



China National Accord Medicines Corporation Ltd.

Semi-Annual Report 2019

August 2019

Section I. Important Notice, Contents and Paraphrase

Board of Directors, Supervisory Committee, all directors, supervisors and senior executives of China National Accord Medicines Corporation Ltd. (hereinafter referred to as the Company) hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

Lin Zhaoxiong, Principal of the Company, Wei Pingxiao, person in charger of accounting works and Wang Ying, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of Semi-Annual Report 2019 is authentic, accurate and complete.

All directors are attended the Board Meeting for report deliberation.

The Company plans not to pay cash dividends, bonus and carry out capitalizing of common reserves.

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Paraphrase

Items	Refers to	Contents
Listed Company, Company, the Company, Sinopharm Accord, the Group	Refers to	China National Accord Medicines Corporation Ltd.
Sinopharm	Refers to	China National Pharmaceutical Group Corporation
Sinopharm Holding	Refers to	Sinopharm Group Co., Ltd; Controlling shareholder of the Company
<i>Company Law</i>	Refers to	<i>Company Law of the People's Republic of China</i>
<i>Securities Law</i>	Refers to	<i>Securities Law of the People's Republic of China</i>
Yuan, 10 thousand Yuan, 100 million Yuan	Refers to	RMB, RMB 10 thousand, RMB 100 million
Terminology:	Refers to	
Two Invoices System	Refers to	The first invoice refers to the invoice from the manufacturer to the distributor, and the second invoice refers to the invoice from the distributor to the medical service provider. By this way, circulation links have been greatly reduced and the number of distributors for each medicine category shall not exceed two.
GPO	Refers to	Group purchasing organizations
GSP certificate	Refers to	Good Supply Practice certificate
Supply Chain Management	Refers to	That is CMS, and information system processing workflow & procurement, inventory & sales documents
Abbreviation:	Refers to	
Sinopharm Holding Guangzhou	Refers to	Sinopharm Holding Guangzhou Co., Ltd.
Guoda Drugstore	Refers to	Sinopharm Holding Guoda Drugstore Co., Ltd.
Sinopharm Holding Guangxi	Refers to	Sinopharm Holding Guangxi Co., Ltd.
Foshan Nanhai	Refers to	Foshan Nanhai Pharmaceutical Group Co., Ltd.
Nanfang Pharmaceutical Foreign Trade	Refers to	Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.
China National Zhijun, Zhijun Pharmaceutical	Refers to	China National Zhijun (Shenzhen) Pharmaceutical Co., Ltd.
Zhijun Pharmacy Trade	Refers to	Shenzhen Zhijun Pharmacy Trade Co., Ltd.
Zhijun Pingshan, Pingshan Pharmaceutical	Refers to	China National Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.
Main Luck Pharmaceuticals	Refers to	Shenzhen Main Luck Pharmaceuticals Inc.

Section II. Company Profile and Main Financial Indexes

I. Company profile

Short form of the stock	Sinopharm Accord; Accord B	Stock code	000028, 200028
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	国药集团一致药业股份有限公司		
Short form of the Company (in Chinese)	国药一致		
Foreign name of the Company (if applicable)	China National Accord Medicines Corporation Ltd.		
Short form of foreign name of the Company (if applicable)	Sinopharm Accord		
Legal representative	Lin Zhaoxiong		

II. Person/Way to contact

	Secretary of the Board	Representative of security affairs
Name	Chen Changbing	Wang Zhaoyu
Contact add.	Accord Pharm. Bldg., No. 15, Ba Gua Si Road, Futian District, Shenzhen, Guangdong Province	Accord Pharm. Bldg., No. 15, Ba Gua Si Road, Futian District, Shenzhen, Guangdong Province
Tel.	+(86)755 25875195	+(86)755 25875222
Fax.	+(86)755 25195435	+(86)755 25195435
E-mail	gyyzinvestor@sinopharm.com	gyyz0028@sinopharm.com

III. Others

1. Way of contact

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

☐ Applicable ☒ Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found more details in Annual Report 2018.

2. Information disclosure and preparation place

Whether information disclosure and preparation place changed in reporting period or not

☐ Applicable ☒ Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2018.

IV. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data

☐ Yes ☒ No

	Current period	Same period of last year	Increase/decrease in this report y-o-y
Operating revenue (RMB)	25,228,147,377.43	20,778,425,602.22	21.42%
Net profit attributable to shareholders of the listed Company (RMB)	650,833,360.40	641,727,034.93	1.42%
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (RMB)	639,700,447.95	623,296,339.34	2.63%
Net cash flow arising from operating activities (RMB)	1,163,757,581.35	225,357,709.20	416.40%
Basic earnings per share (RMB/Share)	1.52	1.50	1.33%
Diluted earnings per share (RMB/Share)	1.52	1.50	1.33%
Weighted average ROE	5.44%	6.62%	Decline 1.18 percentage points
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end
Total assets (RMB)	33,539,598,682.94	28,930,300,519.97	15.93%
Net assets attributable to shareholder of listed Company (RMB)	12,140,439,917.48	11,618,432,603.28	4.49%

V. Difference of the accounting data under accounting rules in and out of China

1. Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)

☐ Applicable ☒ Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)

2. Difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles)

☐ Applicable ☒ Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles)

VI. Items and amounts of extraordinary profit (gains)/loss

☒ Applicable ☐ Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	4,318.22	
Governmental subsidy calculated into current gains and losses(while closely related with the normal business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard)	16,456,976.15	The vary taxation subsidiary and financial incentive received in the period
Reversal of impairment reserve for account receivable with separate impairment testing	1,076,222.62	
Gains/losses on entrusted loans	1,715,338.06	The gains obtained from offering entrust loans to China National Zhijun (Suzhou).
Other non-operating income and expenditure except for the aforementioned items	519,920.40	
Other gains/losses satisfy a definition of extraordinary gains/losses	16,447.15	
Less: impact on income tax	4,668,084.55	
Influenced amount of minority shareholders' equity (after tax)	3,988,225.60	
Total	11,132,912.45	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

☐ Applicable ☒ Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*

Section III. Summary of Company Business

I. Main businesses of the Company in the reporting period

Whether the Company needs to comply with the disclosure requirements of the particular industry

Yes

Retailing industry

The Company complies with the disclosure requirement of "Information Disclosure Guidelines for the Shenzhen Stock Exchange No. 8- Listing Company Engaged in Retailing Industry"

In the reporting period, the main business of Sinopharm Accord includes pharmaceutical distribution and pharmaceutical retail, specifically as follows:

(i) In the pharmaceutical distribution field, the Company continues to integrate the distribution and logistics business, deeply penetrates into the end markets, improves the multistep distribution network, creates intelligent supply chain, developed a clustered and large-scale industrial advantages, and commit to becoming a leading provider of medical health products and services in Southern China.

1. In terms of market competition pattern, the company's pharmaceutical distribution is mainly based on Guangdong and Guangxi. The company opened the network channel construction of Guangdong and Guangxi in 2008, and the business was distributed to various cities and regions through the merger and acquisition and the new branches; at the same time, the company started the logistics network construction, and realized whole network operation in 2015. In 2016, with the reorganization of Sinopharm Accord, the distribution continued to consolidate the traditional hospital business, while actively expanding innovative business, combined with the exploration of wholesale and retail synergy, and realized steady growth in scale year by year facing with the changing market in recent years, the frequent medical reform policies, and the increasingly strict supervision to pharmaceutical industry. In the first half of 2019, the hospital direct selling market distributed in 30 cities at prefecture level and above in Guangdong and Guangxi ranked the top three.

2. In terms of customer distribution, as the distribution channels continue to sink, the expansion of small and medium-sized terminals has continued to increase since 2018, mainly including retail medical treatment, grass-root medical institutions, and small-scale social medical services. The distribution of customers up to the first half of 2019 was as follows: 1,804 medical institutions at the first level or above, 3,783 primary care customers (excluding 836 first-level hospitals), and 1,587 retail terminal customers (chain drugstores, single stores).

(ii) In the pharmaceutical retail field, Guoda Drugstore is a pharmaceutical retail enterprise that ranks the first in the sales volume throughout the country, and is one of the few enterprises in China with national direct sales drug retail network.

As of the end of June 2019, Guoda Drugstore had 4,593 stores, covering 19 provinces, autonomous regions, and municipalities directly under the central government, which formed a network of pharmacies covering the urban agglomerations of East China, North China, and coastal region of South China, and gradually spread into the Northwest, Central Plains, and inland city clusters. The business of Guoda Drugstore mainly relied on modern retail pharmacies, and focused on the development of professional service systems with medical resources as its core competitiveness, and created a group of retail medical treatment and hospital cooperation professionalized stores that integrate medical services and health products sales. At the same time, Guoda Drugstore actively expanded its innovative business, actively explored and enriched new business channels, enhanced professional service capabilities, and was committed to the transformation from traditional pharmaceutical retail enterprises to innovative service-oriented enterprises. Guoda Drugstore had built industry-leading professional service capabilities through regular merchandise retail management, upgrades of key brands and potential tapping of cooperation with suppliers, and accelerating DTP business and continuing the creation of health service system. In addition, the leading scale of Guoda Drugstore was one of the core competitiveness, and the scale advantage reduced the company's procurement cost and enhanced the company's bargaining ability.

II. Major changes in main assets

1. Major changes in main assets

Major assets	Note of major changes
Equity assets	Increased 197.4176 million Yuan over that of period-begin with 10.42% rate of change, mainly because the investment income from joint ventures increased.
Fixed assets	Decreased 14.3813 million Yuan over that of period-begin with 2.37% rate of change, no significant changes during the reporting period.
Intangible assets	Increased 1.3156 million Yuan over that of period-begin with 0.41% rate of change, no significant changes during the reporting period.
Construction in progress	Decreased 4.432 million Yuan over that of period-begin with 12.17% rate of change, mainly because the ERP software transfer to intangible assets for installation completed.
Receivables Financing	Increased 325.4396 million Yuan over that of period-begin with 100% rate of change, mainly because at end of the period, the bank acceptance bill under Note Receivable was listed under the item of "Receivables Financing" for change of the statement format
Right-of-use assets	Increased 1910.9812 million Yuan over that of period-begin with 100% rate of change, mainly because new leasing standards are implemented in the period

2. Main overseas assets

☐ Applicable ☒ Not applicable

III. Core competitiveness analysis

Whether the Company needs to comply with the disclosure requirements of the particular industry

Yes

Retailing industry

1. Strong network coverage and layout

Leading layout and complete distribution network in Guangdong and Guangxi: the Company has complete pharmaceutical distribution networks in Guangdong and Guangxi, achieve comprehensive coverage of the second- and third-level medical institutions in Guangdong and Guangxi; in recent years, we have seized the opportunity to develop retail-oriented customers, and vigorously expanded related business formats such as grass-root medical institutions, distribution retail pharmacies, and retail terminals including small-scale private medical enterprises, and continuously expanded the coverage of the vast market terminals, therefore, the scale and growth rate have achieved rapid growth.

Take the lead in scale and cover the countrywide retail network: Guoda Drugstore is a pharmaceutical retail enterprise with sales volume ranking first throughout the country, established 28 regional chain enterprises, with retail network spreading over 19 provinces and municipalities and autonomous regions.

2. Abundant variety resources

In the pharmaceutical distribution, the Company has established extensive cooperative relations with thousands of domestic manufacturers and commercial enterprises and established stable business relationships with hundreds of import and joint venture manufacturers, its business scope and various business qualifications are complete, covering medicines, medical equipment, herbal medicine pieces, and including hemp medicines, medical toxic drugs, diagnostic reagents, etc.

Guoda Drugstore operates nearly 120,000 merchandises. With its relatively comprehensive purchasing network and years of experience in commodity management, Guoda Drugstore has established a merchandise system with wide coverage, high professionalization, and rich varieties.

3. Complete logistics and distribution system

Sinopharm Accord distribution adopts supply chain management and warehouse management solutions system, it has built large-scale first-grade logistics centers in Guangzhou, Nanning, Shenzhen and other places and established distribution centers in Guangdong and Guangxi which has formed ladder logistics and distribution networks, it is the first enterprise in Guangdong and Guangxi that has achieved the third-party logistics qualification and has the professional pharmaceutical logistics capabilities with the largest scale, the most extensive network, and the most complete modes in southern China.

Guoda Drugstore has a nationwide modern logistics and distribution system, and has established the logistics and distribution network covering all the stores throughout the country, including Shanghai National Logistics Center and 23 provincial and municipal distribution centers.

4. The advantages of medical insurance resources

Regarding medicine retails, the subsidiaries of Guoda Drugstore have featured generally higher medical insurance acquiring ability, with higher medical insurance sales ratio and steady operation.

5. The advantages of Compliance

The Company had a big lead under an increasingly stringent regulatory environment for the reason that it has kept emphasizing legalization and compliance in the process of operation and management.

6. Unique-influence Sinopharm brand

Brand of the Company and distribution, industry child-brand and controlling shareholder and actual controller's brand come down in one continuous line, depending on powerful force of central enterprises, the Company's popularity and influence are prominent day by day in the industry

Section IV. Discussion and Analysis of Business

I. Introduction

In the first half of 2019, the growth rate of China's pharmaceutical market slowed down, and the growth of major terminals continued to differentiate, the growth rate of primary medical care and retail terminals was higher than that of hospital terminals. The industrial policy continued to deepen the medical reform with the core thoughts of "adjusting the structure, strengthening the grassroots and strict supervision", and the pace of reform in the medical field was accelerated; the "4+7" collection and linkage was rapidly advanced, the national medical insurance standardization work was officially launched, the payment method reform pilot has been advanced, and the market regulation was becoming stricter.

Under the new situation, Sinopharm Accord conformed to the industry and policy trends, maintained strategic strength, sought transformation and innovation and development, and continuously promoted the strategic measures and technological transformation with wholesale and retail integration as the core, focused on four business directions, and created a "new" Guoda. Under the guidance and support of the company's board of directors, with the joint efforts of more than 25,000 employees, we focused on the increase in share and the scale expansion, the company's scale and growth rate in the first half of the year was better than the overall level of the industry, and achieved steady and rapid growth in performance.

(i) Performance completion

In first half of 2019, Sinopharm Accord achieved a revenue from operation amounted as 25.228 billion Yuan with a y-o-y growth 21.42%; net profit attributable to shareholders of parent company comes to 651 million Yuan with 1.42% up on a y-o-y basis. The distribution business has operation revenue of 19.477 billion Yuan with y-o-y growth of 22.66%; net profit attributable to shareholders of parent company has 382 million Yuan with y-o-y growth of 15.41%. Guoda Drugstore achieved a revenue from operation amounted to 6.108 billion Yuan with a y-o-y growth of 18.75% and net profit attributable to shareholders of parent company amounted as 150 million Yuan, a 7.81% up on a y-o-y basis.

(ii) The main work

1. Stabilize growth - performance improvement and scale expansion

The company actively grasped industry opportunities, optimized investment M&A decision-making efficiency, accelerated industry resource integration and store network layout, and ensured scale development. As of the first half of the year, the company had a total of 107 subsidiaries, and the number of retail outlets of Guoda Drugstore was 4,593, with a net increase of 318 stores. During the reporting period, the company invested in the establishment of the Sinopharm Guoda Drugstore Bayannao'er Co., Ltd., Inner Mongolia Guoda Pharmaceuticals Co., Ltd., and Sinopharm Guoda Drugstore Yongxingtang Chain (Chaoyang) Co., Ltd.

2. Promote strategy - integration of wholesale and retail, and technology empowerment

The company researched and grasped environmental changes, deepened the development plan for the next five years, and carried out strategic rolling revisions. With the core measures of "technology empowerment, service upgrading, integration of wholesale and retail, and industry and finance dual drive", we provided full-service solutions for the upstream and downstream industry chain through customer value driving and upgrades of supply chain model, and transformed the pharmaceutical distributors into the solution providers and service providers so as to create a leading international medicine health service platform.

The company integrated resources to promote the synergy of wholesale and retail. In the first half of the year, the distribution launched the logistics planning of wholesale and retail integration, and the sales of wholesale and retail synergies increased by 54% on a year-on-year basis, and the part outside of Guangdong and Guangxi provinces increased by 64% on a year-on-year basis; Guoda Drugstore got supports from WBA global strategic cooperation manufacturers' resources, and improved the Catalogue of Integration of Wholesales and Retails, at the same time, promoted the construction of provincial platforms, at present, the provincial platform in Inner Mongolia has been completed, and the provincial platform project in Shenyang has passed the project approval.

Centering on the "digital transformation", the company launched IT planning, promoted intelligent logistics and intelligent supply chain optimization, and energized the business development in multiple dimensions.

3. Consolidate foundation - management upgrade, risk control guarantee

The company straightened out the governance relationship of subsidiaries, regulated the management of its subsidiaries, and enhanced its overall governance capabilities. The company optimized the organizational structure, created a diversified incentive mechanism, improved the talent development system, strengthened leadership, stimulated organizational vitality and innovation, and promoted organizational management transformation. The headquarters gave play to resource allocation and control functions, strengthened professional capabilities, improved service awareness, implemented risk prevention and control, and escorted the business development. We promoted key projects such as controls of claims and inventory balances, loss-making enterprise governance, and innovation first, and improved quality and efficiency for healthy development.

4. Promote transformation – service driven, model innovation

Distribution business: The company maintained strategic strength, actively responded to changes in market policies, and consolidated the integrated operational foundation, the four major businesses developed rapidly and built new competitive advantages. In the first half of the year, traditional business grew by 22% on a year-on-year basis, retail direct sales increased by 30% on a year-on-year basis, equipment consumables increased by 52% on a year-on-year basis, retail medical treatment increased by 80% on a year-on-year basis, and primary care increased by 34% on a year-on-year basis.

(1) The company actively responded to environmental changes, strengthened communication with the government, responded to the government's demand for medical reform, actively participated in and provided professional advice to enhance the company's influence. In terms of GPO policy, Guangzhou Company completed bargaining reports for seven batches of products, and the bargaining list coverage rate reached 91%, at the same time, it actively took countermeasures against new GPO areas such as Meizhou, Heyuan, Shanwei and Maoming. In the implementation of "4+7" quantity procurement, with the professional service capability and network coverage advantage, Shenzhen Company has obtained distribution rights of 22 varieties, accounting for 84%; Guangzhou

Company has obtained distribution rights of 24 varieties, accounting for 96%.

(2) Retail direct sales business: combined with the characteristics of retail terminals, continued to promote customer expansion, regional sinking, and actively promoted the integration of wholesale and retail and the platform construction. In terms of sales growth, in the first half of 2019, the retail direct sales business achieved rapid growth, among them, retail pharmacy customer sales increased by 40% on a year-on-year basis, and small-scale private medical sales increased by 29% on a year-on-year basis. Actively integrated Guoda chain and private single-store and small chain resources, and promoted the construction of the core network of the terminal network member store + the hospital circumjacent store through the "network self-built + cooperative development" dual-track mode, and continued to expand the construction of the third terminal medical network. In terms of B2B platform construction and service innovation, the company built OTC resource platforms, realized online payment of B2B platform, upgraded member management functions, optimized APP module construction, focused on end customer needs, and created special services.

(3) Retail medical treatment business: Continued to promote the distribution of professional pharmacies in Guangdong and Guangxi, and sales have increased significantly. In the first half of the year, the sales revenue of professional pharmacies in the first half of the year increased by 80%, and 13 new pharmacies were opened. Currently, the distribution points in 20 cities of Guangdong and 12 cities of Guangxi have been completed. As of June, there were 29 hospital circumjacent pharmacies with sales growth of 122% on a year-on-year basis, and 25 DTP pharmacies with sales growth of 60% on a year-on-year basis. While advancing the layout of professional pharmacies, we have continuously obtained various types of medical insurance qualifications: in the first half of 2019, Shenzhen Pharmacy and Hexie Road Pharmacy became the major and serious disease supplementary medical insurance drug retail pharmacies of Shenzhen; Huizhou Pharmacy obtained the qualification of serious disease medical insurance of Huizhou, while Zhuhai Pharmacy has obtained the qualification of additional supplementary medical insurance project.

(4) Equipment consumables business: With the gradual advancement of medical reform policies, the medical device industry supervision has become increasingly strict, and the management advantages of distribution for the device business have emerged. In the first half of 2019, the sales of equipment business increased by more than 50%. In the sales of equipment, combined with the needs of hospitals, continuously improved the viscosity of hospital customers through platform construction and deep personalized service, formed a variety of SPD project customized solutions, and promoted through the creation of SPD model hospital; explored medical supplies counter sales and consignment sales model, and promoted the hospital bidding process; the sales of SPD projects in the first half of the year increased by 181% on a year-on-year basis.

In addition, it actively acquired the qualifications for wholesales and retails of medical devices, developed retail medical device models, and improved retail business processes and retail system platforms, in addition, expanded 4D business around the supply chain service upgrades, the businesses of new type of business company (including equipment consumables, equipment management, disinfection center, etc.) have been gradually carried out in an orderly manner.

Guoda Drugstore: Promote the company's brand upgrade, optimize the management foundation, strengthen the professional pharmacy service capabilities, and create new models.

(1) According to the company's strategic planning and deployment, implement the new brand strategy, successively complete the "Guoda" upgrades and "Guozhi" brand integration plan, expand the brand upgrade ideas, form a number of landing plans, and continue to promote brand upgrades in the second half of the year.

(2) The "New Concept" pilot pharmacy jointly launched by Guoda Drugstore and Walgreens Boots Alliance opened on January 20th at Shangnan Road, Pudong New District of Shanghai. Up to now, sales have increased by 34.8% on a year-on-year basis, and the number of transactions has increased by 31.5% on a year-on-year basis. The pilot pharmacy has integrated and implemented a new business operation model with advanced design and operation management concept of Walgreens Pharmacy and Boots Pharmacy. Introduced varieties and cooperated with a number of global brand suppliers, set parameters vital signs detector, and the touch advertising machine provided physical intelligent detection and online drug purchasing services; launched "cloud hospital" project, so that customers can experience internet medical services such as remote consultation, electronic kitchen, chronic disease management, self-test medication, and appointment registration.

(3) Professionalization of pharmaceutical service capabilities. Strengthened professional competence, and carried out training courses for licensed pharmacists; opened Elearning platform to promote online learning; carried out the "Guoda Drugstore Service Improvement" project; explored a sustainable and replicable basic service management system.

(4) Built an Internet + medical e-commerce model. Improved the value-added service system, optimized the self-operated OTO platforms such as WeChat Mall and APP, created a pharmacy + Internet O2O model, enhanced the front-end customer experience, and launched the e-commerce national customer service. In the first half of the year, the number of effective members nationwide was 11.436 million, an increase of 8% over the same period last year.

5. Strengthen party building - party building is strong foundation, don't forget the initial heart

Guided by the party's political construction, strengthened the theme education of "not forgetting the initial heart, keeping the mission in mind" and the special action of "party building is strong foundation", focused on the company's development strategy and central tasks, focused on the consolidation of basic organization, basic team, and group organization construction.

6. Cultivate internal strength - cultural practice, and sedimentary accretion of brand

Carried out various cultural activities, gathered heart and strength together, promoted corporate culture propaganda and practice, focused on brand building, gave play to brand value, and cultivated the driving force of enterprise development. Sinopharm Accord Corporate Culture Communication Project won the Best Learning Project Award in the China Talent Development Elite Award (2018-2019). At the same time, Sinopharm Accord also won the 16th "Shenzhen Famous Brand" and the excellent enterprise in Guangdong Province, and also won the most social responsibility award of Gelonghui's 2019 A-share listed companies.

The Company is required to comply with the disclosure requirements of the Industry Information Disclosure Guide of the Shenzhen Stock Exchange No. 8 - Listed Companies Engaged in Retail-Related Businesses.

1. The entity business operations and the business condition of the stores during the reporting period:

As of the end of June 2019, Guoda had 3,470 direct-operated stores, with sales revenue of 5.381 billion Yuan, a year-on-year growth of 11.82%, 1,123 franchise stores with distribution revenue of 622 million Yuan, an increase of 7.64% on a year-on-year basis.

Region	Direct-sale store		Franchised outlet	
	Numbers of the store	Sales income (in 10 thousand Yuan)	Numbers of the store	Sales income (in 10 thousand Yuan)
North	1,701	254,878	338	21,517
East China	829	106,956	587	26,537
South China	421	66,125	87	4,133
Central China	277	24,769	111	2,586
Northwest	242	25,004	-	
Total	3,470	477,731	1,123	54,773

Note:

North: Liaoning, Shanxi, Inner Mongolia, Beijing, Tianjin, Hebei;

East China: Shanghai, Jiangsu, Anhui, Shandong, Fujian, Zhejiang;

South China: Guangdong, Guangxi;

Central China: Henan, Hunan;

Northwest: Ningxia, Xinjiang.

(1) Top 10 stores in sales

Serial	Region	Name	Year for starting business	Operating mode	Business activity	Actual operating area (in M ²)	Property belonging
1	Shanxi	Yiyuan Zhongli Branch	2002	Direct-sale	5+X	820.00	Rental
2	Guangdong	Shenzhen Exhibition Hall	2006	Direct-sale	Modern pharmacy	260.00	Rental
3	Inner Mongolia	HQ	2003	Direct-sale	5+X Store	1,689.26	Rental
4	Jiangsu	Jiangsu Baiyulan Store, Yangzhou	1991	Direct-sale	Modern pharmacy	620.00	Rental
5	Shanxi	Yiyuan Er Yuan Branch	2011	Direct-sale	5+X	600.00	Rental
6	Beijing	Jinxiang Store, Xidang, Jinxiang	1997	Direct-sale	Modern pharmacy	773.16	Rental
7	Fujian	Xiamen New Special Medicine	2005	Direct-sale	Modern pharmacy	132.90	Rental

8	Hebei	Le Ren Tang HQ	2010	Direct-sale	TCM diagnosis shops	1,206.00	Rental
9	Guangdong	Lianhuabei, Shenzhen	2003	Direct-sale	Modern pharmacy	120.33	Rental
10	Beijing	Yongding store	2009	Direct-sale	Modern pharmacy	100.00	Rental

(2) In first half of 2019, 281 direct-sale shops are self-opened, and 53 shops closed with 228 self-opened direct-sale shops net increased, in addition, part of the stores have been put into operation. 50 new stores actually increased.

Region	Direct-sale store			Franchised outlet	
	Number of store increased	Total area	Number of stores shut down	Number of store increased	Number of stores shut down
North	169	17,970.35	-18	19	-3
East China	51	9,599.22	-15	18	-9
South China	20	1,912.84	-8	24	-4
Central China	11	1,478.14	-1	7	-2
Northwest	30	3,002.63	-11	-	-
Total	281	33,963.18	-53	68	-18

2. In first half of 2019, online sales developed in a steady pace, and overall e-commerce revenue growth slowed down, and O2O platform sales totaled 154 million yuan. Details are:

In 10 thousand Yuan

Cooperation platform	Business revenue
China National Health On-line	9,588.21
800FANG.CN (www.800pharm.com)	73.96
Yaofangwang (www.yaofangwang.com)	422.34
Yiyaowang (www.111.com.cn)	41.38
Other B2B E-business	1,408.64
JD daojia (http://daojia.jd.com)	459.07
Ali Health	115.14
Yao Dao Jia	0.13
Wanda E-business	0.28
Baidu takeout	2.98
ele.me (www.ele.me/home)	1,716.59

Meituan Waimai (waimai.meituan.com)	1,365.62
We Chat Mall	204.87
Total	15,399.19

3. Procurement, inventory and supplier from the headquarter: top 5 suppliers in first half of 2019:

In 10 thousand Yuan

Supplier	Procurement amount (tax included)	Purchase ratio
No. 1	8,000	11%
No. 2	6,160	8%
No. 3	5,286	7%
No. 4	4,792	6%
No. 5	4,264	6%

4. Warehousing and logistics:

In the first half of 2019, logistics warehouses of Guoda Drugstore spread over 17 provinces, there were 28 large and small logistics warehouses and the total warehouse area was over 130,000 square meters.

Province	Regional enterprise	Warehouse area (In M ²)	Management ownership	Logistic charge (in 10 thousand Yuan)	Rate
Liaoning	Shenyang Guoda	18,821	Self-management	771.51	0.97%
Guangdong	Guangdong Guoda	6,950	Sinopharm Holding Guangzhou entrusted	366.66	0.82%
	Jiangmen Guoda	5,072	Self-management	247.38	1.48%
Shanxi	Shanxi Wanmin	10,919	Self-management	611.23	1.11%
	Shanxi Yiyuan	8,860	Self-management	553.94	0.82%
Jiangsu	Yangzhou Guoda	4,869	Self-management	147.94	0.89%
	Nanjing Guoda	2,200	Self-management	105.75	1.81%
	Liyang Guoda	1,920	Self-management	92.08	1.04%
Fujian	Fujian Guoda	5,688	Self-management	114.07	0.75%
	Quanzhou Guoda	1,096	Self-management	33.61	0.85%
Hebei	Hebei Guoda	4,300	Self-management	215.56	0.95%
Shandong	Shandong Guoda	4,800	Self-management	240.88	1.20%
Ningxia	Ningxia Guoda	3,300	Self-management	141.67	1.28%
Hunan	Hunan Guoda	3,600	Self-management	151.64	0.97%

Henan	Henan Guoda	3,610	Self-management	176.71	1.29%
	Zhengzhou Guoda	1,515	Self-management	45.12	9.19%
Inner Mongolia	Inner Mongolia Guoda	5,236	Self-management	213.76	0.74%
Guangxi	Guangxi Guoda	1,950	Self-management	133.08	1.29%
Beijing	Beijing Guoda	4,389	Self-management	425.93	1.72%
	Beijing Jinxiang				
Tianjin	Tianjin Guoda	1,200	Self-management	68.69	1.74%
Anhui	Anhui Guoda	1,000	Self-management	46.75	2.17%
Xinjiang	Xinjiang Guoda	3,517	Self-management	148.69	1.07%
Shanghai	Shanghai Fumei	20,000	Self-management	1310.30	1.32%
	Shanghai Guoda				
Zhejiang	Zhejiang Guoda	974	Self-management	53.37	2.55%
Shanghai	Guoda HQ	13,192	Sinopharm Logistic entrusted	600.00	0.99%
Total		138,977		7,016.34	1.20%

5. The commodity suppliers of Guoda Drugstore are mainly external suppliers, and also assisted by some Sinopharm affiliated enterprises and private brands. The sale for the first half of 2019 was as follows:

In 10 thousand Yuan

Private brand	Property	Category	Turnover (tax included)	Ratio
a	Group-buying OEM	Health-care food	1,237	0.23%
b	Group-buying OEM	Kids	16	0.00%
c	Group-buying OEM	Gynecology	10	0.00%
d	Group-buying OEM	Cold	5	0.00%
e	Group-buying OEM	Personal care	16	0.00%
f	Group-buying OEM	Family health	1,602	0.30%
g	Group-buying OEM	Anti-infection	31	0.01%
h	Group-buying OEM	Anti-allergic & antidiabetic	14	0.00%
i	Group-buying OEM	Clearing heat and detoxifying	136	0.03%
j	Group-buying OEM	External use drugs	157	0.03%
k	Group-buying OEM	Five sense organs	123	0.02%
l	Group-buying OEM	Chinese herbal pieces	1,867	0.35%
Total	-	-	5,213.50	0.97%

II. Main business analysis

Found more in I. Introduction in Discussion and Analysis of Business

Y-o-y changes of main financial data

In RMB

	Current period	Same period of last year	Y-o-y increase/decrease	Reasons for changes
Operating revenue	25,228,147,377.43	20,778,425,602.22	21.42%	Increased 21.42% on a y-o-y basis, mainly because the operating revenue has y-o-y growth for a favorable operation condition in the period
Operating costs	22,415,519,952.87	18,367,643,723.84	22.04%	Consistent with the growth of operating revenue basically
Sales expenses	1,483,332,500.73	1,273,588,756.07	16.47%	No major changes
Administration expenses	377,216,694.13	351,820,063.78	7.22%	No major changes
Finance expenses	104,095,254.24	57,541,544.32	80.90%	Increased 80.90% on a y-o-y basis, mainly because under the new leasing standards, the interest expenses of a leasing liability is calculated at the discount rate for each period of the lease term, while no such item occurred at same period of last year
Income tax expenses	192,243,926.50	164,486,734.32	16.88%	No major changes
Net cash flow arising from operating activities	1,163,757,581.35	225,357,709.20	416.40%	Increased 416.40% on a y-o-y basis, mainly because due to a good operation conditions, the cash received from good sales, and providing labor service are increased on a y-o-y basis
Net cash flow arising	-135,236,954.51	-18,211,602.74	-642.59%	Decreased 642.59% on a

from investment activities				y-o-y basis, mainly because the bonus received from associated enterprise declined from a year earlier in the period
Net cash flow arising from financing activities	-891,486,201.45	-288,243,874.04	-209.28%	Decreased 209.28% on a y-o-y basis, mainly because under the new leasing standards, the cash of rent was included in Other Cash Paid With Financing Activities Concerned, while no such item occurred at same period of last year
Net increase of cash and cash equivalent	136,857,858.14	-80,782,904.11	269.41%	Increased 269.41% on a y-o-y basis, mainly because net cash flow arising from operating activity increased from a year earlier.

Major changes on profit composition or profit resources in reporting period

☐ Applicable ☒ Not applicable

No major changes on profit composition or profit resources occurred in reporting period.

Constitution of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase or decrease of operating revenue over same period of last year	Increase or decrease of operating cost over same period of last year	Increase or decrease of gross profit ratio over same period of last year
According to industries						
Pharmaceutical wholesale	18,998,360,457.86	17,841,023,662.96	6.09%	23.12%	23.15%	-0.02%
Pharmaceutical retail	5,986,434,262.23	4,513,779,258.68	24.60%	16.16%	17.04%	-0.56%
Logistics and warehousing services	46,841,002.95	41,457,036.52	11.49%	201.66%	345.14%	-28.53%
Leasing and other	196,511,654.39	19,259,994.71	90.20%	9.78%	38.28%	-2.02%
According to products						

Drugs	23,547,484,934.34	21,063,595,549.23	10.55%	19.35%	20.99%	-1.22%
Apparatus	1,345,459,501.68	1,239,062,232.74	7.91%	45.93%	43.30%	1.69%
Other	335,202,941.42	112,862,170.90	66.33%	165.94%	19.73%	41.12%
According to region						
Internal revenue	25,228,147,377.43	22,415,519,952.87	11.15%	21.42%	22.04%	-0.45%

III. Analysis of non-main business

☐ Applicable ☒ Not applicable

IV. Assets and liability

1. Major changes of assets composition

In RMB

	End of current period		End of last period		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	8,086,328,508.49	24.11%	3,943,595,560.58	16.42%	7.69%	Mainly because received a capital increase for subsidiary Guoda Drugstore in the half year of 2018 from strategic investor
Account receivable	11,826,440,731.59	35.26%	9,441,542,367.19	39.32%	-4.06%	No major changes
Inventory	4,882,673,616.27	14.56%	4,245,354,625.22	17.68%	-3.12%	No major changes
Investment property	140,319,140.00	0.42%	149,409,723.79	0.62%	-0.20%	No major changes
Long-term equity investment	2,077,811,395.30	6.20%	1,756,735,242.44	7.32%	-1.12%	No major changes
Fix assets	593,552,480.99	1.77%	550,102,564.29	2.29%	-0.52%	No major changes
Construction in process	31,980,582.21	0.10%	30,805,874.11	0.13%	-0.03%	No major changes
Short-term loans	3,290,877,595.23	9.81%	2,051,139,651.67	8.54%	1.27%	Affected by the more financing for supply chain
Long-term loans		0.00%	31,600,000.00	0.13%	-0.13%	The long-term loans are re-classified to non-current liability due within one year in the period

2. Assets and liability measured by fair value

√Applicable □Not applicable

In RMB

(1) Assets and liability measured by fair value

2019-6-30

	Input value used for fair value measurement			Total
	Active market quotation	Important observable input value	Important un-observable input value	
	(1 st Level)	(2 nd Level)	(3 rd Level)	
Receivables Financing	-	325,439,580.18	-	325,439,580.18
Other equity instrument investment	--	13,685,760.00	-	13,685,760.00
Other non-current financial assets	-	-	140,000,000.00	140,000,000.00
	-	339,125,340.18	140,000,000.00	479,125,340.18

2019-1-1

	Input value used for fair value measurement			Total
	Active market quotation	Important observable input value	Important un-observable input value	
	(1 st Level)	(2 nd Level)	(3 rd Level)	
Receivables Financing	-	567,775,275.40	-	567,775,275.40
Other equity instrument investment	--	13,685,760.00	-	13,685,760.00
Other non-current financial assets	-	-	140,000,000.00	140,000,000.00
	-	581,461,035.40	140,000,000.00	721,461,035.40

(2) Assets and liability released by fair value

2019-1-1

	Input value used for fair value measurement			Total
	Active market quotation	Important observable input value	Important un-observable input	

			value	
	(1 st Level)	(2 nd Level)	(3 rd Level)	
Long-term loans	-	31,600,000.00	-	31,600,000.00

3. Assets right restriction till end of reporting period

Nil

V. Investment

1. Overall situation

☒ Applicable ☐ Not applicable

During the reporting period, the company newly established subsidiaries, including Sinopharm Holding Guoda Drugstore Bayannao'er Co., Ltd. (80% of shareholding ratio), Inner Mongolia Guoda Pharmaceuticals Co., Ltd. (100% of shareholding ratio), and Sinopharm Holding Guoda Drugstore Yongxingtang Chain (Chaoyang) Co., Ltd. (51% of shareholding ratio). At the same time, during the reporting period, the company participated in a 30% stake in Shanghai Renbei Pharmacy Co., Ltd. and a 10% stake in Guangdong Jianhui Construction Investment Management Co., Ltd. For specific investment, please refer to note (VIII) of the financial report.

2. The major equity investment obtained in the reporting period

☐ Applicable ☒ Not applicable

3. The major non-equity investment doing in the reporting period

☐ Applicable ☒ Not applicable

4. Financial assets investment

(1) Securities investment

☐ Applicable ☒ Not applicable

The Company had no securities investment in the reporting period.

(2) Derivative investment

☐ Applicable ☒ Not applicable

The Company has no derivatives investment in the Period

VI. Sales of major assets and equity

1. Sales of major assets

☐ Applicable ☒ Not applicable

There are no major assets sell in the period

2. Sales of major equity

☐ Applicable ☒ Not applicable

VII. Analysis of main holding Company and stock-jointly companies

☒ Applicable ☐ Not applicable

Particular about main subsidiaries and stock-jointly companies net profit over 10%

In RMB

Company name	Type	Main business	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Sinopharm Holding Guoda Drugstore Co., Ltd.	Subsidiary	"Chinese traditional patent medicine, chemical preparations, antibiotics, bio-chemical medicine, biological medicine, diagnosis medicine, biological medicine with features of treatment and diagnosis, shaped packing food, chemical products, and various commodity and technique hold by self-support and agency as well as import & export	1,683,333,333.00	10,847,813,404.32	5,177,131,809.42	6,107,899,231.32	251,957,080.15	186,189,865.75

		of technology"						
Sinopharm Holding Guangzhou Co., Ltd.	Subsidiary	"Sales of drugs, medical apparatus and instruments, freightage, storage, loading and unloading, glass wares, cosmetics and daily merchandise; other business services, other professional consultation, various goods agency and for self-operation, import & export of technology, houses leasing"	3,553,249,393.17	14,292,376,683.43	4,222,799,887.46	14,142,231,556.01	353,918,899.20	261,515,224.79
Sinopharm Holding Guangxi Co., Ltd.	Subsidiary	"Retail and distribution in respect of pharmaceutical products and medical apparatus and instruments, wholesale and retails of health products"	521,407,965.79	4,109,137,774.54	1,013,776,482.33	3,140,863,905.65	114,052,144.85	97,976,493.68

Particular about subsidiaries obtained or disposed in report period

√Applicable □ Not applicable

Company	The method of obtaining and handling subsidiaries during the report period	The influence to the whole production and performance
Sinopharm Holding Guoda Drugstore Bayan Nur Co., Ltd.	Establishment	Expand local medicine retail business layout, and without major influence on performance of the Company
Inner Mongolia Guoda Medicine Co., Ltd.	Establishment	Expand local medicine retail business layout, and without major influence on performance of the Company

Sinopharm Holding Guoda Drugstore Yongxingtang Chain (Chaoyang) Co., Ltd.	Establishment	Expand local medicine retail business layout, and without major influence on performance of the Company
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Notes of main holding Company and stock-jointly companies

VIII. Structured vehicle controlled by the Company

☐ Applicable ☒ Not applicable

IX. Prediction of business performance from January – September 2019

Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

☐ Applicable ☒ Not applicable

X. Risks and countermeasures

1. The management risks in sustainable expansion of marketing network of Guoda Drugstore

The marketing network of Guoda Drugstore has maintained stable growth trend in recent years through newly opened stores and extended mergers. The expansion of sales area and increase of stores have brought pressure on the site selection, distribution, cash management, marketing and human resource management of the stores of Guoda Drugstore. The Company will strengthen the management and construction in merchandise procurement, logistics and distribution, marketing and other links and establish corresponding management methods for each link so as to ensure the unified standards and management quality for store expansion.

2. Risks of intensifying market competition

At present, the market concentration ratio of domestic pharmaceutical retail market industry is relatively low, and the national and regional pharmaceutical retail enterprises have fierce market competition. As the country continues to introduce corresponding policies to encourage the integration of pharmaceutical retail industry, the major pharmaceutical retail enterprises in the industry have accelerated the pace of mergers and acquisitions, and continued to expand the marketing networks, improve the logistics center constructions, and innovate the business and profit models so that the sales scale and comprehensive strength continuously strengthen. At the same time, with the upgrading of consumption and the gradual opening of market, the distribution enterprises with powerful strength are entering the domestic pharmaceutical distribution markets through a variety of ways, so the industry competition is further intensifying. Sinopharm Accord will integrate the existing resources, create a two-wheel drive development model with integration of both wholesale and retail, deeply give full play to synergistic effect, strengthen operation, directly face the end patients and consumers by varieties complementation, capital cooperation, supply chain collaboration, internationalization promotion, strengthening the overall planning of information technology and investment in science and technology, and other measures, and achieve brand globalization through capital operation.

3. Risks of changes in industry policy

The development of pharmaceutical retail industry is regulated and influenced by the relevant national policies. The state has promulgated a series of documents such as *Good Supply Practice for Prescription Products* and *Some Opinions on Further Reform and Improvement of Drug Production, Circulation and Use Policy*, which put forward specific requirements to the industry operation. Along with the gradual increase of management standards for management standard, the regulations are constantly being revised and improved and put forward higher requirements to the business operations. In addition, with the promotion and implementation of the new medical reform, the state has implemented the essential medicine system, public hospital reform, drug centralized procurement bidding system and tax reduction policy for anticancer drugs throughout the country, and repeatedly introduced policies to reduce the drug retail price ceiling in order to reduce the burden of drug use. If the policies introduced in the process of implementing new medical reform impose restrictions on the industrial development and the product price of retail Drugstores, the operation and profitability of Guoda Drugstore may have to face some challenges. The Sinopharm Accord has actively studied the policy direction, positively adjusted or transformed the innovative business model, and fully implemented compliance management, strengthened policy risk prevention and control, and ensured the sound quality of operations.

4. Risks of facing the horizontal competition

In the pharmaceutical retail field, Sinopharm Group's affiliated distribution subsidiaries have also opened some social retail pharmacies, which constitute a certain degree of horizontal competition with the subordinate Guoda Drugstore. Sinopharm Group and Sinopharm have pledged to take effective measures to resolve the possible horizontal competition.

5. Risk of goodwill impairments

On June 30, 2019, the book value of goodwill in the Company's consolidated financial statements was RMB 847,041,800.60 and was allocated to the asset groups of distribution branches and retail branches. The Company conducts impairment test on goodwill annually in accordance with the provisions of the Accounting Standards for Business Enterprises. Disclosures relating to the impairments of goodwill are set out in Notes V. 31 and 43 and Notes VII. 28 of the financial statements

Section V. Important Events

I. In the report period, the Company held annual shareholders' general meeting and extraordinary shareholders' general meeting

1. Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
First extraordinary general meeting of 2019	Extraordinary general meeting	62.79%	2019-01-24	2019-01-25	Juchao Website—(http://www.cninfo.com.cn) "Resolution Notice of First extraordinary general meeting of 2019 No.: 2019-07
Annual General Meeting of 2018	AGM	65.67%	2019-05-17	2019-05-18	Juchao Website—(http://www.cninfo.com.cn) "Resolution Notice of AGM of 2018 No.: 2019-26

2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

☐ Applicable ☒ Not applicable

II. Profit distribution plan and capitalizing of common reserves plan for the Period

☐ Applicable ☒ Not applicable

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either for the semi-annual year.

III. Commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies

☒ Applicable ☐ Not applicable

Commitments	Promise	Type of commitments	Content of commitments	Commitment date	Commitment term	Implementation
Commitments in	Sinopharm	Commitment	As a large pharmaceutical commercial enterprise whose	2005-06-2	Long-term	Normally

report of acquisition or equity change	Holding	of shareholders	business involves pharmaceutical wholesale and retail, Sinopharm Holding may overlap with the Company in geographical segmentation during its future business development. To avoid the potential peer competition brought by such geographical overlap, Sinopharm Holding undertakes that, upon the transfer of shares of Sinopharm Holding Guangzhou it held to Accord Pharma, "1. it will not newly-establish or broaden within Guangdong any business operation that actually compete with that of Accord Pharma, or set up any new subsidiaries or subordinate enterprises who engage in such business. 2. It will enter into business delineation with Accord Pharma and Sinopharm Holding Guangzhou, thereby giving the three parties clear geographical areas to carry out pharmaceutical wholesale and retail businesses, so as to avoid potential peer competition. Apart from above, Sinopharm Holding will no longer newly-establish any enterprise that may compete with Accord Pharma in the production and R&D of pharmaceutical products.""	1	effective	implementing
Commitments in assets reorganization	Sinopharm Group Co., Ltd;China National Pharmaceutical Foreign Trade Corporation	Commitment on restricted shares	"Sinopharm Group and Sinopharm Foreign Trade made commitments in the Report about China National Accord Medicines Corporation Ltd. Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment that the non-public offering of shares of Sinopharm Accord obtained from this transaction shall not be transferred within 36 months since the finish date of issuance and shall be unlocked after 36 months since the date of listing. Within 6 months after the completion of this transaction, if the closing price of the stock of Sinopharm Accord is less than the issue price in continuous 20 trading days, or the closing price at the end of 6 months after the completion of this transaction is less than the issue price, the lockup period of the stock of Sinopharm Group and Sinopharm Foreign Trade obtained from Sinopharm Accord by this transaction will automatically prolong at least 6 months. The shares derived from stock dividends allocation and capital reserve increase transferring of Sinopharm Accord based on the non-public offering of shares of Sinopharm Accord obtained by this transaction should also abide by the above stock restricted arrangements."	2016-05-31	36 months	Normally implementing
	Ping'an Assets	Commitment on restricted	"Ping An Asset Management Co., Ltd. made commitments in the Report about China National Accord	2016-05-31	36 months	Normally implementing

	Management Co., Ltd	shares	Medicines Corporation Ltd. Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment that the non-public offering of shares of Sinopharm Accord obtained from this transaction shall not be transferred within 36 months since the finish date of issuance and shall be unlocked after 36 months since the date of listing. After placement completed, the shares of the listed Company increased due to bonus shares and turning to increase capital should pursuit to the restriction arrangement the above mentioned.			
	China National Accord Medicines Corporation Ltd.	Performance commitment and compensation arrangement	"Sinopharm Accord made commitments in the Report about China National Accord Medicines Corporation Ltd. Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment that the net profits attributable to the owners of parent company after deducting the non-recurring gains and losses committed by Zhijun Pharmaceutical in 2016, 2017 and 2018 should be respectively no less than RMB 222,671,700.00, RMB 232,561,600.00, and RMB 241,878,700.00; the net profits attributable to the owners of parent company after deducting the non-recurring gains and losses committed by Zhijun Pharmacy Trade in 2016, 2017 and 2018 should be respectively no less than RMB 2,379,600.00, RMB 2,335,100.00, and RMB 2,345,600.00; the net profits attributable to the owners of parent company after deducting the non-recurring gains and losses committed by Pingshan Pharmaceutical in 2016, 2017 and 2018 should be respectively no less than RMB 39,716,300.00, RMB 43,033,500.00, and RMB 50,325,500.00. If the actual net profits attributable to the owners of parent company after deducting the non-recurring gains and losses of Zhijun Pharmaceutical / Zhijun Pharmacy Trade / Pingshan Pharmaceutical don't reach the committed net profits attributable to the owners of parent company after deducting the non-recurring gains and losses, Sinopharm Accord should compensate in accordance with the stipulations of the Profit Forecast Compensation Agreement for the Stock Issuance and Assets Purchase."	2016-05-31	2018-12-31	Completed
	China National Accord Medicines	Other commitments	"The listed Company, controlling shareholders, the actual controllers made commitments in the Report about China National Accord Medicines Corporation Ltd. Purchasing Assets and Raising Supporting Funds and	2016-05-31	Long-term effective	Normally implementing

	Corporation Ltd.; Sinopharm Group Co., Ltd.; Sinopharm		Related Transactions by Asset Sale, Stock Issuance and Cash Payment that the Company shall not violate the relevant regulations of Article 16 in Securities Issuance and Underwriting Management Approach, and directly or indirectly providing financial assistance or compensation for the subscription objects and its shareholders / partners / clients (if any) of this non-public offering does not exist and will not occur in the future."			
	Ping'an Assets Management Co., Ltd	Other commitments	"Ping An Asset Management Co., Ltd. has made commitments that the unit intends to utilize Ping An Asset Xinxiang No.3 asset management product and Ping An Asset Xinxiang No.7 asset management product to fund and subscribe some non-public offering of shares of Sinopharm Accord in this major asset restructuring process, and has the ability to subscribe the shares, the relevant capital sources are legitimate, there is no hierarchical income and other structured arrangements, and there is no use of leveraged funds. The unit does not receive financial assistance or compensation from Sinopharm Accord and its controlling shareholders, or the actual controllers. The investors' structure of above-mentioned products does not change from the issue date of the commitment letter to the end date of the lockup period of the stock that the unit subscribes from Sinopharm Accord."	2016-03-24	Long-term effective	Normally implementing
	Sinopharm Group Co., Ltd	Commitments on horizontal competition, relation transaction and capital occupation	"Sinopharm Group made commitments in the Report about China National Accord Medicines Corporation Ltd. Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment that the Company shall be the controlling shareholder of China National Accord Medicines Corporation Ltd. (hereinafter referred to as Sinopharm Accord) up to the issue date of this commitment letter, after the completion of this major assets reorganization (hereinafter referred to as "this reorganization"), Sinopharm Accord shall no longer hold shares or operate relevant businesses of pharmaceutical industry, the main business will become the national pharmaceutical retail and pharmaceutical distribution business in Guangdong and Guangxi. In order to support the business development of Sinopharm Accord and avoid horizontal competition with Sinopharm Accord and its controlling enterprises, the Company made following irrevocable commitments and promises:1, after the completion of this	2016-12-28	Long-term effective	Normally implementing

		<p>reorganization, as for the social retail drugstore assets except for Sinopharm Holding Guoda Drugstore Co., Ltd. and its subsidiaries and branches owned or controlled by the Company, the Company promised to take appropriate measures to solve the horizontal competition problem in the pharmaceutical retail business between the Company and Sinopharm Accord within 5 years since the completion date of this reorganization. 2. The Company's way of resolving horizontal competition problems includes and is not limited to purchasing the social retail drugstore assets subordinated to the Company by Sinopharm Accord, taking the entrusted operation, leasing or contracting operation by Sinopharm Accord and its controlling enterprises in accordance with the methods permitted by national laws to hold or control the social retail drugstore assets, or transferring the controlling stake of the social retail drugstore assets by the Company. 3. If the shareholders of the social retail drugstore assets (hereinafter referred to as "the third party") of the Company or the enterprises controlled by the Company have or are going to perform the preemptive rights under the same conditions in accordance with relevant laws and corresponding Articles of Association, then the above commitment will not be applicable, but in this case, the Company should try its utmost to urge the third party to waive its preemptive rights. If the Company is unable to urge the third party to give up the preemptive rights, the Company will urge the enterprises controlled by the Company to transfer the social retail drugstore assets to the third party to solve the horizontal competition problem. 4. The pharmaceutical distribution assets currently owned or controlled by the Company are distributed outside Guangdong and Guangxi regions, there is no horizontal competition with Sinopharm Accord, the Company will not engage in the same or similar operation businesses to Sinopharm Accord in Guangdong and Guangxi in the future, if the Company and its holding enterprises obtain the new business opportunities constituting substantial horizontal competition (hereinafter referred to as competitive new business) within the pharmaceutical distribution business scope of Sinopharm Accord in Guangdong and Guangxi, the Company will send written notice to Sinopharm Accord and try its utmost to firstly provide the new business</p>			
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			opportunities to Sinopharm Accord or its holding enterprises according to the reasonable and fair terms and conditions so as to avoid the horizontal competition with Sinopharm Accord and its holding enterprises. 5. Since the issue date of this commitment letter, the Company promises to indemnify Sinopharm Accord for all actual losses, damages and expenses caused by the Company in violation of any commitments under this commitment letter. 6. This commitment letter terminates when following circumstances occur (subject to the earlier one): (1) the Company is no longer the controlling shareholder of Sinopharm Accord; or (2) the shares of Sinopharm Accord terminate the listing at the stock exchange."			
	China National Pharmaceutical Group Corporation	Commitments on horizontal competition, relation transaction and capital occupation	"Sinopharm made commitments in the Report about China National Accord Medicines Corporation Ltd. Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment that the Company shall be the actual controller of China National Accord Medicines Corporation Ltd. (hereinafter referred to as Sinopharm Accord) up to the issue date of this commitment letter, after the completion of this major assets reorganization (hereinafter referred to as "this reorganization"), Sinopharm Accord shall no longer hold shares or operate relevant businesses of pharmaceutical industry, the main business will become the national pharmaceutical retail and pharmaceutical distribution business in Guangdong and Guangxi. In order to support the business development of Sinopharm Accord and avoid horizontal competition with Sinopharm Accord and its controlling enterprises, the Company made following irrevocable commitments and promises: 1, after the completion of this reorganization, as for the social retail drugstore assets except for Sinopharm Group Guoda Pharmacy Co., Ltd. and its subsidiaries and branches owned or controlled by the Company, the Company promised to take appropriate measures to solve the horizontal competition problem in the pharmaceutical retail business between the Company and Sinopharm Accord within 5 years since the completion date of this reorganization. 2. The Company's way of resolving horizontal competition problems includes and is not limited to purchasing the social retail drugstore assets subordinated to the Company by Sinopharm Accord, taking the entrusted operation, leasing	2016-12-28	Long-term effective	Normally implementing

			<p>or contracting operation by Sinopharm Accord and its controlling enterprises in accordance with the methods permitted by national laws to hold or control the social retail drugstore assets, or transferring the controlling stake of the social retail drugstore assets by the Company. 3. If the shareholders of the social retail drugstore assets (hereinafter referred to as "the third party") of the Company or the enterprises controlled by the Company have or are going to perform the preemptive rights under the same conditions in accordance with relevant laws and corresponding Articles of Association, then the above commitment will not be applicable, but in this case, the Company should try its utmost to urge the third party to waive its preemptive rights. If the Company is unable to urge the third party to give up the preemptive rights, the Company will urge the enterprises controlled by the Company to transfer the social retail drugstore assets to the third party to solve the horizontal competition problem. 4. The pharmaceutical distribution assets currently owned or controlled by the Company are distributed outside Guangdong and Guangxi regions, there is no horizontal competition with Sinopharm Accord, the Company will not engage in the same or similar operation businesses to Sinopharm Accord in Guangdong and Guangxi in the future, if the Company and its holding enterprises obtain the new business opportunities constituting substantial horizontal competition (hereinafter referred to as competitive new business) within the pharmaceutical distribution business scope of Sinopharm Accord in Guangdong and Guangxi, the Company will send written notice to Sinopharm Accord and try its utmost to firstly provide the new business opportunities to Sinopharm Accord or its holding enterprises according to the reasonable and fair terms and conditions so as to avoid the horizontal competition with Sinopharm Accord and its holding enterprises. 5. This commitment letter terminates when following circumstances occur (subject to the earlier one): (1) the Company is no longer the actual controller of Sinopharm Accord; or (2) the shares of Sinopharm Accord terminate the listing at the stock exchange."</p>			
Commitments make in initial public offering	Sinopharm Holding	Commitment of shareholders	Sinopharm Holding made commitments in the Commitment Letter About Sinopharm Group Co., Ltd. to Avoid Horizontal Competition: "First, the Company and	2013-09-05	Long-term effective	Controlling shareholder is implement in

or re-financing			the Company's wholly-owned, controlling or other enterprises with actual control (in addition to Sinopharm Accord and its controlling enterprises, hereinafter the same) don't have businesses and operations constituting the substantial horizontal competition to Sinopharm Accord and its controlling enterprises. Second, the Company and the Company's wholly-owned, controlling or other enterprises with actual control shall not engage, participate in or do businesses and activities in Guangdong and Guangxi which constitute substantial competition to Sinopharm Accord and pharmaceutical business services. Third, the Company and the Company's wholly-owned, controlling or other enterprises with actual control shall not engage, participate in or do businesses and activities which constitute substantial competition to Sinopharm Accord and pharmaceutical industry businesses. Fourth, the Company shall not take advantage of the control to Sinopharm Accord to damage the legitimate rights and interests of Sinopharm Accord and other shareholders (especially medium and small shareholders). This commitment letter takes effect from the issue date, and remains in effect for the entire period when the Company acts as the controlling shareholder or its related party of Sinopharm Accord. Within the effective period of the commitment, if the Company violates this commitment and causes a loss to Sinopharm Accord, the Company will timely make full compensation for Sinopharm Accord."			real earnest, Sinopharm Accord will actively urge the controlling shareholder and actual controller to fulfill commitments
	Sinopharm Holding	Commitment of shareholders	Sinopharm Holding made commitments in the Commitment Letter About Sinopharm Group Co., Ltd. to Regulate the Related Transactions with China National Accord Medicines Corporation Ltd.: "First, when the Company is controlling Sinopharm Accord, the Company and the companies and enterprises directly and indirectly controlled by the Company ("related party" for short) will strictly regulate the related transactions with Sinopharm Accord and its controlling enterprises. Second, for the related transactions that cannot be avoided or have reasonable reasons to occur, the Company and related party shall sign normative related transaction agreement in accordance with relevant laws with Sinopharm Accord. Sinopharm Accord implements the approval procedures and fulfills the information disclosure obligations of the	2013-09-05	Long-term effective	Controlling shareholder is implement in real earnest, Sinopharm Accord will actively urge the controlling shareholder and actual controller to fulfill commitments

			<p>related transactions according to relevant laws, regulations, rules, other normative documents and the constitutions of Sinopharm Accord. Third, for the related transactions that cannot be avoided or have reasonable reasons to occur, the Company and related party shall abide by the open, fair and just market principles and confirm the price of related transactions in accordance with the price that the independent third party without association sets for the same and similar transactions, and ensure the fairness of the price of the related transactions. Fourth, when the board of directors and the general meeting of stockholders of Sinopharm Accord vote on the related transactions involving the Company and other enterprises controlled by the Company, the Company shall fulfill the necessary obligations that the associated directors and associated shareholders abstain from voting in accordance with the relevant provisions, and abide by the legal procedures for approving related transactions and the information disclosure obligations. Fifth, the Company guarantees to participate in the shareholders' general meeting, equally exercise the corresponding rights and take the corresponding obligations in accordance with the constitutions of Sinopharm Accord, not to take advantage of controlling shareholder status to seek improper benefits or utilize related transactions to illegally transfer the funds and profits of Sinopharm Accord, and not to damage the legitimate rights and interests of other shareholders (especially the medium and small shareholders) of Sinopharm Accord. Sixth, this commitment letter comes into force from the issue date and remains in effect for the entire period when the Company acts as the controlling shareholder or its related party of Sinopharm Accord. Within the effective period of the commitment, if the Company violates this commitment and causes a loss to Sinopharm Accord, the Company will timely make full compensation for Sinopharm Accord."</p>			
	China National Pharmaceutical Group Corporation	Commitment of actual controller	<p>Sinopharm made commitments in the Commitment Letter About China National Pharmaceutical Group Corporation to Avoid Horizontal Competition with China National Accord Medicines Corporation Ltd.: "First, in the next five years, Sinopharm plans to take appropriate measures (including assets replacement or acquisition, equity reorganization, etc.) to resolve the horizontal competition</p>	2013-10-16	Long-term effective	Controlling shareholder is implement in real earnest, Sinopharm Accord will actively urge

			between Sinopharm Weiqida and Sinopharm Accord. Second, in addition to the past matters and matters disclosed in this commitment letter, the Company and the Company's wholly-owned, controlling or other enterprises with actual control rights (except for Sinopharm Accord and its controlling enterprises, the same as below) shall not directly engaged in, participate in or do the businesses an activities constituting actual competition to the production and operation of Sinopharm Accord in China. The relevant commitments about avoiding horizontal competition that the Company made in the past still remain in effect. Third, the Company shall not take advantage of the control relationship to Sinopharm Accord to damage the legitimate rights and interests of Sinopharm Accord and its shareholders (especially the medium and small shareholders). Fourth, this commitment letter comes into force from the issue date and remains in effect for the entire period when the Company acts as the controlling shareholder or its related party of Sinopharm Accord."			the controlling shareholder and actual controller to fulfill commitments
	China National Pharmaceutical Group Corporation	Commitment of actual controller	Sinopharm made commitments in the Commitment Letter About Sinopharm Group Co., Ltd. to Regulate the Related Transactions with China National Accord Medicines Corporation Ltd.: "First, when the Company is controlling Sinopharm Accord, the Company and the companies and enterprises directly and indirectly controlled by the Company ("related party" for short) will strictly regulate the related transactions with Sinopharm Accord and its controlling enterprises. Second, for the related transactions that can not be avoided or have reasonable reasons to occur, the Company and related party shall sign normative related transaction agreement in accordance with relevant laws with Sinopharm Accord. Sinopharm Accord implements the approval procedures and fulfills the information disclosure obligations of the related transactions according to relevant laws, regulations, rules, other normative documents and the constitutions of Sinopharm Accord. Third, for the related transactions that cannot be avoided or have reasonable reasons to occur, the Company and related party shall abide by the open, fair and just market principles and confirm the price of related transactions in accordance with the price that the independent third party without association sets for the same and similar transactions, and ensure the fairness of	2013-09-22	Long-term effective	Controlling shareholder is implement in real earnest, Sinopharm Accord will actively urge the controlling shareholder and actual controller to fulfill commitments

			the price of the related transactions. Fourth, when the board of directors and the general meeting of stockholders of Sinopharm Accord vote on the related transactions involving the Company and other enterprises controlled by the Company, the Company shall fulfill the necessary obligations that the associated directors and associated shareholders abstain from voting in accordance with the relevant provisions, and abide by the legal procedures for approving related transactions and the information disclosure obligations. Fifth, the Company guarantees not to take advantage of actual controller status to seek improper benefits or utilize related transactions to illegally transfer the funds and profits of Sinopharm Accord, and not to damage the legitimate rights and interests of other shareholders (especially the medium and small shareholders) of Sinopharm Accord. Sixth, this commitment letter comes into force from the issue date and remains in effect for the entire period when the Company acts as the actual controller or its related party of Sinopharm Accord.			
Completed on time (Y/N)	Y					

IV. Appointment and non-reappointment (dismissal) of CPA

Financial report has been audit or not

☐ Yes ☒ No

Not been audited.

V. Explanation from Board of Directors, Supervisory Committee for "Qualified Opinion" that issued by CPA

☐ Applicable ☒ Not applicable

VI. Explanation from the Board for "Qualified Opinion" of last year's

☐ Applicable ☒ Not applicable

VII. Bankruptcy reorganization

☐ Applicable ☒ Not applicable

No bankruptcy reorganization for the Company in Period.

VIII. Lawsuits

Material lawsuits and arbitration

☐ Applicable ☒ Not applicable

No significant lawsuits and arbitration occurred in the reporting period.

Other lawsuits

As of the date of disclosing this report, the Company has 25 cases of contract disputes in the daily operation, with total amount of RMB 85,067,800 involved; three cases of intellectual property right dispute, involving a total amount of RMB15,300,000; and one case of equity transfer dispute, involving a total amount of RMB 32,913,800.

The total amount involved in the above 29 cases was RMB 133,281,600, which neither formed the expected liabilities, nor had an effect on normal operation and management of the Company.

IX. Penalty and rectification

☐ Applicable ☒ Not applicable

No penalty and rectification for the Company in Period.

X. Integrity of the Company and its controlling shareholders and actual controllers

☒ Applicable ☐ Not applicable

In the reporting period, integrity of the Company and its controlling shareholders and actual controllers is good and they do not have a relatively large amount of due existing debt with court's effective judgments.

XI. Implementation of the Company's stock incentive plan, employee stock ownership plan or other employee incentives

☐ Applicable ☒ Not applicable

The Company has no equity incentive plan, employee stock ownership plans or other employee incentives in Period.

XII. Major related transaction

1. Related transaction with routine operation concerned

(1) Related transaction with routine operation concerned can be found in "12. Related party and related transaction" carried in Section X. Financial Report;

(2) The related transactions are settled in cash and by notes, according to the "Proposal of Expected Routine Related Transactions with Subordinate Enterprise for Year of 2019" was deliberated and approved by 10th session of 8th BOD held on 23 April 2019 and "Announcement on Expected Routine Related Transaction for Year of 2019" (Notice No.: 2019-18) released on 25 April 2019, in 2019, related sales takes 34.61% in total expected amount for the whole year, and related procurement takes 38.47% in total expected amount for the whole year.

2. Related transactions by assets acquisition and sold

☐ Applicable ☒ Not applicable

No related transactions by assets acquisition and sold for the Company in reporting period.

3. Related transactions of mutual investment outside

☐ Applicable ☒ Not applicable

No main related transactions of mutual investment outside for the Company in reporting period.

4. Contact of related credit and debt

☒ Applicable ☐ Not applicable

Whether the Company had non-operating contact of related credit and debt

☐ Yes ☒ No

The Company had no non-operating contact of related credit and debt in the reporting period.

5. Other related transactions

☐ Applicable ☒ Not applicable

The Company had no other related transaction in the period.

XIII. Non-operational fund occupation from controlling shareholders and its related party

☐ Applicable ☒ Not applicable

No non-operational fund occupation from controlling shareholders and its related party in period.

XIV. Significant contract and implementations

1. Trusteeship, contract and leasing

(1) Trusteeship

☐ Applicable ☒ Not applicable

No trusteeship for the Company in reporting period.

(2) Contract

☐ Applicable ☒ Not applicable

No contract for the Company in reporting period.

(3) Leasing

☐ Applicable ☒ Not applicable

No leasing for the Company in reporting period.

2. Major guarantees

√Applicable □ Not applicable

(1) Guarantees

In 10 thousand Yuan

Particulars about the external guarantee of the Company (Barring the guarantee for subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Guarantee between the Company and the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Sinopharm Holding Guangzhou Co., Ltd.	2019-04-25	15,000	2019-05-20	10,105.66	Joint liability assurance	2019.5.20-2020.5.20	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2019-04-25	50,000	2019-05-31	50,000	Joint liability assurance	2019.5.31-2020.5.30	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2018-09-19	60,000	2018-12-20	45,242.22	Joint liability assurance	2018.12.20-2019.12.19	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2018-09-19	25,000	2019-01-18	24,889.43	Joint liability assurance	2019.1.18-2020.1.17	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2018-03-22	15,000	2018-08-07		Joint liability assurance	2018.8.7-2019.8.6	N	N

Sinopharm Holding Guangzhou Co., Ltd.	2019-04-25	70,000	2019-05-20	50,523.89	Joint liability assurance	2019.5.20-2020.5.19	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2018-09-19	5,000	2019-01-25		Joint liability assurance	2019.1.25-2020.1.24	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2018-09-19	35,000	2018-10-15		Joint liability assurance	2018.10.15-2019.10.14	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2018-03-22	40,000	2018-06-05	39,761.38	Joint liability assurance	2018.6.5-2019.6.4	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2018-03-22	20,000	2018-06-22	5,326.67	Joint liability assurance	2018.6.22-2019.4.30	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2018-03-22	20,000	2018-07-05	5,485.17	Joint liability assurance	2018.7.5-2019.7.4	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2018-03-22	60,000	2018-06-13	17,438.73	Joint liability assurance	2018.6.13-2019.6.12	N	N
Sinopharm Holding Guangdong Yuexing Co., Ltd.	2019-04-25	2,500	2019-05-20		Joint liability assurance	2019.5.20-2020.5.20	N	N
Sinopharm Holding Guangdong Yuexing Co., Ltd.	2018-09-19	5,000	2018-10-15	4,195.13	Joint liability assurance	2018.10.15-2019.10.14	N	N
Sinopharm Holding Guangdong Yuexing Co., Ltd.	2019-04-25	10,000	2019-05-31	8,888.96	Joint liability assurance	2019.5.31-2020.5.30	N	N
Sinopharm	2018-03-22	5,000	2018-07-12	4,964.97	Joint liability	2018.7.12-20	N	N

Holding Guangdong Yuexing Co., Ltd.					assurance	19.6.12		
Sinopharm Holding Dongguan Co., Ltd.	2018-09-19	2,000	2018-10-15	1,000	Joint liability assurance	2018.10.15-2019.10.14	N	N
Sinopharm Holding Foshan Co., Ltd.	2018-09-19	1,500	2018-10-15	36.16	Joint liability assurance	2018.10.15-2019.10.14	N	N
Sinopharm Holding Foshan Co., Ltd.	2018-09-19	1,000	2018-11-20	600.71	Joint liability assurance	2018.11.20-2019.11.19	N	N
Sinopharm Holding Foshan Co., Ltd.	2019-04-25	3,000	2019-05-31		Joint liability assurance	2019.5.31-2020.5.30	N	N
Sinopharm Holding Guangdong Hengxing Co., Ltd.	2018-09-19	3,000	2018-11-09	1,868.89	Joint liability assurance	2018.11.16-2019.10.31	N	N
Sinopharm Holding Guangdong Hengxing Co., Ltd.	2018-03-22	5,000	2018-06-06	393.52	Joint liability assurance	2018.6.6-2019.6.5	N	N
Sinopharm Holding Huizhou Co., Ltd.	2018-09-19	1,000	2018-10-12	415.6	Joint liability assurance	2018.10.12-2019.10.11	N	N
Sinopharm Holding Huizhou Co., Ltd.	2018-03-22	3,000	2018-09-18		Joint liability assurance	2018.9.18-2019.9.17	N	N
Sinopharm Holding (Jiangmen) Co., Ltd.	2018-09-19	1,000	2018-10-15	993.53	Joint liability assurance	2018.10.15-2019.10.14	N	N
Sinopharm Holding Meizhou Co., Ltd.	2018-09-19	1,000	2018-10-15	500	Joint liability assurance	2018.10.15-2019.10.14	N	N
Foshan Nanhai Pharmaceutical Co., Ltd.	2018-03-22	5,000	2018-07-31		Joint liability assurance	2018.7.31-2019.7.31	N	N
Foshan Nanhai Pharmaceutical	2018-09-19	5,000	2018-10-15	1,133.85	Joint liability assurance	2018.10.15-2019.10.14	N	N

Co., Ltd.								
Foshan Nanhai Pharmaceutical Co., Ltd.	2019-04-25	10,000	2019-05-31	6,019.69	Joint liability assurance	2019.5.31-2020.5.30	N	N
Foshan Nanhai Pharmaceutical Co., Ltd.	2018-09-19	3,000	2018-11-20	2,914.03	Joint liability assurance	2018.11.20-2019.11.19	N	N
Foshan Nanhai Uptodate & Special Medicines Co. Ltd.	2018-03-22	5,000	2018-07-31		Joint liability assurance	2018.7.31-2019.7.31	N	N
Foshan Nanhai Uptodate & Special Medicines Co. Ltd.	2018-09-19	6,000	2018-10-15	1,499.92	Joint liability assurance	2018.10.15-2019.10.14	N	N
Foshan Nanhai Uptodate & Special Medicines Co. Ltd.	2019-04-25	10,000	2019-05-31	4,409.75	Joint liability assurance	2019.5.31-2020.5.30	N	N
Foshan Nanhai Uptodate & Special Medicines Co. Ltd.	2018-09-19	3,000	2018-11-20	1,901.75	Joint liability assurance	2018.11.20-2019.11.19	N	N
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2018-03-22	15,000	2018-07-01	13,353.98	Joint liability assurance	2018.7.1-2019.6.30	N	N
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2019-04-25	15,000	2019-05-27	12,543.48	Joint liability assurance	2019.5.27-2019.10.31	N	N
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2018-03-22	10,000	2018-07-02	9,144.56	Joint liability assurance	2018.7.2-2019.6.26	N	N
Guangdong Nanfang Pharmaceutical	2018-03-22	10,000	2018-09-07	5,522.15	Joint liability assurance	2018.9.7-2019.9.6	N	N

Foreign Trade Co., Ltd.								
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2018-09-19	3,000	2018-10-15		Joint liability assurance	2018.10.15-2019.10.14	N	N
Sinopharm Holding Shantou Co., Ltd.	2018-09-19	500	2018-10-15	500	Joint liability assurance	2018.10.15-2019.10.14	N	N
Sinopharm Holding Zhanjiang Co., Ltd.	2018-09-19	1,000	2018-10-15	900	Joint liability assurance	2018.10.15-2019.10.14	N	N
Sinopharm Holding Zhaoqing Co., Ltd.	2018-09-19	2,000	2018-10-15	165.06	Joint liability assurance	2018.10.15-2019.10.14	N	N
Sinopharm Holding Zhongshan Co., Ltd.	2018-09-19	1,000	2018-10-15	994.71	Joint liability assurance	2018.10.15-2019.10.14	N	N
Sinopharm Holding Zhuhai Co., Ltd.	2018-09-19	1,000	2018-10-15	998.29	Joint liability assurance	2018.10.15-2019.10.14	N	N
Guangdong Dongfang New Special Medicine Co., Ltd	2018-03-22	4,000	2018-08-20	3,928.03	Joint liability assurance	2018.8.20-2019.8.19	N	N
Guangdong Dongfang New Special Medicine Co., Ltd	2018-09-19	5,000	2019-01-10	4,975.91	Joint liability assurance	2019.1.10-2020.1.9	N	N
Guangdong Dongfang New Special Medicine Co., Ltd	2019-04-25	2,000	2019-06-14	1,594.92	Joint liability assurance	2019.6.14-2020.6.13	N	N
Guangdong Dongfang New Special Medicine Co., Ltd	2019-04-25	5,000	2019-05-31	4,395.35	Joint liability assurance	2019.5.31-2020.5.30	N	N
China National Accord Medicines	2018-09-19	20,000	2018-12-03	9,657.33	Joint liability assurance	2018.12.3-2019.11.27	N	N

Corporation Ltd.								
Sinopharm Holding Shenzhen Jianmin Co., Ltd.	2018-03-22	500	2018-10-15	450	Joint liability assurance	2018.10.15-2019.10.14	N	N
Sinopharm Holding Shenzhen Jianmin Co., Ltd.	2018-09-19	1,000	2018-12-24		Joint liability assurance	2018.12.24-2019.12.24	N	N
Sinopharm Holding Shenzhen Medicine Co., Ltd	2018-03-22	500	2018-10-15	57.12	Joint liability assurance	2018.10.15-2019.10.14	N	N
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2018-09-19	9,000	2018-10-15	2,500	Joint liability assurance	2018.10.15-2019.10.14	N	N
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2018-09-19	5,000	2018-12-03	3,980	Joint liability assurance	2018.12.03-2019.11.27	N	N
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2018-03-22	7,000	2018-06-20	4,500	Joint liability assurance	2018.06.13-2019.06.12	N	N
Sinopharm Holding Liuzhou Co., Ltd.	2018-09-19	9,000	2018-10-15	5,600	Joint liability assurance	2018.10.15-2019.10.14	N	N
Sinopharm Holding Liuzhou Co., Ltd.	2019-04-25	10,000	2019-06-21	4,757.03	Joint liability assurance	2019.6.21-2020.6.20	N	N
Sinopharm Holding Liuzhou Co., Ltd.	2018-09-19	6,000	2019-02-27	3,181.33	Joint liability assurance	2019.2.27-2020.2.26	N	N
Sinopharm Holding Liuzhou Co., Ltd.	2018-09-19	5,000	2018-11-12	3,312.69	Joint liability assurance	2018.11.12-2019.11.11	N	N
Sinopharm Holding Liuzhou Co., Ltd.	2018-03-22	9,000	2018-09-07	1,500.22	Joint liability assurance	2018.9.7-2019.9.5	N	N
Sinopharm Holding Guangxi Co., Ltd.	2018-09-19	20,000	2018-11-26	19,297.35	Joint liability assurance	2018.11.26-2019.11.26	N	N
Sinopharm Holding Guangxi Co., Ltd.	2018-03-22	28,000	2018-10-15	14,503.2	Joint liability assurance	2018.10.15-2019.10.14	N	N

Sinopharm Holding Guangxi Co., Ltd.	2018-09-19	25,000	2018-11-15	12,298.67	Joint liability assurance	2018.11.15-2019.11.7	N	N
Sinopharm Holding Guangxi Co., Ltd.	2018-03-22	5,000	2018-06-22	4,151.95	Joint liability assurance	2018.6.22-2019.6.21	N	N
Sinopharm Holding Guangxi Co., Ltd.	2018-09-19	15,000	2018-12-13	8,583.45	Joint liability assurance	2018.12.13-2019.11.27	N	N
Sinopharm Holding Guangxi Co., Ltd.	2018-03-22	10,000	2018-06-20	8,645.37	Joint liability assurance	2018.6.20-2019.6.20	N	N
Sinopharm Holding Guangxi Co., Ltd.	2018-03-22	5,000	2018-06-05	2,999.62	Joint liability assurance	2018.6.5-2019.6.5	N	N
Sinopharm Holding Guangxi Co., Ltd.	2018-03-22	5,000	2018-06-05	4,347.42	Joint liability assurance	2018.6.5-2019.6.5	N	N
Sinopharm Holding Guangxi Co., Ltd.	2019-04-25	10,000	2019-06-18	1,284.55	Joint liability assurance	2019.6.18-2020.6.18	N	N
Total amount of approving guarantee for subsidiaries in report period (B1)		212,500		Total amount of actual occurred guarantee for subsidiaries in report period (B2)		703,506.95		
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		785,500		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		465,133.35		
Guarantee between the subsidiaries and the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Sinopharm Holding Guoda Drugstore Yangzhou Dadesheng Chain Co., Ltd.	2018-09-19	2,000	2018-10-10	1,441.37	Joint liability assurance	2018.10.10-2019.10.9	N	N

Fujian Guoda Drugstore Chain Co., Ltd.	2018-03-22	2,275	2018-04-20	157.4	Joint liability assurance	2018.4.20-2019.4.19	N	N
Fujian Guoda Drugstore Chain Co., Ltd.	2019-04-25	5,000	2019-05-18	1,842.28	Joint liability assurance	2019.5.18-2020.5.17	N	N
Fujian Guoda Drugstore Chain Co., Ltd.	2019-04-25	2,000	2019-05-10	411.63	Joint liability assurance	2019.5.10-2020.5.9	N	N
Sinopharm Holding Guoda Drugstore Guangdong Co., Ltd.	2018-09-19	8,000	2018-10-10	7,817.84	Joint liability assurance	2018.10.10-2019.10.9	N	N
Sinopharm Holding Guoda Drugstore Guangdong Co., Ltd.	2018-09-19	2,400	2018-12-20		Joint liability assurance	2018.12.20-2019.12.19	N	N
Sinopharm Holding Guoda Drugstore Guangdong Co., Ltd.	2018-09-19	3,000	2018-10-09	2,395.71	Joint liability assurance	2018.10.9-2019.10.8	N	N
Sinopharm Holding Guoda Drugstore Guangdong Co., Ltd.	2018-09-19	3,000	2018-09-28	2,275.98	Joint liability assurance	2018.9.28-2019.9.27	N	N
Taishan Sinopharm Holding Guoda Qunkang Drugstore Chain Co., Ltd.	2019-04-25	800	2019-06-02	168.15	Joint liability assurance	2019.6.2-2020.6.1	N	N
Sinopharm Holding Guoda Drugstore Guangxi Chain Co., Ltd.	2018-09-19	3,000	2018-10-10	1,541.39	Joint liability assurance	2018.10.10-2019.10.9	N	N
China National Hebei Lerentang Medicine Chain	2018-09-19	3,000	2018-10-10	2,282.58	Joint liability assurance	2018.10.10-2019.10.9	N	N

Co., Ltd.								
Sinopharm Holding Guoda Drugstore Henan Chain Co., Ltd.	2018-03-22	3,000	2018-06-24	593.05	Joint liability assurance	2018.6.24-2019.6.23	N	N
Hunan Guoda Minshentang Drugstore Chain Co., Ltd.	2018-09-19	3,000	2018-10-10	1,286.61	Joint liability assurance	2018.10.10-2019.10.9	N	N
Sinopharm Holding Guoda Drugstore Jiangmen Chain Co., Ltd.	2018-09-19	3,000	2018-10-10	961.87	Joint liability assurance	2018.10.10-2019.10.9	N	N
Sinopharm Holding Guoda Drugstore Jiangmen Chain Co., Ltd.	2018-03-22	2,000	2018-04-01	980.71	Joint liability assurance	2018.4.1-2019.4.1	N	N
Sinopharm Holding Guoda Drugstore Jiangmen Chain Co., Ltd.	2018-09-19	2,000	2018-09-28	1,396.64	Joint liability assurance	2018.9.28-2019.9.27	N	N
Beijing Jinxiang Drugstore Medicine Chain Co., Ltd	2018-09-19	4,000	2018-09-28	2,874.9	Joint liability assurance	2018.9.28-2019.9.27	N	N
Sinopharm Holding Guoda Drugstore Nanjing Chain Co., Ltd.	2018-09-19	1,000	2018-09-28	363	Joint liability assurance	2018.9.28-2019.9.27	N	N
Sinopharm Holding Guoda Drugstore Inner Mongolia Co., Ltd.	2018-03-22	3,000	2018-07-03	960.92	Joint liability assurance	2018.7.3-2019.7.2	N	N
Sinopharm Holding Guoda Drugstore Inner Mongolia Co., Ltd.	2019-04-25	3,000	2019-04-30	2,337.4	Joint liability assurance	2019.4.30-2020.4.29	N	N
Sinopharm	2018-09-19	8,000	2018-10-10	6,811.35	Joint liability	2018.10.10-2	N	N

Holding Guoda Drugstore Inner Mongolia Co., Ltd.					assurance	019.10.9		
Ningxia Guoda Drugstore Chain Co., Ltd.	2018-09-19	4,000	2018-10-16	1,606	Joint liability assurance	2018.10.16-2 019.10.16	N	N
Sinopharm Holding Guoda Drugstore Shandong Co., Ltd.	2018-09-19	4,000	2018-11-28	2,624.36	Joint liability assurance	2018.11.28-2 019.11.27	N	N
Shanxi Guoda Wanmin Drugstore Chain Co., Ltd.	2018-09-19	5,000	2018-10-16	2,500	Joint liability assurance	2018.10.16-2 019.10.15	N	N
Shanxi Guoda Wanmin Drugstore Chain Co., Ltd.	2019-04-25	6,000	2019-06-13	4,059	Joint liability assurance	2019.6.13-20 20.6.12	N	N
Sinopharm Holding Guoda Drugstore Shanghai Chain Co., Ltd.	2018-09-19	5,000	2018-11-21	3,168	Joint liability assurance	2018.11.21-2 019.11.20	N	N
Sinopharm Holding Guoda Drugstore Shanghai Chain Co., Ltd.	2018-09-19	4,000	2018-10-10	896.58	Joint liability assurance	2018.10.10-2 019.10.9	N	N
Sinopharm Holding Guoda Drugstore Shenyang Chain Co., Ltd.	2018-09-19	5,000	2018-11-28	4,279.37	Joint liability assurance	2018.11.28-2 019.11.27	N	N
Sinopharm Holding Guoda Drugstore Shenyang Chain Co., Ltd.	2018-03-22	10,000	2018-04-23	1,940.41	Joint liability assurance	2018.4.23-20 19.4.22	N	N
Sinopharm Holding Guoda Drugstore Shenyang Chain Co., Ltd.	2018-09-19	6,000	2018-10-15	2,884.52	Joint liability assurance	2018.10.15-2 019.10.14	N	N

Sinopharm Holding Guoda Drugstore Shenyang Chain Co., Ltd.	2018-09-19	6,000	2018-11-17	3,070.04	Joint liability assurance	2018.11.17-2019.11.16	N	N
Sinopharm Holding Guoda Drugstore Shenyang Chain Co., Ltd.	2018-09-19	15,000	2018-10-10	13,978	Joint liability assurance	2018.10.10-2019.10.9	N	N
Sinopharm Holding Guoda Drugstore Xinjiang New Special Medicine Chain Co., Ltd	2018-09-19	3,000	2018-10-11	2,105.42	Joint liability assurance	2018.10.11-2019.10.10	N	N
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2019-04-25	6,000	2019-06-21	4,552.46	Joint liability assurance	2019.6.21-2020.6.20	N	N
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2018-09-19	7,000	2019-04-02	1,179.99	Joint liability assurance	2019.4.2-2020.4.1	N	N
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2018-09-19	4,900	2018-11-21	4,271.85	Joint liability assurance	2018.11.21-2019.11.20	N	N
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2019-04-25	5,600	2019-06-14	1,500.66	Joint liability assurance	2019.6.14-2020.6.13	N	N
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2018-03-22	5,000	2018-06-28	2,534.39	Joint liability assurance	2018.6.28-2019.6.27	N	N
Sinopharm	2019-04-25	3,000	2019-06-25		Joint liability	2019.6.25-20	N	N

Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.					assurance	20.6.24		
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2018-09-19	5,000	2018-10-10	4,997.5	Joint liability assurance	2018.10.10-2 019.10.9	N	N
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2018-09-19	3,000	2018-11-15		Joint liability assurance	2018.11.15-2 019.11.14	N	N
Sinopharm Holding Guoda Drugstore Guangxi Chain Co., Ltd.	2018-09-19	2,000	2018-09-28	9.47	Joint liability assurance	2018.9.28-20 19.9.27	N	N
Sinopharm Holding Guoda Drugstore Shenyang Chain Co., Ltd.	2018-09-19	10,500	2019-01-09	5,862.34	Joint liability assurance	2019.1.9-202 0.1.8	N	N
Sinopharm Holding Guoda Drugstore Xinjiang New Special Medicine Chain Co., Ltd	2018-09-19	5,000	2018-10-30		Joint liability assurance	2018.10.30-2 019.10.30	N	N
Shanxi Guoda Wanmin Drugstore Chain Co., Ltd.	2018-09-19	6,000	2019-01-18	3,488.8	Joint liability assurance	2019.1.18-20 20.1.17	N	N
Shanxi Guoda Wanmin Drugstore Chain Co., Ltd.	2018-09-19	4,000	2019-02-19	1,000	Joint liability assurance	2019.2.19-20 20.2.19	N	N
Sinopharm Holding Guoda Drugstore Inner Mongolia Co., Ltd.	2018-09-19	8,000	2019-04-02	53.98	Joint liability assurance	2019.4.2-202 0.4.1	N	N
Total amount of approving guarantee for subsidiaries in		31,400		Total amount of actual occurred guarantee for subsidiaries in report period		171,617.77		

report period (C1)		(C2)	
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)	214,475	Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)	111,463.92
Total amount of guarantee of the Company (total of three abovementioned guarantee)			
Total amount of approving guarantee in report period (A1+B1+C1)	243,900	Total amount of actual occurred guarantee in report period (A2+B2+C2)	875,124.72
Total amount of approved guarantee at the end of report period (A3+B3+C3)	999,975	Total balance of actual guarantee at the end of report period (A4+B4+C4)	576,597.27
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4+C4)			47.49%

(2) Guarantee outside against the regulation

☐ Applicable ☒ Not applicable

No guarantee outside against the regulation in Period.

3. Other material contracts

☐ Applicable ☒ Not applicable

No other material contracts for the Company in reporting period.

XV. Social responsibility

1. Major environment protection

The listed Company and its subsidiary whether belong to the key sewage units released from environmental protection department voluntary disclosure

Company /subsidiary	Name of Major Pollutants and Particular Pollutants	Emission Method	Quantity of Discharge Outlet	Distribution of Discharge Outlet	Emission Concentration	Executed Pollutant Discharge Standards	Total Emissions	Approved Total Emissions	Excessive Discharge
China National Zhijun	COD	Tube Discharge	1	1 Discharge Outlet of Waste Water	15.91mg/L	DB44/26-2001 LEVEL 1 STANDARD FOR THE SECOND PERIOD	0.521ton/year	6.64 ton/year	N/A

China National Zhijun	Ammonia Nitrogen	Tube Discharge	1	1 Discharge Outlet of Waste Water	0.84mg/L	DB44/26-2001 LEVEL 1 STANDARD FOR THE SECOND PERIOD	0.028ton/year	0.7ton/year	N/A
China National Zhijun	Phosphate	Tube Discharge	1	1 Discharge Outlet of Waste Water	0.035mg/L	DB44/26-2001 Level 1 standard for the second period	0.001ton/year	0.0369ton/year	N/A
China National Zhijun	BOD	Tube Discharge	1	1 Discharge Outlet of Waste Water	2.3mg/L	DB44/26-2002 Level 1 standard for the second period	0.075ton/year	1.476ton/year	N/A
China National Zhijun	SS	Tube Discharge	1	1 Discharge Outlet of Waste Water	7mg/L	DB44/26-2002 Level 1 standard for the second period	0.229ton/year	4.428ton/year	N/A
Zhijun Pingshan	COD	Tube Discharge	1	1 Discharge Outlet of Waste Water	16.64mg/L	The Class IV water (Ammonia Nitrogen up to Class V) Standard in "Discharge standard of water pollutants in mixed pharmaceutical industry"(GB21908-2008) and "Standard of Surface water environmental quality"(GB3838-2002)	0.5162ton/year	2.16ton/year	N/A
Zhijun Pingshan	Ammonia Nitrogen	Tube Discharge	1	1 Discharge Outlet of Waste Water	0.768mg/L	The Class IV water (Ammonia Nitrogen up to Class V) Standard in "Discharge standard of water pollutants in mixed pharmaceutical industry"(GB21908-2008) and "Standard of Surface water environmental quality"(GB3838-2002)	0.0239ton/year	0.144ton/year	N/A
Zhijun Pingshan	Total phosphorus	Tube Discharge	1	1 Discharge	0.1mg/L	The Class IV water (Ammonia Nitrogen up to	0.0038ton/year	0.0216ton/year	N/A

				Outlet of Waste Water		Class V) Standard in "Discharge standard of water pollutants in mixed pharmaceutical industry"(GB21908-2008) and "Standard of Surface water environmental quality"(GB3838-2002)			
Zhijun Pingshan	BOD	Tube Discharge	1	1 Discharge Outlet of Waste Water	2.86mg/L	The Class IV water (Ammonia Nitrogen up to Class V) Standard in "Discharge standard of water pollutants in mixed pharmaceutical industry"(GB21908-2008) and "Standard of Surface water environmental quality"(GB3838-2002)	0.089ton/year	0.432ton/year	N/A
Zhijun Pingshan	SS	Tube Discharge	1	1 Discharge Outlet of Waste Water	8mg/L	The Class IV water (Ammonia Nitrogen up to Class V) Standard in "Discharge standard of water pollutants in mixed pharmaceutical industry"(GB21908-2008) and "Standard of Surface water environmental quality"(GB3838-2002)	0.25ton/year	2.16ton/year	N/A
Main Luck Pharmaceuticals	COD	Tube Discharge	1	Discharge Outlet of Waste Water	12mg/L	DB44/26-2001 LEVEL 1 STANDARD FOR THE SECOND PERIOD	0.007ton/year	0.053ton/year	N/A
Main Luck Pharmaceuticals	Ammonia Nitrogen	Tube Discharge	1	Discharge Outlet of Waste Water	0.5mg/L	DB44/26-2001 LEVEL 1 STANDARD FOR THE SECOND PERIOD	0.0003ton/year	0.006ton/year	N/A
Main Luck Pharmaceuticals	Phosphate	Tube Discharge	1	Discharge Outlet of Waste Water	0.05mg/l	DB44/26-2001 LEVEL 1 STANDARD FOR THE SECOND PERIOD	0.00003ton/year	0.0003ton/year	N/A
Main Luck Pharmaceuticals	BOD	Tube Discharge	1	Discharge Outlet of	10mg/L	DB44/26-2001 LEVEL 1 STANDARD FOR THE	0.006ton/year	0.012ton/year	N/A

cals				Waste Water		SECOND PERIOD			
Main Luck Pharmaceuticals	SS	Tube Discharge	1	Discharge Outlet of Waste Water	2mg/L	DB44/26-2001 LEVEL 1 STANDARD FOR THE SECOND PERIOD	0.001ton/year	0.037ton/year	N/A

Construction and operation of pollution prevention and control facilities

The above-mentioned environmental pollution key monitoring units in which the Company has a shareholding have established pollution prevention and control facilities for wastewater. In the daily management process, enterprises establish management procedures and operating instructions for environmental protection facilities, and ensure the normal and compliant operation of anti-pollution facilities through system implementation and responsibility implementation. All enterprises are continuously investing funds and stepping up the transformation and improvement of pollution prevention and control facilities to ensure the stable operation of pollution prevention facilities and improve the disposal capacity of environmental protection facilities.

Environmental impact assessment of construction projects and other environmental protection administrative licenses

The projects of all key monitoring units have carried out environmental impact assessments and obtained approvals. The projects to be built also carry out the relevant administrative review procedures according to the "three simultaneous" requirements of the environmental protection facilities of the construction project.

Emergency plan for environmental emergencies

At present, the above-mentioned environmental pollution key monitoring units in which the Company has a shareholding have formulated the Emergency Plan for Environmental Emergencies and reported them according to the regulatory requirements of the local regulatory authorities. According to the management requirements of the emergency plan, the key units regularly carry out emergency plan drills to further provide the enterprises' emergency response capability.

Environmental self-monitoring scheme

At present, the above-mentioned environmental pollution key monitoring units in which the Company has a shareholding have established environmental self-detection scheme and plan, and implemented self-inspection, third-party detection and other monitoring methods according to the government requirements. Relevant monitoring data and reports have been archived and saved.

Other environmental information that should be disclosed

The above two companies are joint stock companies of the Company. The Company and its holding subsidiaries are not listed as key pollutant discharge units announced by the environmental protection department.

Relevant information on environment protection

Nil

2. Execution of social responsibility of targeted poverty alleviation

The Company temporarily not to carry out a targeted poverty alleviation in the period, and there are no follow-up plans either.

XVI. Explanation on other significant events

☐ Applicable ☒ Not applicable

No explanation on other significant event of the Company in the Period.

XVII. Significant event of subsidiary of the Company

☐ Applicable ☒ Not applicable

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

1. Changes in Share Capital

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	65,498,153	15.30%						65,498,153	15.30%
2. State-owned legal person's shares	60,380,743	14.10%						60,380,743	14.10%
3. Other domestic shareholding	5,117,410	1.20%						5,117,410	1.20%
Including: Domestic legal person's shares	5,114,297	1.19%						5,114,297	1.19%
Domestic nature person shares	3,113	0.00%						3,113	0.00%
II. Unrestricted shares	362,628,830	84.70%						362,628,830	84.70%
1. RMB Ordinary shares	307,744,355	71.88%						307,744,355	71.88%
2. Domestically listed foreign shares	54,884,475	12.82%						54,884,475	12.82%
III. Total shares	428,126,983	100.00%						428,126,983	100.00%

Reasons for share changed

☐Applicable ☒Not applicable

Approval of share changed

☐Applicable ☒Not applicable

Ownership transfer of share changed

☐Applicable ☒Not applicable

Progress of shares buy-back

☐Applicable ☒Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

☐Applicable ☒Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

☐ Applicable ☒ Not applicable

Other information necessary to disclose for the Company or need to disclosed under requirement from security regulators

☐ Applicable ☒ Not applicable

2. Changes of restricted shares

☐ Applicable ☒ Not applicable

II. Securities issuance and listing

☐ Applicable ☒ Not applicable

III. Number of shareholders and share-holding

In Share

Total common shareholders at period-end		19,108			Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (see Note 8)			
Particulars about shares held above 5% by common shareholders or top ten common shareholders								
Shareholders	Nature of shareholder	Proportion of shares held	Number of common shares held at period-end	Changes in reporting period	Amount of restricted common shares held	Amount of un-restricted common shares held	Number of share pledged/frozen	
							State of share	Amount
Sinopharm Group Co., Ltd	State-owned corporate	56.06%	239,999,991		55,057,700	184,942,291		
Hong Kong Securities Clearing Company Ltd	Overseas corporate	4.33%	18,521,557		0	18,521,557		
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	Overseas corporate	2.68%	11,469,644		0	11,469,644		
China National Pharmaceutical Foreign Trade Corp.	State-owned corporate	1.24%	5,323,043		5,323,043	0		

Fidelity Investment Management (Hong Kong) Limited - Client’s fund	Overseas corporate	1.07%	4,582,909		0	4,582,909		
China United Property Insurance Company Limited – Traditional Insurance Products	Domestic non state-owned corporate	1.01%	4,313,024		0	4,313,024		
# Beijing Haoqing Fortune Investment Management Co., Ltd. – Haoqing Value Stable No.8 Investment Fund	Domestic non state-owned corporate	0.96%	4,118,716		0	4,118,716		
Central Huijin Investment Ltd.	State-owned corporate	0.89%	3,804,400		0	3,804,400		
Basic endowment insurance fund-portfolio 1003	Domestic non state-owned corporate	0.77%	3,294,334		0	3,294,334		
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Overseas corporate	0.76%	3,246,061		0	3,246,061		
Explanation on associated relationship among the aforesaid shareholders		Sinopharm Group Co., Ltd. and China National Pharmaceutical Foreign Trade Corporation have the same actual controller, which is China National Pharmaceutical Group Corporation. It is unknown that there exists no associated relationship or belongs to the consistent actionist among the other tradable shareholders regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Companies.						
Particular about top ten common shareholders with un-restrict shares held								
Shareholders		Amount of un-restrict common shares held at				Type of shares		

	period-end	Type	Amount
Sinopharm Group Co., Ltd	184,942,291	RMB ordinary shares	184,942,291
Hong Kong Securities Clearing Company Ltd	18,521,557	RMB ordinary shares	18,521,557
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	11,469,644	Domestically listed foreign shares	11,469,644
Fidelity Investment Management (Hong Kong) Limited - Client's fund	4,582,909	RMB ordinary shares	4,582,909
China United Property Insurance Company Limited – Traditional Insurance Products	4,313,024	RMB ordinary shares	4,313,024
# Beijing Haoqing Fortune Investment Management Co., Ltd. – Haoqing Value Stable No.8 Investment Fund	4,118,716	RMB ordinary shares	4,118,716
Central Huijin Investment Ltd.	3,804,400	RMB ordinary shares	3,804,400
Basic endowment insurance fund-portfolio 1003	3,294,334	RMB ordinary shares	3,294,334
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	3,246,061	Domestically listed foreign shares	3,246,061
Bank of China – Harvest Medical Care Securities Investment Fund	3,138,525	RMB ordinary shares	3,138,525
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	It is unknown that there exists no associated relationship or belongs to the consistent actionist among the other tradable shareholders regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Companies.		
Explanation on shareholders involving margin business about top ten common stock shareholders with un-restrict shares held (if applicable) (see note4)	Beijing Haoqing Fortune Investment Management Co., Ltd. – Haoqing Value Stable No.8 Investment Fund holds shares of the Company through margin trading and negotiable securities account that is 4,118,716 shares in total.		

Whether top ten common stock shareholders or top ten common stock shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

☐Yes ☒No

The top ten common stock shareholders or top ten common stock shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

IV. Changes of controlling shareholders or actual controller

Changes of controlling shareholders in reporting period

☐ Applicable ☒ Not applicable

Changes of controlling shareholders had no change in reporting period.

Changes of actual controller in reporting period

☐ Applicable ☒ Not applicable

Changes of actual controller in reporting period had no change in reporting period.

Section VII. Preferred Stock

☐ Applicable ☒ Not applicable

The Company has no preferred stock in reporting period.

Section VIII. Directors, Supervisors and Senior Executives

I. Changes of shares held by directors, supervisors and senior executives

☐ Applicable ☒ Not applicable

Shares held by directors, supervisors and senior executives have no changes in reporting period, found more details in Annual Report 2018.

II. Resignation and dismissal of directors, supervisors and senior executives

☒ Applicable ☐ Not applicable

Name	Title	Type	Date	Reasons
Liu Tianyao	Vice General Manager	Appointment and removal	2019-01-11	New Vice General Manager
Ma Zhanjun	Director	Election	2019-01-24	New director of 8 th BOD
Ma Zhanjun	Vice chairman	Election	2019-01-31	New vice chairman of 8 th BOD
Su Weiwei	Independent director	Election	2019-01-24	New independent director of 8 th BOD
Wu Yijian	Chairman of Supervisory Committee	Leave the office	2019-05-17	For work adjustment, leave the office of Chairman of Supervisory Committee
Wen Deyong	Supervisor	Election	2019-05-17	New supervisor of 8 th Supervisory Committee
Wen Deyong	Chairman of Supervisory Committee	Election	2019-07-10	New Chairman of Supervisory Committee of 8 th Supervisory Committee

Section IX. Corporate Bond

Whether the Company has a corporation bonds that issuance publicly and listed on stock exchange and without due on the date when semi-annual report approved for released or fail to cash in full on due

No

Section X. Financial Report

I. Audit reports

Whether the semi-annual report was audited or not

☐ Yes ☒ No

The financial report of this semi-annual report was unaudited.

II. Financial Statement

Statement in Financial Notes are carried in RMB/CNY

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED BALANCE SHEET

As at 30 June 2019

(Expressed in Renminbi Yuan)

ASSETS	Note V	30 June 2019	31 December 2018
Current assets			
Cash and bank balances	1	8,086,328,508.49	8,089,781,304.56
Notes receivable	2	790,664,828.26	1,357,311,929.63
Accounts receivable	3	11,826,440,731.59	9,336,861,647.92
Receivable financing	4	325,439,580.18	-
Advances to suppliers	5	357,078,819.64	583,484,515.95
Other receivables	6	654,086,387.85	643,493,359.32
Incl:Interest receivable		14,791,483.10	8,223,327.64
Inventories	7	4,882,673,616.27	4,389,335,942.19
Other current assets	8	97,317,287.60	95,347,629.18
Total current assets		27,020,029,759.88	24,495,616,328.75
Non-current assets			
Long-term equity investments	9	2,077,811,395.30	1,880,393,786.10
Other equity instruments investment	10	13,685,760.00	13,685,760.00
Other non-current financial assets	11	140,000,000.00	140,000,000.00
Investment properties	12	140,319,140.00	144,894,495.97
Fixed assets	13	593,552,480.99	607,933,827.67
Construction in progress	14	31,980,582.21	36,412,614.61
Right-of-use assets	15	1,910,981,197.63	-
Intangible assets	16	320,522,690.59	319,207,126.15
Goodwill	17	847,041,800.60	833,547,800.60
Long-term prepaid expenses	18	311,311,781.97	311,328,706.46
Deferred tax assets	19	65,417,507.01	74,914,209.95
Other non-current assets	20	66,944,586.76	72,365,863.71
Total non-current assets		6,519,568,923.06	4,434,684,191.22
Total assets		33,539,598,682.94	28,930,300,519.97

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 2019

(Expressed in Renminbi Yuan)

LIABILITIES	Note V	30 June 2019	31 December 2018
Current liabilities			
Short-term borrowings	21	3,290,877,595.23	2,597,652,702.43
Notes payable	22	3,539,095,262.34	3,416,755,681.80
Accounts payable	23	8,088,697,602.94	6,468,535,961.17
Advances from customers		-	-
Employee benefits payable	25	161,719,082.78	231,866,407.40
Tax payable	26	215,579,001.83	241,980,412.72
Other payables	27	1,474,526,698.43	1,539,436,971.93
Incl: Interest payable		29,012,444.93	21,906,660.63
Dividends payable		6,389,320.96	6,389,320.96
Contract liabilities	24	239,739,020.90	255,590,612.37
Non-current liabilities due within one year	28	558,296,784.75	5,861,324.37
Other current liabilities	29	<u>445,493.48</u>	<u>292,465.75</u>
Total current liabilities		<u>17,568,976,542.68</u>	<u>14,757,972,539.94</u>
Non-current liabilities			
Long-term borrowings	30	-	31,600,000.00
Lease liabilities	31	1,186,461,123.96	-
Long-term payables	32	800,000.00	4,563,978.52
Long-term employee benefits payable	33	1,915,000.00	2,050,000.00
Deferred income	34	88,722,818.18	91,491,170.40
Deferred tax liabilities	19	66,386,258.77	67,605,161.88
Other non-current liabilities	35	<u>67,840,696.09</u>	<u>69,241,176.18</u>
Total non-current liabilities		<u>1,412,125,897.00</u>	<u>266,551,486.98</u>
Total liabilities		<u>18,981,102,439.68</u>	<u>15,024,524,026.92</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 2019

(Expressed in Renminbi Yuan)

<u>SHAREHOLDERS' EQUITY</u>	Note V	30 June 2019	31 December 2018
Shareholders' equity			
Share capital	36	428,126,983.00	428,126,983.00
Capital surplus	37	4,363,409,728.51	4,320,984,981.51
Surplus reserve	38	214,063,491.50	214,063,491.50
Retained earnings	39	<u>7,134,839,714.47</u>	<u>6,655,257,147.27</u>
Shareholders' equity attributable to shareholders of the parent		12,140,439,917.48	11,618,432,603.28
Non-controlling interests		<u>2,418,056,325.78</u>	<u>2,287,343,889.77</u>
Total shareholders' equity		<u>14,558,496,243.26</u>	<u>13,905,776,493.05</u>
Total liabilities and shareholders' equity		<u>33,539,598,682.94</u>	<u>28,930,300,519.97</u>

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 2019

(Expressed in Renminbi Yuan)

	Note V	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Operating revenue	40	25,228,147,377.43	20,778,425,602.22
Less: Operating costs	40	22,415,519,952.87	18,367,643,723.84
Tax and surcharge	41	62,139,226.44	56,620,527.25
Selling expenses	42	1,483,332,500.73	1,273,588,756.07
Administrative expenses	43	377,216,694.13	351,820,063.78
Finance costs	44	104,095,254.24	57,541,544.32
Incl: Interest cost		169,529,472.37	83,356,367.18
Interest income		60,630,036.91	23,082,233.56
Add: Other incomes	45	14,990,919.02	11,330,310.02
Investment income	46	169,142,289.99	162,693,771.35
Incl: Investment income from associates		169,142,289.99	162,662,271.35
Impairment loss on financial assets	47	(11,434,101.13)	1,026,702.24
Impairment losses	48	(125,554.34)	(508,849.26)
Gain on disposal of assets	49	(29,725.44)	4,281,164.61
Operating profits		958,387,577.12	850,034,085.92
Add: Non-operating income	50	3,667,170.25	5,498,951.11
Less: Non-operating expenses	51	1,718,265.56	1,797,292.80
Total profit		960,336,481.81	853,735,744.23
Less: Income taxes	52	192,243,926.50	164,486,734.32
Net profit		768,092,555.31	689,249,009.91
Net Profit from continuing operations		768,092,555.31	689,249,009.91
Net profit attributable to shareholders of the parent		650,833,360.40	641,727,034.93
Profit or loss of non-controlling interests		117,259,194.91	47,521,974.98
Total comprehensive income		768,092,555.31	689,249,009.91
Incl: Total comprehensive income for the year attributable to owners of the parent		650,833,360.40	641,727,034.93
Total comprehensive income for the year attributable to non-controlling interests		117,259,194.91	47,521,974.98
Earnings per share			
Basic earnings per share		1.52	1.50
Diluted earnings per share		1.52	1.50

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 2019

(Expressed in Renminbi Yuan)

For the six months ended 30 June 2019	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	-	4,320,984,981.51	214,063,491.50	6,655,257,147.27	11,618,432,603.28	2,287,343,889.77	13,905,776,493.05
others	-	-	-	-	-	-	-	-
Opening balance of the current year	<u>428,126,983.00</u>	<u>-</u>	<u>4,320,984,981.51</u>	<u>214,063,491.50</u>	<u>6,655,257,147.27</u>	<u>11,618,432,603.28</u>	<u>2,287,343,889.77</u>	<u>13,905,776,493.05</u>
Movements in the current year	-	-	42,424,747.00	-	479,582,567.20	522,007,314.20	130,712,436.01	652,719,750.21
(1) Total comprehensive income	-	-	-	-	650,833,360.40	650,833,360.40	117,259,194.91	768,092,555.31
(2) Capital paid and reduced by owners	-	-	42,424,747.00	-	-	42,424,747.00	14,780,000.00	57,204,747.00
1.Capital injection by owners	-	-	-	-	-	-	14,780,000.00	14,780,000.00
2.Others	-	-	42,424,747.00	-	-	42,424,747.00	-	42,424,747.00
(3) Profit distribution	-	-	-	-	(171,250,793.20)	(171,250,793.20)	(1,326,758.90)	(172,577,552.10)
1.Distribution to equity owners	-	-	-	-	(171,250,793.20)	(171,250,793.20)	(1,326,758.90)	(172,577,552.10)
2.Others	-	-	-	-	-	-	-	-
Closing balance of the current year	<u>428,126,983.00</u>	<u>-</u>	<u>4,363,409,728.51</u>	<u>214,063,491.50</u>	<u>7,134,839,714.47</u>	<u>12,140,439,917.48</u>	<u>2,418,056,325.78</u>	<u>14,558,496,243.26</u>

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 2019

(Expressed in Renminbi Yuan)

For the six months ended 30 June 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
others	-	-	-	-	-	-	-	-
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.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 CASH FLOW STATEMENT

For the six months ended 30 June 2019

(Expressed in Renminbi Yuan)

	Note V	For the six months ended 30 June 2019	For the six months ended 30 June 2018
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sales of good or rendering of services		25,674,088,675.82	22,055,082,715.59
Tax refunds		2,721,287.63	1,593,193.21
Cash receipts related to other operating activities	53	<u>295,482,211.20</u>	<u>311,984,787.60</u>
Sub-total of cash inflows from operating activities		<u>25,972,292,174.65</u>	<u>22,368,660,696.40</u>
Cash paid for goods and services		22,598,237,854.68	19,799,894,631.80
Cash paid to and on behalf of employees		1,888,888,488.54	956,322,585.28
Cash paid for all types of taxes		827,474,776.80	548,616,793.36
Cash payments related to other operating activities	53	<u>494,891,531.31</u>	<u>838,468,976.76</u>
Sub-total of cash outflows from operating activities		<u>24,808,534,593.30</u>	<u>22,143,302,987.20</u>
Net cash flows from operating activities	54	<u>1,163,757,581.35</u>	<u>225,357,709.20</u>
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from returns on investments		20,420,420.70	78,825,446.85
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		801,205.52	6,064,099.87
Cash receipts related to other investing activities	53	<u>-</u>	<u>48,766,145.15</u>
Sub-total of cash inflows from investing activities		<u>20,930,669.30</u>	<u>133,655,691.87</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 2019

(Expressed in Renminbi Yuan)

	Note V	For the six months ended 30 June 2019	For the six months ended 30 June 2018
2.CASH FLOWS FROM INVESTING ACTIVITIES(Continued)			
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		111,399,813.51	97,867,494.61
Cash paid for acquisition of investments		43,674,685.30	10,000,000.00
Cash payments related to other investing activities	53	<u>1,093,125.00</u>	<u>43,999,800.00</u>
Sub-total of cash outflows from investing activities		<u>156,167,623.81</u>	<u>151,867,294.61</u>
Net cash flows from investing activities		<u>(135,236,954.51)</u>	<u>(18,211,602.74)</u>
3.CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from investments by others		14,780,000.00	11,781,200.00
Incl: Cash received from capital contributions from non-controlling shareholders of subsidiaries		14,780,000.00	11,781,200.00
Cash received from borrowings		16,700,000.00	40,775,440.04
Cash receipts related to other financing activities	53	<u>3,512,659.71</u>	<u>83,745,164.60</u>
Sub-total of cash inflows from financing activities		<u>34,992,659.71</u>	<u>136,301,804.64</u>
Cash repayments for debts		73,261,634.53	79,670,200.30
Cash payments for distribution of dividends or profit and interest expenses		343,055,058.89	226,149,759.15
Incl: Profit and dividends paid to non-controlling shareholders of subsidiaries		1,326,758.90	40,392,215.98
Cash payments related to other financing activities	53	<u>510,162,167.74</u>	<u>118,725,719.23</u>
Sub-total of cash outflows from financing activities		<u>926,478,861.16</u>	<u>424,545,678.68</u>
Net cash flows from financing activities		<u>(891,486,201.45)</u>	<u>(288,243,874.04)</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 2019

(Expressed in Renminbi Yuan)

	Note V	For the six months ended 30 June 2019	For the six months ended 30 June 2018
4.EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		<u>(176,567.25)</u>	<u>314,863.47</u>
5.NET INCREASE IN CASH AND CASH EQUIVALENTS	54	136,857,858.14	(80,782,904.11)
Add: Cash and cash equivalents at beginning of the year		<u>7,632,117,020.77</u>	<u>3,673,498,691.48</u>
6.CASH AND CASH EQUIVALENTS AT END OF YEAR	54	<u><u>7,768,974,878.91</u></u>	<u><u>3,592,715,787.37</u></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 2019

(Expressed in Renminbi Yuan)

<u>ASSETS</u>	<u>Note XIV</u>	30 June 2019	31 December 2018
Current assets			
Cash and bank balances		2,210,653,256.99	1,817,654,598.01
Notes receivable		70,539,252.94	63,870,980.39
Accounts receivable	1	610,075,622.91	631,236,593.94
Advances to suppliers		3,875,346.87	4,760,182.00
Other receivables	2	1,858,484,572.60	1,541,980,883.50
Incl:Interest receivable		14,926,690.76	7,550,877.07
Dividends receivable		106,074,898.00	-
Inventories		225,040,528.88	158,166,185.65
Other current assets		<u>39,482.38</u>	<u>39,482.38</u>
Total current assets		<u>4,978,708,063.57</u>	<u>4,217,708,905.87</u>
Non-current assets			
Long-term equity investments	3	7,639,715,544.55	7,432,906,692.24
Other non-current financial assets		140,000,000.00	140,000,000.00
Investment properties		1,635,946.12	1,955,854.46
Fixed assets		19,952,922.05	21,362,422.03
Right-of-use assets		6,316,333.03	-
Intangible assets		2,997,883.63	2,452,222.51
Long-term deferred expenses		6,990,428.04	7,481,809.53
Other non-current assets		<u>7,000,000.00</u>	<u>7,000,000.00</u>
Total non-current assets		<u>7,824,609,057.42</u>	<u>7,613,159,000.77</u>
Total assets		<u>12,803,317,120.99</u>	<u>11,830,867,906.64</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 2019

(Expressed in Renminbi Yuan)

<u>LIABILITIES</u>	30 June 2019	31 December 2018
Current liabilities		
Short-term borrowings	570,000,000.00	539,000,000.00
Notes payable	321,344,616.65	252,317,800.78
Accounts payable	547,918,074.90	442,049,241.22
Contract liabilities	9,058,538.51	4,182,083.40
Employee benefits payable	34,702,315.82	36,233,563.12
Tax payables	11,430,926.20	13,426,601.90
Other payables	1,729,610,132.84	1,481,817,856.56
Incl:Interest payable	5,588,978.10	1,354,592.35
Non-current liabilities due within one year	32,452,757.27	-
Other current liabilities	<u>208,701.01</u>	<u>226,427.99</u>
Total current liabilities	<u>3,256,726,063.20</u>	<u>2,769,253,574.97</u>
Non-current liabilities		
Long-term borrowings	-	31,600,000.00
Lease liabilities	5,584,622.27	-
Long-term payables	800,000.00	800,000.00
Long-term employee benefits payable	102,000.00	118,000.00
Deferred income	1,508,786.84	1,687,899.50
Deferred tax liabilities	<u>1,635,298.63</u>	<u>2,298,426.39</u>
Total non-current liabilities	<u>9,630,707.74</u>	<u>36,504,325.89</u>
Total liabilities	<u><u>3,266,356,770.94</u></u>	<u><u>2,805,757,900.86</u></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 2019

(Expressed in Renminbi Yuan)

<u>SHAREHOLDERS' EQUITY</u>	30 June 2019	31 December 2018
Shareholders' equity		
Share capital	428,126,983.00	428,126,983.00
Capital surplus	4,468,787,524.26	4,426,362,777.26
Surplus reserves	214,063,491.50	214,063,491.50
Retained earnings	<u>4,425,982,351.29</u>	<u>3,956,556,754.02</u>
Total shareholders' equity	<u>9,536,960,350.05</u>	<u>9,025,110,005.78</u>
Total liabilities and shareholders' equity	<u>12,803,317,120.99</u>	<u>11,830,867,906.64</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 2019

(Expressed in Renminbi Yuan)

	<u>Note XIV</u>	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Operating revenue	4	2,008,004,563.30	1,687,621,355.83
Less: Operating costs	4	1,921,272,394.76	1,614,717,473.91
Tax and surcharge		2,519,247.99	2,016,368.93
Selling expenses		31,052,044.81	25,894,795.45
Administrative expenses		38,056,806.31	33,679,106.75
Finance costs		(28,398,244.00)	(19,369,880.08)
Incl: Interest cost		23,271,307.72	20,770,113.43
Interest income		52,479,722.42	40,925,200.74
Add: Other incomes		332,764.13	1,299,345.14
Investment income	5	608,288,420.47	534,840,744.46
Incl: Investment income from associates		181,280,533.11	173,326,290.14
Impairment loss on financial assets		(2,365,765.08)	7,411.02
Impairment losses		(102,112.84)	(630,953.33)
Gain on disposal of assets		<u>(26,074.52)</u>	<u>-</u>
Operating profits		649,629,545.59	566,200,038.16
Add: Non-operating income		46,069.40	33.08
Less: Non-operating expenses		-	127,688.63
Total profit		649,675,614.99	566,072,382.61
Less: Income taxes		<u>8,999,224.52</u>	<u>6,292,873.84</u>
Net profit		<u>640,676,390.47</u>	<u>559,779,508.77</u>
Net Profit from continuing operations		640,676,390.47	559,779,508.77
Total comprehensive income		<u>640,676,390.47</u>	<u>559,779,508.77</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 2019

(Expressed in Renminbi Yuan)

For the six months ended 30 June 2019	Share capital	Other equity instruments	Capital surplus	Surplus reserve	Retained earnings	Total equity
Closing balance of the preceding year	428,126,983.00	-	4,426,362,777.26	214,063,491.50	3,956,556,754.02	9,025,110,005.78
Others	-	-	-	-	-	-
Opening balance of the current year	428,126,983.00	-	4,426,362,777.26	214,063,491.50	3,956,556,754.02	9,025,110,005.78
Movements in the current year	-	-	42,424,747.00	-	469,425,597.27	511,850,344.27
(1) Total comprehensive income	-	-	-	-	640,676,390.47	640,676,390.47
(2) Capital paid and reduced by owners	-	-	42,424,747.00	-	-	42,424,747.00
1. Capital injection by owners	-	-	-	-	-	-
2. Others	-	-	42,424,747.00	-	-	42,424,747.00
(3) Profit distribution	-	-	-	-	(171,250,793.20)	(171,250,793.20)
1. Distribution to owners	-	-	-	-	(171,250,793.20)	(171,250,793.20)
Closing balance of the current year	428,126,983.00	-	4,468,787,524.26	214,063,491.50	4,425,982,351.29	9,536,960,350.05

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 six months ended 30 June 2019

(Expressed in Renminbi Yuan)

For the six months ended 30 June 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. 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 CASH FLOW STATEMENT

For the six months ended 30 June 2019

(Expressed in Renminbi Yuan)

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
1. CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from sales of good or rendering of services	2,136,424,520.77	1,787,065,555.60
Cash receipts related to other operating activities	<u>18,658,823.82</u>	<u>43,943,301.92</u>
Sub-total of cash inflows from operating activities	<u>2,155,083,344.59</u>	<u>1,831,008,857.52</u>
Cash paid for goods and services	1,905,147,658.61	1,655,107,446.18
Cash paid to and on behalf of employees	48,424,818.87	44,855,325.83
Cash paid for all types of taxes	27,913,893.13	18,706,775.51
Cash payments related to other operating activities	<u>17,265,038.12</u>	<u>36,183,479.25</u>
Sub-total of cash outflows from operating activities	<u>1,998,751,408.73</u>	<u>1,754,853,026.77</u>
Net cash flows from operating activities	<u>156,331,935.86</u>	<u>76,155,830.75</u>
2. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from returns of investments	55,106,832.79	187,137,437.23
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	119,000.00	-
Cash receipts related to other investing activities	<u>996,340,000.00</u>	<u>857,940,000.00</u>
Sub-total of cash inflows from investing activities	<u>1,051,565,832.79</u>	<u>1,045,077,437.23</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	5,983,680.11	6,044,462.78
Cash paid for investments	-	10,000,000.00
Cash payments related to other investing activities	<u>1,200,340,000.00</u>	<u>1,051,642,980.00</u>
Sub-total of cash outflows from investing activities	<u>1,206,323,680.11</u>	<u>1,067,687,442.78</u>
Net cash flows from investing activities	<u>(154,757,847.32)</u>	<u>(22,610,005.55)</u>

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 2019

(Expressed in Renminbi Yuan)

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
3. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from borrowings	10,000,000.00	10,000,000.00
Cash receipts related to other financing activities	<u>11,037,461,719.13</u>	<u>8,065,884,436.80</u>
Sub-total of cash inflows from financing activities	<u>11,047,461,719.13</u>	<u>8,075,884,436.80</u>
Cash repayments for debts	10,000,000.00	10,000,000.00
Cash payments for distribution of dividends or profit and interest expenses	182,679,899.11	144,898,008.66
Cash payments related to other financing activities	10,463,180,682.33	8,230,488,300.78
Sub-total cash outflows from financing activities	<u>10,655,860,581.44</u>	<u>8,385,386,309.44</u>
Net cash flows from financing activities	<u>391,601,137.69</u>	<u>(309,501,872.64)</u>
4. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(176,567.25)	314,863.47
5. NET INCREASE IN CASH AND CASH EQUIVALENTS	392,998,658.98	(255,641,183.97)
Add: Cash and cash equivalents at beginning of the year	<u>1,817,654,598.01</u>	<u>1,776,696,342.87</u>
6. CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>2,210,653,256.99</u></u>	<u><u>1,521,055,158.90</u></u>

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements For the six months ended 30 June 2019

(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 2019.

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 six months ended 30 June 2019

(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 2019, 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 six months ended 30 June 2019

(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 22 August 2019.
- (4) Subsidiaries consolidated in the financial statements for the current period and change in the consolidation scope are shown in Note VI.

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 accounts receivable (Note III (10)), inventory costing methods (Note III (13)), depreciation methods for fixed assets and amortization method for intangible assets (Note III(18), Note III(22)), judgement basis for capitalization of development costs (Note III (22)) , impairment of long-term assets (Note III (23)), revenue recognition (Note III(30)).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

(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 year ended 30 June 2019 are in compliance with Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Group and the Company as of 30 June 2019 and the operating results, cash flows and other information for the six months ended 30 June 2019 of the Group and the Company.

(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 the 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 a 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. 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 the fair value and carrying amount recognized as investment income for the current period.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

(4) Business combinations (Continued)

(b) Business combinations involving enterprises not under common control (Continued)

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 financial assets at fair value through OCI held before the acquisition date, changes in fair value that was accumulated through OCI will transfer to 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. The unrealized gain or loss from selling assets to subsidiaries fully offsets the net income attributable to equity holders of the Company. The 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. The unrealized gain or loss from a 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 which are set up, 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 six months ended 30 June 2019

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

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

(5) Preparation of consolidated financial statements (Continued)

When the Group loses control of a subsidiary in multiple transactions in which it disposes of its long-term equity investment in the subsidiary in stages, if each of the multiple transactions does not form part of a bundled transaction, the transactions conducted before the loss of control of the subsidiary are accounted for in accordance with the accounting policy for partial disposal of the equity investment in subsidiaries where control is retained. If each of the multiple transactions forms part of a bundled transaction which eventually results in the loss of control in the subsidiary, these multiple transactions are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets (calculated continuously from the acquisition date) in each transaction prior to the loss of control shall be recognized in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

(6) Cash and cash equivalents

Cash and cash equivalents 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.

(7) Foreign currency translation

Foreign currency transactions are 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 cost are translated at the balance sheet date using the spot exchange rates at the dates of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(8) Financial instruments

Financial instruments are the contracts that formed the financial assets of one entity, and at the same time formed the financial liabilities or equity instruments of other entities.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

(8) Financial instruments (Continued)

Recognition and derecognition of financial instruments (Continued)

The Group derecognises a financial asset, part of a financial asset or group of financial assets, i.e., offset from the accounts and statement of financial position, if either of the following conditions is satisfied:

- (i) The contractual rights to the cash flows from the financial asset expire; or
- (ii) The contractual rights to the cash flows from the financial asset are transferred out, or obligated to transfer out all generated cash flows on receipt; and (a) substantially all the risks and rewards of ownership of the financial asset are transferred to the transferee; or (b) the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but has not retained control of the financial asset.

The Group derecognises a financial liability only when the underlying present obligation is settled, discharged or expired. An agreement to replace the original financial liability with a new financial liability with substantially different terms, or to modify the original financial liability's terms substantially, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability Derecognized and the new financial liability should be recognised in profit or loss for the current period.

All regular means of purchases or sales of financial assets are recognised and Derecognized on a trade date basis. Regular means of purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. Trade date is the date that the Group commits to purchase or sell the financial asset.

Classification and measurement of financial assets

At initial recognition, the Group classifies its financial assets into: financial assets at fair value through profit or loss, financial assets at amortised cost, or financial assets at fair value through other comprehensive income, according to the Group's business model for managing financial assets and the contract cash flow characteristics of the financial assets. Financial assets are measured at fair value at initial recognition, provided that trade receivables or bills receivable not containing significant financing components or for which financing components of not more than 1 year are not taken into consideration shall be measured at their transaction prices at initial recognition.

For financial assets at fair value through profit or loss, the relevant transaction costs are directly recognised in profit or loss; for other financial assets, the relevant transaction costs are recognised in their initial recognition amount.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

(8) Financial instruments (Continued)

Classification and measurement of financial assets (Continued)

Subsequent measurement depends on the classification of the financial assets:

Financial assets measured at amortised cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met: The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income of this kind of financial assets is recognized using the effective interest method. Gains and losses are recognized in the income statement when the asset is derecognized, modified or impaired. These financial assets mainly include cash and cash equivalents, bills receivable and trade receivables, other receivables, debt investment and long-term receivables. Debt investments and long-term receivables due within one year from the balance sheet date are reported by the Group as current portion of non-current assets, and debt investments due within one year from the original maturity date are reported as other current assets.

Financial assets at fair value through other comprehensive income (debt instruments)

The Group measures debt investments at fair value through other comprehensive income if both of the following conditions are met: The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Changes in fair values are recognized in other comprehensive income except that interest income, impairment losses and exchange differences are recognized in current profit or loss. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is transferred to profit or loss. Such financial assets are reported as other debt investment. Other debt investment due within one year from the balance sheet date is reported as a current portion of non-current assets and other debt investment due within one year from the original maturity date is reported as an item of other current assets.

Financial assets designated at fair value through other comprehensive income (equity investments)

The Group irrevocably chooses to designate some non-tradable equity instrument investments as financial assets at fair value through other comprehensive income. Only relevant dividend income (excluding dividend income explicitly recovered as part of investment cost) is recognized in profit or loss, and subsequent changes in fair value are included in other comprehensive income without provision for impairment. When financial assets are derecognized, the accumulated gains or losses previously recognized in other comprehensive gains are transferred from other comprehensive income and recognized in retained earnings. Such financial assets are reported as other equity investment.

If one of the following conditions is met, it is a held-for-trading financial asset: the acquisition of the relevant financial asset is intended primarily for sale or repurchase in the near future; it is a part of the portfolio of identifiable financial instruments under centralized management, and there is objective evidence that the short-term profit model is adopted in the near future; it is a derivative, except for a derivative that is designated as a valid hedging instrument, other than a derivative that complies with a financial guarantee contract.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

(8) Financial instruments (Continued)

Classification and measurement of financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets other than the above-mentioned financial assets at amortised cost and financial assets at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. For such financial assets, fair value is used for subsequent measurement, and all changes in fair value are recognised in profit or loss. Such financial assets are presented as held-for-trading financial assets and are presented as other non-current financial assets if they expire after more than one year from the balance sheet date or expected to be held more than one year from the balance sheet date.

Only when an accounting mismatch is eliminated or significantly decreased, financial assets are designated as financial assets at fair value through profit or loss at initial recognition.

When an enterprise initially designates a financial asset as a financial asset at fair value through profit or loss, it cannot be reclassified to other financial assets; other financial assets cannot be re-designated after initial recognition as financial assets measured at fair value through profit or loss.

When and only when the Group changes its business model of managing financial assets, it reclassifies all relevant financial assets affected.

Classification and measurement of financial liabilities

On initial recognition of financial liabilities of the Group are classified as financial liabilities at fair value through profit or loss, other financial liabilities and derivatives designated as effective hedging instruments. For financial liabilities at fair value through profit or loss, the relevant transaction costs are directly recognized in profit or loss, and the related transaction costs of other financial liabilities are recognized in their initial amount.

Subsequent measurement of financial liabilities is determined by its classification:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist of held for trading financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated on initial recognition as financial liabilities at fair value through profit or loss.

Financial liabilities are held-for-trading financial liabilities if one of the following conditions are met: the purpose of assuming related financial liabilities is mainly to sell or repurchase in the near future; they are part of a centrally managed identifiable portfolio of financial instruments, and there is objective evidence that enterprises have adopted a short-term profitability model in the near future; they are derivatives, excluding derivatives that are designated as effective hedging instruments and derivatives that meet the financial guarantee contract. Held-for-trading financial liabilities (including derivatives belonging to financial liabilities) are subsequently measured at fair value. Except for hedging accounting, all changes in fair value are recognized in profit or loss.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

(8) Financial instruments (Continued)

Classification and measurement of financial liabilities (Continued)

Only if one of the following conditions is met can financial liabilities be designated as financial liabilities at fair value through profit or loss on initial recognition: (1) It can eliminate or significantly reduce the accounting mismatch. (2) The formal written document of risk management or investment strategy has stated that the portfolio of financial instruments is managed, evaluated and reported to key managers on the basis of fair value. (3) The financial liability is a hybrid instrument that contains one or more embedded derivatives, unless the embedded derivatives have no significant change in the cash flows of the hybrid instrument, or the embedded derivatives should obviously not be separated from the related hybrid instruments. (4) Mixed instruments contain embedded derivatives that need to be split but cannot be measured separately at the time of acquisition or on subsequent balance sheet days.

For such financial liabilities, subsequent measurements are made at fair value. Changes in fair value caused by changes in the Group's own credit risk are recognized in other comprehensive income, while other changes in fair value are recognized in profit or loss. Unless changes in fair value caused by changes in the Group's own credit risk recognized in other comprehensive income may result in or expand accounting mismatches in profit or loss, the Group shall recognize all changes in fair value (including the amount of impact of changes in its own credit risk) in profit or loss. When an enterprise designates a financial liability as a financial liability at fair value through profit or loss, it cannot be reclassified as other financial liabilities; nor can other financial liabilities be re-designated as financial liabilities at fair value through profit or loss after initial recognition.

Other financial liabilities

For such financial liabilities, subsequent measurement is made at amortized cost using the effective interest rate method.

Impairment of financial assets

Based on expected credit losses, the Group undertakes impairment treatment and confirms loss provisions of financial assets at amortized cost, debt instrument investments at fair value through other comprehensive income and financial guarantee contracts.

Credit loss refers to the difference between the cash flows of all contracts discounted at the original effective interest rate and the expected cash flows of all contracts receivable, i.e. the present value of all cash shortages. Among them, the financial assets purchased by or originated from the Group to which credit impairment has occurred shall be discounted at the effective interest rate adjusted by the credit of the financial assets.

For trade receivables and contractual assets that do not contain significant financing components, the Group uses a simplified measurement method to measure loss provisions in accordance with the amount of expected credit losses equivalent to the entire life cycle.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

(8) Financial instruments (Continued)

Impairment of financial assets (Continued)

For trade receivables and contractual assets with significant financing components, the Group uses a simplified measurement method to measure loss provisions in accordance with the amount of the expected credit loss equivalent to the entire lifetime.

For financial assets other than those measured with simplified valuation methods, the Group evaluates at each balance sheet date whether its credit risk has significantly increased since initial recognition. The period during which credit risk has not significantly increased since initial recognition is considered the first stage, at which the Group shall measure the loss provision based on the amount of the expected credit loss for the next 12 months and shall compute interest income according to the book balance and effective interest rate; the period during which credit risk has significantly increased since initial recognition although no credit impairment has occurred is considered the second stage, at which the Group shall measure the loss provision based on the amount of the expected credit loss for the entire valid period and shall compute interest income according to the book balance and effective interest rate; The period during which credit impairment has occurred after initial recognition is considered the third stage, at which the Group shall measure the loss provision based on the amount of the expected credit loss for the entire period and shall compute interest income according to the amortised cost and effective interest rate. For financial instruments with relatively low credit risk at the balance sheet date, the Group assumes that its credit risk has not significantly increases since initial recognition.

The Group evaluates the expected credit losses of financial instruments on a single and combined basis. Taking into account the credit risk characteristics of different customers, the Group evaluates the expected credit losses of trade receivables based on the aging portfolio.

In assessing expected credit losses, the Group takes into account reasonable and valid information on past events, current conditions and future economic forecasts.

Refer to Notes VIII.3 for the disclosure of the Group's criteria for judging the significant increase in credit risk, the definition of assets with impaired credit losses, and the assumption of measuring expected credit losses.

When the Group no longer reasonably expects to be able to recover all or part of the contract cash flows of the financial assets, the Group will write off the book value of the financial assets directly.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the financial assets and settle the financial liabilities simultaneously.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

(8) Financial instruments (Continued)

Modification of financial assets

Where the Group modifies or renegotiates the contract with its counterparty and does not result in the derecognition of financial assets, but results in a change in the cash flow of the contract, the Group recalculates the book value of the financial asset on the basis of the renegotiated or modified contract cash flows at the discounted value of the original effective interest rate (or credit-adjusted effective rate of interest) of the financial asset, and the related gains or losses are recognized in profit or loss. The revised cost or expense of the financial assets adjust the book value of the financial assets and are amortized within the remaining period of the modified financial assets.

Transfer of financial assets

The Group derecognises a financial asset when it has transferred substantially all the risks and rewards of ownership of the financial asset to the transferee; the Group does not derecognize those financial assets when it retains substantially all the risks and rewards of the ownership.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of financial assets, the related accounting treatments of such financial assets are as follows: the Group derecognises financial assets when it retains no control on them, and associated assets and liabilities are recognised at the same time. If the Group retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability.

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

(9) Notes receivables

For details of the method for determining the expected credit loss of notes receivable, please refer to “III.8 Financial instruments - Impairment of financial instruments.”

(10) Accounts Receivable

For details of the method for determining the expected credit loss of accounts receivable, please refer to “III.8 Financial instruments - Impairment of financial instruments.”

(11) Accounts Receivable Financing

It includes notes receivable and accounts receivable that are measured at fair value on the balance sheet date and whose changes are included in other comprehensive income.

For details of the method for determining the expected credit loss of receivables financing, please refer to “III.8 Financial instruments - Impairment of financial instruments.”

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

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

(12) Other receivables

For details of the method for determining the expected credit losses of other receivables, please refer to “III.8 Financial instruments - Impairment of financial instruments.”

(13) Inventories

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.

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.

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

Provisions for decline 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.

The Group adopts the perpetual inventory system.

(14) Contract assets

The unconditional (namely, dependent only on the passage of time) right to receive consideration from customers owned by the Group shall be presented as amounts receivable. The right to receive consideration following the transfer of products to customers which is dependent on factors other than the passage of time is presented as contract assets.

(15) Assets relating to contract cost

The Group's assets relating to contract costs include the contract acquisition costs and contract performance costs, presented respectively under inventories, other current assets and other non-current assets.

Where the Group expects the incremental costs for acquiring a contract to be recoverable, such contract acquisition costs are recognised as an asset (unless the amortisation period of the asset is not more than 1 year).

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

(15) Assets relating to contract cost (Continued)

Costs incurred by the Group for the performance of a contract are recognised as an asset as contract performance costs if they do not fall under the scope of the relevant standards for inventories, fixed assets or intangible assets but meet all the following conditions:

- (1) They are directly related to a current or anticipated contract, including direct labour, direct materials, manufacturing expenses (or similar expenses), to be borne by customers as specifically stipulated, and otherwise incurred solely in connection with the contract;
- (2) they will increase the resources to be utilised in the Company's future performance of its contractual obligations; and
- (3) they are expected to be recoverable.

The Group amortises assets relating contract costs on the same basis as that for the recognition of revenue relating to such assets and recognises the amortised assets in current profit or loss.

For assets relating to contract costs whose carrying value is higher than the difference between the following two items, the Group makes provision for impairment for the excess to be recognised as asset impairment losses:

- (1) The remaining consideration expected to be obtained as a result of the transfer of goods relating to such assets;
- (2) Estimated costs to be incurred in connection with the transfer of relevant goods

In the event that the difference between (1) and (2) becomes higher than the carrying value of such assets as a result of changes in the factors of impairment for previous periods, previous provisions for asset impairment losses should be written back and included in current profit or loss, provided that the carrying asset value following the write-back shall not exceed the carrying value that such assets would have on the date of write-back were there no provision for impairment.

(16) Long-term equity investments

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

Long-term equity investments are accounted for using the cost method at the time it was acquired. 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.

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.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

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

(16) Long-term equity investments (Continued)

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. For long-term equity investments acquired by way of the swap of non-monetary assets, the initial investment cost shall be determined in accordance with “ASBE No. 7 — Swap of Non-monetary Assets.” For long-term equity investments acquired by way of debt restructuring, the initial investment cost shall be determined in accordance with “ASBE No. 12 — Debt Restructuring.”

(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.

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 to recognize 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 the recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues to recognize 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 a 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.

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Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

(16) Long-term equity investments (Continued)

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

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 interests in the investees, and then based on which the investment gains or losses are recognized. For the loss on intra-group transactions 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.

(17) 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 investment properties are included in the cost of 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.

	Estimated useful lives	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 property is transferred to owner-occupied property, it is reclassified as a fixed asset or intangible asset at the date of 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 transfer.

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

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

(17) Investment properties (Continued)

An investment property is Derecognized on disposal or when the investment property 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 property after its carrying amount and related taxes and expenses is recognized in profit or loss for the current period.

(18) Fixed assets

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. 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.

Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the asset at the end of its use is considered. The cost of a fixed asset is the aggregate cost of purchase price, related taxes and any directly attributable expenditure for bringing the asset to its working condition for its intended use.

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.

	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	within 5 years	0%	20% and above

Fixed assets held under finance leases are depreciated under the same depreciation method as other fixed assets. The assets are depreciated over their estimated useful lives where ownership of the assets can be reasonably estimated to be gained when lease periods end; otherwise, the leased assets are depreciated over the shorter of the lease terms and the estimated useful lives of the assets.

The Group reviews the useful life, estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year end, and adjusts for any change when necessary.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

(18) Fixed assets (Continued)

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.

(19) Construction in progress

Construction in progress is measured at its actual cost. The actual cost includes various necessary construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs.

(20) Borrowing costs

Borrowing costs refer to the interest and other relevant cost incurred from borrowing, which include loan interest, discount or amortization of premiums, auxiliary expenses and exchange differences due to foreign currency loans, etc.

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets. Other borrowing costs shall be recognized as expenses on the basis of the actual amount incurred, and shall be recorded into the current profits and losses. The term “assets eligible for capitalization” shall refer to the fixed assets, investment real estate, inventories and other assets, of which the acquisition and construction or production may take quite a long time to get ready for its intended use or for sale.

The borrowing costs shall not be capitalized unless they simultaneously meet the following requirements:

- (1) The asset disbursements have already incurred;
- (2) The borrowing costs have already incurred; and
- (3) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased. Borrowing costs incurred after the intended use or sale shall be recorded in the current profits and losses.

During the period of capitalization, the capitalized amount of interest in each accounting period shall be calculated and determined in the ways below:

The enterprise shall calculate and determine the interest of a specific loan by deducting interest income of the loan capital deposit in the bank or investment income obtained from a temporary investment.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

(20) Borrowing costs (Continued)

The enterprise shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. The borrowing costs incurred during such period shall be recognized as expenses, and shall be recorded into the profits and losses of the current period, till the acquisition and construction or production of the asset restarts.

(21) Right-of-use assets

On the commencement date of the lease term, the lessee recognizes the right-of-use asset for the lease (except for short-term leases and low-value asset leases). The right to use asset costs includes: the initial measurement amount of the lease liability; the lease payment amount paid on or before the start date of the lease period (if there is a lease incentive, deducting the relevant amount of the lease incentive); The initial direct cost incurred by the lessee.

Where the lessee can reasonably determine the ownership of the leased asset at the expiration of the lease term, the depreciation is provided within the remaining useful life of the leased asset; If it is not reasonable to determine that the leasehold asset can be acquired at the expiration of the lease term, the depreciation is provided during the period between the lease term and the remaining useful life of the leased asset. The lessee is required to determine whether the right-of-use asset is impaired at the same time and accounting for identified impairment losses.

(22) Intangible assets

Intangible assets are recognised and measured on initial recognition at cost only if the related economic benefits will probably flow into the Group and their costs can be measured reliably. However, the intangible assets acquired through a business combination not involving enterprises under common control should be measured at fair value separately as intangible assets when their fair values can be reliably measured.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

(22) Intangible assets (Continued)

The useful life of the intangible assets shall be assessed according to the estimated beneficial period expected to generate economic benefits for the Group. An intangible asset shall be regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

<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

Land use rights obtained by the Group are usually accounted for as intangible assets. As for the construction of plants, factories and other buildings of the Group, the related land use rights and other buildings were accounted for as intangible assets and fixed assets, respectively. Purchase costs of land use rights and buildings were allocated to intangible assets and fixed assets separately. Purchase costs were recognised as cost of fixed assets, only if the separation was impracticable.

Intangible assets with a finite useful life are amortised over their estimated useful lives using the straight-line method or other reasonable systematic methods. For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at least once at each financial year end, and makes adjustments when necessary. A land use right granted by the 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.

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 the end of the project.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

(22) Intangible assets (Continued)

Expenditure for investigation, evaluation and selection of production process and new drug 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.

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 Group classifies the expenses for internal research and development as research costs and development costs. All research costs are charged to the current profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits (including demonstration that the product derived from the intangible asset or the intangible asset itself will be marketable or, in the case of internal use, the usefulness of the intangible asset as such), the availability of technical and financial resources to complete the project and procure the use or sale of the intangible asset, and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

(23) 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.

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 a 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.

(24) 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.

(25) Contract liabilities

The obligation to pass products to customers in connection with customer consideration received or receivable is presented as contract liabilities, for example, amounts received prior to the transfer of the promised products.

Contract assets and contract liabilities under the same contract are presented on a net basis after set-off.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

(26) Employee benefits

Short-term employee benefits

The actual occurred short-term employee benefits are recognized as liabilities during 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.

Post-employment benefits (defined contribution plans)

The employees in the Group participate in social insurance and unemployment insurance schemes administered by the local governments, and the related expenditures are recorded in cost of related assets or profit or loss in the period when they incurred.

Post-employment benefits (defined benefit plans)

The Group operates a defined benefit pension scheme. No funds have been injected into the scheme. The cost of benefits provided under the defined benefit scheme is calculated using the expected benefit accrual unit approach.

Remeasurement arising from defined benefit pension schemes, including actuarial gains or losses, changes in the asset cap effect (deducting amounts included in net interest) and returns on scheme assets (deducting amounts included in net interest) are instantly recognised in the balance sheet and charged to shareholders' equity through other comprehensive income for the period during which it is incurred. It will not be reversed to profit and loss in subsequent periods.

Previous service costs are recognised as current expenses when: the defined benefit scheme is revised, or relevant restructuring costs or termination benefits are recognised by the Group, whichever earlier.

Net interest is arrived at by multiplying net liabilities or net assets of defined benefits with a discount rate. Changes in net obligations of defined benefits are recognised as operating costs and administration expenses in the income statement. Service costs included current services costs, past service costs and settlement of profit or loss. Net interest included interest income from scheme assets, interest expenses for scheme obligations and interest of the asset cap effect.

Termination benefits

The Group recognizes a liability for termination benefits and charges to profit or loss at the earlier of the following dates: a) when the Group can no longer withdraw from the termination plan or the redundancy offer; and b) when the Group recognizes costs or expense for a restructuring plan which involves the payment of termination benefits.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

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

(26) Employee benefits (Continued)

Other long term employee benefits

Other long-term employees' benefits provided to employees shall be recognised and measured as net liabilities or net assets where provisions regarding post-employment benefits are applicable, provided that changes shall be included in current profit and loss or related capital costs.

(27) Lease liability

On the commencement date of the lease term, the lessee recognizes the lease liability for the lease (except for short-term leases and low-value asset leases). The lease liability is initially measured using the incremental borrowing rate as the present value of the discount rate based on the lease payments that have not been paid on the start date of the lease term. At the same time, the lessee calculates the interest expense of the lease liability for each period of the lease term based on the effective interest method and recognizes it in profit or loss for the current period.

(28) 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.

For business combinations not under common control, 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)

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

(29) Share-based payments

The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments. The term "equity-settled share-based payment" refers to a transaction in which the group grants shares or other equity instruments as a consideration in return for services.

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. As to an equity-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of the equity instruments shall, on the date of the grant, be included in the relevant cost or expense and the capital reserves shall be increased accordingly. As to an equity-settled share-based payment in return for employee services, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then on each balance sheet date within the vesting period, the Group shall make the best estimate of the number of vested equity instruments based on the latest movement of the granted employee, the content of prescribed performance and other conditions. Based on the best estimate, the services obtained in the current period shall be included in the relevant costs or expenses and the capital reserves at the fair value of the equity instruments on the date of the grant.

For awards that do not ultimately vest because non-market performance and service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

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

(29) Share-based payments (Continued)

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by an enterprise. As to a cash-settled share-based payment instruments, if the right may be exercised immediately after the grant, the fair value of the liability undertaken by the enterprise shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. As to a cash-settled share-based payment, if the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the group. The group shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profits and losses.

(30) Revenue recognition

The group recognizes revenue when it has fulfilled its obligations under the contract, i, e. when the customer acquires control relevant goods or services. Acquiring control over the goods or services refers to the ability to dominate the use of the goods or the portion of services and to derive almost all the economic benefits therefrom.

Contracts for sale of goods

The contracts for the sale of goods between the Group and its customer usually only contain the performance obligations for the transfer of goods. The Group generally recognizes revenue at the point of transferring the control of goods on the basis of a combination of the following factors: the current right to collect the goods, the transfer of major risks and benefits in the ownership of the goods, and the transfer of the legal ownership of the goods, the transfer of physical assets of the goods and that the customers have accepted the goods.

Service Contracts

The service contracts between the Group and its customers usually consist of performance obligations such as engineering construction management, engineering design consulting and so on. As the Group's performance of contracts is at the same time when the customer obtains and consumes the economic benefits of the performance of the Group, and the Group has the right to collect receivables from the performance of contracts that has been completed to date, the Group regards it as a contact obligation over a period of time, except that the progress of performance cannot be reasonably determined. The Group determines the progress of the performance of contracts in accordance with the input method. If the progress of performance of contracts cannot be reasonably determined and the cost incurred by the Group are expected to be compensated, the revenue is recognized on the basis of the incurred costs until the progress of performance of contracts can be reasonably measured.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

(30) Revenue recognition (Continued)

Variable consideration

Certain contracts between the Group and its customers contain cash discounts and price guarantee clauses which will give rise to variable consideration. Where a contract contains variable consideration, the Group determines the best estimates on the variable consideration based on expected values or the most probable amount, provided that transaction prices including variable consideration shall not exceed the cumulative amount of recognised revenue upon the removal of relevant uncertainties in connection with which a significant reversal is highly unlikely.

Consideration payable to customers

Where consideration is payable by the Group to a customer, such consideration payable shall be deducted against the transaction price, and against current revenue upon the recognition of revenue or the payment of (or the commitment to pay) the consideration to the customer (whichever is later), save for consideration payable to the customer for the purpose of acquiring from the customer other clearly separable products.

Return clauses

In connection with sales with a return clause, revenue is recognised according to the amount of consideration it expects to be entitled to for the transfer to a customer when the customer acquires control of the relevant. Amounts expected to be refunded for the return of sales are recognised as liabilities. At the same time, the balance of the carrying value of the product expected to be returned upon transfer less expected costs for the recall of such product (including an impairment loss of the recalled product) shall be recognised as an asset (i.e. cost of return receivables), and the net amount of the carrying value of the transferred product upon the transfer less the aforesaid asset cost shall be transferred to cost. At each balance sheet date, the Group reassesses the future return of sales and remeasures the above assets and liabilities.

Significant financing component

Where a contract contains a significant financing component, the Group determines transaction prices based on amounts payable assumed to be settled in cash by customers immediately upon the acquisition of control over the products. The difference between such transaction price and contract consideration is amortised over the contract period using the effective interest rate method based on a ratio that discounts the nominal contractual consideration to the current selling price of the products.

The Group shall not give consideration to any significant financing component in a contract if the gap between the customer's acquisition of control over the products and payment of consideration is expected to be less than 1 year.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

(30) Revenue recognition (Continued)

Warranty clauses

The Group provides quality assurance for products sold and assets built in accordance with contract terms and laws and regulations. The accounting treatment of quality assurance in the form of warranty assuring customers products sold are in compliance with required standards is set out in Note III.28. Where the Group provides a service warranty for a standalone service in addition to the assurance of compliance of products with required standards, such warranty is treated as a standalone contractual performance obligation, and a portion of the transaction price shall be allocated to the service warranty based on a percentage of the standalone price for the provision of product and service warranty. When assessing whether a warranty is rendering a standalone service in addition to providing guarantee to customers that all sold goods are in compliance with required standards, the Group will consider whether or not such warranty is a statutory requirement, the term of the warranty and the nature of the Group's undertaking to perform its obligations.

Reward points program

The Group grants reward points to customers when selling goods. Customers can use reward points to redeem free or discounted goods provided by the Group. This reward points program provides significant rights to customers, the Group consider it as an individual performance obligation, and an apportion part of the transaction price to reward points based on pricing of goods or services with warranty clauses. Revenue is recognised when customers obtain goods redeemed or when reward points expire.

Principal responsible person/proxy

For goods or other assets obtained from a third party which were transferred later to customers, the Group has the right to decide independently, pricing of goods. This means that the Group has obtained control over related goods before transferring to customers. Therefore, the Group is the principal responsible person, and revenue is recognised based on total amount of consideration received or receivable. Otherwise, the Group is proxy, and revenue is recognised based on expected commission. This amount should be the total amount of consideration received or receivable net of the amount payable to other parties, or based on the fixed amount or percentage.

(31) Government grants

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.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

(31) Government grants (Continued)

Government grants related to assets refer to government assets which are granted to enterprises for the long-term assets formed by acquisition, construction or in other manners. Government grants related to income refer to government grants other than those related to assets.

Government grants related to income to be used as compensation for future expenses or losses shall be recognized as deferred income and shall be charged to the current profit or loss or be used to write down the relevant loss, during the recognition of the relevant cost expenses or losses; or used as compensation for relevant expenses or losses already incurred by enterprises shall be directly charged to the profit or loss account in the current period or used to write down the relevant cost.

The government grants related to assets shall be used to write down the book value of the relevant assets or be recognized as deferred income. The government grants related to assets, recognized as deferred income, shall be charged to the profit and loss reasonably and systematically in stages over the useful lives of the relevant assets. The government grants measured at a nominal amount shall be directly charged to the current profit or loss.

If any related asset is sold, transferred, written off or destroyed before the end of its useful life, the balance of the undistributed deferred income shall be transferred to the current gain or loss on disposal of the asset.

(32) 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 periods based on the amount of income tax expected to be paid by the Group or returned by tax authorities 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). A 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.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

(32) Income tax (Continued)

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.

(33) Changes in accounting policies and accounting estimates

Changes in accounting policies

Details and reasons for changes in accounting estimates	Procedures for approval	Notes
On 7 December 2018, the Ministry of Finance revised “Accounting Standard for Enterprises No. 21 - Lease” (the “New Lease Standard”). It is also required that enterprises listed both domestically and abroad and enterprises listed abroad and preparing financial statements in accordance with International Financial Reporting Standards or the Accounting Standards for Business Enterprises adopt the New Lease Standard from 1 January 2019.	Approval by The eleventh meeting of the eighth board of directors that held on August 22, 2019.	The Group implement the New Lease Standard from 1 January 2019. According to the convergence rules of the New Lease Standard, it is optional to adjust the amount of the retained earnings and other relevant accounts at the beginning of the year when the New Lease Standard is initially implemented based on the cumulative impact of the initial implement of the New Lease Standard without adjusting the information for the comparable period. This change in accounting policy will increase the company's total assets and total liabilities, but it is not expected to have a significant impact on the owner's equity and net profit.

The main impact of the retroactive adjustments resulting from the above changes in accounting policies on the financial statements are as follows:

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

(33) Changes in accounting policies and accounting estimates (Continued)

Consolidated balance sheet:

ASSETS	31 December 2018	1 January 2019	Adjustment
Current assets			
Cash and bank balances	8,089,781,304.56	8,089,781,304.56	
Notes receivable	1,357,311,929.63	789,536,654.23	(567,775,275.40)
Accounts receivable	9,336,861,647.92	9,336,861,647.92	
Receivable financing	-	567,775,275.40	567,775,275.40
Advances to suppliers	583,484,515.95	419,443,944.83	(164,040,571.12)
Other receivables	643,493,359.32	643,493,359.32	
Incl:Interest receivable	8,223,327.64	8,223,327.64	
Inventories	4,389,335,942.19	4,389,335,942.19	
Other current assets	95,347,629.18	95,347,629.18	
Total current assets	24,495,616,328.75	24,331,575,757.63	(164,040,571.12)
Non-current assets			
Long-term equity investments	1,880,393,786.10	1,880,393,786.10	
Other equity instruments investment	13,685,760.00	13,685,760.00	
Other non-current financial assets	140,000,000.00	140,000,000.00	
Investment properties	144,894,495.97	144,894,495.97	
Fixed assets	607,933,827.67	594,067,973.91	(13,865,853.76)
Construction in progress	36,412,614.61	36,412,614.61	
Right-of-use assets	-	1,782,725,159.78	1,782,725,159.78
Intangible assets	319,207,126.15	318,693,082.72	(514,043.43)
Goodwill	833,547,800.60	833,547,800.60	
Long-term prepaid expenses	311,328,706.46	311,328,706.46	
Deferred tax assets	74,914,209.95	74,914,209.95	
Other non-current assets	72,365,863.71	58,168,919.11	(14,196,944.60)
Total non-current assets	4,434,684,191.22	6,188,832,509.21	1,754,148,317.99
Total assets	28,930,300,519.97	30,520,408,266.84	1,590,107,746.87

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

(33) Changes in accounting policies and accounting estimates (Continued)

LIABILITIES	31 December 2018	1 January 2019	Adjustment
Current liabilities			
Short-term borrowings	2,597,652,702.43	2,597,652,702.43	
Notes payable	3,416,755,681.80	3,416,755,681.80	
Accounts payable	6,468,535,961.17	6,468,535,961.17	
Advances from customers	-	-	
Employee benefits payable	231,866,407.40	231,866,407.40	
Tax payable	241,980,412.72	241,980,412.72	
Other payables	1,539,436,971.93	1,539,436,971.93	
Incl: Interest payable	21,906,660.63	21,906,660.63	
Dividends payable	6,389,320.96	6,389,320.96	
Contract liabilities	255,590,612.37	255,590,612.37	
Non-current liabilities due within one year	5,861,324.37	495,132,751.96	489,271,427.59
Other current liabilities	292,465.75	292,465.75	
Total current liabilities	14,757,972,539.94	15,247,243,967.53	489,271,427.59
Non-current liabilities			
Long-term borrowings	31,600,000.00	31,600,000.00	
Lease liabilities	-	1,104,600,297.80	1,104,600,297.80
Long-term payables	4,563,978.52	800,000.00	(3,763,978.52)
Long-term employee benefits payable	2,050,000.00	2,050,000.00	
Deferred income	91,491,170.40	91,491,170.40	
Deferred tax liabilities	67,605,161.88	67,605,161.88	
Other non-current liabilities	69,241,176.18	69,241,176.18	
Total non-current liabilities	266,551,486.98	1,367,387,806.26	1,100,836,319.28
Total liabilities	15,024,524,026.92	16,614,631,773.79	1,590,107,746.87

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

(33) Changes in accounting policies and accounting estimates (Continued)

<u>SHAREHOLDERS' EQUITY</u>	31 December 2018	1 January 2019	Adjustment
Shareholders' equity			
Share capital	428,126,983.00	428,126,983.00	
Capital surplus	4,320,984,981.51	4,320,984,981.51	
Surplus reserve	214,063,491.50	214,063,491.50	
Retained earnings	<u>6,655,257,147.27</u>	<u>6,655,257,147.27</u>	
Shareholders' equity attributable to shareholders of the parent	11,618,432,603.28	11,618,432,603.28	
Non-controlling interests	<u>2,287,343,889.77</u>	<u>2,287,343,889.77</u>	
Total shareholders' equity	<u>13,905,776,493.05</u>	<u>13,905,776,493.05</u>	
Total liabilities and shareholders' equity	<u>28,930,300,519.97</u>	<u>30,520,408,266.84</u>	<u>1,590,107,746.87</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

(33) Changes in accounting policies and accounting estimates (Continued)

Company's balance sheet:

<u>ASSETS</u>	31 December 2018	1 January 2019	Adjustment
Current assets			
Cash and bank balances	1,817,654,598.01	1,817,654,598.01	
Notes receivable	63,870,980.39	34,154,774.75	(29,716,205.64)
Accounts receivable	631,236,593.94	631,236,593.94	
Receivable financing		29,716,205.64	29,716,205.64
Advances to suppliers	4,760,182.00	4,757,318.66	(2,863.34)
Other receivables	1,541,980,883.50	1,541,980,883.50	
Incl:Interest receivable	7,550,877.07	7,550,877.07	
Dividends receivable	-	-	
Inventories	158,166,185.65	158,166,185.65	
Other current assets	<u>39,482.38</u>	<u>39,482.38</u>	
Total current assets	<u>4,217,708,905.87</u>	<u>4,217,706,042.53</u>	<u>(2,863.34)</u>
Non-current assets			
Long-term equity investments	7,432,906,692.24	7,432,906,692.24	
Other non-current financial assets	140,000,000.00	140,000,000.00	
Investment properties	1,955,854.46	1,955,854.46	
Fixed assets	21,362,422.03	21,362,422.03	
Right-of-use assets	-	6,827,171.38	6,827,171.38
Intangible assets	2,452,222.51	2,452,222.51	
Long-term deferred expenses	7,481,809.53	7,481,809.53	
Other non-current assets	<u>7,000,000.00</u>	<u>7,000,000.00</u>	
Total non-current assets	<u>7,613,159,000.77</u>	<u>7,619,986,172.15</u>	<u>6,827,171.38</u>
Total assets	<u>11,830,867,906.64</u>	<u>11,837,692,214.68</u>	<u>6,824,308.04</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

(33) Changes in accounting policies and accounting estimates (Continued)

<u>LIABILITIES</u>	31 December 2018	1 January 2019	Adjustment
Current liabilities			
Short-term borrowings	539,000,000.00	539,000,000.00	
Notes payable	252,317,800.78	252,317,800.78	
Accounts payable	442,049,241.22	442,049,241.22	
Contract liabilities	4,182,083.40	4,182,083.40	
Employee benefits payable	36,233,563.12	36,233,563.12	
Tax payables	13,426,601.90	13,426,601.90	
Other payables	1,481,817,856.56	1,481,817,856.56	
Incl:Interest payable	1,354,592.35	1,354,592.35	
Non-current liabilities due within one year	-	786,068.44	786,068.44
Other current liabilities	<u>226,427.99</u>	<u>226,427.99</u>	
Total current liabilities	<u>2,769,253,574.97</u>	<u>2,770,039,643.41</u>	<u>786,068.44</u>
Non-current liabilities			
Long-term borrowings	31,600,000.00	31,600,000.00	
Lease liabilities	-	6,038,239.60	6,038,239.60
Long-term payables	800,000.00	800,000.00	
Long-term employee benefits payable	118,000.00	118,000.00	
Deferred income	1,687,899.50	1,687,899.50	
Deferred tax liabilities	<u>2,298,426.39</u>	<u>2,298,426.39</u>	
Total non-current liabilities	<u>36,504,325.89</u>	<u>42,542,565.49</u>	<u>6,038,239.60</u>
Total liabilities	<u>2,805,757,900.86</u>	<u>2,812,582,208.90</u>	<u>6,824,308.04</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

(33) Changes in accounting policies and accounting estimates (Continued)

<u>SHAREHOLDERS' EQUITY</u>	31 December 2018	1 January 2019	Adjustment
Shareholders' equity			
Share capital	428,126,983.00	428,126,983.00	
Capital surplus	4,426,362,777.26	4,426,362,777.26	
Surplus reserves	214,063,491.50	214,063,491.50	
Retained earnings	<u>3,956,556,754.02</u>	<u>3,956,556,754.02</u>	
Total shareholders' equity	<u>9,025,110,005.78</u>	<u>9,025,110,005.78</u>	
Total liabilities and shareholders' equity	<u>11,830,867,906.64</u>	<u>11,837,692,214.68</u>	<u>6,824,308.04</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

(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 by using the taxable sales amount multiplied by the effective tax rate less deductible VAT input of the current period)	0%,3%,5%,6%,9%, 10%,13%,16%
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 2011, the Urumqi Head Office, Changji Branch and Karamay Branch of Sinopharm Holding Xinjiang New & Special Medicines Chain Store Co., Ltd. (“Xinjiang New & Special Medicines”), subsidiaries 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.

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%.

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 six months ended 30 June 2019

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

IV Taxation (Continued)

2. Tax preferences (Continued)

The Group's subsidiary Sinopharm Holding National Pharmacy Inner Mongolia Co., Ltd. (hereinafter referred to as "National University of Inner Mongolia"), Sinopharm Holding National Pharmacy Hulunbeier Co., Ltd., Sinopharm Holding National Pharmacy Wulanchabu Co., Ltd., National University Pharmacy Manzhouli Co., Ltd., Sinopharm Holding National Pharmacy Bayannaoer Co., Ltd. and Inner Mongolia NUS Pharmaceutical Co., Ltd., in accordance with the provisions of Caishui [2011] No. 58 Document, meet the conditions for the enjoyment of corporate income tax benefits in the Western Development, and obtain the Notice of Approval for Reduction and Exemption of Taxes. In 2019, the enterprise income tax was paid at a preferential tax rate of 15%. According to Caishui [2011] No. 58 Document, Sinopharm Holding National Pharmacy Guangxi Chain Co., Ltd. and Ningxia Guoda Pharmacy Chain Co., Ltd. reduced the corporate income tax of 2019 at a reduced rate of 15%.

In the half year of 2019, according to the "Notice on Implementing the Inclusive Tax Deduction Policy for Small and Micro Enterprises" (Cai Shui [2019] No. 13): the Group's subsidiary Sinopharm Medical Supply Chain Service (Guangxi) Co., Ltd., Shanghai Guoda Dongsheng Pharmacy Co., Ltd., Sinopharm Holding National Pharmacy Guangzhou Chain Co., Ltd., Taishan City Guokong Guoda Group Kangda Pharmacy Chain Co., Ltd., Guangxi Guoda Pharmaceutical Consulting Chain Co., Ltd., Changzhi City Guoda Wanmin Pharmacy Co., Ltd., Shanghai Fumei Xuhui Pharmacy Co., Ltd., Sanhe Liyang Jinxiang Pharmacy Co., Ltd., Sinopharm Holding National Pharmacy Hulunbeier Co., Ltd. The company, NUS Pharmacy Manzhouli Co., Ltd. pays taxable income less than RMB 3 million, and meets the requirements of small and meager profit enterprises, so it pays corporate income tax at a rate of 20%.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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V Notes to the consolidated financial statements

1. Cash and bank balances

	30 June 2019	1 January 2019
Cash on hand	3,415,085.25	5,587,191.18
Cash at banks	7,765,559,793.66	7,626,529,829.59
Other cash balances	<u>317,353,629.58</u>	<u>457,664,283.79</u>
	<u>8,086,328,508.49</u>	<u>8,089,781,304.56</u>

At 30 June 2019, other cash balances were consisted of letter credit deposits amounting to RMB 305,806.00 (31 December 2018: RMB 4,191,246.00), bank acceptance notes deposits amounting to RMB317,047,823.58 (31 December 2018: RMB453,473,037.79).

2. Notes receivable

	30 June 2019	1 January 2019
Trade acceptance notes	790,664,828.26	789,536,654.23
Bank acceptance notes	<u>-</u>	<u>-</u>
	<u>790,664,828.26</u>	<u>789,536,654.23</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

(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 2019 and 31 December 2018 are as follows:

	30 June 2019	
	Derecognized	Not derecognized
Trade acceptance notes		216,316,836.99
Bank acceptance notes		-
		<u>216,316,836.99</u>

As at 30 June 2019 and 31 December 2018, 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 2019
Bank acceptance notes	-
Trade acceptance notes	<u>20,010,459.85</u>
	20,010,459.85

3. Accounts receivable

The accounts receivable by category are analyzed below:

	30 June 2019				1 January 2019			
	Gross carrying amount		Provision for bad debt		Gross carrying amount		Provision for bad debt	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
Items for which provision for bad debt is recognised separately	613,529,239.36	5.17%	19,044,116.83	3.10%	595,919,487.29	6.36%	16,766,679.23	2.81%
Items for which provision for bad debt is recognized by group (credit risk characteristics)	<u>11,262,211,636.12</u>	<u>94.83%</u>	<u>30,256,027.06</u>	<u>0.27%</u>	<u>8,780,463,595.37</u>	<u>93.64%</u>	<u>22,754,755.51</u>	<u>0.26%</u>
	<u>11,875,740,875.48</u>	<u>100.00%</u>	<u>49,300,143.89</u>	<u>0.42%</u>	<u>9,376,383,082.66</u>	<u>100.00%</u>	<u>39,521,434.74</u>	<u>0.42%</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

3. Accounts receivable (Continued)

At 30 June 2019, 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
	352,956,757.11	588,948.80	0.17%	
Receivable of E-Business other suppliers	110,676,893.44	6,739,296.66	6.09%	Receivable of E-Business with low risk of recoverability
Receivable of card settlement, e-commerce and third-party	55,508,719.88	-	0.00%	Receivable of Franchises with no risk of recoverability
Receivable of related party	47,567,694.11	-	0.00%	Receivable due from a related party with low risk of recoverability
Daton Xin Jian Kang Hospital				Receivable due from a fixed cooperative hospital with no risk of recoverability
	21,439,257.44	-	0.00%	
Liuzhou Railway Central Hospital				Both parties to the transaction have differences in the amount of purchase and sales and has risk of default
	13,820,739.09	156,693.08	1.13%	
Hubei xianning Pharmaceutical Co., Ltd.,				A lawsuit has been filed against the customer and has high risk of default
	11,559,178.29	11,559,178.29	100.00%	
Total	613,529,239.36	19,044,116.83	-	-

Provision for bad debts of accounts receivable according to the general model of expected credit loss:

	30 June 2019		
	Estimated default amount	Expected credit loss in entire lifetime	Expected credit loss rate
Within 1 year	11,186,234,127.33	25,495,025.53	0.23%
1 to 2 years	71,069,101.89	3,646,494.40	5.13%
2 to 3 years	1,616,063.02	194,281.68	12.02%
Over 3 years	3,292,343.88	920,225.45	27.95%
	11,262,211,636.12	30,256,027.06	

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

3. Accounts receivable (Continued)

The aging analysis of accounts receivables was as follows:

	30 June 2019
Within 1 year	11,753,416,277.07
1 to 2 years	80,575,034.81
2 to 3 years	3,374,443.53
3 to 4 years	24,801,268.92
4 to 5 years	12,775,655.02
Over 5 years	798,196.13
Total	<u>11,875,740,875.48</u>

Bad debt provision for the current period as follows:

	Opening balance	Reversal of write-off in previous years	Increases in the year	Reversal in the year	Written off in the year	Closing balance
Bad debts	39,521,434.74	11,040.00	16,376,925.13	(6,609,255.98)	-	49,300,143.89
total	39,521,434.74	11,040.00	16,376,925.13	(6,609,255.98)	-	49,300,143.89

On 30 June 2019, 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	861,862,590.71	363,240.29	7.25%

On 30 June 2019, the Group's accounts receivable that were terminated due to the cooperation on accounts receivable factoring with financial institutions without recourse were RMB 2,707,165,636.40.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

4. Accounts receivable financing

	30 June 2019	1 January 2019
Bank acceptance notes	325,439,580.18	567,775,275.40
	325,439,580.18	567,775,275.40

5. Advances to suppliers

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

	30 June 2019		1 January 2019	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	355,664,414.27	99.60%	416,103,769.08	99.20%
1 to 2 years	1,215,326.29	0.34%	873,351.85	0.21%
2 to 3 years	109,088.48	0.03%	2,466,823.90	0.59%
Above 3 years	89,990.60	0.03%	-	-
	<u>357,078,819.64</u>	<u>-</u>	<u>419,443,944.83</u>	<u>-</u>

The prepayment aged for more than a year is mainly the advance equipment amounting to RMB1,414,405.37 (31 December 2018: RMB3,340,175.75) as the hospital equipment procurement is a large project which takes a long time to complete.

(b) On 30 June 2019, 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>128,740,740.37</u>	<u>36.05%</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

6. Other receivables

	30 June 2019	1 January 2019
Interest receivable	14,791,483.10	8,223,327.64
Other receivables	<u>639,294,904.75</u>	<u>635,270,031.68</u>
	<u><u>654,086,387.85</u></u>	<u><u>643,493,359.32</u></u>

(1) Interest receivable

	30 June 2019	1 January 2019
Fixed deposits	13,306,641.88	6,376,708.68
Entrusted Loans	<u>1,484,841.22</u>	<u>1,846,618.96</u>
	<u><u>14,791,483.10</u></u>	<u><u>8,223,327.64</u></u>

(2) Other receivables

Category of other receivables by nature is as follows:

Nature	30 June 2019	1 January 2019
Deposits	257,903,552.46	278,455,623.30
Receivable due from related parties	10,414,842.49	8,119,399.79
Entrusted borrowings	44,000,000.00	44,000,000.00
Petty cash advance to employees	17,538,148.13	12,439,613.27
Receivable of equity transactions	8,980,000.00	8,980,000.00
Others	<u>321,989,366.05</u>	<u>303,197,349.04</u>
Total	<u><u>660,825,909.13</u></u>	<u><u>655,191,985.40</u></u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

6. Other receivables (Continued)

The changes in bad debt provision for other receivables based on the entire lifetime expected credit losses are as follows:

	Stage 1 Expected credit losses over the next 12 months	Stage 2 Entire lifetime expected credit losses(No credit impairment occurred)	Stage 3 Entire lifetime expected credit losses(Credit impairment occurred)	Total
Bad debt				
Balance at 1 January 2019	-	19,921,953.72	-	19,921,953.72
Balance at 1 January 2019 during the period				
Provisions during the period	-	3,108,281.87	-	3,108,281.87
Reversal during the period	-	(1,441,849.89)	-	(1,441,849.89)
Write-back during the period	-	-	-	-
Write-off during the period	-	(57,381.32)	-	(57,381.32)
Other Changes	-	-	-	-
Balance at 30 June 2019	-	21,531,004.38	-	21,531,004.38

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

6. Other receivables (Continued)

The aging analysis of other receivables was as follows:

	30 June 2019
Within 1 year	526,279,992.21
1 to 2 years	98,441,809.40
2 to 3 years	15,955,086.40
Over 3 years	20,149,021.12
	<hr/>
Total	<u><u>660,825,909.13</u></u>

Bad debt provision of other receivables in 2019 was RMB3,108,281.87, with the recovered or reversed amount of RMB1,441,849.89, and the written off amount of RMB 57,381.32.

As at 30 June 2019, 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
Guangdong Pharmaceutical electronic trading platform	Pharmaceutical trading platform repayment not yet cleared	111,024,446.08	Within 1 year	16.80%	
Sinopharm Group Zhijun (Suzhou) Pharmaceutical Co., Ltd.	Entrusted borrowings	44,000,000.00	Within 2 year	6.66%	
TCM-Integrated Cancer Center of Southern Medical University	Deposit of logistics extension services project	30,082,900.00	Within 2 year	4.55%	
Shenyang Medical Insurance Management Service Center	Amount due from government	27,635,423.96	Within 1 year	4.18%	
Shenzhen Social Insurance Fund Administration	Amount due from government	<u>18,714,610.23</u>	Within 1 year	<u>2.83%</u>	
		<u><u>231,457,380.27</u></u>		<u><u>35.03%</u></u>	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

(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 2019			1 January 2019		
	Book value	Provision	Net book value	Book value	Provision	Net book value
Raw materials	362,562.93	-	362,562.93	1,410,012.28	-	1,410,012.28
Work in progress	5,344.32	-	5,344.32	1,011,007.23	-	1,011,007.23
Finished goods	4,883,623,033.69	7,772,292.62	4,875,850,741.07	4,392,144,746.88	8,313,195.29	4,383,831,551.59
Low cost consumables	6,454,967.95	-	6,454,967.95	3,083,371.09	-	3,083,371.09
	<u>4,890,445,908.89</u>	<u>7,772,292.62</u>	<u>4,882,673,616.27</u>	<u>4,397,649,137.48</u>	<u>8,313,195.29</u>	<u>4,389,335,942.19</u>

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

	1 January 2019	Increases		Decreases		30 June 2019
		charge	Other	Reversal or Written off	Other	
Finished goods	8,313,195.29	1,567,262.18	-	2,108,164.85	-	7,772,292.62
	<u>8,313,195.29</u>	<u>1,567,262.18</u>	<u>-</u>	<u>2,108,164.85</u>	<u>-</u>	<u>7,772,292.62</u>

8. Other current assets

	30 June 2019	1 January 2019
Input VAT to be credited	95,048,826.51	94,312,573.34
Corporate income tax to be deducted	2,041,094.25	723,000.46
Others	<u>227,366.84</u>	<u>312,055.38</u>
	<u>97,317,287.60</u>	<u>95,347,629.18</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

9. Long-term equity investments

Associates in 2019

Investee	1 January 2019	Changes in the year					30 June 2019	Provision for impairment
		Additional Investment	Profit of loss under equity method	Other changes in equity	Cash dividend declared by investee	Impairment provision		
Associates								
Shenzhen Main Luck Pharmaceutical Inc. (“Main Luck Pharmaceutical”)	265,316,653.68	-	33,592,995.70	-	-	-	298,909,649.38	-
Zhijun Medicine	355,353,196.15	-	58,536,101.74	-	-	-	413,889,297.89	-
Zhijun Trade	8,730,994.87	-	1,467,031.77	-	-	-	10,198,026.64	-
Zhijun Suzhou	23,379,018.92	-	(11,390,538.03)	-	-	-	11,988,480.89	-
Pingshan Medicine	86,292,927.33	-	22,425,900.45	-	-	-	108,718,827.78	-
Shyndec Pharmaceutical	1,098,566,852.51	-	65,258,503.45	42,424,747.00	(16,896,427.80)	-	1,189,353,675.16	-
Shanghai Beiyi Guoda Pharmaceutical Co. Ltd.	11,029,918.10	-	247,588.49	-	(1,052,999.99)	-	10,224,506.60	-
Shanghai Liyi Pharmacy Co., Ltd.	955,428.23	-	-	-	-	-	955,428.23	-
Shanghai Renbei Pharmacy Co., Ltd	-	1,800,000.00	-	-	-	-	1,800,000.00	-
Guangdong Jianhui Construction Investment Management Co., Ltd.	-	2,000,000.00	-	-	-	-	2,000,000.00	-
Sinopharm Jienuo Medical Treatment Service Guangdong Co., Ltd. (“Guangdong Jie nuo”)	6,802,156.19	-	(995,293.58)	-	-	-	5,806,862.61	-
Shanghai Dingqun Management & Consulting Co., Ltd	23,966,640.12	-	-	-	-	-	23,966,640.12	-
Dongyuan Accord Pharmaceutical Chain Co., Ltd.	396,638.32	-	-	-	-	-	396,638.32	396,638.32
	<u>1,880,790,424.42</u>	<u>3,800,000.00</u>	<u>169,142,289.99</u>	<u>42,424,747.00</u>	<u>(17,949,427.79)</u>	<u>-</u>	<u>2,078,208,033.62</u>	<u>396,638.32</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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V Notes to the consolidated financial statements (Continued)

10. Other equity instrument investment

	30 June 2019	1 January 2019
Sinopharm Health Online Co., Ltd.	12,000,000.00	12,000,000.00
Sinopharm Guoda Hubei Co., Ltd.	1,000,000.00	1,000,000.00
Hunan Zhongbai Pharmaceutical Investment Co., Ltd.	315,000.00	315,000.00
Shanghai Guoda Shuguang Pharmacy Co., Ltd	270,760.00	270,760.00
Shanghai Guoren Pharmacy Co., Ltd.	100,000.00	100,000.00
	<u>13,685,760.00</u>	<u>13,685,760.00</u>

11. Other non-current financial assets

	30 June 2019	1 January 2019
Financial asset measured at fair value through current profit or loss	140,000,000.00	140,000,000.00
	<u>140,000,000.00</u>	<u>140,000,000.00</u>

On June 30, 2019, the balance of other non-current financial assets was the fair value of the share of the Sinopharm CICC Medical Industry Fund (referred to as “the Industrial Fund”) subscribed by the Company. The Group's 21st meeting of the 7th Board of Directors held on January 6, 2017 reviewed and approved the proposal of the Company to subscribe for the industry fund and related party transactions. As a limited partner of the industry fund, the company plans to invest RMB 200 million to subscribe for the share of the industrial fund, which will be paid in three phases. The company paid the initial investment of RMB 60 million in 2017. As of December 31, 2017, the fund did not complete the relevant licenses and approvals and did not start operations. Therefore, the company's initial investment amounted to RMB 60 million. Included in other non-current assets. In 2018, the company paid the second phase of the capital contribution of RMB 80 million. As of June 30, 2019, the company had paid a total of RMB 140 million. The industry fund has obtained relevant approvals in 2018 and has started operations. Since the cash flow obtained by the Company from the investment of the fund includes both the contractual cash flow generated by the underlying assets during the investment period and the cash flow of the disposal of the underlying assets, the contractual cash flow that does not satisfy the financial assets generated on a specific date is only The payment of interest on the basis of the outstanding principal amount, therefore, the Company classifies the investment of the industrial fund into financial assets measured at fair value through profit or loss and presented as other non-current financial assets. .

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Notes to financial statements (Continued)

For the six months ended 30 June 2019

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V Notes to the consolidated financial statements (Continued)

12. Investment properties

Subsequent measurement under the cost model:

2019	Buildings and constructions	Land use right	Construction in progress	Total
Original cost				
Opening balance	242,555,189.91	22,719,102.03		265,274,291.94
Purchase	-	-		-
Transfer to fixed assets	1,634,951.97	-		1,634,951.97
Closing balance	240,920,237.94	22,719,102.03		263,639,339.97
Accumulated depreciation and amortization				
Opening balance	111,131,166.21	7,948,629.76		119,079,795.97
Provision	3,376,058.13	51,879.46		3,427,937.59
Transfer to fixed assets	487,533.59	-		487,533.59
Closing balance	114,019,690.75	8,000,509.22		122,020,199.97
Provision for impairment				
Opening balance	1,300,000.00	-		1,300,000.00
Closing balance	1,300,000.00	-		1,300,000.00
Carrying amount				
At end of the period	125,600,547.19	14,718,592.81		140,319,140.00
At beginning of the period	130,124,023.70	14,770,472.27		144,894,495.97

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Notes to financial statements (Continued)
For the six months ended 30 June 2019

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V Notes to the consolidated financial statements (Continued)

13. Fixed assets

2019

	Buildings	Machinery	Vehicles	Other equipment	Fixed asset improvements	Total
Original cost						
Opening balance	489,661,268.82	185,444,104.09	89,613,300.13	294,575,902.89	54,661,564.43	1,113,956,140.36
Purchase	714,456.83	16,956,031.53	5,069,073.21	15,843,713.46	17,383,853.37	55,967,128.40
Transfer from construction in progress	-	2,113,175.66	-	816,880.96	-	2,930,056.62
Business combination not involving enterprises under common control	-	-	-	-	-	-
Transfer from Investment properties	1,634,951.97	-	-	-	-	1,634,951.97
Disposal or retirement	-	1,487,621.64	5,499,822.63	7,281,743.77	10,306,628.70	24,575,816.74
Closing balance	492,010,677.62	203,025,689.64	89,182,550.71	303,954,753.54	61,738,789.10	1,149,912,460.61
Accumulated depreciation						
Opening balance	164,477,441.12	85,085,741.31	59,523,264.14	172,436,749.05	38,364,970.83	519,888,166.45
Provision	7,866,027.60	14,213,255.59	3,843,870.06	12,354,113.52	10,639,915.07	48,917,181.84
Transfer from Investment properties	487,533.59	-	-	-	-	487,533.59
Disposal or retirement	-	1,107,179.83	3,813,515.96	4,549,800.50	3,462,405.97	12,932,902.26
Closing balance	172,831,002.31	98,191,817.07	59,553,618.24	180,241,062.07	45,542,479.93	556,359,979.62

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Notes to financial statements (Continued)
For the six months ended 30 June 2019

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V Notes to the consolidated financial statements (Continued)

13. Fixed assets (Continued)

2019(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 period	319,179,675.31	104,833,872.57	29,628,932.47	123,713,691.47	16,196,309.17	593,552,480.99
At beginning of the period	325,183,827.70	100,358,362.78	30,090,035.99	122,139,153.84	16,296,593.60	594,067,973.91

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Notes to financial statements (Continued)
For the six months ended 30 June 2019

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V Notes to the consolidated financial statements (Continued)

13. Fixed assets (Continued)

Fixed assets without official property right certificates

	Items	Carrying amount	Reason for outstanding property right certificates
Buildings		27,259,503.70	In the process

14. Construction in progress

	30 June 2019	1 January 2019
Construction in progress	31,980,582.21	36,412,614.61

	30 June 2019			1 January 2019		
	Carrying balance	Impairment	Carrying amount	Carrying balance	Impairment	Carrying amount
Warehouse improvement project	862,479.40	-	862,479.40	806,272.40	-	806,272.40
New office building project	627,903.09	-	627,903.09	188,251.26	-	188,251.26
Supply chain extension project	15,025,013.15	-	15,025,013.15	12,617,953.89	-	12,617,953.89
Software project	5,544,210.47	-	5,544,210.47	12,930,498.53	-	12,930,498.53
Other projects	9,920,976.10	-	9,920,976.10	9,869,638.53	-	9,869,638.53
	31,980,582.21	-	31,980,582.21	36,412,614.61	-	36,412,614.61

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Notes to financial statements (Continued)
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(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

14. Construction in progress (Continued)

(a) Changes of significant construction in progress

Changes of significant construction in progress in 2019 are presented as follows:

Project name	Budget	At beginning of the year	Increase	Decrease			At end of year	Proportion of investment to budget (%)	project progress	Source of funds
				Transferred to fixed assets	Transferred to intangible assets	Others				
Warehouse improvement project	2,981,387.76	806,272.40	1,309,197.95	278,461.63	-	974,529.32	862,479.40	60.65%	60.65%	Own funds
New office building Project	627,903.08	188,251.26	439,651.83	-	-	-	627,903.09	100.00%	100.00%	Own funds
Supply chain extension project	33,412,417.24	12,617,953.89	5,137,275.29	2,606,162.49	-	124,053.54	15,025,013.15	53.80%	53.80%	Own funds
Software project	12,949,580.19	12,930,498.53	5,563,292.13	45,432.50	-	12,904,147.69	5,544,210.47	43.20%	43.20%	Own funds
Other construction projects	206,249,966.06	9,869,638.53	83,546.40		-	32,208.83	9,920,976.10	4.84%	4.84%	Own funds
	256,221,254.33	36,412,614.61	12,532,963.60	2,930,056.62		14,034,939.38	31,980,582.21		-	-

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For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

15. Right-of-use assets

Items	Stores	Office building	Warehouse	Others	Total
Original cost					
Opening balance	1,471,295,979.51	48,588,435.58	239,171,388.66	23,669,356.03	1,782,725,159.78
Increase	364,813,035.13	25,970,953.21	33,172,962.78		423,956,951.12
Closing balance	1,836,109,014.64	74,559,388.79	272,344,351.44	23,669,356.03	2,206,682,110.90
Accumulated depreciation					
Opening balance	-	-	-	-	-
Depreciation	261,325,528.91	8,926,444.74	22,855,535.44	2,593,404.18	295,700,913.27
Closing balance	261,325,528.91	8,926,444.74	22,855,535.44	2,593,404.18	295,700,913.27
Carrying amount					
At end of the period	1,574,783,485.73	65,632,944.05	249,488,816.00	21,075,951.85	1,910,981,197.63
At beginning of the period	1,471,295,979.51	48,588,435.58	239,171,388.66	23,669,356.03	1,782,725,159.78

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

16. Intangible assets

2019	Land use right	Software	Trademarks	Favorable lease	Sales network	Franchise	Total
Original cost							
Opening balance	62,083,143.97	142,108,155.42	65,977,850.00	93,242,000.00	112,117,142.86	710,000.00	476,238,292.25
Purchase	-	3,733,823.60	-	-	-	-	3,733,823.60
Transfer from construction in progress	-	12,904,147.69	-	-	-	-	12,904,147.69
Disposal or retirement	-	-	-	-	-	-	-
Closing balance	<u>62,083,143.97</u>	<u>158,746,126.71</u>	<u>65,977,850.00</u>	<u>93,242,000.00</u>	<u>112,117,142.86</u>	<u>710,000.00</u>	<u>492,876,263.54</u>
Accumulated amortization							
Opening balance	27,889,638.96	68,273,563.72	196,850.16	19,782,823.36	40,692,333.33	710,000.00	157,545,209.53
Provision	<u>474,270.36</u>	<u>9,058,311.54</u>	<u>-</u>	<u>2,472,852.94</u>	<u>2,802,928.58</u>	<u>-</u>	<u>14,808,363.42</u>
Closing balance	<u>28,363,909.32</u>	<u>77,331,875.26</u>	<u>196,850.16</u>	<u>22,255,676.30</u>	<u>43,495,261.91</u>	<u>710,000.00</u>	<u>172,353,572.95</u>
Provision for impairment	-	-	-	-	-	-	-
Opening balance	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-
Carrying amount							
At end of the period	<u>33,719,234.65</u>	<u>81,414,251.45</u>	<u>65,780,999.84</u>	<u>70,986,323.70</u>	<u>68,621,880.95</u>	<u>-</u>	<u>320,522,690.59</u>
At beginning of the period	<u>34,193,505.01</u>	<u>73,834,591.70</u>	<u>65,780,999.84</u>	<u>73,459,176.64</u>	<u>71,424,809.53</u>	<u>-</u>	<u>318,693,082.72</u>

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Notes to financial statements (Continued)

For the six months ended 30 June 2019

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V Notes to the consolidated financial statements (Continued)

17. Goodwill

(1) Goodwill cost

30 June 2019	Opening balance	Increase	Decrease	Closing balance
Sinopharm Holding(Jiangmen) 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 Henan Pharmacy Chain Store Co., Ltd	22,666,179.77	-	-	22,666,179.77
Sinopharm Holding Guoda Inner Mongolia Co., Ltd.	70,485,777.00	-	-	70,485,777.00
Sinopharm Hebei Lerentang Pharmaceutical Chain Co., Ltd.	29,482,149.57	-	-	29,482,149.57
Sinopharm Guoda Pharmacy Jiangmen Chain Co., Ltd..	77,350,000.00	-	-	77,350,000.00
Sinopharm Holding Guoda Shanxi Yiyuan Chain Co., Ltd.	9,080,100.00	-	-	9,080,100.00
Taiyuan Tongxinli Guoda Pharmacy Co., Ltd.	2,818,647.85	-	-	2,818,647.85
Sinopharm Holding Guoda Shanghai Pharmacy Chain Store Co., Ltd.	5,028,638.00	-	-	5,028,638.00
Sinopharm Holding Guoda Yangzhou Dadesheng 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
Shenzhen Guanganli Pharmacy Chain Store Co., Ltd. store acquisition.	13,420,000.00	-	-	13,420,000.00
Taishan Sinopharm Holding Guoda Qunkang Pharmacy Chain Co., Ltd.	26,826,120.55	-	-	26,826,120.55
Fujian Guoda Pharmacy Chain Store Co., Ltd.	1,567,250.76	-	-	1,567,250.76

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Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

17. Goodwill (Continued)

(1) Goodwill cost (Continued)

30 June 2019 (Continued)	Opening balance	Increase	Decrease	Closing balance
Sinopharm Holding Guoda Shenyang Pharmacy Chain Store Co., Ltd.	41,047,958.08	-	-	41,047,958.08
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
Sinopharm Holding Hunan Guoda Minshengtang Pharmacy Chain Co., Ltd.	41,165,574.64	-	-	41,165,574.64
Shanxi Guoda Wanmin Pharmacy Chain Store Co., Ltd.	65,025,000.00	-	-	65,025,000.00
Xiaoyi Guoda Wanmin Baicaotang Pharmacy Chain Store Co., Ltd.	15,866,680.00	-	-	15,866,680.00
Liyang Guoda People Pharmacy Chain Store Co., Ltd.	107,275,095.74	-	-	107,275,095.74
Sinopharm Holding Guoda ForMe Pharmacy Chain Store Co., Ltd.	19,405,450.23	-	-	19,405,450.23
Beijing Golden Elephant Pharmacy Medicine Chain Company Limited	64,140,124.36	-	-	64,140,124.36
Sinopharm Holding Guoda Bayannaoer Co., Ltd.	-	13,494,000.00	-	13,494,000.00
	<u>858,547,800.60</u>	<u>13,494,000.00</u>	<u>-</u>	<u>872,041,800.60</u>

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V Notes to the consolidated financial statements (Continued)

17. Goodwill (Continued)

(2) Provision of impairment loss

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

2019	Opening balance	<u>Increase</u>	<u>Decrease</u>	Closing balance
Quanzhou Guoda Pharmacy Chain Store Co., Ltd.	<u>25,000,000.00</u>	<u>-</u>	<u>-</u>	<u>25,000,000.00</u>

The method of goodwill impairment testing process, parameter and recognition of impairment loss: The recoverable amount of an asset group or a group of asset groups is determined on a financial budget approved by management covering a five-year period. The cash flows beyond the five-year period are extrapolated using the inflation rate.

The recoverable amount of the asset group and asset group combination is calculated using the cash flow forecasting method based on the five-year budget approved by the management. Management determines the budgetary gross margin based on historical experience and forecasts of market development, and uses a pre-tax rate that reflects the specific risk of the relevant asset group and asset group combination as the discount rate. The above assumptions are used to analyze the recoverable amount of each asset group and asset group combination within the business segment.

18. Long-term prepaid expenses

2019	Opening balance	Additions	Amortization	Other decrease	Closing balance
Fixed asset improvement expenditure	249,458,261.87	47,060,353.55	42,594,066.57	1,166,437.43	252,758,111.42
Acquisition expenditure to obtain the right to operate	57,617,166.63	3,971,737.95	7,010,668.66	-	54,578,235.92
Others	<u>4,253,277.96</u>	<u>760,218.61</u>	<u>1,002,537.39</u>	<u>35,524.55</u>	<u>3,975,434.63</u>
	<u>311,328,706.46</u>	<u>51,792,310.11</u>	<u>50,607,272.62</u>	<u>1,201,961.98</u>	<u>311,311,781.97</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

19. Deferred tax assets/liabilities

(a) Deferred tax assets before offsetting

	30 June 2019		1 January 2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	79,547,128.04	18,378,950.01	68,153,222.07	15,676,020.10
Deductible tax loss	34,968,710.28	8,677,091.14	77,791,621.20	19,311,837.06
Deferred Income	25,565,030.92	6,387,445.17	30,188,142.13	7,547,758.26
Accrued payroll	13,435,720.26	2,963,493.05	64,598,625.74	15,656,015.32
Accrued expenses	132,416,395.94	32,742,594.34	94,108,769.33	22,301,617.95
Others	30,339,847.94	7,164,541.66	6,238,492.18	1,467,765.00
	<u>316,272,833.38</u>	<u>76,314,115.37</u>	<u>341,078,872.65</u>	<u>81,961,013.69</u>

(b) Deferred tax liabilities before offsetting

	30 June 2019		1 January 2019	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Fair value adjustment for business combination not involving enterprises under common control	221,963,869.66	55,490,967.41	227,900,345.39	56,975,086.34
Changes in fair value	87,167,599.53	21,791,899.72	75,366,942.99	17,676,879.28
	<u>309,131,469.19</u>	<u>77,282,867.13</u>	<u>303,267,288.38</u>	<u>74,651,965.62</u>

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

	30 June 2019		1 January 2019	
	Deferred tax assets/liabilities -Net	Temporary differences after set-off	Deferred tax assets/liabilities - Net	Temporary differences after set-off
Deferred tax assets	<u>10,896,608.36</u>	<u>65,417,507.01</u>	<u>7,046,803.74</u>	<u>74,914,209.95</u>
Deferred tax liabilities	<u>10,896,608.36</u>	<u>66,386,258.77</u>	<u>7,046,803.74</u>	<u>67,605,161.88</u>

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Notes to financial statements (Continued)

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

V Notes to the consolidated financial statements (Continued)

19. Deferred tax assets/liabilities (Continued)

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

	30 June 2019	1 January 2019
Deductible temporary differences	932,951.17	1,480,000.00
Deductible loss (Note)	<u>30,894,876.42</u>	<u>29,391,422.33</u>
	<u>31,827,827.59</u>	<u>30,871,422.33</u>

The aforesaid unrecognized deductible losses will due:

	30 June 2019	1 January 2019
2019	6,106,580.00	2,864,062.85
2020	1,636,825.76	4,725,707.87
2021	8,256,680.69	2,563,056.08
2022	8,358,197.50	7,261,117.97
2023	<u>6,536,592.47</u>	<u>11,977,477.56</u>
	<u>30,894,876.42</u>	<u>29,391,422.33</u>

(Note) As some subsidiaries are still at a loss and it's uncertain that those subsidiaries can obtain enough taxable income to offset against the loss in the future. So the Group do not recognise deferred tax assets which came from the deductible loss of RMB 30,894,876.42 .

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Notes to financial statements (Continued)

For the six months ended 30 June 2019

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V Notes to the consolidated financial statements (Continued)

20. Other non-current assets

	30 June 2019				1 January 2019	
	Carrying balance	Impairment	Carrying amount	Carrying balance	Impairment	Carrying amount
Physical assets reserve specifically authorized	44,621,093.48	-	44,621,093.48	47,576,273.75	-	47,576,273.75
Prepayment for project and equipment	<u>22,323,493.28</u>	<u>-</u>	<u>22,323,493.28</u>	<u>10,592,645.36</u>	<u>-</u>	<u>10,592,645.36</u>
	<u>66,944,586.76</u>	<u>-</u>	<u>66,944,586.76</u>	<u>58,168,919.11</u>	<u>-</u>	<u>58,168,919.11</u>

21. Short-term borrowings

	30 June 2019	1 January 2019
Credit borrowings	3,079,560,758.24	2,427,639,275.32
Discounted notes	<u>211,316,836.99</u>	<u>170,013,427.11</u>
	<u>3,290,877,595.23</u>	<u>2,597,652,702.43</u>

As at 30 June 2019, the annual interest rate for the above borrowings was 4.55% (31 December 2018: 4.65%).

On June 30, 2019 and December 31 2018, the Group had no short-term loan that were due but not yet repaid.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

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V Notes to the consolidated financial statements (Continued)

22. Notes payable

	30 June 2019	1 January 2019
Commercial acceptance notes	23,896,465.30	13,843,479.73
Bank acceptance notes	<u>3,515,198,797.04</u>	<u>3,402,912,202.07</u>
	<u>3,539,095,262.34</u>	<u>3,416,755,681.80</u>

At 30 June 2019, balance of notes payable at maturity was RMB0.00. (31 December 2018: RMB 0.00).

23. Accounts payable

	30 June 2019	1 January 2019
Trade payables	<u>8,088,697,602.94</u>	<u>6,468,535,961.17</u>

At 30 June 2019, the total amount of accounts payable aged over one year was RMB496,134,298.59(31 December 2018: RMB467,525,486.03).

24. Contract liabilities

	30 June 2019	1 January 2019
Advances from customers	-	-
Contract liabilities	<u>239,739,020.90</u>	<u>255,590,612.37</u>
	<u>239,739,020.90</u>	<u>255,590,612.37</u>

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Notes to financial statements (Continued)

For the six months ended 30 June 2019

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V Notes to the consolidated financial statements (Continued)

25. Employee benefits payable

2019	At beginning of the year	Increase	Decrease	At end of the year
Short-term employee benefits (a)	226,152,409.27	927,118,638.71	1,001,730,616.89	151,540,431.09
Post-employment benefits (defined contribution plan)(b)	5,248,146.99	93,025,372.36	88,529,751.61	9,743,767.74
Termination benefits (c)	465,851.14	841,185.81	872,153.00	434,883.95
	<u>231,866,407.40</u>	<u>1,020,985,196.88</u>	<u>1,091,132,521.50</u>	<u>161,719,082.78</u>

(a) Short-term employee benefits

2019	At beginning of year	Increase	Decrease	At end of year
Salaries, bonuses, allowances and grants	210,723,820.21	810,503,119.74	884,415,868.48	136,811,071.47
Staff welfare	1,750,750.89	23,556,598.47	24,295,552.24	1,011,797.12
Social security contribution	1,622,271.12	47,247,265.73	46,045,452.79	2,824,084.06
Incl: Medical insurance	1,362,150.59	42,318,821.55	41,333,544.10	2,347,428.04
Work injury insurance	30,755.69	1,427,211.06	1,394,836.56	63,130.19
Maternity insurance	229,364.84	3,501,233.12	3,317,072.13	413,525.83
Housing funds	1,063,993.02	30,889,248.28	30,946,436.95	1,006,804.35
Labor union funds and employee education funds	9,956,772.12	13,593,217.16	15,024,466.50	8,525,522.78
Other short-term benefits	<u>1,034,801.91</u>	<u>1,329,189.33</u>	<u>1,002,839.93</u>	<u>1,361,151.31</u>
Total	<u>226,152,409.27</u>	<u>927,118,638.71</u>	<u>1,001,730,616.89</u>	<u>151,540,431.09</u>

(b) Defined contribution plan

2019	At beginning of year	Increase	Decrease	At end of year
Basic pension insurance	1,755,160.16	88,463,119.33	86,167,938.13	4,050,341.36
Unemployment insurance	122,350.65	2,587,235.09	2,359,308.38	350,277.36
Contribution to pension fund	<u>3,370,636.18</u>	<u>1,975,017.94</u>	<u>2,505.10</u>	<u>5,343,149.02</u>
	<u>5,248,146.99</u>	<u>93,025,372.36</u>	<u>88,529,751.61</u>	<u>9,743,767.74</u>

Note : For the half year of 2019, the Group provided other termination benefits for severing labor relations of RMB153,286.50. For the half year of 2018, the Group provided other termination benefits for severing labor relations of RMB69,075.00.

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For the six months ended 30 June 2019

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V Notes to the consolidated financial statements (Continued)

26. Tax payable

	30 June 2019	1 January 2019
Value-added tax	61,484,212.40	90,356,534.09
Corporate Income taxes	121,174,058.74	115,226,820.39
Individual income tax payable	4,518,825.00	3,954,139.24
City maintenance and construction surtax	4,994,194.58	6,854,426.95
Educational surcharge payable	3,593,664.02	4,937,147.17
Water conservancy fund payable	5,523,161.32	5,421,280.43
Stamp duty	4,098,721.21	5,854,355.91
Property tax	1,407,180.81	1,123,276.37
Land use tax payable	241,952.24	209,179.29
Others	<u>8,543,031.51</u>	<u>8,043,252.88</u>
	<u><u>215,579,001.83</u></u>	<u><u>241,980,412.72</u></u>

27. Other payables

	30 June 2019	1 January 2019
Interest payable	29,012,444.93	21,906,660.63
Dividend payable	6,389,320.96	6,389,320.96
Other payables	<u>1,439,124,932.54</u>	<u>1,511,140,990.34</u>
	<u><u>1,474,526,698.43</u></u>	<u><u>1,539,436,971.93</u></u>

(1) Interest payable

	30 June 2019	1 January 2019
Long-term loans' (With periodic payments of principal and interest charges) interest	35,440.21	38,984.25
Interest on short-term borrowings	10,692,042.51	10,973,397.39
Trade receivables' factoring interest	<u>18,284,962.21</u>	<u>10,894,278.99</u>
	<u><u>29,012,444.93</u></u>	<u><u>21,906,660.63</u></u>

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V Notes to the consolidated financial statements (Continued)

27. Other payables (Continued)

(2) Dividend payable

	30 June 2019	1 January 2019
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	4,835,511.58	4,835,511.58
Zhenfang Zhang	1,389,639.31	1,389,639.31
Meiluo Pharmaceutical Co., Ltd.	<u>164,170.07</u>	<u>164,170.07</u>
	<u>6,389,320.96</u>	<u>6,389,320.96</u>

As at 30 June 2019, the Group had no significant dividend aged more than one year and not yet paid (31 December 2018: nil).

(3) Other payables

	30 June 2019	1 January 2019
Payables for factoring programs	550,002,940.12	724,272,060.30
Deposit	389,299,163.12	334,821,325.72
Accrued selling and distribution expenses	174,163,680.40	131,493,977.43
Payables arising from acquisition of subsidiaries	77,082,980.00	78,702,980.00
Payables for construction in progress and equipment	58,230,154.88	79,380,923.99
Payables for rentals	40,290,060.94	29,298,835.46
Payables to individuals	28,207,673.38	22,730,210.22
Temporary loan	15,800,000.00	15,800,000.00
Payables to related parties	15,581,702.81	5,436,532.76
Payables for land transfer payments	12,597,500.00	18,071,000.00
Equity subscription	10,000,000.00	10,000,000.00
Collection of others	9,067,830.66	7,525,379.59
Others	<u>58,801,246.23</u>	<u>53,607,764.87</u>
	<u>1,439,124,932.54</u>	<u>1,511,140,990.34</u>

At 30 June 2019, significant other payables over 1 year are:

	Amount payable	Reason for outstanding
Non-controlling interests in South Pharmaceutical Foreign Trade Fu Yuequn	54,722,980.00	Payment conditions not met

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Notes to financial statements (Continued)

For the six months ended 30 June 2019

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and other 11 natural persons		
Shenzhen No.1 Construction Engineering Co., Ltd.	8,605,625.20	Payment conditions not met
Liuzhou Shengli Pharmacy	<u>5,986,288.12</u>	Payment conditions not met
	<u>69,314,893.32</u>	

27. Other payables (Continued)

The amount arising from the acquisition of subsidiaries is mainly for the shares acquisition of minorities of South Pharmaceutical Foreign Trade .

At 30 June 2019, other payables due within 1 year amounting to RMB 137,518,449.47(31 December 2018: RMB 136,286,760.04) are mainly consisted of construction cost payable, company borrowings payable, deposits and etc.

28. Non-current liabilities due within 1 year

	30 June 2019	1 January 2019
Long-term borrowings due within 1 year	31,600,000.00	-
Lease liabilities due within 1 year	<u>526,696,784.75</u>	<u>495,132,751.96</u>
	<u>558,296,784.75</u>	<u>495,132,751.96</u>

29. Other current liabilities

	30 June 2019	1 January 2019
Output VAT to be recognized	<u>445,493.48</u>	<u>292,465.75</u>

30. Long-term borrowings

	30 June 2019	1 January 2019
Credit borrowings(a)	<u>-</u>	<u>31,600,000.00</u>
	<u>-</u>	<u>31,600,000.00</u>

(a) At 30 June 2019, the Group has no entrusted borrowings(31 December 2018:

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Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

RMB31,600,000.00). The Group's long-term borrowings are loans lent by the China National Pharmaceutical Group Corporation. The borrowings due within one year have been reclassified to non-current liabilities due within one year.

At 30 June 2019, the annual interest rate of above-mentioned borrowings was 4.04% (31 December 2018: 4.04%).

31. Lease liabilities

	30 June 2019	1 January 2019
lease payables	1,713,157,908.71	1,599,733,049.76
Less: lease payables due within 1 year	<u>(526,696,784.75)</u>	<u>(495,132,751.96)</u>
	<u>1,186,461,123.96</u>	<u>1,104,600,297.80</u>

32. Long-term payables

	30 June 2019	1 January 2019
Payable for specific projects	<u>800,000.00</u>	<u>800,000.00</u>

Payable for specific projects

	At beginning of year	Increase	Decrease	At end of year	Reasons of derred income
Special funds granted by government	<u>800,000.00</u>	<u>-</u>	<u>-</u>	<u>800,000.00</u>	<u>Granted by the government</u>

33. Long-term employee benefits payable

	30 June 2019	1 January 2019
Early retirement benefits payable	<u>1,915,000.00</u>	<u>2,050,000.00</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

34. Deferred income

2019	Opening balance	Increase	Decrease	Closing balance	Reasons of derred income
Government grants	91,491,170.40	79,184.44	2,847,536.66	88,722,818.18	Government grants
	<u>91,491,170.40</u>	<u>79,184.44</u>	<u>2,847,536.66</u>	<u>88,722,818.18</u>	

As at 30 June 2019, deferred income from government grants are as follow:

Government program	grants	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)		75,555,441.17	-	1,349,204.28	-	74,206,236.89	Asset related
Guangxi Logistics Project		6,453,426.58	-	-	230,346.06	6,223,080.52	Asset related
Guangzhou Logistics standardization project		2,815,012.55	-	-	273,123.42	2,541,889.13	Asset related
A comprehensive experimental service industry subsidies		1,500,000.00	-	-	150,000.00	1,350,000.00	Asset related
Shared Logistics Center		252,058.35	-	-	9,400.20	242,658.15	Asset related
Other projects		<u>4,915,231.75</u>	<u>79,184.44</u>	<u> </u>	<u>835,462.70</u>	<u>4,158,953.49</u>	Asset/Income related
		<u>91,491,170.40</u>	<u>79,184.44</u>	<u>1,349,204.28</u>	<u>1498332.38</u>	<u>88,722,818.18</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 (12)). 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(50)), and the other cash compensation.

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Notes to financial statements (Continued)

For the six months ended 30 June 2019

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V Notes to the consolidated financial statements (Continued)

35. Other non-current liabilities

	30 June 2019	1 January 2019
Contract liabilities	53,375.33	-
Governmental medical reserve funds	45,427,343.31	45,427,343.31
Product promotion accumulative points programme	<u>22,359,977.45</u>	<u>23,813,832.87</u>
	<u>67,840,696.09</u>	<u>69,241,176.18</u>

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

		Movement during the current year			
2019	At beginning of year	Issue of new share	Others	Total	At end of year
Shares	<u>428,126,983.00</u>				<u>428,126,983.00</u>

37. Capital surplus

2019	At beginning of year	Increase	Decrease	At end of year
Share premium	2,118,174,787.27	-	-	2,118,174,787.27
Significant reorganization	1,173,907,763.19	-	-	1,173,907,763.19
Other changes in equity of invested units under equity method	(94,032,514.34)	42,424,747.00	-	(51,607,767.34)
Transfer of capital surplus recognized under the previous accounting system	2,650,322.00	-	-	2,650,322.00
Business combination involving enterprises under common control	-	-	-	-
Others	<u>1,120,284,623.39</u>	<u>-</u>	<u>-</u>	<u>1,120,284,623.39</u>
	<u>4,320,984,981.51</u>	<u>42,424,747.00</u>	<u>-</u>	<u>4,363,409,728.51</u>

Capital surplus-others increased by RMB 42,424,747.00 when other changes in equity of Modern Pharmaceutical resulted in adjustment of long-term equity investment and an increase of capital surplus by RMB 42,424,747.00 .

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

(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
	<u>214,063,491.50</u>	<u>-</u>	<u>-</u>	<u>214,063,491.50</u>

39. Retained earnings

	30 June 2019	1 January 2019
Retained earnings at the end of the prior year	6,655,257,147.27	5,572,952,806.39
Retained earnings at beginning of year after retrospective adjustment and restatement	6,655,257,147.27	5,572,952,806.39
Add: Net profit attributable to the parent	650,833,360.40	1,210,742,435.78
Cash dividends payable for ordinary shares	171,250,793.20	128,438,094.90
Others -Business combination involving enterprises under common control	-	-
Retained earnings at end of year	<u>7,134,839,714.47</u>	<u>6,655,257,147.27</u>

40. Operating revenue and cost

	For the six months ended 30 June 2019		For the six months ended 30 June 2018	
	Revenue	Cost	Revenue	Cost
Principal operations	25,040,619,938.98	22,398,327,532.43	20,606,027,974.57	18,355,002,752.42
Other operations	<u>187,527,438.45</u>	<u>17,192,420.44</u>	<u>172,397,627.65</u>	<u>12,640,971.42</u>
	<u>25,228,147,377.43</u>	<u>22,415,519,952.87</u>	<u>20,778,425,602.22</u>	<u>18,367,643,723.84</u>

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Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

40. Operating revenue and cost (Continued)

Classification	Headquarters	Distribution	Retail	Inter-segment offsets	Total
By product					
Include:					
Medicines	-	17,951,760,565.22	5,957,083,892.95	(361,359,523.83)	23,547,484,934.34
Medical appliance	-	1,345,459,501.68	-	-	1,345,459,501.68
Other	<u>4,747,314.83</u>	<u>179,640,288.21</u>	<u>150,815,338.37</u>	<u>-</u>	<u>335,202,941.41</u>
By area					
Include:					
Domestic sales	4,747,314.83	19,476,860,355.11	6,107,899,231.32	(361,359,523.83)	25,228,147,377.43
Overseas sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
By contract duration					
Include:					
Confirm revenue at a certain point in time	-	19,297,220,066.90	5,957,083,892.95	(361,359,523.83)	24,892,944,436.02
Confirm revenue at a certain time period	<u>4,747,314.83</u>	<u>179,640,288.21</u>	<u>150,815,338.37</u>	<u>-</u>	<u>335,202,941.41</u>
Total	<u>4,747,314.83</u>	<u>19,476,860,355.11</u>	<u>6,107,899,231.32</u>	<u>(361,359,523.83)</u>	<u>25,228,147,377.43</u>

Information about the Group's obligations is as follows:

The Group recognises revenue when goods are delivered, and will receive payment within 30-210 days.

The Group recognises revenue after providing services, and will receive payment within 30-210 days.

The expected revenue recognition time for the Group's contract obligations above is in year 2019.

Information related to the sales price allocated to the remaining obligations:

The amount of income corresponding to the obligation that has been signed but has not been fulfilled or has not yet fulfilled is 239,739,020.90 yuan, of which 239,739,020.90 yuan is expected to be recognized in 2019.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

(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 2019	For the six month ended 30 June 2018
City maintenance and construction tax	24,015,771.70	22,352,680.77
Educational surcharge	17,051,137.40	16,112,625.97
Property tax	3,182,784.83	3,075,856.41
Land tax	310,374.16	245,070.74
Vehicle and vessel use tax	71,880.95	98,966.20
Stamp duty	17,406,047.59	14,200,426.96
Others	101,229.81	534,900.20
	<u>62,139,226.44</u>	<u>56,620,527.25</u>

42. Selling expenses

	For the six month ended 30 June 2019	For the six month ended 30 June 2018
Employees payroll and welfare benefits	751,390,265.97	659,176,548.69
Rental expenses	85,603,520.94	322,805,173.33
Transportation charges	42,481,965.66	33,086,676.72
Depreciation expenses	313,982,576.03	26,125,384.59
Promotion and marketing expenses	21,130,375.63	18,454,328.54
Office allowances	19,914,617.62	16,283,197.98
Entertainment expenses	11,670,679.46	11,357,532.12
Storage expenses	15,216,365.97	14,866,861.14
Travel allowances	3,017,736.94	3,415,890.36
Market development fees	3,713,897.19	3,255,084.76
Conference expenses	1,196,924.88	1,654,991.62
Others	214,013,574.44	163,107,086.22
	<u>1,483,332,500.73</u>	<u>1,273,588,756.07</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

(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 2019	For the six month ended 30 June 2018
Employees payroll and welfare benefits	265,705,706.25	248,803,724.84
Rental expenses	9,155,207.14	18,347,245.83
Depreciation expenses	16,813,385.90	12,732,380.45
Office allowances	11,183,599.31	11,877,499.56
Amortization of intangible assets	9,779,109.11	8,272,613.85
Entertainment expenses	5,822,240.83	6,428,775.38
Amortization of long-term deferred expenses	5,532,926.20	4,518,905.10
Vehicle management expenses	3,630,572.81	4,435,451.82
Travel allowances	3,801,532.99	4,323,679.13
Utilities	3,094,494.34	2,713,666.76
Taxations	1,847,691.62	2,241,415.79
Conference expenses	2,586,044.56	2,059,875.35
Repairing fees	2,507,057.40	1,624,550.73
Others	35,757,125.67	23,440,279.19
	<u>377,216,694.13</u>	<u>351,820,063.78</u>

44. Finance costs

	For the six month ended 30 June 2019	For the six month ended 30 June 2018
Interest expenses	169,529,472.37	83,356,367.18
Less: Interest income	(60,630,036.91)	(23,082,233.56)
Cash discount	(23,190,566.63)	(21,542,580.44)
Exchanges loss/(gain)	(389,882.62)	329,665.40
Others	18,776,268.03	18,480,325.74
	<u>104,095,254.24</u>	<u>57,541,544.32</u>

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Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

45. Other incomes

	For the six month ended 30 June 2019	For the six month ended 30 June 2018
Government grants related to daily operating activities	14,974,471.87	10,589,212.57
Taxation service charge refund	<u>16,447.15</u>	<u>741,097.45</u>
	<u>14,990,919.02</u>	<u>11,330,310.02</u>

46. Investment income

	For the six month ended 30 June 2019	For the six month ended 30 June 2018
Investment income from long-term equity investments under the equity method	169,142,289.99	162,662,271.35
Dividend income from other equity instruments invested during the holding period	<u>-</u>	<u>31,500.00</u>
	<u>169,142,289.99</u>	<u>162,693,771.35</u>

47. Impairment loss on financial assets

	For the six month ended 30 June 2019	For the six month ended 30 June 2018
Impairment loss of trade receivables	(1,666,431.98)	(1,172,127.53)
Impairment loss of other receivables	<u>(9,767,669.15)</u>	<u>2,198,829.77</u>
	<u>(11,434,101.13)</u>	<u>1,026,702.24</u>

48. Impairment losses

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

	For the six month ended 30 June 2019	For the six month ended 30 June 2018
Inventory provision	<u>(125,554.34)</u>	<u>(508,849.26)</u>
	<u>(125,554.34)</u>	<u>(508,849.26)</u>
49. Gain on disposal of assets		
	For the six month ended 30 June 2019	For the six month ended 30 June 2018
Gain on disposal of fixed assets	(29,725.44)	389,144.70
Gain on disposal of intangible assets	<u>-</u>	<u>3,892,019.91</u>
	<u>(29,725.44)</u>	<u>4,281,164.61</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

50. Non-operating income

	For the six month ended 30 June 2019	For the six month ended 30 June 2018	Amount classified as non-recurring profit or loss
Government grants	1,349,204.28	1,349,204.28	1,349,204.28
Gain from writing off the unnecessary payment	306,191.87	2,898,512.62	306,191.87
Gain on disposal of non-current assets	195,336.00	2,303.00	195,336.00
Others	1,816,438.10	1,248,931.21	1,816,438.10
	<u>3,667,170.25</u>	<u>5,498,951.11</u>	<u>3,667,170.25</u>

Government grants included in current period profit or loss:

Project Name	Government Department	Reasons for Government grants	Type	Affects the profit or loss of this year	Special or subsidy	For the six months ended 30 June 2019	For the six months ended 30 June 2018	Related to asset/income
Resettlement Compensation of No. 7 Zhongyao Road	Nanning Economic & Technological Development Area Management Committee	Subsidy	Subsidies from local government for support policies such as attracting investment	Yes	No	1,349,204.28	1,349,204.28	Asset related

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

51. Non-operating expenses

	For the six month ended 30 June 2019	For the six month ended 30 June 2018	Amount classified as non-recurring profit or loss
Donation expenses	-	60,000.00	-
Penalty expenses	273,498.60	1,194,388.28	273,498.60
Loss on disposal of a non-current asset	161,292.34	28,525.01	161,292.34
Others	1,283,474.62	514,379.51	1,283,474.62
	<u>1,718,265.56</u>	<u>1,797,292.80</u>	<u>1,718,265.56</u>

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Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

52. Income taxes

	For the six month ended 30 June 2019	For the six month ended 30 June 2018
Current income tax	183,966,126.67	163,102,979.73
Deferred income tax	<u>8,277,799.83</u>	<u>1,383,754.59</u>
	<u><u>192,243,926.50</u></u>	<u><u>164,486,734.32</u></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 2019
Total profit	<u>960,336,481.81</u>
Income taxes calculated at applicable tax rates	240,084,120.45
Lower tax rates enacted by local authorities	(13,265,455.52)
Adjustment of income tax expense of previous years	(4,574,884.17)
Income not subject to tax	(47,995,671.32)
Expenses not deductible for tax	17,747,992.12
Deductible loss on unconfirmed deferred tax assets at end of the period	493,231.44
Impact of the temporary discrepancy on unconfirmed deductible deferred tax assets at end of the period	(255,667.65)
Impact of the temporary discrepancy on unconfirmed deductible deferred tax assets of the pervious year	<u>10,261.15</u>
Income tax	<u><u>192,243,926.50</u></u>

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Notes to financial statements (Continued)

For the six months ended 30 June 2019

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V Notes to the consolidated financial statements (Continued)

53. Notes to items in the cash flow statement

(a) Cash receipts related to other operating activities

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Government grants except tax return	16,340,011.49	10,345,223.64
Rent income	37,910,253.81	37,793,728.50
Received operational restricted bank deposits	123,321,063.70	88,156,799.79
Interest income	60,227,651.15	22,642,258.30
Others	<u>57,683,231.05</u>	<u>153,046,777.37</u>
	<u>295,482,211.20</u>	<u>311,984,787.60</u>

(b) Cash paid relating to other operating activities

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Rental expenses	94,758,728.08	341,152,419.16
Entertainment expenses	17,492,920.29	17,786,307.50
Transportation charges	42,481,965.66	33,086,676.72
Travel expenses	6,819,269.93	7,739,569.49
Storage expenses	15,216,365.97	14,866,861.14
Office expenses	31,098,216.93	28,160,697.54
Advertising expenses	21,130,375.63	18,454,328.54
Others	<u>265,893,688.82</u>	<u>377,222,116.67</u>
	<u>494,891,531.31</u>	<u>838,468,976.76</u>

(c) Cash received relating to other investing activities

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Received entrusted loan payments		44,000,000.00
Received funds of acquiring Sinopharm Huadu		4,680,000.00
Others	<u>-</u>	<u>86,145.15</u>
	<u>-</u>	<u>48,766,145.15</u>

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Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

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

(d) Cash paid relating to other investing activities

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Entrusted borrowings paid to Zhijun Suzhou	-	43,999,800.00
Others	<u>1,093,125.00</u>	<u>-</u>
	<u>1,093,125.00</u>	<u>43,999,800.00</u>

(e) Cash received relating to other financing activities

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Financing restricted monetary funds received	3,512,659.71	79,825,164.60
Others	<u>-</u>	<u>3,920,000.00</u>
	<u>3,512,659.71</u>	<u>83,745,164.60</u>

(f) Cash payments relating to other financing activities

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Bank factoring payable	174,269,120.18	64,002,739.23
Lease payment	299,173,550.25	-
Purchase of equity of minority shareholders	-	54,722,980.00
Others	<u>36,719,497.31</u>	<u>-</u>
	<u>510,162,167.74</u>	<u>118,725,719.23</u>

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Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

54. Supplementary information of cash flow statement

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

	For the six month ended 30 June 2019	For the six month ended 30 June 2018
Net profit	768,092,555.31	689,249,009.91
Adjustments: Provision for asset impairment	11,559,655.47	(506,814.18)
Depreciation of fixed assets and investment properties	48,917,181.72	38,366,126.42
Amortization of intangible assets	14,808,363.43	11,832,914.62
Amortization of long-term prepaid expenses	50,607,272.62	41,638,297.62
Gains on disposal of fixed assets, and other non-current assets	131,566.90	(4,254,942.60)
Finance costs	159,266,607.86	82,449,854.36
Investment income	(169,142,289.99)	(162,693,771.35)
Increase in deferred tax assets	5,674,224.55	3,402,744.73
(Increase)/decrease in deferred tax liabilities	2,603,575.28	(2,018,990.14)
(Increase)/decrease in inventories	(492,796,771.41)	(463,324,117.97)
Increase in operating receivables items	(1,983,255,213.04)	(1,298,602,834.11)
(Decrease)/increase in operating payable items	2,463,112,034.51	1,170,553,090.12
Others	284,178,818.14	119,267,141.77
Net cash generated from operating activities	<u>1,163,757,581.35</u>	<u>225,357,709.20</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

54. Supplementary information of cashflow statement (Continued)

(b) Movement of cash

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Cash at the end of the period	7,768,974,878.91	3,592,715,787.37
Less: Cash at the beginning of the period	<u>7,632,117,020.77</u>	<u>3,673,498,691.48</u>
Net increase in cash	<u>136,857,858.14</u>	<u>(80,782,904.11)</u>

(c) Cash

	30 June 2019	31 December 2018
Cash	7,768,974,878.91	7,632,117,020.77
Incl: Cash on hand	3,415,085.25	5,587,191.18
Bank deposits on demand	<u>7,765,559,793.66</u>	<u>7,626,529,829.59</u>
Ending balance cash and cash equivalent	<u><u>7,768,974,878.91</u></u>	<u><u>7,632,117,020.77</u></u>

55. Notes to changes in shareholders' equity

The current capital reserve -“Other” increased by RMB 42,424,747.00 when other changes in equity of Shyndec Pharma resulted in adjustment of long-term equity investment and an increase of capital surplus amounting to RMB 42,424,747.00.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

56. Assets under restricted ownership or right of use

	Book value	Reasons
Cash and cash equivalents	317,353,629.58	Deposits of bank acceptance notes, deposits for letter of credit and others.
Notes receivables	<u>211,316,836.99</u>	notes receivable discounted but not due
	<u>528,670,466.57</u>	

Note 1: At 30 June 2019, the Group had deposits of bank acceptance notes and letter of credit deposit amounting to RMB317,353,629.58 (31 December 2018: RMB457,664,283.79) (Note V(1)); the deposit of bank acceptance bill is RMB317,047,823.58, the letter of credit deposit is RMB305,806.00.

Note 2: At 30 June 2019, the Group had notes receivable of RMB211,316,836.99, discounted but not due (31 December 2018: RMB170,013,427.11) (Note V (2)).

Note 3: At 30 June 2019, the Group had notes receivable of RMB 0, endorsed but not due (31 December 2018: 301,416.00) (Note V (2)).

57. Government grants

Type	Amount	Account title	Included in current period profit or loss:
2017 Key enterprise development award funds of Liwan District, Guangzhou	3,166,380.00	Other incomes	3,166,380.00
2018 Hundreds of enterprises reward funds of Chancheng District, Foshan City	310,824.00	Other incomes	310,824.00
Third party drug modern logistics public information platform	9,400.20	Other incomes	9,400.20
2013 Guangzhou subsidies for headquarters	264,841.74	Other incomes	264,841.74
Guangzhou special subsidy for the construction of research and development institutions	44,705.94	Other incomes	44,705.94
Guangzhou special subsidy for commerce and trade circulation industry	241,440.44	Other incomes	241,440.44

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

57. Government grants (Continued)

Liwan District Sinopharm Supply Chain Engineering Technology Research and Development Center	11,598.84	Other incomes	11,598.84
Medical Smart Supply Chain E-commerce Service Platform Technology Project	21,884.52	Other incomes	21,884.52
Input tax 10% deduction	406,083.20	Other incomes/ Deferred income	369,265.69
Office rent subsidy	102,415.76	Other incomes	102,415.76
Centralized financial subsidy fund for comprehensive pilot work of modern service industry	150,000.00	Other incomes	150,000.00
Guangdong Provincial Science and Technology Bureau's grant for the "Smart Supply Chain Project"	17,011.65	Other incomes	17,011.65
Guangzhou Logistics Standardization Pilot Project	273,123.42	Other incomes	273,123.42
Industrial application project of pharmaceutical cold chain patent incubator	12,499.98	Other incomes	12,499.98
Key enterprises support rewards of Liwan District, Guangzhou	60,800.00	Other incomes	60,800.00
Employment subsidy	619,679.48	Other incomes	619,679.48
Statistical work subsidy	10,000.00	Other incomes	10,000.00
Nanning logistics project construction support fund	93,203.22	Other incomes	93,203.22
Business bureau award	50,000.00	Other incomes	50,000.00
Business enterprise support reward	300,000.00	Other incomes	300,000.00
Modern logistics cold chain integration monitoring platform project	30,000.00	Other incomes	30,000.00
Medical warehousing center logistics information platform project	71,428.56	Other incomes	71,428.56
Modern pharmaceutical logistics remote location construction project	35,714.28	Other incomes	35,714.28
Industrial transformation and upgrading special funds	179,112.66	Other incomes	179,112.66

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

57. Government grants (Continued)

Quarterly growth award for special funds for industrial development	150,000.00	Other incomes	150,000.00
Subsidies for the employment of disabled persons	18,257.35	Other incomes	18,257.35
Futian district modern service industry quarterly growth award	300,000.00	Other incomes	300,000.00
Special funds for business development	50,000.00	Other incomes	50,000.00
2018 finance bureau subsidy of Putuo district	1,430,000.00	Other incomes	1,430,000.00
Key enterprises support funds of Putuo district	483,143.05	Other incomes	483,143.05
Futian District Industrial Development Special Fund Award	700,000.00	Other incomes	700,000.00
Gulou District Tax Subsidy	130,000.00	Other incomes	130,000.00
Small-scale taxpayers are exempt from VAT	2,310,639.30	Other incomes	2,310,639.30
Tianjin Heping District Business Committee Award	5,600.00	Other incomes	5,600.00
Shenyang City Service Development Special Fund Subsidy	2,000,000.00	Other incomes	2,000,000.00
tax return form Dalian	682,221.79	Other incomes	682,221.79
Weidong District Tax Reward	100,000.00	Other incomes	100,000.00
Yangpu District SME Development Special Fund	169,000.00	Other incomes	169,000.00
Tax system service fee refund	280.00	Other incomes	280.00
Subsidy of electric vehicle	39,619.95	Deferred income	
Resettlement Compensation of No. 7 Zhongyu Road	1,349,204.28	Non-operating income	1,349,204.28
Shenzhen Futian District Development Service Center District Industrial Development Special Fund Loan Discount	133,300.00	Financial expenses	133,300.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

VI. Changes in scope of consolidation

1. Changes in scope of consolidation for other reasons

Establishment of subsidiaries:

	30 June 2019	For the six months ended 30 June 2019
	Net assets	Net profits
Sinopharm Holding Guoda Bayannaoer Co., Ltd.(a)	20,071,010.09	71,010.09
Inner Mongolia Guoda Pharmaceutical Co., Ltd.(b)	19,435,858.10	(564,141.90)
Sinopharm Holding Guoda Yongxingtang Chain (Chaoyang) Co., Ltd.(c)	21,362,985.84	162,985.84

- a. On 18 November 2018, the Group and Hohhot Manshengyuan Trading Co., Ltd. set up Sinopharm Holding Guoda Bayannaoer Co., Ltd. registered capital subscribed RMB 16,000,000.00 and RMB 4,000,000.00 respectively. In January 2019, the Group and minority shareholders completed the capital contribution. The Group holds 80% of its equity after the completion.
- b. On 22 October 2018, The Group wholly-owned Inner Mongolia Guoda Pharmaceutical Co., Ltd., with a registered capital of RMB 20 million., and completed capital contribution in February 2019.
- c. On 30 April 2019, the Group and Chaoyang Bowei Consulting Service Co., Ltd. set up Sinopharm Holding Guoda Yongxingtang Chain (Chaoyang) Co., Ltd., registered capital subscribed RMB 19,380,000.00 and RMB 18,620,000.00 respectively. In June 2019, the Group and the minority shareholders contributed RMB 6,528,000.00 and RMB 6,272,000.00 respectively. The Group holds 51% of its equity after the completion.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

(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%	Establishment
Sinopharm Baise	Baise	Baise	Commercial	-	100%	Establishment
Sinopharm Holding Zhongshan Co., Ltd. (hereafter referred as "Sinopharm Zhongshan")	Zhongshan	Zhongshan	Commercial	-	100%	Establishment
Sinopharm Guigang	Guigang	Guigang	Commercial	-	100%	Establishment
Sinopharm Beihai	Beihai	Beihai	Commercial	-	100%	Establishment
Sinopharm Holding Guangzhou Medical Treatment	Guangzhou	Guangzhou	Commercial	-	51%	Establishment
Sinopharm Holding Shenzhen Jianmin Co., Ltd. (hereafter referred as "Sinopharm Jianmin")	Shenzhen	Shenzhen	Commercial	100%	-	Business combinations involving entities under common control
Sinopharm Holding Shenzhen Traditional & Herbal Medicine Co., Ltd. (hereafter referred as "Sinopharm Traditional & Herbal Medicine")	Shenzhen	Shenzhen	Commercial	100%	-	Business combinations involving entities under common control
Sinopharm Holding Shenzhen Logistics Co., Ltd. (hereafter referred as "Shenzhen Logistics")	Shenzhen	Shenzhen	Services	100%	-	Business combinations involving entities under common control
Sinopharm Holding Guangzhou Co., Ltd. (hereafter referred as "Sinopharm Guangzhou")	Guangzhou	Guangzhou	Commercial	100%	-	Business combinations involving entities under common control
Sinopharm Holding Guangdong Hengxing Co., Ltd. (hereafter referred as "Sinopharm Hengxing")	Guangzhou	Guangzhou	Commercial	-	100%	Business combinations involving entities under common control
Sinopharm Yulin	Yulin	Yulin	Commercial	-	100%	Business combinations involving entities under common control

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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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%	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 Dongguan	Dongguan	Dongguan	Commercial		100.00%	Business combinations involving entities under common control
Sinopharm Zhanjiang	Zhanjiang	Zhanjiang	Commercial		100.00%	Business combinations involving entities under common control
Sinopharm Yanfeng	Shenzhen	Shenzhen	Commercial	51.00%		Business combinations involving entities under common control
Sinopharm Meizhou	Meizhou	Meizhou	Commercial		100.00%	Business combinations involving entities under common control
Sinopharm Huizhou	Huizhou	Huizhou	Commercial		100.00%	Business combinations involving entities under common control
Sinopharm Zhaoqing	Zhaoqing	Zhaoqing	Commercial	-	100%	Business combinations involving entities not under common control
Sinopharm Jiangmen (a)	Jiangmen	Jiangmen	Commercial	-	100%	Business combinations involving entities not under common control
Sinopharm Shaoguan	Shaoguan	Shaoguan	Commercial	-	70%	Business combinations involving entities not under common control
Sinopharm Holding Shantou Co., Ltd. (hereafter referred as "Sinopharm Shantou")	Shantou	Shantou	Commercial	-	100%	Business combinations involving entities not under common control
Foshan Nanhai Medicine Co., Ltd.	Foshan	Foshan	Commercial	-	100%	Business combinations involving entities under common control
Foshan Nanhai Uptodate & Special Medicines Co., Ltd.	Foshan	Foshan	Commercial	-	100%	Business combinations involving entities under common control
Foshan Nanhai Medicine Co., Ltd.	Foshan	Foshan	Commercial	-	100%	Business combinations involving entities under common control

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For the six months ended 30 June 2019

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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	
Guangdong Uptodate & Special Medicines	Guangzhou	Guangzhou	Commercial	-	100%	Business combinations involving entities under common control
Guangdong South Pharmaceutical Foreign Trade Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	100%	Business combinations involving entities under common control
Sinopharm Holding Zhuhai Co., Ltd. ((hereafter referd as “Sinopharm Zhuhai”))	Zhuhai	Zhuhai	Commercial	-	100%	Business combinations involving entities not under common control
Sinopharm Holding Maoming Co., Ltd. ((hereafter referd as “Sinopharm Maoming”))	Maoming	Maoming	Commercial	-	100%	Business combinations involving entities not under common control
Sinopharm Holding GZ Medical Technology Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	51%	Establishment
Sinopharm Holding GZ Medical Supply Chain Service Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	51%	Establishment
Sinopharm Holding Heyuan Co., Ltd. ((hereafter referd as “Sinopharm Heyuan”))	Heyuan	Heyuan	Commercial	-	70%	Business combinations involving entities not under common control
Sinopharm Holding Guoda Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	60%	-	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Chain Store Shanghai Co., Ltd.	Shanghai	Shanghai	Commercial	-	100%	Business combinations involving entities under common control
Beijing Guoda Pharmacy Chain Store Co., Ltd.	Beijing	Beijing	Commercial	-	100%	Business combinations involving entities under common control
Tianjin Guoda Pharmacy Chain Store Co., Ltd.	Tianjin	Tianjin	Commercial	-	80%	Business combinations involving entities under common control
Guangxi Guoda Pharmacy Consulting Chain Store Co., Ltd.	Nanning	Nanning	Commercial	-	100%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Guangdong Co., Ltd.	Shenzhen	Shenzhen	Commercial	-	100%	Business combinations involving entities under common control
Sinopharm Guoda Pharmacy Guangxi Chain Co., Ltd.	Liuzhou	Liuzhou	Commercial	-	100%	Business combinations involving entities under common control
Zhejiang Guoda Pharmacy Co., Ltd.	Hangzhou	Hangzhou	Commercial	-	100%	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%	Business combinations involving entities under common control
Sinopharm Holding Guoda Nanjing Pharmacy Chain Store Co., Ltd.	Nanjing	Nanjing	Commercial	-	60%	Business combinations involving entities under common control
Sinopharm Holding Guoda Shandong Pharmacy Chain Store Co., Ltd.	Linyi	Linyi	Commercial	-	55%	Business combinations involving entities under common control
Sinopharm Holding Guoda Shenyang Pharmacy Chain Store Co., Ltd.(b)	Shenyang	Shenyang	Commercial	-	51%	Business combinations involving entities under common control
Fujian Guoda Pharmacy Chain Store Co., Ltd.(c)	Xiamen	Xiamen	Commercial	-	100%	Business combinations involving entities under common control

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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%	Business combinations involving entities under common control
Quanzhou Guoda Pharmacy Chain Store Co., Ltd.	Quanzhou	Quanzhou	Commercial	-	51%	Business combinations involving entities under common control
Shanxi Guoda Wanmin Pharmacy Chain Store Co., Ltd.	Taiyuan	Taiyuan	Commercial	-	85%	Business combinations involving entities under common control
Sinopharm Holding Hunan Guoda Minshengtang Pharmacy Chain Co., Ltd.	Hengyang	Hengyang	Commercial	-	51%	Business combinations involving entities under common control
Liyang Guoda People Pharmacy Chain Store Co., Ltd.	Liyang	Liyang	Commercial	-	80%	Business combinations involving entities under common control
Sinopharm Holding Guoda Henan Pharmacy Chain Store Co., Ltd.	Pingdingshan	Pingdingshan	Commercial	-	60%	Business combinations involving entities under common control
Sinopharm Holding Guoda Inner Mengdia Pharmacy Chain Store Co., Ltd.	Hohhot	Hohhot	Commercial	-	96.7%	Business combinations involving entities under common control
Sinopharm Hebei Lerentang Pharmacy Chain Store Co., Ltd.	Shijiazhuang	Shijiazhuang	Commercial	-	60%	Business combinations involving entities under common control
Sinopharm Guoda Pharmacy Jiangmen Chain Co., Ltd.	Jiangmen	Jiangmen	Commercial	-	65%	Business combinations involving entities under common control
Sinopharm Holding Guoda Shanxi Yiyuan Pharmacy Chain Store Co., Ltd.	Taiyuan	Taiyuan	Commercial	-	80%	Business combinations involving entities under common control
Sinopharm Holding Xinjiang New & Special Medicines Chain Store Co., Ltd.	Urumqi	Urumqi	Commercial	-	51%	Business combinations involving entities under common control
Sinopharm Holding Guoda ForMe Medicines (Shanghai) Co., Ltd.	Shanghai	Shanghai	Commercial	-	97%	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
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%	Business combinations involving entities under common control
Changzhi Guoda Wanmin Pharmacy Chain Store Co., Ltd.	Changzhi	Changzhi	Commercial	-	51%	Business combinations involving entities under common control
Shanxi Guoda Wanmin Clinic Management Chain Co., Ltd.	Taiyuan	Taiyuan	Medical services	-	100%	Business combinations involving entities under common control
Shanghai Guoda Shanghong Qibao Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	-	51%	Business combinations involving entities under common control
Zhejiang Intimedicine Pharmacy Dongshan Co., Ltd.	Hangzhou	Hangzhou	Commercial	-	51%	Business combinations involving entities under common control
Shanghai Guoda Dongsheng Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	-	100%	Business combinations involving entities under common control

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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 Guoda Drug Store (Shenzhen) Chain Co., Ltd.	Shenzhen	Shenzhen	Commercial	-	100%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Guangzhou Chain Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	100%	Business combinations involving entities under common control
Shanghai Guodong Chinese Traditional Medicine Clinic Co., Ltd.	Shanghai	Shanghai	Medical clinic	-	100%	Business combinations involving entities under common control
Shanghai Guoda Dongxin Pharmacy Chain Store Co., Ltd.	Shanghai	Shanghai	Commercial	-	100%	Business combinations involving entities under common control
Shanghai Yutaitang Chinese Traditional Medicine Clinic Co., Ltd.	Shanghai	Shanghai	Commercial	-	100%	Business combinations involving entities under common control
Sanhe Liyang Golden Elephant Pharmacy Co., Ltd.	Langfang	Langfang	Commercial	-	100%	Business combinations involving entities under common control
Xiaoyi Guoda Wanmin Baicaotang Pharmacy Chain Store Co., Ltd.	Xiaoyi	Xiaoyi	Commercial	-	70%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Hulun Buir Co., Ltd.	Hulun Buir	Hulun Buir	Commercial	-	51%	Business combinations involving entities under common control
ForMe Xuhui	Shanghai	Shanghai	Commercial	-	100%	Business combinations involving entities under common control
Sinopharm Holding Ulanqab Co., Ltd.	Ulanqab	Ulanqab	Commercial	-	60%	Establishment
Sinopharm Guoda Pharmacy Qinhuangdao Chain Co., Ltd.	Qinhuangdao	Qinhuangdao	Commercial	-	51%	Business combinations involving entities under common control
Taishan Sinopharm Holding Guoda Qunkang Pharmacy Chain Store Co., Ltd.	Taishan	Taishan	Commercial	-	70%	Business combinations involving entities under common control
Beijing Golden Elephant Fuxing Technology Co., Ltd.	Beijing	Beijing	Commercial	-	80%	Business combinations involving entities under common control
Sinopharm Lerentang Shijiazhuang Pharmaceutical	Shijiazhuang	Shijiazhuang	Commercial	-	100%	Business combinations involving entities under common control
Sinopharm Holding Guoda Drug Store Manchuria Co., Ltd.	Manchuria	Manchuria	Commercial	-	51%	Establishment
Sinopharm Guoda Drug Store Anshan Chain Co., Ltd.	Anshan	Anshan	Commercial	-	51%	Establishment
Sinopharm Holding Guoda Yongsheng Drug Store (Shanghai) Co., Ltd.	Shanghai	Shanghai	Commercial	-	55%	Establishment
Sanhe Lixin Golden Elephant Drugstore Co., Ltd.	Langfang	Langfang	Commercial	-	100%	Establishment
Sinopharm Holding Foshan Medical Consumables Supply Chain Co., Ltd.	Foshan	Foshan	Commercial	-	70%	Establishment
Sinopharm Holding Medical Supply Chain Service (Guangxi) Co., Ltd.	Nanning	Nanning	Commercial	-	30.06%	Establishment
Shanghai Guoda Haohai Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	-	51%	Establishment
Sinopharm Holding Baiyi Pharmacy Guangxi Co., Ltd.	Nanning	Nanning	Commercial	-	51%	Establishment
Sinopharm Holding Hezhou Co., Ltd.	Hezhou	Hezhou	Commercial	-	100%	Establishment

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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 National Pharmacy Zhengzhou Chain Co., Ltd.	Zhengzhou	Zhengzhou	Commercial	-	60%	Establishment
Shanghai Guoda Ruijing Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	-	55%	Establishment
Fujian Guoda Pharmaceutical Co., Ltd.	Xiamen	Xiamen	Commercial	-	100%	Establishment
Sinopharm Holding Qinzhou Co., Ltd.	Qinzhou	Qinzhou	Commercial	-	100%	Establishment
Sinopharm Holding Hechi Co., Ltd.	Hechi	Hechi	Commercial	-	100%	Establishment
Sinopharm Holding Guangzhou Huadu Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	70%	Business combinations involving entities not under common control
Sinopharm Holding Guoda Shanxi Pharmaceutical Co., Ltd.(d)	Taiyuan	Taiyuan	Commercial	-	100%	Business combinations involving entities not under common control
Taiyuan Tongxinli Pharmacy Co., Ltd.	Taiyuan	Taiyuan	Commercial	-	100%	Business combinations involving entities not under common control
Sinopharm Holding Guoda Bayannaoer Co., Ltd.(e)	a Bayannaoer	a Bayannaoer	Commercial	-	80%	Establishment
Inner Mongolia Guoda Pharmaceutical Co., Ltd.(f)	Hohhot	Hohhot	Commercial	-	100%	Establishment
Sinopharm Holding Guoda Yongxingtang (Chaoyang) Co., Ltd.(g)	Chaoyang	Chaoyang	Commercial	-	51%	Establishment

VII Interests in other entities(Continued)

1. Interests in subsidiaries(Continued)

(1) The composition of the Group(Continued)

- On 13 March 2019, Sinopharm Jiangmen was renamed as “Sinopharm Holding (Jiangmen) Co., Ltd.”.
- Sinopharm Holding Guoda Shenyang Pharmacy Chain Store Co., Ltd increased the registered capital by RMB32,000,000.00 with undistributed profits. After the capital increased, the registered capital of Shenyang Guoda increased from RMB18,000,000.00 to RMB 50,000,000.00, and the shareholding ratio of the original shareholders did not change.
- On 17 April 2019, the shareholder of Fujian Guoda Pharmacy Chain Store Co., Ltd. Changed from Sinopharm Holding Guoda Pharmacy Co., Ltd. to Fujian Guoda Pharmaceutical Co., Ltd. by internal transfer. The 100% equity of Fujian Guoda Chain held by the original shareholder Sinopharm Holding Guoda Pharmacy Co., Ltd. was transferred to Fujian Guoda Pharmaceutical Co., Ltd.
- On 1 February 2019, Shanxi Zhongao Pharmaceutical Co., Ltd. was renamed as “Sinopharm Holding Guoda Shanxi Pharmaceutical Co., Ltd.”.
- On 5 November 2018, the Group and Hohhot Manshengyuan Trading Co., Ltd. set up Sinopharm Holding Guoda Bayannaoer Co., Ltd. registered capital subscribed RMB 16,000,000.00 and RMB 4,000,000.00 respectively. In January 2019, the Group and minority shareholders completed the capital contribution. The Group holds 80% of its equity after the completion.
- On 22 October 2018, the Group wholly-owned Inner Mongolia Guoda Pharmaceutical Co., Ltd., with a registered capital of RMB 20 million., and completed capital contribution in February 2019.
- On 30 April 2019, the Group and Chaoyang Bowei Consulting Service Co., Ltd. set up Sinopharm Holding Guoda Yongxingtang Chain (Chaoyang) Co., Ltd., registered capital subscribed RMB 19,380,000.00 and RMB 18,620,000.00 respectively. In June 2019, the Group and minority shareholders contributed RMB 6,528,000.00 and RMB 6,272,000.00 respectively. The Group holds 51% of its equity after the completion.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

VII. Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

(1) Important non-wholly owned subsidiary

Subsidiaries	Minority shareholding ratio	Profit or loss attributable to minority shareholders in the current period	Dispatch of dividends to minority shareholders in the current period	Minority shareholders' equity
Sinopharm Holding Guoda Pharmacy Co., Ltd.	40.00%	60,082,149.76		1,743,715,207.60

(2) Key financial information of important non-wholly owned subsidiaries

Subsidiaries	30 June 2019						31 December 2018					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Sinopharm Holding Guoda Pharmacy Co., Ltd.	7,637,323,815.74	3,210,489,588.58	10,847,813,404.32	4,642,692,689.21	1,027,988,905.69	5,670,681,594.90	7,467,662,962.46	1,567,755,313.41	9,035,418,275.87	3,994,471,884.62	64,729,132.20	4,059,201,016.82

Subsidiaries	For the six months ended 30 June 2019				For the six months ended 30 June 2018			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Sinopharm Holding Guoda Pharmacy Co., Ltd.	6,107,899,231.32	186,189,865.75	186,189,865.75	545,455,740.77	5,143,601,636.87	172,985,004.03	172,985,004.03	77,797,706.43

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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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. (hereafter referd as"Main Luck Pharmaceutical ")	Shenzhen	Shenzhen	Manufacturing	35.19%	-	Equity
Sinopharm Zhijun(Suzhou) Pharmaceutical Co., Ltd.	Suzhou	Suzhou	Manufacturing	33.00%	-	Equity
Sinopharm Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	Shenzhen	Shenzhen	Manufacturing	49.00%	-	Equity
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	Shenzhen	Shenzhen	Commercial	49.00%	-	Equity
Sinopharm Zhijun(Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Shenzhen	Shenzhen	Manufacturing	49.00%	-	Equity
Shanghai Shyndec Pharmaceutical Co., Ltd. (hereafter referd as "Shyndec Pharmaceutical")	Shanghai	Shanghai	Manufacturing	16.28%	-	Equity
Shanghai Dingqun Enterprise Management Consulting Co., Ltd.(hereafter refered as "Shanghai Dingqun")	Shanghai	Shanghai	Business service industry	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 Guangdong Co., Ltd.	Guangqzhou	Guangqzhou	Commercial	-	29.00%	Equity

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Notes to financial statements (Continued)

For the six months ended 30 June 2019

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VII. Interests in other entities (Continued)

2. Interests in associates (Continued)

		Principal place of business	Place of incorporation	Nature of business	Shareholding(%)		Accounting
					Direct	Indirect	
Associates							
Dongyuan pharmaceutical Co., Ltd.	accord chain	Heyuan	Heyuan	Commercial	-	45.00%	Equity
Guangdong Construction Investment Management Co., Ltd.(hereafter as “Guangdong Jianhui”)	Jianhui	Zhanjiang	Zhanjiang	Public-Private-Partnership	-	10.00%	Equity
Shanghai Pharmacy Co., Ltd.	Renbei	Shanghai	Shanghai	Commercial	-	30.00%	Equity

Explication of the shareholding ratio of a joint venture differs from the proportion of voting rights:

The basis that holds less than 20% of the voting rights but has a significant impact, or holds 20% or more of the voting rights but has no significant impact:

- (1) The highest authority of Shanghai Dingqun is the shareholders' meeting, and the shareholders exercise their voting rights according to the proportion of capital contribution. At the same time, Shanghai Dingqun has set up a board of directors which is responsible for the shareholders' meeting. The board consists of three members, of which the company has appointed one director. The vote on the board's resolution is one vote per person, and all the board resolutions should be passed by more than half of all directors.
- (2) The highest authority of Guangdong Jianhui is the shareholders' meeting, and the shareholders exercise their voting rights according to the proportion of the capital contribution. At the same time, Guangdong Jianhui set up a board of directors which is responsible for the shareholders' meeting. The board consists of five members, of which the company has appointed one director. The vote on the resolution of the board of directors is one vote per person.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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VII. Interests in other entities (Continued)

3. Summarised financial information of significant associate

	30 June 2019/ For the six months ended 30 June 2019	1 January 2019/ For the six months ended 30 June 2018
	Shanghai Shyndec Pharmaceutical Co., Ltd.	Shanghai Shyndec Pharmaceutical Co., Ltd.
Current assets	10,502,009,120.54	8,470,191,403.19
Non-current assets	7,879,885,410.94	7,993,673,189.70
Total assets	18,381,894,531.48	16,463,864,592.89
Current liabilities	7,111,735,949.12	6,568,480,863.79
Non-current liabilities	2,323,172,902.37	1,452,099,931.65
Total liabilities	9,434,908,851.49	8,020,580,795.44
Non-controlling interests	1,616,396,132.89	1,637,029,480.44
Shareholders' equity attributable to shareholders of the parent	7,330,589,547.10	6,806,254,317.01
Portion of net assets calculated by shareholding ratio	1,189,353,675.16	1,098,566,852.51
Carrying value of equity investment in joint ventures	1,189,353,675.16	1,098,566,852.51
Operating revenue	6,255,380,073.90	5,853,255,169.05
Net profit	525,814,658.05	575,258,204.58
Total comprehensive income	525,814,658.05	575,258,204.58
Dividends received from joint ventures this period	16,896,427.80	8,641,853.20
	30 June 2019/ For the six months ended 30 June 2019	1 January 2019/ For the six months ended 30 June 2018
	Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.
Current assets	1,288,625,706.65	1,111,485,098.64
Non-current assets	302,186,939.74	298,610,691.12
Total assets	1,590,812,646.39	1,410,095,789.76
Current liabilities	725,207,812.63	659,931,220.07
Non-current liabilities	20,932,797.22	24,953,965.28
Total liabilities	746,140,609.85	684,885,185.35
Non-controlling interests	-	-
Shareholders' equity attributable to shareholders of the parent	844,672,036.54	725,210,604.41
Portion of net assets calculated by shareholding ratio	413,889,297.90	355,353,196.15
Carrying value of equity investment in joint ventures	413,889,297.90	355,353,196.15
Operating revenue	1,060,889,164.97	979,292,309.92
Net profit	119,461,432.13	125,252,164.85
Total comprehensive income	119,461,432.13	125,252,164.85
Dividends received from joint ventures this period	-	58,111,254.57

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Notes to financial statements (Continued)
For the six months ended 30 June 2019

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VIII. Risks related to financial instruments

1. Classification of financial instruments

The carrying amounts of each category of financial instruments as at the date of financial position are as follows:

30 June 2019					
Financial assets	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income		Total
	Mandatorily required		Mandatorily required	Designation	
Cash and bank balances	-	8,086,328,508.49	-	-	8,086,328,508.49
Notes receivable	-	790,664,828.26	-	-	790,664,828.26
Accounts receivable	-	11,826,440,731.59	-	-	11,826,440,731.59
Receivable financing	-	-	325,439,580.18	-	325,439,580.18
Other receivables	-	654,086,387.85	-	-	654,086,387.85
Other non-current financial assets	140,000,000.00	-	-	-	140,000,000.00
Investment in other equity instrument	-	-	-	13,685,760.00	13,685,760.00
	140,000,000.00	21,357,520,456.19	325,439,580.18	13,685,760.00	21,836,645,796.37

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

VIII. Risks related to financial instruments (Continued)

1. Classification of financial instruments (Continued)

30 June 2019

Financial liabilities	Financial liabilities at amortised cost
Short-term borrowings	3,290,877,595.23
Notes payable	3,539,095,262.34
Accounts payable	8,088,697,602.94
Other payables	1,474,526,698.43
Non-current liabilities due within one year	<u>558,296,784.75</u>
	<u>16,951,493,943.69</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2019

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

VIII. Risks related to financial instruments (Continued)

1. Classification of financial instruments (Continued)

The carrying amounts of each category of financial instruments as at the date of financial position are as follows:

1 January 2019

Financial assets	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income		Total
	Mandatorily required		Mandatorily required	Designation	
Cash and cash equivalents	-	8,089,781,304.56	-	-	8,089,781,304.56
Notes receivable	-	789,536,654.23	-	-	789,536,654.23
Accounts receivable	-	9,336,861,647.92	-	-	9,336,861,647.92
Receivable financing	-	-	567,775,275.40	-	567,775,275.40
Other receivables	-	643,493,359.32	-	-	643,493,359.32
Other non-current financial assets	140,000,000.00	-	-	-	140,000,000.00
Investment in other equity instrument	-	-	-	13,685,760.00	13,685,760.00
	140,000,000.00	18,859,672,966.03	567,775,275.40	13,685,760.00	19,581,134,001.43

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

VIII. Risks related to financial instruments (Continued)

1. Classification of financial instruments (Continued)

1 January 2019

Financial liabilities	Financial liabilities at amortised cost
Short-term borrowings	2,597,652,702.43
Notes payable	3,416,755,681.80
Accounts payable	6,468,535,961.17
Other payables	1,539,436,971.93
Non-current liabilities due within one year	5,861,324.37
Long-term borrowings	31,600,000.00
Long-term payables	3,763,978.52
	<u>14,063,606,620.22</u>

2. Transfer of financial assets

Transferred financial assets that are not derecognized in their entirety

As at 30 June 2019, the Group had endorsed commercial bills receivable (the "Endorsed Bills") to certain of its suppliers in order to settle trade payables due to such suppliers of RMB5,000,000.00 (31 December 2018: RMB 301,416.00). During the year, the Group operated a number of discounting business through several banks in China. At 30 June 2019, the carrying value thereof was RMB211,316,836.99 (31 December 2018: RMB170,013,427.11). 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 trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights of 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 2019, the carrying value of trade payables settled by the Group totalled RMB216,316,836.99 (31 December 2018: RMB170,314,843.11).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

(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 2019, the Group had endorsed commercial bills receivable (the "Endorsed Bills") to certain of its suppliers in order to settle trade payables due to such suppliers of RMB665,479,757.50 (31 December 2018: RMB568,118,674.84). During the year, the Group operated a number of discounting business through several banks in China. At 30 June 2019, the carrying value thereof was RMB879,092,916.00 (31 December 2018: RMB705,143,849.35). 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 trade payables. 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.

During the six months ended 30 June 2019, the Group has not recognized any gain or loss on the date of transfer. No gain or loss was recognized from derecognized financial assets in which the Continuing Involvement exists, both during the year or cumulatively.

During the six months ended 30 June 2019, 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.

As part of its normal business, the Group entered into an trade receivable factoring arrangement (the "Arrangement") without recourse and transferred certain trade receivables 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 trade receivables. The original carrying value of the derecognized trade receivables transferred under the Arrangement that have not been settled as at 30 June 2019 amounted to RMB1,299,923,031.76 (31 December 2018: RMB827,745,640.19).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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VIII. Risks related to financial instruments (Continued)

3. Risks of financial instruments

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 trade receivables and trade payables, which arise directly from its operations.

The Company's board of directors are responsible for planning and establishing the risk management framework of the Group, formulating risk management policies and related guidelines of the Group and supervising the implementation of risk management measures. The Group has already developed risk management policies to identify and analyse the risks faced by the Group, which have clearly identified specific risks, covering a lot of aspects such as market risk, credit risk and liquidity risk management. The Group regularly assesses the market environment and changes in the Group's business activities to determine whether or not to update the risk management policies and systems. The risk management of the Group shall be conducted by the operations and management department according to the policy approved by the Company's management. The operations and management department identifies, evaluates and avoids related risks by means of close cooperation with other business units of the Group.

To avoid the risk concentrating on a single industry, a specific area or a specific counterparty, the Group spreads financial instruments risk with diversified investments and business portfolio.

Credit risk

The Group only trades with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the special approval of the credit control department of the Group.

Since cash and bank balances, bank acceptance bills receivable and derivative financial instruments are placed in the well-established banks with high credit ratings, the credit risk of these financial instruments is lower.

The other financial instruments of the Group include cash and bank and other receivables. The credit risk of these financial assets result from default of counterparty. The maximum credit exposure equals to the book value of these instruments.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

VIII. Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Credit risk (Continued)

The Group applies standard credit clause for sale of goods to customers, at the same time purchase other goods from some of the major customers. Disclosures regarding maximum credit exposure on trade receivables are as follows:

	30 June 2019	1 January 2019
Trade receivable book value	12,991,845,283.92	10,733,695,012.29
Less: Bad debt provision	<u>(49,300,143.89)</u>	<u>(39,521,434.74)</u>
Carrying value	<u>12,942,545,140.03</u>	<u>10,694,173,577.55</u>
Amount payable to customer		

The Group has agreement with customers stating that only in the circumstances of default in payment from the customer, can the Group use the payable balance of the same customer to offset receivables. Therefore, at every balance sheet date, the maximum credit risk exposure of the Group is the total amount of trade receivables less bad debt provision. Since payables cannot be offset within the balance sheet, the maximum credit risk exposure is without deducting the customer payable balance.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Credit risks are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

Determination of significant increase in credit risk

At each reporting date, the group determines whether the credit risk of a financial asset has increased significantly since initial recognition. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. In order to determine the change of expected default risk during the financial instrument's entire lifetime, the Group compares the default risk of financial instrument on the balance sheet date and on the initial recognition date base on a single financial instrument or financial instrument portfolio with similar default risk.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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VIII. Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Credit risk (Continued)

The Group determines that the credit risk of financial assets has significantly increased when one or more quantitative or qualitative criteria are met:

- quantitative criteria are mainly probability of default increasing more than a given % since initial recognition;
- qualitative criteria are mainly significant detrimental changes in the borrower's operating or financial conditions and early warning customer lists.
- The upper criteria is 30 days the borrowers default.

Definition of credit-impaired financial assets

In assessing whether a financial asset is credit-impaired, the Group considers both quantitative and qualitative information in line with internal credit risk management. The Group assesses whether a financial asset is credit-impaired by considering the following factors:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for security because of financial difficulties;
- financial assets purchased or sourced at large discounts indicating that credit losses have occurred.

The impairment of financial assets may not be necessarily due to a single disparate event. The combined effects of multiple events may result in financial assets being credit-impaired.

Parameter of the expected credit loss model

Based on whether there is a significant increase in credit risk and whether the financial assets are credit-impaired, the Group recognizes impairment allowance for different assets using either 12-month expected credit losses or lifetime expected credit losses. The measurement of the ECL model is a function of the probability of default, the loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The Group establishes the model by considering the quantitative analysis of historical statistics such as counterparty rating, the guarantee method, collateral category, repayment method, and also forward-looking information.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

VIII. Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Credit risk (Continued)

Definitions:

- The probability of default is the probability that the debtor will not be able to meet its repayment obligations within the following 12 months or throughout the remaining duration. To reflect the macro-economic environment conditions, the Group's assessment of the probability of default is based on the calculation of the ECL model adjusted by forward-looking information.
- The loss given default (i.e. the magnitude of the loss if there is a default) refers to the Group's expectation of the extent of the loss of default risk exposure. The loss given default varies depending on the type of counterparty, the way and priority of recourse, and the type of collateral. The loss given default is the percentage of the risk exposure loss at the time of default, calculated on the basis of the next 12 months or the entire duration.
- The exposure at default refers to the amount that the Group should be repaid in the event of default in the next 12 months or throughout the remaining period.

Forward-looking information

The assessment of a significant increase in credit risk and the calculation of the ECL both involve forward-looking information. The Group recognizes key economic ratios that influence credit risk and ECL by historical data analysis.

As at 30 June 2019, there was no evidence of significant increase in credit risk (31 December 2018: nil).

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 headquarters 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.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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VIII. Risks related to financial instruments (Continued)

4. 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 30 June 2019 and 1 January 2019 were as follows:

	30 June 2019	1 January 2019
Gearing ratio	<u>56.59%</u>	<u>54.44%</u>

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Notes to financial statements (Continued)

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IX. Disclosure of fair value

1. Assets and liabilities at fair value

30 June 2019:

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
Receivable financing	-	325,439,580.18	-	325,439,580.18
Investment in other equity instrument	- -	13,685,760.00	-	13,685,760.00
Other non-current financial assets	<u>-</u>	<u>-</u>	<u>140,000,000.00</u>	<u>140,000,000.00</u>
	<u>-</u>	<u>339,125,340.18</u>	<u>140,000,000.00</u>	<u>479,125,340.18</u>

1 January 2019:

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
Receivable financing	-	567,775,275.40	-	567,775,275.40
Investment in other equity instrument	- -	13,685,760.00	-	13,685,760.00
Other non-current financial assets	<u>-</u>	<u>-</u>	<u>140,000,000.00</u>	<u>140,000,000.00</u>
	<u>-</u>	<u>581,461,035.40</u>	<u>140,000,000.00</u>	<u>721,461,035.40</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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IX. Disclosure of fair value

2. Assets and liabilities disclosed at fair value

1 January 2019:

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
Long-term borrowings	-	31,600,000.00	-	31,600,000.00

3. Estimation of fair value

The following are book value and fair value of financial instruments of the Group excluding those that has immaterial different in book value and fair value:

	30 June 2019		1 January 2019		31 December 2018	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial liabilities						
Long-term borrowings	-	-	31,600,000.00	31,600,000.00	31,600,000.00	31,600,000.00

Management has assessed that the fair values of cash and cash equivalents, notes receivable, trade receivables, other receivables, short-term borrowings, notes payable, trade payables, other payables, non-current liabilities due within one year and other current assets and liabilities, and current liabilities approximate to their carrying amounts largely due to the short remaining maturities of these instruments.

The financial controller of the Group takes the responsibility to formulate policies and procedures related to financial instrument fair value measurements and directly reports to the CFO and the audit committee. On each balance sheet date, the financial department analyses the variation of the fair value of financial instruments and determines the inputs applicable to valuation. The valuation is required to be approved by the CFO.

The fair values of financial assets and liabilities are the amount at which the instrument could be exchanged or debts could be settled in an arm's length transaction between knowledgeable and willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair values of short-term and long-term borrowings, and long-term payables have been calculated by discounting the expected future cash flows using market rates of return currently available for other financial instruments with similar terms, credit risk and remaining maturities. As at 30 June 2019, the Group's own non-performance risk for short-term and long-term borrowings was assessed to be insignificant.

For an equity instrument of listed entities, the market price is used to determine fair value. For an equity instrument of non-listed entities, the market comparable company model is used to estimate fair value. The Group believes that estimated fair value by the valuation method is rational, and also the most sufficient value at the balance sheet date.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

IX. Disclosure of fair value

4. Unobservable inputs

A financial instrument that is measured at fair value with measurement of level 3 is insensitive to reasonable fluctuation of the unobservable inputs.

5. Transfers between levels of fair value measurement

At 30 June 2019 and 1 January 2019, there were no transfers of fair value measurements between Level 1 and Level 2.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2019

(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.	297,165.62	56.06%	56.06%

The ultimate controlling party of the Company is CNPGC.

2. Subsidiaries

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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
Shyndec 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
Shanghai Renbei Pharmacy Co., Ltd.	Associate
Guangdong Jianhui Construction Investment Management Co., Ltd.	Associate

4. Other related parties

<u>Company name</u>	<u>Related party relationships</u>
Sinopharm Holding Shanxi 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 Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhihuiminsheng (Tianjin) Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shenyang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dalian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jinzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hubei Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Jincheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Mingdikang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Zhidekang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Medicine Logistic Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hunan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yongzhou Co., Ltd.	Controlled by Sinopharm Group
China National Medicines Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

<u>Company name</u>	<u>Related party relationships</u>
Sinopharm Group Guorui Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Prospect Dentech (Beijing) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm holdings Beijing huahong co., Ltd	Controlled by Sinopharm Group
Sinopharm Holding Zhejiang 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 Pingdingshan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anhui 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 Lunan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Rizhao Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jinan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dezhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Liaocheng 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 Putian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Quanzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xiamen Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Fuzhou Medical Devices Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ningxia Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinyu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Inner Mongolia Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tongliao Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ulanqab Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Bayannaoer Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hulun Buir Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ordos Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jilin Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chongqing Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiangsu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yangzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yangzhou Biological Products Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

<u>Company name</u>	<u>Related party relationships</u>
Sinopharm Holding Taizhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yangzhou Medical Treatment Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Suzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wuxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Lianyungang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yancheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Heilongjiang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Le-Ren-Tang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Hebei Medical Instrument Trade 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 Holding Donghong Medical (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Shanghai Merro Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Huaideju Pharmaceutical (Xiamen) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhangzhou Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dalian Hecheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changsha Co., Ltd.	Controlled by Sinopharm Group
Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.	Controlled by Sinopharm Group
Sinopharm Group Anhui Medical Devices Co., Ltd.	Controlled by Sinopharm Group
China Medical Equipment Shandong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Liaoning Medical Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanxi Medical Devices Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanghai Medicine Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hunan Pharmaceutical Development Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Instrument Branch Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tianjin Distribution Center Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhangzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Sichuan Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Gansu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiangxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chengdu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Guangdong Medicine Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	Controlled by Sinopharm Group
Sinopharm Xinxiang Chain Store Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yunnan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nantong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Medical Instrument Guizhou Qiannan Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

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

<u>Company name</u>	<u>Related party relationships</u>
Sinopharm Zhuhai Medical Instrument Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Huaian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanghai Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tianjin Binhai Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
China National Pharmaceutical Logistics Co., Ltd.	Controlled by Sinopharm Group
Xinjiang Baitong Property Service Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Medicine Logistic Co., Ltd. Guangzhou Branch	Controlled by Sinopharm Group
China National Scientific Instruments & Materials Imp/Exp Shenzhen Co., Ltd.	Controlled by Sinopharm Group
Guorun Medical Supply Chain Service (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding (Hubei) Base Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Lvliang Co., Ltd.	Controlled by Sinopharm Group
Guoyao Lerentang Hebei Medical Device Supply Chain Management Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guizhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nanping Newforce Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Hebei Medical Instrument Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jinhua Co., Ltd.	Controlled by Sinopharm Group
Shanghai Tongyu Information Technology Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tianjin North Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding (Hubei) Hankou Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hubei Hongyuan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiaozuo Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wuhu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Honghe Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chuxiong 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 Guanai Yuankang Pharmacy (Haikou) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Longyan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ningde Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anshun 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 Chain Store 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 Xuzhou Co., Ltd.	Controlled by Sinopharm Group
Guoyao Lerentang Shijiazhuang Medical Management Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Qinghai Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chongqing Taimin Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group

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Notes to financial statements (Continued)

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<u>Company name</u>	<u>Related party relationships</u>
Sinopharm Holding Deyang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hongrun Medical Business Service (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Guangdong Medical Examination Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Medical Instrument Foshan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Nanping Medical Instrument Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Guangxi Medical Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anhui Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Suzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Lu'an Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nanchang Chain Store Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinxiang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Huangshi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jining Co., Ltd.	Controlled by Sinopharm Group
Fujian Sinopharm Medical Instrument Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Baoding Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Hengshui Medicine Co., Ltd.	Controlled by Sinopharm Group
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Xinjiang Korla Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	Controlled by CNPGC
Huayi Pharmaceutical Co., Ltd.	Controlled by CNPGC
Beijing Huamiao Pharmaceutical 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
Sinopharm Fengliaoxing (Foshan) Medicines Co., Ltd.	Controlled by CNPGC
Shandong Lu Ya Pharmaceutical Co., Ltd.	Controlled by CNPGC
Foshan Fengliaoxing Pharmaceutical Co., Ltd.	Controlled by CNPGC
Winteam Pharmaceutical Group Ltd.	Controlled by CNPGC
Foshan Dezhong Pharmaceutical Co., Ltd.	Controlled by CNPGC
Chengdu Rongsheng Pharmacy Co., Ltd.	Controlled by CNPGC
Lanzhou Biotechnology Development Co., Ltd.	Controlled by CNPGC
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	Controlled by CNPGC
Shantou Jinshi Powder Injection Co., Ltd.	Controlled by CNPGC
Chengdu Institute of Biological Products Co., Ltd.	Controlled by CNPGC
China National Pharmaceutical Industry Co., Ltd.	Controlled by CNPGC
Sinopharm Xinjiang Pharmaceutical 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

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Notes to financial statements (Continued)

For the six months ended 30 June 2019

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<u>Company name</u>	<u>Related party relationships</u>
China National Pharmaceutical Foreign Trade Corporation	Controlled by CNPGC
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	Controlled by CNPGC
Sinopharm Yixin Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Holding Sanyi Medicine (Wuhu) Co., Ltd.	Controlled by CNPGC
Guizhou Tongjitang Pharmacy Chain Co., Ltd.	Controlled by CNPGC
Sichuan Jiangyouzhongbafuzi Technology Development Co., Ltd.	Controlled by CNPGC
Lanzhou Institute of Biological Products Co., Ltd.	Controlled by CNPGC
Sinopharm Wuhan blood products Co., Ltd.	Controlled by CNPGC
Fujian Chentian Jinling Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Group Guizhou Blood 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
Group Financial Co.	Controlled by CNPGC
Shanghai Shangsheng Biological Products Co., Ltd.	Controlled by CNPGC
Sinopharm Group Chengdu Xinlibang Biological Products Co., Ltd.	Controlled by CNPGC
Sinopharm Weiqida Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Fengliaoqing Medical Hospital Co., Ltd.	Controlled by CNPGC
Sinopharm Group Fengliaoqing Traditional Chinese Medical Center Foshan Nanhai Co., Ltd.	Controlled by CNPGC
Sinopharm Group Fengliaoqing Pharmacy (Foshan) Co., Ltd.	Controlled by CNPGC
Yichang Humanwell Pharmaceutical Co., Ltd.	Associate of Sinopharm Group
Hutchison Whamoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	Associate of Sinopharm Group
Sinopharm Health Online Co., Ltd.	Associate of Sinopharm Group
Sinopharm Holding Financing Lease Co., Ltd.	Associate of Sinopharm Group
Shanghai Guoda Lingyun Pharmacy Co., Ltd.	Associate of Sinopharm Group
Nanchang Sinopharm Holding Guoyao Tang Pharmacy Co., Ltd.	Associate of Sinopharm Group
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	Associate of CNPGC
China Otsuka Pharmaceutical Co., Ltd.	Associate of CNPGC
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	Associate of CNPGC
Sinopharm ShanXi Ruifulai Pharmaceutical Co., Ltd.	Associate of CNPGC
Chongqing Yaoyou Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Sichuan Hexin Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Guilin South pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Shanghai Chaohui Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Tibet Yaoyou Medicines Co., Ltd.	Subsidiary of Fosun Pharm
Shenyang Hongqi Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Shanghai Transfusion Technology 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
Jiangsu Huanghe Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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<u>Company name</u>	<u>Related party relationships</u>
Suzhou Erye Pharmaceutical Limited Company	Subsidiary of Fosun Pharm
Jiangsu Fuxing Pharmaceutical Trading Co., Ltd	Subsidiary of Fosun Pharm
Jiangxi Erye Medicine Marketing Co., Ltd.	Subsidiary of Fosun Pharm
Shanghai Compound Technology Medical Devices Co., Ltd.	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 Qianda Medical Beauty Clinic	Subsidiary of Fosun Pharm
Shenzhen Heng Sheng Hosital	Subsidiary of Fosun Pharm
Shenzhen Wanwei Medicine Trading Co., Ltd.	Subsidiary of Main Luck Pharmaceutical
Linyi Medical Group Co., Ltd.	Non-controlling interest of a subsidiary
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Non-controlling interest of a subsidiary
Henan Wanxitang Pharmacy Co., Ltd.	Non-controlling interest of a subsidiary
Heyuan Mairui Trading Co., Ltd.	Non-controlling interest of a subsidiary
Shenyang Pharmaceutical Co., Ltd.	Non-controlling interest of a subsidiary
Zhang Zhenfang	Non-controlling interest of a subsidiary
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	Non-controlling interest of a subsidiary
Lerentang Investment Group Co., Ltd.	Non-controlling interest of a subsidiary
Shenzhen Jiufeng Investment Co., Ltd.	Non-controlling interest of a subsidiary
Hunan Minshengtang Investment Co., Ltd.	Non-controlling interest of a subsidiary
Taishan Qunkang Pharmacy Co., Ltd.	Non-controlling interest of a subsidiary
Gu Haiqun	Non-controlling interest of a subsidiary
Guangdong Jiyuantang Development Co., Ltd.	Non-controlling interest of a subsidiary
Hangzhou Xihu Business Group Corporation	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
Gu Jinhua	Family member of the non-controlling shareholder of a subsidiary
Wang Yang	Controller of non-controlling interest of a subsidiary

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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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	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Holding Sub Marketing Center Co., Ltd.	Purchase of goods	583,923,608.63	515,167,083.81
China National Medicines Co., Ltd.	Purchase of goods	263,718,638.49	237,636,101.58
Sinopharm Holding Shanxi Co., Ltd.	Purchase of goods	165,125,264.60	156,466,334.83
Sinopharm Holding Shanxi Co., Ltd.	Purchase of goods	117,012,541.61	83,517,976.15
Sinopharm Group	Purchase of goods	92,577,206.95	95,150,353.69
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	Purchase of goods	84,007,944.24	33,623,739.18
Sinopharm Holding Shenyang Co., Ltd.	Purchase of goods	63,745,181.47	63,689,297.73
Sinopharm Le-Ren-Tang Medicine Co., Ltd.	Purchase of goods	58,690,396.26	79,259,083.01
Lanzhou Biotechnology Development Co., Ltd.	Purchase of goods	55,500,000.00	-
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	Purchase of goods	54,227,928.18	90,145,795.30
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Purchase of goods	46,674,234.45	39,872,567.55
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	Purchase of goods	45,672,377.13	127,271,627.94
Sinopharm Holding Inner Mongolia Co., Ltd.	Purchase of goods	34,523,083.38	18,984,953.29
Sinopharm Holding Lunan Co., Ltd.	Purchase of goods	32,561,603.45	39,298,409.81
Sinopharm Holding Yangzhou Co., Ltd.	Purchase of goods	29,671,574.81	23,005,232.97
Jinzhou AoHong Pharmaceuticals Co., Ltd.	Purchase of goods	28,182,818.68	23,749,213.17
Chongqing Yaoyou Pharmaceutical Co., Ltd.	Purchase of goods	27,810,842.74	21,508,305.23
Tibet Yaoyou Medicines Co., Ltd.	Purchase of goods	22,100,470.84	2,761,512.07
Sinopharm Holding Beijing Co., Ltd.	Purchase of goods	20,533,829.97	23,822,442.41
Shenzhen Main Luck Pharmaceutical Co., Ltd.	Purchase of goods	19,919,483.19	14,173,934.35
Winteam Pharmaceutical Group Ltd.	Purchase of goods	19,827,909.28	15,331,219.12
Jiangxi Erye Medicine Marketing Co., Ltd.	Purchase of goods	17,959,707.56	-
Sinopharm Holding Fujian Co., Ltd.	Purchase of goods	16,041,870.46	9,171,420.33
Sinopharm Holding Lerentang Pharmaceutical Co., Ltd.	Purchase of goods	15,458,862.78	16,967,826.05
Sinopharm Group Zhijun(Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Purchase of goods	14,856,080.60	5,519,530.03

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

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

Purchase of goods and receiving of services from related parties

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Holding Pingdingshan Co., Ltd.	Purchase of goods	14,429,720.75	14,446,097.55
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	Purchase of goods	14,255,875.26	4,670,243.13
Chengdu Rongsheng Pharmacy Co., Ltd.	Purchase of goods	13,746,664.10	8,958,139.00
Sinopharm Holding Jiangsu Co., Ltd.	Purchase of goods	12,867,682.99	12,276,533.11
Sinopharm Holding Henan Co., Ltd.	Purchase of goods	12,814,208.20	6,575,293.46
Shenzhen Wanwei Medicine Trading Co., Ltd.	Purchase of goods	10,936,219.06	10,428,796.93
Sinopharm Holding Xiamen Co., Ltd.	Purchase of goods	10,273,616.32	9,246,131.91
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	Purchase of goods	10,193,725.00	3,614,733.64
Sinopharm Holding Hubei Co., Ltd.	Purchase of goods	9,071,305.78	-
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	Purchase of goods	8,677,802.26	10,465,965.70
Sinopharm Holding Shandong Co., Ltd.	Purchase of goods	7,306,060.58	718,163.95
Sinopharm Holding Ningxia Co., Ltd.	Purchase of goods	7,213,084.95	6,113,483.50
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	Purchase of goods	7,161,067.43	3,676,515.83
Yichang Humanwell Pharmaceutical Co., Ltd.	Purchase of goods	6,711,635.43	4,513,583.78
Sinopharm Holding Changzhou Co., Ltd.	Purchase of goods	6,705,005.60	2,900,395.11
China Otsuka Pharmaceutical Co., Ltd.	Purchase of goods	6,697,508.52	241,236.29
Shanghai Modern Pharmaceutical Co., Ltd. (Modern Pharmaceutical)	Purchase of goods	6,577,712.26	142,521.39
Sinopharm Yixin Pharmaceutical Co., Ltd.	Purchase of goods	6,463,202.79	-
Sinopharm Holding Hunan Co., Ltd.	Purchase of goods	5,496,202.17	22,435,971.65
Sichuan Hexin Pharmaceutical Co., Ltd.	Purchase of goods	5,339,761.19	1,094,458.11
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	Purchase of goods	5,189,668.17	2,003,690.59
Suzhou Erye Pharmaceutical Limited Company	Purchase of goods	4,729,210.71	9,554,764.03
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	Purchase of goods	4,541,480.00	-
Sinopharm Chuan Kang Pharmaceutical Co., Ltd.	Purchase of goods	4,521,905.90	5,794,907.91
Sinopharm Holding Shanxi Lvliang Co., Ltd.	Purchase of goods	4,369,021.12	-
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	Purchase of goods	3,824,818.27	4,530,675.45

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

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

Purchase of goods and receiving of services from related parties

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Group Guorui Medicine Co., Ltd.	Purchase of goods	3,219,200.90	3,735,052.72
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	Purchase of goods	3,158,018.27	1,574,958.10
Sinopharm Holding Jinan Co., Ltd.	Purchase of goods	3,031,490.28	3,621,583.69
Sinopharm Holding Tongliao Co., Ltd.	Purchase of goods	2,906,482.17	584,726.70
Sinopharm Holding Fuzhou Co., Ltd.	Purchase of goods	2,676,398.89	4,703,935.11
Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.	Purchase of goods	2,652,028.86	2,298,554.23
Sinopharm Holding Heilongjiang Co., Ltd.	Purchase of goods	2,603,286.79	-
Shanghai Shangsheng Biological Products Co., Ltd.	Purchase of goods	2,478,155.34	-
Sinopharm Holding Wuxi Co., Ltd.	Purchase of goods	2,456,981.90	2,453,393.36
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	Purchase of goods	2,326,076.00	1,889,376.44
Sinopharm holdings Beijing huahong co., Ltd	Purchase of goods	2,143,025.16	3,550,261.18
Sinopharm Holding Jinzhou Co., Ltd.	Purchase of goods	2,050,823.42	2,249,516.98
Shanghai Chaohui Pharmaceutical Co., Ltd.	Purchase of goods	1,967,905.09	330,363.62
Guizhou Tongjitang Pharmaceutical Co., Ltd.	Purchase of goods	1,947,122.98	1,536,282.82
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Purchase of goods	1,673,805.68	1,799,439.15
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	Purchase of goods	1,672,471.40	2,240,460.54
Jiangsu Fuxing Pharmaceutical Trading Co., Ltd	Purchase of goods	1,647,132.50	-
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	Purchase of goods	1,634,592.42	1,451,522.48
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	Purchase of goods	1,634,371.49	615,989.84
Shantou Jinshi Powder Injection Co., Ltd.	Purchase of goods	1,575,114.81	330,119.93
Sinopharm Weiqida Pharmaceutical Co., Ltd.	Purchase of goods	1,396,321.58	31,965.52
Shenyang Hongqi Pharmaceutical Co., Ltd.	Purchase of goods	1,395,942.72	1,058,670.33
Sinopharm Holding Zhihuiminsheng (Tianjin) Pharmaceutical Co., Ltd.	Purchase of goods	1,374,403.26	80,410.58
China National Pharmaceutical Industry Co., Ltd.	Purchase of goods	1,237,603.17	188,275.39
Hunan Dongting Pharmaceutical Co., Ltd.	Purchase of goods	1,221,714.73	340,441.92
Sinopharm Holding Yancheng Co., Ltd.	Purchase of goods	1,174,557.52	1,402,672.48
Sinopharm Holding Changsha Co., Ltd.	Purchase of goods	1,166,442.94	414,897.11

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

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

Purchase of goods and receiving of services from related parties

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	Purchase of goods	1,115,619.67	921,863.31
Sinopharm Fengliaoxing (Foshan) Medicines Co., Ltd.	Purchase of goods	1,047,564.70	-
Sinopharm Group Southwest Medicine Co., Ltd.	Purchase of goods	942,169.90	153,389.66
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	Purchase of goods	904,775.75	400,421.76
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	Purchase of goods	853,055.98	200,544.82
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	Purchase of goods	825,452.16	121,618.26
Sinopharm Holding Suzhou Co., Ltd.	Purchase of goods	821,818.78	6,247,553.79
Chengdu Institute of Biological Products Co., Ltd.	Purchase of goods	821,518.40	-
Sinopharm Holding Lianyungang Co., Ltd.	Purchase of goods	815,620.38	153,111.27
Sinopharm Holding Hulun Buir Co., Ltd.	Purchase of goods	813,318.59	713,341.49
Guangdong Medi-World Pharmaceutical Co., Ltd.	Purchase of goods	778,815.71	584,223.16
Sinopharm Holding Dalian Co., Ltd.	Purchase of goods	708,136.87	769,041.46
Sinopharm Holding Tianjin Co., Ltd.	Purchase of goods	706,163.71	1,598,345.37
Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	Purchase of goods	627,257.64	63,648.72
Sinopharm Holding Putian Co., Ltd.	Purchase of goods	602,182.39	895,532.89
Sinopharm Holding Anhui Co., Ltd.	Purchase of goods	558,299.15	539,726.50
Sinopharm Holding Hainan Co., Ltd.	Purchase of goods	556,396.59	97,450.60
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	Purchase of goods	551,162.81	763,625.20
Anhui Jingfang Pharmaceutical Co., Ltd.	Purchase of goods	537,444.48	(13,269.30)
Sinopharm Group Guizhou Blood Products Co., Ltd.	Purchase of goods	536,000.00	-
Shanghai Merro Pharmaceutical Co., Ltd.	Purchase of goods	513,712.42	2,016,321.47
Sinopharm Holding Quanzhou Co., Ltd.	Purchase of goods	509,096.37	509,662.25
Guilin South pharmaceutical Co., Ltd.	Purchase of goods	491,705.68	-
Shanghai Transfusion Technology Co., Ltd.	Purchase of goods	444,825.76	-
Sinopharm Holding Yangzhou Medical Treatment Equipment Co., Ltd.	Purchase of goods	434,284.50	-
Sinopharm Holding Zhejiang Co., Ltd.	Purchase of goods	383,036.87	289,516.54
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	Purchase of goods	357,980.82	435,887.39

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

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

Purchase of goods and receiving of services from related parties

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Fujian Chentian Jinling Pharmaceutical Co., Ltd.	Purchase of goods	328,557.99	-
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	Purchase of goods	257,629.73	109,039.96
Sinopharm Wuhan blood products Co., Ltd.	Purchase of goods	248,000.00	-
Sinopharm Holding Shanxi Zhidekang Medicine Co., Ltd.	Purchase of goods	189,064.65	-
Sinopharm Holding Dalian Hecheng Co., Ltd.	Purchase of goods	175,327.42	262,027.99
Sinopharm Holding Yangzhou Biological Products Co., Ltd.	Purchase of goods	166,268.35	444,000.00
Foshan Fengliaoqing Pharmaceutical Co., Ltd.	Purchase of goods	160,792.59	2,015,702.90
Sinopharm Holding (Hubei) Base Pharmaceutical Co., Ltd.	Purchase of goods	152,076.28	-
Sinopharm Holding Dezhou Co., Ltd.	Purchase of goods	148,796.05	228,731.52
Sinopharm Holding Hunan Pharmaceutical Development Co., Ltd.	Purchase of goods	142,539.15	-
Jiangsu Huanghe Pharmaceutical Co., Ltd.	Purchase of goods	133,968.48	-
Sinopharm Holding Bayannaoer Co., Ltd.	Purchase of goods	120,003.15	-
China Medical Equipment Shandong Co., Ltd.	Purchase of goods	116,013.65	-
Sinopharm Group Shanxi Co., Ltd.	Purchase of goods	111,864.77	87,596.90
Foshan Dezhong Pharmaceutical Co., Ltd.	Purchase of goods	95,965.53	-
Sinopharm Liaoning Medical Equipment Co., Ltd.	Purchase of goods	90,783.71	-
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	Purchase of goods	73,542.96	12.82
Sinopharm Holding Fuzhou Medical Devices Co., Ltd.	Purchase of goods	40,707.96	-
Sinopharm Holding Sanyi Medicine (Wuhu) Co., Ltd.	Purchase of goods	39,203.47	58,952.78
The Fourth Pharmaceutical Co., Ltd. of Zhonglian Group	Purchase of goods	35,353.29	24,295.86
Sinopharm Holding Taizhou Co., Ltd.	Purchase of goods	34,438.88	73,304.23
Sichuan Jiangyouzhongbafuzi Technology Development Co., Ltd.	Purchase of goods	29,090.91	49,297.30
Sinopharm Holding Rizhao Co., Ltd.	Purchase of goods	19,834.99	586,905.03
Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	Purchase of goods	19,401.89	27,310.34
Guoyao Lerentang Hebei Medical Device Supply Chain Management Co., Ltd.	Purchase of goods	17,131.04	-
Sinopharm Holding Ulanqab Co., Ltd.	Purchase of goods	17,027.43	308,191.79
Sinopharm Holding Shanxi Mingdikang Medicine Co., Ltd.	Purchase of goods	14,185.41	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

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

Purchase of goods and receiving of services from related parties

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Holding Jilin Co., Ltd.	Purchase of goods	13,152.13	-
Sinopharm Group Medicine Logistic Co., Ltd.	Purchase of goods	10,445.10	-
Sinopharm Holding Zhangzhou Pharmaceutical Co., Ltd.	Purchase of goods	10,137.93	-
Sinopharm Holding Shanxi Jincheng Co., Ltd.	Purchase of goods	8,408.74	11,481.46
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	Purchase of goods	6,891.48	335,484.62
Lanzhou Institute of Biological Products Co., Ltd.	Purchase of goods	-	52,860,000.00
China National Pharmaceutical Foreign Trade Corporation	Purchase of goods	-	13,645,110.09
Sinopharm Holding Shanxi Instrument Branch Co., Ltd.	Purchase of goods	-	7,410,730.23
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	Purchase of goods	-	995,510.64
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	Purchase of goods	-	193,277.45
Sinopharm Group Zhijun(Suzhou) Pharmaceutical Co., Ltd.	Purchase of goods	-	173,484.94
Sinopharm Holding Guizhou Co., Ltd.	Purchase of goods	-	73,729.75
Chongqing Haisiman Pharmaceutical Co., Ltd.	Purchase of goods	-	33,895.38
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	Purchase of goods	-	20,598.94
Sinopharm Holding Nanping Newforce Co., Ltd.	Purchase of goods	-	15,315.32
Sinopharm Zhuhai Medical Instrument Co., Ltd.	Purchase of goods	-	9,564.95
Sinopharm Hebei Medical Instrument Co., Ltd.	Purchase of goods	-	6,533.84
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
Sinopharm Holding Ordos Co., Ltd.	Purchase of goods	-	(10,667.01)
Sinopharm Holding Yongzhou Co., Ltd.	Purchase of goods	(49.36)	38,141.67
Sinopharm Prospect Dentech (Beijing) Co., Ltd.	Purchase of goods	(63.80)	4,073.48
Sinopharm Group Chengdu Xinlibang Biological Products Co., Ltd.	Purchase of goods	(9,500.00)	-
Shandong Lu Ya Pharmaceutical Co., Ltd.	Purchase of goods	(23,551.03)	2,909,280.05
Huayi Pharmaceutical Co., Ltd.	Purchase of goods	(191,940.52)	695,732.52
Sinopharm Group Medicine Logistic Co., Ltd.	Storage and transport	7,275,965.45	6,666,668.71

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

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

Purchase of goods and receiving of services from related parties

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Health Online Co., Ltd.	Consulting service fee	6,298,404.97	6,085,895.22
Shanghai Beiyi Guoda pharmaceutical Co. Ltd.	Consulting service fee	1,229,716.93	1,263,962.22
Shanghai Tongyu Information Technology Co., Ltd.	Information system access fee	142,764.15	98,113.21
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	Others	109,458.10	-
China National Pharmaceutical Logistics Co., Ltd.	Storage and transport cost	54,651.59	44,030.65
Sinopharm Holding Tianjin Binhai Pharmaceutical Co., Ltd.	Information system access fee	-	7,075.47

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

(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	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Group	Sale of goods	113,329,103.30	54,514,170.65
Foshan Chancheng Pharmaceutical Co., Ltd.	Sale of goods	59,004,606.02	42,375,781.14
Shanghai Beiyi Guoda pharmaceutical Co. Ltd.	Sale of goods	55,645,701.04	49,727,338.63
Sinopharm Holding Hainan Co., Ltd.	Sale of goods	48,570,645.00	29,338,160.25
Sinopharm Holding Hainan Hongyi Co., Ltd.	Sale of goods	17,357,873.16	24,127,524.50
Sinopharm Holding Wenzhou Co., Ltd.	Sale of goods	14,754,017.76	10,830,194.79
Sinopharm holdings Beijing huahong co., Ltd	Sale of goods	13,727,246.49	4,816,641.92
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	Sale of goods	12,079,800.79	7,489,471.75
Sinopharm Holding Sub Marketing Center Co., Ltd.	Sale of goods	12,022,683.32	8,970,804.72
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Sale of goods	11,241,528.41	9,738,902.57
Sinopharm Holding Beijing Co., Ltd.	Sale of goods	10,806,898.05	5,770,691.44
Shenzhen Heng Sheng Hosital	Sale of goods	10,482,252.70	8,215,885.93
Sinopharm Le-Ren-Tang Medicine Co., Ltd.	Sale of goods	9,207,801.66	7,728,482.84
Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.	Sale of goods	9,123,984.75	10,524,551.98
Sinopharm Holding Henan Co., Ltd.	Sale of goods	8,408,084.97	8,736,054.45
Sinopharm Sichuan Pharmaceutical Co., Ltd.	Sale of goods	7,749,468.18	9,061,104.38
Sinopharm Holding Nantong Co., Ltd.	Sale of goods	7,649,412.43	8,717,338.95
Sinopharm Holding Shandong Co., Ltd.	Sale of goods	7,547,654.37	4,577,546.05
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	Sale of goods	7,346,892.05	6,837,559.00
Foshan Chancheng District Central Hospital	Sale of goods	5,456,346.95	4,504,644.96
Sinopharm Holding Hubei Co., Ltd.	Sale of goods	5,366,299.13	3,772,162.27
Sinopharm Holding Shanxi Co., Ltd.	Sale of goods	5,246,365.87	917,123.69
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	Sale of goods	4,369,980.09	673,847.93
Sinopharm Holding Yangzhou Co., Ltd.	Sale of goods	4,293,371.83	5,144,530.81
Shanghai Merro Pharmaceutical Co., Ltd.	Sale of goods	4,068,584.00	1,223,626.19
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Sale of goods	3,423,834.39	17,376,808.71

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

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

Sale of goods and rendering of services

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Holding Yunnan Co., Ltd.	Sale of goods	3,291,886.51	5,713,012.18
Foshan Chanyixing Medicine Development Co Ltd.	Sale of goods	3,252,324.63	1,450,198.02
Sinopharm Holding Anhui Co., Ltd.	Sale of goods	2,691,014.38	1,168,187.29
Sinopharm Holding Jinzhou Co., Ltd.	Sale of goods	2,509,334.67	-
Sinopharm Holding Xuzhou Co., Ltd.	Sale of goods	2,496,791.90	-
Sinopharm Holding Tianjin Co., Ltd.	Sale of goods	2,043,046.86	1,029,758.40
China National Medicines Co., Ltd.	Sale of goods	1,932,350.56	1,740,716.75
Sinopharm Holding Shanxi Co., Ltd.	Sale of goods	1,927,565.82	2,577,305.96
Sinopharm Holding Jilin Co., Ltd.	Sale of goods	1,861,781.97	1,172,196.27
Sinopharm Holding Dalian Co., Ltd.	Sale of goods	1,833,913.00	1,263,047.36
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	Sale of goods	1,828,562.25	4,409,528.78
Sinopharm Holding Fujian Co., Ltd.	Sale of goods	1,731,691.96	979,220.98
Sinopharm Group Southwest Medicine Co., Ltd.	Sale of goods	1,580,662.42	1,006,172.43
Sinopharm Holding Hunan Co., Ltd.	Sale of goods	1,476,158.08	1,308,950.82
Sinopharm Holding Anhui Pharmaceutical Co., Ltd.	Sale of goods	1,436,139.10	-
Shanghai Liyi Drug Store Co.,Ltd	Sale of goods	1,432,059.22	-
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	Sale of goods	1,283,881.89	-
Yuxi Sinopharm Medicine Co., Ltd.	Sale of goods	956,668.77	625,927.21
Sinopharm Holding Ningxia Co., Ltd.	Sale of goods	772,293.60	240,539.93
Sinopharm Holding Dalian Hecheng Co., Ltd.	Sale of goods	743,390.17	301,982.46
Sinopharm Holding Shenyang Co., Ltd.	Sale of goods	608,363.96	103,846.57
Sinopharm Holding Gansu Co., Ltd.	Sale of goods	505,887.62	1,353,030.00
Sinopharm Holding Wuxi Co., Ltd.	Sale of goods	484,790.17	349,203.27
Shanghai Guoda Lingyun Pharmacy Co., Ltd.	Sale of goods	425,714.65	540,476.78
Sinopharm Holding Wuhu Co., Ltd.	Sale of goods	419,826.51	127,195.59
Sinopharm Holding Jiaozuo Co., Ltd.	Sale of goods	406,784.27	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

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

Sale of goods and rendering of services

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Holding Yancheng Co., Ltd.	Sale of goods	382,851.04	-
Sinopharm Holding Honghe Co., Ltd.	Sale of goods	377,186.11	9,595.25
Sinopharm Holding Tianjin North Medicine Co., Ltd.	Sale of goods	363,748.93	58,775.86
Sinopharm Holding Inner Mongolia Co., Ltd.	Sale of goods	326,327.82	239,130.68
Sinopharm Group Guangdong Medicine Device Co., Ltd.	Sale of goods	296,825.53	-
Sinopharm Group Shanxi Co., Ltd.	Sale of goods	266,895.84	486,510.78
Sinopharm Holding Chengdu Co., Ltd.	Sale of goods	252,754.20	215,685.18
Sinopharm Holding Qinghai Co., Ltd.	Sale of goods	250,674.21	168,653.68
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	Sale of goods	225,250.43	448,887.64
Sinopharm Holding Tongren Co., Ltd.	Sale of goods	197,968.78	21,011.20
Sinopharm Holding (Hubei) Hankou Pharmacy Co., Ltd.	Sale of goods	195,295.22	-
Nanchang Sinopharm Holding Guoyaotang Pharmacy Co., Ltd.	Sale of goods	173,403.11	-
Sinopharm Holding Guizhou Co., Ltd.	Sale of goods	158,213.27	1,042,466.52
Sinopharm Holding Chongqing Taimin Pharmaceutical Co., Ltd.	Sale of goods	155,771.69	-
Sinopharm Holding Zunyi Co., Ltd.	Sale of goods	146,542.78	35,054.94
Sinopharm Holding Taizhou Co., Ltd.	Sale of goods	141,236.61	-
Shenzhen Qianda Medical Beauty Clinic	Sale of goods	140,970.86	-
Sinopharm Holding Chongqing Co., Ltd.	Sale of goods	138,748.70	145,147.69
Sinopharm Holding Hubei Hongyuan Co., Ltd.	Sale of goods	132,556.02	97,162.40
Sinopharm Holding Fuzhou Co., Ltd.	Sale of goods	131,753.26	6,927.14
Sinopharm Group Fengliaoxing Pharmacy (Foshan) Co., Ltd.	Sale of goods	128,687.69	-
Sinopharm Holding Jiangxi Co., Ltd.	Sale of goods	123,135.25	371,671.87
Sinopharm Medical Instrument Guizhou Qiannan Co., Ltd.	Sale of goods	114,833.43	12,712.58
Sinopharm Fengliaoxing Medical Hospital Co., Ltd.	Sale of goods	101,588.59	16,804.60
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	Sale of goods	86,668.69	175,352.41
Sinopharm Holding Jiangsu Co., Ltd.	Sale of goods	76,013.68	-
Sinopharm Guangdong Medical Examination Co., Ltd.	Sale of goods	73,203.54	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

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

Sale of goods and rendering of services

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Holding Guizhou Medical Equipment Co., Ltd.	Sale of goods	70,073.94	133,404.19
Sinopharm Group Guangxi Medical Equipment Co., Ltd.	Sale of goods	66,013.12	-
Shanghai Compound Technology Medical Devices Co., Ltd.	Sale of goods	59,482.76	-
Sinopharm Medical Instrument Foshan Co., Ltd.	Sale of goods	58,330.19	-
Sinopharm Guanai Yuankang Pharmacy (Haikou) Co., Ltd.	Sale of goods	55,763.79	-
Sinopharm Holding Changzhou Co., Ltd.	Sale of goods	50,185.70	435,840.01
Sinopharm Holding Ulanqab Co., Ltd.	Sale of goods	47,434.77	175,775.17
Sinopharm Holding Longyan Co., Ltd.	Sale of goods	44,963.97	58,172.99
Sinopharm Holding Chuxiong Co., Ltd.	Sale of goods	41,712.99	-
Sinopharm Holding Jilin Chain Store Co., Ltd.	Sale of goods	38,234.48	91,435.98
Sinopharm Holding Deyang Co., Ltd.	Sale of goods	36,771.21	-
Dongyuan accord pharmaceutical chain Co., Ltd.	Sale of goods	30,868.27	39,393.65
Sinopharm Holding Anshun Co., Ltd.	Sale of goods	21,688.95	-
Sinopharm Nanping Medical Instrument Co., Ltd.	Sale of goods	19,993.91	-
Sinopharm Holding Ningde Co., Ltd.	Sale of goods	19,818.67	23,864.90
Sinopharm Holding Liaocheng Co., Ltd.	Sale of goods	15,779.79	15,596.82
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	Sale of goods	14,949.89	7,617.49
Sinopharm Zhuhai Medical Instrument Co., Ltd.	Sale of goods	13,939.15	9,119.70
Sinopharm Holding Shanxi Jincheng Co., Ltd.	Sale of goods	11,204.59	-
Sinopharm Holding Siping Co., Ltd.	Sale of goods	9,998.28	26,548.13
Sinopharm Holding Hongrun Medical Business Service (Shanghai) Co., Ltd.	Sale of goods	9,884.46	19,240.32
China National Scientific Instruments & Materials Imp/Exp Shenzhen Co., Ltd.	Sale of goods	6,320.71	-
Sinopharm Group Fengliaoqing Traditional Chinese Medical Center Foshan Nanhai Co., Ltd.	Sale of goods	6,233.90	-
Sinopharm Jienuo Medical Treatment Service Guangdong Co., Ltd.	Sale of goods	3,590.16	-
Guoyao Lerentang Shijiazhuang Medical Management Co., Ltd.	Sale of goods	2,663.79	-
Sinopharm Holding Zhejiang Co., Ltd.	Sale of goods	-	921,282.05
Hubei Pharmaceutical Group Co., Ltd.	Sale of goods	-	853,130.68

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

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

Sale of goods and rendering of services

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Holding Heilongjiang Co., Ltd.	Sale of goods	-	324,789.98
Sinopharm Holding Yongzhou Co., Ltd.	Sale of goods	-	203,544.77
Sinopharm Holding Huaian Co., Ltd.	Sale of goods	-	128,653.00
Sinopharm Holding Suzhou Co., Ltd.	Sale of goods	-	103,840.63
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 Nanchang Chain Store Co., Ltd.	Sale of goods	-	54,017.59
Sinopharm Holding Xinxiang Co., Ltd.	Sale of goods	-	34,164.62
Sinopharm Holding Huangshi Co., Ltd.	Sale of goods	-	34,025.78
Sinopharm Holding Jining Co., Ltd.	Sale of goods	-	19,035.54
Fujian Sinopharm Medical Instrument Co., Ltd.	Sale of goods	-	13,988.00
Sinopharm Lerentang Baoding Medicine Co., Ltd.	Sale of goods	-	12,991.45
Sinopharm Lerentang Hengshui Medicine Co., Ltd.	Sale of goods	-	12,108.38
Sinopharm Holding Hulun Buir Co., Ltd.	Sale of goods	-	4,570.00
Sinopharm Holding Putian Co., Ltd.	Sale of goods	(33,809.91)	64,610.68
Sinopharm Holding Quanzhou Co., Ltd.	Sale of goods	(87,055.63)	-
China National Medicines Co., Ltd.	Transport and storage income	4,430,727.40	3,580,698.30
Sinopharm Group Medicine Logistic Co., Ltd.	Transport and storage income	401,376.93	294,804.62
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	Meal fee	308,882.00	294,180.00
Sinopharm Group Zhijun(Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Transport and storage income	123,995.03	122,242.00
Sinopharm Group Southwest Medicine Co., Ltd.	Transport and storage income	82,001.72	-
Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	Consulting service income	2,792.45	-
Sinopharm Holding Shanxi Co., Ltd.	Consulting service income	1,688.12	9,433.96
Guizhou Tongjitang Pharmaceutical Co., Ltd.	Consulting service income	-	8,285.71
Winteam Pharmaceutical Group Ltd.	Consulting service income	-	2,023.58
Sinopharm Holding Shanxi Instrument Branch Co., Ltd.	Other income	-	1,132.08

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

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

Sale of goods and rendering of services

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
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CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

(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 For the six months ended 30 June 2019	Income from leases For the six months ended 30 June 2018
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	Building	957,142.86	351,428.58
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	Building	285,714.30	285,714.30
China National Medicines Co., Ltd.	Building	<u>24,000.00</u>	<u>45,714.29</u>

(b) As the lessee

	Type of assets under leases	Expense from leases For the six months ended 30 June 2019	Expense from leases For the six months ended 30 June 2018
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Building	6,670,660.92	5,461,904.76
Sinopharm Group Medicine Logistic Co., Ltd.	Equipment	3,750,000.00	3,750,000.00
Sinopharm Group Shanghai Co., Ltd.	Building	3,721,698.57	3,790,426.48
Sinopharm Group Medicine Logistic Co., Ltd.	Building	3,539,999.98	3,539,999.98
Lerentang Investment Group Co., Ltd.	Building	3,354,162.22	2,277,892.99
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	Building	2,405,696.37	1,277,732.57
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Building	2,234,982.50	3,914,124.76
Sinopharm Holding Yangzhou Co., Ltd.	Building	1,902,091.52	1,862,857.14
Hunan Minshengtang Investment Co., Ltd.	Building	1,838,716.70	2,027,673.99
Linyi Medical Group Co., Ltd.	Building	1,482,764.04	2,036,376.45
Guangdong Jiyuantang Development Co., Ltd.	Building	1,088,752.31	1,192,864.11
Nanjing Yuanguang Trading Co., Ltd.	Building	855,468.84	866,794.89
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	Building	476,713.98	470,161.86
Taishan Xiangranhui Trade Co., Ltd	Building	456,054.17	451,963.88
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	Building	277,303.54	184,253.18
Sinopharm Group	Building	267,553.06	259,915.02

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

Wang Yang	Building	262,857.12	262,857.12
Sinopharm Holding Beijing Co., Ltd.	Building	260,870.74	235,714.29
Shenyang Pharmaceutical Co., Ltd.	Building	253,564.15	3,548,219.75
Zhang Zhenfang	Building	214,062.49	402,499.98

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

(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	Expense from leases For the six months ended 30 June 2019	Expense from leases For the six months ended 30 June 2018
Gu Jinhua	Building	207,084.48	178,800.00
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	Building	173,068.27	173,523.81
Hangzhou Xihu Business Group Corporation	Building	145,986.38	132,823.81
China National Medicines Co., Ltd.	Building	145,865.91	153,750.00
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	Building	136,369.86	130,208.30
Gu Haiqun	Building	108,277.61	0.00
Shenzhen Jiufeng Investment Co., Ltd.	Building	100,414.19	89,260.15
Taishan Qunkang Pharmacy Co., Ltd.	Building	70,864.95	74,170.32
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	Building	47,990.56	236,051.50
Sinopharm Holding Fujian Co., Ltd.	Building	6,571.39	6,571.38
Sinopharm Holding Shanxi Co., Ltd.	Building	0.00	234,017.16
Xinjiang Baitong Property Service Co., Ltd.	Building	0.00	44,581.16
Sinopharm Group Zhijun(Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Park	0.00	35,428.57

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

(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.	43,428,873.45	22 April 2019	31 May 2019	Discount on commercial acceptance notes
Group Financial Co.	40,197,120.84	17 April 2019	17 July 2019	Short-term borrowings
Group Financial Co.	38,384,946.67	24 January 2019	28 February 2019	Discount on commercial acceptance notes
Group Financial Co.	37,311,327.27	22 May 2019	22 August 2019	Short-term borrowings
Group Financial Co.	33,815,106.08	18 March 2019	30 April 2019	Discount on commercial acceptance notes
CNPGC	31,600,000.00	24 May 2017	24 May 2020	Long-term borrowings
Group Financial Co.	27,852,641.75	30 January 2019	30 April 2019	Discount on commercial acceptance notes
Group Financial Co.	27,408,812.83	21 May 2019	30 June 2019	Discount on commercial acceptance notes
Group Financial Co.	23,148,716.55	18 March 2019	25 May 2019	Discount on commercial acceptance notes
Group Financial Co.	21,601,820.90	18 March 2019	31 May 2019	Discount on commercial acceptance notes
Group Financial Co.	20,902,069.23	30 January 2019	28 March 2019	Discount on commercial acceptance notes
Group Financial Co.	18,680,669.14	21 May 2019	31 July 2019	Discount on commercial acceptance notes
Group Financial Co.	18,309,493.19	30 January 2019	29 March 2019	Discount on commercial acceptance notes
Group Financial Co.	14,997,301.99	30 January 2019	09 May 2019	Discount on commercial acceptance notes
Group Financial Co.	14,442,689.98	30 January 2019	25 March 2019	Discount on commercial acceptance notes
Group Financial Co.	11,932,011.37	30 January 2019	26 April 2019	Discount on commercial acceptance notes
Group Financial Co.	9,827,139.59	22 April 2019	09 August 2019	Discount on commercial acceptance notes
Group Financial Co.	9,776,155.18	22 April 2019	25 June 2019	Discount on commercial acceptance notes
Group Financial Co.	2,227,866.60	30 January 2019	28 June 2019	Discount on commercial acceptance notes
Group Financial Co.	2,115,440.26	22 April 2019	26 September 2019	Discount on commercial acceptance notes
Group Financial Co.	2,037,126.50	30 January 2019	28 May 2019	Discount on commercial acceptance notes
Group Financial Co.	1,628,019.46	18 March 2019	27 August 2019	Discount on commercial

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

Related party	Amount	Inception	Maturity	Note
Borrowed from				acceptance notes
Group Financial Co.	1,188,450.22	30 January 2019	26 June 2019	Discount on commercial acceptance notes
Group Financial Co.	859,454.60	21 May 2019	26 August 2019	Discount on commercial acceptance notes
Group Financial Co.	798,997.80	22 April 2019	26 July 2019	Discount on commercial acceptance notes
Group Financial Co.	729,054.60	18 March 2019	26 June 2019	Discount on commercial acceptance notes

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

(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)

(4) Related party asset transfer

	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Holding Tianjin Binhai Pharmaceutical Co., Ltd.	Purchase of construction in progress	-	21,794.87

(5) Other related party transactions

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
(a) Remuneration for key management personnel	3,843,750.00	2,981,250.00

(b) Interest expense

Related party	Category	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Group Financial Co.	Payment of notes discount interest	2,615,234.17	3,411,652.84
China National Pharmaceutical Group Corporation	Payment of entrusted loan interest	641,469.02	641,469.02
Group Financial Co.	Payment of loan interest	473,516.87	-
Sinopharm Holding Financing Lease Co., Ltd.	Payment of financing lease interest	177,850.56	623,402.17
Sinopharm Holding Financing Lease Co., Ltd.	Payment of non-recourse receivable factored interest expense	63,750.00	-
Guorun Medical Supply Chain Services (Shanghai) Co., Ltd.	Payment of related parties loan interest	-	1,778.67
		<u>3,971,820.62</u>	<u>4,678,302.70</u>

(c) Interest income

Related party	Category	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Group Zhijun (Suzhou) Pharmaceutical Co., Ltd.	Entrusted loan interest	1,669,601.71	1,549,650.99
Group Financial Co.	Deposit interest	145,659.27	387,479.46
		<u>1,815,260.98</u>	<u>1,937,130.45</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

6. Amounts due from related parties

Accounts receivable	30 June 2019		1 January 2019	
	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Related party				
Foshan Chancheng Pharmaceutical Co., Ltd.	45,958,521.41	276,165.34	39,888,094.43	235,040.74
Sinopharm Group	40,401,102.06	-	32,263,115.51	-
Sinopharm Holding Hainan Co., Ltd.	9,869,915.19	-	6,607,589.69	-
Shanghai Beiyi Guoda pharmaceutical Co. Ltd.	9,772,467.43	-	11,966,548.05	-
Sinopharm Health Online Co., Ltd.	7,991,221.08	-	6,543,624.21	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	4,943,166.98	-	-	-
Sinopharm holdings Beijing huahong co., Ltd	4,491,263.20	-	4,009,562.41	-
Shenzhen Heng Sheng Hosital	4,350,627.94	-	2,674,948.35	-
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	4,350,308.37	-	5,372,873.84	-
Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.	4,175,729.23	-	3,839,268.45	-
Sinopharm Le-Ren-Tang Medicine Co., Ltd.	4,123,874.57	-	3,143,231.13	-
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	4,092,864.80	-	3,986,543.21	-
Sinopharm Holding Beijing Co., Ltd.	3,345,842.50	-	888,815.16	-
Sinopharm Holding Hainan Hongyi Co., Ltd.	3,314,718.28	-	5,370,089.88	-
Foshan Chancheng District Central Hospital	3,160,081.13	44,928.58	2,440,447.52	12,753.61
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	2,539,969.75	-	986,526.05	-
Sinopharm Holding Henan Co., Ltd.	2,447,128.74	-	1,036,327.62	-
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	2,196,272.00	-	1,178,605.80	-
Sinopharm Holding Shandong Co., Ltd.	2,037,494.51	-	210,969.36	-
Foshan Chanyixing Medicine Development Co Ltd.	1,865,947.36	6,667.32	1,743,775.57	9,377.72
Sinopharm Holding Wenzhou Co., Ltd.	1,710,031.20	-	1,261,643.94	-
China National Medicines Co., Ltd.	1,604,941.84	-	1,454,237.32	-
Sinopharm Sichuan Pharmaceutical Co., Ltd.	1,424,513.17	-	1,081,909.20	-
Sinopharm Holding Yangzhou Co., Ltd.	1,366,338.68	-	540,349.73	-
Shanghai Merro Pharmaceutical Co., Ltd.	1,348,428.86	-	884,486.53	-
Sinopharm Holding Xuzhou Co., Ltd.	1,272,626.48	-	34,941.30	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

Accounts receivable	30 June 2019		1 January 2019	
Sinopharm Holding Anhui Pharmaceutical Co., Ltd.	1,095,210.16	-	-	-
Sinopharm Holding Shanxi Co., Ltd.	1,044,424.48	-	1,028,660.04	-
Sinopharm Holding Yunnan Co., Ltd.	852,406.76	-	27,737.44	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

6. Amounts due from related parties (Continued)

Accounts receivable (Continued)	30 June 2019		1 January 2019	
Related party	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Sinopharm Holding Tianjin Co., Ltd.	736,401.04	-	200,407.20	-
Sinopharm Holding Jilin Co., Ltd.	638,937.96	-	1,499,742.50	-
Sinopharm Holding Nantong Co., Ltd.	637,245.24	-	66,541.32	-
Sinopharm Holding Fujian Co., Ltd.	602,589.12	-	-	-
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	599,179.84	-	772,488.31	-
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	596,543.86	-	164,566.12	-
Sinopharm Holding Anhui Co., Ltd.	583,647.00	-	221,425.72	-
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	552,496.16	-	1,704,316.57	-
Sinopharm Holding Hunan Co., Ltd.	537,470.30	-	569,264.26	-
Sinopharm Holding Hubei Co., Ltd.	457,991.94	-	68,314.16	-
Sinopharm Holding Shanxi Co., Ltd.	368,536.28	-	68,361.75	-
Yuxi Sinopharm Medicine Co., Ltd.	365,065.92	-	182,532.96	-
Sinopharm Holding Dalian Co., Ltd.	357,662.16	-	144,334.03	-
Shanghai Guoda Lingyun Pharmacy Co., Ltd.	357,524.59	-	17,535.13	-
Sinopharm Holding Dalian Hecheng Co., Ltd.	286,270.00	-	126,684.00	-
Sinopharm Holding Chengdu Co., Ltd.	280,800.00	-	-	-
Sinopharm Group Southwest Medicine Co., Ltd.	248,554.12	-	5,090,863.70	-
Sinopharm Group Medicine Logistic Co., Ltd.	209,724.91	-	139,697.93	-
Sinopharm Holding (Hubei) Hankou Pharmacy Co., Ltd.	201,154.08	-	-	-
Sinopharm Jienuo Medical Treatment Service Guangdong Co., Ltd.	124,568.18	-	120,403.60	-
Sinopharm Holding Qinghai Co., Ltd.	110,520.40	-	96,319.48	-
Sinopharm Holding Yancheng Co., Ltd.	108,561.80	-	-	-
Sinopharm Holding Ningxia Co., Ltd.	100,896.00	-	-	-
Sinopharm Holding Gansu Co., Ltd.	94,147.34	-	176,910.34	-
Sinopharm Holding Shenyang Co., Ltd.	84,504.52	-	123,126.34	-
Sinopharm Holding Tianjin North Medicine Co., Ltd.	78,465.54	-	91,390.41	-
Sinopharm Group Fengliaoqing Pharmacy (Foshan) Co., Ltd.	69,005.33	453.65	-	-
Sinopharm Holding Inner Mongolia Co., Ltd.	63,160.96	-	90,159.36	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

6. Amounts due from related parties (Continued)

Accounts receivable (Continued)	30 June 2019		1 January 2019	
Related party	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Sinopharm Group Zhijun(Shenzhen) Pingshan Pharmaceutical Co., Ltd.	59,076.00	-	39,618.00	-
Sinopharm Holding Honghe Co., Ltd.	58,831.14	-	-	-
Sinopharm Holding Heilongjiang Co., Ltd.	50,000.00	50,000.00	50,000.00	-
Sinopharm Guangdong Medical Examination Co., Ltd.	41,360.00	-	-	-
Sinopharm Holding Jiangxi Co., Ltd.	22,606.08	-	-	-
Shanghai Liyi Drug Store Co.,Ltd	19,278.81	-	76,366.48	-
Sinopharm Holding Zunyi Co., Ltd.	18,358.20	-	-	-
Sinopharm Holding Changzhou Co., Ltd.	15,557.40	-	-	-
Sinopharm Holding Fuzhou Co., Ltd.	15,195.60	-	-	-
Sinopharm Holding Chuxiong Co., Ltd.	13,132.80	-	-	-
Sinopharm Fengliaoqing Medical Hospital Co., Ltd.	12,020.26	74.54	16,836.25	136.35
Nanchang Sinopharm Holding Guoyaotang Pharmacy Co., Ltd.	11,448.00	-	-	-
Sinopharm Holding Guizhou Co., Ltd.	8,307.00	-	16,026.00	-
Sinopharm Holding Wuxi Co., Ltd.	6,818.00	-	157,614.80	-
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	6,669.00	-	1,070.60	-
Sinopharm Holding Hongrun Medical Business Service (Shanghai) Co., Ltd.	5,900.96	-	1,300.54	-
Sinopharm Holding Ulanqab Co., Ltd.	3,933.10	-	-	-
Sinopharm Guanai Yuankang Pharmacy (Haikou) Co., Ltd.	3,366.10	-	1,488.00	-
Sinopharm Group Fengliaoqing Traditional Chinese Medical Center Foshan Nanhai Co., Ltd.	1,526.02	4.78	695.70	0.94
Sinopharm Group Shanxi Co., Ltd.	1.60	-	58,518.00	-
Sinopharm Xinxiang Chain Store Co., Ltd.	-	-	2,064.20	-
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	-	-	144,600.00	-
Sinopharm Medical Instrument Foshan Co., Ltd.	-	-	11,904.00	-
Hubei Pharmaceutical Group Co., Ltd.	-	-	61,959.91	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

6. Amounts due from related parties (Continued)

Notes receivable	30 June 2019		1 January 2019	
	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Related party				
Sinopharm Holding Financing Lease Co., Ltd.	13,210,232.00	-	202,456,075.93	-
Sinopharm Holding Hainan Co., Ltd.	3,896,828.51	-	12,035,409.02	-
Sinopharm Le-Ren-Tang Medicine Co., Ltd.	2,500,000.00	-	1,148,409.56	-
Sinopharm Holding Hainan Hongyi Co., Ltd.	1,528,421.30	-	10,234,483.82	-
Sinopharm Holding Hubei Co., Ltd.	1,008,876.24	-	-	-
Sinopharm Holding Nantong Co., Ltd.	750,000.00	-	-	-
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	472,387.20	-	-	-
Sinopharm Holding Gansu Co., Ltd.	239,670.00	-	163,198.80	-
Sinopharm Holding Shanxi Co., Ltd.	-	-	1,077,861.97	-
Sinopharm Holding Shenyang Co., Ltd.	-	-	422,520.00	-
Sinopharm Holding Shanxi Co., Ltd.	-	-	359,459.04	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	-	-	3,144,392.00	-
Sinopharm Holding Henan Co., Ltd.	-	-	1,032,584.76	-
Sinopharm Holding Anhui Co., Ltd.	-	-	390,062.21	-
Sinopharm Holding Shandong Co., Ltd.	-	-	1,241,661.12	-
Sinopharm Holding Fujian Co., Ltd.	-	-	400,000.00	-
Sinopharm Holding Ningxia Co., Ltd.	-	-	176,568.00	-
Sinopharm Holding Jilin Co., Ltd.	-	-	274,058.00	-
Sinopharm Holding Chengdu Co., Ltd.	-	-	201,332.00	-
Other receivables	30 June 2019		1 January 2019	
	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Related party				
Sinopharm Group Zhijun(Suzhou) Pharmaceutical Co., Ltd.	44,000,000.00	2,200,000.00	44,000,000.00	-
Sinopharm Group Medicine Logistic Co., Ltd.	6,226,734.36	-	2,494,174.31	-
Shyndec Pharmaceutical	5,624,940.00	-	7,913,430.00	-
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	385,381.65	-	100,000.00	-
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	234,693.89	600.00	109,774.26	600.00
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	48,493.16	-	48,493.16	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

Sinopharm Holding Tianjin Co., Ltd.	41,100.00	-	-	-
Sinopharm Group	13,416.00	-	-	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

6. Amounts due from related parties (Continued)

Other receivables (Continued)	30 June 2019		1 January 2019	
	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Related party				
Sinopharm Holding Sub Marketing Center Co., Ltd.	10,990.00	-	-	-
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	5,000.00	1,000.00	5,000.00	1,000.00
Sinopharm Holding Fujian Co., Ltd.	3,476.39	-	5,476.34	-
Sinopharm Holding Jiaozuo Co., Ltd.	-	-	30,171.00	-
Henan Wanxitang Pharmacy Co., Ltd.	-	-	1,098,981.30	-
Sinopharm Health Online Co., Ltd.	-	-	81,755.36	-
Sinopharm Group Medicine Logistic Co., Ltd. Guangzhou Branch	-	-	18,650.00	-
Advances to suppliers				
Related party				
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	1,628,396.28	-	1,643,251.42	-
Chongqing Yaoyou Pharmaceutical Co., Ltd.	1,097,717.47	-	931,286.48	-
Sinopharm Group	760,415.14	-	2,308,319.33	-
Guizhou Tongjitang Pharmaceutical Co., Ltd.	446,109.64	-	227,175.58	-
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	242,701.50	-	-	-
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	230,666.79	-	-	-
Sichuan Hexin Pharmaceutical Co., Ltd.	174,960.00	-	-	-
Anhui Jingfang Pharmaceutical Co., Ltd.	146,744.67	-	45,611.47	-
Sinopharm Weiqida Pharmaceutical Co., Ltd.	140,382.00	-	-	-
Chengdu Rongsheng Pharmacy Co., Ltd.	122,000.00	-	1,416,622.63	-
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	82,800.00	-	78,857.14	-
Sinopharm Yixin Pharmaceutical Co., Ltd.	81,152.00	-	-	-
China National Medicines Co., Ltd.	78,750.00	-	78,750.00	-
Chengdu Institute of Biological Products Co., Ltd.	64,979.60	-	48,734.70	-
Sinopharm Group Guorui Medicine Co., Ltd.	63,310.27	-	-	-
Shyndec Pharmaceutical	56,281.48	-	57,838.35	-
Shenzhen Wanwei Medicine Trading Co., Ltd.	50,658.00	-	-	-
Jinzhou AoHong Pharmaceuticals Co.,	33,040.00	-	16,520.00	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

Ltd.				
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	27,085.38	-	15,655.31	-

X. Related party relationships and transactions (Continued)

6. Amounts due from related parties (Continued)

Advances to suppliers(Continued)		30 June 2019		1 January 2019
Related party	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Guilin South pharmaceutical Co., Ltd.	26,524.88	-	10,989.56	-
Shanghai Chaohui Pharmaceutical Co., Ltd.	21,646.80	-	-	-
Sinopharm Xinjiang Korla Pharmaceutical Co., Ltd.	20,279.70	-	282,467.38	-
Jiangxi Erye Medicine Marketing Co., Ltd.	16,726.80	-	729,789.16	-
Shantou Jinshi Powder Injection Co., Ltd.	14,889.93	-	-	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	14,885.06	-	-	-
Taishan Qunkang Pharmacy Co., Ltd.	13,150.07	-	-	-
Shandong Lu Ya Pharmaceutical Co., Ltd.	11,436.42	-	1,412.52	-
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	9,560.00	-	1,846.55	-
Suzhou Erye Pharmaceutical Limited Company	9,242.76	-	-	-
Winteam Pharmaceutical Group Ltd.	8,877.09	-	9,346.82	-
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	5,812.50	-	139,392.00	-
Sinopharm Holding Jilin Co., Ltd.	4,267.77	-	-	-
Sinopharm Group Zhijun(Shenzhen) Pingshan Pharmaceutical Co., Ltd.	778.62	-	-	-
Jiangsu Fuxing Pharmaceutical Trading Co., Ltd	81.08	-	81.08	-
Sinopharm Holding Shanxi Co., Ltd.	-	-	3,890,993.71	-
Sinopharm Holding Shanxi Co., Ltd.	-	-	3,330,287.42	-
Sinopharm Holding Shanxi Lvliang Co., Ltd.	-	-	660,000.00	-
Sinopharm Holding Beijing Co., Ltd.	-	-	123,809.52	-
Sinopharm Holding Fujian Co., Ltd.	-	-	225.81	-
Xinjiang Baitong Property Service Co., Ltd.	-	-	16,856.89	-
Sinopharm Group Guizhou Blood Products Co., Ltd.	-	-	536,000.00	-
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	-	-	45,432.69	-
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	-	-	103,503.41	-
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	-	-	609,418.22	-
Sinopharm Chuan Kang Pharmaceutical	-	-	346,772.59	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

6. Amounts due from related parties (Continued)

Advances to suppliers(Continued)		30 June 2019		1 January 2019
Related party	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Co., Ltd.				
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	-	-	1,231.58	-
Shenyang Hongqi Pharmaceutical Co., Ltd.	-	-	237,150.00	-
Linyi Medical Group Co., Ltd.	-	-	775,396.82	-
Hunan Minshengtang Investment Co., Ltd.	-	-	3,349,268.77	-
Taishan Xiangranhui Trade Co., Ltd.	-	-	39,450.05	-
Nanjing Yuanguang Trading Co., Ltd.	-	-	169,697.02	-

6. Amounts due to related parties

Related party	30 June 2019	1 January 2019
Accounts payable		
Sinopharm Holding Sub Marketing Center Co., Ltd.	195,937,772.42	104,262,822.63
China National Medicines Co., Ltd.	62,209,906.16	48,352,935.82
Sinopharm Holding Shanxi Co., Ltd.	51,758,102.97	945,054.21
Sinopharm Holding Shanxi Co., Ltd.	31,832,547.24	-
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	28,675,206.92	18,259,929.53
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	24,077,737.27	10,470,003.68
Sinopharm Le-Ren-Tang Medicine Co., Ltd.	21,572,062.09	-
Sinopharm Group	21,374,852.12	13,732,261.69
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	21,363,008.26	15,038,618.86
Lanzhou Biotechnology Development Co., Ltd.	20,100,000.00	-
Sinopharm Holding Lunan Co., Ltd.	16,885,035.59	71,599.97
Sinopharm Holding Shenyang Co., Ltd.	11,151,742.57	4,015,953.59
Sinopharm Holding Inner Mongolia Co., Ltd.	10,342,153.14	2,225,947.78
Shenzhen Main Luck Pharmaceutical Co., Ltd.	9,804,573.26	8,565,744.21
Sinopharm Holding Yangzhou Co., Ltd.	9,362,416.32	7,630,403.88
Sinopharm Holding Lerentang Pharmaceutical Co., Ltd.	8,517,232.26	8,402,288.43
Tibet Yaoyou Medicines Co., Ltd.	8,066,785.64	8,346,619.80
Sinopharm Holding Hubei Co., Ltd.	7,380,255.63	-
Jinzhou AoHong Pharmaceuticals Co.,	7,121,913.42	2,422,868.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

6. Amounts due from related parties (Continued)

Advances to suppliers(Continued)		30 June 2019		1 January 2019	
Related party	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt	
Ltd.					
Sinopharm Holding Beijing Co., Ltd.		6,747,587.35		7,478,006.36	
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.		6,179,335.72		183,737.13	
Winteam Pharmaceutical Group Ltd.		6,143,556.76		6,294,519.81	
Sinopharm Holding Fujian Co., Ltd.		5,942,354.78		4,484,641.23	

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

7. Amounts due to related parties (Continued)

Related party	30 June 2019	1 January 2019
Accounts payable (Continued)		
Sinopharm Group Zhijun(Shenzhen) Pingshan Pharmaceutical Co., Ltd.	5,480,684.06	3,550,454.25
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	4,903,616.19	2,922,052.73
Sinopharm Holding Jiangsu Co., Ltd.	4,884,948.33	6,745,253.51
Shenzhen Wanwei Medicine Trading Co., Ltd.	4,704,357.80	4,219,138.81
Chongqing Yaoyou Pharmaceutical Co., Ltd.	4,440,477.23	3,506,823.08
Sinopharm Holding Shandong Co., Ltd.	3,795,662.54	10,865.00
Sinopharm Holding Pingdingshan Co., Ltd.	3,638,807.19	3,603,335.66
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	3,182,288.62	795,448.03
Yichang Humanwell Pharmaceutical Co., Ltd.	3,022,607.79	1,936,090.54
Sinopharm Holding Xiamen Co., Ltd.	2,812,274.62	1,710,756.72
Sinopharm Holding Changzhou Co., Ltd.	2,732,668.55	1,484,634.49
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	2,630,700.01	637.01
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	2,493,666.00	1,755,209.60
Sinopharm Holding Ningxia Co., Ltd.	2,423,060.64	3,007,737.39
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	2,265,517.01	1,519,045.91
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	2,257,975.91	966,925.12
Henan Wanxitang Pharmacy Co., Ltd.	2,041,958.50	2,053,637.44
China Otsuka Pharmaceutical Co., Ltd.	1,959,904.38	1,571,696.86
Sinopharm Holding Tongliao Co., Ltd.	1,758,793.98	872,644.61
Sichuan Hexin Pharmaceutical Co., Ltd.	1,685,255.64	454,536.00
Jiangxi Erye Medicine Marketing Co., Ltd.	1,673,658.34	262,590.49
Sinopharm Holding Heilongjiang Co., Ltd.	1,478,359.09	922,059.45
Sinopharm holdings Beijing huahong co., Ltd	1,373,387.43	1,498,601.00
Sinopharm Yixin Pharmaceutical Co., Ltd.	1,339,719.99	175,855.31
Jiangsu Fuxing Pharmaceutical Trading Co., Ltd	1,274,138.60	549,104.40
Sinopharm Holding Henan Co., Ltd.	1,265,401.40	1,441,223.83
Sinopharm Holding Jinan Co., Ltd.	1,251,027.35	189,250.47
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	1,225,702.70	398,911.58
Shenyang Hongqi Pharmaceutical Co., Ltd.	1,162,650.62	1,191,792.10

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

7. Amounts due to related parties (Continued)

Related party	30 June 2019	1 January 2019
Accounts payable (Continued)		
Sinopharm Holding Wuxi Co., Ltd.	971,301.75	492,702.04
Sinopharm Holding Fuzhou Co., Ltd.	955,698.95	328,729.69
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	926,405.95	917,154.80
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	891,429.22	1,050,690.44
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	853,893.17	3,080,381.47
Hunan Dongting Pharmaceutical Co., Ltd.	795,952.06	265,365.25
Shyndec Pharmaceutical	696,904.24	511,528.32
Shanghai Chaohui Pharmaceutical Co., Ltd.	694,598.86	311,797.36
Sinopharm Holding Hulun Buir Co., Ltd.	661,633.04	364,441.22
Chengdu Rongsheng Pharmacy Co., Ltd.	657,794.89	1,947,271.88
Chengdu Institute of Biological Products Co., Ltd.	655,200.00	370,800.00
Sinopharm Holding Suzhou Co., Ltd.	644,244.31	1,871,807.98
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	611,742.48	1,133,803.05
China National Pharmaceutical Industry Co., Ltd.	588,962.54	363,778.78
Sinopharm Holding Hainan Co., Ltd.	558,876.10	72,738.00
Guizhou Tongjitang Pharmaceutical Co., Ltd.	558,859.22	342,846.28
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	498,790.10	213,020.90
Sinopharm Holding Changsha Co., Ltd.	481,119.66	-
Huayi Pharmaceutical Co., Ltd.	473,024.00	961,440.00
Suzhou Erye Pharmaceutical Limited Company	446,987.01	278,341.97
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	445,108.34	350,668.16
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	431,253.60	150,034.94
Foshan Fengliaoqing Pharmaceutical Co., Ltd.	424,687.33	1,254,306.67
Sinopharm Group Southwest Medicine Co., Ltd.	401,710.17	194,982.00
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	385,312.50	560,483.58
Sinopharm Holding Hunan Co., Ltd.	362,310.86	7,718.24
Sinopharm Holding Lianyungang Co., Ltd.	353,590.00	276,118.64
Sinopharm Fengliaoqing (Foshan) Medicines Co., Ltd.	326,508.24	149.02
Sinopharm Lingyun Biopharmaceutical	318,353.90	165,476.77

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

7. Amounts due to related parties (Continued)

Related party	30 June 2019	1 January 2019
Accounts payable (Continued)		
(Shanghai) Co., Ltd.		
Shanghai Transfusion Technology Co., Ltd.	311,860.00	352,100.00
Sinopharm Chuan Kang Pharmaceutical Co., Ltd.	310,881.30	472,481.64
Sinopharm Holding Jinzhou Co., Ltd.	304,289.19	530,995.29
Jiangsu Huanghe Pharmaceutical Co., Ltd.	284,275.55	261,207.05
Sinopharm Holding Yangzhou Medical Treatment Equipment Co., Ltd.	282,295.93	55,877.68
Sinopharm Holding Putian Co., Ltd.	274,267.65	7,144.64
Sinopharm Group Medicine Logistic Co., Ltd.	267,956.64	-
Sinopharm Holding Zhihuiminsheng (Tianjin) Pharmaceutical Co., Ltd.	266,517.35	-
Sinopharm Holding Dezhou Co., Ltd.	251,966.42	233,602.84
Sinopharm Group Guorui Medicine Co., Ltd.	241,407.19	1,057,129.20
Sinopharm Holding Tianjin Co., Ltd.	233,292.17	15,615.31
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	231,523.37	-
Sinopharm Holding Yancheng Co., Ltd.	201,484.85	190,168.37
Sinopharm Holding Shanxi Zhidekang Medicine Co., Ltd.	165,906.67	139,969.67
Shanghai Merro Pharmaceutical Co., Ltd.	161,072.33	90,275.31
Sinopharm Holding Hunan Pharmaceutical Development Co., Ltd.	160,457.71	-
Anhui Jingfang Pharmaceutical Co., Ltd.	148,041.15	165,171.12
Sinopharm Holding Anhui Co., Ltd.	139,702.67	18,589.18
Foshan Dezhong Pharmaceutical Co., Ltd.	139,274.51	98,835.01
Sinopharm Holding Dalian Co., Ltd.	136,272.27	182,516.75
Sinopharm Holding Bayannaoer Co., Ltd.	131,992.42	-
China National Pharmaceutical Foreign Trade Corporation	122,930.63	122,930.63
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	120,579.21	102,693.04
Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	108,541.17	20,509.50
Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.	106,921.13	91,493.10
China Medical Equipment Shandong Co., Ltd.	106,382.80	-
Sinopharm Liaoning Medical Equipment Co., Ltd.	102,585.59	-
The Fourth Pharmaceutical Co., Ltd. of Zhonglian Group	92,151.64	97,099.70

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

7. Amounts due to related parties (Continued)

Related party	30 June 2019	1 January 2019
Accounts payable (Continued)		
Sinopharm Holding Taizhou Co., Ltd.	76,424.00	99,508.00
Sinopharm Group Shanxi Medical Devices Co., Ltd.	75,016.66	-
Sinopharm Holding Zhejiang Co., Ltd.	72,393.66	58,508.35
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	67,745.54	57,148.85
Sinopharm Holding Yangzhou Biological Products Co., Ltd.	64,687.73	50,162.16
Shandong Lu Ya Pharmaceutical Co., Ltd.	52,819.07	52,819.07
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	49,772.38	9,720.00
Sinopharm Holding Fuzhou Medical Devices Co., Ltd.	46,000.00	-
Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	44,682.80	102,437.80
Sinopharm Holding Ulanqab Co., Ltd.	44,330.00	61,246.80
Shantou Jinshi Powder Injection Co., Ltd.	39,838.05	245,352.00
Sinopharm Holding Sanyi Medicine (Wuhu) Co., Ltd.	33,085.44	25,483.57
Sinopharm Holding Rizhao Co., Ltd.	32,873.67	10,236.15
Beijing Huamiao Pharmaceutical Co., Ltd.	29,912.02	372,103.86
Sinopharm Holding Dalian Hecheng Co., Ltd.	28,687.56	-
Guangdong Medi-World Pharmaceutical Co., Ltd.	27,719.91	297,576.35
Sinopharm Holding Quanzhou Co., Ltd.	26,085.88	62,947.60
Sinopharm Holding Shanxi Mingdikang Medicine Co., Ltd.	24,871.11	27,215.64
Sinopharm Group Zhijun(Suzhou) Pharmaceutical Co., Ltd.	22,800.00	-
Sinopharm Holding Yongzhou Co., Ltd.	19,809.36	19,858.72
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 Beijing Tianxing Puxin Biological Medical Co., Ltd.	13,891.78	84,524.54
Sinopharm Holding Zhangzhou Pharmaceutical Co., Ltd.	11,760.00	-
Sinopharm Group Shanxi Co., Ltd.	10,144.80	-
Sinopharm Group Anhui Medical Devices Co., Ltd.	5,200.00	-
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	3,017.20	1,492.91
Sinopharm Holding Ordos Co., Ltd.	1,771.20	1,771.20
Sinopharm Holding Shanxi Jincheng Co.,	1,659.94	3,846.13

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

7. Amounts due to related parties (Continued)

Related party	30 June 2019	1 January 2019
Accounts payable (Continued)		
Ltd.		
Sinopharm Prospect Dentech (Beijing) Co., Ltd.	1,461.99	1,536.00
Guilin South pharmaceutical Co., Ltd.	1,210.43	1,210.80
Sinopharm Holding Huaideju Pharmaceutical (Xiamen) Co., Ltd.	1,113.85	1,113.85
Guizhou Tongjitang Pharmacy Chain Co., Ltd.	991.50	-
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	534.20	534.20
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	106.76	106.76
Chongqing Haisiman Pharmaceutical Co., Ltd.	101.91	101.91
Sinopharm Holding Chongqing Co., Ltd.	45.00	45.00
Linyi Medical Group Co., Ltd.	10.47	10.47
Sinopharm Holding Xinyu Co., Ltd.	0.01	0.01
Sinopharm Holding Jilin Co., Ltd.	-	-
Sinopharm Holding Shanxi Instrument Branch Co., Ltd.	-	6,309,208.47
Sinopharm Holding Tianjin Distribution Center Co., Ltd.	-	35.32
Sinopharm Holding Zhangzhou Co., Ltd.	-	5,472.50
Sinopharm Sichuan Pharmaceutical Co., Ltd.	-	2,741.40
Sichuan Jiangyouzhongbafuzi Technology Development Co., Ltd.	-	80,000.00
Lanzhou Institute of Biological Products Co., Ltd.	-	180,000.00
Sinopharm Wuhan blood products Co., Ltd.	-	170,387.93
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	-	255,089.90
Sinopharm ShanXi Ruifulai Pharmaceutical Co., Ltd.	-	63,081.60
Jiangsu Lianhuan Pharmaceutical Co., Ltd.	-	1,321,298.26
Qinghai Pharmaceutical Factory Co., Ltd.	-	32,970.00
Jingfukang Pharmaceutical Group Co., Ltd.	-	184,438.44
Shanghai Sinopharm Pharmaceutical Co., Ltd.	-	92,610.00
Fujian Chentian Jinling Pharmaceutical Co., Ltd.	-	505,555.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

7. Amounts due to related parties (Continued)

Related party	30 June 2019	1 January 2019
Accounts payable (Continued)		
Related party	30 June 2019	1 January 2019
Notes payable		
Sinopharm Holding Sub Marketing Center Co., Ltd.	116,044,638.24	230,067,443.17
Sinopharm Holding Shenyang Co., Ltd.	65,065,373.01	76,894,045.21
Sinopharm Holding Inner Mongolia Co., Ltd.	25,122,678.38	20,459,755.01
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	18,119,677.13	13,887,657.53
Sinopharm Holding Shanxi Co., Ltd.	7,725,000.00	67,926,610.30

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

7. Amounts due to related parties (Continued)

Related party	30 June 2019	1 January 2019
Notes payable (Continued)		
Sinopharm Holding Fujian Co., Ltd.	7,114,576.43	7,011,034.30
Sinopharm Holding Lerentang Pharmaceutical Co., Ltd.	6,824,078.95	14,650,495.82
Chongqing Yaoyou Pharmaceutical Co., Ltd.	6,503,471.90	5,538,258.30
China National Medicines Co., Ltd.	5,851,346.28	26,654,608.10
Sinopharm Holding Xiamen Co., Ltd.	5,423,216.11	5,361,959.66
Chengdu Rongsheng Pharmacy Co., Ltd.	5,041,000.00	2,673,500.00
Lanzhou Biotechnology Development Co., Ltd.	4,860,000.00	3,000,000.00
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	4,185,619.88	8,148,267.06
Sinopharm Holding Jinzhou Co., Ltd.	2,493,839.62	1,611,340.65
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	2,439,745.89	4,817,408.42
Sinopharm Holding Shanxi Co., Ltd.	2,082,000.00	18,340,013.80
Sinopharm Holding Hunan Co., Ltd.	2,043,558.46	3,114,143.15
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	1,856,344.00	325,741.92
Shenzhen Wanwei Medicine Trading Co., Ltd.	1,802,808.00	2,402,393.40
Shenzhen Main Luck Pharmaceutical Co., Ltd.	1,769,052.60	2,877,350.00
Sinopharm Holding Ningxia Co., Ltd.	1,538,808.00	1,413,847.22
Sinopharm Holding Jinan Co., Ltd.	1,240,000.00	1,880,000.00
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	1,145,486.98	356,554.16
Sinopharm Group Shanxi Medical Devices Co., Ltd.	949,700.00	-
Sinopharm Holding Dalian Co., Ltd.	857,791.87	950,169.80
Guangdong Medi-World Pharmaceutical Co., Ltd.	755,306.20	-
Guizhou Tongjitang Pharmaceutical Co., Ltd.	632,834.40	-
Sinopharm Holding Changsha Co., Ltd.	632,325.90	-
Anhui Jingfang Pharmaceutical Co., Ltd.	409,923.80	-
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	400,000.00	1,000,000.00
Shanghai Transfusion Technology Co., Ltd.	301,800.00	503,000.00
Sinopharm Group Zhijun(Shenzhen) Pingshan Pharmaceutical Co., Ltd.	262,800.00	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

7. Amounts due to related parties (Continued)

Related party	30 June 2019	1 January 2019
Notes payable (Continued)		
Shyndec Pharmaceutical	255,516.40	475,780.40
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	213,037.00	223,333.00
Sinopharm Holding Quanzhou Co., Ltd.	205,791.15	170,891.70
Sinopharm Holding Putian Co., Ltd.	160,980.86	614,504.48
Sinopharm Holding Yancheng Co., Ltd.	160,000.00	-
Winteam Pharmaceutical Group Ltd.	154,417.60	111,322.50
Sinopharm Yixin Pharmaceutical Co., Ltd.	107,472.00	394,064.00
Sinopharm Group	-	1,183,604.16
Sinopharm Holding Shanxi Instrument Branch Co., Ltd.	-	1,981,189.60
Sinopharm Holding Lunan Co., Ltd.	-	8,596,290.47
Sinopharm Holding Yangzhou Co., Ltd.	-	626,534.40
Sinopharm Holding Heilongjiang Co., Ltd.	-	31,320.00
Sinopharm Le-Ren-Tang Medicine Co., Ltd.	-	22,076,249.59
Foshan Fengliaoqing Pharmaceutical Co., Ltd.	-	320,310.10
Sinopharm Group Guizhou Blood Products Co., Ltd.	-	536,000.00
Lanzhou Institute of Biological Products Co., Ltd.	-	6,236,153.40
Shenyang Hongqi Pharmaceutical Co., Ltd.	-	602,172.00
Chongqing Haisiman Pharmaceutical Co., Ltd.	-	275,652.00
China Otsuka Pharmaceutical Co., Ltd.	-	1,793,583.51
Jiangsu Lianhuan Pharmaceutical Co., Ltd.	-	522,071.08
Jingfukang Pharmaceutical Group Co., Ltd.	-	151,120.00
Fujian Chentian Jinling Pharmaceutical Co., Ltd.	-	100,600.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

7. Amounts due to related parties (Continued)

Related party	30 June 2019	1 January 2019
Other payables		
Sinopharm Group Medicine Logistic Co., Ltd.	11,518,140.63	2,278,301.79
Shanghai Dingqun Enterprise Management Consulting Co., Ltd.	10,000,000.00	10,000,000.00
Sinopharm Chongqing Pharmaceutical and Medical Industry Design Institute	5,173,229.10	5,943,030.80
Sinopharm Group	3,842,067.59	3,706,406.59
Sinopharm Group Shanghai Co., Ltd.	1,690,992.16	1,660,431.38
China National of Traditional&Herbal Medicine Co., Ltd.	1,300,000.00	1,300,000.00
Sinopharm Holding Tianjin Binhai Pharmaceutical Co., Ltd.	387,617.70	339,760.00
Shyndec Pharmaceutical	327,973.63	327,973.63
Shanghai Beiyi Guoda pharmaceutical Co. Ltd.	195,898.04	566,180.09
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	97,305.00	30,000.00
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	76,540.19	41,794.27
Sinopharm Holding Sub Marketing Center Co., Ltd.	37,782.33	37,782.33
Xinjiang Baitong Property Service Co., Ltd.	33,713.74	-
China National Pharmaceutical Logistics Co., Ltd.	10,349.70	10,349.70
Sinopharm Group Medicine Logistic Co., Ltd. Guangzhou Branch	-	18,650.00
Sinopharm Holding Financing Lease Co., Ltd.	-	4,424,970.21
Heyuan Mairui Trading Co., Ltd.	-	672,396.36
Shenyang Pharmaceutical Co., Ltd.	-	4,419,166.69
Linyi Medical Group Co., Ltd.	-	51,398.45
Zhang Zhenfang	-	2,309,999.96
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	-	1,246,412.02

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

X. Related party relationships and transactions (Continued)

7. Amounts due to related parties (Continued)

Related party	30 June 2019	1 January 2019
Contract liability		
Sinopharm Holding Quanzhou Co., Ltd.	111,943.09	10,088.00
Sinopharm Holding Inner Mongolia Co., Ltd.	23,021.80	23,021.80
Sinopharm Holding Jiangxi Co., Ltd.	22,924.91	34,334.51
Sinopharm Holding Gansu Co., Ltd.	21,960.00	-
China Otsuka Pharmaceutical Co., Ltd.	20,475.00	-
China National Pharmaceutical Foreign Trade Corporation	2,727.23	1,495.33
Sinopharm Holding Chengdu Co., Ltd.	851.59	851.59
Sinopharm Holding Chongqing Co., Ltd.	755.62	755.62
Sinopharm Group Guangdong Medicine Device Co., Ltd.	639.92	1,599.80
Sinopharm Holding Taizhou Co., Ltd.	24.80	-
Sinopharm Holding Jinzhou Co., Ltd.	0.19	-
Sinopharm Holding Hunan Co., Ltd.	-	87,764.97
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	-	67,305.00
Sinopharm Xinxiang Chain Store Co., Ltd.	-	0.01
Sinopharm Holding Yunnan Co., Ltd.	-	11,900.19
Sinopharm Holding Nantong Co., Ltd.	-	143,177.12
Sinopharm Sichuan Pharmaceutical Co., Ltd.	-	1,123,087.93
Sinopharm Medical Instrument Guizhou Qiannan Co., Ltd.	-	93.60
Sinopharm Zhuhai Medical Instrument Co., Ltd.	-	3,719.00
Sinopharm Health Online Co., Ltd.	-	416,056.44
Sinopharm Holding Hulun Buir Co., Ltd.	-	21,177.25
Sinopharm Holding Huaian Co., Ltd.	-	19.40

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

(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 2019	1 January 2019
Interest receivable		
Sinopharm Group Zhijun(Suzhou) Pharmaceutical Co., Ltd.	1,484,841.22	1,846,618.96
Interest payable		
Group Financial Co.	98,338.84	-
CNPGC	35,440.21	38,984.25
Other non-current assets		
Hunan Minshengtang Investment Co., Ltd.	-	3,519,217.54
Lease liability		
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	51,477,662.49	-
Lerentang Investment Group Co., Ltd.	15,361,691.91	-
Linyi Medical Group Co., Ltd.	7,333,666.98	2,214,094.34
Sinopharm Holding Financing Lease Co., Ltd.	6,824,613.01	9,625,302.89
Guangdong Jiuyantang Development Co., Ltd.	5,895,887.17	6,679,233.35
Sinopharm Holding Yangzhou Co., Ltd.	5,440,115.48	7,178,262.00
Taishan Xiangranhui Trade Co., Ltd	2,506,316.51	2,834,391.56
Gu Jinhua	2,091,695.72	2,224,810.30
Nanjing Yuanguang Trading Co., Ltd.	1,979,076.07	2,675,365.64
Shenyang Pharmaceutical Co., Ltd.	1,685,513.08	1,885,957.03
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	996,884.75	1,441,844.49
Sinopharm Group	917,838.40	1,156,090.31
Sinopharm Holding Beijing Co., Ltd.	866,374.99	1,094,397.22
Gu Haiqun	686,419.59	766,279.30
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	506,243.41	652,436.66
Hangzhou Xihu Business Group Corporation	422,980.77	553,514.61
China National Medicines Co., Ltd.	417,186.76	550,480.20
Shenzhen Jiufeng Investment Co., Ltd.	385,892.93	377,758.33

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

(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 2019	1 January 2019
Entrusted loan		
CNPGC	-	31,600,000.00
Other non-current liabilities		
Sinopharm Group	-	35,061,743.31
short-term loan		
Group Financial Co.	111,418,168.96	122,426,393.33
Long-term payables		
Sinopharm Holding Financing Lease Co., Ltd.	-	3,763,978.52
Non-current liabilities due within one year		
CNPGC	31,600,000.00	-
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	9,673,454.33	9,206,427.16
Lerentang Investment Group Co., Ltd.	8,032,346.40	5,822,550.02
Sinopharm Holding Financing Lease Co., Ltd.	6,157,645.87	5,861,324.37
Sinopharm Holding Yangzhou Co., Ltd.	3,587,508.60	3,512,206.10
Guangdong Jiyuantang Development Co., Ltd.	1,752,116.60	1,649,377.54
Linyi Medical Group Co., Ltd.	1,450,117.00	1,549,099.93
Nanjing Yuanguang Trading Co., Ltd.	1,407,714.78	1,163,845.57
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	918,533.66	899,216.52
Taishan Xiangranhui Trade Co., Ltd.	657,171.76	660,453.69
Sinopharm Group	491,639.09	481,344.63
Sinopharm Holding Beijing Co., Ltd.	477,779.78	460,701.48
Shenyang Pharmaceutical Co., Ltd.	428,258.20	404,634.11
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	325,813.14	295,389.79
Hangzhou Xihu Business Group Corporation	276,559.91	263,776.29
China National Medicines Co., Ltd.	275,115.69	269,340.95
Gu Jinhua	273,920.39	268,369.48
Shenzhen Jiufeng Investment Co., Ltd.	188,790.90	184,833.91
Gu Haiqun	168,618.03	161,206.64
Cash deposit with a related party		
Group Financial Co.	11,759,504.84	2,125,351.39

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

(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 2019	31 December 2018
	RMB'0,000	RMB'0,000
Buildings, machinery and equipment	2,196.50	42.16
Investment commitments (Note)	<u>6,000.00</u>	<u>6,000.00</u>
	<u>8,196.50</u>	<u>6,042.16</u>

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 RMB60 million, and 40% in 2018, amounting to RMB80 million. The remaining payment amount is RMB60 million. .

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 six months ended 30 June 2019

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

XII 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 2019

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

XII Other significant events (Continued)

2. 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	-	19,442,945,442.54	5,957,083,892.95	(359,409,396.51)	25,040,619,938.98
Cost of main operations	-	(18,238,282,841.05)	(4,518,680,260.83)	358,635,569.45	(22,398,327,532.43)
Investment income	169,889,995.08	(995,293.58)	247,588.49	-	169,142,289.99
Net profit	607,413,658.42	403,231,513.97	186,189,865.75	(428,742,482.83)	768,092,555.31
Total assets	11,863,959,776.81	20,784,963,352.57	10,847,813,404.32	(9,957,137,850.76)	33,539,598,682.94
Total liabilities	<u>(2,406,658,554.25)</u>	<u>(15,349,630,522.38)</u>	<u>(5,670,681,594.90)</u>	<u>4,445,868,231.85</u>	<u>(18,981,102,439.68)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2019

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

XIII Notes to key items of the company financial statements

1. Accounts receivable

The accounts receivable by category are analyzed below:

	30 June 2019				1 January 2019			
	Gross carrying amount		Provision for bad debt		Gross carrying amount		Provision for bad debt	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
Items for which provision for bad debt is recognised separately	19,207,761.36	3.15%	161,522.25	0.84%	17,846,941.30	2.83%	-	-
Items for which provision for bad debt is recognized by the company (credit risk characteristics)	591,029,383.80	96.85%	-	-	613,389,652.64	97.17%	-	-
	610,237,145.16	100.00%	161,522.25	0.03%	631,236,593.94	100.00%	-	-

At 30 June 2019, 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 related party	18,884,716.86	-	0.00%	Receivable due from a related party with low risk of recoverability
Shenzhen Dongtai Pharmaceutical Co., Ltd.	323,044.50	161,522.25	50.00%	The customer has poor management and bad financial situation with high risk of recoverability
Total	19,207,761.36	161,522.25		

Provision for bad debts of accounts receivable according to the general model of expected credit loss:

	30 June 2019	
	Estimated default amount	Expected credit loss in entire lifetime
Within 1 year	591,029,383.80	-
	591,029,383.80	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2019

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

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

1. Accounts receivable (Continued)

The aging analysis of accounts receivables was as follows:

	30 June 2019					
Within 1 year						<u>610,237,145.16</u>
Total						<u>610,237,145.16</u>
Bad debt provision for the current period as follows:						
	Opening balance	Reversal of write-off in previous years	Increases in the year	Reversal in the year	Written off in the year	Closing balance
Bad debts	-	-	161,522.25	-	-	161,522.25
Total	-	-	161,522.25	-	-	161,522.25

On 30 June 2019, 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>117,550,911.53</u>	-	<u>19.26%</u>

On 30 June 2019, the Company's accounts receivable that were terminated due to the cooperation on accounts receivable factoring with financial institutions without recourse were RMB 183,988,184.79.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2019

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

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

2. Other receivables

	30 June 2019	1 January 2019
Interest receivable	14,926,690.76	7,550,877.07
Dividend receivable	106,074,898.00	-
Other receivables	<u>1,737,482,983.84</u>	<u>1,534,430,006.43</u>
	<u><u>1,858,484,572.60</u></u>	<u><u>1,541,980,883.50</u></u>

(1) Interest receivable

	30 June 2019	1 January 2019
Fixed deposits	11,411,000.00	3,697,083.33
Entrusted Loans	<u>3,515,690.76</u>	<u>3,853,793.74</u>
	<u><u>14,926,690.76</u></u>	<u><u>7,550,877.07</u></u>

(2) Dividend receivable

	30 June 2019	1 January 2019
Sinopharm Holding Shenzhen Logistics Co., Ltd.	1,332,303.75	-
Sinopharm Holding Shenzhen Traditional & Herbal Medicine Co., Ltd	245,732.05	-
Shenzhen Jianmin Pharmaceutical Co., Ltd.	2,260,593.51	-
Sinopharm Holding Guangzhou Co., Ltd	71,642,571.23	-
Sinopharm Holding Guangxi Co., Ltd	<u>30,593,697.46</u>	<u>-</u>
	<u><u>106,074,898.00</u></u>	<u><u>-</u></u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2019

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

(3) Other receivables

Category of other receivables by nature is as follows:

Nature	30 June 2019	1 January 2019
Receivable due from related parties	1,721,317,102.80	1,469,192,387.91
Receivable of equity transactions	8,980,000.00	8,980,000.00
Deposits	436,311.09	1,449,978.94
Others	<u>17,964,114.36</u>	<u>63,817,941.16</u>
Total	<u>1,748,697,528.25</u>	<u>1,543,440,308.01</u>

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

2. Other receivables (Continued)

The changes in bad debt provision for other receivables based on the entire lifetime expected credit losses are as follows:

	Stage 1 Expected credit losses over the next 12 months	Stage 2 Entire lifetime expected credit losses(No credit impairment occurred)	Stage 3 Entire lifetime expected credit losses(Credit impairment occurred)	Total
Bad debt				
Balance at 1 January 2019	-	9,010,301.58	-	9,010,301.58
Balance at 1 January 2019 during the period				
Provisions during the period	-	2,204,412.83	-	2,204,412.83
Reversal during the period	<u>-</u>	<u>(170.00)</u>	<u>-</u>	<u>(170.00)</u>
Balance at 30 June 2019	<u>-</u>	<u>11,214,544.41</u>	<u>-</u>	<u>11,214,544.41</u>

The aging analysis of other receivables was as follows:

	30 June 2019
Within 1 year	1,689,730,979.74
1 to 2 years	49,856,902.50
	248

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2019

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

2 to 3 years	29,829.20
Over 3 years	<u>9,079,816.81</u>
Total	<u>1,748,697,528.25</u>

Bad debt provision of other receivables in 2019 was RMB2,204,412.83, with the recovered or reversed amount of RMB170.00.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2019

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

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

2. Other receivables (Continued)

As at 30 June 2019, 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
Sinopharm Guangxi	Entrusted borrowings	343,000,000.00	Within 1 year	19.61%	
Sinopharm Yuexing	Entrusted borrowings	190,700,000.00	Within 1 year	10.91%	
Sinopharm Holding Dongguan Co., Ltd.	Entrusted borrowings	161,000,000.00	Within 1 year	9.21%	
Sinopharm Holdings Zhanjiang Co., Ltd.	Entrusted borrowings	117,000,000.00	Within 1 year	6.69%	
Sinopharm Holding Meizhou Co., Ltd.	Entrusted borrowings	<u>76,700,000.00</u>	Within 1 year	<u>4.39%</u>	
		<u>888,400,000.00</u>		<u>50.81%</u>	

3. Long-term equity investments

	30 June 2019			1 January 2019		
	Original value	Bad debt provision	Carrying amount	Original value	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	2,084,966,116.97	39,930,000.00	2,045,036,116.97	1,878,157,264.66	39,930,000.00	1,838,227,264.66
	<u>7,679,645,544.55</u>	<u>39,930,000.00</u>	<u>7,639,715,544.55</u>	<u>7,472,836,692.24</u>	<u>39,930,000.00</u>	<u>7,432,906,692.24</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2019

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

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

3. Long-term equity investments (Continued)

(a) Subsidiaries

	1 January 2019	Increases	decrease	30 June 2019	Provision for impairment in the current period	Ending value of impairment provision
Sinopharm Jianming	60,054,911.04	-	-	60,054,911.04	-	-
Sinopharm Traditional & Herbal Medicine	15,450,875.93	-	-	15,450,875.93	-	-
Shenzhen Logistics	5,019,062.68	-	-	5,019,062.68	-	-
Sinopharm Guangzhou	3,588,689,716.80	-	-	3,588,689,716.80	-	-
Sinopharm Guangxi	525,456,951.07	-	-	525,456,951.07	-	-
Sinopharm Yanfeng	38,207,800.00	-	-	38,207,800.00	-	-
Sinopharm Holding Guoda Pharmacy Co., Ltd.	1,361,800,110.06	-	-	1,361,800,110.06	-	-
	<u>5,594,679,427.58</u>	-	-	<u>5,594,679,427.58</u>	-	-

(b) Associates

	1 January 2019	Investment	Profit or loss under the equity method	Other changes in equity	Dividend declared	Other	30 June 2019	Provision of impairment
Sinopharm Group Zhijun (Suzhou) Pharmaceutical Co., Ltd.	39,930,000.00	-	-	-	-	-	39,930,000.00	39,930,000.00
Shenzhen Main Luck Pharmaceutical Co., Ltd.	265,316,653.68	-	33,592,995.70	-	-	-	298,909,649.38	-
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	355,353,196.15	-	58,536,101.74	-	-	-	413,889,297.89	-
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	8,730,994.87	-	1,467,031.77	-	-	-	10,198,026.64	-
Sinopharm Group Zhijun(Shenzhen) Pingshan Pharmaceutical Co., Ltd.	86,292,927.33	-	22,425,900.45	-	-	-	108,718,827.78	-
Shanghai Shyndec Pharmaceutical Co., Ltd.	1,098,566,852.51	-	65,258,503.45	42,424,747.00	(16,896,427.80)	-	1,189,353,675.16	-
Shanghai Dingqun Enterprise Management Consulting Co., Ltd.	23,966,640.12	-	-	-	-	-	23,966,640.12	-
	<u>1,878,157,264.66</u>	-	<u>181,280,533.11</u>	<u>42,424,747.00</u>	<u>(16,896,427.80)</u>	-	<u>2,084,966,116.97</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 2019

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

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

4. Sales and cost of sales

	For the six months ended 30 June 2019		For the six months ended 30 June 2018	
	Revenue	Cost	Revenue	Cost
Principal operations	1,997,575,365.19	1,915,240,571.14	1,681,220,169.43	1,612,710,688.13
Other operations	<u>10,429,198.11</u>	<u>6,031,823.62</u>	<u>6,401,186.40</u>	<u>2,006,785.78</u>
	2,008,004,563.30	1,921,272,394.76	1,687,621,355.83	1,614,717,473.91

Classification	For the six months ended 30 June 2019
By product	
Include:	
Medicines	1,919,165,623.70
Medical appliance	78,409,741.49
Other	10,429,198.11
	<hr/>
By area	
Include:	
Domestic	2,008,004,563.30
Overseas	
	<hr/>
By contract duration	
Include:	
Confirm revenue at a certain point in time	1,997,575,365.19
Confirm revenue at a certain time period	10,429,198.11
	<hr/>
Total	2,008,004,563.30

Information about the Company's obligations is as follows:

The Company recognises revenue when goods are delivered, and will receive payment within 30-210 days.

The Company recognises revenue after providing services, and will receive payment within 30-210 days.

The expected revenue recognition time for the Company's contract obligations above is in year 2019.

Information related to the sales price allocated to the remaining obligations:

The amount of income corresponding to the obligation that has been signed but has not been fulfilled or has not yet fulfilled is 9,058,538.51 yuan, of which 9,058,538.51 yuan is expected to be recognized in 2019.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2019

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

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

5. Investment income

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Long-term equity investment income calculated by cost method	427,007,887.36	361,514,454.32
Long-term equity investment income calculated by equity method	181,280,533.11	173,326,290.14
	<u>608,288,420.47</u>	<u>534,840,744.46</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2019

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

XIV Supplementary information to financial statements

1. Schedule of non-recurring profit or loss

	Amount for 30 June 2019	Illustration
Gains and losses from disposal of non-current assets, including write off of accrued asset impairment	4,318.22	.
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	16,456,976.15	Mainly contains tax subsidies and financial incentives received during current period
Reversal of bad debt provision for accounts receivable that were tested for impairment individually	1,076,222.62	The interest income from the entrusted loan provided to Sinopharm Group Zhijun (Suzhou) Pharmaceutical Co., Ltd.
Profit or loss from outward entrusted borrowings	1,715,338.06	
Non-operating income and expenses other than the aforesaid items	519,920.40	
Other	<u>16,447.15</u>	
Less: Impact on income tax	4,668,084.55	
Impact on non-controlling interests after tax	<u>3,988,225.60</u>	
	<u><u>11,132,912.45</u></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.

Notes to financial statements (Continued)
For the six months ended 30 June 2019

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

XIV 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	<u>5.44%</u>	<u>1.52</u>	<u>1.52</u>
Net profit after deducting non-recurring profit or loss attributable to the Company's ordinary shareholders of the parent	<u>5.35%</u>	<u>1.49</u>	<u>1.49</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2019

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

Section XV. 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

China National Accord Medicines Corporation Ltd.
Legal representative: Lin Zhaoxiong
24 August 2019