinopharm Chuan Kang Pharmaceutical Co., Ltd.	717,145.38	-	-	-
Linyi Medical Group Co., Ltd.	596,733.21	-	-	-
Nanjing Yuanguang Trading Co., Ltd.	395,816.01	-	168,168.19	-
Sinopharm Xinjiang Korla Pharmaceutical Co., Ltd.	264,360.50	-	264,360.50	-
Sinopharm Holding Kashi New & Special Drugs Co., Ltd.	241,371.50	-	25,200.00	-
Sinopharm Holding Shanxi Co., Ltd.	234,017.13	-	5,502,363.26	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Advances to suppliers (continued)	2018		2017	
	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Related party				
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	213,574.68	-	-	-
Chongqing Yaoyou Pharmaceutical Co., Ltd.	211,092.00	-	-	-
Guizhou Tongjitang Pharmaceutical Co., Ltd.	154,778.29	-	-	-
Anhui Jingfang Pharmaceutical Co., Ltd.	150,708.40	-	-	-
Chengdu Rongsheng Pharmacy Co., Ltd.	143,348.00	-	633.13	-
Sinopharm Holding Beijing Co., Ltd.	130,000.00	-	117,500.00	-
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	112,426.00	-	-	-
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	88,685.38	-	-	-
China National Medicines Co., Ltd.	78,750.00	-	183,033.71	-
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	72,000.00	-	-	-
Xinjiang Baitong Property Service Co., Ltd.	67,427.65	-	10,867.40	-
Suzhou Erye Pharmaceutical Limited Company	50,220.00	-	-	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	35,181.20	-	1,025.86	-
Taishan Qunkang Pharmacy Co., Ltd.	26,140.03	-	-	-
Sinopharm Holding Lerentang Pharmaceutical Co., Ltd.	7,960.00	-	-	-
Sinopharm Holding Tianjin Co., Ltd.	7,705.88	-	-	-
China Sinopharm International Corporation	7,314.00	-	-	-
Winteam Pharmaceutical Group Ltd.	1,927.17	-	19,160.00	-
Sinopharm Holding Hunan Co., Ltd.	-	-	3,136.32	-
Sinopharm Group Guorui Medicine Co., Ltd.	-	-	279,120.00	-
Sinopharm Holding Fujian Co., Ltd.	-	-	5,476.24	-
Sinopharm Holding Yangzhou Co., Ltd.	-	-	4,127.79	-
Sinopharm Holding Suzhou Co., Ltd.	-	-	7,676.52	-
Guilin South pharmaceutical Co., Ltd.	-	-	20,000.00	-
Jinzhou AoHong Pharmaceuticals Co., Ltd.	-	-	20,136,997.60	-
Shanghai Shangsheng Biological Products Co., Ltd.	-	-	1,271,300.00	-
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	-	-	42,708.30	-
Sinopharm Group Zhijun (Shenzhen)	-	-	158.49	-
PingShan Pharmaceutical Co., Ltd.	-	-	78,420.01	-
Gu Jihua	-	-	38.80	-
Sinopharm Holding Jinhua Co., Ltd.	-	-	-	-
Sinopharm Holding Tianjin Distribution Center Co., Ltd.	-	-	1,735.14	-
Sinopharm Holding Shenyang Co., Ltd.	-	-	1,334,883.98	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

8. Amounts due to related parties

Related party	2018	2017
Accounts payable		
Sinopharm Holding Sub Marketing Center Co., Ltd.	185,434,546.68	143,908,467.08
China National Medicines Co., Ltd.	50,999,852.95	28,362,452.88
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	38,736,408.80	37,504,845.76
Sinopharm Holding Shanxi Co., Ltd.	37,706,274.33	244,476.98
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	35,753,944.33	16,003,934.07
Sinopharm Le-Ren-Tang Medicine Co., Ltd.	28,095,649.43	-
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	19,956,249.97	19,742,833.00
Sinopharm Group Co., Ltd.	19,380,143.87	45,203,988.04
Lanzhou Institute of Biological Products Co., Ltd.	18,300,000.00	-
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	18,191,902.38	10,003,320.16
Sinopharm Holding Shenyang Co., Ltd.	11,775,646.40	-
Sinopharm Holding Lerentang Pharmaceutical Co., Ltd.	11,678,984.58	7,796,905.93
Sinopharm Holding Lunan Co., Ltd.	11,599,866.46	152,924.30
Sinopharm Holding Beijing Co., Ltd.	10,395,045.63	1,148,947.27
Sinopharm Holding Inner Mongolia Co., Ltd.	10,291,898.39	2,664,468.46
Chongqing Yaoyou Pharmaceutical Co., Ltd.	10,162,662.09	5,449,975.66
Winteam Pharmaceutical Group Ltd.	8,836,641.73	1,291,002.80
Sinopharm Holding Fujian Co., Ltd.	8,523,446.87	3,717,579.24
Sinopharm Holding Jiangsu Co., Ltd.	6,712,929.75	7,730,787.92
Sinopharm Holding Shanxi Instrument Branch Co., Ltd.	6,108,785.26	4,089,563.14
Suzhou Erye Pharmaceutical Limited Company	6,043,499.78	-
Shenzhen Wanwei Medicine Trading Co., Ltd.	4,844,806.71	4,240,123.65
Shenzhen Main Luck Pharmaceutical Co., Ltd.	4,827,911.78	6,520,471.48
Sinopharm Holding Yangzhou Co., Ltd.	4,754,359.23	5,987,057.82
Jinzhou AoHong Pharmaceuticals Co., Ltd.	4,663,433.10	-
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	4,540,260.42	1,141,702.25
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	4,086,875.36	2,106,607.37
Sinopharm Holding Pingdingshan Co., Ltd.	3,648,364.61	8,178,253.43
Tibet Yaopharma Co., Ltd.	3,148,580.21	-
Sinopharm Holding Ningxia Co., Ltd.	2,799,537.02	2,809,371.28
Sinopharm Group Zhijun (Shenzhen) PingShan Pharmaceutical Co., Ltd.	2,714,815.09	1,350,614.09

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Related party	2018	2017
Accounts payable (Continued)		
Sinopharm Holding Shanxi Co., Ltd.	2,652,903.44	-
Sinopharm Holding Xiamen Co., Ltd.	2,630,865.97	4,006,491.37
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	2,131,769.27	2,792,663.08
Yichang Humanwell Pharmaceutical Co., Ltd.	2,073,807.37	2,620,139.37
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	2,057,833.38	803,559.06
Sinopharm Holding Beijing Huahong Co., Ltd.	1,874,216.57	1,277,513.68
Sinopharm Holding Fuzhou Co., Ltd.	1,616,691.28	996,015.17
Sinopharm Holding Hulun Buir Co., Ltd.	1,600,453.94	2,902,181.03
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	1,582,888.55	1,708,132.21
Sinopharm Holding Jinan Co., Ltd.	1,374,865.44	71,695.99
Sinopharm Holding Hunan Co., Ltd.	1,364,062.66	148,565.65
Foshan Fengliaoqing Pharmaceutical Co., Ltd.	1,358,827.63	1,380,114.57
China Otsuka Pharmaceutical Co., Ltd.	1,352,547.35	1,073,847.85
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	1,297,375.21	1,095,793.12
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	1,074,129.27	321,836.11
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	935,712.46	482,357.79
Sinopharm Holding Henan Co., Ltd.	875,000.19	1,526,472.33
Shanghai Transfusion Technology Co., Ltd.	779,650.00	251,500.00
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	773,028.14	197,304.23
Sinopharm Holding Changzhou Co., Ltd.	762,677.30	156,301.06
Sinopharm Holding Wuxi Co., Ltd.	744,575.65	234,944.25
Sinopharm Holding Shandong Co., Ltd.	718,163.95	-
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	713,718.67	495,022.50
Sinopharm Holding Suzhou Co., Ltd.	710,094.01	656,992.49
Shenyang Hongqi Pharmaceutical Co., Ltd.	588,503.90	394,762.85
Huayi Pharmaceutical Co., Ltd.	532,096.11	-
Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.	521,871.90	798,390.65
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	503,372.84	526,750.40
Hunan Dongting Pharmaceutical Co., Ltd.	488,665.79	110,111.27
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	456,155.01	363,937.65
Sinopharm Holding Yangzhou Biological Medicine Co., Ltd.	444,000.00	24,852.45
Sinopharm Holding Dalian Co., Ltd.	437,980.07	80,166.00
Sinopharm Group Guorui Medicine Co., Ltd.	366,991.38	34,649.98

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Related party	2018	2017
Accounts payable (Continued)		
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	363,060.90	46,098.20
Sichuan Hexin Pharmaceutical Co., Ltd.	350,457.93	-
China National Pharmaceutical Foreign Trade Corporation	341,551.34	2,035,108.96
Shantou Jinshi Powder Injection Co., Ltd.	319,759.20	-
Sinopharm Holding Jinzhou Co., Ltd.	306,370.88	520,194.75
Chongqing Haisiman Pharmaceutical Co., Ltd.	275,753.91	438,368.99
Guizhou Tongjitang Pharmaceutical Co., Ltd.	240,306.88	557,491.17
Chengdu Rongsheng Pharmacy Co., Ltd.	235,668.87	-
Shanghai Merro Pharmaceutical Co., Ltd.	232,663.76	311,639.09
Anhui Jingfang Pharmaceutical Co., Ltd.	226,349.94	275,317.28
Sinopharm Holding Dezhou Co., Ltd.	209,815.57	239,430.02
Sinopharm Group Shanxi Co., Ltd.	206,588.00	-
Chengdu Institute of Biological Products Co., Ltd.	183,600.00	-
Sinopharm Group Southwest Medicine Co., Ltd.	177,932.00	-
Sinopharm Holding Anhui Co., Ltd.	171,254.00	-
Sinopharm Holding Tongliao Co., Ltd.	165,592.89	440,884.70
Shanghai Modern Pharmaceutical Co., Ltd. (Modern Pharmaceutical)	163,448.94	12,807.61
Sinopharm Holding Putian Co., Ltd.	161,557.66	149,819.81
Sinopharm Holding Lianyungang Co., Ltd.	155,264.40	-
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	155,194.84	42,425.80
Shanghai Chaohui Pharmaceutical Co., Ltd.	152,724.16	8,938.82
Jiangsu Fuxing Pharmaceutical Trading Co., Ltd.	139,480.00	183,799.20
Sinopharm Holding Yancheng Co., Ltd.	122,112.27	960.10
Sinopharm Holding Kashi New & Special Drugs Co., Ltd.	105,211.32	155,512.79
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	96,434.97	55,307.67
Sinopharm Holding Changsha Co., Ltd.	92,749.70	-
Guangdong Medi-World Pharmaceutical Co., Ltd.	87,519.32	248,787.32
Sinopharm Holding Taizhou Co., Ltd.	86,054.00	94,976.03
Sinopharm Holding Dalian Hecheng Co., Ltd.	84,645.00	-
The Fourth Pharmaceutical Co., Ltd. of Zhonglian Group	82,099.79	77,147.00
Sinopharm Holding Ulanqab Co., Ltd.	80,963.40	133,641.00
Sinopharm Holding Zhihui Minsheng (Tianjin) Medicine Co., Ltd.	80,410.58	-
Sinopharm Holding Quanzhou Co., Ltd.	77,881.33	106,979.43
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	75,814.60	150,269.45

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Related party	2018	2017
Accounts payable (Continued)		
Foshan Dezhong Pharmaceutical Co., Ltd.	58,320.10	98,779.60
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	55,598.69	-
China National Pharmaceutical Industry Co., Ltd.	54,841.86	52,320.00
Sinopharm Holding Tianjin Co., Ltd.	52,844.12	88,599.65
Shandong Lu Ya Pharmaceutical Co., Ltd.	52,819.07	1,507,459.07
Sinopharm Holding Zhejiang Co., Ltd.	46,789.67	55,459.28
Sinopharm Holding Sanyi Medicine (Wuhu) Co., Ltd.	45,404.17	74,439.47
Sinopharm Holding Wende Medicine Nanjing Co., Ltd.	42,760.80	-
Jiangsu Huanghe Pharmaceutical Co., Ltd.	35,363.79	53,331.64
Sichuan Jiangyouzhongbafuzi Technology Development Co., Ltd.	33,454.55	8,648.65
Sinopharm Holding Ordos Co., Ltd.	33,195.00	55,635.00
Sinopharm Holding Yongzhou Co., Ltd.	30,907.44	30,163.49
Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	30,235.86	20,509.50
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	29,921.40	30,918.42
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	29,603.90	23,030.00
Sinopharm Group Shanghai Medicine Device Co., Ltd.	16,603.02	16,603.02
Sinopharm Holding Liaocheng Co., Ltd.	16,197.93	16,197.93
Sinopharm Holding Shanxi Jincheng Co., Ltd.	13,110.09	-
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	11,086.50	-
Sinopharm Hebei Medical Instrument Co., Ltd.	7,644.60	3,564.00
Sinopharm Group Zhijun(Suzhou) Pharmaceutical Co., Ltd.	6,408.00	-
Sinopharm Holding Rizhao Co., Ltd.	5,292.81	-
Sinopharm Prospect Dentech (Beijing) Co., Ltd.	2,548.01	1,206.00
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	1,492.91	14,232.00
Guilin South pharmaceutical Co., Ltd.	1,211.92	1,201.12
Sinopharm Holding Huaideju Pharmaceutical (Xiamen) Co., Ltd.	1,113.85	1,113.85
Sinopharm Fengliaoqing (Foshan) Medicines Co., Ltd.	767.28	149.02
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	637.01	637.01
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	534.20	534.20
Sinopharm Holding Chongqing Co., Ltd.	117.64	117.64
Sinopharm Zhuhai Medical Instrument Co., Ltd.	104.31	-
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	77.76	566,354.26
Sinopharm Holding Tianjin Distribution Center Co., Ltd.	35.32	-
Sinopharm Group Weiqida Medicine Co., Ltd.	28.93	28.93

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Related party	2018	2017
Accounts payable (Continued)		
Linyi Medical Group Co., Ltd.	10.47	10.47
Sinopharm Holding Xinyu Co., Ltd.	0.01	0.01
Sinopharm Group Shanghai Management Consulting Branch Co., Ltd.	-	-
Beijing Huamiao Pharmaceutical Co., Ltd.	-	339,889.47
Sinopharm Holding Chengdu Co., Ltd.	-	104,102.57
Guizhou Longlife Pharmaceutica Co., Ltd.	-	103,560.00
Sinopharm ShanXi Ruifulai Pharmaceutical Co., Ltd.	-	63,081.60
Sinopharm Holding Jiangxi Co., Ltd.	-	30,372.00
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	-	27,692.31
Sinopharm Holding Tianjin North Medicine Co., Ltd.	-	19,275.46
Related party	2018	2017
Notes payable		
Sinopharm Holding Shanxi Co., Ltd.	96,633,609.80	96,829,230.00
Sinopharm Holding Shenyang Co., Ltd.	77,441,965.84	40,215,446.25
Sinopharm Holding Sub Marketing Center Co., Ltd.	74,535,975.61	91,320,346.11
Sinopharm Holding Shanxi Co., Ltd.	43,255,070.00	29,931,650.00
Sinopharm Holding Inner Mongolia Co., Ltd.	8,725,011.77	-
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	6,146,830.73	4,180,000.97
Lanzhou Institute of Biological Products Co., Ltd.	3,760,000.00	21,600,000.00
Sinopharm Holding Lerentang Pharmaceutical Co., Ltd.	3,646,912.36	2,669,407.85
Sinopharm Holding Xiamen Co., Ltd.	3,589,479.22	8,573,712.86
Sinopharm Holding Fujian Co., Ltd.	3,582,375.49	6,294,466.11
Sinopharm Holding Hunan Co., Ltd.	3,525,946.06	-
Sinopharm Holding Jinzhou Co., Ltd.	2,823,753.72	647,386.99
Sinopharm Holding Shanxi Instrument Branch Co., Ltd.	2,508,000.00	2,051,364.70
China National Medicines Co., Ltd.	1,776,402.01	8,223,431.95
Shenzhen Main Luck Pharmaceutical Co., Ltd.	1,052,377.40	-
Shenzhen Wanwei Medicine Trading Co., Ltd.	995,346.00	1,495,728.00
Chengdu Rongsheng Pharmacy Co., Ltd.	953,756.00	1,760,000.00
Sinopharm Holding Dalian Co., Ltd.	645,404.90	295,145.94
Sinopharm Holding Ningxia Co., Ltd.	500,000.00	1,700,000.00
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	369,006.80	-
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	341,833.60	123,292.80

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Related party	2018	2017
Notes payable (Continued)		
Sinopharm Holding Putian Co., Ltd.	327,255.56	594,085.45
Sinopharm Group Zhijun (Shenzhen) PingShan Pharmaceutical Co., Ltd.	318,324.00	157,760.00
Sinopharm Holding Quanzhou Co., Ltd.	290,051.32	457,039.40
Foshan Fengliaoqing Pharmaceutical Co., Ltd.	201,891.16	-
Sinopharm Holding Changsha Co., Ltd.	110,056.00	-
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	104,417.00	170,130.00
Sinopharm Group Co., Ltd.	-	60,681,897.22
Chongqing Haisiman Pharmaceutical Co., Ltd.	-	3,556,905.12
Chongqing Yaoyou Pharmaceutical Co., Ltd.	-	6,722,293.66
Winteam Pharmaceutical Group Ltd.	-	68,542.00
Shenyang Hongqi Pharmaceutical Co., Ltd.	-	780,010.90
Sinopharm Holding Jinan Co., Ltd.	-	240,000.00
Sinopharm Le-Ren-Tang Medicine Co., Ltd.	-	20,376,118.04
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	-	2,207,677.30
Anhui Jingfang Pharmaceutical Co., Ltd.	-	348,304.76
Guizhou Tongjitang Pharmaceutical Co., Ltd.	-	980,303.96

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Related party	2018	2017
Other payables		
Sinopharm Group Co., Ltd.	3,414,612.73	584,000.84
Sinopharm Group Shanghai Co., Ltd.	1,660,431.38	-
Sinopharm Group Chemical Reagent Co., Ltd.	175,700.00	-
Sinopharm Holding Tianjin Binhai Pharmaceutical Co., Ltd.	1,162,820.00	1,137,319.99
Sinopharm Group Medicine Logistic Co., Ltd.	9,106,938.25	4,128,793.99
Guorun Medical Supply Chain Services (Shanghai) Co., Ltd.	3,200,000.00	-
China National Scientific Instruments & Materials Imp/Exp Shenzhen Co., Ltd.	37,450.00	37,450.00
China National of Traditional&Herbal Medicine Co., Ltd.	1,300,000.00	1,300,000.00
Sinopharm Chongqing Pharmaceutical and Medical Industry Design Institute	6,712,832.46	-
Shanghai Modern Pharmaceutical Co., Ltd. (Modern Pharmaceutical)	503,462.18	503,462.18
China National Pharmaceutical Foreign Trade Corporation	6,437,142.44	-
Shenzhen Wanwei Medicine Trading Co., Ltd.	103,269.08	-
Shenyang Pharmaceutical Co., Ltd.	842,544.29	6,092,544.00
Zhang Zhenfang	1,907,499.98	1,505,000.00
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	1,277,732.57	1,235,779.46
Lerentang Investment Group Co., Ltd.	-	3,027,759.85
Shanghai Beiyi Guoda pharmaceutical Co. Ltd.	855,341.63	496,651.75
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	-	200,000.00
Sinopharm Holding Sub Marketing Center Co., Ltd.	37,782.33	37,782.33
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	546,753.39	466,443.39
China National Pharmaceutical Logistics Co., Ltd.	8,445.56	7,424.97
Sinopharm Health Online Co., Ltd.	50,005.79	-
Heyuan Mairui Trading Co., Ltd.	672,396.36	-
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	95,100.00	6,900.00
Shenzhen Jiufeng Investment Co., Ltd.	-	180,000.00
Linyi Medical Group Co., Ltd.	-	862,063.20

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Related party	2018	2017
Advances from customers		
Sinopharm Holding Beijing Huahong Co., Ltd.	976,210.65	-
Sinopharm Holding Guizhou Medical Equipment Co., Ltd.	275,090.49	-
Sinopharm Holding Shenyang Co., Ltd.	60,059.47	10,114.48
Sinopharm Holding Wuhu Co., Ltd.	45,576.00	-
China National Pharmaceutical Foreign Trade Corporation	24,941.19	12,505,381.84
Sinopharm Holding Suzhou Co., Ltd.	13,800.00	-
Sinopharm Holding Lu'an Co., Ltd.	4,750.00	-
Sinopharm Zhuhai Medical Instrument Co., Ltd.	4,074.00	11,512.00
Fujian CMDC Co., Ltd.	1,510.32	-
Sinopharm Holding Chongqing Co., Ltd.	755.62	755.62
Dongyuan accord pharmaceutical chain Co., Ltd.	62.00	-
Sinopharm Holding Inner Mongolia Co., Ltd.	41.80	-
Sinopharm Xinxiang Chain Store Co., Ltd.	0.01	-
Sinopharm Holding Gansu Co., Ltd.	-	28,914.27
Sinopharm Holding Chengdu Co., Ltd.	-	1,270.20
Sinopharm Sichuan Pharmaceutical Co., Ltd.	-	739,603.08
Sinopharm Group Southwest Medicine Co., Ltd.	-	676,734.09
Sinopharm Group Co., Ltd.	-	21,346.83
Sinopharm Holding Hunan Co., Ltd.	-	77,403.51
Sinopharm Holding Beijing Co., Ltd.	-	2,349,113.58
Sinopharm Holding Shandong Co., Ltd.	-	2,515,702.87
Sinopharm Holding Lunan Co., Ltd.	-	62,787.26
Sinopharm Holding Nanping Newforce Co., Ltd.	-	295,818.24
Sinopharm Holding Suzhou Co., Ltd.	-	7,676.52
Sinopharm Holding Qinghai Co., Ltd.	-	3,545.67

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

X. Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Related party	30 June 2018	31 December 2017
Interest payable		
China National Pharmaceutical Group Corporation	35,440.24	38,984.38
Guorun Medical Supply Chain Services (Shanghai) Co., Ltd.	1,778.67	-
Entrusted borrowings		
China National Pharmaceutical Group Corporation	31,600,000.00	31,600,000.00
Other non-current liabilities		
Sinopharm Group Co., Ltd.	35,061,743.31	35,061,743.31
Short-term borrowings		
Group Financial Co.	122,986,581.52	147,715,527.67
Long-term payables		
Sinopharm Holding Financing Lease Co., Ltd.	7,557,432.82	9,332,537.14
Non-current liabilities due within one year		
Sinopharm Holding Financing Lease Co., Ltd.	5,651,227.56	5,434,770.70
Cash deposit with a related party		
Group Financial Co.	29,919,274.53	156,740,929.50

Amounts due to related parties were interest-free and unsecured, with no fixed terms of repayment.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

XI Commitments and contingencies

1. Commitments

(1) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognized in balance sheet are analyzed as follows:

	30 June 2018	31 December 2017
	RMB'0,000	RMB'0,000
Buildings, machinery and equipment	223.92	600.45
Investment commitments (Note)	14,000.00	14,000.00

Note: The Group subscribed to Sinopharm Zhongjin medical industry fund as its limited partner, and the total investment amounted to RMB200 million. The investors contribute year by year in batch. The fund manager will send out payment notification to investors according to the actual progress of the project and the investors will commit to complete the payment in 3 year. The investors have paid 30% of the amount of contribution during 2017, namely RMB 60 million, and the rest is RMB 140 million.

(2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarized as follows:

	30 June 2018	31 December 2017
	RMB'0,000	RMB'0,000
Within one year	51,747.87	49,860.66
Between 1 and 2 years	41,329.26	39,575.48
Between 2 and 3 years	30,422.97	29,537.37
Over 3 years	43,819.79	51,138.78
	167,319.89	170,112.29

2. Contingencies

As of the balance sheet date, there were no contingencies that the Group was required to disclose.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

XII Events after the balance sheet date

Guoda Pharmacy, a subsidiary of the Group, acquired a strategic investor which named Walgreens Boots Alliance (Hong Kong) Investments Limited (“WBA”) through capital increase amounting to RMB2.77 billion. Guoda Pharmacy became a sino-foreign joint enterprise since business registration finished in June 28, 2018. The registered capital is RMB1.68 billion, including RMB1.01 billion from the Group (60% of all shares) and RMB0.67 billion from WBA (40% of all shares). In July 4 2018, all related procedures have been finished.

XIII Other significant events

1. Segment reporting

Operating segments

For management purpose, the Group is organized into business units based on its product and service and has four reportable operating segments as follows:

- a) The Head Office, which is mainly engaged in investing and managing business;
- b) Pharmaceutical distribution segment, which is mainly engaged in the distribution of medicine and pharmaceutical products to customers;
- c) Retail pharmacy segment, which is the managing the operation of Guoda Pharmacy;

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that finance costs, dividend income, non-operating income, non-operating expense, investment income, as well as head office and corporate expenses are excluded from such measurement.

Inter-segment sales and transfers are transacted with reference to the selling prices used in the transactions carried out with third parties at the then prevailing market prices.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

XIII Other significant events (Continued)

3. Segment reporting (Continued)

Operating segments (Continued)

Operating segment information as at and for the semi year ended

	Head Office	Pharmaceutical distribution	Retail	Elimination between segments	Total
Revenue of main operations	-	15,858,317,084.75	4,993,130,188.24	(245,419,298.42)	20,606,027,974.57
Cost of main operations	-	(14,879,713,386.35)	(3,721,948,448.31)	246,659,082.25	(18,355,002,752.42)
Investment income	162,655,203.36	(652,715.21)	659,783.20	-	162,662,271.35
Net profit	529,974,276.77	347,154,169.85	172,985,004.03	(360,864,440.74)	689,249,009.91
Total assets	10,680,924,970.49	16,539,616,967.79	5,605,478,618.09	(8,813,004,879.05)	24,013,015,677.32
Total liabilities	(1,891,354,344.87)	(11,593,180,303.89)	(3,507,124,611.26)	3,457,267,336.54	(13,534,391,923.48)

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

XIV Notes to key items of the company financial statements

1. Accounts receivable

- (a) The aging of accounts receivable and the related provision for bad debts is analyzed below:

	30 June 2018	
	Amount	Provision for bad debts
Within 1 year	553,496,096.71	-
1 to 2 years	-	-
2 to 3 years	-	-
	<u>553,496,096.71</u>	<u>-</u>

- (b) There were no increase, no reversal and no write-off of provision for bad for the six month ended 30 June 2018.

- (c) The accounts receivable and related provision for bad debts by category are analyzed below:

	30 June 2018				31 December 2017			
	Amount		Provision for bad debts		Amount		Provision for bad debts	
	amount	% of total balance	amount	rate	amount	% of total balance	amount	rate
Accounts receivable with similar credit risk individually not significant but individually evaluated for impairment	553,496,096.71	99.98%	-	-	480,467,760.92	99.98%	-	-
	<u>116,855.40</u>	<u>0.02%</u>	<u>116,855.40</u>	<u>100.00%</u>	<u>117,320.70</u>	<u>0.02%</u>	<u>117,320.70</u>	<u>100.00%</u>
	<u>553,612,952.11</u>	<u>-</u>	<u>116,855.40</u>	<u>-</u>	<u>480,585,081.62</u>	<u>-</u>	<u>117,320.70</u>	<u>-</u>

As at 30 June 2018, there were no accounts receivable which were individually significant and for which the provision for bad debt was separately recognized.

As at 30 June 2018, accounts receivable which is actually written off:

	Amount
Shenzhen Centennial Clinic	465.30

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

XIV Notes to key items of the company financial statements (Continued)

1. Accounts receivable (Continued)

(d) the accumulated top five Accounts receivables by customer are analysed below:

	Amount	% of the total other receivable	Bad debt provision
Shenzhen Hospital of Southern Medical University	55,567,087.27	3.41%	-
Shenzhen People's Hospital	34,490,479.76	2.12%	-
Peking University Shenzhen Hospital	29,293,468.53	1.80%	-
The university of Hong Kong – Shenzhen hospital	21,317,591.27	1.31%	-
The Second People's Hospital of Shenzhen	19,580,436.19	1.20%	-
		9.84%	-

2. Other receivables

(a) Other receivables and related provision for bad debts by category are analyzed below:

	30 June 2018				31 December 2017			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	amount	% of total amount	amount	rate	amount	% of total amount	amount	rate
Individually significant and subject to separate impairment assessment	110,146,758.92	6.72%	8,980,000.00	8.15%	134,161,658.92	8.79%	8,980,000.00	6.69%
Receivable accounts with similar credit risk	1,528,788,306.69	93.22%	16,955.33	-	1,390,860,253.14	91.14%	20,286.35	-
Individually not significant but individually evaluated for impairment	989,623.95	0.06%	989,623.95	100.00%	1,010,023.95	0.07%	993,703.95	98.38%
	<u>1,639,924,689.56</u>	<u>100.00%</u>	<u>9,986,579.28</u>	<u>0.61%</u>	<u>1,526,031,936.01</u>	<u>100.00%</u>	<u>9,993,990.30</u>	<u>0.65%</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

XIV Notes to key items of the company financial statements (Continued)

2. Other receivables (Continued)

(b) As at 30 June 2018, impairment provision for other receivables individually significant is analyzed as follows:

	Amount	Bad debt provision	Rate	Assessment for impairment
				Other receivable from related party, no uncertainty in recoverability
Modern Pharmaceutical	101,166,758.92	-	-	Uncertainty in recoverability
Shenzhen Yinghai Technology Investment Co., Ltd.	8,980,000.00	8,980,000.00	100.00%	Uncertainty in recoverability
	<u>110,146,758.92</u>	<u>8,980,000.00</u>	<u>-</u>	

(c) Provisions for impairment of the receivables which have similar credit risk are analyzed below:

	30 June 2018		
	Carrying amount	Bad debt provision	
	Amount	Amount	Rate
Within 1 year	1,528,612,874.88	-	-
1 to 2 years	53,815.00	2,690.75	5.00%
2 to 3 years	100,587.85	10,058.79	10.00%
Over 3 years	21,028.96	4,205.79	20.00%
	<u>1,528,788,306.69</u>	<u>16,955.33</u>	<u>-</u>

(d) The other receivables by category are listed below:

	30 June 2018	31 December 2017
Amounts due from subsidiaries and related party	1,459,816,430.56	1,324,203,206.47
Receivable from equity transaction	8,980,000.00	8,980,000.00
Deposit	1,840,914.63	1,864,394.68
Others	<u>169,287,344.37</u>	<u>190,984,334.86</u>
	<u>1,639,924,689.56</u>	<u>1,526,031,936.01</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

XIV Notes to key items of the company financial statements (Continued)

2. Other receivables (Continued)

(e) As at 30 June 2018, the accumulated top five other receivables by customer are analysed below:

	Nature	Amount	Aging	% of the total other receivable	Bad debt provision
Sinopharm Guangxi	Entrusted borrowings	252,900,000.00	Within 1 year	15.42%	-
Sinopharm Yuexing	Entrusted borrowings	162,700,000.00	Within 1 year	9.92%	-
Sinopharm Zhanjiang	Entrusted borrowings	145,000,000.00	Within 1 year	8.84%	-
Sinopharm Dongguan	Entrusted borrowings	121,000,000.00	Within 1 year	7.38%	-
Modern Pharmaceutical	Restructuring consideration receivable	101,166,758.92	Within 2 year	6.17%	-
		<u>782,766,758.92</u>		47.73%	-

3. Long-term equity investments

	Original value	30 June 2018 Bad debt provision	Carrying amount	Original value	31 December 2017 Bad debt provision	Carrying amount
Investments in subsidiaries	5,594,679,427.58	-	5,594,679,427.58	5,594,679,427.58	-	5,594,679,427.58
Investments in associates	<u>1,742,336,545.12</u>	<u>39,930,000.00</u>	<u>1,702,406,545.12</u>	<u>1,625,556,656.98</u>	<u>39,930,000.00</u>	<u>1,585,626,656.98</u>
	<u>7,337,015,972.70</u>	<u>39,930,000.00</u>	<u>7,297,085,972.70</u>	<u>7,220,236,084.56</u>	<u>39,930,000.00</u>	<u>7,180,306,084.56</u>

The long-term equity investments of the Company are not subject to restriction on conversion into cash.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

XIV Notes to key items of the company financial statements (Continued)

3. Long-term equity investments (Continued)

(a) Subsidiaries

	31 December 2017	Increases	decrease	30 June 2018	Provision for impairment in the current period	Ending value of impairment provision
Sinopharm Jianming	60,054,911.04	-	-	60,054,911.04	-	-
Sinopharm Shenzhen Material	15,450,875.93	-	-	15,450,875.93	-	-
Shenzhen Logistics	5,019,062.68	-	-	5,019,062.68	-	-
Sinopharm Guangzhou	1,565,440,323.63	-	-	1,565,440,323.63	-	-
Sinopharm Hengxing	91,763,288.00	-	-	91,763,288.00	-	-
Sinopharm Liuzhou	21,407,965.79	-	-	21,407,965.79	-	-
Sinopharm Dongguan	72,942,000.00	-	-	72,942,000.00	-	-
Huixin Investment	64,416,937.72	-	-	64,416,937.72	-	-
Guangdong Logistics	13,596,006.21	-	-	13,596,006.21	-	-
Sinopharm Yuxing	243,459,326.27	-	-	243,459,326.27	-	-
Sinopharm Foshan	45,995,065.51	-	-	45,995,065.51	-	-
Sinopharm Guangxi	504,048,985.28	-	-	504,048,985.28	-	-
Sinopharm Zhanjiang	131,769,864.65	-	-	131,769,864.65	-	-
Sinopharm Yanfeng	38,207,800.00	-	-	38,207,800.00	-	-
Sinopharm Meizhou	51,281,900.00	-	-	51,281,900.00	-	-
Sinopharm Huizhou	36,644,200.00	-	-	36,644,200.00	-	-
Sinopharm Zhaoqing	43,060,000.00	-	-	43,060,000.00	-	-
Sinopharm Jiangmen	106,000,000.00	-	-	106,000,000.00	-	-
Sinopharm Zhongshan	30,000,000.00	-	-	30,000,000.00	-	-
Sinopharm Shaoguan	13,580,000.00	-	-	13,580,000.00	-	-
Sinopharm Shantou	23,990,000.00	-	-	23,990,000.00	-	-
Guangdong South Pharmaceutical Foreign Trade Co., Ltd.	401,922,987.18	-	-	401,922,987.18	-	-
Guangdong Uptodate & Special Medicines	144,682,822.34	-	-	144,682,822.34	-	-
Guoda Pharmacy	1,361,800,110.06	-	-	1,361,800,110.06	-	-
Foshan Nanhai Medicine Co., Ltd.	462,682,298.01	-	-	462,682,298.01	-	-
Maoming Yogshen	8,300,000.00	-	-	8,300,000.00	-	-
Sinopharm Zhuhai	37,162,697.28	-	-	37,162,697.28	-	-
	<u>5,594,679,427.58</u>	-	-	<u>5,594,679,427.58</u>	-	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

XIV Notes to key items of the company financial statements (Continued)

3. Long-term equity investments (Continued)

(b)

	31 December 2017	Investment	Profit or loss under the equity method	Movement Other changes in equity	Dividend declared	Other	30 June 2018	Provision of impairment
Main Luck Pharmaceutical	239,046,738.14	-	29,983,887.32	-	-	-	269,030,625.46	-
Zhijun Suzhou	39,930,000.00	-	-	-	-	-	39,930,000.00	39,930,000.00
Zhijun Medicine	291,042,921.20	-	61,373,560.78	-	(58,111,254.57)	-	294,305,227.41	-
Zhijun Trade	7,676,142.69	-	853,674.01	-	(664,795.03)	-	7,865,021.67	-
Pingshan Medicine	68,686,804.33	-	15,453,485.62	-	(9,719,480.71)	-	74,420,809.24	-
Shanghai Shyndec Pharmaceutical Co., Ltd.	979,174,050.62	-	65,661,682.41	397,342.21	(8,641,853.20)	193,639.30	1,036,784,861.34	-
Shanghai Dingqun Enterprise Management Consulting Co., Ltd.	-	20,000,000.00	-	-	-	-	20,000,000.00	-
	<u>1,625,556,656.98</u>	<u>20,000,000.00</u>	<u>173,326,290.14</u>	<u>397,342.21</u>	<u>(77,137,383.51)</u>	<u>193,639.30</u>	<u>1,742,336,545.12</u>	<u>39,930,000.00</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

XIV Notes to key items of the company financial statements (Continued)

4. Sales and cost of sales

	For the six months ended 30 June 2018		For the six months ended 30 June 2017	
	Revenue	Cost	Revenue	Cost
main operations	1,681,220,169.43	1,612,710,688.13	1,652,563,177.90	1,597,779,406.09
Other operating	<u>6,401,186.40</u>	<u>2,006,785.78</u>	<u>6,037,641.06</u>	<u>2,868,183.37</u>
	<u>1,687,621,355.83</u>	<u>1,614,717,473.91</u>	<u>1,658,600,818.96</u>	<u>1,600,647,589.46</u>

5. Investment income

	For the six month ended 30 June 2018	For the six month ended 30 June 2017
Gain on long-term equity investment under cost method	361,514,454.32	352,522,001.40
Gain on long-term equity investment under equity method (Note XIV(3)(b))	173,326,290.14	155,838,740.45
Investment income from disposal of other long-term equity investments	<u>-</u>	<u>-</u>
	<u>534,840,744.46</u>	<u>508,360,741.85</u>

There is no major restriction on the collection of the gains on investments.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Supplementary information to financial statements

For the six months ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

Supplementary information to financial statements

1. Schedule of non-recurring profit or loss

	Amount for 30 June 2018	Illustration
Gains and losses from disposal of non-current assets, including write off of accrued asset impairment	4,254,942.60	Mainly contains income from disposal of intangible assets of Sinopharm Guangxi Logistics.
Government grants recognized in income statement for the current year, except for those closely related to the ordinary operation of the Company which the Group enjoyed constantly according to the allotment standards or quantitative criteria of the country	11,938,416.85	Mainly contains tax subsidies and financial incentives received during current period
Net profit and loss arising from the subsidiaries acquired in the business combinations involving enterprises under common control for the period from the beginning of the reporting period to the combination date	729.29	Mainly contains income arising from the acquisition of Sinopharm Holding Guangzhou Huadu Co., Ltd.
Reversal of bad debt provision for accounts receivable that were tested for impairment individually	4,203,173.20	Mainly contains the recovery of impairment provision for receivables individually significant during the current period
Profit or loss from outward entrusted borrowings	1,549,650.99	
Income from entrusted management services	2,377,946.75	
Less: Impact on income tax	5,505,057.19	
Impact on non-controlling interests after tax	389,106.90	
	<u>18,430,695.59</u>	

Basis for preparation of detailed list of non-recurring profit or loss items:

Under the requirements in Explanatory announcement No. 1 on information disclosure by companies offering securities to the public – non-recurring profit or loss (2008) (“Explanatory announcement No.1”) from CSRC, nonrecurring profit or loss refer to those arising from transactions and events that are not directly relevant to ordinary business, or that are relevant to ordinary business, but are so extraordinary that would have an influence on users of financial statements making proper judgments on the performance and profitability of an enterprise.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Appendix(Continued)

For the six months ended 30 June 2018

(All amounts in Renminbi “RMB” unless otherwise stated)

Supplementary information to financial statements (Continued)

2. Return on equity (“ROE”) and earnings per share (“EPS”)

	Weighted average ROE (%)	Basic EPS (RMB/Share)	
		Basic EPS(RMB/Share)	Diluted EPS(RMB/Share)
Net profit attributable to ordinary shareholders of the parent	6.64%	1.50	1.50
Net profit after deducting non-recurring profit or loss attributable to the Company's ordinary shareholders of the parent	6.45%	1.46	1.46

The above-mentioned return on net assets and earnings per share were calculated according to the Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No.9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (revision 2010) issued by the CSRC.

Note 1: There were no potential dilutive ordinary shares for the six months ended 30 June 2018 hence no presentation of diluted EPS were provided.

Section XI. Documents Available for Reference

1. Accounting Statements carried with the signature and seals of legal representative, chief financial officer and person in charge of accounting;
2. Original text of all documents of the Company as well as manuscript of the announcement disclosed in reporting period on *Securities Times*, *China Securities Journal* and *Hong Kong Commercial Daily* appointed by the CSRC;
3. The Place Where the document placed: Office of Secretariat of the Board of Directors, Accord Pharm Bldg., No. 15, Ba Gua Si Road, Futian District, Shenzhen