

China National Accord Medicines Corporation Ltd.

Semi-Annual Report 2020

August 2020

Section I. Important Notice, Contents and Interpretation

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, Gu Guolin, 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 2020 is authentic, accurate and complete.

Other directors attending the Meeting for annual report deliberation except for the followed:

Name of director absent	Title for absent director	Reasons for absent	Attorney
Lian Wanyong	Director	Official business	Li Dongjiu

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

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Interpretation

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	
4D business	Refers to	SPD hospital logistics supply chain extension business, IVD diagnostic reagent business, CSSD disinfection service, and MWD equipment life cycle management business
GPO	Refers to	Group purchasing organizations
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.
Shanghai Dingqun	Refers to	Shanghai Dingqun Enterprise Management Consulting Co., Ltd.
Jilin Tianhe	Refers to	Sinopharm Holding Tianhe Jilin Pharmaceutical Co., Ltd.
Yanghetang	Refers to	Shanghai Yanghetang Pharmaceutical Chain Management Co., Ltd.
Pudong Medicine	Refers to	Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.

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 if applicable)	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 2019.

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 2019

IV. Main accounting data and financial indexes

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

☒ Yes ☐ No

Cause of retroactive adjustment or restatement

Enterprises combined under the same control

	Current period	Same period of last year		Increase/decrease in this report y-o-y (+,-)
		Before adjustment	After adjustment	After adjustment
Operating revenue (RMB)	27,169,940,188.52	25,228,147,377.43	25,599,198,815.30	6.14%
Net profit attributable to shareholders of the listed Company (RMB)(note 1)	643,451,580.59	650,833,360.40	649,154,414.55	-0.88%
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (RMB)	627,017,019.45	639,700,447.95	639,700,447.95	-1.98%
Net cash flow arising from operating activities (RMB)	1,438,204,043.35	1,163,757,581.35	1,139,154,120.89	26.25%
Basic earnings per share (RMB/Share) (note 1)	1.50	1.52	1.52	-1.32%
Diluted earnings per share (RMB/Share)	1.50	1.52	1.52	-1.32%
Weighted average ROE (note 1)	4.91%	5.44%	5.38%	Decline 0.47 percentage points
	End of current period	End of last period		Increase/decrease in this report-end over that of last period-end (+,-)
		Before adjustment	After adjustment	After adjustment
Total assets (RMB)	37,669,850,203.30	33,539,598,682.94	34,028,843,214.20	10.70%
Net assets attributable to shareholder of listed Company (RMB)	13,199,983,119.01	12,140,439,917.48	12,911,140,435.88	2.24%

Note: The Group acquired 75.00% equity of Pudong New Area of Shanghai Pharmaceutical Medicine Ltd. under the same control in the current year. When preparing the comparative statement of the 2020 semi-annual consolidated statement, it is deemed that the

parties involved in the merger already exist in the current state when the ultimate controlling party begins to exercise control, and adjust the previous comparative statement.

Note 1: Net profit attributable to shareholders of listed companies decreased by 0.88% from the same period of last year, mainly due to the impact of the novel coronavirus pneumonia epidemic, the sales growth of the Group slowed down. At the same time, changes in industry policies have also led to a narrowing of profit margins, as a result, the basic earnings per share earnings fell by 1.32%, and the weighted average return on equity fell by 0.47%.

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)	3,933,705.37	Mainly probability of gain and losses from the end of lease .
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)	28,001,035.78	Mainly probability of special subsidies received in the period and tax reduction & exemption
Reversal of impairment reserve for account receivable with separate impairment testing	362,078.91	
Consigning fee received for consigned operation	961,488.75	
Other non-operating income and expenditure except for the aforementioned items	1,233,502.85	
Other gains/losses satisfy a definition of extraordinary	819,788.51	

gains/losses		
Less: impact on income tax	8,198,319.82	
Influenced amount of minority shareholders' equity (after tax)	10,678,719.21	
Total	16,434,561.14	--

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

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 stepped distribution network, creates intelligent supply chain, and devotes to become a provider for pharmaceutical and health care products and services with the strongest influence, the highest share, the most complete variety, the best service, and the fastest delivery in south district of China.

1. The Company's pharmaceutical distribution business is established in Guangdong and Guangxi with its network extents to the county-level region and realizes the whole network operation. The network further expanded in 2020 which including: as of 30 June 2020, there are 975 second- and third-tier medical institutions, 6,319 primary-level medical customers, and 4,881 retail terminal customers (chain pharmacies, single stores, and self-paying pharmacies in hospitals).

2. The Company's pharmaceutical distribution business has achieved the first scale in Guangdong and Guangxi and the leading position in market segment of Guangdong and Guangxi, and has obtained the relatively leading position in vaccine, instrument, and e-commerce industries.

(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 30 June 2020, Guoda Drugstore has operated 5,838 stores, covering 22 provinces, autonomous regions and municipalities, entering nearly 75 large and medium sized cities, which has formed a drugstore networks covering eastern and northern China, southern coastal cities, and gradually expanded into northeast, central plains and inland cities, ranking the first within industry; Guoda drugstore, the business of which were mainly relying on modern retail drugstores, has been putting great attention on the development of professional service system with medical resources as core competitiveness, building a group of stores with professional commercial activities, which are able to provide retails and therapy services that integrating medical service and health-care products sales and cooperate with hospitals; at the same time, the Company has been vigorously developing new business,

exploring and expanding new sales channels, improving professional services, being dedicated to transit from a traditional medical retail into an innovative service enterprise. By means of conventional products retail management, improving major brands and exploring business cooperation with supplier, accelerating the establishment and improvement of DTP business and continuation of health care service system, Guoda has built industry-leading professional service ability.

II. Major changes in main assets

1. Major changes in main assets

Major assets	Note of major changes
Equity assets	Increased 37.0472 million yuan over that of period-begin with 1.67% rata of change, there are no major changes during the reporting period.
Fixed assets	Increased 8.8469 million yuan over that of period-begin with 1.25% rata of change, there are no major changes during the reporting period.
Intangible assets	Increased 233.2735 million yuan over that of period-begin with 62.24% rata of change, the new sells network, trademarks and brand rights are recognized due to the acquisition of Shanghai Dingqun Enterprise Management Consulting Co., Ltd in the Period.
Construction in progress	Decreased 2.582 million yuan over that of period-begin with -8.18% rata of change, mainly because the completion of ERP software installation are transfer to intangible assets and the supply chain extension project transfer to fixed assets.
Note receivable	Decreased 390.6618 million yuan over that of period-begin with -49.25% rata of change, mainly because affected by GPO policy, purchasing mode of hospital customers changes, and the settlement mode change accordingly.
Account receivable	Increased 3179.7116 million yuan over that of period-begin with 29.68% rata of change, mainly because due to the COVID-19 epidemic and market environment, collection of account receivables is affected. and receivable increased at end of the period for newly combined in the Company.
Goodwill	Increased 554.8737 million yuan over that of period-begin with 54.93% rata of change, mainly resulted by the acquisition of Shanghai Dingqun Enterprise Management Consulting Co., Ltd by subsidiary-Guoda Drugstore in the Period.
Other non-current assets	Increased 256.6312 million yuan over that of period-begin with 331.76% rata of change, mainly caused by the purchase of special emergency supplies at the request of the government for the prevention and control of COVID-19.

2. Main overseas assets

☐ Applicable ☒ Not applicable

III. Core competitiveness analysis

1. Strong network coverage and layout

Relying on comprehensive distribution networks and variety resources, Sinopharm Accord has continued to optimize the efficiency of the supply chain by promoting the integration of wholesale and retail resources in recent years. The company has complete pharmaceutical distribution networks in Guangdong and Guangxi, covering the second and third-tier medical institutions and retail chain terminals in Guangdong and Guangxi, and continuously promotes the extension of channels to the retail side. In the first half of 2020, the sales volume of the company's retail direct sales, small-scale social medical services, etc. have achieved rapid growth.

Sinopharm Accord has retail network leading in scale and covering the whole country, Guoda Drugstore has retail chain network spreading over 22 provinces, autonomous regions and municipalities directly under the Central Government, covering 75 large and medium-sized cities nationwide.

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, and has rich variety resources.

Guoda Drugstore operates nearly 120,000 merchandises. With its relatively comprehensive purchasing network and years of experience in commodity management, Guoda Drug Store 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 the logistics warehouses are located in 17 provinces, has 30 large-and-small logistics warehouses, covering an area of about 113,800 square meters in total.

The company conducts scientific planning for the logistics network in Guangdong and Guangxi, which adapts to the wholesale and retail integration strategy of Sinopharm Accord, supports the construction of the national emergency material guarantee system; the company modernizes the original warehouses, and uses robots and other automation technologies to improve productivity.

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

In the process of operation and management, the company always emphasizes and strictly requires legal compliance, which has a great advantage in the face of current situation of tighter policy supervision.

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 2020, in the face of the sudden novel coronavirus pneumonia epidemic, all employees of Sinopharm Accord fully implemented the original intention and mission of the pharmaceutical central enterprise and gave full play to the role of the national team and main force of the pharmaceutical central enterprise. Affected by the novel coronavirus epidemic, on the one hand, public medical institutions were directly affected during the epidemic, mainly reflected in the general decrease in outpatients, the sharp decline in hospitalization and surgery, the sharp decline in hospital operating income, and the sharp decline in the purchase of drugs and instruments; on the one hand, the epidemic brought about changes in consumer habits, people reduced the frequency of going out, and the flow of people reduced, the sales volume of prescription drugs in hospitals and pharmacies decreased significantly. At the same time, citizens have generally tried e-commerce online business, and online retail pharmaceutical sales have shown a rapid growth trend. Under the overall operating pressure, in the first half of 2020, the company completed a total of 27.17 billion yuan in operating revenue, a year-on-year increase of 6.14%; realized operating profit of 1.014 billion yuan, a year-on-year increase of 5.94%; net profit attributable to shareholders of listed companies was 643 million yuan, a year-on-year decrease of 0.88%.

Among them, the distribution business of Sinopharm Accord cumulatively completed operating revenue of 18.982 billion yuan, a decrease of 2.54% on a year-on-year basis, and realized a net profit of 405 million yuan, an increase of 0.38% on a year-on-year basis.

Guoda Drugstore cumulatively completed a total of 8.613 billion yuan in operating revenue, a year-on-year increase of 32.94%, and realized a net profit of 248 million yuan, a year-on-year increase of 33.96%. Guoda Drugstore's cumulative net profit attributable to the parent company was 180 million yuan, a year-on-year increase of 21.96%.

The company's accumulated investment income in associates was 134 million yuan, a year-on-year decrease of 21.01%.

(i) The performance of key tasks in the first half of the year

1. Seized opportunities for investment, mergers and acquisitions, and promoted nationwide distribution in many ways

(1) Deepened the distribution network layout: further completed the distribution of blank areas in Guangdong and Guangxi, and implemented secondary distribution in key regions and county markets.

(2) National distribution of the retail network: Guoda Drugstore fully undertook prescription outflows, quickly covered key areas through mergers and acquisitions, and connected medical insurance policies and outpatient specific items and outpatient designated chronic disease qualifications.

As of the disclosure date, Guoda Drugstore has delisted and acquired 100% equity of Chengda Fangyuan Pharmaceutical Group Co., Ltd. ("Chengda Fangyuan" for short), and completed the industrial and commercial change registration on July 30, 2020. As of the end of 2019, Chengda Fangyuan had more than 1,500 stores in 5 provinces and 19 cities, covering some key cities in Liaoning, Jilin, Inner Mongolia, Shandong and Hebei.

2. Completed the optimization of information organization structure and implemented the digital transformation project

The company established an information technology center to simulate "demutualization" operation and management, and promoted the transformation and upgrading of the supply chain through a clear digital implementation path:

- (1) Deepened integrated management and control: achieved unification through standardization and obtained the best order, thereby reduced costs and improved efficiency.
- (2) Improved visualization experience: realized business visibility, accuracy and traceability through the Internet of Things, big data and other technological information methods.
- (3) Promoted digital transformation: strengthened capabilities in business decision-making, business operation, marketing design, and risk management and control through data analysis.

3. Promoted the integration of supply chain, integrated national logistics resources to improve efficiency

(1) Guoda Drugstore completed the collection of the address list of some network nodes, including the warehouse address information of more than 30 logistics centers in the country, and the address information of more than 5000 stores nationwide of Guoda Drugstore; completed the flow direction and flow analysis of some nodes in the national multi-warehouse model, including the flow direction and flow analysis report on the centralized procurement at the Guoda Headquarters, and planned the national logistics network around the strategic goal of the integration of wholesale and retail to realize the linkage of multiple warehouses across the country.

(2) Actively promoted logistics optimization projects and management improvement

Completed the supply chain ex-warehouse visualization of 10 logistics/distribution centers including Guangzhou warehouse, Foshan warehouse, and Shenzhen warehouse.

4. Distribution business: rapidly responded, improved quality and efficiency, and promoted the business deployment of one body with two wings

During the epidemic, the company's distribution business deployment of one body with highlighted its anti-risk capabilities. Among them, retail direct sales, retail diagnosis and treatment, and devices consumables businesses maintained a growth higher than the overall average growth rate. In the first half of 2020, hospital direct sales revenue was 11.516 billion yuan, a year-on-year decrease of 7.6%; primary medical sales revenue was 974 million

yuan, a year-on-year decrease of 8.1%; retail direct sales revenue was 3.412 billion yuan, a year-on-year increase of 17.0%; retail clinic sales revenue was 770 million yuan, a year-on-year increase 24.4%; sales revenue of devices consumables was 2.179 billion yuan, a year-on-year increase of 40.4%.

(1) Actively responded to policy changes

Consortium Centralized Procurement (4+7 expansion): In Guangdong region, the point distribution ratio of the company was 100%; the second batch of national centralized procurement: the point distribution ratio of the company was 97.87%; national negotiations: the point distribution ratio of the company was 99.15%.

In Guangxi region, the point distribution ratio of the company was 80%; the second batch of national centralized procurement: the point distribution ratio of the company was 63%; the first batch of GPO in Guangxi, the point distribution ratio of the company was 76%.

(2) Retail direct sales: The number of single stores in the province reaches 6,613, with an increase of 1,800, the opened member stores total 628, and there are 279 stores near the hospitals. During the epidemic, retail direct medical e-commerce grew rapidly, with sales of 644 million yuan, a year-on-year increase of 28%.

(3) Retail diagnosis and treatment: There are 83 stores in Guangdong and Guangxi, including 62 in Guangdong and 21 in Guangxi.

Retail diagnosis and treatment explored the strategic layout of multi-modal prescription circulation projects, consolidated first-mover advantages through departmental linkage, and cooperated with more than 10 platforms.

Retail diagnosis and treatment explored different levels of medical insurance designated qualifications: obtained medical insurance coordinating designated qualifications for the "outpatient specific disease outsourcing + outpatient chronic disease drug outsourcing" in 9 cities in Guangdong and Guangdong, and actively explored access to related characteristic models through "Internet + medical insurance co-ordination". Became the designated point of commercial supplementary medical insurance outsourcing in Zhuhai, Shenzhen, Foshan and other places, and developed the first insurance file system in the province.

Retail diagnosis and treatment innovated online live broadcast of patient education, and launched 25 online live broadcasts of patient education, including 5 broadcasts on the independent platform.

(4) Devices consumables: Realized business informatization, realized the promotion of the new consignment model across the whole province; completed the promotion of the consignment closed-loop management mode of 2 pilot hospitals; realized the interface interconnection of the provincial platform consumable network, and helped the consumable business to develop and accelerate the promotion of SPD in a number of hospitals in Guangzhou, Shenzhen and in the province, and advanced the implementation of SPD in 6 hospitals in Guangdong Province in the first half of the year.

5. Guoda Drugstore: seized opportunities, strengthened innovative business layout, and consolidated basic capabilities for high-quality development

As of June 30, 2020, the number of total stores of Guoda Drugstore reached 5,838, of which 4,516 were directly operated and 1,322 were franchised. During the epidemic, the performance of Guoda Drugstore showed a steady growth trend, and policies such as prescription outflow brought revenue growth to retail pharmacies. Various business types have been developing steadily, among them, direct sales revenue was 5.10 billion yuan, a year-on-year increase of 32.78%, DTP sales revenue was 972million yuan, a year-on-year increase of 19.34%, OTO sales revenue was 115 million yuan, a year-on-year increase of 233.53%, franchise business sales revenue was 634 million yuan, a year-on-year increase of 14.13%.

(1) Comprehensive development of e-commerce business in multiple formats

Self-operated e-commerce platform: realized sales of 17.04 million in the first half of the year, an increase of 731% on a year-on-year basis. During the epidemic, the importance of the platform became prominent, the company reorganized the positioning of the platform, introduced products suitable for self-operated e-commerce sales, launched mask reservation service, and increased the number of fans on the official account by millions.

Third-party O2O platform: sales reached 115 million in the first half of the year, an increase of 262% on a year-on-year basis, daily order quantity exceeded 20,000, and prescription drug sales accounted for 20%. The number of online stores on third-party platforms (Meituan, Eleme, JD Daojia, and AliHealth) has reached 4,000, and 180 night sales stores have been opened. At the same time, third-party O2O channels such as platform haoyisheng and JD Health have been introduced.

Category: key cooperative suppliers carried out O2O business linkage, formulated exclusive regional hot-selling product catalogs for all regional companies across the country, created online core hot items, and used hot items to achieve drainage.

(2) Professional service ability improvement

Chronic disease management: Guoda Drugstore continued to strengthen chronic disease management and professional service improvement, developed a chronic disease core product catalog, and tracked the selection, stocking, and sales of chronic disease core products of various companies; developed gout, hyperlipidemia, and coronary heart disease projects for Healthy Communities, formulated relevant catalogs and set up return visits; gradually improved the ability of pharmaceutical services by improving the quality of specialist cases.

Member management: Guoda Drugstore analyzed member data, carried out store basic service improvement and customer satisfaction surveys, and improved professional services; newly added chronic disease projects for Healthy Communities; promoted the establishment of member management platform, and Enterprise WeChat and member platforms have been connected (It has been piloted in Jiangmen and Guangxi).

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

(ii) The entity business operations and the business condition of the stores during the reporting period:

1. As of the end of June 2020, Guoda Drugstore had 4,516 direct-operated stores, with sales revenue of 6.22 billion Yuan(tax excluded); 1322 franchise stores with distribution revenue of 625 million Yuan(tax excluded).

Region	Direct-sale store			Franchised outlet		
	Numbers	Sales revenue (in 10 thousand Yuan)	Y-o-y changes (+,-)	Numbers	Distribution revenue (in 10 thousand Yuan)	Y-o-y changes (+,-)
North	2,444	340,601.16	33.63%	464	25,759.82	19.72%
East China	944	127,857.82	19.54%	596	28,721.64	8.23%
South China	565	85,374.96	29.11%	142	4,683.08	13.31%
Central China	291	32,087.48	29.55%	120	3,299.93	27.61%
Northwest	272	36,069.32	44.25%	-	-	-
Total	4,516	621,990.74	30.20%	1,322	62,464.47	14.04%

Note:

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

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

South China: Guangdong, Guangxi, Yunnan;

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	Inner Mongolia	HQ	2003	Direct-sale	5+X	1,689.26	Rental
2	Guangdong	Shenzhen Exhibition Hall	2006	Direct-sale	Modern pharmacy	260.00	Rental
3	Jiangsu	Jiangsu Baiyulan	1991	Direct-sale	Modern pharmacy	970.00	Rental
4	Shanxi	Er Yuan Branch	2011	Direct-sale	5+X	629.90	Rental
5	Hebei	Le Ren Tang HQ	2010	Direct-sale	TCM diagnosis	1,206.00	Rental

					shops		
6	Shanxi	Zhongli Branch	2002	Direct-sale	5+X	821.80	Rental
7	Beijing	Xidan Jinxiang	1997	Direct-sale	Modern pharmacy	773.16	Rental
8	Fujian	Xiamen New Special Medicine	2005	Direct-sale	Modern pharmacy	132.90	Rental
9	Shanxi	Kangweier Branch	2003	Direct-sale	Modern pharmacy	106.80	Rental
10	Henan	Zhongxin Store of Sinopharm Holding Guoda Durgstore Henan Chain Co., Ltd.	2002	Direct-sale	Modern pharmacy	830.00	Rental

(2) In first half of 2020, 207 new direct-sale stores opened and 87 stores shut down, net increase of 120 stores.

Region	Direct-sale store			Franchised outlet	
	Number of store increased	Total area(in M ²)	Number of stores shut down	Number of store increased	Number of stores shut down
North	154	19,585.75	-35	15	-11
East China	13	4,553.63	-28	4	-13
South China	22	3,760.37	-14	19	-2
Central China	6	1,354.00	-7	4	-
Northwest	12	1,913.24	-3	-	-
Total	207	31,166.99	-87	42	-26

(3) Medical insurance qualification of the stores

As of 30 June 2020, the Company has 4,516 chain stores with directly selling, and 3,874 pharmacy stores obtained the qualification of “Designated retail pharmacies of medical insurance”, representing 86% of the total pharmacies of the Company.

Region	Number of stores	Stores obtained the qualification of “Designated retail pharmacies of medical	Ratio in total pharmacies
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		insurance”	
North	2444	2198	90%
East China	944	704	75%
South China	565	483	85%
Central China	291	245	84%
Northwest	272	244	90%
Total	4516	3874	86%

(4) Change of main selling index

Period	Per customer transaction (RMB)	Proportion of prescription drugs	Proportion of medical insurance sales in direct-sale stores	Proportion of the direct member sales	Proportion of transaction times of direct members
First half year of 2019	77	53%	38%	66%	55%
First half year of 2020	83	51%	37%	65%	55%

(5) Operating efficiency of direct-sale stores in reporting period:

Region	Number of stores	Operating area of the stores (square meters)	Daily average efficiency (tax-included, Yuan/Square Meters)	Rental efficiency (tax-included)
North	2,444	297,260	78	15
East China	944	117,870	91	14
South China	565	62,687	88	17
Central China	291	34,692	65	14
Northwest	272	32,746	69	23

Note: Daily average efficiency=Average daily operating income/Operating area of the stores;

Average daily operating revenue=Operating revenue (tax-included) of the store in the Year/Operating days of store in the Year.

Rental efficiency= Sales volume/Rental

(6) Structure of the category at retail terminal

Category	First half of 2020	First half of 2019
Health food	5.15%	6.49%
Convenience food	0.93%	0.93%
Rx Drug	51.13%	52.94%
OTC	24.30%	27.23%
Personal care	4.49%	5.71%
Home convenience	1.50%	1.21%
Household health products	0.49%	0.27%
Chinese Herbal Medicine	9.71%	4.97%
Proportion of other categories	2.30%	0.25%

2. In first half of 2020, online sales developed in a steady pace, the sale amount in B2C amounted as 132 million yuan (tax excluded) in total, and total sales in O2O business was 115 million yuan(tax excluded). Details are:

In 10 thousand Yuan

Cooperation platform	Sales amount (tax excluded)
B2C	13,275.22
O2O	11,526.55
Total	24,801.77

3. Procurement, inventory and supplier from the headquarter: top 5 suppliers in first half of 2020:

In 10 thousand Yuan

Ranking	Procurement amount (tax included)	Purchase ratio
No. 1	11,854	14%
No. 2	6,381	8%

No. 3	6,357	8%
No. 4	5,016	6%
No. 5	4,375	5%

4. Warehousing and logistics:

As of 30 June 2020, Guoda Drugstore has 30 large and small sized logistic warehouses in total, covering more than 113,800 square meters, spreading out across 19 provinces.

Province	Region	Warehouse area (M ²)	Management ownership
Liaoning	Shenyang	18,821	Self-management
Guangdong	Guangzhou	/	Delegation
	Shenzhen		
	Jiangmen		
Shanxi	Shanxi Wanmin	10,919	Self-management
	Shanxi Yiyuan	/	Delegation
Jiangsu	Dadesheng	4,869	Self-management
	Nanjing	2,200	Self-management
	Liyang	1,920	Self-management
Fujian	Fujian	5,628	Self-management
	Quanzhou	1,096	Self-management
Hebei	Hebei	/	Delegation
Shandong	Shandong	4,800	Self-management
Ningxia	Ningxia	3,000	Self-management
Hunan	Hunan	4,717	Self-management
Henan	Henan	3,610	Self-management
	Zhengzhou	/	Delegation
Inner Mongolia	Inner Mongolia	5,236	Self-management
Guangxi	Guangxi	1,950	Self-management
Beijing	Beijing Guoda	/	Delegation
	Beijing Jinxiang		
Tianjin	Tianjin	/	Delegation
Anhui	Anhui	1,000	Self-management
Xinjiang	Xinjiang	3,517	Self-management
Shanghai	Shanghai Fumei	20,000	Self-management

	Shanghai Guoda		
Zhejiang	Hangzhou	974	Self-management
HQ of Guoda	HQ	/	Delegation
Jilin Yihe	Jilin Yihe	/	Delegation
Pu'er Songmao	Pu'er Songmao	1,895	Self-management
Pudong Medicine	Pudong Medicine	17,680	Self-management
Total		113,832	

5. Goods suppliers of Guoda Drugstore are mainly external suppliers and assist affiliated enterprise of SINOPHARM and private brands. As of first half year of 2020, sales information are as:

In 10 thousand Yuan

Self-brand	Nature	Type	Sales amount (tax included)	Proportion
a	In OEM	Health food	1,074	0.16%
b	In OEM	Children	12	0.00%
c	In OEM	Gynaecology	11	0.00%
d	In OEM	Household health	4,311	0.63%
e	In OEM	Anti-infection	25	0.00%
f	In OEM	Anti-allergy & anti-vertigo	4	0.00%
g	In OEM	Endocrine	2	0.00%
h	In OEM	Clearing away heat & toxic materials	244	0.04%
i	In OEM	Drugs for external use	208	0.03%
j	In OEM	ENT dept.	134	0.02%
k	In OEM	Chinese Herbal Medicine	1,586	0.23%
	Total		7,611	1.11%

6. Member management and service business

As of June 30, 2020, the company's membership sales accounted for 65%, a decrease of 1 percentage point compared with the membership sales of 66% in 2019. At the same time, the number of member transactions in 2020 has increased by 26% on a year-on-year basis. The proportion of member transactions in total transactions increased from 54.8% in 2018 to 55.3% in 2020. The number of member transactions has maintained a steady annual growth during the continuous improvement of sales, which played a key supporting role in the steady improvement of the company's performance.

The company has improved its operating efficiency by optimizing the product structure. In the first half of 2020, the unit price of company members was 119 yuan, which was 1.13 times higher than that of non-member customers of 56 yuan.

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	27,169,940,188.52	25,599,198,815.30	6.14%	No major changes
Operating costs	23,971,029,719.44	22,712,876,604.19	5.54%	No major changes
Selling expenses	1,728,738,818.60	1,541,285,047.94	12.16%	No major changes
Administration expenses	443,287,144.92	391,848,337.91	13.13%	No major changes
Finance expenses	65,313,829.62	64,987,758.92	0.50%	No major changes
Income tax expenses	210,106,764.35	192,124,358.84	9.36%	No major changes
Net cash flow arising from operating activities	1,438,204,043.35	1,139,154,120.89	26.25%	No major changes
Net cash flow arising from investment activities	-666,346,816.87	-105,516,061.35	-531.51%	Decreased 531.51% on a y-o-y basis, mainly due to the cash paid for acquisition of Shanghai Dingqun Enterprise Management Consulting Co., Ltd. by subsidiary Guoda Drugstore, and there was no such event in the same period of last year.
Net cash flow arising from financing activities	-1,197,318,438.51	-893,012,855.18	-34.08%	Decreased 34.08% on a y-o-y basis, mainly because number of stores increased during the Period, and rent payment increased accordingly; and the investment amount paid for subsidiary (Pudong New Area of Shanghai Pharmaceutical Medicine Ltd) combined under the same control by Guoda Drugstore
Net increase of cash and cash equivalent	-425,509,148.00	140,448,637.11	-402.96%	Decreased 402.96% on a y-o-y basis, mainly due to the acquisition amount paid in the period from Guoda Drugstore, there was no such event in the same period of last year.

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 operation revenue

In RMB

	Current period		Same period last year		Increase/decrease y-o-y
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total of operation revenue	27,169,940,188.52	100%	25,599,198,815.30	100%	6.14%
According to industries					
Pharmaceutical distribution	19,185,884,075.68	70.61%	19,232,044,967.89	75.13%	-0.24%
Retail pharmacy	7,876,117,404.69	28.99%	6,278,130,158.65	24.52%	25.45%
Other	107,938,708.15	0.40%	89,023,688.76	0.35%	21.25%
According to products					
Pharmaceuticals	24,375,725,625.65	89.72%	23,743,125,701.29	92.75%	2.66%
Medical devices and disposables	2,185,440,182.47	8.04%	1,320,195,827.34	5.16%	65.54%
Diagnostic reagent	335,716,038.17	1.24%	347,786,617.78	1.36%	-3.47%
Medical equipments	165,119,634.08	0.61%	99,066,980.13	0.39%	66.67%
Other	107,938,708.15	0.39%	89,023,688.76	0.34%	21.25%
According to region					
China	27,169,940,188.52	100.00%	25,599,198,815.30	100.00%	6.14%

About the industries, products, or regions accounting for over 10% of the company's operating income or operating profit

√Applicable □ Not applicable

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						
Pharmaceutical distribution	19,185,884,075.68	18,023,920,190.08	6.06%	-0.24%	-0.17%	-0.06%
Retail pharmacy	7,876,117,404.69	5,921,911,082.38	24.81%	25.45%	27.76%	-1.36%
According to products						
Pharmaceuticals	24,375,725,625.65	21,528,380,814.97	11.68%	2.66%	2.01%	0.57%
According to region						

China	27,169,940,188.52	23,971,029,719.44	11.77%	6.14%	5.54%	0.49%
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Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest one year's scope of period-end

☐Applicable ☒Not applicable

Reasons for the above 30% changes in relevant data on a y-o-y basis

☒Applicable ☐Not applicable

In this period, Medical devices and disposables and Medical equipments increased by 65.54% and 66.67% respectively over the same period of the previous year, mainly due to the implementation of the company's development strategy, adjustment of business structure transformation, and vigorous promotion of innovative business development.

III. Analysis of the non-main business

☐ Applicable ☒ Not applicable

IV. Analysis of assets and liabilities

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		
Cash and bank balances	8,239,840,227.80	21.87%	8,092,738,303.99	23.75%	-1.88%	No major changes
Accounts receivable	13,892,695,134.41	36.88%	11,926,115,915.38	35.00%	1.88%	No major changes
Inventories	5,344,906,740.17	14.19%	5,008,443,509.60	14.70%	-0.51%	No major changes
Investment properties	130,090,605.82	0.35%	140,319,140.00	0.41%	-0.06%	No major changes
Long-term equity investment	2,142,161,636.01	5.69%	2,077,811,395.30	6.10%	-0.41%	No major changes
Fix assets	716,847,033.81	1.90%	694,088,419.39	2.04%	-0.14%	No major changes
Construction in process	29,000,528.39	0.08%	38,138,362.71	0.11%	-0.03%	No major changes
Short-term borrowings	3,710,647,467.19	9.85%	3,290,877,595.23	9.66%	0.19%	No major changes

2. Assets and liability measured by fair value

√Applicable □Not applicable

In RMB

Item	Opening amount	Gain/loss of changes in fair value	Cumulative changes of fair value reckoned into equity	Impairment accrual in the Period	Amount purchased in the Period	Amount sold in the Period	Other changes	Ending amount
Financial assets								
Other equity instrument investment	116,021,000.00		102,335,240.00					116,021,000.00
Other non-current financial assets	140,000,000.00						-19,027,649.76	120,972,350.24
Receivable financing	446,342,588.46						-46,452,938.45	399,889,650.01
Total of above	702,363,588.46		102,335,240.00				-65,480,588.21	636,883,000.25
Financial liability	0.00							0.00

Content of other changes

1. Other non-current financial assets were the fair value of the shares of Sinopharm Zhongjin Medical Industry Fund (hereinafter referred to as "Industry Fund") subscribed by the Company. Other changes were the withdrawal of fund investment projects, and part of the investment cost of the withdrawal of projects was returned according to the agreement.
2. In the financing of receivables, other changes were caused by changes in bank acceptance bills held in the current period.

Whether the measurement attribute for main assets of the Company have changed significantly in the reporting period

☐Yes ☒No

3. Assets right restriction till end of reporting period

Nil

V. Investment

1. Overall situation

☒Applicable ☐ Not applicable

During the reporting period, the company paid cash to acquire the equity of Shanghai Dingqun Enterprise Management Consulting Co., Ltd. (100%) and Beijing Jinxiang Guoxing Pharmaceutical Co., Ltd. (100%), realizing the business combination not under the same control of these two companies, and paying cash for the acquisition of equity (85%) of Pudong New Area of Shanghai Pharmaceutical Medicine Ltd., and achieved business combination under the same control. The company newly established subsidiaries Guoda Drugstore (Rizhao) Co., Ltd. (100%) and Liaoning Guoda Health Pharmacy Co., Ltd. (100%).

During the reporting period, the company paid cash to acquire the business assets of 43 directly-operated stores and the operating rights of 11 clinics of Liaoning Xianzhen Pharmaceutical Chain Co., Ltd.

During the reporting period, the company increased capital (100%) to Sinopharm Holding Maoming Co., Ltd.. After the capital increase was completed, the shareholding ratio remained unchanged.

For specific investment, please refer to note (VIII) and (IX) 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 measured by fair value

☒Applicable ☐Not applicable

In RMB

Type	Initial investment cost	Gain/loss of changes in fair value	Cumulative changes of fair value reckoned	Amount purchased in the Period	Amount sold in the Period	Cumulative investment income	Ending amount	Capital source
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			into equity					
Other	13,685,760.00	0.00	102,335,240.00	0.00	0.00	4,397,810.94	116,021,000.00	Own funds
Other	140,000,000.00	0.00	0.00	0.00	0.00	4,109,881.90	120,972,350.24	Own funds
Total	153,685,760.00	0.00	102,335,240.00	0.00	0.00	8,507,692.84	236,993,350.24	--

5. 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 Guangzhou Co., Ltd.	Subsidiary	"Sales of drugs, medical apparatus and instruments, freightage, storage, loading and unloading, glass wares,	3,553,249,393.17	14,636,844,288.53	4,343,453,764.32	14,023,972,075.91	369,200,267.47	273,272,949.71

		cosmetics and daily merchandise; other business services, other professional consultation, various goods agency and for self-operation, import & export of technology, houses leasing"						
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 of technology"	1,683,333,333.00	13,495,579,732.65	5,356,093,652.12	8,613,020,309.15	330,188,747.31	248,037,573.90
Sinopharm Holding	Subsidiary	"Retail and distribution in	521,407,965.79	4,232,763,658.66	1,070,797,358.69	3,009,322,427.21	99,295,363.01	85,991,211.39

Guangxi Co., Ltd.		respect of pharmaceutical products and medical apparatus and instruments, wholesale and retails of health products"						
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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
Shanghai Dingqun Enterprise Management Consulting Co., Ltd.	Acquisition	Expand the layout of wholesale and retail business, and without major influence on performance of the Company
Beijing Jinxiang Guoxing Pharmaceutical Co., Ltd.	Acquisition	Expand local medicine retail business layout, and without major influence on performance of the Company
Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.	Acquisition	Expand the layout of wholesale and retail business, and without major influence on performance of the Company
Guoda Drugstore (Rizhao) Co., Ltd.	Establishment	Expand local medicine retail business layout, and without major influence on performance of the Company
Liaoning Guoda Health Pharmacy Co., Ltd.	Establishment	Expand local medicine retail business layout, and without major influence on performance of the Company

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 2020

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. Risks of changes in industry policy

With the continuous deepening of new medical reform, the pharmaceutical industry frequently releases policies, and the operating environment of the industry has major changes, affected by the “4 + 7” centralized procurement linkage and expansion, the GPO in Guangdong and Guangxi provinces, and the continuous expansion of the national talks, and other policies, the drug price has continued to drop sharply, and the company’s profit margin is facing the risk of further compression. The supervision has been continuously upgraded, the introduction of the new Drug Administration Law and the implementation of the “four strictest” put forward higher requirements for the compliance operation of pharmaceutical enterprises, the pharmaceutical circulation industry faces increased risks of uncertain compliance. The company will respond to the impacts of industry policies by transforming and upgrading its business structure, exploring new profit models, and improving its risk management and control capabilities.

2. Management risks of the continuous expansion of marketing network of Guoda Drugstore

Through the continuous opening of new stores and extended M & A, the marketing network of Guoda Drugstore has maintained a steady growth trend in recent years. The expansions of the sales areas and the increase in the number of stores have put pressure on the store location, distribution, cash management, marketing and human resource management of Guoda Drugstore. The company will strengthen management and construction in the commodity procurement, logistics and delivery, sales and other links, and formulate corresponding management measures in each link to ensure unified standards and management quality for store expansion, and at the same time strengthen integration and control of new merged stores.

3. Risks of intensifying 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 foreign pharmaceutical distribution enterprises with powerful strength are entering the domestic pharmaceutical distribution markets through a variety of ways, so the industry competition is further intensifying. In addition, the cross-border competitors with internet genes have quickly penetrated into the company’s traditional business fields, which brought certain challenges to the company’s business model.

The company will continue to integrate existing resources, deepen the strategic development initiatives with wholesale-retail integration as the core, and deeply give play to the synergies, directly face the terminal patients and consumers through complementary varieties, capital collaboration, supply chain collaboration, and international promotion, and continuously increase investment in scientific and technological innovation, and actively respond to cross-border competition.

4. Risks of facing the horizontal competition

In the pharmaceutical retail field, Sinopharm Holding'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 Holding and SINOPHARM have pledged to take effective measures to resolve the possible horizontal competition.

5. The risk of goodwill impairments

On 30 June 2020, the book value of goodwill in consolidate financial statement listed as 1,564,931,605.00 Yuan, and distributed to the assets group of distribution business and retail business. In accordance with the Accounting Standards for Business Enterprises, the Company carried out annual impairment test for the goodwill. Impairment of goodwill will released on the Note V.-32 and Note VII-28 listed under the Financial Statement

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
Annual General Meeting of 2019	AGM	66.62%	2019-05-15	2019-05-16	Juchao Website—(http://www.cninfo.com.cn) "Resolution Notice of AGM of 2019 No.: 2020-17"

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 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	2016-05-31	36 months	Completed

			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."			
	Ping'an Assets Management Co., Ltd	Commitment on restricted shares	"Ping An Asset Management Co., Ltd. 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. After placement	2016-05-31	36 months	Completed

			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.			
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 June 30, 2020, the Company has 17 cases of contract disputes in the daily operation, with total amount of 22,335,300 yuan involved; 4 cases of intellectual property infringement disputes, with total amount of 15.381 million yuan involved; 3 cases of equity transfer disputes, with amount of 91.9546 million yuan involved; 1 case of medical product liability dispute, with amount of 21.5888 million yuan involved; 2 cases of lease contract disputes, with amount of 497,100 yuan involved; 3 cases of labor disputes, with amount of 362,100 yuan involved; 1 case of noise pollution dispute, with amount of 31,800 yuan involved.

The total amount involved in the above 31 cases was 152,151,000 yuan, which neither formed the expected liabilities, nor had an effect on normal operation and management of the Company.

IX. Media questioning

☐Applicable ☒Not applicable

During the reporting period, the company had no media generally questioned matters.

X. Penalty and rectification

☐Applicable ☒Not applicable

No penalty and rectification for the Company in Period.

XI. 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.

XII. 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.

XIII. 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 XI. 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 2020" was deliberated and approved by 15th session of 8th BOD held on 20 April 2020 and "Announcement on Expected Routine Related Transaction for Year of 2020" (Notice No.: 2020-10) released on 22 April 2020, in the reporting period, related sales takes 35.89% in total expected amount for the whole year, and related procurement takes 41.14% 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

The Company had no contact of related credit and debt in the period.

5. Other related transactions

☐ Applicable ☒ Not applicable

The Company had no other related transaction in the period.

XIV. 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.

XV. 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

The company and its subsidiaries' external guarantees (Barring the guarantee for subsidiaries)								
Name of the Company	Related Announce	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Implemen	Guarante

guaranteed	ment disclosure date						ted (Y/N)	e for related party (Y/N)
Total amount of external guarantee approved during the reporting period (A1)				The total amount of external guarantees actually occurred during the reporting period (A2)				
The total amount of external guarantees approved at the end of the reporting period (A3)				Total balance of actual external guarantees at the end of the reporting period (A4)				
The company's guarantees to subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Sinopharm Holding Guangzhou Co., Ltd.	2020-04-22	33,000	2020-05-20	10,095.91	Joint liability assurance	2020.05.20-2021.05.20	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	2020-04-22	60,000	2020-05-20	60,000	Joint liability assurance	2020.05.20-2021.05.19	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	2019-08-24	60,000	2019-11-29	23,311.11	Joint liability assurance	2019.11.29-2020.11.27	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	2019-08-24	25,000	2020-03-31	17,462.56	Joint liability assurance	2020.03.31-2021.03.30	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	2019-04-25	15,000	2019-08-07		Joint liability assurance	2019.08.07-2020.08.06	N	Y
Sinopharm Holding Guangzhou Co.,	2020-04-22	80,000	2020-05-20	47,119.27	Joint liability assurance	2020.05.20-2021.05.19	N	Y

Ltd.								
Sinopharm Holding Guangzhou Co., Ltd.	2019-08-24	15,000	2020-01-15	10,700.22	Joint liability assurance	2020.01.15-2021.01.14	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	2019-08-24	35,000	2019-10-15	1,119.38	Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	2019-04-25	52,000	2019-07-26	46,951.66	Joint liability assurance	2019.07.26-2020.07.25	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	2019-04-25	10,000	2019-08-13		Joint liability assurance	2019.08.13-2020.08.12	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	2019-04-25	60,000	2019-08-06		Joint liability assurance	2019.08.06-2020.08.05	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	2020-04-22	5,000	2020-06-11	581.74	Joint liability assurance	2020.06.11-2021.05.18	N	Y
Sinopharm Holding Guangdong Yuexing Co., Ltd.	2020-04-22	5,000	2020-05-20	1,193.23	Joint liability assurance	2020.05.20-2021.05.20	N	Y
Sinopharm Holding Guangdong Yuexing Co., Ltd.	2019-08-24	15,000	2019-10-15	3,829.26	Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Guangdong Yuexing Co., Ltd.	2019-08-24	10,000	2019-12-25	4,474.81	Joint liability assurance	2019.12.25-2020.12.24	N	Y
Sinopharm Holding Guangdong Yuexing Co., Ltd.	2019-04-25	5,000	2019-08-06		Joint liability assurance	2019.08.06-2020.08.05	N	Y

Sinopharm Holding Guangdong Yuexing Co., Ltd.	2019-08-24	5,000	2019-09-26	1,827.02	Joint liability assurance	2019.09.26-2020.09.25	N	Y
Sinopharm Holding Guangdong Hengxing Co., Ltd.	2019-08-24	10,000	2019-11-28	6,979.79	Joint liability assurance	2019.11.28-2020.10.18	N	Y
Sinopharm Holding Guangdong Hengxing Co., Ltd.	2019-08-24	3,000	2019-11-26	2,667.16	Joint liability assurance	2019.11.26-2020.11.25	N	Y
Sinopharm Holding Foshan Co., Ltd.	2019-08-24	3,000	2019-10-15		Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Foshan Co., Ltd.	2020-04-22	3,000	2020-05-27	52.05	Joint liability assurance	2020.05.27-2021.03.21	N	Y
Sinopharm Holding Foshan Co., Ltd.	2019-08-24	2,500	2019-11-07	128.88	Joint liability assurance	2019.11.07-2020.11.06	N	Y
Sinopharm Holding Zhaoqing Co., Ltd.	2019-08-24	2,000	2019-10-15	1,757.42	Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Zhaoqing Co., Ltd.	2019-08-24	2,000	2019-12-23	1,915.14	Joint liability assurance	2019.12.23-2020.12.22	N	Y
Sinopharm Holding Zhaoqing Co., Ltd.	2020-04-22	2,000	2020-06-05	745.8	Joint liability assurance	2020.06.05-2021.05.18	N	Y
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2019-04-25	15,000	2019-07-01	11,335.32	Joint liability assurance	2019.07.01-2020.06.30	N	Y
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2019-08-24	10,000	2019-09-24	2,886.33	Joint liability assurance	2019.09.24-2020.09.23	N	Y

Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2019-08-24	20,000	2019-11-08	15,377.95	Joint liability assurance	2019.11.08-2020.09.30	N	Y
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2019-08-24	10,000	2019-08-30		Joint liability assurance	2019.08.30-2020.08.13	N	Y
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2019-08-24	3,000	2019-10-15		Joint liability assurance	2019.10.15-2020.10.14	N	Y
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2019-08-24	10,000	2020-04-07	5,774.59	Joint liability assurance	2020.04.07-2020.10.22	N	Y
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2020-04-22	10,000	2020-06-03		Joint liability assurance	2020.06.03-2021.05.18	N	Y
Foshan Nanhai Pharmaceutical Co., Ltd.	2019-08-24	5,000	2019-10-15	494.47	Joint liability assurance	2019.10.15-2020.10.14	N	Y
Foshan Nanhai Pharmaceutical Co., Ltd.	2020-04-22	10,000	2020-05-27	1,979.57	Joint liability assurance	2020.05.27-2021.03.21	N	Y
Foshan Nanhai Pharmaceutical Co., Ltd.	2019-08-24	7,000	2019-11-07	3,031.14	Joint liability assurance	2019.11.07-2020.11.06	N	Y
Foshan Nanhai Pharmaceutical Co., Ltd.	2019-08-24	2,500	2020-04-16		Joint liability assurance	2020.04.16-2020.12.23	N	Y
Foshan Nanhai Uptodate & Special Medicines Co. Ltd.	2019-08-24	6,000	2019-10-15		Joint liability assurance	2019.10.15-2020.10.14	N	Y

Foshan Nanhai Uptodate & Special Medicines Co. Ltd.	2020-04-22	10,000	2020-05-27	8,307.23	Joint liability assurance	2020.05.27-2021.03.21	N	Y
Foshan Nanhai Uptodate & Special Medicines Co. Ltd.	2019-08-24	7,000	2019-11-07	1,631.03	Joint liability assurance	2019.11.07-2020.11.06	N	Y
Foshan Nanhai Uptodate & Special Medicines Co. Ltd.	2019-08-24	3,000	2019-11-20	1,989.28	Joint liability assurance	2019.11.20-2020.11.19	N	Y
Foshan Nanhai Uptodate & Special Medicines Co. Ltd.	2019-08-24	2,500	2020-04-16		Joint liability assurance	2020.04.16-2020.12.23	N	Y
Sinopharm Holding (Jiangmen) Co., Ltd.	2019-08-24	1,000	2019-10-15	999	Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding (Jiangmen) Co., Ltd.	2020-04-22	3,000	2020-05-26	2,999.47	Joint liability assurance	2020.05.26-2021.05.18	N	Y
Sinopharm Holding (Jiangmen) Co., Ltd.	2019-08-24	1,000	2019-12-13	520.67	Joint liability assurance	2019.12.13-2020.12.12	N	Y
Sinopharm Holding Meizhou Co., Ltd.	2019-08-24	1,000	2019-10-15	1,000	Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Meizhou Co., Ltd.	2020-04-22	4,000	2020-06-29	2,063.45	Joint liability assurance	2020.06.29-2021.06.28	N	Y
Sinopharm Holding Meizhou Co., Ltd.	2020-04-22	5,000	2020-05-22	4,523.76	Joint liability assurance	2020.05.22-2021.05.18	N	Y
Sinopharm Holding Meizhou Co., Ltd.	2020-04-22	3,000	2020-06-10		Joint liability assurance	2020.06.10-2021.05.31	N	Y

Sinopharm Holding Zhongshan Co., Ltd.	2019-08-24	1,000	2019-10-15	773.9	Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Zhongshan Co., Ltd.	2019-08-24	2,000	2019-09-24	1,974.35	Joint liability assurance	2019.09.24-2020.09.23	N	Y
Sinopharm Holding Shantou Co., Ltd.	2019-08-24	500	2019-10-15	500	Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Shantou Co., Ltd.	2019-08-24	1,000	2019-12-23	1,000	Joint liability assurance	2019.12.23-2020.12.22	N	Y
Sinopharm Holding Shantou Co., Ltd.	2020-04-22	2,000	2020-06-01	1,500	Joint liability assurance	2020.06.01-2021.05.31	N	Y
Sinopharm Holding Huizhou Co., Ltd.	2019-08-24	1,000	2019-10-15	569.97	Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Huizhou Co., Ltd.	2019-08-24	1,000	2019-12-17		Joint liability assurance	2019.12.17-2020.12.16	N	Y
Sinopharm Holding Huizhou Co., Ltd.	2019-08-24	3,000	2019-12-10	2,002.27	Joint liability assurance	2019.12.10-2020.12.09	N	Y
Sinopharm Holding Zhanjiang Co., Ltd.	2019-08-24	1,000	2019-10-15	1,000	Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Zhanjiang Co., Ltd.	2019-08-24	2,000	2020-01-15	2,000	Joint liability assurance	2020.1.15-2020.12.19	N	Y
Sinopharm Holding Zhanjiang Co., Ltd.	2020-04-22	3,000	2020-06-03		Joint liability assurance	2020.06.03-2021.05.20	N	Y
Sinopharm Holding Zhuhai Co., Ltd.	2019-08-24	1,000	2019-10-15	996.34	Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Zhuhai	2019-08-24	2,000	2019-09-24	1,995.99	Joint liability assurance	2019.09.24-2020.09.23	N	Y

Co., Ltd.								
Sinopharm Holding Zhuhai Co., Ltd.	2020-04-22	2,000	2020-05-15	863.65	Joint liability assurance	2020.05.15-2021.05.15	N	Y
Sinopharm Holding Dongguan Co., Ltd.	2020-04-22	5,000	2020-05-29	1,000	Joint liability assurance	2020.05.29-2021.05.18	N	Y
Sinopharm Holding Dongguan Co., Ltd.	2019-08-24	2,000	2019-10-15		Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Dongguan Co., Ltd.	2019-04-25	2,000	2019-08-06		Joint liability assurance	2019.08.06-2020.08.05	N	Y
Sinopharm Holding Dongguan Co., Ltd.	2020-04-22	3,000	2020-06-24	506.94	Joint liability assurance	2020.06.24-2021.06.23	N	Y
Sinopharm Holding Dongguan Co., Ltd.	2020-04-22	3,000	2020-05-06		Joint liability assurance	2020.05.06-2021.02.27	N	Y
Guangdong Dongfang New Special Medicine Co., Ltd	2020-04-22	10,000	2020-05-11	2,517.14	Joint liability assurance	2020.05.11-2021.05.10	N	Y
Guangdong Dongfang New Special Medicine Co., Ltd	2020-04-22	5,000	2020-05-20	3,294.15	Joint liability assurance	2020.05.20-2021.04.10	N	Y
Guangdong Dongfang New Special Medicine Co., Ltd	2019-08-24	3,000	2020-04-09	1,707.8	Joint liability assurance	2020.04.09-2021.03.16	N	Y
Guangdong Dongfang New Special Medicine Co., Ltd	2019-08-24	9,000	2019-10-17	7,096.43	Joint liability assurance	2019.10.17-2020.10.16	N	Y
Guangdong Dongfang New Special Medicine Co., Ltd	2019-08-24	4,000	2019-10-15	3,839.13	Joint liability assurance	2019.10.15-2020.10.14	N	Y
Guangdong	2019-08-24	2,500	2020-04-16		Joint liability	2020.04.16-2	N	Y

Dongfang New Special Medicine Co., Ltd					assurance	020.12.23		
Sinopharm Holding Shaoguan Co., Ltd.	2019-08-24	3,000	2020-01-15	1,379.09	Joint liability assurance	2020.1.15-2020.12.31	N	Y
Sinopharm Holding Shaoguan Co., Ltd.	2020-04-22	3,000	2020-05-29	2,994.21	Joint liability assurance	2020.05.29-2021.05.18	N	Y
Sinopharm Holding Maoming Co., Ltd.	2020-04-22	5,000	2020-05-26	1,817.49	Joint liability assurance	2020.05.26-2021.05.18	N	Y
Sinopharm Holding Guangzhou Huadu Co., Ltd.	2019-04-25	2,500	2019-07-23	1,927.58	Joint liability assurance	2019.07.23-2020.07.22	N	Y
Sinopharm Holding Guangzhou Huadu Co., Ltd.	2020-04-22	2,000	2020-06-08	1,611.75	Joint liability assurance	2020.06.08-2021.06.07	N	Y
Sinopharm Holding Guangzhou Huadu Co., Ltd.	2019-08-24	1,500	2019-12-09	1,408.91	Joint liability assurance	2019.12.09-2020.09.30	N	Y
Sinopharm Holding Heyuan Co., Ltd.	2019-08-24	2,000	2019-12-18	840	Joint liability assurance	2019.12.18-2020.12.17	N	Y
Sinopharm Holding Heyuan Co., Ltd.	2020-04-22	5,000	2020-05-21	1,900	Joint liability assurance	2020.05.21-2021.05.18	N	Y
Sinopharm Holding Foshan Medical Consumables Supply Chain Co., Ltd.	2019-08-24	1,000	2019-11-07	3.59	Joint liability assurance	2019.11.07-2020.11.06	N	Y
Sinopharm Accord (Guangzhou) Medicines Co., Ltd.	2020-04-22	1,000	2020-06-17		Joint liability assurance	2020.06.17-2021.05.18	N	Y
Sinopharm	2020-04-22	30,000	2020-06-28	11,142.5	Joint liability	2020.06.28-2	N	Y

Holding Guangxi Co., Ltd.					assurance	021.04.20		
Sinopharm Holding Guangxi Co., Ltd.	2019-08-24	28,000	2019-10-15	5,233.67	Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Guangxi Co., Ltd.	2019-08-24	25,000	2020-02-17	10,803.63	Joint liability assurance	2020.02.17-2021.02.21	N	Y
Sinopharm Holding Guangxi Co., Ltd.	2020-04-22	20,000	2020-06-16	15,659.68	Joint liability assurance	2020.06.16-2021.06.15	N	Y
Sinopharm Holding Guangxi Co., Ltd.	2020-04-22	10,000	2020-05-28	1,637.34	Joint liability assurance	2020.05.28-2021.05.28	N	Y
Sinopharm Holding Guangxi Co., Ltd.	2019-08-24	25,000	2019-12-25	14,957.4	Joint liability assurance	2019.12.25-2020.12.25	N	Y
Sinopharm Holding Guangxi Co., Ltd.	2019-04-25	5,000	2019-07-26	3,999.51	Joint liability assurance	2019.07.26-2020.07.25	N	Y
Sinopharm Holding Guangxi Co., Ltd.	2020-04-22	20,000	2020-05-20	8,151.82	Joint liability assurance	2020.05.20-2021.05.19	N	Y
Sinopharm Holding Guangxi Co., Ltd.	2019-04-25	20,000	2019-07-03	670	Joint liability assurance	2019.07.03-2020.07.03	N	Y
Sinopharm Holding Guangxi Co., Ltd.	2020-04-22	12,000	2020-05-29	7,423.84	Joint liability assurance	2020.05.29-2021.05.18	N	Y
Sinopharm Holding Liuzhou Co., Ltd.	2019-08-24	9,000	2019-10-15	3,139.5	Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Liuzhou Co., Ltd.	2020-04-22	10,000	2020-06-21	7,041.9	Joint liability assurance	2020.06.21-2021.06.20	N	Y
Sinopharm Holding Liuzhou Co., Ltd.	2019-08-24	10,000	2020-02-21	13.37	Joint liability assurance	2020.02.21-2021.02.20	N	Y
Sinopharm Holding Liuzhou	2019-04-25	5,000	2019-07-09	4,988.93	Joint liability assurance	2019.07.09-2020.07.08	N	Y

Co., Ltd.								
Sinopharm Holding Liuzhou Co., Ltd.	2019-08-24	9,000	2019-10-29		Joint liability assurance	2019.10.29-2020.10.28	N	Y
Sinopharm Holding Liuzhou Co., Ltd.	2019-08-24	10,000	2019-12-20	4,999.64	Joint liability assurance	2019.12.20-2020.12.19	N	Y
Sinopharm Holding Medical Supply Chain Services (Guangxi) Co., Ltd.	2019-08-24	1,059	2019-10-08	621.28	Joint liability assurance	2019.10.08-2020.10.07	N	Y
Sinopharm Holding Wuzhou Co., Ltd.	2019-08-24	2,500	2019-10-15		Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Guilin Co., Ltd	2019-08-24	1,500	2019-10-15		Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Beihai Co., Ltd	2019-08-24	3,000	2019-10-15		Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Baise Co., Ltd	2019-08-24	2,500	2019-10-15		Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Guigang Co., Ltd	2019-08-24	2,000	2019-10-15		Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Yulin Co., Ltd	2019-08-24	1,500	2019-10-15		Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Shenzhen Jianmin Co., Ltd.	2019-08-24	2,000	2019-10-15	1,028.6	Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm Holding Shenzhen Jianmin Co., Ltd.	2019-08-24	2,000	2020-02-17	600	Joint liability assurance	2020.02.17-2021.02.17	N	Y
Sinopharm Holding Shenzhen Medicine Co., Ltd	2019-08-24	1,000	2019-10-15	314.64	Joint liability assurance	2019.10.15-2020.10.14	N	Y
Sinopharm	2019-08-24	12,000	2019-10-15	3,922.33	Joint liability	2019.10.15-2	N	Y

Holding Shenzhen Yanfeng Co., Ltd.					assurance	020.10.14		
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2020-04-22	8,000	2020-05-28	2,941.7	Joint liability assurance	2020.05.28-2021.05.28	N	Y
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2019-04-25	7,000	2019-08-06		Joint liability assurance	2019.08.06-2020.08.05	N	Y
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2019-08-24	5,000	2019-09-03	4,000	Joint liability assurance	2019.09.03-2020.09.03	N	Y
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2020-04-22	10,000	2020-05-25	3,000	Joint liability assurance	2020.05.25-2021.05.18	N	Y
Sinopharm Accord Medicines Supply Chain (Shenzhen) Co., Ltd.	2020-04-22	5,000	2020-06-18		Joint liability assurance	2020.06.18-2021.05.18	N	Y
Total amount of approving guarantee for subsidiaries in report period (B1)		407,000		Total amount of actual occurred guarantee for subsidiaries in report period (B2)		794,876.17		
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		1,077,559		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		473,137.63		
Guarantees of subsidiaries to subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	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.	2019-08-24	1,200	2019-10-10	992.48	Joint liability assurance	2019.10.10-2020.10.09	N	Y
Fujian Guoda Drugstore Chain Co., Ltd.	2020-04-22	1,800	2020-05-17	1,093.79	Joint liability assurance	2020.05.17-2021.05.17	N	Y

Sinopharm Holding Guoda Fumei Drugstore Shanghai Chain Co., Ltd.	2020-04-22	1,800	2020-06-29	0	Joint liability assurance	2020.06.29-2021.06.28	N	Y
Sinopharm Holding Guoda Drugstore Guangdong Co., Ltd.	2019-08-24	4,800	2019-10-10	3,551.46	Joint liability assurance	2019.10.10-2020.10.09	N	Y
Sinopharm Holding Guoda Drugstore Guangdong Co., Ltd.	2019-08-24	1,800	2019-12-18	0	Joint liability assurance	2019.12.18-2020.12.17	N	Y
Sinopharm Holding Guoda Drugstore Guangdong Co., Ltd.	2019-08-24	1,800	2020-03-19	1,454.06	Joint liability assurance	2020.03.19-2021.03.18	N	Y
Taishan Sinopharm Holding Guoda Qunkang Drugstore Chain Co., Ltd.	2019-04-25	300	2019-06-02	86.06	Joint liability assurance	2019.06.02-2020.06.01	N	Y
Taishan Sinopharm Holding Guoda Qunkang Drugstore Chain Co., Ltd.	2019-08-24	300	2019-10-10	232.96	Joint liability assurance	2019.10.10-2020.10.09	N	Y
Sinopharm Holding Guoda Drugstore Guangxi Chain Co., Ltd.	2019-08-24	1,800	2019-10-10	371.51	Joint liability assurance	2019.10.10-2020.10.09	N	Y
Sinopharm Holding Guoda Drugstore Guangxi Chain Co., Ltd.	2019-08-24	1,200	2020-03-19	128.47	Joint liability assurance	2020.03.19-2021.03.18	N	Y
China National Hebei Lerentang Medicine Chain	2019-08-24	1,800	2019-10-10	1,714.5	Joint liability assurance	2019.10.10-2020.10.09	N	Y

Co., Ltd.								
China National Hebei Lerentang Medicine Chain Co., Ltd.	2020-04-22	9,000	2020-06-03	2,211.86	Joint liability assurance	2020.06.03-2021.05.14	N	Y
Sinopharm Holding Guoda Drugstore Henan Chain Co., Ltd.	2019-08-24	1,800	2019-12-06	0	Joint liability assurance	2019.12.06-2020.12.05	N	Y
Hunan Guoda Minshentang Drugstore Chain Co., Ltd.	2019-08-24	1,800	2019-10-10	853.19	Joint liability assurance	2019.10.10-2020.10.09	N	Y
Sinopharm Holding Guoda Drugstore Jiangmen Chain Co., Ltd.	2019-08-24	1,800	2019-10-10	1,194.75	Joint liability assurance	2019.10.10-2020.10.09	N	Y
Sinopharm Holding Guoda Drugstore Jiangmen Chain Co., Ltd.	2019-08-24	1,200	2020-04-01	436.33	Joint liability assurance	2020.04.01-2021.04.01	N	Y
Sinopharm Holding Guoda Drugstore Jiangmen Chain Co., Ltd.	2019-08-24	1,200	2020-03-19	860.29	Joint liability assurance	2020.03.19-2021.03.18	N	Y
Beijing Jinxiang Drugstore Medicine Chain Co., Ltd	2019-08-24	4,200	2020-03-19	1,832.02	Joint liability assurance	2020.03.19-2021.03.18	N	Y
Sinopharm Holding Guoda Drugstore Nanjing Chain Co., Ltd.	2019-08-24	600	2020-03-19	536.49	Joint liability assurance	2020.03.19-2021.03.18	N	Y
Sinopharm Holding Guoda Drugstore Inner Mongolia Co., Ltd.	2019-08-24	1,800	2019-10-18	0	Joint liability assurance	2019.10.18-2020.10.17	N	Y
Sinopharm	2020-04-22	1,800	2020-04-30	1,214.15	Joint liability	2020.04.30-2	N	Y

Holding Guoda Drugstore Inner Mongolia Co., Ltd.					assurance	021.04.29		
Sinopharm Holding Guoda Drugstore Inner Mongolia Co., Ltd.	2019-08-24	5,700	2019-10-10	4,039.35	Joint liability assurance	2019.10.10-2 020.10.09	N	Y
Sinopharm Holding Guoda Drugstore Bayan Nur Co., Ltd.	2020-04-22	600	2020-05-19	457.65	Joint liability assurance	2020.05.19-2 021.05.14	N	Y
Sinopharm Holding Guoda Drugstore Inner Mongolia Co., Ltd.	2019-08-24	4,800	2020-03-19	1,358.76	Joint liability assurance	2020.03.19-2 021.03.18	N	Y
Sinopharm Holding Guoda Drugstore Hulun Buir Co., Ltd.	2020-04-22	600	2020-05-18	592.85	Joint liability assurance	2020.05.18-2 021.05.14	N	Y
Sinopharm Holding Guoda Drugstore Ulanqab Co., Ltd.	2020-04-22	600	2020-06-15	128.51	Joint liability assurance	2020.06.15-2 021.05.14	N	Y
Ningxia Guoda Drugstore Chain Co., Ltd.	2019-08-24	2,400	2019-08-29	1,200	Joint liability assurance	2019.08.29-2 020.08.28	N	Y
Sinopharm Holding Guoda Drugstore Shandong Co., Ltd.	2019-08-24	2,400	2019-10-14	1,096.65	Joint liability assurance	2019.10.14-2 020.10.13	N	Y
Shanxi Guoda Wanmin Drugstore Chain Co., Ltd.	2019-08-24	3,000	2019-11-08	0	Joint liability assurance	2019.11.08-2 020.11.07	N	Y
Shanxi Guoda Wanmin Drugstore Chain Co., Ltd.	2019-04-25	3,600	2019-06-13	1,080	Joint liability assurance	2019.06.13-2 020.06.12	N	Y
Shanxi Guoda Wanmin Drugstore Chain Co., Ltd.	2019-08-24	2,520	2020-01-18	1,512	Joint liability assurance	2020.01.18-2 021.01.17	N	Y
Shanxi Guoda Wanmin Drugstore	2020-04-22	15,000	2020-05-22	6,900	Joint liability assurance	2020.05.22-2 021.05.14	N	Y

Chain Co., Ltd.								
Shanxi Guoda Wanmin Drugstore Chain Co., Ltd.	2019-08-24	3,600	2019-10-10	3,600	Joint liability assurance	2019.10.10-2 020.10.09	N	Y
Sinopharm Holding Guoda Shanxi Medicines Co., Ltd.	2020-04-22	15,000	2020-05-21	10,835.42	Joint liability assurance	2020.05.21-2 021.05.14	N	Y
Sinopharm Holding Guoda Drugstore Shanghai Chain Co., Ltd.	2019-08-24	3,000	2019-12-10	1,619.59	Joint liability assurance	2019.12.10-2 020.12.09	N	Y
Sinopharm Holding Guoda Drugstore Shanghai Chain Co., Ltd.	2019-08-24	2,400	2019-10-25	0	Joint liability assurance	2019.10.25-2 020.10.24	N	Y
Sinopharm Holding Guoda Drugstore Shanghai Chain Co., Ltd.	2019-08-24	2,400	2019-10-10	1,420.9	Joint liability assurance	2019.10.10-2 020.10.09	N	Y
Sinopharm Holding Guoda Drugstore Shanghai Chain Co., Ltd.	2020-04-22	3,000	2020-06-29	0	Joint liability assurance	2020.06.29-2 021.06.28	N	Y
Sinopharm Holding Guoda Drugstore Shenyang Chain Co., Ltd.	2019-08-24	6,000	2019-09-11	4,410.81	Joint liability assurance	2019.09.11-2 020.09.10	N	Y
Sinopharm Holding Guoda Drugstore Shenyang Chain Co., Ltd.	2019-08-24	2,400	2019-10-28	0	Joint liability assurance	2019.10.28-2 020.10.27	N	Y
Sinopharm Holding Guoda Drugstore	2019-08-24	15,000	2019-10-10	9,192.14	Joint liability assurance	2019.10.10-2 020.10.09	N	Y

Shenyang Chain Co., Ltd.								
Sinopharm Holding Guoda Drugstore Shenyang Chain Co., Ltd.	2020-04-22	13,800	2020-06-05	12,086.2	Joint liability assurance	2020.06.05-2021.05.14	N	Y
Sinopharm Holding Guoda Drugstore Xinjiang New Special Medicine Chain Co., Ltd	2019-08-24	3,000	2019-10-21	2,019.18	Joint liability assurance	2019.10.21-2020.10.21	N	Y
Sinopharm Holding Guoda Drugstore Xinjiang New Special Medicine Chain Co., Ltd	2019-08-24	3,000	2020-01-26	1,057.5	Joint liability assurance	2020.01.26-2020.10.29	N	Y
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2020-04-22	4,200	2020-05-02	0	Joint liability assurance	2020.05.02-2021.05.01	N	Y
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2019-04-25	3,360	2019-06-14	61.74	Joint liability assurance	2019.06.14-2020.06.13	N	Y
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2019-08-24	9,000	2019-10-10	7,723.02	Joint liability assurance	2019.10.10-2020.10.09	N	Y
Sinopharm Holding Guoda Drugstore Zhengzhou Chain Co., Ltd.	2019-08-24	300	2020-01-17	164.4	Joint liability assurance	2020.01.17-2020.11.26	N	Y
Inner Mongolia Guoda Drugstore Co., Ltd.	2020-04-22	2,400	2020-06-03	1,869.45	Joint liability assurance	2020.06.03-2021.05.14	N	Y

Sinopharm Holding Tianhe Jilin Medicines Co., Ltd.	2020-04-22	5,100	2020-04-22	4,776.1	Joint liability assurance	2020.4.22-2020.11.11	N	Y
Guoda Yihe Drugstore Jilin Co., Ltd.	2020-04-22	2,550	2020-04-22	2,550	Joint liability assurance	2020.4.22-2020.11.11	N	Y
Guoda Yihe Drugstore Jilin Co., Ltd.	2020-04-22	4,080	2020-04-22	3,948.77	Joint liability assurance	2020.4.22-2020.11.11	N	Y
Hunan Guoda Minshengtang Drugstore Chain Co., Ltd.	2019-08-24	1,200	2020-01-17	554.47	Joint liability assurance	2020.01.17-2020.11.26	N	Y
Tianjin Guoda Drugstore Chain Co., Ltd.	2019-08-24	300	2020-02-26	240.59	Joint liability assurance	2020.02.26-2020.11.26	N	Y
Sinopharm Holding Guoda Drugstore Shandong Co., Ltd.	2019-08-24	1,200	2020-01-17	469.74	Joint liability assurance	2020.01.17-2020.11.26	N	Y
Sinopharm Holding Guoda Drugstore Henan Co., Ltd.	2019-08-24	1,200	2020-01-16	543.81	Joint liability assurance	2020.01.16-2020.11.26	N	Y
Shanxi Guoda Wanmin Drugstore Chain Co., Ltd.	2019-08-24	3,000	2020-01-25	600	Joint liability assurance	2020.01.25-2020.06.24	N	Y
Sinopharm Holding Guoda Drugstore (Shenzhen) Chain Co., Ltd.	2019-08-24	1,800	2020-01-15	594.91	Joint liability assurance	2020.01.15-2020.11.26	N	Y
Sinopharm Holding Guoda Drugstore Yangzhou Dadesheng Chain Co., Ltd.	2019-08-24	1,200	2020-01-15	792.62	Joint liability assurance	2020.01.15-2020.11.26	N	Y
Beijing Guoda Drugstore Chain	2019-08-24	1,800	2019-11-27	0	Joint liability assurance	2020.01.16-2020.11.26	N	Y

Co., Ltd.								
Sinopharm Holding Guoda Drugstore Inner Mongolia Co., Ltd.	2020-04-22	1,800	2020-06-05	881.84	Joint liability assurance	2020.06.05-2021.05.14	N	Y
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2020-04-22	3,000	2020-05-26	199.61	Joint liability assurance	2020.05.26-2021.05.25	N	Y
Sinopharm Holding Guoda Drugstore Xinjiang New Special Medicine Chain Co., Ltd	2020-04-22	1,800	2020-06-29	0	Joint liability assurance	2020.06.29-2021.05.14	N	Y
Sinopharm Holding Guoda Drugstore Henan Chain Co., Ltd.	2020-04-22	1,800	2020-06-11	0	Joint liability assurance	2020.06.11-2021.05.14	N	Y
Taishan Sinopharm Holding Guoda Qunkang Drugstore Chain Co., Ltd.	2020-04-22	600	2020-06-16	0	Joint liability assurance	2020.06.16-2021.05.14	N	Y
Guoda Drugstore (Pu'er) Songmao Co., Ltd.	2020-04-22	1,200	2020-06-15	0	Joint liability assurance	2020.06.15-2021.05.14	N	Y
Liaoning Guoda Medicines Co., Ltd.	2020-04-22	3,000	2020-06-29	0	Joint liability assurance	2020.06.29-2021.05.14	N	Y
Yanji Xianghe Medicines Co., Ltd.	2020-04-22	1,800	2020-06-17	0	Joint liability assurance	2020.06.17-2021.05.14	N	Y
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2020-04-22	4,200	2020-05-21	0	Joint liability assurance	2020.05.21-2021.05.14	N	Y
Total amount of approving guarantee for subsidiaries in		100,530		Total amount of actual occurred guarantee for		115,209.2		

report period (C1)		subsidiaries in report period (C2)	
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)	219,510	Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)	109,342.95
Total amount of guarantee of the Company (total of three abovementioned guarantee)			
Total amount of approving guarantee in report period (A1+B1+C1)	507,530	Total amount of actual occurred guarantee in report period (A2+B2+C2)	910,085.37
Total amount of approved guarantee at the end of report period (A3+B3+C3)	1,297,069	Total balance of actual guarantee at the end of report period (A4+B4+C4)	582,480.58
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4+C4)		44.13%	
Including:			
Amount of guarantee for shareholders, actual controller and its related parties (D)		0	
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)		0	
Proportion of total amount of guarantee in net assets of the Company exceed 50% (F)		0	
Total amount of the aforesaid three guarantees (D+E+F)		0	
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)		N/A	
Explanations on external guarantee against regulated procedures (if applicable)		N/A	

(2) Guarantee outside against the regulation

☐ Applicable ☒ Not applicable

No guarantee outside against the regulation in Period.

3. Trust financing

☐ Applicable ☒ Not applicable

The Company had no trust financing in the reporting period.

4. Other material contracts

☐ Applicable ☒ Not applicable

No other material contracts for the Company in reporting period.

XVI. 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	Discharge Outlet of Waste Water	23.75mg/L	“Water Pollutant Discharge Limit Value -DB44/26-2001”(before 8 May 2020); “Discharge Standards for Water Pollutants in the Pharmaceutical Industry of Mixed Preparations-GB 21908-2008”(after 8 May 2020)	0.738 ton	7.306 ton/year	N/A
China National Zhijun	Ammonia Nitrogen	Tube Discharge	1	Discharge Outlet of Waste Water	1.0835mg/L		0.034 ton	0.812 ton/year	N/A
China National Zhijun	Phosphate	Tube Discharge	1	Discharge Outlet of Waste Water	0.0325mg/L		0.001 ton	0.041 ton/year	N/A
Zhijun Pingshan	COD	Tube Discharge	1	Discharge Outlet of Waste Water	12.67mg/L		0.4118 ton	2.16 ton/year	N/A
Zhijun Pingshan	Ammonia Nitrogen	Tube Discharge	1	Discharge Outlet of Waste Water	0.243mg/L		0.0079 ton	0.144 ton/year	N/A
Zhijun Pingshan	Total phosphorus	Tube Discharge	1	Discharge Outlet of Waste Water	0.09mg/L		0.0029 ton	0.0216 ton/year	N/A
Main Luck	COD	Tube	1	Discharge	12mg/L	DB44/26-2001	0.005 ton	0.041	N/A

Pharmaceuticals		Discharge		Outlet of Waste Water		LEVEL 1 STANDARD FOR THE SECOND PERIOD		ton/year	
Main Luck Pharmaceuticals	Ammonia Nitrogen	Tube Discharge	1	Discharge Outlet of Waste Water	0.5mg/L		0.0002 ton	0.005 ton/year	N/A
Main Luck Pharmaceuticals	Phosphate	Tube Discharge	1	Discharge Outlet of Waste Water	0.04mg/l		0.00002 ton	0.0002 ton/year	N/A
Main Luck Pharmaceuticals	BOD	Tube Discharge	1	Discharge Outlet of Waste Water	4mg/L		0.002 ton	0.009 ton/year	N/A
Main Luck Pharmaceuticals	SS	Tube Discharge	1	Discharge Outlet of Waste Water	10mg/L		0.005 ton	0.027 ton/year	N/A

Construction and operation of pollution prevention and control facilities

At present, the above-mentioned environmental pollution key monitoring units in which the Company has a shareholding have established pollution prevention and control facilities for waste water. 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

At present, 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.

XVII. Explanation on other significant events

√Applicable □ Not applicable

On July 20, 2020, Sinopharm Accord convened the eighteenth session of the eighth board of directors, and reviewed and approved the Proposal on the Proposed Delisting of Guoda Drugstore to Acquire 100% Equity of Chengda Fangyuan Pharmaceutical Group Co., Ltd., and agreed with the entry and delisting matters of Guoda Drugstore.

On July 24, 2020, Guoda Drugstore succeeded in delisting the 100% equity transfer project of Chengda Fangyuan, with a transaction price of 1860 million yuan. On the same day, Guoda Drugstore and Liaoning Chengda signed the Equity Transaction Contract.

On July 30, 2020, Guoda Drugstore received the Notice of Approval of Change of Registration (Liaoning) SJHBTNZ [2020] No. 2020000380 from Liaoning Administration for Market Regulation, the registration procedures for the industrial and commercial change registration of 100% equity of Chengda Fangyuan Pharmaceutical Group Co., Ltd. through public delisting of Guoda Drugstore were completed on July 30, 2020.

For details of the above content, please refer to the Announcement of Sinopharm Accord on the Public Delisting and Transfer of 100% Equity of Chengda Fangyuan Pharmaceutical Group Co., Ltd. (Announcement No.:

2020-21), Announcement on the Progress of Sinopharm Accord on the Public Delisting and Transfer of 100% Equity of Chengda Fangyuan Pharmaceutical Group Co., Ltd. (Announcement No.: 2020-22), and Announcement on the Progress of Sinopharm Accord on the Public Delisting and Transfer of 100% Equity of Chengda Fangyuan Pharmaceutical Group Co., Ltd. (Announcement No.: 2020-23) disclosed by the company on July 21, July 25, and July 31, 2020.

XVIII. Significant event of subsidiary of the Company

√Applicable ☐ Not applicable

Please see XVII. Explanation of Other Important Matters

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%				-59,989,270	-59,989,270	5,508,883	1.29%
2. State-owned legal person's shares	60,380,743	14.10%				-54,874,973	-54,874,973	5,505,770	1.29%
3. Other domestic shareholding	5,117,410	1.20%				-5,114,297	-5,114,297	3,113	0.00%
Including: Domestic legal person's shares	5,114,297	1.19%				-5,114,297	-5,114,297	0	0.00%
Domestic nature person shares	3,113	0.00%						3,113	0.00%
II. Unrestricted shares	362,628,830	84.70%				59,989,270	59,989,270	422,618,100	98.71%
1. RMB Ordinary shares	307,744,355	71.88%				59,989,270	59,989,270	367,733,625	85.89%
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

When the company issued shares to purchase assets and raised matching funds in 2016, the non-publicly issued shares with restrictions on sales were lifted from sales restrictions on January 6, 2020, and the number of shares released from sales restrictions was 59,989,270 shares.

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

In Share

Shareholders	Opening shares restricted	Restricted shares increased in the Period	Shares released in Period	Ending shares restricted	Restricted reasons	Date for released
Sinopharm Group Co., Ltd	55,057,700	49,551,930	0	5,505,770	Non-public offering share	2020-1-6
China National Pharmaceutical Foreign Trade Corp.	5,323,043	5,323,043	0	0	Non-public offering share	2020-1-6
Ping An Asset-ICBM -Ping An Asset Xinxiang No. 7 Insurance Asset Management Product	2,557,148	2,557,148	0	0	Non-public offering share	2020-1-6
Ping An Asset-ICBM - Xinxiang No. 3 Asset Management Product	2,557,149	2,557,149	0	0	Non-public offering share	2020-1-6
Total	65,495,040	59,989,270	0	5,505,770	--	--

II. Securities issuance and listing

☐ Applicable ☒ Not applicable

III. Number of shareholders and share-holding

In Share

Total common shareholders at period-end	34,260			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		5,505,770	234,494,221		
Hong Kong Securities Clearing Company Ltd.	Overseas corporate	2.72%	11,635,950			11,635,950		
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	Overseas corporate	2.68%	11,469,644			11,469,644		
Shanghai Gaoyi Asset Management Partnership (Limited Partnership)-Gaoyi Linshan No. 1 Yuanwang Fund	Domestic non state-owned corporate	2.34%	10,000,000			10,000,000		
National Social Security Fund 118 Portfolio	Domestic non state-owned corporate	1.82%	7,774,799			7,774,799		

China National Pharmaceutical Foreign Trade Corp.	State-owned corporate	1.24%	5,323,043			5,323,043		
Central Huijin Investment Ltd.	State-owned corporate	0.89%	3,804,400			3,804,400		
Fidelity Investment Management (Hong Kong) Limited - Client's fund	Overseas corporate	0.79%	3,391,337			3,391,337		
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Overseas corporate	0.78%	3,358,761			3,358,761		
National Social Security Fund 103 Portfolio	Domestic non state-owned corporate	0.65%	2,799,865			2,799,865		
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 period-end					Type of shares		
						Type	Amount	
Sinopharm Group Co., Ltd.	234,494,221					RMB ordinary shares	234,494,221	
Hong Kong Securities Clearing Company Ltd.	11,635,950					RMB ordinary shares	11,635,950	
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	11,469,644					Domestically listed foreign shares	11,469,644	
Shanghai Gaoyi Asset Management Partnership (Limited Partnership)-Gaoyi Linshan No. 1 Yuanwang Fund	10,000,000					RMB ordinary shares	10,000,000	
National Social Security Fund 118 Portfolio	7,774,799					RMB ordinary shares	7,774,799	

China National Pharmaceutical Foreign Trade Corp.	5,323,043	RMB ordinary shares	5,323,043
Central Huijin Investment Ltd.	3,804,400	RMB ordinary shares	3,804,400
Fidelity Investment Management (Hong Kong) Limited - Client's fund	3,391,337	RMB ordinary shares	3,391,337
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	3,358,761	Domestically listed foreign shares	3,358,761
National Social Security Fund 103 Portfolio	2,799,865	RMB ordinary shares	2,799,865
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	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.		

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. Convertible Bonds

☐ Applicable ☒ Not applicable

The Company had no convertible bonds in the Period.

Section IX. 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 2019.

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

☒ Applicable ☐ Not applicable

Name	Title	Type	Date	Reasons
Wei Pingxiao	Chief Financial Officer	Dismissal	2020-05-28	Job changes and no longer serves as the chief financial officer.
Gu Guolin	Chief Financial Officer	Appoint	2020-05-28	The 8 th Board of Directors appointed the Chief Financial Officer.
Ma Zhanjun	Vice Chairman	Leave office	2020-07-31	Resigned due to reaching the legal retirement age.

Section X. 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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED BALANCE SHEET

As at 30 June 2020

(Expressed in Renminbi Yuan)

Section XI. 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 2020

(Expressed in Renminbi Yuan)

ASSETS	Note V	30 June 2020	31 December 2019
Current assets			
Cash and bank balances	1	8,239,840,227.80	8,885,729,250.47
Notes receivable	2	402,639,901.74	793,301,688.64
Accounts receivable	3	13,892,695,134.41	10,712,983,544.18
Receivable financing	4	399,889,650.01	446,342,588.46
Advances to suppliers	5	415,037,472.63	389,828,785.54
Other receivables	6	613,031,947.42	501,958,841.43
Incl: Dividend receivable		-	834,914.61
Inventories	7	5,344,906,740.17	5,063,274,143.26
Other current assets	8	84,049,888.58	102,207,498.20
Total current assets		29,392,090,962.76	26,895,626,340.18
Non-current assets			
Long-term equity investments	9	2,142,161,636.01	2,105,114,410.88
Other equity instrument investment	10	116,021,000.00	116,021,000.00
Other non-current financial assets	11	120,972,350.24	140,000,000.00
Investment properties	12	130,090,605.82	138,900,358.30
Fixed assets	13	716,847,033.81	708,000,172.63
Construction in progress	14	29,000,528.39	31,582,575.84
Right-of-use assets	15	2,072,151,887.64	1,994,757,862.07
Intangible assets	16	608,062,260.25	374,788,799.48
Goodwill	17	1,564,931,605.00	1,010,057,927.17
Long-term prepaid expenses	18	356,074,254.02	373,527,968.14
Deferred tax assets	19	87,459,888.93	63,110,829.12
Other non-current assets	20	333,986,190.43	77,354,970.39
Total non-current assets		8,277,759,240.54	7,133,216,874.02
Total assets		37,669,850,203.30	34,028,843,214.20

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 2020

(Expressed in Renminbi Yuan)

<u>LIABILITIES</u>	Note V	30 June 2020	31 December 2019
Current liabilities			
Short-term borrowings	21	3,710,647,467.19	1,453,018,300.01
Notes payable	22	4,691,825,761.98	5,555,697,557.53
Accounts payable	23	8,077,705,277.54	6,703,967,826.54
Contract liabilities	24	287,186,619.13	303,194,940.70
Employee benefits payable	25	221,834,256.19	259,640,813.10
Tax payable	26	293,029,278.65	253,379,524.34
Other payables	27	1,794,827,639.44	1,822,364,637.62
Incl: Interest payable		16,242,505.92	23,632,632.90
Dividend payable		11,831,814.95	6,389,320.96
Non-current liabilities due within one year	28	616,449,909.74	611,917,847.37
Other current liabilities	29	<u>836,086.14</u>	<u>749,710.19</u>
Total current liabilities		<u>19,694,342,296.00</u>	<u>16,963,931,157.40</u>
Non-current liabilities			
Long-term borrowings	30	-	-
Lease liabilities	31	1,216,076,164.93	1,208,453,029.51
Long-term payables	32	800,000.00	800,000.00
Long-term employee benefits payable	33	1,390,000.00	1,433,000.00
Deferred income	34	85,995,054.01	88,704,272.88
Deferred tax liabilities	19	180,948,720.64	118,284,962.77
Other non-current liabilities	35	<u>472,489,632.40</u>	<u>73,256,514.93</u>
Total non-current liabilities		<u>1,957,699,571.98</u>	<u>1,490,931,780.09</u>
Total liabilities		<u>21,652,041,867.98</u>	<u>18,454,862,937.49</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 2020

(Expressed in Renminbi Yuan)

<u>SHAREHOLDERS' EQUITY</u>	Note V	30 June 2020	31 December 2019
Shareholders' equity			
Share capital	36	428,126,983.00	428,126,983.00
Capital surplus	37	4,372,912,064.89	4,470,766,959.44
Other comprehensive income	38	46,039,529.66	45,917,342.77
Surplus reserve	39	214,063,491.50	214,063,491.50
Retained earnings	40	<u>8,138,841,049.96</u>	<u>7,752,265,659.17</u>
Shareholders' equity attributable to shareholders of the parent		13,199,983,119.01	12,911,140,435.88
Non-controlling interests		<u>2,817,825,216.31</u>	<u>2,662,839,840.83</u>
Total shareholders' equity		<u>16,017,808,335.32</u>	<u>15,573,980,276.71</u>
Total liabilities and shareholders' equity		<u><u>37,669,850,203.30</u></u>	<u><u>34,028,843,214.20</u></u>

The accompanying notes form an integral part of these financial statements

The financial statements have been signed by:

Legal representative:
Department:

Financial controller:

Head of Accounting

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED INCOME STATEMENT (Continued)

For the six months ended 30 June 2020

(Expressed in Renminbi Yuan)

	Note V	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Operating revenue	41	27,169,940,188.52	25,599,198,815.30
Less: Operating costs	41	23,971,029,719.44	22,712,876,604.19
Taxes and surcharges	42	69,505,309.32	62,711,394.37
Selling expenses	43	1,728,738,818.60	1,541,285,047.94
Administrative expenses	44	443,287,144.92	391,848,337.91
Finance costs	45	65,313,829.62	64,987,758.92
Incling: Interest cost		133,350,510.68	134,795,237.41
Interest income		65,512,550.22	60,641,102.49
Add: Other incomes	46	35,855,298.32	16,490,919.02
Investment income	47	105,206,349.26	126,873,486.44
Incling: Investment income from associates		133,604,904.16	169,142,289.99
Income from the derecognition of financial assets measured at amortised cost		(33,507,102.64)	(42,268,803.55)
Credit impairment losses	48	(21,580,231.52)	(11,434,101.13)
Impairment losses	49	(1,743,888.30)	(125,554.34)
Gain on disposal of assets	50	4,305,324.80	(29,725.44)
Operating profits		1,014,108,219.18	957,264,696.52
Add: Non-operating income	51	5,219,980.22	3,673,692.45
Less: Non-operating expenses	52	3,008,892.52	1,749,450.08
Total profit		1,016,319,306.88	959,188,938.89
Less: Income tax expenses	53	210,106,764.35	192,124,358.84
Net profit		806,212,542.53	767,064,580.05
Net Profit from continuing operations		806,212,542.53	767,064,580.05
Net profit attributable to owners of the parent		643,451,580.59	649,154,414.55
Profit or loss of non-controlling interests		162,760,961.94	117,910,165.50

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED INCOME STATEMENT (Continued)

For the six months ended 30 June 2020

(Expressed in Renminbi Yuan)

	Note V	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Other comprehensive income, net of tax		122,186.89	-
Other comprehensive income, net of tax, attributable to owners of the parent		122,186.89	-
Other comprehensive income that will be reclassified to profit or loss		122,186.89	-
Other comprehensive income using the equity method that will be reclassified to profit or loss		122,186.89	-
Total comprehensive income		<u>806,334,729.42</u>	<u>767,064,580.05</u>
Incl: Total comprehensive income			
attributable to owners of the parent		<u>643,573,767.48</u>	<u>649,154,414.55</u>
Total comprehensive income			
attributable to non-controlling interests		<u>162,760,961.94</u>	<u>117,910,165.50</u>
Earnings per share			
Basic earnings per share		<u>1.50</u>	<u>1.52</u>
Diluted earnings per share		<u>1.50</u>	<u>1.52</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 2020

(Expressed in Renminbi Yuan)

For the six months ended 30 June 2020	Shareholders' equity attributable to shareholders of the parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Retained earnings	Subtotal		
Closing balance of the preceding year	428,126,983.00	4,363,007,511.57	45,917,342.77	214,063,491.50	7,755,295,537.08	12,806,410,865.92	2,553,426,974.31	15,359,837,840.23
Business combination involving enterprises under common control	-	107,759,447.87	-	-	(3,029,877.91)	104,729,569.96	109,412,866.52	214,142,436.48
Opening balance of the current year	428,126,983.00	4,470,766,959.44	45,917,342.77	214,063,491.50	7,752,265,659.17	12,911,140,435.88	2,662,839,840.83	15,573,980,276.71
Movements in the current year	-	(97,854,894.55)	122,186.89	-	386,575,390.79	288,842,683.13	154,985,375.48	443,828,058.61
(1) Total comprehensive income	-	-	122,186.89	-	643,451,580.59	643,573,767.48	162,760,961.94	806,334,729.42
(2) Capital paid and reduced by owners	-	(97,854,894.55)	-	-	-	(97,854,894.55)	10,931,276.73	(86,923,617.82)
1.Others	-	(97,854,894.55)	-	-	-	(97,854,894.55)	10,931,276.73	(86,923,617.82)
(3) Profit distribution	-	-	-	-	(256,876,189.80)	(256,876,189.80)	(18,706,863.19)	(275,583,052.99)
1.Distribution to equity owners	-	-	-	-	(256,876,189.80)	(256,876,189.80)	(18,706,863.19)	(275,583,052.99)
Closing balance of the current year	428,126,983.00	4,372,912,064.89	46,039,529.66	214,063,491.50	8,138,841,049.96	13,199,983,119.01	2,817,825,216.31	16,017,808,335.32

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY(Continued)

For the six months ended 30 June 2020

(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	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
Business combination involving enterprises under common control	-	107,759,447.87	-	328,013.78	108,087,461.65	110,114,216.72	218,201,678.37
Opening balance of the current year	428,126,983.00	4,428,744,429.38	214,063,491.50	6,655,585,161.05	11,726,520,064.93	2,397,458,106.49	14,123,978,171.42
Movements in the current year	-	42,424,747.00	-	477,903,621.35	520,328,368.35	131,363,406.60	651,691,774.95
(1) Total comprehensive income	-	-	-	649,154,414.55	649,154,414.55	117,910,165.50	767,064,580.05
(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)
Closing balance of the current year	428,126,983.00	4,471,169,176.38	214,063,491.50	7,133,488,782.40	12,246,848,433.28	2,528,821,513.09	14,775,669,946.37

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 2020

(Expressed in Renminbi Yuan)

	Note V	For the six months ended 30 June 2020	For the six months ended 30 June 2019
1.CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sales of good and the rendering of services		27,735,103,033.02	26,078,970,809.97
Receipts of taxes and surcharges refunds		8,145,306.66	2,721,287.63
Cash receipts related to other operating activities	54	<u>707,202,110.00</u>	<u>309,460,457.97</u>
Total cash inflows from operating activities		<u>28,450,450,449.68</u>	<u>26,391,152,555.57</u>
Cash payments for goods and services		24,305,374,637.56	22,943,691,763.40
Cash payments to and on behalf of employees		1,278,474,969.40	1,145,240,067.80
Cash paid for all types of taxes		724,722,540.88	640,484,280.01
Cash payments relating to other operating activities	54	<u>703,674,258.49</u>	<u>522,582,323.47</u>
Total cash outflows from operating activities		<u>27,012,246,406.33</u>	<u>25,251,998,434.68</u>
Net cash flows from operating activities	55	<u>1,438,204,043.35</u>	<u>1,139,154,120.89</u>
2.CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from returns of investments		19,027,649.76	-
Cash receipts from returns on investments		84,166,102.10	20,129,463.78
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		4,352,536.98	807,205.52
Cash receipts related to other investing activities	54	<u>22,040,000.00</u>	<u>260,600,000.00</u>
Total cash inflows from investing activities		<u>129,586,288.84</u>	<u>281,536,669.30</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 2020

(Expressed in Renminbi Yuan)

	Note V	For the six months ended 30 June 2020	For the six months ended 30 June 2019
2.CASH FLOWS FROM INVESTING ACTIVITIES (Continued)			
Cash payments for acquisition of fixed assets, intangible assets and other long-term assets		116,186,214.91	114,284,920.35
Cash payments for investments		20,545,399.15	43,674,685.30
Net cash payments for acquisition of subsidiaries and other business units		659,201,491.65	-
Cash payments relating to other investing activities	54	<u>-</u>	<u>229,093,125.00</u>
Total cash outflows from investing activities		<u>795,933,105.71</u>	<u>387,052,730.65</u>
Net cash flows from investing activities		<u>(666,346,816.87)</u>	<u>(105,516,061.35)</u>
3.CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from investments by others		-	14,780,000.00
Incl: Cash receipts from capital contributions from non-controlling interests of subsidiaries		-	14,780,000.00
Cash receipts from borrowings		589,920,037.57	104,700,000.00
Cash receipts relating to other financing activities	54	<u>334,349,840.06</u>	<u>3,512,659.71</u>
Total cash inflows from financing activities		<u>924,269,877.63</u>	<u>122,992,659.71</u>
Cash repayments for debts		284,200,000.00	161,261,634.53
Cash payments for distribution of dividends or profit and interest expenses		432,276,651.88	344,581,712.62
Incl: Dividends or profit paid to non-controlling shareholders of subsidiaries		10,890,773.58	1,326,758.90
Cash payments relating to other financing activities	54	<u>1,405,111,664.26</u>	<u>510,162,167.74</u>
Total cash outflows from financing activities		<u>2,121,588,316.14</u>	<u>1,016,005,514.89</u>
Net cash flows from financing activities		<u>(1,197,318,438.51)</u>	<u>(893,012,855.18)</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 2020

(Expressed in Renminbi Yuan)

	Note V	For the six months ended 30 June 2020	For the six months ended 30 June 2019
4.EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		<u>(47,935.97)</u>	<u>(176,567.25)</u>
5.NET INCREASE IN CASH AND CASH EQUIVALENTS	55	(425,509,148.00)	140,448,637.11
Add: Cash and cash equivalents at beginning of the year		<u>8,426,071,170.16</u>	<u>7,634,936,037.30</u>
6.CASH AND CASH EQUIVALENTS AT END OF YEAR	55	<u><u>8,000,562,022.16</u></u>	<u><u>7,775,384,674.41</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 2020

(Expressed in Renminbi Yuan)

<u>ASSETS</u>	<u>Note XIV</u>	30 June 2020	31 December 2019
Current assets			
Cash and bank balances		3,783,035,653.60	2,909,417,289.71
Notes receivable		-	14,900,068.42
Accounts receivable	1	640,874,941.28	571,544,784.65
Receivables financing		14,618,645.61	30,194,682.11
Advances to suppliers		1,620,450.15	7,996,243.28
Other receivables	2	1,669,369,213.60	1,928,941,595.38
Incl: Dividend receivable		5,664,636.60	834,914.61
Inventories		163,941,874.00	169,422,075.78
Other current assets		<u>39,482.38</u>	<u>39,482.38</u>
Total current assets		<u>6,273,500,260.62</u>	<u>5,632,456,221.71</u>
Non-current assets			
Long-term equity investments	3	7,729,748,342.18	7,698,756,525.83
Other non-current financial assets		120,972,350.24	140,000,000.00
Investment properties		1,468,165.30	1,484,198.56
Fixed assets		13,758,603.80	14,763,656.62
Right-of-use assets		5,713,745.04	6,217,504.50
Intangible assets		5,338,870.03	5,838,737.17
Long-term deferred expenses		5,154,262.50	6,130,534.55
Deferred tax assets		9,236,448.42	9,327,850.53
Other non-current assets		<u>14,160,535.79</u>	<u>9,000,000.00</u>
Total non-current assets		<u>7,905,551,323.30</u>	<u>7,891,519,007.76</u>
Total assets		<u><u>14,179,051,583.92</u></u>	<u><u>13,523,975,229.47</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 2020

(Expressed in Renminbi Yuan)

<u>LIABILITIES</u>	30 June 2020	31 December 2019
Current liabilities		
Short-term borrowings	367,293,866.62	121,350,644.36
Notes payable	433,478,121.14	751,577,900.22
Accounts payable	420,416,081.88	322,436,681.01
Contract liabilities	11,170,128.91	7,293,184.46
Employee benefits payable	27,706,738.19	30,469,777.88
Tax payables	19,296,823.49	22,909,124.90
Other payables	2,145,057,270.41	2,120,794,765.05
Incl: Interest payable	743,724.90	861,110.53
Non-current liabilities due within one year	1,033,492.62	32,640,325.77
Other current liabilities	<u>251,426.46</u>	<u>338,196.81</u>
Total current liabilities	<u>3,425,703,949.72</u>	<u>3,409,810,600.46</u>
Non-current liabilities		
Lease liabilities	4,988,812.95	5,461,257.38
Long-term payables	800,000.00	800,000.00
Long-term employee benefits payable	21,000.00	-
Deferred income	1,052,178.42	1,276,698.66
Other non-current liabilities	<u>107,507,794.94</u>	<u>-</u>
Total non-current liabilities	<u>114,369,786.31</u>	<u>7,537,956.04</u>
Total liabilities	<u>3,540,073,736.03</u>	<u>3,417,348,556.50</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 2020

(Expressed in Renminbi Yuan)

<u>SHAREHOLDERS' EQUITY</u>	30 June 2020	31 December 2019
Shareholders' equity		
Share capital	428,126,983.00	428,126,983.00
Capital surplus	4,468,399,442.76	4,468,385,307.32
Other comprehensive income	(11,179.30)	(133,366.19)
Surplus reserve	214,063,491.50	214,063,491.50
Retained earnings	<u>5,528,399,109.93</u>	<u>4,996,184,257.34</u>
Total shareholders' equity	<u>10,638,977,847.89</u>	<u>10,106,626,672.97</u>
Total liabilities and shareholders' equity	<u>14,179,051,583.92</u>	<u>13,523,975,229.47</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 2020

(Expressed in Renminbi Yuan)

	<u>Note XIV</u>	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Operating revenue	4	1,772,487,363.56	2,008,004,563.30
Less: Operating costs	4	1,689,564,062.24	1,921,272,394.76
Taxes and surcharges		2,582,640.86	2,519,247.99
Selling expenses		31,376,377.04	31,052,044.81
Administrative expenses		43,060,479.75	38,056,806.31
Finance costs		(43,838,117.34)	(30,577,119.28)
Incl: Interest cost		21,928,061.34	21,387,846.09
Interest income		66,569,319.85	52,479,722.42
Add: Other incomes		629,921.47	332,764.13
Investment income	5	749,633,760.78	606,109,545.19
Incl: Investment income from associates		133,549,495.38	181,280,533.11
Income from the derecognition of financial assets measured at amortised cost		(1,526,968.25)	(2,178,875.28)
Credit impairment losses		(976,022.96)	(2,365,765.08)
Impairment losses		(242,731.87)	(102,112.84)
Gain on disposal of assets		<u>-</u>	<u>(26,074.52)</u>
Operating profits		798,786,848.43	649,629,545.59
Add: Non-operating income		1,596.77	46,069.40
Less: Non-operating expenses		52,122.72	-
Total profit		798,736,322.48	649,675,614.99
Less: Income tax expenses		<u>9,645,280.09</u>	<u>8,999,224.52</u>
Net profit		<u>789,091,042.39</u>	<u>640,676,390.47</u>
Net Profit from continuing operations		789,091,042.39	640,676,390.47
Other comprehensive income, net of tax		122,186.89	-
Other comprehensive income that will be reclassified to profit or loss		122,186.89	-
Other comprehensive income using the equity method that will be reclassified to profit or loss		122,186.89	-
Total comprehensive income		<u><u>789,213,229.28</u></u>	<u><u>640,676,390.47</u></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 2020

(Expressed in Renminbi Yuan)

For the six months ended 30 June 2020	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
Closing balance of the preceding year	428,126,983.00	4,468,385,307.32	(133,366.19)	214,063,491.50	4,996,184,257.34	10,106,626,672.97
Opening balance of the current year	<u>428,126,983.00</u>	<u>4,468,385,307.32</u>	<u>(133,366.19)</u>	<u>214,063,491.50</u>	<u>4,996,184,257.34</u>	<u>10,106,626,672.97</u>
Movements in the current year	-	14,135.44	122,186.89	-	532,214,852.59	532,351,174.92
(1) Total comprehensive income	-	-	122,186.89	-	789,091,042.39	789,213,229.28
(2) Capital paid and reduced by owners	-	14,135.44	-	-	-	14,135.44
1.Others	-	14,135.44	-	-	-	14,135.44
(3) Profit distribution	-	-	-	-	(256,876,189.80)	(256,876,189.80)
1.Distribution to equity owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(256,876,189.80)</u>	<u>(256,876,189.80)</u>
Closing balance of the current year	<u>428,126,983.00</u>	<u>4,468,399,442.76</u>	<u>(11,179.30)</u>	<u>214,063,491.50</u>	<u>5,528,399,109.93</u>	<u>10,638,977,847.89</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 (Continued)

For the six months ended 30 June 2020

(Expressed in Renminbi Yuan)

For the six months ended 30 June 2019	Share capital	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
Opening balance of the current year	<u>428,126,983.00</u>	<u>4,426,362,777.26</u>	<u>214,063,491.50</u>	<u>3,956,556,754.02</u>	<u>9,025,110,005.78</u>
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.Others	-	42,424,747.00	-	-	42,424,747.00
(3) Profit distribution	-	-	-	(171,250,793.20)	(171,250,793.20)
1.Distribution to equity owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>(171,250,793.20)</u>	<u>(171,250,793.20)</u>
Closing balance of the current year	<u>428,126,983.00</u>	<u>4,468,787,524.26</u>	<u>214,063,491.50</u>	<u>4,425,982,351.29</u>	<u>9,536,960,350.05</u>

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 2020

(Expressed in Renminbi Yuan)

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
1. CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from sales of good and the rendering of services	1,959,922,054.30	2,136,424,520.77
Cash receipts related to other operating activities	<u>56,400,693.21</u>	<u>18,658,823.82</u>
Total cash inflows from operating activities	<u>2,016,322,747.51</u>	<u>2,155,083,344.59</u>
Cash payments for goods and services	1,808,113,785.36	1,905,147,658.61
Cash payments to and on behalf of employees	56,731,764.12	48,424,818.87
Cash paid for all types of taxes	34,728,524.87	27,913,893.13
Cash payments relating to other operating activities	<u>36,411,653.42</u>	<u>17,265,038.12</u>
Total cash outflows from operating activities	<u>1,935,985,727.77</u>	<u>1,998,751,408.73</u>
Net cash flows from operating activities	<u>80,337,019.74</u>	<u>156,331,935.86</u>
2. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash receipts from returns of investments	32,664,096.76	-
Cash receipts from returns on investments	252,042,116.93	55,106,832.79
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>1,575,127,297.73</u>	<u>996,340,000.00</u>
Total cash inflows from investing activities	<u>1,859,833,511.42</u>	<u>1,051,565,832.79</u>
Cash payments for acquisition of fixed assets, intangible assets and other long-term assets	10,386,641.64	5,983,680.11
Cash payments for investments		
Cash payments relating to other investing activities	<u>1,309,671,874.11</u>	<u>1,200,340,000.00</u>
Total cash outflows from investing activities	<u>1,320,058,515.75</u>	<u>1,206,323,680.11</u>
Net cash flows from investing activities	<u>539,774,995.67</u>	<u>-154,757,847.32</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 2020**

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

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
3. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash receipts from borrowings	32,264,821.52	10,000,000.00
Cash receipts relating to other financing activities	<u>16,113,679,647.75</u>	<u>11,037,461,719.13</u>
Total cash inflows from financing activities	<u>16,145,944,469.27</u>	<u>11,047,461,719.13</u>
Cash repayments for debts	43,700,000.00	10,000,000.00
Cash payments for distribution of dividends or profit and interest expenses	272,655,694.83	182,679,899.11
Cash payments relating to other financing activities	15,582,101,156.66	10,463,180,682.33
Total cash outflows from financing activities	<u>15,898,456,851.49</u>	<u>10,655,860,581.44</u>
Net cash flows from financing activities	<u>247,487,617.78</u>	<u>391,601,137.69</u>
4.EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(47,935.97)	(176,567.25)
5. NET INCREASE IN CASH AND CASH EQUIVALENTS	867,551,697.22	392,998,658.98
Add: Cash and cash equivalents at beginning of the year	<u>2,894,333,956.38</u>	<u>1,817,654,598.01</u>
6. CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>3,761,885,653.60</u></u>	<u><u>2,210,653,256.99</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 2020

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

III. 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 RMB428.13 million 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 asset 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 RMB1.00. The shares shall not be transferred within 36 months since the issue 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 2020

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

III. Profile of the Company (Continued)

(1) Historical development and basic information (Continued)

As of 31 October 2016, the company issued RMB65.50 million ordinary shares (A shares) through the non-public offering. Par value per share is RMB1.00. 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 2020, the total share capital was RMB428.13 million.

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 RMB428.13 million. 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; trading 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 leasing 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; and 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 2020

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

III. Profile of the Company (Continued)

- (2) The Group’s parent and ultimate parent companies are Sinopharm Group and China National Pharmaceutical Group Corporation (“CNPGC”) , respectively.
- (3) These financial statements were authorized for issue by the board of directors of the Company on 29 August 2020.
- (4) Subsidiaries consolidated in the financial statements for the current period and change in the consolidation scope are shown in Note VIII.

IV. Basis of preparation

The financial statements were prepared in accordance with the Basic Standard and specific standards of Accounting Standards for Business Enterprises issued by the Ministry of Finance and the specific accounting standards, application guidance, interpretation and other relevant regulations issued or amended thereafter (hereafter collectively referred to as “Accounting Standards for Business Enterprises” or “CAS”). Except for certain financial instruments, the financial statements have been prepared using the historical cost as the principle of measurement. Where assets are impaired, provisions for asset impairment are made in accordance with the relevant requirements.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

V. Summary of significant accounting policies and accounting estimates

The Group determines the specific accounting policies and estimates based on its features of production and operation, primarily comprising the methods of provision for expected credit losses on receivables, valuation of inventories, depreciation of fixed assets and amortisation of intangible assets, the measurement model of investment properties, recognition and measurement of revenue, etc.

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

The financial statements of the Company for the year ended 30 June 2020 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 2020 and the operating results, cash flows and other information for the six months ended 30 June 2020 of the Group and the Company.

(2) Accounting year

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

(3) Functional currency

The Group's functional and presentation currency is Renminbi (RMB). The currency unit is RMB Yuan unless otherwise stated.

(4) Business combinations

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

(a) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. In a business combination involving enterprises under common control, the enterprise that, at the combination date, obtains control of another combining enterprise is the absorbing enterprise, while that other combining enterprise is the enterprise being absorbed. The combination date is the date on which the absorbing enterprise effectively obtains control on the enterprise being absorbed.

The assets and liabilities (including goodwill arising from the ultimate controlling party's acquisition of the enterprise being absorbed) that are obtained by the absorbing enterprise in a business combination involving enterprises under common control shall be measured on the basis of their carrying amounts in the financial statements of the ultimate controlling party at the combination date. 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 capital premium under capital reserves and the balance transferred from capital reserves under the old accounting system. If the capital premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

(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

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the combination. In a business combination not involving enterprises under common control, the enterprise that, on the acquisition date, obtains control of another combining enterprise is the acquirer, while that other combining enterprise is the acquiree. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date.

Goodwill is initially recognised and measured at cost, being the excess of the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the Group's previously held equity interest in the acquiree over the Group's interest in the fair value of the acquiree's net identifiable assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Where the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the Group's previously held equity interest in the acquiree is lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group reassesses the measurement of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the fair value of the consideration transferred (or the fair value of the equity securities issued), together with the fair value of the Group's previously held equity interest in the acquiree. If after that reassessment, the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and the Group's previously held equity interest in the acquiree is still lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group recognises the remaining difference in profit or loss.

Where the business combination not involving enterprises under common control 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 recognised as investment income for the current period. If the acquirer's previously held equity interests of the acquiree involve other comprehensive income (“OCI”) under the equity method, the accounting treatment is conducted on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities, and the changes in shareholders' equity other than net profit or loss, OCI and profit distributions are charged to profit or loss for the current period on the acquisition date. For financial assets at fair value through OCI held before the acquisition date, changes in fair value that were accumulated through OCI will transfer to retained earnings.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

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

(5) Preparation of consolidated financial statements

The scope of the consolidated financial statements, which include the financial statements of the Company and all of its subsidiaries, is determined on the basis of control. A subsidiary is an entity that is controlled by the Company (such as an enterprise, a deemed separate entity, or a structured entity controlled by the Company).

In the preparation of the consolidated financial statements, the financial statements of subsidiaries are prepared for the same accounting year as the Company, using consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Where the loss for the current period attributable to non-controlling interests of a subsidiary exceeds the non-controlling interests of the opening balance of equity of the subsidiary, the excess shall still be allocated against the non-controlling interests.

For subsidiaries acquired through business combinations not involving entities under common control, the financial performance and cash flows of the acquiree shall be consolidated from the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. While preparing the consolidated financial statements, the Group shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognised on the acquisition date.

For subsidiaries acquired through business combinations involving entities under common control, the financial performance and cash flows of the entity being absorbed shall be consolidated from the beginning of the period in which the combination occurs. While preparing the comparative financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity after the combination has been in existence since the date the ultimate controlling party first obtained the control.

The Group reassesses whether or not it controls an investee if any change in facts and circumstances indicates that there are changes to one or more of the three elements of control.

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 recognised in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

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

(6) Cash and cash equivalents

Cash comprises the Group's cash on hand and bank deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

(7) Foreign currency transactions and foreign currency translation

The Group translates foreign currency transactions into its functional currency.

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 recognised 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.

Foreign currency cash flows are translated using the spot exchange rates prevailing on the dates of cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(8) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

(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 (Continued)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated balance sheet) when:

- (1) the rights to receive cash flows from the financial asset have expired; or
- (2) the Group has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (i) has transferred substantially all the risks and rewards of the financial asset, or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the financial asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the period generally established by regulation or convention in the marketplace. The trade date is the date that the Group committed to purchase or sell a financial asset.

Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them: financial assets at fair value through profit or loss, financial assets at amortised cost and financial assets at fair value through other comprehensive income. All affected related financial assets will be reclassified only if the Group changes its business model for managing financial assets.

Financial assets are measured at fair value on initial recognition, but accounts receivable or notes receivable arising from the sale of goods or rendering of services that do not contain significant financing components or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component due within one year, are initially measured at the transaction price.

For financial assets at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss, and transaction costs relating to other financial assets are included in the initial recognition amounts.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

(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)

The subsequent measurement of financial assets depends on their classification as follows:

Debt investments measured at amortised cost

The Group measures financial assets at amortised 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. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Debt investments at fair value through other comprehensive income

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. Interest income is recognised using the effective interest method. The interest income, impairment losses and foreign exchange revaluation are recognised in profit or loss. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Equity investments at fair value through other comprehensive income

The Group can elect to classify irrevocably its equity investments which are not held for trading as equity investments designated at fair value through other comprehensive income. Only the relevant dividend income (excluding the dividend income explicitly recovered as part of the investment cost) is recognised in profit or loss. Subsequent changes in the fair value are included in other comprehensive income, and no provision for impairment is made. When the financial asset is derecognised, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to retained earnings.

Financial assets at fair value through profit or loss

The financial assets other than the above financial assets measured 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. Such financial assets are subsequently measured at fair value with net changes in fair value recognised in profit or loss except for the derivatives designated as hedging instruments in an effective hedge.

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.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

(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)

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; and other financial assets cannot be re-designated after initial recognition as financial assets measured at fair value through profit or loss.

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, other financial liabilities or derivatives designated as effective hedging instruments. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivative instruments attributable to financial liabilities) and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities held for trading (including derivative instruments attributable to financial liabilities) are subsequently measured at fair value. All changes in fair value of such financial liabilities are recognised in profit or loss except for the derivatives designated as hedging instruments in an effective hedge. Financial liabilities designated at fair value through profit or loss are subsequently measured at fair value and gains or losses are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income. If gains or losses arising from the Group's own credit risk which are presented in other comprehensive income will lead to or expand accounting mismatch in profit or loss, the Group will include all the changes in fair value (including the amount affected by changes in the Group's own credit risk) of such financial liabilities in profit or loss.

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 the 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.

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.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

(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)

Other financial liabilities

After initial recognition, such financial liabilities are measured at amortised cost using the effective interest method.

Impairment of financial assets

Based on the expected credit losses (“ECLs”), the Group recognises an allowance for ECLs for the financial assets measured at amortised cost, debt investments at fair value through other comprehensive income, and contract assets.

For trade receivables and contract assets that do not contain a significant financing component, the Group applies the simplified approach to recognise a loss allowance based on lifetime ECLs.

For trade receivables and contract assets that contain a significant financing component, the Group chooses to adopt the simplified approach to recognise a loss allowance based on lifetime ECLs.

Except for financial assets which apply the simplified approach as mentioned above and other financial assets, the Group assesses whether the credit risk has increased significantly since initial recognition at each balance sheet date. If the credit risk has not increased significantly since initial recognition (stage 1), the loss allowance is measured at an amount equal to 12-month ECLs by the Group and the interest income is calculated according to the carrying amount and the effective interest rate; if the credit risk has increased significantly since initial recognition but are not credit-impaired (stage 2), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the carrying amount and the effective interest rate; if such financial assets are credit-impaired after initial recognition (stage 3), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the amortised cost and the effective interest rate. If the credit risk of financial instruments is low at the balance sheet date, the Group assumes that the credit risk has not increased significantly since initial recognition.

The Group evaluates the expected credit losses on 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 on accounts receivable based on the aging portfolio.

Refer to Note X (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 directly writes down the carrying amount of the financial asset.

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Notes to financial statements (Continued)

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

(8) Financial instruments (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet 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 realise the assets and settle the liabilities simultaneously.

Transfer of financial assets

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

When the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, it either (i) derecognises the financial asset and recognises the assets and liabilities created in the transfer when it has not retained control of the asset; or (ii) continues to recognise the transferred asset to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability.

Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the guarantee amount. The guarantee amount 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 Note V (10) “Financial instruments - Impairment of financial instruments”.

(10) Accounts receivables

For details of the method for determining the expected credit loss of accounts receivable, please refer to Note V (10) “Financial instruments - Impairment of financial instruments”.

(11) Receivable financing

It includes notes receivable and accounts receivables designated at fair value through other comprehensive income as at balance sheet date.

For details of the method for determining the expected credit loss of receivables financing, please refer to Note V (10) “Financial instruments - Impairment of financial instruments”.

(12) Other receivables

For details of the method for determining the expected credit losses of other receivables, please refer to

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Note V (10) “Financial instruments - Impairment of financial instruments”.

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

(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.

Inventories are initially carried at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. Cost is determined on the weighted average basis. Turnover materials include low value consumables and packing materials, which are on the immediate write-off basis.

The Group adopts the perpetual inventory system.

At the balance sheet date, inventories are stated at the lower of cost and net realisable value. The inventories are written down below cost to net realisable value and the write-down is recognised in profit or loss if the cost is higher than the net realisable value. When the circumstances that previously caused the inventories to be written down below cost no longer exist, in which case the net realisable value of inventories becomes higher than the carrying amount, the amount of the write-down is reversed. The reversal is limited to the amount of the original write-down, and is recognised in profit or loss.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. Finished goods are written down item by item.

(14) Contract assets

The Group presents contract assets or contract liabilities depending on the relationship between the satisfaction of its performance obligations and the customer's payment in the balance sheet. The Group offsets the contract assets and contract liabilities under the same contract and presents the net amount.

A contract asset is the right to consideration in exchange for goods or services that the Group has transferred to a customer, and that right is conditioned on something other than the passage of time.

For details of how the Group measures and accounts for the ECLs of a contract asset, refer to Note V (10) “Financial instruments - Impairment of financial instruments”.

(15) Assets relating to contract cost

The Group's contract cost assets include the costs to obtain and fulfil a contract and are classified as inventories, other current assets and other non-current assets by liquidity.

The Group recognises as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs, unless the amortisation period of the asset is one year or less.

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

(15) Assets relating to contract cost (Continued)

Other than the costs which are capitalised as inventories, fixed assets and intangible assets, etc., costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (1) the costs relate directly to a contract or to an anticipated contract, including direct labour, direct materials, overheads (or similar expenses), costs that are explicitly chargeable to the customer and other costs that are incurred only because an entity entered into the contract;
- (2) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and
- (3) the costs are expected to be recovered.

The contract cost asset is amortised and charged to profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised.

The Group accrues provisions for impairment and recognises impairment losses to the extent that the carrying amount of a contract cost asset exceeds:

- (1) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less
- (2) the costs that are expected to be incurred to transfer those related goods or services.

The Group recognises in profit or loss a reversal of the impairment loss previously recognised to the extent that the difference between (1) and (2) exceeds the carrying amount of the asset due to the subsequent changes of the factors causing asset impairment in previous periods, but the carrying amount after the reversal does not exceed the carrying amount of the asset at the reversal date if no impairment loss is otherwise recognised.

(16) Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

(16) Long-term equity investments (Continued)

A long-term equity investment is initially measured at its initial investment cost on acquisition. For long-term equity investments arising from business combination involving enterprises under common control, the initial investment cost shall be the share of the carrying amount of equity of the acquiree in the consolidated financial statements of the ultimate controlling party as at the combination date. The difference between the initial investment cost and book value of consideration of combination is adjusted to capital reserves, and to retained earnings if capital reserves is insufficient. Other comprehensive income recognised before the combination date is accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. Equity previously recognised resulting from the investee's equity changes other than profit or loss, other comprehensive income and profit distribution is reclassified to profit or loss. Equity which still involves a long-term investment after disposal is reclassified to profit or loss on a pro-rata basis and equity which switches to a financial instrument after disposal is fully reclassified to profit or loss. For long-term equity investments arising from business combination involving enterprises not under common control, the investment cost shall be the combination cost. (For a business combination achieved in stages, the initial investment cost is determined as the sum of the carrying amount of equity of the acquiree and the additional investment costs on the combination date.) The combination cost involves the assets paid by the acquirer, liabilities incurred and the fair value of equity securities. Other comprehensive incomes recognised using the equity method before the combination date is accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. Equity previously recognised resulting from the investee's equity changes other than profit or loss, other comprehensive income and profit distribution is reclassified to profit or loss. Equity which still involves a long-term investment after disposal is reclassified to profit or loss on a pro-rata basis and equity which switches to a financial instrument after disposal is fully reclassified to profit or loss. The accumulated changes in the fair value of financial assets at fair value through other comprehensive income is reclassified to retained earnings when adopting the cost method. Depending on the way of acquisition of long-term equity investments, the initial investment cost is determined as follows: For long-term equity investments acquired by way of cash payment, the initial investment cost includes all directly associated expenses, applicable taxes and fees, and other necessary expenses. For long-term equity investments acquired by way of issuing equity securities, the initial investment cost includes the fair value of equity securities. 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.”

For a long-term equity investment where the Company can exercise control over the investee, the long-term investment is accounted for using the cost method in the Company's individual financial statements. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Under the cost method, the long-term equity investment is measured at its initial investment cost. When additional investment is made or the investment is recouped, the cost of long-term equity investment is adjusted accordingly. Cash dividends or profit distributions declared by the investee are recognised as investment income in profit or loss.

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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)

The equity method is adopted when the Group has joint control, or exercises significant influence over the investee. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control with other parties over those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, after it has acquired a long-term equity investment, the Group recognises its share of the investee's profit or loss, as well as its share of the investee's other comprehensive income, as investment income or loss and other comprehensive income, and adjusts the carrying amount of the investment accordingly. The Group recognises its share of the investee's profit or loss after making appropriate adjustments to the investee's profit or loss based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods. Unrealised profits and losses from transactions with its joint ventures and associates are eliminated to the extent of the Group's investments in the associates or joint ventures (except for assets that constitute a business) (However, any loss arising from such transactions which are attributable to an impairment loss shall be recognised at its entirety). The carrying amount of the investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group's share of net losses of the investee is recognised to the extent that the carrying amount of the investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except that the Group has the obligations to assume further losses. The Group's owner's equity changes, other than those arising from the investee's profit or loss, other comprehensive income or profit distribution, is recognised in the Group's equity, and the carrying amount of the long-term equity investment is adjusted accordingly.

Upon disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount is recognised in profit or loss. For a long-term equity investment accounted for using the equity method, when the Group discontinues using the equity method due to disposal, all amounts previously recognised in other comprehensive income are accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. Equity previously recognised resulting from the owner's equity changes other than profit or loss, other comprehensive income and profit distribution is reclassified to profit or loss in its entirety. When the Group continues to use the equity method, the amounts previously recognised in other comprehensive income are accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities and reclassified to profit or loss on a pro-rata basis. Equity previously recognised resulting from the investee's equity changes other than profit or loss, other comprehensive income and profit distribution is reclassified to profit or loss on a pro-rata basis.

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

(17) Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation. Investment properties include land use rights leased out, land use rights held for transfer upon capital appreciation, and buildings leased out.

An investment property is measured initially at cost. If the economic benefits relating to an investment property will probably flow in and the cost can be reliably measured, subsequent costs incurred for the property are included in the cost of the investment property. Otherwise, subsequent costs are recognised in profit or loss as incurred.

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

	Estimated useful 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.

(18) Fixed assets

Recognition criteria

A fixed asset is recognised only when the economic benefits associated with the asset will probably flow into the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for a fixed asset that meets the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditures are recognised in profit or loss as incurred. Fixed assets are initially measured at cost, by taking into account the effect of any asset retirement obligations. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use. The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each year end, and make adjustments if necessary.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

(18) Fixed assets (Continued)

Depreciation method

	Estimated useful lives	Estimated residual value	Annual depreciation rates
Buildings	20-35years	0-5%	2.71-5.00%
Machineries	5-14years	3-6%	6.79-19.40%
Motor vehicles	3-10years	0-5%	9.50-33.33%
Office equipments	3-10years	0-5%	9.50-33.33%
Electronic equipments	within 5 years	0%	20% and above

(19) Construction in progress

The cost of construction in progress is determined according to the actual expenditures incurred for the construction, including all necessary construction expenditures incurred during the construction period, borrowing costs that shall be capitalised before the construction is ready for its intended use, and other relevant expenditures.

An item of construction in progress is transferred to fixed assets when the asset is ready for its intended use.

(20) Borrowing costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of the funds. Borrowing costs include interest, amortisation of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. The amounts of other borrowing costs incurred are recognised as an expense in the period in which they are incurred. Qualifying assets are assets (fixed assets, investment properties, inventories, etc.) that necessarily take a substantial period of time of acquisition, construction or production to get ready for their intended use or sale.

The capitalisation of borrowing costs commences only when all of the following conditions are satisfied:

- (1) expenditures for the asset have been incurred;
- (2) borrowing costs have been incurred; and
- (3) activities that are necessary to acquire, construct or produce the asset for its intended use or sale have been undertaken.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced gets ready for its intended use or sale. Any borrowing costs subsequently incurred are recognised in profit or loss.

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)

(20) Borrowing costs (Continued)

During the capitalisation period, the amount of interest eligible for capitalisation for each accounting period shall be determined as follows:

- (1) where funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of interest eligible for capitalisation is the actual interest costs incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds; or
- (2) where funds are borrowed generally for the purpose of obtaining a qualifying asset, the amount of interest eligible for capitalisation is determined by applying a weighted average interest rate on the general borrowings to the weighted average of the excess of the cumulative expenditures on the asset over the expenditures on the asset funded by the specific borrowings.

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally by activities other than those necessary to get the asset ready for its intended use or sale, when the suspension is for a continuous period of more than 3 months. Borrowing costs incurred during these periods are recognised as an expense in profit or loss until the acquisition, construction or production is resumed.

(21) Right-of-use assets

The right-of-use assets of the Group mainly include buildings, machinery, vehicles, office equipments and other equipments (such as land use right).

At the commencement date of the lease, the Group recognises a right-of-use asset. The cost of the right-of-use asset comprises: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date of the lease less any lease incentives received; (iii) any initial direct cost incurred; and (iv) an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to the Group at the end of the lease term, the Group depreciates the asset from the commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

The Group remeasures the lease liability at the present value of the changed lease payments and adjusts the carrying amount of the right-of-use assets accordingly, when the carrying amount of the right-of-use asset is reduced to zero, and there is a further reduction in the measurement of the lease liability, the Group recognises the remaining amount of the remeasurement in profit or loss.

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

(22) Intangible assets

An intangible asset shall be recognised only when it is probable that the economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination not involving entities under common control with a fair value that can be measured reliably are recognised separately as intangible assets and initially measured at the fair value at the date of acquisition.

The useful life of an intangible asset is determined according to the period over which it is expected to generate economic benefits for the Group. An intangible asset is 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.

The useful lives of the intangible assets are as follows:

<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 that are purchased by the Group are accounted for as intangible assets. Buildings, such as plants that are developed and constructed by the Group, and relevant land use rights are accounted for as fixed assets and intangible assets, respectively. Payments for the land and buildings purchased are allocated between the land use rights and the buildings; they are accounted for as fixed assets if they cannot be reasonably allocated.

An intangible asset with a finite useful life is amortised using the straight-line method over its useful life. For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at least at each year end and makes adjustment if necessary.

Land use rights allocated by the State are regarded as an intangible asset with an indefinite useful life due to an uncertain useful life. The impairment test should be conducted for the intangible assets with the indefinite service life every year to determine whether the impairment exists. The intangible assets with the indefinite service life shall not be amortized, and the Company shall make the review of the service life of the intangible assets during every accounting period. If evidence prove that useful lives are finite, the Group accounts for the intangible assets in accordance with intangible assets with a finite useful life.

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Notes to financial statements (Continued)

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

(22) Intangible assets (Continued)

Internal research and development project

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.

Expenditure for investigation, evaluation and selection of production process and new drug researches is recognised 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:

- (1) development of the production process and new drugs has been fully demonstrated by the technical team;
- (2) management has approved the budget of drug production development and new drugs;
- (3) market research analysis suggests that the products produced by the new production technology are able to be promoted;
- (4) adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- (5) 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 recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised 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.

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Notes to financial statements (Continued)

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

(23) 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 recognised 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.

(24) Impairment of long-term assets

The Group determines the impairment of assets, other than the impairment of inventories, investment properties measured using the fair value model, deferred tax assets, financial assets and assets classified as held for sale, using the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs impairment testing. Goodwill arising from a business combination and an intangible asset with an indefinite useful life are tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. Intangible assets that have not been ready for their intended use are tested for impairment each year.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis unless it is not possible to estimate the recoverable amount of the individual asset, in which case the recoverable amount is determined for the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount by the Group. The reduction in the carrying amount is treated as an impairment loss and recognised in profit or loss. A provision for impairment loss of the asset is recognised accordingly.

For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis, to each of the related asset groups unless it is impossible to allocate to the related asset groups, in which case it is allocated to each of the related sets of asset groups. Each of the related asset groups or sets of asset groups is an asset group or a set of asset groups that is expected to benefit from the synergies of the business combination and shall not be larger than a reportable segment determined by the Group.

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Notes to financial statements (Continued)

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

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

When testing an asset group (a set of asset groups) to which goodwill has been allocated for impairment, if there is any indication of impairment, the Group firstly tests the asset group (set of asset groups), excluding the amount of goodwill allocated, for impairment, i.e., the Group determines and compares the recoverable amount with the related carrying amount and recognises any impairment loss. After that, the Group tests the asset group (set of asset groups), including goodwill, for impairment, the carrying amount of the related asset group (set of asset groups) is compared to its recoverable amount. If the carrying amount of the asset group (set of asset groups) is higher than its recoverable amount, the amount of the impairment loss is firstly used to reduce the carrying amount of the goodwill allocated to the asset group (set of asset groups), and then used to reduce the carrying amount of other assets (other than the goodwill) within the asset group (set of asset groups), on a pro-rata basis of the carrying amount of each asset.

Once the above impairment loss is recognised, it cannot be reversed in subsequent accounting periods.

(25) Contract liabilities

The Group presents contract assets or contract liabilities depending on the relationship between the satisfaction of its performance obligations and the customer's payment in the balance sheet. The Group offsets the contract assets and contract liabilities under the same contract and presents the net amount.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration or an amount of consideration is due from the customer, such as an amount of consideration that an entity has received before the transfer of the promised goods or services.

(26) Employee benefits

Employee benefits refer to all forms of consideration or compensation other than share-based payments given by the Group in exchange for services rendered by employees or for termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits given by the Group to an employee's spouse, children and dependents.

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 of the Group participate in a pension scheme and unemployment insurance managed by the local government, and an enterprise pension fund, the corresponding expenses shall be included in the cost of related assets or profit or loss.

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

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

(26) Employee benefits (Continued)

Post-employment benefits (defined benefit plans)

The Group operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements arising from the defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to equity through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of the date of the plan amendment and the date that the Group recognises restructuring-related costs or termination benefits.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under administrative expenses and finance expenses in the income statement: service costs comprising current service costs, past service costs, gains and losses on settlements; net interest comprising interest income on plan assets, interest costs on the defined benefit obligation and interest on the effect of the asset ceiling.

Termination benefits

The Group provides termination benefits to employees and recognises an employee benefits liability for termination benefits, with a corresponding charge to profit or loss, at the earlier of when the Group can no longer withdraw the offer of those benefits resulting from an employment termination plan or a curtailment proposal and when the Group recognise costs involving the payment of termination benefits.

The Group offers termination benefits to the employees who accept internal retirement arrangements. Termination benefits refers to salaries and social securities paid to the employees who voluntarily retire and approved by the management before the legal retirement age. The Group pays termination benefits from the date of the starting of internal retirement arrangements to legal retirement age. When meeting the recognition criteria, termination benefits are recognised as liabilities from the date on which the employees stop offering services to the legal retirement date and recognised in profit or loss as incurred. The change of termination benefits' actuarial assumptions and difference incurred by the adjustment of welfare standards are recognised in profit or loss as incurred.

The termination benefits expected to be settled within one year since the balance sheet date are classified as current liabilities.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

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

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

(26) Employee benefits (Continued)

Other long term employee benefits

Other long-term employee' 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 the current profit and loss or related asset costs.

(27) Lease liability

At the commencement date of the lease, the Group measures the lease liability at the present value of the lease payments that are not paid at that date, except for short-term leases and leases of low-value assets. In calculating the present value of the lease payments, the Group uses the interest rate implicit in the lease as the discount rate. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The Group calculates the interest expenses of the lease liability in each period during the lease term using the constant periodic rate of interest, and recognises such interest expenses in profit or loss, except those in the costs of the related asset as required. Variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss as incurred, except those in the costs of the related asset as required.

After the commencement date of the lease, the Group remeasures lease liabilities with changed present value of the lease payments when fixed payment, expected unguaranteed residual value payable, the interest rate implicit in the lease as the discount rate, purchase options, options to extend the lease or determination of the lease term change.

(28) Provisions

An obligation related to a contingency shall be recognised by the Group as a provision when all of the following conditions are satisfied, except for contingent considerations and contingent liabilities assumed in a business combination not involving entities 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) a reliable estimate can be made of the amount of the obligation.

A provision is 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. Provisions are reviewed at each 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.

A contingent liability recognised in a business combination not involving entities under common control is initially measured at fair value. Subsequently, it is measured at the higher of: (i) the amount that would be recognised in accordance with the general policy for provisions above; and (ii) the amount initially recognised less cumulative amortisation recognised in accordance with the policy for revenue recognition.

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

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

(29) Share-based payments

A share-based payment is classified as either an equity-settled share-based payment or a cash-settled share-based payment. An equity-settled share-based payment is a transaction in which the Group receives services and uses shares or other equity instruments as consideration for settlement.

An equity-settled share-based payment in exchange for services received from employees is measured at the fair value of the equity instruments granted to the employees. If such equity-settled share-based payment could vest immediately, related costs or expenses at an amount equal to the fair value on the grant date are recognised, with a corresponding increase in capital reserves; if such equity-settled share-based payment could not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group at each balance sheet date during the vesting period recognises the services received for the current period as related costs and expenses, with a corresponding increase in capital reserves, at an amount equal to the fair value of the equity instruments at the grant date, based on the best estimate of the number of equity instruments expected to vest, which is made on the basis of the latest available information such as the changes in the number of covered employees and whether specified performance conditions have been met. The fair value is determined using the binomial model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in capital reserves, over the period in which the specified performance or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

For awards that do not ultimately vest because non-market performance and/or 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/or service conditions are satisfied.

Where the terms of an equity-settled share-based award are modified, as a minimum an expense is recognised as if the terms had not been modified. 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 share-based 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 on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

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

(29) Share-based payments (Continued)

The cost of cash-settled transactions is measured at the fair value of the liability which is determined on the basis of shares or other equity instruments of the Group. It is initially recognised at the fair value on the grant date using binomial model together with the consideration of terms and conditions on which the equity instruments are granted. If the rights under a cash-settled share-based payment could vest immediately, related costs or expenses at an amount equal to the fair value on the grant date are recognised, with a corresponding increase in liability. If the rights under a cash-settled share-based payment could not vest until the completion of services for a vesting period, or until achievement of a specified performance condition, the Group at each balance sheet date during the vesting period recognises the services received for the current period as related costs and expenses, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting. The liability is measured at each balance sheet date up to and including the settlement date, with changes in fair value recognised in profit or loss.

(30) Revenue recognition

Revenue from contracts with customers is recognised when the Group has fulfilled its performance obligations in the contracts, that is, when the customer obtains control of relevant goods or services. Control of relevant goods or services refers to the ability to direct the use of the goods, or the provision of the services, and obtain substantially all of the remaining benefits from the goods or services.

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 storage and logistics 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 contract 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 is expected to be compensated, the revenue is recognised 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)

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

(30) Revenue recognition (Continued)

Variable consideration

Some of the Group's contracts with customers including arrangements of sales rebates (list items in accordance with the customer's actual conditions, such as early completion awards or others) result in variable consideration. The Group determines the best estimate of variable consideration by using the expected value method or the most likely amount method. However, the transaction price including variable consideration is only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

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 products. 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 2020

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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 V.36. 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 stand-alone contractual performance obligation, and a portion of the transaction price shall be allocated to the service warranty based on a percentage of the stand-alone price for the provision of the product and service warranty. When assessing whether a warranty is rendering a stand-alone 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, and the Group considers it as an individual performance obligation, and apportions part of the transaction prices 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, the 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 the 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

Government grants are recognised when all attaching conditions will be complied with and the grants will be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value is not reliably determinable, it is measured at a nominal amount.

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.

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)

(31) Government grants (Continued)

A government grant related to income is accounted for as follows: (i) if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and released in profit or loss or offset against related expenses over the periods in which the related costs are recognised; or (ii) if the grant is a compensation for related expenses or losses already incurred, it is recognised immediately in profit or loss or offset against relevant expenses.

A government grant relating to an asset shall be offset against the carrying amounts of relevant assets, or recognised as deferred income and amortised in profit or loss over the useful life of the related asset by annual instalments in a systematic and rational way (however, a government grant measured at a nominal amount is recognised directly in profit or loss). Where the assets are sold, transferred, retired or damaged before the end of their useful lives, the rest of the remaining deferred income is released to profit or loss for the period in which the relevant assets are disposed of.

(32) Income tax

Income tax comprises current and deferred tax. Income tax is recognised as income or expense in profit or loss, or recognised directly in equity if it arises from a business combination or relates to a transaction or event which is recognised directly in equity.

Current tax liabilities or assets arising from the current and prior periods at the amount expected to be paid by the Group or returned by the tax authority calculated according to related tax laws.

Deferred tax is provided using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the tax bases and the carrying amounts of the items, which have a tax base according to related tax laws but are not recognised as assets and liabilities.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (1) when the taxable temporary difference arises from the initial recognition of goodwill, or an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither accounting profit nor taxable profit or loss; and
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

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)

(32) Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax losses and any unused tax credits. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and unused tax credits can be utilised, except:

- (1) when the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (2) in respect of the deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised in the future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, in accordance with the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(33) Other significant accounting judgements and estimates

Identification of leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, the customer has both of the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

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Notes to financial statements (Continued)

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

(33) Other significant accounting judgements and estimates (Continued)

Identification of separate lease components

For a contract that contains multiple separate lease components, the Group separates the components of the contract and accounts for each separate lease component. The right to use an underlying asset is a separate lease component if both:

- (1) the lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee; and
- (2) the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

Separating lease components and non-lease components

For a contract that contains lease components and non-lease components, the Group accounts for lease components and non-lease components separately as a lessor or a lessee.

Assessment of the lease term

The lease term is the non-cancellable period of a lease for which the Group has the right to use an underlying asset. If the Group has an option to extend the lease, that is, the Group has the right to extend the lease, and is reasonably certain to exercise that option, the lease term also includes periods covered by an option to extend the lease. If the Group has an option to terminate the lease, that is, the Group has the right to terminate the lease, but is reasonably certain not to exercise that option, the lease term includes periods covered by an option to terminate the lease. The Group reassesses whether it is reasonably certain to exercise an extension option, purchase option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in the circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term.

As lessee

The accounting treatment of the Group as lease please refer to Note.III.29 and Note III.35.

Lease modifications

Lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term.

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

(33) Other significant accounting judgements and estimates (Continued)

Lease modifications (Continued)

The Group accounts for a lease modification as a separate lease if both:

- (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by:

- (1) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, and recognising the gain or loss relating to the partial or full termination of the lease in profit or loss; or
- (2) making a corresponding adjustment to the right-of-use asset for all other lease modifications.

Short-term leases and leases of low-value assets

The Group considers a lease that, at the commencement date of the lease, has a lease term of 12 months or less, and does not contains any purchase option as a short-term lease; and a lease for which the value of the individual underlying asset is not more than RMB40,000 when it is new as a lease of low-value assets. If the Group subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset. The Group does not recognise the right-of-use assets and lease liabilities for short-term leases and low-value assets. The Group recognises lease payments on short-term leases and leases of low-value assets in the costs of the related asset or profit or loss on a straight-line basis over the lease term.

As lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date. The Group, as an intermediate lessor, classifies the sublease by reference to the right-of-use asset arising from the head lease.

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

(33) Other significant accounting judgements and estimates (Continued)

As lessor of an operating lease

Rent income under an operating lease is recognised on a straight-line basis over the lease term, through profit or loss. Variable lease payments that are not included in the measurement of lease receivables are charged to profit or loss as incurred.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

(34) Others

Governmental medical reserve funds and specially approved reserving materials

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

Dividend distribution

Cash dividend distribution is recognised as a liability in the period in which it is approved by shareholders at the annual shareholders’ meeting.

Fair value measurement

At each balance sheet date, the Group measures the fair value of equity instrument investments. Fair value means the price receivable from the disposal of an asset or required to be paid for the transfer of a liability in an orderly transaction incurred by market participants on the measurement date. The Group measures assets or liabilities at fair value with the assumption that the orderly transaction of asset disposal or the transfer of liabilities takes place in the major market for the relevant assets or liabilities. Where there is no major market, the Group assumes that such transaction takes place in the most favourable market for the relevant assets or liabilities. The major market (or most favourable market) is a trading market which the Group has access to on the measurement date. The Group adopts assumptions used by market participants when they price the asset or liability with the aim of maximising its economic benefits.

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

(34) Others (Continued)

Fair value measurement (Continued)

The measurement of non-financial assets measured at fair value should take into account the ability of market participants to utilise the asset in the best way for generating economic benefits, or the ability to dispose of such asset to other market participants who are able to utilise the asset in the best way for generating economic benefits.

The Group adopts valuation techniques that are appropriate in the current circumstances and supported by sufficient usable data and other information. Observable input will be used first and foremost. Unobservable input will only be used when it is not possible or practicable to obtain observable input.

The fair value hierarchy in which an asset or liability is measured or disclosed in the financial statements at fair value will be determined on the basis of the lowest level of input which is significant for the fair value measurement as a whole. Input at the first level represents unadjusted quoted prices in an active market for the acquisition of the same asset or liability on the measurement date. Input at the second level represents directly or indirectly observable assets or liabilities apart from input at the first level. Input at the third level represents unobservable input for the asset or liability.

At each balance sheet date, the Group reassesses assets and liabilities measured at fair value on an ongoing basis recognised in the financial statements to determine whether the level of fair value measurement should be changed.

Segment information

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

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

Significant accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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

(34) Others (Continued)

Significant accounting judgements and estimates (Continued)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have a significant effect on the amounts recognised in the financial statements:

Operating leases - the Group as lessor

The Group has entered into lease agreements on its investment property portfolio. The Group has determined these leases to be operating leases, based on an evaluation of the terms and conditions of the agreements, that it retains substantially all the significant risks and rewards of ownership of these properties.

Business models

The classification of financial assets at initial recognition depends on the Group's business model for managing financial assets. When determining the business model, the Group considers the methods to include evaluation and report financial asset performance to key management, the risks affecting the performance of financial assets and the risk management, and the manner in which the relevant management receives remuneration. When assessing whether the objective is to collect contractual cash flows, the Group needs to analyse and judge the reason, timing, frequency and value of the sale before the maturity date of the financial assets.

Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics, and the judgements on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, including when assessing the modification of the time value of money, the judgement on whether there is any significant difference from the benchmark cash flow and whether the fair value of the prepayment features is insignificant for financial assets with prepayment features, etc.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

(34) Others (Continued)

Significant accounting judgements and estimates (Continued)

Judgements (Continued)

Estimation uncertainty (Continued)

Impairment of financial instruments

The Group uses the expected credit loss model to assess the impairment of financial. The Group is required to perform significant judgement and estimation and take into account all reasonable and supportable information, including forward-looking information. When making such judgements and estimates, the Group infers the expected changes in the debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors. The different estimates may impact the impairment assessment, and the provision for impairment may also not be representative of the actual impairment loss in the future.

Impairment of non-current assets other than financial assets (other than goodwill)

The Group assesses whether there are any indications of impairment for all non-current assets other than financial assets at the balance sheet date. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indication exists. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are included in Note V.12/13/14/15/16.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the present value of the future cash flows expected to be derived from the asset groups (sets of asset groups) to which the goodwill is allocated. Estimating the present value requires the Group to make an estimate of the expected future cash flows from the asset groups (sets of asset groups) and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are included in Note V.17.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

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

(34) Others (Continued)

Significant accounting judgements and estimates (Continued)

Judgements (Continued)

Estimation uncertainty (Continued)

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics. This valuation requires the Group to make estimates about expected future cash flows, credit risk, volatility and discount rates, and hence they are subject to uncertainty.

Loyalty points

The Group makes reasonable estimate of the stand-alone selling price of the loyalty points by taking into account all relevant information, such as the stand-alone selling prices for the customer to acquire additional free goods or services or the discounts enjoyed by the customer using the loyalty points and the possibility for the customer to exercise the redemption right. The Group considers the likelihood for the customer to exercise the redemption right based on the historical data of point redemption, the current point redemption and the future changes for the customer, the future trend of the market and other factors. The Group re-evaluates the stand-alone selling price of loyalty points at least on each balance sheet date and determines the transaction price to be allocated to the loyalty points based on the stand-alone selling price of the re-evaluated loyalty points.

Sales with a right of return

The Group makes reasonable estimate of a group of contracts with similar characteristics according to the sales return historical data, the current sales return situation, as well as customer changes, market changes and other relevant information. Estimates of the expected return rate may not be representative of the actual returns in the future. The Group re-evaluates the return rate at least on each balance sheet date and updates the measurement of the refund liabilities and the right-of-return assets based on the re-evaluated return rate.

Warranties

The Group makes reasonable estimate of the warranty rate of a group of contracts with similar characteristics based on historical warranty data, current warranty, as well as all relevant information such as product improvements, market changes, etc. Estimates of the expected warranty rate may not be representative of the actual warranty rate in the future. The Group re-evaluates the warranty rate at least on each balance sheet date and updates the measurement of the provisions based on the re-evaluated warranty rate.

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

(34) Others (Continued)

Significant accounting judgements and estimates (Continued)

Judgements (Continued)

Estimation uncertainty (Continued)

Assessment of constraints on variable consideration

The Group estimates, within a reasonable quantity, the amount of variable consideration that may occur and the likelihood by taking into account all reasonably available information, including historical information, current information, and predictive information. The Group includes in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In assessing whether it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur once the uncertainty related to the variable consideration is subsequently resolved, the Group considers both the likelihood and the magnitude of the revenue reversal. On each balance sheet date, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to reflect the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Lessee's incremental borrowing rate

If the interest rate implicit in the lease cannot be readily determined, the Group measures the lease liability at the present value of the lease payments discounted using the lessee's incremental borrowing rate. According to the economic environment, the Group takes the observable interest rate as the reference basis for determining the incremental borrowing rate, then adjusts the observable interest rate based on its own circumstances, underlying assets, lease terms and amounts of lease liabilities to determine the applicable incremental borrowing rate.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

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VI. Taxation

1. Main categories and rates of taxes:

Categories	Tax base	Tax rate
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%, 1%, 3%, 5%, 6%, 9%, 13%
City maintenance and construction tax	Amount of VAT	5% or 7%
Corporate income tax (“CIT”)	Taxable income	15%, 20% or 25%
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 payable 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%.

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

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Notes to financial statements (Continued)

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IV Taxation (Continued)

2. Tax preferences (Continued)

In 2019, the Group's subsidiary Sinopharm Holding National Pharmacy (Pu'er) Songmao Co., Ltd., in accordance with the provisions of Caishui [2011] No. 58 Document, met the conditions for the enjoyment of corporate income tax benefits in the Western Development, and obtained the confirmation letter of Pu 'er City Development and Reform Commission that the relevant business of Pu 'er Song Maoji Antang Pharmaceutical Co., LTD was the encouraged industry of the country. The enterprise income tax was paid at a preferential tax rate of 15% from 2019 to 2020.

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 which met the requirements of small and meager profit enterprises paid corporate income tax at a rate of 20% and reduced the taxable income by 25% if the annual taxable was less than RMB 1 million. And if the annual taxable was between RMB 1 million and 3 million, the Group's subsidiary reduced the taxable income by 50% from 1 January 2019 to 31 December 2020.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements

1. Cash and bank balances

	30 June 2020	31 December 2019
Cash on hand	13,254,761.42	5,333,515.38
Cash at banks (Note 1)	8,008,457,260.74	8,437,723,437.66
Other cash balances (Note 2)	<u>218,128,205.64</u>	<u>442,672,297.43</u>
	<u><u>8,239,840,227.80</u></u>	<u><u>8,885,729,250.47</u></u>

Note 1: Current deposits earn interest at the rate based on current deposit interest rates. Maturities of short-term time deposits range from 1 month to 6 months depending on the fund arrangements of the Group, and the deposits earn interest at the respective deposit rates. The maturities of bank notice deposits are 7 days depending on the fund arrangement of the Group, and the deposits earn interest at the respective deposit rates. Balance of cash and cash equivalents in cash at banks is RMB7,987,307,260.74 (31 December 2019: RMB8,420,737,654.78). Balance of interest receivable from cash at banks not yet due at the end of the period is RMB21,150,000.00 (31 December 2019: RMB16,985,782.88)

Note 2: Other monetary funds as at 30 June 2020 include: bank acceptance bills guarantee of RMB 217,953,399.64 (31 December 2019: RMB442,547,491.43) as well as deposit of the letter of guarantee of RMB174,806.00 (31 December 2019: RMB124,806.00).

2. Notes receivable

(1) The notes receivable by category

	30 June 2020	31 December 2019
Commercial acceptance bills	<u>402,639,901.74</u>	<u>793,301,688.64</u>
	<u><u>402,639,901.74</u></u>	<u><u>793,301,688.64</u></u>

(2) At the end of the period, the company transferred the acceptance notes to accounts receivable due to the drawer's failure to perform the contract:

	Amount transferred to accounts receivable at the end of the period
Commercial acceptance bills	<u><u>728,020.99</u></u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements (Continued)

3. Accounts receivable

(1) The accounts receivable by category

	30 June 2020					31 December 2019				
	Gross carrying amount		Provision for bad debt		Gross carrying value	Gross carrying amount		Provision for bad debt		Gross carrying value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Items for which provision for bad debt is recognized separately	791,162,699.66	5.66%	18,189,265.80	2.30%	772,973,433.86	586,321,444.68	5.45%	18,329,609.15	3.13%	567,991,835.53
Items for which provision for bad debt is recognized by group	<u>13,179,058,766.79</u>	<u>94.34%</u>	<u>59,337,066.24</u>	<u>0.45%</u>	<u>13,119,721,700.55</u>	<u>10,172,578,829.97</u>	<u>94.55%</u>	<u>27,587,121.32</u>	<u>0.27%</u>	<u>10,144,991,708.65</u>
	<u>13,970,221,466.45</u>	<u>100.00%</u>	<u>77,526,332.04</u>	<u>0.55%</u>	<u>13,892,695,134.41</u>	<u>10,758,900,274.65</u>	<u>100.00%</u>	<u>45,916,730.47</u>	<u>0.43%</u>	<u>10,712,983,544.18</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements (Continued)

3. Accounts receivable (Continued)

(1) The accounts receivable by category (Continued)

Accounts receivable that are individually assessed for provisions

	Carrying amount	Bad debt provision	Proportion	Assessment for impairment
Receivable of medical insurance	576,508,029.76	-	0.00%	The receivable of medical insurance has lower-tier default risk.
Client A	11,559,178.29	11,559,178.29	100.00%	Debtor had irregular operations of subject to serious financial difficulties and related to multiple lawsuits, is with lower-tier recoverability.
Client B	2,447,976.74	2,447,976.74	100.00%	Debtor had irregular operations of subject to serious financial difficulties, and has been placed on a national list of defaulters, with highly risk of going bankruptcy or financial restructuring.
Client C	2,365,253.03	2,365,253.03	100.00%	Debtor had irregular operations of subject to serious financial difficulties, and has been placed on a national list of defaulters, with highly risk of going bankruptcy or financial restructuring.
Others	198,282,261.84	1,816,857.74	0.92%	Part of the receivable takes longer than usual to recover, and has risk of recoverability.
	<u>791,162,699.66</u>	<u>18,189,265.80</u>		-

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

	30 June 2020		
	Estimated default amount	Expected credit loss in entire lifetime	Expected credit loss rate
Within 1 year	12,948,463,247.57	38,221,387.67	0.30%
1 to 2 years	218,440,449.79	18,054,393.73	8.27%
2 to 3 years	8,678,368.49	1,985,006.57	22.87%
Over 3 years	<u>3,476,700.94</u>	<u>1,076,278.27</u>	30.96%
	<u>13,179,058,766.79</u>	<u>59,337,066.24</u>	

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements (Continued)

3. Accounts receivable (Continued)

(1) The accounts receivable by category (Continued)

The aging analysis of accounts receivables:

	30 June 2020
Within 1 year	13,721,343,683.59
1 to 2 years	224,065,055.60
2 to 3 years	8,678,368.49
Over 3 years	<u>16,134,358.77</u>
	<u>13,970,221,466.45</u>

(2) Changes in bad debt provision, recovery or reverse

Bad debt provision for the current period

	Opening balance	Amount changes in current period				Closing balance
		Increases	Reversal	Increases in merger	Reversal of write-off in previous years	
Accounts receivable bad debt provision	<u>45,916,730.47</u>	<u>24,586,368.81</u>	<u>(4,407,868.49)</u>	<u>11,263,303.38</u>	<u>167,797.87</u>	<u>77,526,332.04</u>

(3) The top five accounts receivable by customer

	Amount	% of the total accounts receivable	Bad debt provision amount
The top five accounts receivable in total	<u>870,584,683.17</u>	<u>6.26%</u>	<u>4,023,082.69</u>

(4) Accounts receivable derecognized due to the financial assets transferred

From January to June 2020, the Group factored a small portion of accounts receivable at amortised cost to financial institutions. The amount of accounts receivable derecognised was RMB2,756,648,565.22 (January to June 2019: RMB2,707,165,636.40), and the amount of loss recognised through Investment income was RMB33,507,102.64 (January to June 2019: RMB42,268,803.55).

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements (Continued)

4. Receivable financing

–	30 June 2020	31 December 2019
Bank acceptance bills	<u>399,889,650.01</u>	<u>446,342,588.46</u>

Receivable financing endorsed or discounted by the Group to other parties which were not yet due at 30 June 2020

	30 June 2020	
	Derecognised	Not Derecognised
Bank acceptance bills	<u>2,305,328,560.58</u>	<u>-</u>

5. Advances to suppliers

(1) The aging of advances to suppliers

	30 June 2020		31 December 2019	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	409,588,936.38	98.69%	388,572,636.93	99.68%
1 to 2 years	5,231,662.72	1.26%	244,213.07	0.06%
2 to 3 years	83,222.53	0.02%	815,319.09	0.21%
Above 3 years	<u>133,651.00</u>	<u>0.03%</u>	<u>196,616.45</u>	<u>0.05%</u>
	<u>415,037,472.63</u>	<u>-</u>	<u>389,828,785.54</u>	<u>-</u>

The illustration of the reasons why advance payments with a more than one-year aging while the amounts are significant not settled in time:

On 30 June 2020, advance payments with a more than one-year aging are mainly prepaid equipments and prepaid rents.

(2) The top five advances to suppliers by customer on 30 June 2020

	Amount	Proportion of total balance
Total amount of top five advances to suppliers	<u>147,282,145.54</u>	<u>35.49%</u>

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For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements (Continued)

6. Other receivables

	30 June 2020	31 December 2019
Dividends receivable	-	834,914.61
Other receivables	<u>613,031,947.42</u>	<u>501,123,926.82</u>
	<u><u>613,031,947.42</u></u>	<u><u>501,958,841.43</u></u>

(1) Dividends receivable

	30 June 2020	31 December 2019
Shanghai Dingqun Enterprise Management Consulting Co., Ltd.	<u>-</u>	<u>834,914.61</u>

(2) Other receivables

(a) Category of other receivables by nature

	30 June 2020	31 December 2019
Deposits	325,055,837.65	275,364,596.97
Receivable of price reduction compensation and purchasing rebates	109,165,508.43	67,585,688.47
Receivable of the pharmaceutical electronic trading platform	52,855,538.34	49,597,763.58
Entrusted borrowings	46,334,222.24	45,360,333.35
Petty cash advance to employees	18,865,088.01	11,606,921.79
Receivable of equity transactions	8,980,000.00	8,980,000.00
Receivable due from related parties	1,950,270.73	25,786,279.26
Others	<u>116,635,565.91</u>	<u>81,032,902.12</u>
	<u><u>679,842,031.31</u></u>	<u><u>565,314,485.54</u></u>

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VII. Notes to the consolidated financial statements (Continued)

6. Other receivables (Continued)

(b) Changes in bad debt provision

	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Entire lifetime expected credit losses(No credit impairment occurred)	Entire lifetime expected credit losses(Credit impairment occurred)	
Bad debt				
Balance at 1 January 2020	-	7,107,131.41	57,083,427.31	64,190,558.72
Balance at 1 January 2020 during the period				
Provisions during the period	-	1,033,302.06	1,385,884.43	2,419,186.49
Reversal during the period	-	(1,017,455.29)	-	(1,017,455.29)
Write-off during the period	-	(124,000.00)	-	(124,000.00)
Other Changes	-	1,341,793.97	-	1,341,793.97
Balance at 30 June 2020	-	8,340,772.15	58,469,311.74	66,810,083.89

The aging analysis of other receivables was as follows:

	30 June 2020
Within 1 year	542,153,839.37
1 to 2 years	26,056,296.78
2 to 3 years	50,957,128.63
Over 3 years	60,674,766.53
	679,842,031.31

(c) Changes in bad debt provision, recovery or reverse

The bad debt provision amount of other receivables in current period was RMB2,419,186.49, with the recovered or reversed amount of RMB1,017,455.29. The write-off amount of other receivables in current period was RMB124,000.00.

Guoda Pharmacy, a subsidiary of the Group, acquired Shanghai Dingqun which led the bad debt provision amount of other receivables in current period increased RMB1,341,793.97.

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VII. Notes to the consolidated financial statements (Continued)

6. Other receivables (Continued)

(d) The top 5 parties that owed the largest amounts of other receivable balances

	Nature	Amount	Age	% of total amount	Provision of bad debt
Guangdong Pharmaceutical electronic trading platform	Pharmaceutical trading platform repayment not yet cleared	52,491,794.34	Within 1 year	7.72%	-
Sinopharm Group Zhijun (Suzhou Pharmaceutical Co., Ltd. (Note)	Entrusted borrowings	46,334,222.24	2 to 3 years	6.82%	46,334,222.24
Jilin Oilfield General Hospital	Deposits	30,000,000.00	Within 1 year	4.41%	-
TCM-Integrated Cancer Center of Southern Medical University	Deposit of logistics extension services project	20,000,000.00	3 to 4 years	2.94%	-
Shenyang Medical Insurance Management Service Center	Amount due from medical insurance	19,676,195.95	Within 1 year	2.89%	-
		<u>168,502,212.53</u>		<u>24.79%</u>	46,334,222.24

Note: With bad operation, declining solvency and increasing credit risk of Zhijun Suzhou in 2019, the Group accrued the total amount RMB45,360,333.35 of the entrusted borrowings of Zhijun Suzhou for bad debt provision. Including: the balance at the end of the period increased by RMB973,888.89 compared with that at the beginning of the period, which was caused by the failure of the drawer – Zhijun Suzhou to perform the payment when the commercial acceptance bill was due, and the Company transferred those amount into other accounts receivable.

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Notes to financial statements (Continued)

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VII. Notes to the consolidated financial statements (Continued)

7. Inventories

(1) Inventories by category

	Book value	30 June 2020 Provision for declines in value of inventories and impairment of contract performance costs	Net book value	Book value	31 December 2019 Provision for declines in value of inventories or impairment of contract performance costs	Net book value
Raw materials	955,930.73	-	955,930.73	645,627.66	-	645,627.66
Work in progress	178,002.50	-	178,002.50	140,458.20	-	140,458.20
Finished goods	5,351,309,550.74	10,411,125.72	5,340,898,425.02	5,067,666,999.13	8,902,200.40	5,058,764,798.73
Low cost consumables	2,874,381.92	-	2,874,381.92	3,723,258.67	-	3,723,258.67
	<u>5,355,317,865.89</u>	<u>10,411,125.72</u>	<u>5,344,906,740.17</u>	<u>5,072,176,343.66</u>	<u>8,902,200.40</u>	<u>5,063,274,143.26</u>

(2) Provision for declines in value of inventories and impairment of contract performance costs

	31 December 2019	Increases		Decreases		30 June 2020
		Provision	Addition due to combination	Reversal or write-off	Others	
Finished goods	<u>8,902,200.40</u>	<u>3,457,289.05</u>	<u>362,553.37</u>	<u>2,310,917.10</u>	<u>-</u>	<u>10,411,125.72</u>

8. Other current assets

	30 June 2020	31 December 2019
Input VAT to be credited	81,207,754.10	101,376,702.28
Corporate income tax to be deducted	2,433,581.63	513,305.14
Others	<u>408,552.85</u>	<u>317,490.78</u>
	<u>84,049,888.58</u>	<u>102,207,498.20</u>

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VII. Notes to the consolidated financial statements (Continued)

9. Long-term equity investments

Investee	31 December 2019	Changes in current period						30 June 2020	Provision for impairment	
		Additional Investment	Negative investment	Profit of loss under equity method	Other comprehensive income adjustment	Other changes in equity	Cash dividend declared by investee			
Associates										
Shenzhen Main Luck Pharmaceutical Inc. ("Main Luck Pharmaceutical")	294,469,367.27	-	-	34,556,440.58	-	-	(63,342,000.00)	265,683,807.85	-	
Shanghai Beiyi Guoda Pharmaceutical Co. Ltd. ("Shanghai Beiyi")	9,887,944.98	-	-	549,217.13	-	-	-	10,437,162.11	-	
Shanghai Liyi Pharmacy Co., Ltd. ("Shanghai Liyi")	1,039,039.88	-	-	-	-	-	-	1,039,039.88	-	
Shanghai Renbei Pharmacy Co., Ltd. ("Shanghai Renbei")	1,800,000.00	-	-	-	-	-	-	1,800,000.00	-	
Dongyuan Accord Pharmaceutical Chain Co., Ltd. ("Dongyuan Accord")	-	-	-	-	-	-	-	-	396,638.32	
Sinopharm Jienuo Medical Treatment Service Guangdong Co., Ltd. ("Guangdong Jienuo")	6,453,679.96	-	-	(639,160.54)	-	-	-	5,814,519.42	-	
Guangdong Jianhui Construction Investment Management Co., Ltd. ("Guangdong Jianhui")	1,854,647.81	6,000,000.00	-	145,352.19	-	-	-	8,000,000.00	-	
Zhijun Suzhou	-	--	-	-	-	-	-	0.00	1,857,279.52	
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd. ("Zhijun Medicine")	400,578,574.68	-	-	17,400,995.09	-	-	-	417,979,569.77	-	
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd. ("Zhijun Trade")	10,275,257.61	-	-	757,325.01	-	-	-	11,032,582.62	-	
Sinopharm Group Zhijun (Shenzhen) PingShan Pharmaceutical Co., Ltd. ("Zhijun Pingshan")	120,878,018.74	-	-	27,665,891.90	-	-	-	148,543,910.64	-	
Shanghai Shyndec Pharmaceutical Co.,Ltd. ("Shyndec Pharma")	1,235,240,098.79	-	-	53,168,842.80	122,186.89	14,135.44	(16,714,220.20)	1,271,831,043.72	-	
Shanghai Dingqun Enterprise Management Consulting Co., Ltd. ("Shanghai Dingqun")	22,637,781.16	-	(22,637,781.16)	-	-	-	-	-	-	
	2,105,114,410.88	6,000,000.00	(22,637,781.16)	133,604,904.16	122,186.89	14,135.44	(80,056,220.20)	2,142,161,636.01	2,253,917.84	

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

VII. Notes to the consolidated financial statements (Continued)

10. Other equity instrument investment

	30 June 2020	31 December 2019
Sinopharm Health Online Co., Ltd.	96,748,000.00	96,748,000.00
Shanghai Guoda Shuguang Pharmacy Co., Ltd.	8,365,000.00	8,365,000.00
Shanghai Guoren Pharmacy Co., Ltd.	5,704,000.00	5,704,000.00
Sinopharm Guoda Hubei Co., Ltd.	4,751,000.00	4,751,000.00
Hunan Zhongbai Pharmaceutical Investment Co., Ltd.	453,000.00	453,000.00
	<u>116,021,000.00</u>	<u>116,021,000.00</u>

11. Other non-current financial assets

	30 June 2020	31 December 2019
Financial asset measured at fair value through current profit or loss	<u>120,972,350.24</u>	<u>140,000,000.00</u>

On June 30, 2020, the balance of other non-current financial assets was the fair value of the share of Sinopharm CICC Medical Industry Fund (referred to as “the Industry 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 RMB200 million to subscribe for the share of the Industrial Fund, which will be paid in three phases. The Industrial Fund obtained the relevant licenses as well as approvals and started operating in 2018. As of December 31, 2019, the Company had paid a total of RMB 140 million. The Company received the withdraw fund of this project's principal of RMB19,027,649.76 from Qirui Port Investment Center LP of Ningbo Meishan Bonded Port. Since the cash flow obtained by the Company from the investment of the Industry 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 Industry Fund into financial assets measured at fair value through profit or loss and presented as other non-current financial assets.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

VII. Notes to the consolidated financial statements (Continued)

12. Investment properties

Subsequent measurement under the cost model:

	Buildings and constructions	Land use right	Construction in progress	Total
Original cost				
Opening balance	243,610,633.09	22,719,102.03	-	266,329,735.12
Increase amount in current period	202,865.73	-	-	202,865.73
Purchase	2,865.73	-	-	2,865.73
Transfer from inventories\fixed assets\construction in progress	200,000.00	-	-	200,000.00
Decrease amount in current period	11,562,525.28	1,730,283.59	-	13,292,808.87
Disposal or retirement	2,720,126.63	-	-	226.63
Transfer to intangible assets	-	1,730,283.59	-	1,730,283.59
Transfer to fixed assets	8,842,398.65	-	-	8,842,398.65
Closing balance	232,250,973.54	20,988,818.44	-	253,239,791.98
Accumulated depreciation and amortization				
Opening balance	117,940,803.43	8,188,573.39	-	126,129,376.82
Increase amount in current period	2,999,424.16	114,228.44	-	3,113,652.60
Provision	2,933,025.28	114,228.44	-	353.72
Transfer from fixed assets	66,398.88	-	-	66,398.88
Decrease amount in current period	6,942,885.60	450,957.66	-	7,393,843.26
Disposal or retirement	1,830,106.44	-	-	1,830,106.44
Transfer to intangible assets	-	450,957.66	-	450,957.66
Transfer to fixed assets	5,112,779.16	-	-	5,112,779.16
Closing balance	113,997,341.99	7,851,844.17	-	121,849,186.16
Provision for impairment				
Opening balance and Closing balance	<u>1,300,000.00</u>	<u>-</u>	<u>-</u>	<u>1,300,000.00</u>
Carrying amount				
At end of the period	<u>116,953,631.55</u>	<u>13,136,974.27</u>	<u>-</u>	<u>130,090,605.82</u>
At beginning of the period	<u>124,369,829.66</u>	<u>14,530,528.64</u>	<u>-</u>	<u>138,900,358.30</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

VII. Notes to the consolidated financial statements (Continued)

13. Fixed assets

	30 June 2020					31 December 2019
Fixed assets	<u>716,847,033.81</u>					<u>708,000,172.63</u>
(1) Condition of fixed assets						
	Buildings	Machinery and equipment	Motor vehicles	Office equipments	Electronic equipments	Total
Original cost						
Opening balance	603,848,760.59	239,741,250.34	90,023,564.89	322,298,724.55	90,133,289.24	1,346,045,589.61
Increase amount in current period	8,842,398.65	29,686,043.50	6,103,974.09	18,584,722.03	17,834,413.27	81,051,551.54
Purchase	-	26,587,842.12	5,271,101.19	13,435,072.46	17,298,530.99	62,592,546.76
Transfer from construction in progress	-	2,762,433.88	-	-	-	2,762,433.88
Business combinations	-	335,767.50	832,872.90	5,149,649.57	535,882.28	6,854,172.25
Transfer from Investment properties	8,842,398.65	-	-	-	-	8,842,398.65
Decrease amount in current period	200,000.00	2,948,811.58	2,033,850.94	5,403,408.46	6,839,844.04	17,425,915.02
Disposal or retirement	-	2,948,811.58	2,033,850.94	5,403,408.46	6,839,844.04	17,225,915.02
Transfer to investment properties	200,000.00					200,000.00
Closing balance	<u>612,491,159.24</u>	<u>266,478,482.26</u>	<u>94,093,688.04</u>	<u>335,480,038.12</u>	<u>101,127,858.47</u>	<u>1,409,671,226.13</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

VII. Notes to the consolidated financial statements (Continued)

13. Fixed assets (Continued)

(1) Condition of fixed assets (Continued)

	Buildings	Machinery and equipment	Motor vehicles	Office equipments	Electronic equipments	Total
Accumulated depreciation						
Opening balance	210,725,255.48	114,086,892.23	58,060,958.31	195,644,163.28	59,528,147.68	638,045,416.98
Increase amount in current period	14,128,973.18	19,823,458.34	4,080,452.14	15,648,096.19	12,579,646.47	66,260,626.32
Provision	9,016,194.02	19,823,458.34	4,080,452.14	15,648,096.19	12,579,646.47	61,147,847.16
Transfer from Investment properties	5,112,779.16	-	-	-	-	5,112,779.16
Decrease amount in current period	66,398.88	2,144,599.72	1,919,607.20	2,965,344.14	4,385,901.04	11,481,850.98
Disposal or retirement	-	2,144,599.72	1,919,607.20	2,965,344.14	4,385,901.04	11,415,452.10
Transfer to investment properties	66,398.88	-	-	-	-	66,398.88
Closing balance	<u>224,787,829.78</u>	<u>131,765,750.85</u>	<u>60,221,803.25</u>	<u>208,326,915.33</u>	<u>67,721,893.11</u>	<u>692,824,192.32</u>
Carrying amount						
At end of period	<u>387,703,329.46</u>	<u>134,712,731.41</u>	<u>33,871,884.79</u>	<u>127,153,122.79</u>	<u>33,405,965.36</u>	<u>716,847,033.81</u>
At beginning of the period	<u>393,123,505.11</u>	<u>125,654,358.11</u>	<u>31,962,606.58</u>	<u>126,654,561.27</u>	<u>30,605,141.56</u>	<u>708,000,172.63</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

VII. Notes to the consolidated financial statements (Continued)

13. Fixed assets (Continued)

(2) Condition of Fixed assets falling to accomplish certification of title

	Book value	Reason for not obtaining certification of title
Houses and buildings	25,912,957.40	As at 30 June 2020, the Company has not yet obtained the certification of title for No.13 Jingxing North Street, Tiexi District, Shenyang. The transferor, the State-owned Assets Supervision and Administration Commission, was still processing the case and had provided a relevant notification.

14. Construction in progress

	30 June 2020	31 December 2019
Construction in progress	<u>29,000,528.39</u>	<u>31,582,575.84</u>

(1) Condition of construction in progress

	30 June 2020			31 December 2019		
	Carrying balance	Impairment	Carrying amount	Carrying balance	Impairment	Carrying amount
Warehouse improvement project	3,146,431.51	-	3,146,431.51	1,232,957.94	-	1,232,957.94
New office building project	96,609.62	-	96,609.62	110,090.53	-	110,090.53
Supply chain extension project	6,188,066.46	-	6,188,066.46	8,081,340.80	-	8,081,340.80
Software project	10,768,504.76	-	10,768,504.76	13,197,683.52	-	13,197,683.52
Other construction projects	<u>8,800,916.04</u>	<u>-</u>	<u>8,800,916.04</u>	<u>8,960,503.05</u>	<u>-</u>	<u>8,960,503.05</u>
	<u>29,000,528.39</u>	<u>-</u>	<u>29,000,528.39</u>	<u>31,582,575.84</u>	<u>-</u>	<u>31,582,575.84</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

VII. Notes to the consolidated financial statements (Continued)

14. Construction in progress (Continued)

(2) Changes of significant construction in progress in current period

Project name	Budget	Opening balance	Increase	Decrease		Closing balance	Proportion of investment to budget	Project progress	Source of funds
				Transferred to fixed assets	Others				
Warehouse improvement project	13,281,971.98	1,232,957.94	3,892,668.96	842,610.88	1,136,584.51	3,146,431.51	38.59 %	38.59 %	Own capital
New office building Project	500,000.00	110,090.53	-	-	13,480.91	96,609.62	22.02%	22.02%	Own capital
Supply chain extension project	15,695,768.25	8,081,340.80	26,548.66	1,919,823.00	-	6,188,066.46	51.66%	51.66%	Own capital
Software project	30,000,000.00	13,197,683.52	10,768,504.76	-	13,197,683.52	10,768,504.76	79.89%	79.89%	Own capital
Other construction projects	<u>205,059,930.48</u>	<u>8,960,503.05</u>	<u>45,261.93</u>	<u>-</u>	<u>204,848.94</u>	<u>8,800,916.04</u>	4.39%	4.39%	Own capital
	<u>264,537,670.71</u>	<u>31,582,575.84</u>	<u>14,732,984.31</u>	<u>2,762,433.88</u>	<u>14,552,597.88</u>	<u>29,000,528.39</u>			

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

VII. Notes to the consolidated financial statements (Continued)

15. Right-of-use assets

	Houses and buildings	Machinery, transport and office equipment	Others	Total
Original cost				
Opening balance	2,634,697,656.23	14,470,094.95	2,418,809.35	2,651,586,560.53
Increase amount in current period	486,014,886.43	-	-	486,014,886.43
Incl: Business combinations not under common control	139,301,280.63	-	-	139,301,280.63
Decrease amount in current period	202,597,928.71	-	-	202,597,928.71
Disposal	202,597,928.71	-	-	202,597,928.71
Closing balance	<u>3,057,415,894.58</u>	<u>14,470,094.95</u>	<u>2,418,809.35</u>	<u>3,074,304,798.88</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

VII. Notes to the consolidated financial statements (Continued)

15. Right-of-use assets (Continued)

	Houses and buildings	Machinery, transport and office equipment	Others	Total
Accumulated depreciation				
Opening balance	652,657,513.16	4,075,450.60	95,734.70	656,828,698.46
Increase amount in current period	386,116,427.19	2,044,641.59	47,736.21	388,208,804.99
Depreciation	386,116,427.19	2,044,641.59	47,736.21	388,208,804.99
Incl: Business combinations not under common control	38,641,408.12	-	-	38,641,408.12
Decrease amount in current period	81,526,000.33	-	-	81,526,000.33
Disposal	81,526,000.33	-	-	81,526,000.33
Closing balance	<u>995,889,348.14</u>	<u>6,120,092.19</u>	<u>143,470.91</u>	<u>1,002,152,911.24</u>
Carrying amount				
At end of the period	<u>2,061,526,546.44</u>	<u>8,350,002.76</u>	<u>2,275,338.44</u>	<u>2,072,151,887.64</u>
At beginning of the period	<u>1,982,040,143.07</u>	<u>10,394,644.35</u>	<u>2,323,074.65</u>	<u>1,994,757,862.07</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

VII. Notes to the consolidated financial statements (Continued)

16. Intangible assets

	Land use rights	Software	Trademarks	Favorable leases	Distribution network	Franchise	Total
Original cost							
Opening balance	62,083,143.97	175,625,594.44	92,349,850.00	127,486,000.00	112,117,142.86	710,000.00	570,371,731.27
Increase amount in current period	1,730,283.59	18,027,371.70	73,007,075.12	-	163,000,000.00	-	255,764,730.41
Purchases	-	2,839,548.43	-	-	-	-	2,839,548.43
Business combinations not under common control	-	1,990,139.75	73,007,075.12	-	163,000,000.00	-	237,997,214.87
Transfer from investment properties	1,730,283.59	-	-	-	-	-	1,730,283.59
Transfer from construction in progress	-	13,197,683.52	-	-	-	-	13,197,683.52
Closing balance	<u>63,813,427.56</u>	<u>193,652,966.14</u>	<u>165,356,925.12</u>	<u>127,486,000.00</u>	<u>275,117,142.86</u>	<u>710,000.00</u>	<u>826,136,461.68</u>
Accumulated amortization							
Opening balance	28,858,577.16	88,726,743.09	196,850.16	30,792,570.91	46,298,190.47	710,000.00	195,582,931.79
Increase amount in current period	955,036.92	11,114,376.17	950.04	3,542,977.94	6,877,928.57	-	22,491,269.64
Provision	504,079.26	11,114,376.17	950.04	3,542,977.94	6,877,928.57	-	22,040,311.98
Transfer from investment properties	450,957.66	-	-	-	-	-	450,957.66
Closing balance	<u>29,813,614.08</u>	<u>99,841,119.26</u>	<u>197,800.20</u>	<u>34,335,548.85</u>	<u>53,176,119.04</u>	<u>710,000.00</u>	<u>218,074,201.43</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

VII. Notes to the consolidated financial statements (Continued)

16. Intangible assets (Continued)

	Land use rights	Software	Trademarks	Favorable leases	Distribution network	Franchise	Total
Provision for impairment							
Opening balance	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-
Carrying amount							
At end of the year	33,999,813.48	93,811,846.88	165,159,124.92	93,150,451.15	221,941,023.82	-	608,062,260.25
At beginning of the year	33,224,566.81	86,898,851.35	92,152,999.84	96,693,429.09	65,818,952.39	-	374,788,799.48

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements (Continued)

17. Goodwill

(1) Original Book Value of goodwill

Names of the investee or matters of forming goodwill	Opening balance	Increase during this period		Decrease during this period	Closing balance
		Merger of holdings not under common control	Business combinations not under common control		
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 Hebei Lerentang Pharmacy Chain Store Co., Ltd. (“Hebei Lerentang”)	29,482,149.57	-	-	-	29,482,149.57
Xiaoyi Guoda Wanmin Baicaotang Pharmacy Chain Store Co., Ltd. (“Xiaoyi Wanmin”)	15,866,680.00	-	-	-	15,866,680.00
Shanxi Guoda Wanmin Pharmacy Chain Store Co., Ltd. (“Shanxi Wanmin”)	65,025,000.00	-	-	-	65,025,000.00
Sinopharm Holding Guoda ForMe Pharmacy Chain Store Co., Ltd. (“ForMe Pharmacy Chain Store”)	19,405,450.23	-	-	-	19,405,450.23
Sinopharm Holding Guoda Pharmacy Chain Store Shanghai 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
Sinopharm Holding Guoda Nanjing Pharmacy Chain Store Co., Ltd.	11,598,341.12	-	-	-	11,598,341.12
Fujian Guoda Pharmacy Chain Store Co., Ltd.	1,567,250.76	-	-	-	1,567,250.76

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

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

VII. Notes to the consolidated financial statements (Continued)

17. Goodwill (Continued)

(1) Original Book Value of goodwill (Continued)

Names of the investee or matters of forming goodwill	Opening balance	Increase during this period		Decrease during this period	Closing balance
		Merger of holdings not under common control	Business combinations not under common control		
Sinopharm Holding Guoda Shandong Pharmacy Chain Store Co., Ltd.	29,110,409.46	-	-	-	29,110,409.46
Sinopharm Holding Guoda Shenyang Pharmacy Chain Store Co., Ltd. (“Guoda Shenyang”)	41,047,958.08	-	-	-	41,047,958.08
Liyang Guoda People Pharmacy Chain Store Co., Ltd.	107,275,095.74	-	-	-	107,275,095.74
Sinopharm Holding Hunan Guoda Minshengtang Pharmacy Chain Co., Ltd.	41,165,574.64	-	-	-	41,165,574.64
Quanzhou Guoda Pharmacy Chain Store Co., Ltd. (“Guoda Quanzhou”)	41,298,622.59	-	-	-	41,298,622.59
Sinopharm Holding Guoda Henan Pharmacy Chain Store Co., Ltd.	22,666,179.77	-	-	-	22,666,179.77
Guoda Neimenggu	70,485,777.00	-	-	-	70,485,777.00
Sinopharm Guoda Pharmacy Jiangmen Chain Co., Ltd.	77,350,000.00	-	-	-	77,350,000.00
Sinopharm Holding Guoda Shanxi Yiyuan Pharmacy Chain Store Co., Ltd.	9,080,100.00	-	-	-	9,080,100.00
Shenzhen Guanganli Pharmacy Chain Store Co., Ltd. 's Store Acquisition	13,420,000.00	-	-	-	13,420,000.00
Beijing Golden Elephant Pharmacy Medicine Chain Company Limited	64,140,124.36	-	-	-	64,140,124.36
Guoda Taishan	26,826,120.55	-	-	-	26,826,120.55
Taiyuan Tongxinli Pharmacy Co., Ltd. (“Taiyuan Tongxinli”)	2,818,647.85	-	-	-	2,818,647.85
Sinopharm Holding Guoda Yongxingtang Pharmacy Chain Store (Chaoyang) Co., Ltd (“Chaoyang Yongxingtang”)	25,973,399.17	-	-	-	25,973,399.17
Sinopharm Holding Guoda Bayannur Co., Ltd.	13,494,000.00	-	-	-	13,494,000.00
Guoda Pu'er	71,064,684.79	-	-	-	71,064,684.79
Shanghai Dingqun Enterprise Management Consulting Co., Ltd.	-	520,836,246.17	-	-	520,836,246.17
Liaoning Xianzhen Pharmaceutical Chain Co., Ltd.	-	-	34,037,431.66	-	34,037,431.66
	<u>1,035,057,927.17</u>	<u>520,836,246.17</u>	<u>34,037,431.66</u>	<u>-</u>	<u>1,589,931,605.00</u>

(2) Provision of impairment loss

Names of the investee or matters of forming goodwill	Opening balance	Increase	Decrease	Closing balance
Quanzhou Guoda Pharmacy Chain Store Co., Ltd.	25,000,000.00	-	-	25,000,000.00

Relevant information of asset group or combination of asset groups in which goodwill is located

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VII. Notes to the consolidated financial statements (Continued)

17. Goodwill (Continued)

(2) Provision of impairment loss (Continued)

Explain the process of goodwill impairment test, key parameters (such as the growth rate in the forecast period, the growth rate in the stable period, the profit rate, the discount rate, the forecast period, etc.) and the recognition method of goodwill impairment loss:

The carrying value of goodwill is apportioned according to the proportion of each asset group or combination of asset groups at fair value of the total amount of goodwill at fair value. It is shown as follows:

	30 June 2020	31 December 2019
Pharmaceutical distribution	152,865,497.03	152,865,497.03
Pharmaceutical retail	<u>1,412,066,107.97</u>	<u>857,192,430.14</u>
	<u><u>1,564,931,605.00</u></u>	<u><u>1,010,057,927.17</u></u>

The recoverable amount of asset group and combination of asset groups is calculated based on the five-year period budget approved by the management while using the cash flow forecast method. The cash flows beyond the five-year period are extrapolated using the inflation rate.

Key assumptions were used for the calculation of the present values of future cash flow projections of asset group and combination of asset groups consisting of pharmaceutical distribution and pharmaceutical retail as of 30 June 2020. Key assumptions made by management on projections of cash flows used in impairment testing are described as follows:

	Pharmaceutical distribution	Pharmaceutical retail
Revenue growth rate in the budget period	2.00%-40.00%	0.86%-35.00%
Sustainable growth rate	3.00%	3.00%
Gross margin	3.70%-6.94%	18.80%-41.22%
Discount rate	12.40%-15.00%	13.00%-15.00%

The budgeted gross margin and the revenue growth rate in the budget period are determined based on the past performance and expectation for market development. The discount rates used are pre-tax discount rates after reflecting specific risks of the relevant asset groups. The recoverable amount of the asset group consisting of pharmaceutical distribution and pharmaceutical retail was determined according to the key assumptions.

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Impact of goodwill impairment test

VII. Notes to the consolidated financial statements (Continued)

17. Goodwill (Continued)

(2) Provision of impairment loss (Continued)

Other declarations

The Group had acquired Shanghai Dingqun Enterprise Management Consulting Co., Ltd. in January 2020, which formed goodwill amounting to RMB520,836,246.17. Refer to Note VIII (1) for the calculative process.

The Group had acquired 43 directly-operated stores and 11 clinics of Liaoning Xianzhen Pharmaceutical Chain Co., Ltd. in January 2020, which formed goodwill amounting to RMB34,037,431.66. Refer to Note VIII (6) for the calculative process.

18. Long-term prepaid expenses

	Opening balance	Additions	Amortization	Other decrease	Closing balance
Fixed asset improvement expenditure	277,430,842.46	32,090,618.69	46,186,637.44	574,966.71	262,759,857.00
Acquisition expenditure to obtain the right to operate	67,134,884.98	10,234,469.22	8,563,697.31	-	68,805,656.89
Others	28,962,240.70	390,900.59	4,844,401.16	-	24,508,740.13
	<u>373,527,968.14</u>	<u>42,715,988.50</u>	<u>59,594,735.91</u>	<u>574,966.71</u>	<u>356,074,254.02</u>

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Notes to financial statements (Continued)

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VII. Notes to the consolidated financial statements (Continued)

19. Deferred tax assets/liabilities

(1) Deferred tax assets before offsetting

	30 June 2020		31 December 2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	154,608,453.64	37,042,164.04	119,337,381.49	28,279,430.24
Accrued expenses	79,114,804.56	19,537,676.82	101,057,882.46	24,536,658.05
Deferred Income	36,901,990.37	8,911,273.37	32,719,558.79	7,996,709.35
Deductible tax loss	30,884,711.16	7,893,514.29	30,789,517.62	7,536,230.76
Accrued payroll	9,176,816.17	1,861,880.58	11,868,705.75	2,454,711.04
Others	146,351,742.65	34,786,664.66	78,831,333.02	17,989,763.45
	<u>457,038,518.55</u>	<u>110,033,173.76</u>	<u>374,604,379.13</u>	<u>88,793,502.89</u>

(2) Deferred tax liabilities before offsetting

	30 June 2020		31 December 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	596,762,261.00	144,013,564.34	354,297,299.88	88,574,324.96
Changes in fair value of financial assets through other comprehensive income	102,335,240.00	25,583,810.00	102,335,240.00	25,583,810.00
Others	140,375,102.86	33,924,631.13	124,248,282.00	29,809,501.58
	<u>839,472,603.86</u>	<u>203,522,005.47</u>	<u>580,880,821.88</u>	<u>143,967,636.54</u>

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

30 June 2020		31 December 2019	
Deferred tax assets/liabilities	Temporary differences	Deferred tax assets/liabilities -	Temporary differences

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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	-Net	after set-off	Net	after set-off
Deferred tax assets	<u>22,573,284.83</u>	<u>87,459,888.93</u>	<u>25,682,673.77</u>	<u>63,110,829.12</u>
Deferred tax liabilities	<u>22,573,284.83</u>	<u>180,948,720.64</u>	<u>25,682,673.77</u>	<u>118,284,962.77</u>

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements (Continued)

19. Deferred tax assets/liabilities (Continued)

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

	30 June 2020	31 December 2019
Deductible temporary differences	3,873,005.85	(4,654,442.98)
Deductible loss	<u>41,606,495.83</u>	<u>49,106,535.92</u>
	<u>45,479,501.68</u>	<u>44,452,092.94</u>

- (5) The aforesaid unrecognized deductible losses will due:

	30 June 2020	31 December 2019
2020	4,725,707.87	4,725,707.87
2021	2,563,056.08	2,563,056.08
2022	7,261,117.97	7,261,117.97
2023	11,977,477.56	11,977,477.56
2024	<u>22,579,176.44</u>	<u>22,579,176.44</u>
	<u>49,106,535.92</u>	<u>49,106,535.92</u>

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements (Continued)

20. Other non-current assets

	30 June 2020			31 December 2019		
	Carrying balance	Impairment	Carrying amount	Carrying balance	Impairment	Carrying amount
Physical assets reserve specifically authorized	204,600,543.73	-	204,600,543.73	55,550,834.89	-	55,550,834.89
Security deposit	98,860,000.00	-	98,860,000.00	-	-	-
Prepayment for project and equipment	30,525,646.70	-	30,525,646.70	21,713,763.10	-	21,713,763.10
Prepayment for rental fee	-	-	-	90,372.40	-	90,372.40
	<u>333,986,190.43</u>	<u>-</u>	<u>333,986,190.43</u>	<u>77,354,970.39</u>	<u>-</u>	<u>77,354,970.39</u>

21. Short-term borrowings

	30 June 2020	31 December 2019
Credit borrowings	3,710,647,467.19	1,388,979,951.89
Discounted notes	<u>-</u>	<u>64,038,348.12</u>
	<u>3,710,647,467.19</u>	<u>1,453,018,300.01</u>

At 30 June 2020, the annual interest rate for the above borrowings was 3.98% (31 December 2019: 4.44%).

At 30 June 2020 and December 31 2019, there were no short-term borrowings of the Group that were overdue but not yet paid.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

VII. Notes to the consolidated financial statements (Continued)

22. Notes payable

	30 June 2020	31 December 2019
Commercial acceptance bills	27,478,678.61	40,343,723.78
Bank acceptance bills	<u>4,664,347,083.37</u>	<u>5,515,353,833.75</u>
	<u>4,691,825,761.98</u>	<u>5,555,697,557.53</u>

At 30 June 2020, the total amount of notes payable that were due but not yet paid was nil (31 December 2019: nil).

23. Accounts payable

	30 June 2020	31 December 2019
Payment for goods	<u>8,077,705,277.54</u>	<u>6,703,967,826.54</u>

At 30 June 2020, significant accounts payable aged over one year was analyzed below:

	30 June 2020	Reason
Payment for goods	<u>411,112,452.26</u>	Not yet settled

At 30 June 2020, accounts payable aged over one year, mainly the unsettled payment for goods, was RMB411,112,452.26 (31 December 2019: RMB331,837,741.84).

24. Contract liabilities

	30 June 2020	31 December 2019
Contract liabilities	<u>287,186,619.13</u>	<u>303,194,940.70</u>

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements (Continued)

25. Employee benefits payable

	31 December 2019	Increase	Decrease	30 June 2020
Short-term employee benefits (1)	254,250,943.71	1,182,689,350.81	1,230,281,170.97	206,659,123.55
Post-employment benefits (defined contribution plan) (2)	5,057,047.69	51,315,317.37	41,513,011.89	14,859,353.17
Termination benefits	332,821.70	661,707.33	678,749.56	315,779.47
	<u>259,640,813.10</u>	<u>1,234,666,375.51</u>	<u>1,272,472,932.42</u>	<u>221,834,256.19</u>

(1) Short-term employee benefits

	31 December 2019	Increase	Decrease	30 June 2020
Salaries, bonuses, allowances and grants	240,039,850.54	1,051,177,293.05	1,101,589,900.12	189,627,243.47
Staff welfare	1,390,324.53	29,067,766.74	29,296,335.09	1,161,756.18
Social security contribution	1,749,787.15	39,494,596.49	38,189,199.17	3,055,184.47
Incl: Medical insurance	1,488,183.67	35,996,281.26	35,121,968.13	2,362,496.80
Work injury insurance	34,813.39	1,032,214.29	851,069.33	215,958.35
Maternity insurance	226,790.09	2,466,100.94	2,216,161.71	476,729.32
Housing funds	1,461,572.85	41,848,007.31	41,545,943.42	1,763,636.74
Labor union funds and employee education funds	8,550,047.84	18,536,769.22	17,424,875.17	9,661,941.89
Other short-term benefits	1,059,360.80	2,564,918.00	2,234,918.00	1,389,360.80
	<u>254,250,943.71</u>	<u>1,182,689,350.81</u>	<u>1,230,281,170.97</u>	<u>206,659,123.55</u>

(2) Defined contribution plan

	31 December 2019	Increase	Decrease	30 June 2020
Basic pension insurance	1,971,797.54	48,143,186.16	38,656,748.31	11,458,235.39
Unemployment insurance	107,237.57	1,832,179.77	1,494,194.44	445,222.90
Contribution to pension fund	2,978,012.58	1,339,951.44	1,362,069.14	2,955,894.88
	<u>5,057,047.69</u>	<u>51,315,317.37</u>	<u>41,513,011.89</u>	<u>14,859,353.17</u>

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Notes to financial statements (Continued)

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Note: For the half year of 2020, the Group provided other termination benefits for severing labor relations of RMB155,676.56. 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 2020 and 2019, other termination benefits that were reversed for there was no need to pay for severing labor relations were nil.

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements (Continued)

26. Tax payable

	30 June 2020	31 December 2019
Value-added tax	108,825,512.97	88,904,599.66
Corporate Income taxes	143,919,371.54	127,697,970.77
Individual income tax	9,783,502.58	4,532,506.64
City maintenance and construction surtax	7,171,349.99	6,795,877.54
Water conservancy fund	5,562,715.52	5,488,930.64
Educational surcharge	5,234,896.01	5,089,214.42
Stamp duty	3,710,928.46	6,089,170.55
Property tax	716,939.75	532,454.30
Land use tax	27,219.91	11,137.20
Others	<u>8,076,841.92</u>	<u>8,237,662.62</u>
	<u>293,029,278.65</u>	<u>253,379,524.34</u>

27. Other payables

	30 June 2020	31 December 2019
Interest payable	16,242,505.92	23,632,632.90
Dividend payable	11,831,814.95	6,389,320.96
Other payables	<u>1,766,753,318.57</u>	<u>1,792,342,683.76</u>
	<u>1,794,827,639.44</u>	<u>1,822,364,637.62</u>

(1) Interest payable

	30 June 2020	31 December 2019
Factoring interest on accounts receivable	<u>16,242,505.92</u>	<u>23,632,632.90</u>

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements (Continued)

27. Other payables (Continued)

(2) Dividend payable

	30 June 2020	31 December 2019
Shenzhen Jiufeng Investment Co., Ltd.	5,442,493.99	-
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>11,831,814.95</u>	<u>6,389,320.96</u>

At 30 June 2020 and 31 December 2019, the Group had no significant dividend aged more than one year and not yet paid.

(3) Other payables

	30 June 2020	31 December 2019
Payables for factoring programs	567,495,639.43	849,490,467.87
Deposit	455,465,836.66	425,140,894.94
Payables arising from acquisition of subsidiaries	247,858,171.71	72,193,635.62
Accrued expenses	138,625,440.62	129,552,787.78
Payables to individuals	94,124,011.89	32,783,589.00
Payables for construction in progress and equipment	70,827,853.48	56,723,800.74
Payables for rentals	51,769,768.87	26,375,012.00
Equity subscription	36,000,000.00	46,023,136.00
Temporary loans	15,800,000.00	15,800,000.00
Collection of others	15,513,845.86	11,844,558.24
Payables for land transfer payments	12,597,500.00	12,597,500.00
Payables to related parties	1,920,951.59	67,028,812.08
Others	<u>58,754,298.46</u>	<u>46,788,489.49</u>
	<u>1,766,753,318.57</u>	<u>1,792,342,683.76</u>

At 30 June 2020, significant other payables over 1 year are:

Amount payable	Reason for outstanding
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Changchun Shenshang Trade Co., Ltd.	21,706,566.50	Payment conditions not met
Foshan Gaoming District People's Hospital	13,245,282.96	Payment conditions not met
Shenyang Tiexi District State-owned Assets Supervision and Administration Bureau	12,597,500.00	Payment conditions not met
Guangzhou Kaiti Biotechnology Co., Ltd.	7,000,000.00	Payment conditions not met
Liuzhou Shengli Drugstore	5,943,068.92	Payment conditions not met
Guangzhou Baiqiang Bio-pharm Co., Ltd.	<u>5,800,000.00</u>	Payment conditions not met
	<u><u>66,292,418.38</u></u>	

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Notes to financial statements (Continued)

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VII. Notes to the consolidated financial statements (Continued)

28. Non-current liabilities due within 1 year

	30 June 2020	31 December 2019
Long-term borrowings due within 1 year	-	31,638,984.25
Lease liabilities due within 1 year	<u>616,449,909.74</u>	<u>580,278,863.12</u>
	<u>616,449,909.74</u>	<u>611,917,847.37</u>

29. Other current liabilities

	30 June 2020	31 December 2019
Output VAT to be recognized	<u>836,086.14</u>	<u>749,710.19</u>

30. Long-term borrowings

At 30 June 2020, the total amount of remaining entrusted loans was nil(31 December 2019: RMB31,638,984.25). CNPGC entrusted Sinopharm Group Finance Co., Ltd. to provide the loan. Borrowings due within one year have been reclassified to non-current liabilities due within one year at 31 December 2019.

At 30 June 2020, the weighted average annual interest rate of the entrusted loans was nil (31 December 2019: 4.04%).

31. Lease liabilities

	30 June 2020	31 December 2019
Lease payment	1,832,526,074.67	1,788,731,892.63
Less: Lease liabilities due within 1 year	<u>(616,449,909.74)</u>	<u>(580,278,863.12)</u>
	<u>1,216,076,164.93</u>	<u>1,208,453,029.51</u>

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VII. Notes to the consolidated financial statements (Continued)

32. Long-term payables

	30 June 2020	31 December 2019
Payables for specific projects	<u>800,000.00</u>	<u>800,000.00</u>

Payables for specific projects:

	31 December 2019	Increase	Decrease	30 June 2020	Reasons of derred income
Special funds granted by government	<u>800,000.00</u>	<u>-</u>	<u>-</u>	<u>800,000.00</u>	Granted by the government

33. Long-term employee benefits payable

	30 June 2020	31 December 2019
Early retirement benefits payable	<u>1,390,000.00</u>	<u>1,433,000.00</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements (Continued)

34. Deferred income

	Opening balance	Increase	Decrease	Closing balance	Reasons of derred income
Government grants	<u>88,704,272.88</u>	<u>1,114,910.87</u>	<u>3,824,129.74</u>	<u>85,995,054.01</u>	Government grants

As at 30 June 2020, deferred income from government grants are as follows:

Government program	grants	Opening balance	Addition	Amount included in non-operating income	Amount included in other income	Closing balance	Asset related/ income related
Resettlement Compensation (Note)		72,857,032.61	-	1,349,204.28	-	71,507,828.33	Asset related
Guangxi Logistics Project		6,045,353.50	-	-	194,631.86	5,850,721.64	Asset related
A comprehensive experimental modern service industry subsidies		21,780.55	6,758.22	-	-	28,538.77	Asset related
Shared Logistics Center		233,257.95	-	-	9,400.20	223,857.75	Asset related
Other projects		<u>9,546,848.27</u>	<u>1,108,152.65</u>	<u>323,646.29</u>	<u>1,947,247.11</u>	<u>8,384,107.52</u>	Asset/Income related
		<u>88,704,272.88</u>	<u>1,114,910.87</u>	<u>1,672,850.57</u>	<u>2,151,279.17</u>	<u>85,995,054.01</u>	

Note:

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 in May 2012, Guangxi Logistics would obtain a compensation of RMB120,250,000.00, including cash of RMB50,000,000.00 and a property in construction equal to value of RMB70,250,000.00. Cash compensation of RMB50,000,000.00 was received in May 2012. In 2015, construction properties with a value of RMB70,250,000.00 were built and delivered, and had been recognised as investment properties.

The compensation relating to the capital expenditure in the reconstruction of the new logistic center in another place, amounting to RMB93,320,000.00, was recognised as deferred revenue, and would be amortized and recognised in the income statement within the expected useful lives using the straight-line method, and the other cash compensation, of which the amount approximates to RMB26,930,000.00, was recognised in the income statement in 2012.

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VII. Notes to the consolidated financial statements (Continued)

35. Other non-current liabilities

	30 June 2020	31 December 2019
Contract liabilities	53,375.33	53,785.13
Emergency special reserve funds (1)	396,709,549.65	-
Governmental medical reserve funds (2)	46,723,743.31	46,723,743.31
Product promotion accumulative points programme (3)	29,002,964.11	26,478,986.49
	<u>472,489,632.40</u>	<u>73,256,514.93</u>

(1) The emergency special reserve fund is the special fund set up to fight against the novel coronavirus infection pneumonia epidemic.

(2) Governmental medical reserve funds are the funds received from the national and local governments for purchasing reserve medical supplies.

(3) The Product promotion accumulative points programme refers to those product-originated accumulative points that remain more than one year surplus before the expiration date.

36. Share capital

Movement during the current year					
	31 December 2019	Issue of new share	Others	Subtotal	30 June 2020
Shares	428,126,983.00	-	-	-	428,126,983.00

37. Capital surplus

	31 December 2019	Increase	Decrease	30 June 2020
Share premium	2,118,174,787.27	-	-	2,118,174,787.27
Other capital surplus (1)	<u>2,352,592,172.17</u>	<u>-</u>	<u>97,854,894.55</u>	<u>2,254,737,277.62</u>
	<u>4,470,766,959.44</u>	<u>-</u>	<u>97,854,894.55</u>	<u>4,372,912,064.89</u>

(1) The decrease of RMB97,854,894.55 in other capital reserves during the half year of 2020 was mainly due to as follows:

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

(a) On January 2, 2020, Pudong New Area of Shanghai Pharmaceutical Medicine Ltd. was absorbed by the Group's subsidiary, Guoda Pharmacy making the business combination involving entities under common control. The decrease of other capital surplus of RMB107,759,447.87 was resulted from the restatement on the combination date. The difference between the carrying amount of the net assets of the ultimate controlling party obtained and the carrying amount of the consideration paid for the combination lead to an increase of RMB9,890,417.88 of other capital surplus.

(b) The increase of RMB 14,135.44 was due to the increase of other equity investments of the Group's associate Shyndec Pharma.

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements (Continued)

38. Other comprehensive income

	31 December 2019	Amounts changes in current period		30 June 2020
		Occurrence amount before tax	Attributable to shareholders of owners of the parent	
Other comprehensive income items which will not be reclassified subsequently to profit or loss	46,050,708.96		-	46,050,708.96
Incl: Change in the fair value of other equity investments	46,050,708.96		-	46,050,708.96
Other comprehensive income that may be reclassified to profit or loss	(133,366.19)	122,186.89	122,186.89	(11,179.30)
Incl: Other comprehensive income using the equity method that may be reclassified to profit or loss	(133,366.19)	122,186.89	122,186.89	(11,179.30)
	<u>45,917,342.77</u>	<u>122,186.89</u>	<u>122,186.89</u>	<u>46,039,529.66</u>

39. Surplus reserve

	31 December 2019	Increase	Decrease	30 June 2020
Statutory surplus reserves	<u>214,063,491.50</u>	<u>-</u>	<u>-</u>	<u>214,063,491.50</u>

40. Retained earnings

	30 June 2020	31 December 2019
Retained earnings at beginning of year before retrospective adjustment and restatement	7,755,295,537.08	6,655,257,147.27
The retrospective adjustment and restatement (1)	(3,029,877.91)	328,013.78
Retained earnings at beginning of year after retrospective adjustment and restatement	7,752,265,659.17	6,655,585,161.05
Add: Net profit attributable to the parent	643,451,580.59	1,267,931,291.32
Cash dividends declared	<u>(256,876,189.80)</u>	<u>(171,250,793.20)</u>
Retained earnings on June 30, 2020	<u>8,138,841,049.96</u>	<u>7,752,265,659.17</u>

(1) The decrease of RMB3,029,877.91 of retained earnings was resulted from the business combinations involving entities under common control.

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements (Continued)

41. Operating revenue and cost

	For the six months ended 30 June 2020			For the six months ended 30 June 2019	
	Revenue		Cost	Revenue	
				Cost	
Principal operations	26,944,450,698.03	23,953,267,481.54		25,404,078,914.05	22,695,673,074.28
Other operations	<u>225,489,490.49</u>	<u>17,762,237.90</u>		<u>195,119,901.25</u>	<u>17,203,529.91</u>
	<u>27,169,940,188.52</u>	<u>23,971,029,719.44</u>		<u>25,599,198,815.30</u>	<u>22,712,876,604.19</u>
Classification	Head Office	Pharmaceutical distribution	Pharmaceutical retail	Elimination between segments	Total
By product					
Incl:					
Pharmaceuticals	-	16,641,438,242.96	8,156,648,517.32	(422,361,134.63)	24,375,725,625.65
Medical devices and disposables	-	1,750,812,482.89	434,627,699.58	-	2,185,440,182.47
Diagnostic reagents	-	335,716,038.17	-	-	335,716,038.17
Medical equipments	-	165,119,634.08	-	-	165,119,634.08
Others	<u>1,752,928.75</u>	<u>81,665,462.45</u>	<u>-</u>	<u>(5,701,598.40)</u>	<u>77,716,792.80</u>
By area					
Incl:					
China	<u>1,752,928.75</u>	<u>18,974,751,860.55</u>	<u>8,591,276,216.90</u>	<u>(428,062,733.03)</u>	<u>27,139,718,273.17</u>
By contract duration					
Incl:					
At a point in time	-	18,893,086,398.10	8,591,276,216.90	(422,361,134.63)	27,062,001,480.37
Over time	<u>1,752,928.75</u>	<u>81,665,462.45</u>	<u>-</u>	<u>(5,701,598.40)</u>	<u>77,716,792.80</u>
	<u>1,752,928.75</u>	<u>18,974,751,860.55</u>	<u>8,591,276,216.90</u>	<u>(428,062,733.03)</u>	<u>27,139,718,273.17</u>

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements (Continued)

41. Operating revenue and cost (Continued)

Information about the Group's performance obligations is summarised below:

- (1) Revenue is recognised when control of the goods has transferred and payment is generally due within 30 to 210 days from delivery;
- (2) Revenue is recognised in the service duration and the payment is generally due within 30 to 210 days since the service is completed.

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 RMB287,186,619.13, of which RMB287,186,619.13 is expected to be recognized in 2020.

Revenue is as follows:

	For the six month ended 30 June 2020	For the six month ended 30 June 2019
Revenue from contracts with customers	27,139,718,273.17	25,563,937,953.07
Rentals	<u>30,221,915.35</u>	<u>35,260,862.23</u>
	<u>27,169,940,188.52</u>	<u>25,599,198,815.30</u>

42. Tax and surcharges

	For the six month ended 30 June 2020	For the six month ended 30 June 2019
City maintenance and construction tax	28,121,494.67	24,093,402.61
Educational surcharge	20,311,577.25	17,361,303.42
Property tax	2,492,284.79	3,222,428.64
Land tax	317,162.91	316,667.35
Vehicle and vessel use tax	72,575.73	75,549.45
Stamp duty	17,140,178.76	17,540,813.09
Others	<u>1,050,035.21</u>	<u>101,229.81</u>
	<u>69,505,309.32</u>	<u>62,711,394.37</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

VII. Notes to the consolidated financial statements (Continued)

43. Selling expenses

	For the six month ended 30 June 2020	For the six month ended 30 June 2019
Employees payroll and welfare benefits	904,925,594.87	783,513,545.77
Depreciation expenses of right-of-use assets	387,380,924.52	289,067,372.67
Amortization of long-term deferred expenses	52,138,560.36	44,285,025.97
Technical service fee	45,620,729.98	93,048,651.31
Repairing fees	7,147,598.96	6,150,263.59
Utilities	34,081,779.59	29,521,818.72
Property management fee	15,659,321.63	13,758,182.29
Rental expenses	60,573,717.68	88,051,897.57
Transportation charges	51,095,840.37	42,481,965.66
Depreciation expenses	43,808,801.59	41,024,228.63
Promotion and marketing expenses	15,399,693.56	21,514,669.28
Office allowances	27,895,774.76	19,914,617.62
Entertainment expenses	9,358,003.62	11,670,679.46
Storage expenses	18,300,237.30	15,216,365.97
Travel allowances	1,845,288.42	3,017,736.94
Market development fee	4,517,975.19	3,713,897.19
Conference expenses	292,483.51	1,208,841.86
Others	48,696,492.69	34,125,287.44
	<u>1,728,738,818.60</u>	<u>1,541,285,047.94</u>

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Notes to financial statements (Continued)

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VII. Notes to the consolidated financial statements (Continued)

44. Administrative expenses

	For the six month ended 30 June 2020	For the six month ended 30 June 2019
Employees payroll and welfare benefits	325,153,640.16	274,365,059.08
Depreciation expenses	16,351,496.61	14,817,248.80
Office allowances	12,677,148.40	11,775,153.56
Technical service fee	11,527,561.19	7,610,686.90
Depreciation expenses of right-of-use assets	10,925,364.40	10,270,387.34
Amortization of intangible assets	8,991,474.97	9,972,779.46
Amortization of long-term deferred expenses	6,808,445.06	5,532,926.20
Rental expenses	5,390,672.79	7,146,127.99
Entertainment expenses	4,596,522.19	6,405,404.04
Agency service fee	3,411,279.41	4,163,879.71
Vehicle management expenses	3,169,051.19	3,744,396.56
Property management fee	3,089,556.70	2,171,738.05
Repairing fees	2,898,331.91	2,507,057.40
Promotion and marketing expenses	2,180,552.03	3,417,621.60
Utilities	1,919,161.42	3,826,117.17
Travel allowances	1,822,634.84	3,818,046.45
Conference expenses	730,264.28	2,693,174.37
Others	21,643,987.37	17,610,533.23
	<u>443,287,144.92</u>	<u>391,848,337.91</u>

45. Finance costs

	For the six month ended 30 June 2020	For the six month ended 30 June 2019
Interest expenses	133,350,510.68	134,795,237.41
Less: Interest income	65,512,550.22	60,641,102.49
Cash discount	20,153,456.44	23,190,566.63
Exchanges gain/(loss)	47,935.97	(389,882.62)
Others	17,581,389.63	14,414,073.25
	<u>65,313,829.62</u>	<u>64,987,758.92</u>

A breakdown for interest income is as follows:

	For the six month ended 30 June 2020	For the six month ended 30 June 2019
Cash	<u>65,512,550.22</u>	<u>60,641,102.49</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

VII. Notes to the consolidated financial statements (Continued)

46. Other incomes

	For the six month ended 30 June 2020	For the six month ended 30 June 2019
Government grants related to daily operating activities	25,786,877.95	13,664,566.88
VAT reduction for small-scale taxpayers	8,383,678.31	2,440,639.30
Taxation service charge refund	820,107.47	16,447.15
VAT additional deduction	864,634.59	369,265.69
	<u>35,855,298.32</u>	<u>16,490,919.02</u>

47. Investment income

	For the six month ended 30 June 2020	For the six month ended 30 June 2019
Long-term equity investment income under the equity method	133,604,904.16	169,142,289.99
Investment income from financial assets at fair value through profit or loss	4,109,881.90	-
Investment income from the derecognition of financial assets measured at amortised cost	(33,507,102.64)	(42,268,803.55)
Others	998,665.84	-
	<u>105,206,349.26</u>	<u>126,873,486.44</u>

48. Credit impairment losses

	For the six month ended 30 June 2020	For the six month ended 30 June 2019
Impairment loss of other receivables	(1,401,731.20)	(1,666,431.98)
Impairment loss of accounts receivable	(20,178,500.32)	(9,767,669.15)
	<u>(21,580,231.52)</u>	<u>(11,434,101.13)</u>

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements (Continued)

49. Impairment losses

	For the six month ended 30 June 2020	For the six month ended 30 June 2019
Inventory provision	<u>(1,743,888.30)</u>	<u>(125,554.34)</u>

50. Gain on disposal of assets

	For the six month ended 30 June 2020	For the six month ended 30 June 2019
Gain on disposal of right-of-use assets	3,971,813.20	-
Gain on disposal of fixed assets	<u>333,511.60</u>	<u>(29,725.44)</u>
	<u><u>4,305,324.80</u></u>	<u><u>(29,725.44)</u></u>

51. Non-operating income

	For the six month ended 30 June 2020	For the six month ended 30 June 2019	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	199,266.47	306,191.87	199,266.47
Gain on disposal of non-current assets	2,171.01	195,336.00	2,171.01
Others	<u>3,669,338.46</u>	<u>1,822,960.30</u>	<u>3,669,338.46</u>
	<u><u>5,219,980.22</u></u>	<u><u>3,673,692.45</u></u>	<u><u>5,219,980.22</u></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 2020	For the six months ended 30 June 2019	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

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Notes to financial statements (Continued)

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VII. Notes to the consolidated financial statements (Continued)

52. Non-operating expenses

	For the six month ended 30 June 2020	For the six month ended 30 June 2019	Amount classified as non-recurring profit or loss
Donation expenses	527,677.41	-	527,677.41
Penalty expenses	467,582.50	273,498.60	467,582.50
Losses arising from damage and obsolescence of non-current assets	373,790.44	181,433.28	373,790.44
Others	1,639,842.17	1,294,518.20	1,639,842.17
	3,008,892.52	1,749,450.08	3,008,892.52

53. Income tax expenses

	For the six month ended 30 June 2020	For the six month ended 30 June 2019
Current income tax	213,477,221.94	184,056,184.46
Deferred income tax	<u>(3,370,457.59)</u>	<u>8,068,174.38</u>
	<u>210,106,764.35</u>	<u>192,124,358.84</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 2020
Profit before income tax	<u>1,016,319,306.88</u>
Tax at the applicable tax rate	254,079,826.72
Effect of different tax rates for some subsidiaries	(11,800,964.95)
Adjustments in respect of current tax of previous periods	(553,240.46)
Income not subject to tax	(33,401,226.04)
Expenses not deductible for tax	1,361,683.42
Unrecognised deductible temporary differences and tax losses	420,685.65
Income tax	<u>210,106,764.35</u>

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Notes to financial statements (Continued)

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VII. Notes to the consolidated financial statements (Continued)

54. Notes to items in the cash flow statement

(1) Cash receipts related to other operating activities

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Received the special emergency reserve fund from Guangdong Food and Strategic Reserves Bureau	330,000,000.00	-
Interest income	65,499,031.75	60,227,651.15
Rent income	30,221,915.35	38,487,260.93
Received other government grants except tax refund	28,018,379.40	17,840,011.49
Received operational restricted bank deposits	-	123,321,063.70
Others	<u>253,462,783.50</u>	<u>69,584,470.70</u>
	<u>707,202,110.00</u>	<u>309,460,457.97</u>

(2) Cash paid relating to other operating activities

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Rental expenses	65,964,390.47	103,959,514.38
Transportation charges	51,095,840.37	42,481,965.66
Office expenses	40,572,923.16	31,689,771.18
Utilities	36,000,941.01	33,347,935.89
Storage expenses	18,300,237.30	15,222,526.30
Advertising expenses	17,580,245.59	21,514,669.28
Entertainment expenses	13,954,525.81	18,076,083.50
Travel expenses	3,667,923.26	6,835,783.39
Others	<u>456,537,231.52</u>	<u>249,454,073.89</u>
	<u>703,674,258.49</u>	<u>522,582,323.47</u>

(3) Cash received relating to other investing activities

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Received from capital pool	22,000,000.00	260,600,000.00
Others	<u>40,000.00</u>	<u>-</u>
	<u>22,040,000.00</u>	<u>260,600,000.00</u>

Shanghai Pudong New Area Pharmaceutical Co., Ltd., a subsidiary of the Group received the funds allocated from the capital pool of its former parent company, Sinopharm Holdings Co., Ltd., during the same period last year, and recovered the funds collected into the capital pool in this period.

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements (Continued)

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

(4) Cash paid relating to other investing activities

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Paid to capital pool	-	228,000,000.00
Others	-	1,093,125.00
	<u>-</u>	<u>229,093,125.00</u>

Shanghai Pudong New Area Pharmaceutical Co., Ltd., a subsidiary of the Group, collected the funds into the capital pool of its parent company, Sinopac Holdings Co., Ltd. in last period.

(5) Cash received relating to other financing activities

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Received loan provided by minority shareholders	149,900,000.00	-
Financing restricted monetary funds received	128,449,840.06	3,512,659.71
Received loan provided by Sinmopharm	56,000,000.00	-
	<u>334,349,840.06</u>	<u>3,512,659.71</u>

(6) Cash payments relating to other financing activities

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Lease payment	466,492,796.45	299,173,550.25
Repayment of the loan provided by minority shareholders	304,000,000.00	-
Bank factoring payable	281,994,828.44	174,269,120.18
Investment fund of Shanghai Pudong New Area Pharmaceutical Co., Ltd.	163,115,049.98	-
Repayment of the loan provided by Sinmopharm	114,000,000.00	-
Purchase of equity of minority shareholders	52,309,117.11	-
Others	23,199,872.28	36,719,497.31
	<u>1,405,111,664.26</u>	<u>510,162,167.74</u>

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Notes to financial statements (Continued)

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VII. Notes to the consolidated financial statements (Continued)

55. Supplementary information of cash flow statement

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

	For the six month ended 30 June 2020	For the six month ended 30 June 2019
Net profit	806,212,542.53	767,064,580.05
Add: Provisions for asset impairment	23,324,119.82	11,559,655.47
Depreciation of fixed assets	61,147,847.16	64,732,395.55
Depreciation of right-of-use assets	388,208,804.99	302,028,195.79
Amortization of intangible assets	22,955,311.98	15,002,033.78
Amortization of long-term prepaid expenses	51,031,038.60	50,607,272.62
Gains/(losses) on disposal of fixed assets, intangible assets and other long-term assets	(4,287,008.63)	222,202.30
Finance expenses	124,862,298.31	65,730,326.01
Investment losses	(105,206,349.26)	(127,616,053.53)
(Increase)/decrease in deferred tax assets	(1,027,041.92)	5,891,176.39
(Decrease)/increase in deferred tax liabilities	(2,343,415.67)	2,176,997.99
Decrease in inventories	(85,043,215.49)	(490,003,184.76)
Increase in operating receivables items	(2,023,296,252.84)	(1,984,309,017.89)
(Decrease)/increase in operating payable items	(133,395,115.40)	2,422,514,591.29
Others	<u>2,315,060,479.17</u>	<u>33,552,949.83</u>
Net cash generated from operating activities	<u>1,438,204,043.35</u>	<u>1,139,154,120.89</u>

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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VII. Notes to the consolidated financial statements (Continued)

55. Supplementary information of cashflow statement (Continued)

(2) Movement of cash

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Cash at the end of the period	8,000,562,022.16	7,775,384,674.41
Less: Cash at the beginning of the period	<u>8,426,071,170.16</u>	<u>7,634,936,037.30</u>
Net increase in cash	<u>(425,509,148.00)</u>	<u>140,448,637.11</u>

(3)

	For the six months ended 30 June 2020
Cash and cash equivalents paid for acquisitions of subsidiaries and other operating units	702,172,656.27
Incl: Shanghai Dingqun Enterprise Management Consulting Co., Ltd.	683,453,553.00
43 directly-operated stores and 11 clinics of Liaoning Xianzhen Pharmaceutical Chain Co., Ltd.	18,719,103.27
Less: Cash and cash equivalents held by subsidiaries and other operating units at the acquisition date	42,971,164.62
Incl: Shanghai Dingqun Enterprise Management Consulting Co., Ltd.	42,971,164.62
43 directly-operated stores and 11 clinics of Liaoning Xianzhen Pharmaceutical Chain Co., Ltd.	-
Net cash outflow/(inflow) on acquisition of the subsidiaries and other operating units	<u>659,201,491.65</u>

(4) Cash and cash equivalent

	30 June 2020	31 December 2019
Cash	8,000,562,022.16	8,426,071,170.16
Inclue: Cash on hand	13,254,761.42	5,333,515.38
Bank deposits on demand	<u>7,987,307,260.74</u>	<u>8,420,737,654.78</u>
Ending balance cash and cash equivalent	<u>8,000,562,022.16</u>	<u>8,426,071,170.16</u>

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

VII. Notes to the consolidated financial statements (Continued)

56. Assets under restricted ownership or right of use

	Book value	Reasons
Cash and bank balances	<u>218,128,205.64</u>	Note 1-3

Note 1: As at 30 June 2020, the Group had deposits of bank acceptance bills and letter of credit deposit amounting to RMB218,128,205.64 (31 December 2019: RMB442,672,297.43) (Note V(1)).

Note 2: As at 30 June 2020, the Group had Commercial acceptance bills of RMB0.00, discounted but not due (31 December 2019: RMB64,038,348.12) (Note V (2)).

Note 3: As at June 2020, the Group had Commercial acceptance bills of RMB0.00, endorsed but not due (31 December 2019: 0.00) (Note V (2)).

57. Government grants

Type	Amount	Items of financial statements	The amount recorded into profit or loss for the current period
Stabilisation allowances	9,258,969.12	Other income	9,258,969.12
Special funds for science and technology issued by Shanghai Yangpu District Finance Bureau	4,184,000.00	Other income	4,184,000.00
Emergency supplies	2,185,530.25	Other income	2,185,530.25
Tax return	2,050,692.07	Other income	2,050,692.07
		Non-operating income /Deferred income	
Resettlement Compensation of No. 7 Zhongyu Road	1,349,204.28	income	1,349,204.28
Financial support fund	1,320,000.00	Other income	1,320,000.00
supporting fund from Beijing commerce bureau	1,000,000.00	Other income	1,000,000.00
Government grants for COVID-19	983,100.00	Other income	983,100.00
Collection of housing compensation from Shanghai putuo district	940,000.00	Other income	940,000.00
Government support fund from Shanghai jingan district finance bureau	780,000.00	Other income	780,000.00
Government support fund	758,529.43	Other income	758,529.43

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

VII. Notes to the consolidated financial statements (Continued)

57. Government grants (Continued)

Type	Amount	Items of financial statements	The amount recorded into profit or loss for the current period
Tax allowance from Nanjing gulou district	592,168.98	Other income	592,168.98
Guangzhou logistics standardization pilot project allowance	273,123.42	Other income /Deferred income	273,123.42
VAT reduction or exemption for self-employment retired soldiers	230,070.00	Other income	230,070.00
2013 Guangzhou subsidies for headquarters	173,525.33	Other income /Deferred income	173,525.33
Centralized financial subsidy fund for comprehensive pilot work of modern service industry	150,000.00	Other income /Deferred income	150,000.00
Financial subsidy for the construction of modern supply chain system in central circulation field	132,565.02	Other income /Deferred income	132,565.02
Government support fund from Shanghai minxing district	130,000.00	Other income	130,000.00
Special fund for the development of small and medium-sized enterprises from Shanghai yangpu district finance bureau	117,000.00	Other income	117,000.00
Logistics project construction support fund from Nanning economic development committee	93,203.22	Other income /Deferred income	93,203.22
Rewards for steady growth of business and trade from Xiamen huli district	75,000.00	Other income	75,000.00
Medical storage center logistics information platform project allowance from Nanning finance bureau	71,428.64	Other income /Deferred income	71,428.64
Guangzhou special subsidy for commerce and trade circulation industry	50,000.04	Other income /Deferred income	50,000.04
Rewards for excellent enterprise from Liyang	50,000.00	Other income	50,000.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

VII. Notes to the consolidated financial statements (Continued)

57. Government grants (Continued)

Type	Amount	Items of financial statements	The amount recorded into profit or loss for the current period
Special Fund for the construction of Enterprise Research and development Institutions in Guangzhou	44,705.94	Other income /Deferred income	44,705.94
One-time employment subsidy for college graduates	31,000.00	Other income	31,000.00
Project subsidy of logistics cold chain integrated monitoring platform	30,000.00	Other income /Deferred income	30,000.00
Allowance from Beijing circulation economic research center	16,400.00	Other income	16,400.00
Medical intelligent supply chain e-commerce service platform technology project subsidy from Guangzhou liwan district	15,424.57	Other income /Deferred income	15,424.57
Subsidy for industrialization application project of pharmaceutical cold chain patent incubator from Guangzhou liwan district	12,499.98	Other income /Deferred income	12,499.98
Supply Chain Engineering Technology Research and Development Center project funding from Guangzhou liwan district	11,598.84	Other income /Deferred income	11,598.84
Deduction of land use tax from Guangxi finance department	9,942.90	Other income	9,942.90
Third party medicine modern logistics public information platform allowances from Guangzhou liwan district	9,400.20	Other income /Deferred income	9,400.20
Rewards from Changzhi luzhou districtcommerce bureau	5,000.00	Other income	5,000.00
Rewards from Qinzhou qinnan district commerce bureau	2,000.00	Other income	2,000.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

VIII. Changes in scope of consolidation

1. Business combination not involving enterprises under common control

1.1 Acquiring Shanghai Dingqun Enterprise Management Consulting Co., Ltd. And Beijing Jinxiang Guoxing Medical Co., Ltd.

Acquiree	The date of acquiring the right	Acquisition cost of the right	Proportion of rights owned by the Group	Methods of acquisition the right	Acquisition date	The basis for determining the date of purchase	Income earned from the acquisition date to 30 June 2020	Net profit earned from the acquisition date to 30 June 2020
Shanghai Dingqun Enterprise Management Consulting Co., Ltd. (a)	7 January 2020	934,240,000.00	100.00%	Acquisition	7 January 2020	The purchaser actually acquires control over the acquired company	1,000,951,799.38	27,351,707.81
Beijing Jinxiang Guoxing Medical Co., Ltd. (b)	2 April 2020	10,000.00	100.00%	Acquisition	2 April 2020	The purchaser actually acquires control over the acquired company	-	-

Additional clarification:

(a) Guoda Pharmacy, a subsidiary of the Company, acquired 100% shares of Shanghai Dingqun Enterprise Management Consulting Co., Ltd. as known as 85% shares of Jilin Tianhe Pharmaceutical Technology Co., Ltd. from Ningbo Meishan bonded port area Qiling equity investment center LP, and the Group by RMB934,240,000.00. The acquisition was completed on 7 January 2020, the Company controlled Shanghai dingqun and formed a business combination not involving enterprises under common control, which Shanghai dingqun was included in the scope of the Company's consolidation.

(b) Beijing Golden Elephant Pharmacy Medicine Chain Co., Ltd., a subsidiary of the Company, acquired 100% shares of Beijing Jinxiang Guoxing Medical Co., Ltd. from Beijing Jinxiang Fosun Medical Co., Ltd. by RMB10,000.00. The acquisition was completed on 2 April 2020, the Company controlled Beijing Jinxiang Guoxing Medical Co., Ltd. and formed a business combination not involving enterprises under common control, which Beijing Jinxiang Guoxing Medical Co., Ltd. was included in the scope of the Company's consolidation.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

VIII. Changes in scope of consolidation (Continued)

1. Business combinations not involving enterprises under common control (Continued)

1.2 Acquisition costs and goodwill arising from acquisition

	Shanghai Dingqun Enterprise Management Consulting Co., Ltd.	Beijing Jinxiang Guoxing Medical Co., Ltd.
Acquisition costs		
Cash	934,240,000.00	10,000.00
Acquisition costs	934,240,000.00	10,000.00
Less: the fair values of acquired identifiable net assets	413,403,753.83	10,000.00
	<hr/>	<hr/>
Goodwill arising from acquisition/Acquisition costs exceeding the fair values of acquired identifiable net assets	520,836,246.17	-
	<hr/>	<hr/>

The fair value of the cost of acquisition is recognized according to the price actually paid.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

VIII. Changes in scope of consolidation (Continued)

1. Business combinations not involving enterprises under common control (Continued)

1.3 The fair values of acquired identifiable assets and liabilities on the acquisition date

	Shanghai Dingqun Enterprise Management Consulting Co., Ltd.		Beijing Jinxiang Guoxing Medical Co., Ltd.	
	Fair value	Carrying amount	Fair value	Carrying amount
Cash and bank balances	56,055,948.87	56,055,948.87	10,000.00	10,000.00
Accounts receivable	753,590,278.82	753,590,278.82	-	-
Inventories	346,785,462.21	346,785,462.21	-	-
Fixed assets	6,092,375.11	6,092,375.11	-	-
Intangible assets	237,873,287.90	1,873,287.90	-	-
Receivable financing	19,457,255.29	19,457,255.29	-	-
Advances to suppliers	42,432,641.61	42,432,641.61	-	-
Other receivables	37,527,663.99	37,527,663.99	-	-
Other current assets	6,040,985.16	6,040,985.16	-	-
Right-of-use assets	101,117,742.73	101,117,742.73	-	-
Long-term prepaid expenses	2,797,065.29	2,797,065.29	-	-
Deferred tax assets	20,212,628.97	20,212,628.97	-	-
Other non-current assets	98,900,000.00	98,900,000.00	-	-
Short-term borrowings	250,000,000.00	250,000,000.00	-	-
Notes payable	164,882,176.00	164,882,176.00	-	-
Accounts payable	224,639,145.65	224,639,145.65	-	-
Deferred tax liabilities	61,897,784.60	2,897,784.60	-	-
Contract liabilities	1,344,985.26	1,344,985.26	-	-
Employee benefits payable	7,519,225.65	7,519,225.65	-	-
Tax payable	32,667,189.01	32,667,189.01	-	-
Other payables	416,021,537.02	416,021,537.02	-	-
Non-current liabilities due within one year	24,715,341.58	24,715,341.58	-	-
Lease liabilities	55,614,900.64	55,614,900.64	-	-
Net assets	489,581,050.54	312,581,050.54	-	-
Less: equity of minority	76,177,296.71	49,627,296.71	-	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

shareholders

Net assets acquired	<u>413,403,753.83</u>	<u>262,953,753.83</u>	<u>10,000.00</u>	<u>10,000.00</u>
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Methods for determining the fair value of identifiable assets and liabilities:

It is recognized according to the appraisal.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

VIII. Changes in scope of consolidation (Continued)

1. Business combination not involving enterprises under common control (Continued)

1.4 The gain or loss arising from the acquisition of the remeasurement at the fair value of the acquirer’s previously held equity

Acquired company	Carrying amount of the acquirer’s previously held equity on the acquisition day	Fair value of the acquirer’s previously held equity on the acquisition day	Gain or loss arising from the acquisition of the remeasurement at the fair value of the acquirer’s previously held equity on the acquisition date	Main assumptions of the remeasurement of the fair value of the acquirer’s previously held equity	Amount transfer from other comprehensive income to investment income of the Acquirer’s previously held equity
Shanghai Dingqun Enterprise Management Consulting Co., Ltd.	22,637,781.16	23,636,447.00	998,665.84	remeasure according to the evaluation	-

Other:

On May 2018, the Group jointly established Shanghai Dingqun with Ningbo Meishan bonded port area Qiling equity investment center LP, subscribing 2.53% and 97.47% of shareholdings, respectively. According to the Articles of Association, the board of directors of Shanghai Dingqun consisted of three directors and one of them was appointed by our Company. Each director shall represent one vote on the board’s decisions, which shall be adopted if they are voted for by a simple majority of all the members of the board. Therefore, the Group has significant influence over Shanghai Dingqun, and thus, it is considered as an associate of the Group. In the current year, Guoda Pharmacy, a subsidiary of the Group, acquired 100% shares of Shanghai Dingqun Enterprise Management Consulting Co.,Ltd. and 85% shares of Jilin Tianhe Pharmaceutical Technology Co., Ltd. from Ningbo Meishan bonded port area Qiling equity investment center LP, and the Group by RMB934,240,000.00. The acquisition was completed on 7 January 2020. After that, Shanghai Dingqun Enterprise Management Consulting Co., Ltd. is involved in the Group.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

VIII. Changes in scope of consolidation (Continued)

2. Business combinations involving enterprises under common control

2.1 Acquisition occurred in the current year

Acquiree	Proportion of rights owned by the Group	The basis for identifying Business combinations involving enterprises under common control	Acquisition date	The basis for determining the date of purchase	Revenue of the acquiree from the beginning of the year to the acquisition date	Net profit of the acquiree from the beginning of the year to the acquisition date	Revenue of the acquiree during the comparison period	Net profit of the acquiree during the comparison period
Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.	75.00%	Acquiree is under common control before and after the acquisition and the control is not temporary	1 January 2020	The purchaser actually acquires control over the acquired company	-	-	382,731,690.83	(1,027,975.26)

Others:

Guoda Pharmacy, a subsidiary of the Company, acquired 75% shares of Pudong New Area of Shanghai Pharmaceutical Medicine Ltd from Sinopharm Group by RMB163,115,000.00. The acquisition was completed on 2 January 2020. After the business combination involving entities under common control. After that Pudong New Area of Shanghai Pharmaceutical Medicine Ltd. is involved in the Group.

2.2 Acquisition costs

Acquisition cost	Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.
Cash	163,115,049.98

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

VIII. Changes in scope of consolidation (Continued)

2. Business combinations involving enterprises under common control (Continued)

2.3 The carrying amount of the Acquiree’s assets and liabilities at the acquisition date

	Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.	
	Acquisition date	31 December 2019
Cash and bank balances	3,394,404.68	3,394,404.68
Accounts receivable	100,459,214.59	100,459,214.59
Inventories	115,849,551.73	115,849,551.73
Fixed assets	95,400,228.52	95,400,228.52
Intangible assets	54,842,072.44	54,842,072.44
Advances to suppliers	4,946,238.30	4,946,238.30
Other receivables	23,970,596.45	23,970,596.45
Other current assets	8,933.82	8,933.82
Right-of-use assets	39,296,729.06	39,296,729.06
Long-term prepaid expenses	7,065,829.13	7,065,829.13
Deferred tax assets	2,479,813.13	2,479,813.13
Goodwill	65,978,042.61	65,978,042.61
Accounts payable	155,320,266.34	155,320,266.34
Contract liabilities	544,372.73	544,372.73
Employee benefits payable	3,813,091.44	3,813,091.44
Tax payable	3,261,136.20	3,261,136.20
Other payables	65,506,176.60	65,506,176.60
Non-current liabilities due within one year	10,490,753.75	10,490,753.75
Lease liabilities	26,045,944.43	26,045,944.43
Deferred tax liabilities	34,567,476.49	34,567,476.49
Net assets	144,761,654.23	144,761,654.23
Minus: equity of minority	39,593,153.20	39,593,153.20
Net assets acquired	174,549,283.28	174,549,283.28

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

VIII. Changes in scope of consolidation (Continued)

3. Reverse purchase

Basic information of the transaction, the basis on which the transaction constitutes the reverse purchase, whether the assets and liabilities retained by the listed company constitute the business and the basis, the determination of the merger cost, and the amount of the adjusted equity in accordance with the equity transaction and its calculation:

4. Other reasons for Changes in scope of consolidation

Other reasons for Changes in scope of consolidation (set up new company, liquidation, etc.)

	30 June 2020	1 January 2020
		During the period
	Net assets	Net profit
Guoda Pharmacy (Rizhao) Co., Ltd. (a)	-	-
Liaoning Guoda Health Pharmacy Co., Ltd. (b)	10,001.36	1.36

- (a) At 3 June 2020, the Group invested RMB1,500.00 thousand to set up Guoda Pharmacy (Rizhao) Co., Ltd. As at 30 June 2020, payment has not been completed.
- (b) At 13 March 2020, the Group invested RMB5,000.00 thousand to set up Liaoning Guoda Health Pharmacy Co., Ltd., As at 30 June 2020, RMB10,000.00 was paid.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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VIII. Changes in scope of consolidation (Continued)

5. Others

Sinopharm Holding Guoda Shenyang Pharmacy Chain Store Co., Ltd., a subsidiary of the Group, obtained 43 directly-operated stores and 11 clinics of Liaoning Xianzhen Pharmaceutical Chain Co., Ltd. with cash of RMB45,000,000.00. The acquisition was completed on January 2020. The fair values and carrying amounts of identifiable assets and liabilities of the management right of 43 stores and 11 clinics on the acquisition date are presented as follows:

Liaoning Xianzhen Pharmaceutical Chain Co., Ltd.	30 March 2020	30 March 2020
	Fair value	Carrying amount
Fixed assets	962,568.34	962,568.34
Inventories	10,000,000.00	10,000,000.00
Total	<u>10,962,568.34</u>	<u>10,962,568.34</u>
Price paid	<u>45,000,000.00</u>	<u>45,000,000.00</u>
Goodwill arising from acquisition	34,037,431.66	34,037,431.66

Operating results and cash flows of 43 directly-operated stores and 11 clinics of Liaoning Xianzhen Pharmaceutical Chain Co., Ltd. for the period from the acquisition date to the end of the June are presented as follows:

30 March 2020 to 30 June 2020

Operating revenue	21,862,569.11
Net profit	(25,323.42)
cash flows from operating activities	3,363,331.77

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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IX. Interests in other entities

1. Interests in subsidiaries

(1) The composition of the Group:

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

IX. Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

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

Subsidiaries	Principal place of business	Place of incorporation	Nature of business	Shareholding		Ways of acquisition
				Direct	Indirect	
Sinopharm Liuzhou	Liuzhou	Liuzhou	Commercial	-	51.00%	Business combinations involving entities under common control
Guangdong Huixin Investment Co., Ltd. ("Huixin Investment")	Guangzhou	Guangzhou	Service		100.00%	Business combinations involving entities under common control
Sinopharm Holding Foshan Co., Ltd. ("Sinopharm Foshan")	Foshan	Foshan	Commercial		100.00%	Business combinations involving entities under common control
Sinopharm Holding Guangdong Yuexing Co., Ltd. ("Sinopharm Yuexing")	Guangzhou	Guangzhou	Commercial		100.00%	Business combinations involving entities under common control
Sinopharm Holding Guangdong Logistics Co., Ltd. ("Guangdong Logistic")	Guangzhou	Guangzhou	Service		100.00%	Business combinations involving entities under common control
Sinopharm Guangxi	Nanning	Nanning	Commercial	100.00%		Business combinations involving entities under common control
Guangxi Logistic	Nanning	Nanning	Service		100.00%	Business combinations involving entities under common control
Sinopharm Wuzhou	Wuzhou	Wuzhou	Commercial		99.90%	Business combinations involving entities under common control
Sinopharm Dongguan	Dongguan	Dongguan	Commercial		100.00%	Business combinations involving entities not under common control
Sinopharm Zhanjiang	Zhanjiang	Zhanjiang	Commercial		100.00%	Business combinations involving entities not under common control
Sinopharm Yanfeng	Shenzhen	Shenzhen	Commercial	51.00%		Business combinations involving entities not under common control
Sinopharm Meizhou	Meizhou	Meizhou	Commercial		100.00%	Business combinations involving entities not under common control
Sinopharm Huizhou	Huizhou	Huizhou	Commercial		100.00%	Business combinations involving entities not under common control
Sinopharm Zhaoqing	Zhaoqing	Zhaoqing	Commercial	-	100.00%	Business combinations involving entities not under common control
Sinopharm Jiangmen	Jiangmen	Jiangmen	Commercial	-	100.00%	Business combinations involving entities not under common control
Sinopharm Shaoguan	Shaoguan	Shaoguan	Commercial	-	70.00%	Business combinations involving entities not under common control
Sinopharm Holding Shantou Co., Ltd. (hereafter referred as "Sinopharm Shantou")	Shantou	Shantou	Commercial	-	100.00%	Business combinations involving entities not under common control
Foshan Nanhai	Foshan	Foshan	Commercial	-	100.00%	Business combinations involving entities under common control
Foshan Nanhai Uptodate & Special Medicines Co., Ltd.	Foshan	Foshan	Commercial	-	100.00%	Business combinations involving entities under common control
Foshan Nanhai Medicine Co., Ltd.	Foshan	Foshan	Commercial	-	100.00%	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 2020

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IX. 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	-	100.00%	Business combinations involving entities under common control
Guangdong South Pharmaceutical Foreign Trade Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Zhuhai Co., Ltd. ((hereafter referd as "Sinopharm Zhuhai")	Zhuhai	Zhuhai	Commercial	-	100.00%	Business combinations involving entities under common control
Sinopharm Maoming (a)	Maoming	Maoming	Commercial	-	100.00%	Business combinations involving entities not under common control
Sinopharm Holding GZ Medical Technology Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	51.00%	Establishment
Sinopharm Holding GZ Medical Supply Chain Service Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	51.00%	Establishment
Sinopharm Holding Heyuan Co., Ltd. ((hereafter referd as "Sinopharm Heyuan")	Heyuan	Heyuan	Commercial	-	70.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	60.00%	-	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Chain Store Shanghai Co., Ltd.	Shanghai	Shanghai	Commercial	-	100.00%	Business combinations involving entities under common control
Beijing Guoda Pharmacy Chain Store Co., Ltd.	Beijing	Beijing	Commercial	-	100.00%	Business combinations involving entities under common control
Tianjin Guoda Pharmacy Chain Store Co., Ltd.	Tianjin	Tianjin	Commercial	-	80.00%	Business combinations involving entities under common control
Guangxi Guoda Pharmacy Consulting Chain Store Co., Ltd.	Nanning	Nanning	Commercial	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Guangdong Co., Ltd.	Shenzhen	Shenzhen	Commercial	-	100.00%	Business combinations involving entities under common control
Sinopharm Guoda Pharmacy Guangxi Chain Co., Ltd.	Liuzhou	Liuzhou	Commercial	-	100.00%	Business combinations involving entities under common control
Zhejiang Guoda Pharmacy Co., Ltd.	Hangzhou	Hangzhou	Commercial	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Yangzhou Dadesheng Pharmacy Chain Store Co., Ltd.	Yangzhou	Yangzhou	Commercial	-	93.68%	Business combinations involving entities under common control
Ningxia Guoda Pharmacy Chain Store Co., Ltd.	Yinchuan	Yinchuan	Commercial	-	70.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Nanjing Pharmacy Chain Store Co., Ltd.	Nanjing	Nanjing	Commercial	-	60.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Shandong Pharmacy Chain Store Co., Ltd.	Linyi	Linyi	Commercial	-	55.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Shenyang Pharmacy Chain Store Co., Ltd.(b)	Shenyang	Shenyang	Commercial	-	51.00%	Business combinations involving entities under common control

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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IX. 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	
Fujian Guoda Pharmacy Chain Store Co., Ltd.(c)	Xiamen	Xiamen	Commercial	-	100.00%	Business combinations involving entities under common control
Anhui Guoda Pharmacy Chain Store Co., Ltd.	Hefei	Hefei	Commercial	-	60.00%	Business combinations involving entities under common control
Quanzhou Guoda Pharmacy Chain Store Co., Ltd.	Quanzhou	Quanzhou	Commercial	-	51.00%	Business combinations involving entities under common control
Shanxi Guoda Wanmin Pharmacy Chain Store Co., Ltd.	Taiyuan	Taiyuan	Commercial	-	85.00%	Business combinations involving entities under common control
Sinopharm Holding Hunan Guoda Minshengtang Pharmacy Chain Co., Ltd.	Hengyang	Hengyang	Commercial	-	51.00%	Business combinations involving entities under common control
Liyang Guoda People Pharmacy Chain Store Co., Ltd.	Liyang	Liyang	Commercial	-	80.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Henan Pharmacy Chain Store Co., Ltd.	Pingdingshan	Pingdingshan	Commercial	-	60.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Inner Mengdia Pharmacy Chain Store Co., Ltd.	Hohhot	Hohhot	Commercial	-	96.70%	Business combinations involving entities under common control
Sinopharm Hebei Lerentang Pharmacy Chain Store Co., Ltd.	Shijiazhuang	Shijiazhuang	Commercial	-	60.00%	Business combinations involving entities under common control
Sinopharm Guoda Pharmacy Jiangmen Chain Co., Ltd.	Jiangmen	Jiangmen	Commercial	-	65.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Shanxi Yiyuan Pharmacy Chain Store Co., Ltd.	Taiyuan	Taiyuan	Commercial	-	80.00%	Business combinations involving entities under common control
Sinopharm Holding Xinjiang New & Special Medicines Chain Store Co., Ltd.	Urumqi	Urumqi	Commercial	-	51.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda ForMe Medicines (Shanghai) Co., Ltd.	Shanghai	Shanghai	Commercial	-	97.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda ForMe Pharmacy Chain Store Co., Ltd. (Formerly “Shanghai ForMe YiXing Pharmacy Chain Store Co., Ltd.”)	Shanghai	Shanghai	Commercial	-	99.76%	Business combinations involving entities under common control
Beijing Golden Elephant Pharmacy Medicine Chain Company Limited	Beijing	Beijing	Commercial	-	53.13%	Business combinations involving entities under common control
Shanxi Tongfeng Pharmacy Logistics Co., Ltd.	Taiyuan	Taiyuan	Commercial	-	100.00%	Business combinations involving entities under common control
Changzhi Guoda Wanmin Pharmacy Chain Store Co., Ltd.	Changzhi	Changzhi	Commercial	-	51.00%	Business combinations involving entities under common control
Shanxi Guoda Wanmin Clinic Management Chain Co., Ltd.	Taiyuan	Taiyuan	Medical services	-	100.00%	Business combinations involving entities under common control
Shanghai Guoda Shanghong Qibao Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	-	51.00%	Business combinations involving entities under common control
Zhejiang Intmedicine Pharmacy Dongshan Co., Ltd.	Hangzhou	Hangzhou	Commercial	-	51.00%	Business combinations involving entities under common control

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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IX. Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

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

Subsidiaries	Principal place of business	Place of incorporation	Nature of business	Shareholding		Ways of acquisition
				Direct	Indirect	
Shanghai Guoda Dongsheng Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	-	100.00%	Business combinations involving entities under common control
Sinopharm Guoda Drug Store (Shenzhen) Chain Co., Ltd.	Shenzhen	Shenzhen	Commercial	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Guangzhou Chain Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	100.00%	Business combinations involving entities under common control
Shanghai Guodong Chinese Traditional Medicine Clinic Co., Ltd.	Shanghai	Shanghai	Medical clinic	-	100.00%	Business combinations involving entities under common control
Shanghai Guoda Dongxin Pharmacy Chain Store Co., Ltd.	Shanghai	Shanghai	Commercial	-	100.00%	Business combinations involving entities under common control
Shanghai Yutaitang Chinese Traditional Medicine Clinic Co., Ltd.	Shanghai	Shanghai	Commercial	-	100.00%	Business combinations involving entities under common control
Sanhe Liyang Golden Elephant Pharmacy Co., Ltd.	Langfang	Langfang	Commercial	-	100.00%	Business combinations involving entities under common control
Xiaoyi Guoda Wanmin Baicaotang Pharmacy Chain Store Co., Ltd.	Xiaoyi	Xiaoyi	Commercial	-	70.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Hulun Buir Co., Ltd.	Hulun Buir	Hulun Buir	Commercial	-	51.00%	Business combinations involving entities under common control
ForMe Xuhui	Shanghai	Shanghai	Commercial	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Ulanqab Co., Ltd.	Ulanqab	Ulanqab	Commercial	-	60.00%	Establishment
Taishan Sinopharm Holding Guoda Qunkang Pharmacy Chain Store Co., Ltd.	Taishan	Taishan	Commercial	-	70.00%	Business combinations involving entities under common control
Sinopharm Lerentang Shijiazhuang Pharmaceutical	Shijiazhuang	Shijiazhuang	Commercial	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Drug Store Manchuria Co., Ltd.	Manchuria	Manchuria	Commercial	-	51.00%	Establishment
Sinopharm Guoda Drug Store Anshan Chain Co., Ltd.	Anshan	Anshan	Commercial	-	51.00%	Establishment
Sinopharm Holding Guoda Yongsheng Drug Store (Shanghai) Co., Ltd.	Shanghai	Shanghai	Commercial	-	55.00%	Establishment
Sinopharm Holding Foshan Medical Consumables Supply Chain Co., Ltd.	Foshan	Foshan	Commercial	-	70.00%	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	-	51.00%	Establishment
Sinopharm Holding Baiyi Pharmacy Guangxi Co., Ltd.	Nanning	Nanning	Commercial	-	51.00%	Establishment
Sinopharm Holding Hezhou Co., Ltd.	Hezhou	Hezhou	Commercial	-	100.00%	Establishment
Sinopharm Holding National Pharmacy Zhengzhou Chain Co., Ltd.	Zhengzhou	Zhengzhou	Commercial	-	60.00%	Establishment
Shanghai Guoda Ruijing Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	-	55.00%	Establishment

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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IX. 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	
Fujian Guoda Pharmaceutical Co., Ltd.	Xiamen	Xiamen	Commercial	-	100.00%	Establishment
Sinopharm Holding Qinzhou Co., Ltd.	Qinzhou	Qinzhou	Commercial	-	100.00%	Establishment
Sinopharm Holding Hechi Co., Ltd.	Hechi	Hechi	Commercial	-	100.00%	Establishment
Sinopharm Holding Guangzhou Huadu Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	70.00%	Business combinations involving entities not under common control
Sinopharm Holding Guoda Shanxi Pharmaceutical Co., Ltd.(d)	Taiyuan	Taiyuan	Commercial	-	100.00%	Business combinations involving entities not under common control
Taiyuan Tongxinli Guoda Pharmacy Co., Ltd.	Taiyuan	Taiyuan	Commercial	-	100.00%	Business combinations involving entities not under common control
Sinopharm Holding Guoda Bayannaoer Co., Ltd.(e)	a Bayannaoer	a Bayannaoer	Commercial	-	80.00%	Establishment
Inner Mongolia Guoda Pharmaceutical Co., Ltd.(f)	Hohhot	Hohhot	Commercial	-	100.00%	Establishment
Sinopharm Holding Guoda Yongxingtang (Chaoyang) Co., Ltd.(g)	Chaoyang	Chaoyang	Commercial	-	51.00%	Establishment
Sinopharm Accord Medical Supply Chain (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	Commercial	60.00%		Establishment
Sinopharm Holding Guozhi Pharmacy (Heyuan) Co., Ltd.	Heyuan	Heyuan	Commercial		70.00%	Establishment
Liaoning Guoda Pharmaceutical Co., Ltd.	Shenyang	Shenyang	Commercial		100.00%	Establishment
Sinopharm Holding Guangyi Health Management (Zhanjiang) Co., Ltd.	Zhanjiang	Zhanjiang	Commercial		60.00%	Establishment
Guangzhou Medicine	Guangzhou	Guangzhou	Commercial		70.00%	Business combinations involving entities not under common control
Chaoyang Renai	Chaoyang	Chaoyang	Commercial		51.00%	Business combinations involving entities not under common control
Guoda Pu'er	Puer	Puer	Commercial		60.00%	Business combinations involving entities not under common control
Shanghai Dingqun(b)	Shanghai	Shanghai	Medical services		100.00%	Business combinations involving entities not under common control
Sinopharm Holding Tianhe Jilin Pharmaceutical Co., Ltd.	Changchun	Changchun	Commercial		85.00%	Business combinations involving entities not under common control
Jilin Yihe Drug Store Co., Ltd.	Changchun	Changchun	Commercial		100.00%	Business combinations involving entities not under common control
Jilin Donglong Medical Logistis distribution Co., Ltd.	Changchun	Changchun	Commercial		100.00%	Business combinations involving entities not under common control
Yushu Dinghe Medical Technology Co., Ltd.	Changchun	Changchun	Commercial		51.00%	Business combinations involving entities not under common control
Jilin Pharmaceutical Co., Ltd.	Changchun	Changchun	Commercial		100.00%	Business combinations involving entities not under common control
Yanji Xianghe Medical Co., Ltd.	Yanji	Yanji	Commercial		51.00%	Business combinations involving entities not under common control

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

IX. 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	
Jilin YiheDrug Store Co., Ltd.	Jilin	Jilin	Commercial		100.00%	Business combinations involving entities not under common control
Shanghai Pudong New Area Medicine & Medication Co., Ltd. (c)	Shanghai	Shanghai	Commercial		75.00%	Business combinations involving entities under common control
Shanghai Yanghetang Pharmaceutical Chain Management Co., Ltd.	Shanghai	Shanghai	Commercial		100.00%	Business combinations involving entities under common control
Shanghai Pudong Yanghetang TCM Clinic Co., Ltd.	Shanghai	Shanghai	Commercial		100.00%	Business combinations involving entities under common control
Shanghai Yanghetang Keyuan TCM Clinic Co., Ltd.	Shanghai	Shanghai	Medical clinic		100.00%	Business combinations involving entities under common control
Shanghai Yanghetang Jinyang TCM Clinic Co., Ltd.	Shanghai	Shanghai	Medical clinic		100.00%	Business combinations involving entities under common control
Guoda Pharmacy (Rizhao) Co., Ltd. (d)	Rizhao	Rizhao	Commercial		100.00%	Establishment
Liaoning Guoda Health Pharmacy Co., Ltd. (e)	Shenyang	Shenyang	Commercial		100.00%	Establishment
Beijing Jinxiang Guoxing pharmaceutical chain Co., Ltd. (f)	Beijing	Beijing	Commercial		100.00%	Business combinations involving entities not under common control

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

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

- a. On 22 June 2020, the registered capital of Sinopharm Maoming was changed from RMB2,000.00 thousand to RMB60,000.00 thousand. After the change, the Group subscribed RMB60,000.00 thousand of registered capital. As at 30 June 2020, payment has been completed.
- b. On 7 January 2020, Guoda Pharmacy, a subsidiary of the Group, acquired 97.47% shares of Shanghai Dingqun Enterprise Management Consulting Co., Ltd. and 2.53% shares from the Group for RMB 934,240.00 thousand to constitute a business combination involving enterprises not under common control. Since then, the Group included Shanghai Dingqun in the scope of consolidation. As on 30 June, RMB208,100.00 thousand was paid.
- c. On 2 January 2020, the Group acquired 75% shares of Pudong New Area of Shanghai Pharmaceutical Medicine Ltd. from Sinopharm Group for RMB163,115.00 thousand to constitute a business combination involving enterprises under common control. The acquisition was completed on 2 January 2020. Since then, the Group included Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.
- d. On 3 June 2020, the Group invested RMB1,500.00 thousand to set up Guoda Pharmacy (Rizhao) Co., Ltd. As at 30 June 2020, payment has not been completed.
- e. On 13 March 2020, the Group invested RMB5,000.00 thousand to set up Liaoning Guoda Health Pharmacy Co., Ltd. As at 30 June 2020, RMB10,000.00 was paid.
- f. On 2 April 2020, Beijing Jinxiang Medical Co., Ltd., a subsidiary of the Group, acquired 100% shares of Beijing Jinxiang Guoxing Medical Co., Ltd. from Beijing Jinxiang Fosun Medical Co., Ltd. for RMB10,000.00 to constitute a business combination not involving enterprises under common control. The acquisition was completed on 2 April 2020.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

VII. Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

(2) 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%	71,974,056.77	12,158,365.28	1,889,364,292.70

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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VII. Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

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

Subsidiaries	30 June 2020						31 December 2019					
	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.	8,725,704,967.04	4,769,874,765.61	13,495,579,732.65	6,934,144,873.02	1,205,341,207.51	8,139,486,080.53	7,896,719,966.23	3,785,271,722.24	11,681,991,688.47	5,341,165,404.42	1,133,674,087.29	6,474,839,491.71

Subsidiaries		For the six months ended 30 June 2020				For the six months ended 30 June 2019			
		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.		8,613,020,309.15	248,037,573.90	248,037,573.90	470,794,143.55	6,478,950,669.19	185,161,890.49	185,161,890.49	520,852,280.31

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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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. Group	Suzhou	Suzhou	Manufacturing	33.00%	-	Equity
Sinopharm Zhijun(Shenzhen) Pharmaceutical Co., Ltd. Group	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. Group	Shenzhen	Shenzhen	Manufacturing	49.00%	-	Equity
Shyndec Pharma	Shanghai	Shanghai	Business service industry	16.28%	-	Equity
Shanghai Beiyi Guoda pharmaceutical Co. Ltd.	Shanghai	Shanghai	Commercial	-	26.00%	Equity
Shanghai Liyi Pharmacy Co., Ltd	Shanghai	Shanghai	Commercial	-	35.00%	Equity
Sinopharm Jienuo Medical Treatment Service Guangdong Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	29.00%	Equity
Dongyuan accord pharmaceutical chain Co., Ltd.	Heyuan	Heyuan	Commercial	-	45.00%	Equity
Shanghai Renbei Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	-	30.00%	Equity
Guangdong Jianhui Construction Investment Management Co., Ltd.(hereafter refered as "Guangdong Jianhui")	Zhanjiang	Zhanjiang	Public-Private-Partnership	-	10.00%	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:

The highest authority of Guangdong Jianhui is the shareholders' meeting, and shareholders shall exercise their voting rights in accordance with the proportion of subscribed capital contributions. At the same time, The board of directors of Guangdong Jianhui was established, which is responsible to the shareholders' meeting, consisting of five members, among whom our company appointed one director. The votes of the board of directors shall be one vote per person.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

VII. Interests in other entities (Continued)

2. Interests in associates (Continued)

	30 June 2019/ For the six months ended 30 June 2020		1 January 2019/ For the six months ended 30 June 2019	
	Shyndec Pharma	Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	Shyndec Pharma	Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.
Current assets	9,757,495,160.60	1,203,833,538.10	9,676,372,530.32	1,295,003,085.13
Non-current assets	8,073,121,734.07	257,066,698.41	7,962,091,231.68	273,684,959.60
Total assets	17,830,616,894.67	1,460,900,236.51	17,638,463,762.00	1,568,688,044.73
Current liabilities	6,026,005,819.45	600,005,337.92	6,491,804,082.54	734,280,688.66
Non-current liabilities	2,327,842,012.07	7,875,368.42	1,943,465,618.97	16,900,060.78
Total liabilities	8,353,847,831.52	607,880,706.34	8,435,269,701.51	751,180,749.44
Non-controlling interests	1,664,566,751.25	-	1,615,724,166.23	-
Shareholders' equity attributable to shareholders of the parent	7,812,202,311.90	853,019,530.17	7,587,469,894.26	817,507,295.29
Portion of net assets calculated by shareholding ratio	1,271,831,043.72	417,979,569.77	1,235,240,098.79	400,578,574.68
Carrying value of equity investment in joint ventures	1,271,831,043.72	417,979,569.77	1,235,240,098.79	400,578,574.68
Operating revenue	6,211,855,587.54	659,730,341.51	6,255,380,073.90	1,060,889,164.97
Net profit	427,914,866.04	35,512,234.88	525,814,658.05	119,461,432.13
Other comprehensive income	750,533.71	-	-	-
Total comprehensive income	428,665,399.75	35,512,234.88	525,814,658.05	119,461,432.13
Dividends received from joint ventures this period	16,714,220.20	-	16,896,427.80	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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X. 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 2020:

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	Designated	
Cash and bank balances	-	8,239,840,227.80	-	-	8,239,840,227.80
Notes receivable	-	402,639,901.74	-	-	402,639,901.74
Accounts receivable		13,892,695,134.41			13,892,695,134.41
Receivable financing	-		399,889,650.01	-	399,889,650.01
Other receivables	-	613,031,947.42	-	-	613,031,947.42
Other non-current financial assets	120,972,350.24	-	-	-	120,972,350.24
Other equity instrument investment	-	-	-	116,021,000.00	116,021,000.00
	<u>120,972,350.24</u>	<u>23,148,207,211.37</u>	<u>399,889,650.01</u>	<u>116,021,000.00</u>	<u>23,785,090,211.62</u>

Financial liabilities

Financial liabilities at amortised cost

Short-term borrowings	3,710,647,467.19
Notes payable	4,691,825,761.98
Accounts payable	8,077,705,277.54
Other payables	1,794,827,639.44
Non-current liabilities due within 1 year	616,449,909.74
Lease liabilities	1,216,076,164.93
	<u>20,107,532,220.82</u>

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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X. Risks related to financial instruments (Continued)

1. Classification of financial instruments (Continued)

31 December 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	Designated	
Cash and bank balances	-	8,885,729,250.47	-	-	8,885,729,250.47
Notes receivable	-	793,301,688.64	-	-	793,301,688.64
Accounts receivable	-	10,712,983,544.18	-	-	10,712,983,544.18
Receivable financing	-	-	446,342,588.46	-	446,342,588.46
Other receivables	-	501,958,841.43	-	-	501,958,841.43
Other non-current financial assets	140,000,000.00	-	-	-	140,000,000.00
Other equity instrument investment	-	-	-	116,021,000.00	116,021,000.00
	<u>140,000,000.00</u>	<u>20,893,973,324.72</u>	<u>446,342,588.46</u>	<u>116,021,000.00</u>	<u>21,596,336,913.18</u>

Financial liabilities

Financial liabilities at amortised cost

Short-term borrowings	1,453,018,300.01
Notes payable	5,555,697,557.53
Accounts payable	6,703,967,826.54
Other payables	1,822,364,637.62
Non-current liabilities due within 1 year	611,917,847.37
Lease liabilities	1,208,453,029.51
	<u>17,355,419,198.58</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

X. Risks related to financial instruments (Continued)

2. Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

As at 30 June 2020, the Group had endorsed commercial bills receivable (the "Endorsed Bills") to certain of its suppliers in order to settle accounts payable due to such suppliers of RMB 0.00 (31 December 2019: RMB0.00). As at 30 June 2020, the carrying value thereof was RMB0.00 (31 December 2019: RMB64,038,348.12). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognize the full carrying amounts of the Endorsed Bills and the associated accounts payable settled. Subsequent to the Endorsement, the Group did not retain any rights 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 2020, the total carrying value of accounts payable settled by the Group was RMB0.00 (31 December 2019: RMB64,038,348.12).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

X. Risks related to financial instruments (Continued)

2. Transfer of financial assets (Continued)

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

As at 30 June 2020, the Group had endorsed commercial bills receivable (the "Endorsed Bills") to certain of its suppliers in order to settle accounts payable due to such suppliers of RMB505,193,307.96 (31 December 2019: RMB867,007,837.74). During the year, the Group operated a number of discounting business through several banks in China. At 30 June 2020, the carrying value thereof was RMB1,800,135,252.62 (31 December 2019: RMB1,413,116,120.20). The derecognised 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 derecognised 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 derecognised bills. Accordingly, it has derecognised the full carrying amounts of the derecognised bills and the associated accounts payable. The maximum exposure to loss from the Group's Continuing Involvement in the derecognised bills and the undiscounted cash flows to repurchase these derecognised bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the derecognised bills are not significant.

During 2020, the Group has not recognised any gain or loss on the date of transfer. No gain or loss was recognised from derecognised financial assets in which the Continuing Involvement exists, both during the year or cumulatively.

During 2020, the Group has not recognised any gain or loss on the date of transfer of the derecognised bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively.

As part of its normal business, the Group entered into an accounts receivable factoring without recourse with banks and transferred certain accounts receivable to banks. In the opinion of the directors, the Group has transferred substantially all risks and rewards under the arrangement. Accordingly, it has derecognised the full carrying amounts of the associated accounts receivable. The original carrying value of the derecognised accounts receivable transferred under the Arrangement that have not been settled as at 30 June 2020 amounted to RMB1,148,298,422.63 (31 December 2019: RMB1,525,687,080.99).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

X. Risks related to financial instruments (Continued)

3. Risks of financial instruments

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk (including currency risk and interest rate risk). The Group's principal financial instruments comprise cash and bank balances, equity investments, debt investments, borrowings, notes receivable, accounts receivable, notes payable and accounts payable. Risks that related to these financial instruments and the Group's risk management strategies for reducing these risks are as follows.

The Company's board of directors is 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 operation and management department according to the policy approved by the Company's management. The operation 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 balances and other receivables. The credit risk of these financial assets results from default of counterparty. The maximum credit exposure equals to the book value of these instruments.

The maximum exposure to credit risk of the Group at each balance sheet date is the total amount charged to the customers less the amount of the impairment provision.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

X. Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Credit risk (Continued)

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 accounts receivable are widely dispersed in different sectors and industries. The Group does not hold any collateral or other credit enhancements over its accounts 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 based on single financial instrument or financial instrument portfolio with similar default risk.

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

- (1) Quantitative criteria are mainly probability of default increasing more than a given % since initial recognition;
- (2) Qualitative criteria are mainly significant detrimental changes in the borrower's operating or financial conditions and early warning customer lists.
- (3) The upper criterion is above 30 days of the borrowers default (including principal and interests).

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:

- (1) Significant financial difficulty of the borrower or issuer;
- (2) A breach of contract such as a default or past due event;
- (3) 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;
- (4) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (5) The disappearance of an active market for security because of financial difficulties; and
- (6) Financial assets purchased or sourced at large discounts indicating that credit losses have occurred.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

X. Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Credit risk (Continued)

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 the counterparty rating, the guarantee method, the collateral category, the repayment method, and also forward-looking information.

Definitions:

- (1) 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.
- (2) 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.
- (3) The exposure at default refers to the amount that the Group should repay in the event of default in the next 12 months or throughout the remaining period.

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

As at 30 June 2020, there was no evidence of a significant increase in credit risk (31 December 2019: nil).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

X. Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Liquidity risk

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

	30 June 2020				Total
	Within 1 year	1 to 2 years	2 to 5 years	Above 5 years	
Short-term borrowings	3,712,317,703.91	-	-	-	3,712,317,703.91
Notes payable	4,691,825,761.98	-	-	-	4,691,825,761.98
Accounts payable	8,077,705,277.54	-	-	-	8,077,705,277.54
Other payables	1,794,827,639.44	-	-	-	1,794,827,639.44
Non-current liabilities due within 1 year	704,074,304.59	-	-	-	704,074,304.59
Lease liabilities	-	526,811,698.69	669,425,154.23	142,072,104.34	1,338,308,957.26
	<u>18,980,750,687.46</u>	<u>526,811,698.69</u>	<u>669,425,154.23</u>	<u>142,072,104.34</u>	<u>20,319,059,644.72</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

X. Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Liquidity risk (Continued)

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

	31 December 2019				Total
	Within 1 year	1 to 2 years	2 to 5 years	Above 5 years	
Short-term borrowings	1,473,390,678.14	-	-	-	1,473,390,678.14
Notes payable	5,555,697,557.53	-	-	-	5,555,697,557.53
Accounts payable	6,703,967,826.54	-	-	-	6,703,967,826.54
Other payables	1,822,364,637.62	-	-	-	1,822,364,637.62
Non-current liabilities due within 1 year	692,440,439.57	-	-	-	692,440,439.57
Lease liabilities	-	521,527,272.55	641,028,016.36	135,810,836.52	1,298,366,125.43
	<u>16,247,861,139.40</u>	<u>521,527,272.55</u>	<u>641,028,016.36</u>	<u>135,810,836.52</u>	<u>17,546,227,264.83</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

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CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

X. Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Market risk

Interest rate risk

The Group's interest rate risk arises from long-term borrowings from banks. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 30 June 2020, the Group has no long-term interest-bearing borrowing, (31 December 2019: if the floating interest rates of the long-term interest-bearing borrowings increased or decreased by 50 base points, while other factors did not change, the Group's net income would increase or decrease by RMB40,471.31).

The Group's finance department at its headquarters continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowings and the interest expenses with respect to the Group's outstanding floating rate borrowings and, therefore, could have a material adverse effect on the Group's financial position. The Group's management layer would make adjustments with reference to the latest market conditions which are interest rate swap agreements to mitigate its exposure to interest rate risk. During 2020 and 2019, the Group had not entered into any interest rate swap agreements.

For the year ended 30 June 2020, the Group has no long-term interest-bearing borrowing (31 December 2019: RMB31,600,000.00).

Currency risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities as well as 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 aim at mitigating the potential foreign exchange risk to a large extent.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

X. 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 a healthy capital ratio in order to support its business, bring shareholders investing returns and benefit related parties. Management also aims to maintain a capital structure that ensures that the lowest cost of capital is available to the entity.

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

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

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

	30 June 2020	31 December 2019
Gearing ratio	<u>57.48%</u>	<u>54.23%</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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XI. Disclosure of fair value

1. Assets and liabilities at fair value

30 June 2020:

	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	
Continuous measurement of fair value				
Receivable financing	-	399,889,650.01	-	399,889,650.01
Other investment in equity instruments	-	116,021,000.00	-	116,021,000.00
Other non-current financial assets	-	-	120,972,350.24	120,972,350.24
	-	515,910,650.01	120,972,350.24	636,883,000.25

31 December 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	
Continuous measurement of fair value				
Receivable financing	-	446,342,588.46	-	446,342,588.46
Other investment in equity instruments	-	116,021,000.00	-	116,021,000.00
Other non-current financial assets	-	-	140,000,000.00	140,000,000.00
	-	562,363,588.46	140,000,000.00	702,363,588.46

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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XI. Disclosure of fair value (Continued)

2. Estimation of fair value

Management has assessed that the fair values of cash and cash equivalents, trade receivables, receivable financing, other receivables, short-term borrowings, notes payable, trade payables, other payables, non-current liabilities due within 1 year as well as other short-term financial assets and liabilities. Due to the short remaining maturities of these instruments, the fair value approximated to the carrying amount.

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 amounts 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 2020, 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 recent equity transaction consideration or the market comparable company model is used to estimate fair value. The Group believes that the estimated fair value by the valuation method is rational, and also the most sufficient value at the balance sheet date.

3. Unobservable inputs

Other non-current financial assets were the fund shares of Qirui Port Investment Center LP of Ningbo Meishan Bonded Port subscribed by the Group. For the determination of the fair value of the investment, after referring to the net assets of Qirui Port Investment Center LP of Ningbo Meishan Bonded Port on 30 June 2020, which has implemented the new financial instrument standards, the result was calculated and determined according to the fund share proportion owned by the company.

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

4. Transfers between levels of fair value measurement

At 30 June 2020 and 31 December 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 2020

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XII. Related party relationships and transactions

1. Parent

Parent's name	Registered address	Nature of business	Share capital	Proportion of ownership interest in the Company	Proportion of voting power in the Company
Sinopharm Group Co., Ltd.	Shanghai	Industrial investment holding, trustee of a pharmaceutical enterprise, assets reorganization, distribution and retail of medicines and pharmaceutical products, etc.	3,120,656,191.00	56.06%	56.06%

The ultimate controlling party of the Company is CNPGC.

2. Subsidiaries

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

3. Associates

Refer to Note IX (3) for details of associates.

<u>Company name</u>	<u>Related party relationships</u>
Shenzhen Main Luck Pharmaceutical Co., Ltd.	Associate
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	Associate
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	Associate
Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Associate
Shanghai Shyndec Pharmaceutical Co., Ltd.	Associate
Sinopharm Group Zhijun (Suzhou) Pharmaceutical Co., Ltd.	Associate
Sinopharm Jienuo Medical Treatment Service Guangdong Co., Ltd.	Associate
Shanghai Beiyi Guoda Pharmaceutical Co. Ltd.	Associate
Shanghai Liyi Pharmacy 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 Sub Marketing Center Co., Ltd.	Controlled by Sinopharm Group
Shanghai Tongyu Information Technology Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Guorui Medicine Co., Ltd.	Controlled by Sinopharm Group
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	Controlled by Sinopharm Group
China National Medicines Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Lianyungang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Lerentang Hebei Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chengdu Co., Ltd.	Controlled by Sinopharm Group
Xinjiang Baitong Property Service Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hubei Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hunan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yangzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Huaian Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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XII. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

<u>Company name</u>	<u>Related party relationships</u>
Sinopharm Holding Hulun Buir Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Rizhao Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Fujian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hainan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hainan Hongyi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Henan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wenzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holdings Beijing Huahong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nantong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shandong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Sichuan Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anhui Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Quanzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Baoding Hongkang Pharmaceutical Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anshun Co., Ltd.	Controlled by Sinopharm Group
Handan Sinopharm Lerentang Pharmacy Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tianjin Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jilin Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xuzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yunnan Co., Ltd.	Controlled by Sinopharm Group
Shanghai Merro Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zunyi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Gansu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Southwest Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dalian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiangxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guizhou Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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XII. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Company name	Related party relationships
Sinopharm Holding Wuxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anhui Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanghai Biomedicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Honghe Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Qinghai Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Zhangjiakou Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yancheng Co., Ltd.	Controlled by Sinopharm Group
Yuxi Sinopharm Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shenyang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Langfang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tianjin North Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Hengshui Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiangsu Co., Ltd.	Controlled by Sinopharm Group
Guoyao Lerentang Shijiazhuang Medical Management Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Baoding Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Chengde Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Xintai Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang (Langfang) Pharmaceutical Trade Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Cangzhou Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Handan Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chuxiong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Qinhuangdao Pharmaceutical Trading Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Guanai Yuankang Pharmacy (Haikou) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Fuzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Heilongjiang Co., Ltd.	Controlled by Sinopharm Group

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XII. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Company name	Related party relationships
Sinopharm Holding Changxing Professional Pharmacy (Haikou) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dalian Hecheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Guanai Jikun Pharmacy (Haikou) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhuanye Pharmacy (Dongfang) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jinzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Healthcare Shijiazhuang Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hongrun Medical Business Service (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Inner Mongolia Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ningde Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ulanqab Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Lunan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ningxia Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanxi Medical Devices Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Dajiuzhou Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Pingdingshan Co., Ltd.	Controlled by Sinopharm Group
Shanghai International Pharmaceutical Trade Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tongliao Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xiamen Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Jiankun (Beijing) Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Liaoning Medical Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Huixinqinyuan (Beijing) Technology Development Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jinan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinjiang Special Drugs Karamay Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Yunnan Sinopharm Holding Dongchang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yangzhou Medical Treatment Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anhui Huaning Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Zhongjian Medical Device Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Putian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anshan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Bayannur Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Puer Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Company name	Related party relationships
Sinopharm Holding Zhihuiminsheng (Tianjin) Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Linfen Ningle Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dezhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hunan Pharmaceutical Development Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changsha Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Special Drugs Shihezi Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Runhe Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Taizhou Co., Ltd.	Controlled by Sinopharm Group
China Medical Equipment Shandong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Mingdikang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Device (Guangdong) Medicial Technology Co., Ltd.	Controlled by Sinopharm Group
Sinopharm (Dalian) Medicial Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yangzhou Biological Products Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Baotou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanghai Medicine Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changsha Gaoxin Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinye (Hubei) Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nanping Newforce Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhejiang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Anhui Medical Devices Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Jincheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ordos Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhangzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Huaideju Pharmaceutical (Xiamen) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Liaocheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jilin Province Medicial Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chongqing Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Suzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinyu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Hebei Medical Instrument Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Company name	Related party relationships
Sinopharm Holding Hubei Guoda Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tonghua Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wuhu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hubei Hongyuan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Guangdong Medicine Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Guangxi Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guizhou Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Guangdong Medical Examination Co., Ltd.	Controlled by Sinopharm Group
Guoyao Lerentang Hebei Medical Device Supply Chain Management Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Medicine Logistic 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
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	Controlled by Sinopharm Group
Sinopharm Group Medicine Logistic Co., Ltd. Guangzhou Branch	Controlled by Sinopharm Group
Sinopharm Pharmaceutical Logistics Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guizhou Yitong Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hubei Bokang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Guangdong Medicine Device Supply Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Co., Ltd. Shanghai Management Consulting Branch	Controlled by Sinopharm Group
China National Scientific Instruments & Materials I&E Shenzhen Co., Ltd.	Controlled by Sinopharm Group
Guorun Medical Supply Chain Service (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Shenzhen Medicine Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Medical Instrument Hainan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wuhan Hongshen Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Advanced (Shanghai) Medicine Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Linyi Medicinal Device Co., Ltd.	Controlled by Sinopharm Group
Liaoning Pilot Free Trade Zone China Medical Device Technology Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Jinzhong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Linfen Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Med-Tech Co., Ltd.	Controlled by Sinopharm Group
China National Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shiyan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Lvliang Co., Ltd.	Controlled by Sinopharm Group

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Company name	Related party relationships
Sinopharm Holding Shanxi Zhidekang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding (Hubei) Base Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Fuzhou Medical Devices Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Luzhou Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yongzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Prospect Dentech (Beijing) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Lingshang Hospital Management Services (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Logistics Beijing Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Zhuhai Medical Instrument Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guizhou (Zunyi) Medical Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tongren Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiaozuo Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chongqing Taimin Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Hunan Prov. Medical Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Baise Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Longyan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Qianxinan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Fuzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Kunming Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Medical Instrument Guizhou Qiannan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Langfang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhenjiang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guizhou Medicinal Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Hejin Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding (Hubei) Hankou Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Medical Instrument (Foshan) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Deyang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm (Nanping) Medical Instrument Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Siping Co., Ltd.	Controlled by Sinopharm Group
Shanghai Shengxin Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Pharmacy (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jilin Chain Store Co., Ltd.	Controlled by Sinopharm Group
Chengdu Rongsheng Pharmacy Co., Ltd.	Controlled by CNPGC

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Company name	Related party relationships
Sinopharm Wuhan Blood Products Co., Ltd.	Controlled by CNPGC
Foshan Winteam Pharmaceutical Group Ltd.	Controlled by CNPGC
Shantou Jinshi Powder Injection Co., Ltd.	Controlled by CNPGC
Sinopharm Jingfang (Anhui) Pharmaceutical Co., Ltd.	Controlled by CNPGC
Chengdu Institute of Biological Products Co., Ltd.	Controlled by CNPGC
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	Controlled by CNPGC
China National Pharmaceutical Foreign Trade Corporation	Controlled by CNPGC
Sinopharm Tongjitang (Guizhou) Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Luya (Shandong) Pharmaceutical Co., Ltd.	Controlled by CNPGC
China National Pharmaceutical Industry Co., Ltd.	Controlled by CNPGC
Lanzhou Biotechnology Development Co., Ltd.	Controlled by CNPGC
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Foshan Chengnan Fengliaoqing Medical Hospital Co., Ltd.	Controlled by CNPGC
Sinopharm Fengliaoqing Medical Hospital Co., Ltd.	Controlled by CNPGC
Sinopharm Fengliaoqing (Foshan) Medicines Co., Ltd.	Controlled by CNPGC
Sinopharm Fengliaoqing (Foshan) Pharmaceutical Drugs Co., Ltd.	Controlled by CNPGC
Sinopharm Group Fengliaoqing Medical Hospital (Foshan Nanhai) Co., Ltd.	Controlled by CNPGC
Sinopharm Yixin Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Zhonglian Pharmaceutical Group Co., Ltd.	Controlled by CNPGC
Fujian Chentian Jinling Pharmaceutical Co., Ltd.	Controlled by CNPGC
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	Controlled by CNPGC
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	Controlled by CNPGC
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	Controlled by CNPGC
Sinopharm ChuanKang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Guangdong Global Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Wuhan Zhonglian Siyao Pharmaceutical Co., Ltd.	Controlled by CNPGC
Huayi Pharmaceutical Co., Ltd.	Controlled by CNPGC
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Dezhong (Foshan) Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Holding Sanyi Medicine (Wuhu) Co., Ltd.	Controlled by CNPGC
Sinopharm Beijing Huamiao Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Weiqida Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Industry Investment Co., Ltd.	Controlled by CNPGC

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Company name	Related party relationships
China National of Traditional&Herbal Medicine Co., Ltd.	Controlled by CNPGC
China Medicine Group Chongqing Medicine Design Institute	Controlled by CNPGC
Sinopharm Sinopharm Group Finance Co., Ltd.	Controlled by CNPGC
Shanghai Zeno Biotechnology Co., Ltd.	Controlled by CNPGC
Shanghai Shangsheng Biological Products Co., Ltd.	Controlled by CNPGC
Sinopharm Group Guizhou Blood Products Co., Ltd.	Controlled by CNPGC
Sichuan Jiangyou Zhongba Aconiti Science and Technology Development Co., Ltd.	Controlled by CNPGC
Sinopharm Group Chengdu Xinlibang Biological Pharmaceutical Co., Ltd.	Controlled by CNPGC
Qinhai Pulante Pharmaceutical Co., Ltd.	Controlled by CNPGC
China Sinopharm International Corporation	Controlled by CNPGC
Guangdong Yifang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Group Fengliaxing Pharmacy (Foshan) Co., Ltd.	Controlled by CNPGC
Sinopharm Holding (China) Financing Lease Co., Ltd.	Associate of Sinopharm Group
Sinopharm Health Online Co., Ltd.	Associate of Sinopharm Group
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	Associate of Sinopharm Group
Guoyaotang Pharmacy (Shanghai) Co., Ltd.	Associate of Sinopharm Group
Shanghai Guoda Lingyun Pharmacy Co., Ltd.	Associate of Sinopharm Group
Yichang Humanwell Pharmaceutical Co., Ltd.	Associate of Sinopharm Group
Sinopharm Nutraceuticals (Shanghai) Co., Ltd.	Associate of Sinopharm Group
Sinopharm Holding Chuangke Medicial Technology (Guangxi) Co., Ltd.	Associate of Sinopharm Group
Sinopharm Holding Chuangke Yuanzhe Medicial Technology (Shanghai) Co., Ltd.	Associate of Sinopharm Group
Nanchang Sinopharm Holding Guoyaotang Pharmacy Co., Ltd.	Associate of Sinopharm Group
SINO-TCM Shanghai Medicine & Medicinal Materials Co., Ltd.	Associate of CNPGC
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	Associate of CNPGC
China Otsuka Pharmaceutical Co., Ltd.	Associate of CNPGC
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	Associate of CNPGC
Chongqing Yaoyou Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Suzhou Erye Pharmaceutical Limited Company	Subsidiary of Fosun Pharm
Jiangxi Erye Medicine Marketing Co., Ltd.	Subsidiary of Fosun Pharm
Jinzhou Avanc Pharmaceuticals Co., Ltd.	Subsidiary of Fosun Pharm
Fosun Pharmaceutical Distribution Jiangsu Co., Ltd.	Subsidiary of Fosun Pharm
Guilin 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 2020

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

XII. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Company name	Related party relationships
Foshan Chancheng Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Foshan Chancheng Central Hospital Co., Ltd.	Subsidiary of Fosun Pharm
Shenzhen Hengsheng Hospital	Subsidiary of Fosun Pharm
Foshan Chanyixing Medicine Development Co Ltd.	Subsidiary of Fosun Pharm
Foshan Chancheng District Shiwan Town Chengnan Community Health Service Center	Subsidiary of Fosun Pharm
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	Subsidiary of Fosun Pharm
Tibet Yaoyou Medicines Co.,Ltd.	Subsidiary of Fosun Pharm
Jinzhou Avanc Medicine Co., Ltd.	Subsidiary of Fosun Pharm
Sichuan Hexin Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Glaxosmithkline Pharmaceuticals (Suzhou) Co., Ltd.	Subsidiary of Fosun Pharm
Shanghai Transfusion Technology Co., Ltd.	Subsidiary of Fosun Pharm
Shanghai Chaohui Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Hunan Dongting Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Jiangsu Huanghe Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Chengdu List Pharmaceutical Co.,Ltd.	Subsidiary of Fosun Pharm
Shenyang Hongqi Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Chongqing Haisiman Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Dalian Aleph Biomedical Co., Ltd.	Subsidiary of Fosun Pharm
Chindex International Trading (Shanghai) Co., Ltd.	Subsidiary of Fosun Pharm
Shenzhen Chindex Medical Beauty Clinic	Subsidiary of Fosun Pharm
Shanghai Compound Technology Medical Devices Co., Ltd.	Subsidiary of Fosun Pharm
Shenzhen Wanwei Medicine Trading Co., Ltd.	Subsidiary of Main Luck Pharmaceutical
Hangzhou Xihu Business Group Corporation	Non-controlling interest of a subsidiary
Shenzhen Jiufeng Investment Co., Ltd.	Non-controlling interest of a subsidiary
Shenyang Pharmaceutical Co., Ltd.	Non-controlling interest of a subsidiary
Lerentang Investment Group Co., Ltd.	Non-controlling interest of a subsidiary
Guangdong Jiyuantang Development Co., Ltd.	Non-controlling interest of a subsidiary
Beijing Huafang Investment Co., Ltd.	Non-controlling interest of a subsidiary
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Non-controlling interest of a subsidiary
Gu Haiqun	Non-controlling interest of a subsidiary
Puer Songmao Medicine Group Co., Ltd.	Non-controlling interest of a subsidiary
Linyi Medical Group Co., Ltd.	Non-controlling interest of a subsidiary

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Company name	Related party relationships
Zhang Zhenfang	Non-controlling interest of a subsidiary
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	Non-controlling interest of a subsidiary
Henan Wanxitang Pharmacy Co., Ltd.	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
Nanjing Yuanguang Trading Co., Ltd.	Controlled by non-controlling interest of a subsidiary
Gu Jinhua	Family member of the non-controlling shareholder of a subsidiary
Shanghai Shyndec Pharmaceutical Co., Ltd.	Associate
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	Associate
Dongyuan Accord Pharmaceutical chain Co., Ltd.	Associate
Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Associate
Shanghai Beiyi Guoda Pharmaceutical Co. Ltd.	Associate
Shanghai Liyi Pharmacy Co.,Ltd.	Associate
Shenzhen Main Luck Pharmaceutical Co., Ltd.	Associate
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	Associate
Sinopharm Group Zhijun (Suzhou) Pharmaceutical Co., Ltd.	Associate
Sinopharm Jienuo Medical Treatment Service Guangdong Co., Ltd.	Associate

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. 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 2020	Approved trading quota	whether the transaction limit is exceeded	For the six months ended 30 June 2019
Sinopharm Holding Sub Marketing Center Co., Ltd.	Purchase of goods	548,051,256.56		NO	587,767,944.47
China National Medicines Co., Ltd.	Purchase of goods	309,588,426.46		NO	264,335,667.59
Sinopharm Holding Shanxi Co., Ltd.	Purchase of goods	302,659,086.81		NO	165,125,264.60
Sinopharm Holding Shanxi Co., Ltd.	Purchase of goods	168,218,597.08		NO	117,012,541.61
Sinopharm Lerentang Medicine Co., Ltd.	Purchase of goods	144,033,107.71		NO	58,690,396.26
Sinopharm Group Co., Ltd.	Purchase of goods	101,625,946.62		NO	124,135,516.50
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	Purchase of goods	97,184,029.57		NO	84,007,944.24
Sinopharm Holding Shenyang Co., Ltd.	Purchase of goods	91,252,243.44		NO	63,745,181.47
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Purchase of goods	76,699,225.00		NO	46,674,234.45
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	Purchase of goods	60,511,824.27		NO	54,227,928.18
Sinopharm Holding Hubei Co., Ltd.	Purchase of goods	58,060,607.87	6,580,000,000.00	NO	9,071,305.78
Lanzhou Biotechnology Development Co., Ltd.	Purchase of goods	48,840,600.00		NO	55,500,000.00
Sinopharm Holding Yangzhou Co., Ltd.	Purchase of goods	38,126,655.70		NO	29,671,574.81
Sinopharm Holding Inner Mongolia Co., Ltd.	Purchase of goods	35,570,487.58		NO	34,523,083.38
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	Purchase of goods	34,820,929.08		NO	6,891.48
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	Purchase of goods	34,152,784.08		NO	10,193,725.00
Sinopharm Holding Beijing Co., Ltd.	Purchase of goods	32,520,572.80		NO	20,533,829.97
Chongqing Yaoyou Pharmaceutical Co., Ltd.	Purchase of goods	26,949,678.43		NO	27,810,842.74
Sinopharm Holding Lunan Co., Ltd.	Purchase of goods	26,448,807.82		NO	32,561,603.45
Sinopharm Holding Henan Co., Ltd.	Purchase of goods	22,896,338.50		NO	12,814,208.20
Sinopharm Holding Fujian Co., Ltd.	Purchase of goods	21,032,808.12		NO	16,041,870.46

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

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

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

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

Related party	Type of transaction	For the six months ended 30 June 2020	Approved trading quota	whether the transaction limit is exceeded	For the six months ended 30 June 2019
Shenzhen Main Luck Pharmaceutical Co., Ltd.	Purchase of goods	16,716,318.29		NO	19,919,483.19
Sinopharm Holding Lerentang Hebei Pharmaceutical Co., Ltd.	Purchase of goods	16,213,399.66		NO	15,458,862.78
Sinopharm Holding Pingdingshan Co., Ltd.	Purchase of goods	15,984,508.75		NO	14,429,720.75
Sinopharm Holding Ningxia Co., Ltd.	Purchase of goods	12,243,904.08		NO	7,213,084.95
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	Purchase of goods	12,126,208.66		NO	20,043,121.07
Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Purchase of goods	11,851,634.26		NO	14,856,080.60
Foshan Winteam Pharmaceutical Group Ltd.	Purchase of goods	11,624,754.37		NO	20,304,885.66
Shenzhen Wanwei Medicine Trading Co., Ltd.	Purchase of goods	11,467,474.49		NO	11,854,921.28
Sinopharm Holding Jilin Co., Ltd.	Purchase of goods	11,181,666.83	6,580,000,000.00	NO	13,152.13
Sinopharm Holding Changzhou Co., Ltd.	Purchase of goods	11,126,503.85		NO	6,705,005.60
Tibet Yaoyou Medicines Co., Ltd.	Purchase of goods	10,576,537.72		NO	22,100,470.84
Sinopharm Holding Jiangsu Co., Ltd.	Purchase of goods	10,137,097.99		NO	12,867,682.99
Sinopharm Holding Shandong Co., Ltd.	Purchase of goods	9,870,222.38		NO	7,306,060.58
Shanghai Shyndec Pharmaceutical Co., Ltd.	Purchase of goods	9,493,936.28		NO	6,577,712.26
Sinopharm Holding Hunan Co., Ltd.	Purchase of goods	8,970,281.71		NO	5,496,202.17
Sinopharm Holding Wuxi Co., Ltd.	Purchase of goods	8,550,202.41		NO	2,456,981.90
Chengdu Rongsheng Pharmacy Co., Ltd.	Purchase of goods	8,518,290.00		NO	13,746,664.10
Sinopharm Yixin Pharmaceutical Co., Ltd.	Purchase of goods	8,249,563.42		NO	6,463,202.79
Sinopharm Holding Xiamen Co., Ltd.	Purchase of goods	8,217,598.96		NO	10,273,616.32

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

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

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

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

Related party	Type of transaction	For the six months ended 30 June 2020	Approved trading quota	whether the transaction limit is exceeded	For the six months ended 30 June 2019
China National Pharmaceutical Foreign Trade Corporation	Purchase of goods	8,156,658.48		NO	-
Yichang Humanwell Pharmaceutical Co., Ltd.	Purchase of goods	7,649,748.62		NO	6,711,635.43
Sinopharm Holding Shanxi Zhongjian Medical Device Chain Co., Ltd.	Purchase of goods	7,522,898.44		NO	-
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	Purchase of goods	7,471,038.17		NO	8,677,802.26
Jinzhou Avanc Pharmaceuticals Co., Ltd.	Purchase of goods	7,185,929.54		NO	28,182,818.68
Glaxosmithkline Pharmaceuticals (Suzhou) Co., Ltd.	Purchase of goods	6,570,287.55		NO	-
Jiangxi Erye Medicine Marketing Co., Ltd.	Purchase of goods	6,456,636.49		NO	17,959,707.56
China Otsuka Pharmaceutical Co., Ltd.	Purchase of goods	6,256,674.56		NO	6,697,508.52
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	Purchase of goods	5,872,922.23	6,580,000,000.00	NO	7,161,067.43
Sinopharm Holding Tongliao Co., Ltd.	Purchase of goods	5,810,230.35		NO	2,906,482.17
Sinopharm Group Shanxi Medical Devices Co., Ltd.	Purchase of goods	4,980,871.81		NO	-
Sinopharm Shenzhen Medicine Device Co., Ltd.	Purchase of goods	7,522,898.44		NO	-
Sinopharm Holding Shanxi Dajiuzhou Medicine Co., Ltd.	Purchase of goods	4,689,458.43		NO	-
Shanghai Zeno Biotechnology Co., Ltd.	Purchase of goods	4,606,542.22		NO	-
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	Purchase of goods	4,424,779.00		NO	-
Sinopharm Liaoning Medical Equipment Co., Ltd.	Purchase of goods	4,168,839.16		NO	2,326,076.00
Shanghai Chaohui Pharmaceutical Co., Ltd.	Purchase of goods	3,970,884.24		NO	90,783.71

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

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

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

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

Related party	Type of transaction	For the six months ended 30 June 2020	Approved trading quota	whether the transaction limit is exceeded	For the six months ended 30 June 2019
Shanghai International Pharmaceutical Trade Co., Ltd.	Purchase of goods	3,912,114.41		NO	1,967,905.09
Sinopharm Holding Hubei Guoda Pharmacy Co., Ltd.	Purchase of goods	3,897,527.05		NO	-
Tibet Yaoyou Medicines Co., Ltd.	Purchase of goods	3,749,173.52		NO	-
China National Scientific Instruments & Materials I&E Shenzhen Co., Ltd.	Purchase of goods	3,716,814.16		NO	-
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	Purchase of goods	3,507,017.31		NO	3,018,099.42
Sinopharm Holding Jinan Co., Ltd.	Purchase of goods	3,208,390.44		NO	3,031,490.28
Sinopharm Holding Jinzhou Co., Ltd.	Purchase of goods	3,117,332.78		NO	2,050,823.42
Sinopharm Holding Chongqing Co., Ltd.	Purchase of goods	3,106,188.00		NO	-
Sinopharm Holding Beijing Huahong Co., Ltd.	Purchase of goods	2,856,735.70	6,580,000,000.00	NO	2,143,025.16
Jinzhou Avanc Medicine Co., Ltd.	Purchase of goods	2,780,545.99		NO	-
Sinopharm Fengliaoxing (Foshan) Pharmaceutical Drugs Co., Ltd.	Purchase of goods	2,745,736.27		NO	160,792.59
Sinopharm Holding Xinjiang Special Drugs Karamay Pharmaceutical Co., Ltd.	Purchase of goods	2,704,084.84		NO	1,634,592.42
Sinopharm Group Guorui Medicine Co., Ltd.	Purchase of goods	2,675,445.41		NO	3,219,200.90
Sinopharm Tongjitang (Guizhou) Pharmaceutical Co., Ltd.	Purchase of goods	2,616,939.67		NO	1,947,122.98
Sinopharm Holding Heilongjiang Co., Ltd.	Purchase of goods	2,533,432.31		NO	2,603,286.79
Fosun Pharmaceutical Distribution Jiangsu Co., Ltd.	Purchase of goods	2,481,349.10		NO	1,647,132.50
Sinopharm Holding Anhui Co., Ltd.	Purchase of goods	2,398,623.06		NO	558,299.15

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

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

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

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

Related party	Type of transaction	For the six months ended 30 June 2020	Approved trading quota	whether the transaction limit is exceeded	For the six months ended 30 June 2019
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Purchase of goods	2,391,565.82		NO	1,673,805.68
Sinopharm (Shandong) Luya Pharmaceutical Co., Ltd.	Purchase of goods	2,381,688.57		NO	-23,551.03
Sinopharm Shanghai Holding Likang Pharmaceutical Co., Ltd.	Purchase of goods	2,283,462.26		NO	5,703,217.41
Sichuan Hexin Pharmaceutical Co., Ltd.	Purchase of goods	2,257,987.38		NO	5,339,761.19
Sinopharm Zhihuiminsheng (Tianjin) Pharmaceutical Co., Ltd.	Purchase of goods	2,181,662.15		NO	1,374,403.26
Sinopharm Holding Tianjin Co., Ltd.	Purchase of goods	2,168,770.41		NO	706,163.71
Sinopharm Holding Fuzhou Co., Ltd.	Purchase of goods	2,117,865.83		NO	2,676,398.89
Sinopharm Medical Instrument Hainan Co., Ltd.	Purchase of goods	2,109,734.51	6,580,000,000.00	NO	-
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	Purchase of goods	1,911,884.91		NO	4,431,084.35
Hunan Dongting Pharmaceutical Co., Ltd.	Purchase of goods	1,885,047.92		NO	1,221,714.73
Sinopharm Holding Changsha Co., Ltd.	Purchase of goods	1,783,867.44		NO	1,166,442.94
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	Purchase of goods	1,717,968.13		NO	45,806,688.15
Sinopharm Chuankang Pharmaceutical Co., Ltd.	Purchase of goods	1,699,176.97		NO	4,521,905.90
Sinopharm Holding Yancheng Co., Ltd.	Purchase of goods	1,623,042.70		NO	1,174,557.52
Sinopharm Holding Hulun Buir Co., Ltd.	Purchase of goods	1,564,568.11		NO	813,318.59
China National Pharmaceutical Industry Co. Ltd.	Purchase of goods	1,509,682.80		NO	1,237,603.17
Shanghai Shangsheng Biological Products Co., Ltd.	Purchase of goods	1,506,116.50		NO	2,556,796.11

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

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

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

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

Related party	Type of transaction	For the six months ended 30 June 2020	Approved trading quota	whether the transaction limit is exceeded	For the six months ended 30 June 2019
Suzhou Pharmaceutical Company	Erye Limited Purchase of goods	1,489,545.90		NO	4,729,210.71
Beijing Pharmaceutical Biotechnology Development Co., Ltd.	Huasheng Purchase of goods	1,450,504.18		NO	4,541,480.00
Sinopharm Holding Co., Ltd.	Dalian Purchase of goods	1,450,198.00		NO	708,136.87
Sinopharm (Beijing) Medicine Co., Ltd.	Jiankun Purchase of goods	1,444,828.32		NO	-
Sinopharm Holding Huaning Medicine Co., Ltd.	Anhui Purchase of goods	1,434,252.18		NO	-
Sinopharm Holding Hongshen Medicine Co., Ltd.	Wuhan Purchase of goods	1,415,929.21		NO	-
Sinopharm (Beijing) Development Co., Ltd.	Huixinqinyuan Technology Purchase of goods	1,300,658.82	6,580,000,000.00	NO	-
Sinopharm Yangzhou Treatment Equipment Co., Ltd.	Holding Medical Purchase of goods	1,209,038.66		NO	434,284.50
Sinopharm Donghong (Shanghai) Co., Ltd.	Holding Medical Purchase of goods	1,124,358.11		NO	2,751,225.88
Sinopharm Shantou Pharmaceutical Co., Ltd.	Jinshi Purchase of goods	1,077,980.94		NO	257,629.73
Yunnan Sinopharm Holding Dongchang Medicine Co., Ltd.	 Purchase of goods	989,799.95		NO	-
Sinopharm (Dalian) Medicial Device Co., Ltd.	 Purchase of goods	928,255.76		NO	-
Sinopharm Zhonglian Pharmaceutical Group Co., Ltd.	 Purchase of goods	907,465.81		NO	357,980.82
Sinopharm Quanzhou Co., Ltd.	Holding Purchase of goods	880,856.56		NO	509,096.37

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

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

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

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

Related party	Type of transaction	For the six months ended 30 June 2020	Approved trading quota	whether the transaction limit is exceeded	For the six months ended 30 June 2019
Sinopharm Holding Chuangke Medical Technology (Guangxi) Co., Ltd.	Purchase of goods	796,460.19		NO	-
Sinopharm Jingfang (Anhui) Pharmaceutical	Purchase of goods	766,468.52		NO	537,444.48
Shanghai Merro Pharmaceutical Co., Ltd.	Purchase of goods	749,178.23		NO	980,340.63
Shanghai Transfusion Technology Co., Ltd.	Purchase of goods	712,212.39		NO	444,825.76
Sinopharm Holding Chuangke Yuanzhe Medical Technology (Shanghai) Co., Ltd.	Purchase of goods	672,566.40		NO	-
Sinopharm Weiqida Pharmaceutical Co., Ltd.	Purchase of goods	668,790.52		NO	1,396,321.58
Sinopharm Holding Bayannur Co., Ltd.	Purchase of goods	667,045.83		NO	120,003.15
Sinopharm (Shanghai) Advanced Medicine Device Co., Ltd.	Purchase of goods	649,215.02	6,580,000,000.00	NO	-
Sinopharm Holding Linyi Medical Device Co., Ltd.	Purchase of goods	633,769.93		NO	-
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	Purchase of goods	627,174.03		NO	904,775.75
Sinopharm Hebei Medical Instrument Co., Ltd.	Purchase of goods	607,424.77		NO	-
Sinopharm Holding Anshan Co., Ltd.	Purchase of goods	584,206.98		NO	-
Sinopharm Guangdong Global Pharmaceutical Co., Ltd.	Purchase of goods	581,499.90		NO	778,815.71
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	Purchase of goods	506,283.18		NO	853,055.98
Chengdu Institute of Biological Products Co., Ltd.	Purchase of goods	475,738.80		NO	821,518.40

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

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

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

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

Related party	Type of transaction	For the six months ended 30 June 2020	Approved trading quota	whether the transaction limit is exceeded	For the six months ended 30 June 2019
Sinopharm Holding Putian Co., Ltd.	Purchase of goods	466,764.43		NO	602,182.39
Sinopharm Holding Puer Co., Ltd.	Purchase of goods	446,396.77		NO	-
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	Purchase of goods	433,524.84		NO	825,452.16
Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	Purchase of goods	414,430.28		NO	627,257.64
Sinopharm Group Southwest Medicine Co., Ltd.	Purchase of goods	372,966.72		NO	942,169.90
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	Purchase of goods	368,206.57		NO	73,542.96
Shenyang Hongqi Pharmaceutical Co., Ltd.	Purchase of goods	359,010.73		NO	1,395,942.72
Guilin Pharmaceutical Co., Ltd.	Purchase of goods	351,228.30		NO	491,705.68
Sinopharm Group Shanghai Medicine Device Co., Ltd.	Purchase of goods	308,584.08		NO	-
Shantou Jinshi Powder Injection Co., Ltd.	Purchase of goods	300,803.34	6,580,000,000.00	NO	1,575,114.81
Sinopharm Holding Shanghai Biomedicine Co., Ltd.	Purchase of goods	282,209.74		NO	533,969.68
Liaoning Pilot Free Trade Zone China Medical Device Technology Co., Ltd.	Purchase of goods	260,176.99		NO	-
Chengdu List Pharmaceutical Co., Ltd.	Purchase of goods	204,849.56		NO	-
Sinopharm Holding Zhejiang Co., Ltd.	Purchase of goods	194,238.02		NO	383,036.87
Huayi Pharmaceutical Co., Ltd.	Purchase of goods	176,144.72		NO	-191,940.52
Sinopharm Holding Linfen Ningde Pharmaceutical Co., Ltd.	Purchase of goods	160,565.02		NO	-
Sinopharm Holding Hunan Pharmaceutical Development Co., Ltd.	Purchase of goods	157,222.35		NO	142,539.15
Sinopharm Sichuan Pharmaceutical Co., Ltd.	Purchase of goods	144,648.00		NO	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

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

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

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

Related party	Type of transaction	For the six months ended 30 June 2020	Approved trading quota	whether the transaction limit is exceeded	For the six months ended 30 June 2019
Sinopharm Holding Yunnan Co., Ltd.	Purchase of goods	143,973.45		NO	-
Fujian Chentian Jinling Pharmaceutical Co., Ltd.	Purchase of goods	138,669.72		NO	328,557.99
Sinopharm Holding Special Drugs Shihezi Pharmaceutical Co., Ltd.	Purchase of goods	132,136.11		NO	-
Sinopharm Holding Baotou Co., Ltd.	Purchase of goods	126,066.66		NO	-
Sinopharm Holding Nanping Newforce Co., Ltd.	Purchase of goods	122,980.30		NO	-
Sinopharm Holding Shanxi Jinzhong Co., Ltd.	Purchase of goods	119,470.72		NO	-
Sinopharm Holding Hainan Co., Ltd.	Purchase of goods	111,398.23		NO	556,396.59
Sinopharm Holding Dezhou Co., Ltd.	Purchase of goods	108,484.59		NO	148,796.05
Sinopharm Group Linfen Co., Ltd.	Purchase of goods	107,014.36		NO	-
Sinopharm Holding Shanxi Runhe Medicine Co., Ltd.	Purchase of goods	93,171.55	6,580,000,000.00	NO	-
Sinopharm Group Med-Tech Co., Ltd.	Purchase of goods	92,920.35		NO	-
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	Purchase of goods	82,302.92		NO	-
Sinopharm Holding Taizhou Co., Ltd.	Purchase of goods	81,224.26		NO	34,438.88
Sinopharm Holding Zhangzhou Co., Ltd.	Purchase of goods	73,228.32		NO	-
Sinopharm Holding Xinye (Hubei) Medicine Co., Ltd.	Purchase of goods	56,646.03		NO	-
Sinopharm Dezhong (Foshan) Pharmaceutical Co., Ltd.	Purchase of goods	53,734.51		NO	95,965.53
Sinopharm Device (Guangdong) Medicinal Technology Co., Ltd.	Purchase of goods	52,672.56		NO	-
Sinopharm Holding Yangzhou Biological Products Co., Ltd.	Purchase of goods	49,400.00		NO	166,268.35
Sinopharm Holding Dalian Hecheng Co., Ltd.	Purchase of goods	48,749.02		NO	175,327.42

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

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

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

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

Related party	Type of transaction	For the six months ended 30 June 2020	Approved trading quota	whether the transaction limit is exceeded	For the six months ended 30 June 2019
Sinopharm Holding Sanyi Medicine (Wuhu) Co., Ltd.	Purchase of goods	46,347.42		NO	39,203.47
Sinopharm Holding Shanxi Mingdikang Medicine Co., Ltd.	Purchase of goods	42,957.42		NO	14,185.41
Sinopharm Holding Rizhao Co., Ltd.	Purchase of goods	34,498.69		NO	19,834.99
Sinopharm Holding Changsha Gaoxin Medicine Co., Ltd.	Purchase of goods	32,964.60		NO	-
Sinopharm Holding Jiangxi Co., Ltd.	Purchase of goods	28,244.60		NO	-
China National Medical Device Co., Ltd.	Purchase of goods	26,548.67		NO	-
Sinopharm Wuhan Blood Products Co., Ltd.	Purchase of goods	24,800.00		NO	248,000.00
Sinopharm Holding Hainan Hongyi Co., Ltd.	Purchase of goods	17,043.48		NO	--
China Medical Equipment Shandong Co., Ltd.	Purchase of goods	14,427.65		NO	116,013.65
Sinopharm Holding Chengdu Co., Ltd.	Purchase of goods	11,307.62	6,580,000,000.00	NO	-
Sinopharm Group Medicine Logistic Co., Ltd.	Purchase of goods	11,161.53		NO	10,445.10
Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	Purchase of goods	9,026.54		NO	19,401.89
Sinopharm Holding Shiyao Co., Ltd.	Purchase of goods	2,088.50		NO	-
Sinopharm Holding Ulanqab Co., Ltd.	Purchase of goods	2,043.91		NO	17,027.43
Sinopharm Holding Shanxi Jincheng Co., Ltd.	Purchase of goods	171.81		NO	8,408.74
Sinopharm Holding Shanxi Lvliang Co., Ltd.	Purchase of goods	-		NO	4,369,021.12
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	Purchase of goods	-		NO	1,115,619.67
Sinopharm Fengliaoxing (Foshan) Medicines Co., Ltd.	Purchase of goods	-		NO	1,047,564.70
Sinopharm Holding Suzhou Co., Ltd.	Purchase of goods	-		NO	821,818.78
Sinopharm Group Guizhou Blood Products Co., Ltd.	Purchase of goods	-		NO	536,000.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

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

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

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

Related party	Type of transaction	For the six months ended 30 June 2020	Approved trading quota	whether the transaction limit is exceeded	For the six months ended 30 June 2019
Sinopharm Holding Shanxi Zhidekang Medicine Co., Ltd.	Purchase of goods	-		NO	189,064.65
Sinopharm Holding (Hubei) Base Pharmaceutical Co., Ltd.	Purchase of goods	-		NO	152,076.28
Jiangsu Huanghe Pharmaceutical Co., Ltd.	Purchase of goods	-		NO	133,968.48
Sinopharm Group Shanxi Co., Ltd.	Purchase of goods	-		NO	111,864.77
Sinopharm Holding Fuzhou Medical Devices Co., Ltd.	Purchase of goods	-		NO	40,707.96
Sichuan Jiangyou Zhongba Aconiti Science and Technology Development Co., Ltd.	Purchase of goods	-		NO	29,090.91
Guoyao Lerentang Hebei Medical Device Supply Chain Management Co., Ltd.	Purchase of goods	-	6,580,000,000.00	NO	17,131.04
Sinopharm Holding Luzhou Pharmaceutical Co., Ltd.	Purchase of goods	-		NO	10,137.93
Sinopharm Holding Yongzhou Co., Ltd.	Purchase of goods	-		NO	(49.36)
Sinopharm Prospect Dentech (Beijing) Co., Ltd.	Purchase of goods	-		NO	(63.80)
Sinopharm Group Chengdu Xinlibang Biological Pharmaceutical FiCo., Ltd.	Purchase of goods	-		NO	(9,500.00)
Sinopharm Group Lingshang Hospital Management Services (Shanghai) Co., Ltd.	Purchase of goods	-		NO	1,599,454.53
Qinhai Pulante Pharmaceutical Co., Ltd.	Purchase of goods	-		NO	258,620.67
Sinopharm Holding Lianyungang Co., Ltd.	Purchase of goods	(478.47)		NO	815,620.38
The Fourth Pharmaceutical Co., Ltd. of Zhonglian	Purchase of goods	(1,875.00)		NO	35,353.29
Chongqing Haisiman Pharmaceutical Co., Ltd.	Purchase of goods	(3,514.34)		NO	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

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

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

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

Related party	Type of transaction	For the six months ended 30 June 2020	Approved trading quota	whether the transaction limit is exceeded	For the six months ended 30 June 2019
SINO-TCM Shanghai Medicine&Medicinal Materials Co., Ltd.	Purchase of goods	(10,888.69)		NO	-
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	Purchase of goods	(191,787.19)	6,580,000,000.00	NO	3,824,818.27
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	Purchase of goods	(550,607.22)		NO	1,672,471.40
Sinopharm Health Online Co., Ltd.	Consulting service fee	7,008,590.59		NO	6,298,404.97
Shanghai Beiyi Guoda Pharmaceutical Co. Ltd.	Consulting service fee	1,492,677.11		NO	1,229,716.93
Guorun Medical Supply Chain Service (Shanghai) Co., Ltd.	Consulting service fee	12,264.15		NO	-
Shanghai Tongyu Information Technology Co., Ltd.	Information system access fee	187,905.67	60,000,000.00	NO	142,764.15
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	Others	-		NO	109,458.10
Sinopharm Group Medicine Logistic Co., Ltd.	Storage and transport	8,264,849.06		NO	7,275,965.45
Sinopharm Pharmaceutical Logistics Co., Ltd.	Storage and transport cost	93,635.83		NO	54,651.59
Sinopharm Logistics Beijing Co., Ltd.	Storage and transport	54,060.78		NO	-

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Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. 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 2020	For the six months ended 30 June 2019
Sinopharm Group	Sale of goods	110,426,213.05	126,258,230.79
Shanghai Beiyi Pharmaceutical Co. Ltd.	Guoda Sale of goods	61,896,587.65	55,645,701.04
Sinopharm Holding Hainan Co., Ltd.	Sale of goods	60,158,578.46	48,570,645.00
Sinopharm Holding Fujian Co., Ltd.	Sale of goods	51,109,674.50	1,731,691.96
Foshan Chancheng Pharmaceutical Co., Ltd.	Sale of goods	49,079,098.20	59,004,606.02
Sinopharm Lerentang Medicine Co., Ltd.	Sale of goods	22,566,166.73	9,207,801.66
Sinopharm Holding Hubei Co., Ltd.	Sale of goods	18,913,611.09	5,366,299.13
Sinopharm Holding Wenzhou Co., Ltd.	Sale of goods	14,794,703.17	14,754,017.76
Sinopharm Holding Hainan Hongyi Co., Ltd.	Sale of goods	13,367,342.74	17,357,873.16
Sinopharm Holding Beijing Co., Ltd.	Sale of goods	12,909,717.52	10,806,898.05
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Sale of goods	10,679,779.77	11,241,528.41
Shenzhen Hengsheng Hospital	Sale of goods	10,629,421.43	10,482,252.70
Sinopharm Biopharmaceutical Co., Ltd.	Lingyun (Shanghai) Sale of goods	10,455,648.05	12,628,299.53
Sinopharm Holding Henan Co., Ltd.	Sale of goods	9,642,957.94	8,408,084.97
Sinopharm Holding Nantong Co., Ltd.	Sale of goods	7,861,952.62	7,649,412.43
Foshan Chancheng Hospital	Central Sale of goods	7,665,327.44	5,456,346.95

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. 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 (Continued)

Related Party	Type of transaction	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Sinopharm Zhuhai Medical Instrument Co., Ltd.	Sale of goods	7,446,238.57	13,939.15
Sinopharm Holding Shandong Co., Ltd.	Sale of goods	6,925,017.46	7,547,654.37
Sinopharm holdings Beijing Huahong Co., Ltd.	Sale of goods	5,763,714.05	13,727,246.49
Sinopharm Holding Sub Marketing Center Co., Ltd.	Sale of goods	5,584,808.87	12,022,683.32
Sinopharm Sichuan Pharmaceutical Co., Ltd.	Sale of goods	5,574,204.53	7,749,468.18
Sinopharm Group (Tianjin) Eastern Pharmaceutical Co., Ltd.	Sale of goods	4,803,387.32	7,346,892.05
Foshan Chanyixing Medicine Development Co Ltd.	Sale of goods	3,705,867.85	3,252,324.63
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	Sale of goods	3,680,499.78	4,382,624.09
Sinopharm Holding Anhui Co., Ltd.	Sale of goods	3,490,356.70	2,691,014.38
Shanghai Merro Pharmaceutical Co., Ltd.	Sale of goods	3,312,398.44	4,094,385.70
Sinopharm Holding Yangzhou Co., Ltd.	Sale of goods	3,233,686.62	4,293,371.83
Sinopharm Holding Shanxi Co., Ltd.	Sale of goods	3,053,010.35	5,246,365.87
Chindex International Trading (Shanghai) Co., Ltd.	Sale of goods	3,037,167.60	-
China Sinopharm International Corporation	Sale of goods	2,988,690.22	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. 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 (Continued)

Related Party	Type of transaction	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Sinopharm Holding Shanxi Co., Ltd.	Sale of goods	2,812,873.37	1,927,565.82
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	Sale of goods	2,349,651.28	1,828,562.25
China National Medicines Co., Ltd.	Sale of goods	2,178,096.79	1,932,350.56
Sinopharm Group Southwest Medicine Co., Ltd.	Sale of goods	1,891,076.22	1,580,662.42
Sinopharm Holding Yunnan Co., Ltd.	Sale of goods	1,875,892.22	3,291,886.51
Sinopharm Holding Tianjin Co., Ltd.	Sale of goods	1,822,107.93	2,043,046.86
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	Sale of goods	1,724,205.31	1,283,881.89
Sinopharm Lerentang Baoding Hongkang Pharmaceutical Chain Co., Ltd.	Sale of goods	1,716,599.10	-
Sinopharm Holding Quanzhou Co., Ltd.	Sale of goods	1,628,615.99	-87,055.63
Sinopharm Holding Jilin Co., Ltd.	Sale of goods	1,599,917.79	1,861,781.97
Sinopharm Holding Hunan Co., Ltd.	Sale of goods	1,594,378.72	1,476,158.08
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Sale of goods	1,587,426.88	3,423,834.39
Sinopharm Holding Dalian Co., Ltd.	Sale of goods	1,320,364.57	1,833,913.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. 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 (Continued)

Related Party	Type of transaction	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Sinopharm Holding Xuzhou Co., Ltd.	Sale of goods	1,271,612.79	2,496,791.90
Sinopharm Holding Zunyi Co., Ltd.	Sale of goods	1,078,617.62	146,542.78
Handan Sinopharm Lerentang Pharmacy Chain Co., Ltd.	Sale of goods	1,075,458.43	-
Shanghai Guoda Lingyun Pharmacy Co., Ltd.	Sale of goods	786,887.13	425,714.65
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	Sale of goods	784,084.53	225,250.43
Sinopharm Holding Guizhou Co., Ltd.	Sale of goods	749,381.57	158,213.27
Sinopharm Holding Guizhou (Zunyi) Medical Equipment Co., Ltd.	Sale of goods	722,382.88	-
Sinopharm Holding Anhui Pharmaceutical Co., Ltd.	Sale of goods	693,361.90	1,436,139.10
Shanghai Liyi Pharmacy Co., Ltd.	Sale of goods	690,837.84	1,432,059.22
Sinopharm Holding Gansu Co., Ltd.	Sale of goods	662,808.94	505,887.62
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	Sale of goods	661,960.55	-
Sinopharm Holding Anshun Co., Ltd.	Sale of goods	626,960.18	21,688.95
Sinopharm Holding Ningxia Co., Ltd.	Sale of goods	607,397.50	772,293.60
Sinopharm Holding Jiangsu Co., Ltd.	Sale of goods	578,180.26	76,013.68
Sinopharm Holding Yancheng Co., Ltd.	Sale of goods	556,583.59	382,851.04

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. 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 (Continued)

Related Party	Type of transaction	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Sinopharm Holding Wuxi Co., Ltd.	Sale of goods	545,114.34	484,790.17
Sinopharm Holding Jiangxi Co., Ltd.	Sale of goods	499,633.43	123,135.25
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	Sale of goods	492,572.13	-
Sinopharm Holding Lerentang Pharmaceutical Co., Ltd.	Sale of goods	477,391.38	-
Sinopharm Holding Wuhu Co., Ltd.	Sale of goods	421,019.02	419,826.51
Sinopharm Holding Honghe Co., Ltd.	Sale of goods	411,978.99	377,186.11
Sinopharm Holding Tongren Co., Ltd.	Sale of goods	347,824.70	197,968.78
Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Sale of goods	297,706.43	-
Sinopharm Holding Shanghai Biomedicine Co., Ltd.	Sale of goods	282,212.28	113,907.84
Sinopharm Holding Guizhou Medical Device Co., Ltd.	Sale of goods	255,175.71	70,073.94
Sinopharm Holding Qinghai Co., Ltd.	Sale of goods	253,282.77	250,674.21
Sinopharm Holding Chengdu Co., Ltd.	Sale of goods	238,592.93	252,754.20
Sinopharm Holding Tianjin North Medicine Co., Ltd.	Sale of goods	237,608.84	363,748.93
Dongyuan Accord Pharmaceutical chain Co., Ltd.	Sale of goods	230,559.29	30,868.27

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. 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 (Continued)

Related Party	Type of transaction	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Yuxi Sinopharm Medicine Co., Ltd.	Sale of goods	226,147.04	956,668.77
Foshan Chancheng District Shiwan Town Chengnan Community Health Service Center	Sale of goods	207,388.60	-
Sinopharm Group Shanxi Co., Ltd.	Sale of goods	190,595.28	266,895.84
Sinopharm Holding Jiaozuo Co., Ltd.	Sale of goods	183,421.75	406,784.27
Sinopharm Lerentang Xintai Medicine Co., Ltd.	Sale of goods	178,966.16	-
Sinopharm Holding Chongqing Taimin Pharmaceutical Co., Ltd.	Sale of goods	174,838.95	155,771.69
Sinopharm Guangdong Medical Examination Co., Ltd.	Sale of goods	163,965.18	73,203.54
Sinopharm Holding Inner Mongolia Co., Ltd.	Sale of goods	159,586.47	326,327.82
Sinopharm Lerentang Hengshui Medicine Co., Ltd.	Sale of goods	158,792.13	-
Sinopharm Hunan Prov. Medical Equipment Co., Ltd.	Sale of goods	142,300.88	-
Sinopharm Holding Hubei Hongyuan Co., Ltd.	Sale of goods	133,587.47	132,556.02
Sinopharm Holding Fuzhou Co., Ltd.	Sale of goods	131,345.42	131,753.26
Sinopharm Group Guangxi Medical Device Co., Ltd.	Sale of goods	113,097.35	66,013.12

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. 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 (Continued)

Related Party	Type of transaction	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Sinopharm Holding Changzhou Co., Ltd.	Sale of goods	110,397.17	50,185.70
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	Sale of goods	107,256.67	-
Sinopharm Baise Device Co., Ltd.	Sale of goods	102,654.87	-
Sinopharm Holding Chongqing Co., Ltd.	Sale of goods	98,396.45	138,748.70
Shenzhen Chindex Medical Beauty Clinic	Sale of goods	97,277.83	140,970.86
Sinopharm Holding Shenyang Co., Ltd.	Sale of goods	92,078.76	608,363.96
Foshan Chengnan Fengliaoqing Medical Hospital Co., Ltd.	Sale of goods	87,322.13	-
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	Sale of goods	84,955.75	-
Sinopharm Lerentang Zhangjiakou Medicine Co., Ltd.	Sale of goods	84,353.70	-
Sinopharm Holding Chuxiong Co., Ltd.	Sale of goods	83,585.92	41,712.99
Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	Sale of goods	79,064.60	-
Sinopharm Fengliaoqing Medical Hospital Co., Ltd.	Sale of goods	75,159.98	101,588.59
Sinopharm Holding Jinzhou Co., Ltd.	Sale of goods	72,477.87	2,509,334.67
Sinopharm Holding Taizhou Co., Ltd.	Sale of goods	68,810.53	141,236.61

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. 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 (Continued)

Related Party	Type of transaction	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Sinopharm Lerentang Chengde Medicine Co., Ltd.	Sale of goods	63,193.63	-
Sinopharm Holding Longyan Co., Ltd.	Sale of goods	57,138.07	44,963.97
Guoyao Lerentang Shijiazhuang Medical Management Co., Ltd.	Sale of goods	55,743.09	2,663.79
Sinopharm Lerentang Langfang Pharmaceutical Co., Ltd.	Sale of goods	55,538.93	-
Sinopharm Holding Putian Co., Ltd.	Sale of goods	53,777.00	-33,809.91
Sinopharm Holding Qianxinan Co., Ltd.	Sale of goods	47,058.57	-
Sinopharm Lerentang Healthcare Shijiazhuang Pharmacy Co., Ltd.	Sale of goods	41,262.69	-
Sinopharm Holding Dalian Hecheng Co., Ltd.	Sale of goods	39,122.93	743,390.17
Sinopharm Holding Fuzhou Co., Ltd.	Sale of goods	36,927.44	-
Sinopharm Guanai Yuankang Pharmacy (Haikou) Co., Ltd.	Sale of goods	34,988.29	55,763.79
Sinopharm Lerentang Baoding Medicine Co., Ltd.	Sale of goods	32,999.89	-
Sinopharm Holding Ningde Co., Ltd.	Sale of goods	30,249.56	19,818.67
Sinopharm Lerentang Cangzhou Medicine Co., Ltd.	Sale of goods	27,143.36	-
Guangdong Yifang Pharmaceutical Co., Ltd.	Sale of goods	27,079.65	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. 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 (Continued)

Related Party	Type of transaction	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Sinopharm Holding Kunming Pharmacy Co., Ltd.	Sale of goods	26,664.78	-
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	Sale of goods	25,300.89	-
Sinopharm Lerentang Handan Medicine Co., Ltd.	Sale of goods	18,101.77	-
Sinopharm Lerentang (Langfang) Pharmaceutical Trade Co., Ltd.	Sale of goods	18,101.77	-
Sinopharm Guanai Jikun Pharmacy (Haikou) Co., Ltd.	Sale of goods	17,838.67	-
Sinopharm Lerentang Qinhuangdao Pharmaceutical Trading Co., Ltd	Sale of goods	16,467.26	-
Sinopharm Medical Instrument Guizhou Qiannan Co., Ltd.	Sale of goods	16,276.77	114,833.43
Sinopharm Holding Changxing Professional Pharmacy (Haikou) Co., Ltd.	Sale of goods	12,993.87	-
Sinopharm Fengliaoqing (Foshan) Medicines Co., Ltd.	Sale of goods	12,682.56	-
China National Scientific Instruments & Materials I&E Shenzhen Co., Ltd.	Sale of goods	11,412.30	6,320.71
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	Sale of goods	8,730.28	-
Sinopharm Group Guangdong Medicine Device Co., Ltd.	Sale of goods	8,494.51	296,825.53

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. 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 (Continued)

Related Party	Type of transaction	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Sinopharm Holding Zhuanye Pharmacy (Dongfang) Co., Ltd.	Sale of goods	8,438.69	-
Sinopharm Lerentang Langfang Medicine Co., Ltd.	Sale of goods	7,323.36	-
Shenzhen Main Luck Pharmaceutical Co., Ltd.	Sale of goods	6,610.62	-
Sinopharm Holding Xiamen Co., Ltd.	Sale of goods	5,889.38	-
Sinopharm Holding Zhenjiang Co., Ltd.	Sale of goods	5,614.16	-
Sinopharm Holding Hongrun Medical Business Service (Shanghai) Co., Ltd.	Sale of goods	5,383.97	9,884.46
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	Sale of goods	3,922.08	14,949.89
Sinopharm Jienuo Medical Treatment Service Guangdong Co., Ltd.	Sale of goods	2,657.08	3,590.16
Sinopharm Group Fengliaoqing Medical Hospital (Foshan Nanhai) Co., Ltd.	Sale of goods	2,261.97	6,233.90
Sinopharm Medical Instrument Hainan Co., Ltd.	Sale of goods	1,805.31	-
Sinopharm Holding Guizhou Medicinal Chain Co., Ltd.	Sale of goods	1,340.53	-
Sinopharm Holding Shanxi Hejin Pharmaceutical Co., Ltd.	Sale of goods	1,187.61	-
Sinopharm Holding (Hubei) Hankou Pharmacy Co., Ltd.	Sale of goods		195,295.22

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. 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 (Continued)

Related Party	Type of transaction	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Nanchang Sinopharm Holding Guoyaotang Pharmacy Co., Ltd.	Sale of goods		173,403.11
Shanghai Shengxin Pharmacy Co., Ltd.	Sale of goods		165,688.80
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	Sale of goods		86,668.69
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 Holding Deyang Co., Ltd.	Sale of goods		36,771.21
Sinopharm (Nanping) Medical Instrument Co., Ltd.	Sale of goods		19,993.91
Sinopharm Holding Liaocheng Co., Ltd.	Sale of goods		15,779.79
Sinopharm Holding Shanxi Jincheng Co., Ltd.	Sale of goods		11,204.59
Sinopharm Holding Siping Co., Ltd.	Sale of goods		9,998.28
Sinopharm Holding Pharmacy (Shanghai) Co., Ltd.	Sale of goods		165,688.80
Sinopharm Holding Ulanqab Co., Ltd.	Sale of goods		865.38
Sinopharm Group Fengliaoqing Pharmacy (Foshan) Co., Ltd.	Sale of goods	(555.14)	47,434.77
Sinopharm Holding Liaocheng Co., Ltd.	Sale of goods	(16,556.17)	38,234.48

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. 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 (Continued)

Related Party	Type of transaction	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Sinopharm Holding Shanxi Jincheng Co., Ltd.	Sale of goods	(26,464.91)	128,687.69
Sinopharm Group Medicine Logistic Co., Ltd.	Transport and storage income	3,176,727.67	401,376.93
China National Medicines Co., Ltd.	Transport and storage income	3,116,205.52	4,430,727.40
Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Transport and storage income	129,797.90	123,995.03
Sinopharm Holding Hubei Co., Ltd.	Transport and storage income	81,773.22	
Sinopharm Group Southwest Medicine Co., Ltd.	Transport and storage income		82,001.72
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	Sublease income	285,714.30	
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	Sublease income	97,240.50	
Sinopharm Holding Sub Marketing Center Co., Ltd.	Consulting service income	1,253,573.97	
Sinopharm Guangdong Medicine Device Supply Chain Co., Ltd.	Consulting service income	82,325.73	
Sinopharm Huixinqinyuan (Beijing) Technology Development Co., Ltd.	Consulting service income	17,169.81	
Sinopharm Holding Shanxi Co., Ltd.	Consulting service income	1,886.79	1,688.12

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. 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 (Continued)

Related Party	Type of transaction	For the six months ended 30 June 2020	For the six months ended 30 June 2019
China National Scientific Instruments & Materials Imp/Exp Shenzhen Co., Ltd.	Consulting service income	2.64	
Sinopharm Biopharmaceutical Co., Ltd.	Holding Consulting service income (Tianjin)		2,792.45
Sinopharm (Shenzhen) Co., Ltd.	Group Zhijun Pharmaceutical Sublease income, canteen income	1,250,273.36	308,882.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. 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 2020	Income from leases For the six months ended 30 June 2019
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	Building	957,142.86	957,142.86
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	Building	285,714.30	285,714.30
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	Building	97,240.50	-
China National Medicines Co., Ltd.	Building	<u>52,554.86</u>	<u>24,000.00</u>

(b) As the lessee

	Type of assets under leases	Expense from leases For the six months ended 30 June 2020	Expense from leases For the six months ended 30 June 2019
Sinopharm Group Medicine Logistic Co., Ltd.	Equipment	3,750,000.00	3,750,000.00
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Building	5,296,226.44	6,670,660.92
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Building	3,786,173.34	2,234,982.50
Shenyang Pharmaceutical Co., Ltd.	Building	3,571,428.61	253,564.15
Sinopharm Group Medicine Logistic Co., Ltd.	Building	3,540,000.00	3,539,999.98
Lerentang Investment Group Co., Ltd.	Building	3,224,047.60	3,354,162.22
Sinopharm Holding (China) Financing Lease Co., Ltd.	Building	2,971,727.14	-
Sinopharm Group Shanghai Co., Ltd.	Building	2,031,905.96	3,721,698.57
Puer Songmao Medicine Group Co., Ltd.	Building	1,984,761.90	-
Nanjing Yuanguang Trading Co., Ltd.	Building	1,923,809.52	855,468.84
Guangdong Jiyuantang Development Co., Ltd.	Building	978,504.36	1,088,752.31
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	Building	478,984.74	476,713.98
Sinopharm Holding Rizhao Co., Ltd.	Building	436,785.87	-
Taishan Xiangranhui Trade Co., Ltd	Building	389,625.00	456,054.17
Wang Yang	Building	295,868.56	262,857.12
Sinopharm Holding Beijing Co., Ltd.	Building	254,761.90	260,870.74
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	Building	181,428.58	173,068.27

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

Gu Jinhua	Building	178,800.00	207,084.48
Hangzhou Xihu Business Group Corporation	Building	146,438.10	145,986.38
China National Medicines Co., Ltd.	Building	142,857.14	145,865.91

XII. 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 2020	Expense from leases For the six months ended 30 June 2019
Beijing Huafang Investment Co., Ltd.	Building	120,934.28	-
Gu Haiqun	Building	99,143.81	108,277.61
Taishan Qunkang Pharmacy Co., Ltd.	Building	70,850.46	70,864.95
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	Building	-	2,405,696.37
Sinopharm Holding Yangzhou Co., Ltd.	Building	-	1,902,091.52
Hunan Minshengtang Investment Co., Ltd.	Building	-	1,838,716.70
Linyi Medical Group Co., Ltd.	Building	-	1,482,764.04
Sinopharm Holding Xinjiang Special Drugs Karamay Pharmaceutical Co., Ltd.	Building		277,303.54
Sinopharm Group	Building	-	267,553.06
Zhang Zhenfang	Building	-	214,062.49
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	Building		136,369.86
Shenzhen Jiufeng Investment Co., Ltd.	Building	-	100,414.19
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	Building	-	47,990.56
Sinopharm Holding Fujian Co., Ltd.	Building		6,571.39

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. 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 Date	Maturity Date	Note
Borrow from				
Sinopharm Group Finance Co., Ltd.	26,417,461.60	17 June 2020	28 February 2021	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	25,591,174.86	30 March 2020	27 November 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	16,708,946.70	17 June 2020	28 August 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	15,952,617.65	29 June 2020	12 November 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	15,738,659.54	30 March 2020	22 August 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	15,131,629.81	29 June 2020	23 September 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	13,321,571.14	29 June 2020	26 November 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	13,309,316.95	17 June 2020	22 August 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	12,854,829.49	17 June 2020	21 October 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	11,629,891.56	17 June 2020	12 December 2020	Discount on bank acceptance bill

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

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

(3) Related party transactions - Financing (Continued)

Related Party	Amount	Inception Date	Maturity Date	Note
Borrow from				
Sinopharm Group Finance Co., Ltd.	10,000,000.00	30 March 2020	21 October 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	9,592,776.79	30 March 2020	26 August 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	8,734,291.95	30 March 2020	13 June 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	8,654,531.04	29 June 2020	27 October 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	8,468,822.74	30 March 2020	29 September 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	8,022,833.90	17 June 2020	9 September 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	7,117,026.69	30 March 2020	25 August 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	7,036,652.31	29 June 2020	18 September 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	6,926,217.96	29 June 2020	13 October 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	6,774,892.18	30 March 2020	23 June 2020	Discount on bank acceptance bill

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

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

(3) Related party transactions - Financing (Continued)

Related Party	Amount	Inception Date	Maturity Date	Note
Borrow from				
Sinopharm Group Finance Co., Ltd.	5,889,988.69	17 June 2020	22 November 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	5,139,400.00	30 March 2020	18 June 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	5,003,642.57	17 June 2020	30 September 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	4,806,949.14	29 June 2020	24 August 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	4,149,277.07	29 June 2020	27 September 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	4,102,050.12	29 June 2020	24 September 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	4,004,334.07	30 March 2020	23 July 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	3,681,621.74	29 June 2020	11 January 2021	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	3,661,014.00	17 June 2020	25 November 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	2,111,763.51	17 June 2020	25 August 2020	Discount on bank acceptance bill

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

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

(3) Related party transactions - Financing (Continued)

Related Party	Amount	Inception Date	Maturity Date	Note
Borrow from				
Sinopharm Group Finance Co., Ltd.	2,000,000.00	30 March 2020	23 September 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	1,688,887.53	29 June 2020	31 August 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	1,627,804.20	30 March 2020	24 June 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	1,500,000.00	29 June 2020	16 September 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	1,358,141.29	17 June 2020	27 February 2021	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	1,351,727.52	17 June 2020	27 August 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	1,143,823.59	17 June 2020	8 September 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	1,121,058.50	30 March 2020	25 May 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	1,066,265.70	17 June 2020	2 September 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	1,044,379.17	29 June 2020	10 February 2021	Discount on bank acceptance bill

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

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

(3) Related party transactions - Financing (Continued)

Related Party	Amount	Inception Date	Maturity Date	Note
Borrow from				
Sinopharm Group Finance Co., Ltd.	1,028,432.84	30 March 2020	9 June 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	1,000,000.00	30 March 2020	16 September 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	1,000,000.00	29 June 2020	5 September 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	986,008.29	29 June 2020	3 August 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	881,404.96	17 June 2020	20 August 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	814,589.70	17 June 2020	19 April 2021	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	727,038.70	17 June 2020	16 March 2021	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	664,534.24	17 June 2020	15 August 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	582,366.26	30 March 2020	20 June 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	550,000.00	30 March 2020	2 June 2020	Discount on bank acceptance bill

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

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

(3) Related party transactions - Financing (Continued)

Related Party	Amount	Inception Date	Maturity Date	Note
Borrow from				
Sinopharm Group Finance Co., Ltd.	536,958.37	17 June 2020	5 September 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	502,245.15	30 March 2020	3 June 2020	Discount on bank acceptance bill
Sinopharm Group Finance Co., Ltd.	44,672,135.78	13 April 2020	13 July 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	44,259,553.08	1 April 2020	1 July 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	34,974,084.92	21 February 2020	21 August 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	31,431,408.53	3 April 2020	3 July 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	29,999,958.16	24 March 2020	24 September 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	27,106,844.88	18 May 2020	18 August 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	27,014,561.77	6 May 2020	6 August 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	24,252,458.08	17 April 2020	17 July 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	22,028,919.08	2 April 2020	2 July 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	19,997,263.24	16 April 2020	16 July 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	15,114,633.48	15 April 2020	15 July 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	14,015,476.19	20 April 2020	20 July 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	12,803,183.37	22 April 2020	22 July 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	12,482,024.32	10 April 2020	10 July 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	10,102,812.23	24 April 2020	24 July 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	9,825,307.89	28 June 2020	27 September 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	8,742,714.65	27 April 2020	27 July 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	5,020,801.51	28 February 2020	27 August 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	3,526,328.80	22 June 2020	22 September 2020	Short-term borrowings
Sinopharm Group Finance Co., Ltd.	1,197,726.00	7 April 2020	7 July 2020	Short-term borrowings
Sinopharm Group	28,000,000.00	1 January 2020	31 March 2020	Short-term borrowings
Sinopharm Group	28,000,000.00	1 February 2020	30 April 2020	Short-term borrowings

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

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

(4) Remuneration for key management personnel

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Remuneration for key management personnel	4,375,318.00	3,843,750.00

(5) Other related party transactions

Interest expense

Related party	Types of transactions	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Sinopharm Group Finance Co., Ltd.	Payment of notes discount interest	3,199,207.88	2,615,234.17
Sinopharm Group Finance Co., Ltd.	Payment of loan interest	1,882,094.57	473,516.87
Sinopharm Group Finance Co., Ltd.	Payment of related parties loan interest	1,311,742.70	-
Sinopharm Group	Payment of entrusted loan interest	1,035,984.12	610,933.32
CNGCC	Payment of entrusted loan interest	513,884.11	641,469.02
Sinopharm Holding (China) Financing Lease Co., Ltd.	Payment of related parties loan interest	44,007.71	-
		<u>7,986,921.09</u>	<u>4,341,153.38</u>

Interest income

Related party	Types of transactions	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Sinopharm Group Finance Co., Ltd.	Deposit interest	17,036.24	145,659.27
Sinopharm Group Zhijun (Suzhou) Pharmaceutical Co., Ltd.	Entrusted loan interest	-	1,669,601.71
		<u>17,036.24</u>	<u>1,815,260.98</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

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

(5) Other related party transactions (Continued)

Factoring of accounts receivable without recourse

Interest expense of accounts receivable factoring	For the six months ended 30 June 2020		For the six months ended 30 June 2019	
	Accounts receivable factoring	Loss of derecognition	Accounts receivable factoring	Loss of derecognition
Sinopharm Holding (China) Financing Lease Co., Ltd.	-	-	54,078,188.75	1,286,666.17
	<u>-</u>	<u>-</u>	<u>54,078,188.75</u>	<u>1,286,666.17</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties

(1). Accounts Receivable

Item	Related Party	30 June 2020		31 December 2019	
		Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Accounts receivable	Sinopharm Group	50,687,300.30	-	46,076,517.29	-
Accounts receivable	Foshan Chancheng Pharmaceutical Co., Ltd.	37,406,979.38	238,553.41	42,596,155.81	259,530.69
Accounts receivable	Shanghai Beiyi Guoda Pharmaceutical Co. Ltd.	27,194,421.44	-	27,194,421.44	-
Accounts receivable	Sinopharm Holding Fujian Co., Ltd.	24,564,532.00	-	-	-
Accounts receivable	Sinopharm Holding Hainan Co., Ltd.	15,128,408.68	-	5,916,009.22	63.29
Accounts receivable	Sinopharm Lerentang Medicine Co., Ltd.	7,901,564.52	-	4,077,721.44	-
Accounts receivable	Sinopharm Holding Beijing Co., Ltd.	7,544,342.76	-	2,950,624.87	-
Accounts receivable	Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	5,223,272.52	-	3,949,661.07	-
Accounts receivable	Sinopharm Holding Hainan Hongyi Co., Ltd.	4,838,994.25	-	3,464,248.49	-
Accounts receivable	Foshan Chancheng Central Hospital	4,520,477.41	26,201.15	3,691,772.59	23,216.99
Accounts receivable	Shenzhen Hengsheng Hospital	4,482,610.82	-	3,335,198.92	-
Accounts receivable	Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	4,430,694.10	-	8,064,119.84	-
Accounts receivable	Sinopharm Health Online Co., Ltd.	4,325,680.30	-	3,890,200.52	-
Accounts receivable	Sinopharm Holding Henan Co., Ltd.	3,451,786.98	-	1,190,109.52	-
Accounts receivable	Sinopharm Holding Wenzhou Co., Ltd.	2,934,124.70	-	699,613.80	-
Accounts receivable	Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	2,520,942.53	-	1,349,144.61	-
Accounts receivable	Foshan Chanyixing Medicine Development Co Ltd.	2,352,690.27	9,242.84	1,983,599.51	5,790.64
Accounts receivable	Sinopharm Holding Sub Marketing Center Co., Ltd.	2,261,174.30	-	1,849,543.20	-
Accounts receivable	Sinopharm holdings Beijing Huahong co., Ltd.	1,896,720.00	-	2,876,094.02	-
Accounts receivable	Sinopharm Holding Nantong Co., Ltd.	1,827,136.26	-	24,611.76	-
Accounts receivable	Sinopharm Holding Hubei Co., Ltd.	1,823,572.55	-	1,560,416.83	-
Accounts receivable	Sinopharm Holding Shandong Co., Ltd.	1,726,340.63	-	533,285.38	-
Accounts receivable	Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	1,549,170.77	-	929,255.98	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(1). Accounts Receivable (Continued)

Item	Related Party	30 June 2020		31 December 2019	
		Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Accounts receivable	Sinopharm Sichuan Pharmaceutical Co., Ltd.	1,422,404.64	-	1,558,385.72	-
Accounts receivable	Sinopharm Holding Anhui Co., Ltd.	1,312,067.59	-	-	-
Accounts receivable	Sinopharm Holding Shanxi Co., Ltd.	1,125,582.36	-	632,719.72	-
Accounts receivable	Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	961,580.00	-	-	-
Accounts receivable	Sinopharm Holding Yangzhou Co., Ltd.	859,981.76	-	841,923.89	-
Accounts receivable	Sinopharm Holding Quanzhou Co., Ltd.	800,883.30	-	-	-
Accounts receivable	Sinopharm Lerentang Baoding Hongkang Pharmaceutical Chain Co., Ltd.	767,237.19	-	-	-
Accounts receivable	Sinopharm Holding Anshun Co., Ltd.	637,442.10	-	-	-
Accounts receivable	Handan Sinopharm Lerentang Pharmacy Chain Co., Ltd.	604,490.32	-	-	-
Accounts receivable	China National Medicines Co., Ltd.	587,735.54	-	985,066.52	-
Accounts receivable	Sinopharm Holding Tianjin Co., Ltd.	576,492.52	-	574,943.68	-
Accounts receivable	Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	547,178.80	-	-	-
Accounts receivable	Sinopharm Holding Jilin Co., Ltd.	523,389.69	-	600,090.20	-
Accounts receivable	Sinopharm Holding Xuzhou Co., Ltd.	467,018.42	-	252,603.52	-
Accounts receivable	Sinopharm Lerentang Tangshan Medicine Co., Ltd.	448,892.95	-	16,848.00	-
Accounts receivable	Sinopharm Holding Yunnan Co., Ltd.	418,872.44	-	298,842.18	-
Accounts receivable	Shanghai Merro Pharmaceutical Co., Ltd.	409,611.20	-	970,572.81	-
Accounts receivable	Sinopharm Holding Zunyi Co., Ltd.	404,579.55	-	3,100.10	-
Accounts receivable	Sinopharm Holding Gansu Co., Ltd.	339,402.09	-	-	-
Accounts receivable	Sinopharm Holding Hunan Co., Ltd.	336,402.11	-	281,427.54	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(1). Accounts Receivable (Continued)

Item	Related Party	30 June 2020		31 December 2019	
		Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Accounts receivable	Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	324,500.00	-	-	-
Accounts receivable	Sinopharm Group Southwest Medicine Co., Ltd.	308,638.68	-	341,949.83	-
Accounts receivable	Sinopharm Holding Dalian Co., Ltd.	287,256.14	-	266,416.32	-
Accounts receivable	Sinopharm Holding Jiangxi Co., Ltd.	269,965.78	-	38,377.68	-
Accounts receivable	Sinopharm Holding Guizhou Co., Ltd.	259,209.16	-	-	-
Accounts receivable	Sinopharm Holding Wuxi Co., Ltd.	215,218.00	-	-	-
Accounts receivable	Sinopharm Holding Anhui Pharmaceutical Co., Ltd.	207,109.13	-	66,754.36	-
Accounts receivable	Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	193,225.72	-	2,085,296.20	-
Accounts receivable	Sinopharm Holding Lerentang Hebei Pharmaceutical Co., Ltd.	187,224.65	-	-	-
Accounts receivable	Sinopharm Holding Shanxi Co., Ltd.	143,907.52	-	330,160.15	-
Accounts receivable	Sinopharm Holding Chengdu Co., Ltd.	142,358.41	-	50,000.00	-
Accounts receivable	Sinopharm Holding Shanghai Biomedicine Co., Ltd.	135,299.91	-	128,039.96	-
Accounts receivable	China National Pharmaceutical Foreign Trade Corporation	125,181.18	-	-	-
Accounts receivable	Sinopharm Holding Honghe Co., Ltd.	122,165.10	-	6,097.20	-
Accounts receivable	Foshan Chancheng District Shiwan Town Chengnan Community Health Service Center	112,972.02	211.04	-	-
Accounts receivable	Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	111,826.80	-	887,662.72	-
Accounts receivable	Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co.,	98,499.49	-	797,577.51	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

Ltd.

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(1). Accounts Receivable (Continued)

Item	Related Party	30 June 2020		31 December 2019	
		Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Accounts receivable	Sinopharm Holding Qinghai Co., Ltd.	95,519.16	-	87,956.16	-
Accounts receivable	Sinopharm Lerentang Zhangjiakou Medicine Co., Ltd.	95,312.04	-	-	-
Accounts receivable	Sinopharm Holding Yancheng Co., Ltd.	82,020.80	-	1.00	-
Accounts receivable	Yuxi Sinopharm Medicine Co., Ltd.	73,013.18	-	255,546.14	-
Accounts receivable	Sinopharm Holding Shenyang Co., Ltd.	69,974.00	-	-	-
Accounts receivable	Sinopharm Lerentang Langfang Pharmaceutical Co., Ltd.	62,759.00	-	-	-
Accounts receivable	Shanghai Liyi Pharmacy Co., Ltd.	56,880.00	-	58,919.11	-
Accounts receivable	Sinopharm Group Shanxi Co., Ltd.	54,181.60	-	-	-
Accounts receivable	Sinopharm Holding Tianjin North Medicine Co., Ltd.	52,832.86	-	51,990.40	-
Accounts receivable	Sinopharm Lerentang Hengshui Medicine Co., Ltd.	51,470.83	-	-	-
Accounts receivable	Sinopharm Holding Jiangsu Co., Ltd.	47,649.60	-	34,997.40	-
Accounts receivable	Guoyao Lerentang Shijiazhuang Medical Management Co., Ltd.	43,294.67	-	1,083.00	-
Accounts receivable	Sinopharm Lerentang Baoding Medicine Co., Ltd.	37,033.30	-	-	-
Accounts receivable	Sinopharm Lerentang Chengde Medicine Co., Ltd.	32,759.10	-	80,596.16	-
Accounts receivable	Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	28,590.00	-	-	-
Accounts receivable	Sinopharm Lerentang Xintai Medicine Co., Ltd.	24,680.59	-	-	-
Accounts receivable	Sinopharm Holding Changzhou Co., Ltd.	24,330.20	-	66,932.96	-
Accounts receivable	Foshan Chengnan Fengliaoxing Medical Hospital Co., Ltd.	23,730.44	108.10	42,637.80	27.04

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(1). Accounts Receivable (Continued)

Item	Related Party	30 June 2020		31 December 2019	
		Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Accounts receivable	Sinopharm Lerentang (Langfang) Pharmaceutical Trade Co., Ltd	20,455.00			
Accounts receivable	Sinopharm Lerentang Cangzhou Medicine Co., Ltd.	20,455.00	-	-	-
Accounts receivable	Sinopharm Lerentang Handan Medicine Co., Ltd.	20,455.00	-	-	-
Accounts receivable	Sinopharm Holding Chuxiong Co., Ltd.	19,998.00	-	-	-
Accounts receivable	Sinopharm Lerentang Qinhuangdao Pharmaceutical Trading Co., Ltd	18,608.00	-	-	-
Accounts receivable	Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	18,052.35	-	-	-
Accounts receivable	Sinopharm Fengliaoqing Medical Hospital Co., Ltd.	15,919.62	156.25	4,510.30	12.28
Accounts receivable	Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	9,516.00	-	-	-
Accounts receivable	Sinopharm Guanai Yuankang Pharmacy (Haikou) Co., Ltd.	9,502.90	-	-	-
Accounts receivable	Sinopharm Holding Fuzhou Co., Ltd.	7,624.00	-	63,642.40	
Accounts receivable	Sinopharm Holding Heilongjiang Co., Ltd.	7,316.40	-	-	-
Accounts receivable	Foshan Fengliaoqing Pharmaceutical Co., Ltd.	6,912.00	-	9,504.00	-
Accounts receivable	Sinopharm Holding Changxing Zhuanye Pharmacy (Haikou) Co., Ltd.	6,479.35	-	-	-
Accounts receivable	Sinopharm Holding Dalian Hecheng Co., Ltd.	5,034.65	-	156,459.70	
Accounts receivable	Sinopharm Guanai Jikun Pharmacy (Haikou) Co., Ltd.	4,916.20	-	-	-
Accounts receivable	Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	4,431.95	-	1,519.34	-
Accounts receivable	Sinopharm Holding Zhuanye Pharmacy	3,424.40	-	-	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

(Dongfang) Co., Ltd.

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(1). Accounts Receivable (Continued)

Item	Related Party	30 June 2020		31 December 2019	
		Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Accounts receivable	Sinopharm Holding Jinzhou Co., Ltd.	3,137.50			
Accounts receivable	Sinopharm Lerentang Healthcare Shijiazhuang Pharmacy Co., Ltd	2,604.30	-	5,861.85	-
Accounts receivable	Sinopharm Holding Hongrun Medical Business Service (Shanghai) Co., Ltd.	1,570.35	-	45,418.42	-
Accounts receivable	Sinopharm Holding Inner Mongolia Co., Ltd.	4.00	-	135,239.04	-
Accounts receivable	Shanghai Guoda Lingyun Pharmacy Co., Ltd.	-	-	249,856.34	-
Accounts receivable	Sinopharm Holding Ulanqab Co., Ltd.	-	-	63,874.55	-
Accounts receivable	Sinopharm Holding Ningde Co., Ltd.	-	-	7,596.00	-
Accounts receivable	Guoyaotang Pharmacy (Shanghai) Co., Ltd.	-	-	2,108.00	-
Accounts receivable	Sinopharm Group Fengliaoqing Traditional Chinese Medical Center Foshan Nanhai Co., Ltd.	-	-	528.87	5.29
Note receivable	Sinopharm Holding Hainan Co., Ltd.	6,891,471.74	-	23,731,011.94	-
Note receivable	Sinopharm Lerentang Medicine Co., Ltd.	1,273,803.95	-	88,613.95	-
Note receivable	Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	600,000.00	-	500,000.00	-
Note receivable	Sinopharm Holding Hainan Hongyi Co., Ltd.	120,500.00	-	1,901,425.37	-
Note receivable	Sinopharm Holding Henan Co., Ltd.	-	-	1,983,858.81	-
Note receivable	Sinopharm Holding Shandong Co., Ltd.	-	-	1,754,593.14	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(1). Accounts Receivable (Continued)

Item	Related Party	30 June 2020		31 December 2019	
		Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Note receivable	Sinopharm Holding Nantong Co., Ltd.	-	-	1,610,000.00	-
Note receivable	Sinopharm Holding Guizhou Yitong Medicine Co., Ltd.	-	-	1,432,800.00	-
Note receivable	Sinopharm Group Zhijun (Suzhou) Pharmaceutical Co., Ltd.	-	-	973,888.89	-
Note receivable	Sinopharm Holding Shanxi Co., Ltd.	-	-	617,819.29	-
Note receivable	Sinopharm Holding Yunnan Co., Ltd.	-	-	192,204.79	-
Note receivable	Sinopharm Holding Hubei Bokang Co., Ltd.	-	-	183,485.50	-
Note receivable	Sinopharm Holding Yancheng Co., Ltd.	-	-	134,240.00	-
Note receivable	Sinopharm Group Shanxi Co., Ltd.	-	-	114,659.76	-
Other receivable	Sinopharm Group Zhijun (Suzhou) Pharmaceutical Co., Ltd.	46,334,222.24	46,334,222.24	45,360,333.35	45,360,333.35
Other receivable	Sinopharm Holding Fujian Co., Ltd.	2,607,831.09	-	2,760,764.82	-
Other receivable	Sinopharm Group Medicine Logistic Co., Ltd.	2,315,178.74	-	1,737,147.73	-
Other receivable	Shanghai Shyndec Pharmaceutical Co., Ltd.	983,940.00	-	983,940.00	-
Other receivable	Sinopharm Group Finance Co., Ltd.	916,129.41	-	-	-
Other receivable	Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	545,442.69	600.00	222,724.69	600.00
Other receivable	Sinopharm Holding Shanghai Biomedicine Co., Ltd.	199,600.00	-	-	-
Other receivable	Sinopharm Holding Rizhao Co., Ltd.	174,974.28	-	-	-
Other receivable	Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	100,000.00	-	100,000.00	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(1). Accounts Receivable (Continued)

Item	Related Party	30 June 2020		31 December 2019	
		Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Other receivable	Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	58,109.60	-	25,374.71	-
Other receivable	Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	48,493.16	-	48,493.16	-
Other receivable	Sinopharm Guangdong Medicine Device Supply Chain Co., Ltd.	37,135.70	-	23,072.42	-
Other receivable	Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	18,500.00	-	18,500.00	-
Other receivable	Shanghai Tongyu Information Technology Co., Ltd.	18,000.00	-	-	-
Other receivable	Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	5,000.00	1,000.00	5,000.00	1,000.00
Other receivable	Sinopharm Group Co., Ltd.	1,980.00	-	-	-
Other receivable	Sinopharm Holding (China) Financing Lease Co., Ltd.	200.00	-	28,696.94	-
Other receivable	China National Scientific Instruments & Materials Imp/Exp Shenzhen Co., Ltd.	2.80	-	-	-
Other receivable	Puer Songmao Medicine Group Co., Ltd.	-	-	6,886,837.25	-
Other receivable	Henan Wanxitang Pharmacy Co., Ltd.	-	-	1,043,144.70	-
Other receivable	Sinopharm Group Co., Ltd.	-	-	22,000,000.00	-
Other receivable	Shanghai Dingqun Business Management Consulting Co., Ltd.	-	-	834,914.61	-
Advances to suppliers	Chongqing Yaoyou Pharmaceutical Co., Ltd.	578,559.78	-	742,517.22	-
Advances to suppliers	Chengdu Rongsheng Pharmacy Co., Ltd.	576,000.00	-	555,405.13	-
Advances to suppliers	Sinopharm Holding Sub Marketing Center Co., Ltd.	235,788.49	-	1,204,685.45	-
Advances to suppliers	Sinopharm Wuhan Blood Products Co.,	104,000.00	-	-	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

	Ltd.				
Advances to suppliers	Winteam Pharmaceutical Group Ltd.	39,614.00	-	13,972.00	-
Advances to suppliers	Shanghai Tongyu Information Technology Co., Ltd.	23,534.25	-	23,534.25	-
Advances to suppliers	Sinopharm Co., Ltd.	21,170.57	-	1,486,554.25	-
Advances to suppliers	Suzhou Erye Pharmaceutical Limited Company	17,446.19	-	33,120.00	-
Advances to suppliers	Jiangxi Erye Medicine Marketing Co., Ltd.	17,258.40	-	2,786,356.93	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(1). Accounts Receivable (Continued)

Item	Related Party	30 June 2020		31 December 2019	
		Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Advances to suppliers	Sinopharm Group Guorui Medicine Co., Ltd.	15,082.30	-	399,607.48	-
Advances to suppliers	Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	14,176.84	-	95,250.00	-
Advances to suppliers	Taishan Xiangranhui Trade Co., Ltd.	13,150.03	-	-	-
Advances to suppliers	SINO-TCM Shanghai Medicine&Medicinal Materials Co., Ltd.	10,888.69	-	-	-
Advances to suppliers	Shanghai Shyndec Pharmaceutical Co., Ltd.	9,270.26	-	758,544.00	-
Advances to suppliers	China National Medicines Co., Ltd.	5,180.66	-	204,855.57	-
Advances to suppliers	Sinopharm Holding Beijing Co., Ltd.	2,493.60	-	130,000.00	-
Advances to suppliers	Shenzhen Wanwei Medicine Trading Co., Ltd.	987.00	-	-	-
Advances to suppliers	Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	582.19	-	-	-
Advances to suppliers	Jinzhou Avanc Pharmaceuticals Co., Ltd.	179.85	-	179.85	-
Advances to suppliers	Fosun Pharmaceutical Distribution Jiangsu Co., Ltd.	81.08	-	499,667.68	-
Advances to suppliers	Sinopharm Holding Lianyungang Co., Ltd.	39.87	-	-	-
Advances to suppliers	Sinopharm Holding Lerentang Pharmaceutical Co., Ltd.	0.01	-	0.01	-
Advances to suppliers	Sinopharm Holding Shanxi Co., Ltd.	-	-	3,347,236.65	-
Advances to suppliers	Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	-	-	599,760.00	-
Advances to suppliers	Shantou Jinshi Powder Injection Co., Ltd.	-	-	137,988.00	-
Advances to suppliers	Anhui Jingfang Pharmaceutical Co., Ltd.	-	-	102,204.59	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(1). Accounts Receivable (Continued)

Item	Related Party	30 June 2020		31 December 2019	
		Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Advances to suppliers	Chengdu Institute of Biological Products Co., Ltd.	-	-	97,469.40	-
Advances to suppliers	Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	-	-	82,486.00	-
Advances to suppliers	China National Pharmaceutical Foreign Trade Corporation	-	-	72,010.67	-
Advances to suppliers	Sinopharm Tongjitang (Guizhou) Pharmaceutical Co., Ltd.	-	-	65,770.21	-
Advances to suppliers	Guilin Pharmaceutical Co., Ltd.	-	-	54,182.80	-
Advances to suppliers	Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	-	-	29,781.49	-
Advances to suppliers	Sinopharm Holding Chengdu Co., Ltd.	-	-	13,164.80	-
Advances to suppliers	Xinjiang Baitong Property Service Co., Ltd.	-	-	13,135.98	-
Advances to suppliers	Sinopharm Luya (Shandong) Pharmaceutical Co., Ltd.	-	-	11,436.42	-
Advances to suppliers	China National Pharmaceutical Industry Co., Ltd.	-	-	5,520.00	-
Advances to suppliers	Sinopharm Holding Hubei Co., Ltd.	-	-	4,671.54	-
Advances to suppliers	Sinopharm Holding Hunan Co., Ltd.	-	-	16,961.90	-
Advances to suppliers	Sinopharm Holding Yangzhou Co., Ltd.	-	-	1,315.99	-
Advances to suppliers	Lanzhou Biotechnology Development Co., Ltd.	-	-	600.00	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable

Item	Related Party	30 June 2020	31 December 2019
Accounts Payable	Sinopharm Holding Sub Marketing Center Co., Ltd.	120,173,481.84	66,808,452.93
Accounts Payable	China National Medicines Co., Ltd.	91,259,317.25	40,426,038.46
Accounts Payable	Sinopharm Holding Shanxi Co., Ltd.	81,827,552.20	8,532,354.18
Accounts Payable	Sinopharm Holding Shanxi Co., Ltd.	72,358,215.68	12,742.54
Accounts Payable	Sinopharm Lerentang Medicine Co., Ltd.	53,638,149.13	1,204.27
Accounts Payable	Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	40,418,319.99	31,723,737.14
Accounts Payable	Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	34,235,776.60	17,162,389.74
Accounts Payable	Sinopharm Group Co., Ltd.	28,752,089.94	25,411,711.12
Accounts Payable	Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	26,935,147.94	24,015,667.60
Accounts Payable	Lanzhou Biotechnology Development Co., Ltd.	19,920,000.00	-
Accounts Payable	Sinopharm Holding Shenyang Co., Ltd.	15,155,957.79	2,256,974.94
Accounts Payable	Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	13,009,482.84	1,978,897.26
Accounts Payable	Sinopharm Holding Lerentang Pharmaceutical Co., Ltd.	9,500,296.77	8,188,784.90
Accounts Payable	Sinopharm Holding Lunan Co., Ltd.	9,070,209.41	7,585.91
Accounts Payable	Sinopharm Holding Beijing Co., Ltd.	8,389,754.91	3,396,974.41
Accounts Payable	Shenzhen Main Luck Pharmaceutical Co., Ltd.	8,115,478.69	5,284,838.75

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Accounts Payable	Sinopharm Holding Jiangsu Co., Ltd.	7,648,208.44	4,857,052.60
Accounts Payable	Sinopharm Yixin Pharmaceutical Co., Ltd.	7,360,539.90	998,247.00
Accounts Payable	Sinopharm Holding Inner Mongolia Co., Ltd.	7,248,086.05	3,997,406.42
Accounts Payable	Shenzhen Wanwei Medicine Trading Co., Ltd.	6,627,502.69	2,809,863.53
Accounts Payable	Sinopharm Holding Fujian Co., Ltd.	6,604,821.83	3,434,291.50
Accounts Payable	Sinopharm Holding Jilin Co., Ltd.	6,560,213.29	-
Accounts Payable	Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	6,140,782.46	219,881.16
Accounts Payable	Sinopharm Holding Changzhou Co., Ltd.	6,037,297.14	3,201,404.20
Accounts Payable	Sinopharm Holding Yangzhou Co., Ltd.	5,344,284.97	6,453,171.03
Accounts Payable	Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	5,275,605.75	5,951,699.55
Accounts Payable	Chongqing Yaoyou Pharmaceutical Co., Ltd.	5,179,846.98	6,004,066.40
Accounts Payable	China National Pharmaceutical Foreign Trade Corporation	5,039,213.65	929.12
Accounts Payable	Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	4,698,272.86	3,279,216.81
Accounts Payable	Sinopharm Holding Ningxia Co., Ltd.	4,496,631.93	2,354,374.21

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Accounts Payable	Sinopharm Group Shanxi Medical Devices Co., Ltd.	4,478,870.01	-
Accounts Payable	Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	4,445,057.53	4,012,401.17
Accounts Payable	Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	4,338,448.66	3,869,656.10
Accounts Payable	Jinzhou Avanc Pharmaceuticals Co., Ltd.	3,935,385.63	3,885,599.28
Accounts Payable	Yichang Humanwell Pharmaceutical Co., Ltd.	3,769,048.91	1,251,702.41
Accounts Payable	Sinopharm Holding Shandong Co., Ltd.	3,630,609.49	207,660.72
Accounts Payable	Winteam Pharmaceutical Group Ltd.	3,430,150.14	4,314,603.53
Accounts Payable	Tibet Yaoyou Medicines Co., Ltd.	3,352,711.65	998,498.23
Accounts Payable	Sinopharm Holding Hunan Co., Ltd.	3,166,359.50	-
Accounts Payable	Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	3,034,895.83	6,618,649.91
Accounts Payable	China Otsuka Pharmaceutical Co., Ltd.	2,998,332.95	2,598,401.27
Accounts Payable	Sinopharm Holding Wuxi Co., Ltd.	2,963,866.16	1,235,593.35
Accounts Payable	Sinopharm Holding Shanxi Dajiuzhou Medicine Co., Ltd.	2,626,554.95	865,521.85
Accounts Payable	Sinopharm Holding Pingdingshan Co., Ltd.	2,289,459.59	5,316,788.30
Accounts Payable	Foshan Fengliaoqing Pharmaceutical Co., Ltd.	2,179,406.28	848,927.64

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Accounts Payable	Sinopharm holdings Beijing Huahong co., Ltd.	2,051,128.31	360,959.74
Accounts Payable	Shanghai International Pharmaceutical Trade Co., Ltd.	2,024,025.63	374,634.80
Accounts Payable	Jinzhou Avanc Medicine Co., Ltd.	1,926,323.20	214,605.00
Accounts Payable	Sinopharm Holding Tongliao Co., Ltd.	1,912,767.29	540,694.90
Accounts Payable	Sinopharm Holding Henan Co., Ltd.	1,887,636.26	2,970,565.27
Accounts Payable	Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	1,783,082.44	47,388.50
Accounts Payable	Sinopharm Holding Xiamen Co., Ltd.	1,590,974.03	1,408,085.10
Accounts Payable	Fosun Pharmaceutical Distribution Jiangsu Co., Ltd.	1,511,865.57	1,021,380.41
Accounts Payable	Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	1,417,221.04	2,341,325.08
Accounts Payable	Shanghai Shyndec Pharmaceutical Co., Ltd.	1,410,103.23	1,059,812.38
Accounts Payable	Sinopharm Jiankun (Beijing) Medicine Co., Ltd.	1,312,616.00	-
Accounts Payable	Sinopharm Holding Jinzhou Co., Ltd.	1,303,291.11	822,337.04
Accounts Payable	Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	1,177,501.55	606,763.45
Accounts Payable	Sichuan Hexin Pharmaceutical Co., Ltd.	1,162,312.80	1,801,110.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Accounts Payable	Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	1,099,070.69	837,017.83
Accounts Payable	Sinopharm Tongjitang (Guizhou) Pharmaceutical Co., Ltd.	1,089,870.50	379,632.11
Accounts Payable	Sinopharm Liaoning Medical Equipment Co., Ltd.	1,036,603.40	119,902.21
Accounts Payable	Glaxosmithkline Pharmaceuticals (Suzhou) Co., Ltd.	1,007,522.98	-
Accounts Payable	China National Pharmaceutical Industry Co., Ltd.	972,820.58	736,025.62
Accounts Payable	Sinopharm Holding Hubei Co., Ltd.	952,392.64	13,844,018.68
Accounts Payable	Sinopharm Huixinqinyuan (Beijing) Technology Development Co., Ltd.	838,469.70	1,565,600.00
Accounts Payable	Sinopharm Luya (Shandong) Pharmaceutical Co., Ltd.	831,008.11	52,819.07
Accounts Payable	Sinopharm Holding Jinan Co., Ltd.	747,636.91	58,217.26
Accounts Payable	Sinopharm Holding Tianjin Co., Ltd.	733,831.25	11,995.37
Accounts Payable	Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	698,549.00	1,209,530.52
Accounts Payable	Fujian Chentian Jinling Pharmaceutical Co., Ltd.	664,437.49	639,663.90
Accounts Payable	Shanghai Transfusion Technology Co., Ltd.	653,900.00	396,613.27
Accounts Payable	Jiangxi Erye Medicine Marketing Co., Ltd.	650,464.07	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Accounts Payable	Sinopharm Holding Xinjiang Special Drugs Karamay Pharmaceutical Co., Ltd.	610,282.01	502,426.41
Accounts Payable	Shanghai Chaohui Pharmaceutical Co., Ltd.	607,846.33	807,366.46
Accounts Payable	Yunnan Sinopharm Holding Dongchang Medicine Co., Ltd.	600,385.66	811,039.59
Accounts Payable	Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	594,531.01	490,398.43
Accounts Payable	Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	530,927.04	1,400,680.42
Accounts Payable	Hunan Dongting Pharmaceutical Co., Ltd.	513,393.98	773,553.49
Accounts Payable	Sinopharm Holding Quanzhou Co., Ltd.	456,859.73	16,017.25
Accounts Payable	Sinopharm Holding Dalian Co., Ltd.	434,085.00	137,210.25
Accounts Payable	Sinopharm Holding Hulun Buir Co., Ltd.	433,847.47	428,928.43
Accounts Payable	Sinopharm Holding Heilongjiang Co., Ltd.	422,789.44	711,868.35
Accounts Payable	Shanghai Merro Pharmaceutical Co., Ltd.	416,980.69	230,437.61
Accounts Payable	Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	390,363.18	464,076.75
Accounts Payable	Sinopharm Group Guorui Medicine Co., Ltd.	373,440.49	661,397.90
Accounts Payable	Suzhou Erye Pharmaceutical Limited Company	373,337.63	623,042.39
Accounts Payable	Sinopharm Holding Yangzhou Medical Treatment Equipment Co., Ltd.	356,618.41	131,717.74

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Accounts Payable	Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	356,275.20	285,869.50
Accounts Payable	Sinopharm Holding Anhui Huaning Medicine Co., Ltd.	337,831.59	1,190,250.52
Accounts Payable	Sinopharm Holding Fuzhou Co., Ltd.	324,283.55	802,182.13
Accounts Payable	Jiangsu Huanghe Pharmaceutical Co., Ltd.	308,163.72	433,724.83
Accounts Payable	Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	307,680.02	106.76
Accounts Payable	Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	294,305.02	461,848.50
Accounts Payable	Chengdu Institute of Biological Products Co., Ltd.	280,800.00	561,600.00
Accounts Payable	Sinopharm Holding Shanxi Zhongjian Medical Device Chain Co., Ltd.	270,000.00	-
Accounts Payable	Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	267,744.38	132,493.57
Accounts Payable	Sinopharm Chuankang Pharmaceutical Co., Ltd.	266,989.00	735,729.88
Accounts Payable	Sinopharm Holding Putian Co., Ltd.	258,736.14	225,437.84
Accounts Payable	Sinopharm Holding Yancheng Co., Ltd.	252,410.93	688,947.61
Accounts Payable	Anhui Jingfang Pharmaceutical Co., Ltd.	233,647.54	334,741.95
Accounts Payable	Sinopharm Holding Anshan Co., Ltd.	224,584.88	-
Accounts Payable	Sinopharm Guangdong Global Pharmaceutical Co., Ltd.	194,347.33	260,408.68

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Accounts Payable	Sinopharm Holding Bayannur Co., Ltd.	182,323.60	169,509.70
Accounts Payable	Chengdu List Pharmaceutical Co., Ltd.	178,872.89	178,872.89
Accounts Payable	Sinopharm Xinjiang Pharmaceutical Co., Ltd.	173,958.05	
Accounts Payable	Shenyang Hongqi Pharmaceutical Co., Ltd.	173,609.93	315,137.43
Accounts Payable	Sinopharm Holding Puer Co., Ltd.	169,639.63	179,849.10
Accounts Payable	Sinopharm Holding Zhihuiminsheng (Tianjin) Pharmaceutical Co., Ltd.	160,886.55	3,905.63
Accounts Payable	Sinopharm Holding Linfen Ningde Pharmaceutical Co., Ltd.	160,565.05	-
Accounts Payable	Sinopharm Holding Dezhou Co., Ltd.	152,860.74	172,217.78
Accounts Payable	The Fourth Pharmaceutical Co., Ltd. of Zhonglian Group	152,382.89	92,151.64
Accounts Payable	Sinopharm Sichuan Pharmaceutical Co., Ltd.	144,648.00	-
Accounts Payable	Sinopharm Holding Hunan Pharmaceutical Development Co., Ltd.	143,986.57	118,519.83
Accounts Payable	Sinopharm Holding Changsha Co., Ltd.	142,713.26	288,319.19
Accounts Payable	Sinopharm Holding Special Drugs Shihezi Pharmaceutical Co., Ltd.	132,136.11	-
Accounts Payable	Sinopharm Holding Shanxi Runhe Medicine Co., Ltd.	103,488.00	40,320.27

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Accounts Payable	Shantou Jinshi Powder Injection Co., Ltd.	103,301.59	124,450.25
Accounts Payable	Chengdu Rongsheng Pharmacy Co., Ltd.	100,794.89	203,000.02
Accounts Payable	Sinopharm Holding Taizhou Co., Ltd.	99,652.12	55,482.20
Accounts Payable	Huayi Pharmaceutical Co., Ltd.	99,584.00	224,064.00
Accounts Payable	Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	98,458.48	31,024.85
Accounts Payable	China Medical Equipment Shandong Co., Ltd.	95,395.36	216,198.77
Accounts Payable	Sinopharm Holding Anhui Co., Ltd.	91,994.14	149,847.70
Accounts Payable	Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	89,985.94	224,753.25
Accounts Payable	Foshan Dezhong Pharmaceutical Co., Ltd.	88,973.76	73,793.76
Accounts Payable	Sinopharm Holding Sanyi Medicine (Wuhu) Co., Ltd.	67,461.47	33,081.14
Accounts Payable	Sinopharm Holding Shanxi Mingdikang Medicine Co., Ltd.	63,643.77	53,102.76
Accounts Payable	Changchun Changsheng Gene Pharmaceutical Co., Ltd.	58,955.67	3,017.20
Accounts Payable	Sinopharm Device (Guangdong) Medicial Technology Co., Ltd.	56,096.28	-
Accounts Payable	Sinopharm (Dalian) Medicial Device Co., Ltd.	52,500.00	-
Accounts Payable	Sinopharm Holding Yangzhou Biological Products Co., Ltd.	48,205.83	116,246.55
Accounts Payable	Sinopharm Holding Baotou Co., Ltd.	43,485.00	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Accounts Payable	Sinopharm Holding Rizhao Co., Ltd.	38,983.53	6,346.44
Accounts Payable	Sinopharm Holding Ulanqab Co., Ltd.	36,092.20	33,782.58
Accounts Payable	Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	34,890.99	164,471.27
Accounts Payable	Sinopharm Beijing Huamiao Pharmaceutical Co., Ltd.	29,912.02	30,959.02
Accounts Payable	Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	23,091.24	23,207.23
Accounts Payable	Sinopharm Holding Hainan Hongyi Co., Ltd.	17,043.48	-
Accounts Payable	Sinopharm Group Shanghai Medicine Device Co., Ltd.	16,533.75	16,533.75
Accounts Payable	Guilin Pharmaceutical Co., Ltd.	14,850.00	1,210.43
Accounts Payable	Sinopharm Holding Changsha Gaoxin Medicine Co., Ltd.	14,075.00	-
Accounts Payable	Sinopharm Holding Xinye (Hubei) Medicine Co., Ltd.	11,277.40	-
Accounts Payable	Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	10,720.81	34,781.93
Accounts Payable	Sinopharm Holding Nanping Newforce Co., Ltd.	9,629.90	-
Accounts Payable	Sinopharm Holding Zhejiang Co., Ltd.	6,680.18	-
Accounts Payable	Sinopharm Group Anhui Medical Devices Co., Ltd.	5,200.00	5,200.00
Accounts Payable	Sinopharm Holding Dalian Hecheng Co., Ltd.	4,002.10	16,053.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Accounts Payable	Sinopharm Weiqida Pharmaceutical Co., Ltd.	3,937.70	-
Accounts Payable	Sinopharm Nutraceuticals (Shanghai) Co., Ltd.	3,017.25	-
Accounts Payable	Sinopharm Holding Shanxi Jincheng Co., Ltd.	2,233.33	2,061.51
Accounts Payable	Sinopharm Holding Ordos Co., Ltd.	1,771.20	1,771.20
Accounts Payable	Sinopharm Holding Zhangzhou Co., Ltd.	1,172.00	1,046.02
Accounts Payable	Sinopharm Holding Huaideju Pharmaceutical (Xiamen) Co., Ltd.	1,113.85	1,113.85
Accounts Payable	Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	534.20	534.20
Accounts Payable	Sinopharm Fengliaoqing (Foshan) Medicines Co., Ltd.	127.72	745.98
Accounts Payable	Sinopharm Holding Liaocheng Co., Ltd.	174.00	174.00
Accounts Payable	Chongqing Haisiman Pharmaceutical Co., Ltd.	56.82	56.82
Accounts Payable	Sinopharm Holding Jilin Province Medicial Device Co., Ltd.	47.50	-
Accounts Payable	Sinopharm Holding Chongqing Co., Ltd.	45.00	45.00
Accounts Payable	Sinopharm Holding Suzhou Co., Ltd.	2.00	13,663.79
Accounts Payable	Sinopharm Holding Xinyu Co., Ltd.	0.01	0.01
Accounts Payable	Sinopharm Industry Investment Co., Ltd.	-	11,280.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Accounts Payable	Sinopharm Holding Hubei Guoda Pharmacy Co., Ltd.	-	1,494,044.17
Accounts Payable	Sinopharm Holding Jiangxi Co., Ltd.	-	38,021.19
Accounts Payable	Sinopharm Holding Tonghua Co., Ltd.	-	4,200.00
Accounts Payable	Sinopharm Holding Lianyungang Co., Ltd.	-	156,220.00
Accounts Payable	Sinopharm Hebei Medical Instrument Co., Ltd.	-	10,540.97
Accounts Payable	Sinopharm Wuhan Blood Products Co., Ltd.	-	11,600.00
Accounts Payable	Sinopharm Holding Shanghai Biomedicine Co., Ltd.	-	216,027.00
Notes Payable	Sinopharm Lerentang Medicine Co., Ltd.	117,612,512.46	81,499,250.53
Notes Payable	Sinopharm Holding Sub Marketing Center Co., Ltd.	90,167,246.78	147,387,064.99
Notes Payable	Sinopharm Holding Shanxi Co., Ltd.	77,969,962.18	87,095,490.10
Notes Payable	Sinopharm Holding Shenyang Co., Ltd.	45,167,585.57	94,318,580.73
Notes Payable	Sinopharm Holding Shanxi Co., Ltd.	43,646,445.40	26,203,787.20
Notes Payable	Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	41,366,897.85	31,100,216.05
Notes Payable	Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	38,164,453.57	41,655,560.15
Notes Payable	China National Medicines Co., Ltd.	14,606,754.12	40,093,511.44

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Notes Payable	Sinopharm Holding Inner Mongolia Co., Ltd.	10,864,152.73	29,902,234.66
Notes Payable	Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	9,797,290.00	-
Notes Payable	Sinopharm Holding Fujian Co., Ltd.	9,645,181.17	12,080,590.70
Notes Payable	Sinopharm Holding Lerentang Hebei Pharmaceutical Co., Ltd.	7,374,773.65	7,047,566.52
Notes Payable	Lanzhou Biotechnology Development Co., Ltd.	6,240,000.00	17,940,000.00
Notes Payable	Sinopharm Holding Yangzhou Co., Ltd.	6,000,000.00	-
Notes Payable	Chengdu Rongsheng Pharmacy Co., Ltd.	4,634,770.00	2,025,000.00
Notes Payable	Sinopharm Holding Xiamen Co., Ltd.	4,073,195.26	5,780,970.63
Notes Payable	Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	4,032,159.76	-
Notes Payable	Sinopharm Holding Hunan Co., Ltd.	3,286,838.68	3,406,062.97
Notes Payable	Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	2,681,873.88	5,598,131.95
Notes Payable	China Otsuka Pharmaceutical Co., Ltd.	2,394,901.84	-
Notes Payable	Shenzhen Wanwei Medicine Trading Co., Ltd.	2,307,798.00	5,148,789.36
Notes Payable	Sinopharm Holding Ningxia Co., Ltd.	2,302,373.05	1,500,000.00
Notes Payable	Yichang Humanwell Pharmaceutical Co., Ltd.	1,967,332.00	1,313,384.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Notes Payable	Sinopharm Holding Shanxi Dajiuzhou Medicine Co., Ltd	1,961,748.67	-
Notes Payable	Sinopharm Group Shanxi Medical Devices Co., Ltd.	1,588,743.20	-
Notes Payable	Sinopharm Holding Jinan Co., Ltd.	1,465,064.58	950,000.00
Notes Payable	Sinopharm Holding Jinzhou Co., Ltd.	1,407,213.30	2,315,289.23
Notes Payable	Sinopharm Holding Yancheng Co., Ltd.	1,142,284.73	544,347.21
Notes Payable	Sinopharm Holding Tianjin Co., Ltd.	1,141,081.57	-
Notes Payable	Sinopharm Holding Zhihuiminsheng (Tianjin) Pharmaceutical Co., Ltd.	1,108,686.91	-
Notes Payable	Shenzhen Main Luck Pharmaceutical Co., Ltd.	1,031,461.20	2,360,877.27
Notes Payable	Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	966,331.82	678,672.16
Notes Payable	Sinopharm Holding Dalian Co., Ltd.	897,426.65	991,971.09
Notes Payable	Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	774,193.10	267,443.65
Notes Payable	Chongqing Yaoyou Pharmaceutical Co., Ltd.	676,214.00	4,371,561.40
Notes Payable	Sinopharm Holding Quanzhou Co., Ltd.	635,529.55	45,117.50
Notes Payable	Sinopharm Huixinqinyuan (Beijing) Technology Development Co., Ltd.	631,274.79	1,033,600.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Notes Payable	Sinopharm Liaoning Medical Equipment Co., Ltd.	523,200.00	-
Notes Payable	Sinopharm Guangdong Global Pharmaceutical Co., Ltd.	383,537.18	428,786.24
Notes Payable	Jinzhou Avanc Medicine Co., Ltd.	372,735.00	-
Notes Payable	Sinopharm Fengliaoxing (Foshan) Pharmaceutical Drugs Co., Ltd.	372,559.00	118,972.30
Notes Payable	Foshan Winteam Pharmaceutical Group Ltd.	259,427.66	-
Notes Payable	Shanghai Shyndec Pharmaceutical Co., Ltd.	219,996.00	-
Notes Payable	Sinopharm Jiankun (Beijing) Medicine Co., Ltd.	202,320.00	-
Notes Payable	Shanghai Transfusion Technology Co., Ltd.	201,200.00	311,860.00
Notes Payable	Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	172,225.00	169,221.60
Notes Payable	Sinopharm Holding Changsha Co., Ltd.	155,134.80	171,641.40
Notes Payable	Sinopharm Holding Yangzhou Medical Treatment Equipment Co., Ltd.	152,350.02	-
Notes Payable	Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	144,339.00	1,087,111.04
Notes Payable	Sinopharm Wuhan Blood Products Co., Ltd.	140,400.00	196,400.00
Notes Payable	Sinopharm Holding Nanping Newforce Co., Ltd.	111,897.11	-
Notes Payable	Shenyang Hongqi Pharmaceutical Co., Ltd.	109,000.00	211,250.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Notes Payable	Sinopharm Holding Anshan Co., Ltd.	82,132.80	-
Notes Payable	Sinopharm Yixin Pharmaceutical Co., Ltd.	71,648.00	107,472.00
Notes Payable	Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	40,118.40	529,699.96
Notes Payable	Sinopharm Holding Shanxi Runhe Medicine Co., Ltd.	31,968.00	-
Notes Payable	Sinopharm Holding Lunan Co., Ltd.	-	10,658,369.14
Notes Payable	Sinopharm Holding Changzhou Co., Ltd.	-	2,020,000.00
Notes Payable	Sinopharm Holding Heilongjiang Co., Ltd.	-	218,952.73
Notes Payable	Guoyao Lerentang Hebei Medical Device Supply Chain Management Co., Ltd.	-	46,593.60
Notes Payable	Sinopharm Tongjitang (Guizhou) Pharmaceutical Co., Ltd.	-	8,195.00
Notes Payable	Sinopharm (Anhui) Jingfang Pharmaceutical Co., Ltd.	-	832,991.60
Notes Payable	Sinopharm Dezhong (Foshan) Pharmaceutical Co., Ltd.	-	349,459.75
Notes Payable	Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	-	108,404.81
Notes Payable	Fosun Pharmaceutical Distribution Jiangsu Co., Ltd.	-	140,400.00
Notes Payable	Sinopharm Holding Heilongjiang Co., Ltd.	-	320,459.22

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Other Payable	Sinopharm Holding Yangzhou Co., Ltd.	5,588,571.48	3,725,714.32
Other Payable	Sinopharm Group Medicine Logistic Co., Ltd.	5,265,920.10	5,755,677.01
Other Payable	Sinopharm Group Co., Ltd.	4,243,127.65	4,497,592.00
Other Payable	Sinopharm Group Shanghai Co., Ltd.	3,693,530.18	1,660,431.38
Other Payable	Zhang Zhenfang	3,516,400.22	3,114,999.95
Other Payable	Nanjing Yuanguang Trading Co., Ltd.	1,854,321.33	-
Other Payable	China National of Traditional&Herbal Medicine Co., Ltd.	1,300,000.00	1,300,000.00
Other Payable	Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	965,215.60	-
Other Payable	Sinopharm Holding Zhihuiminsheng (Tianjin) Pharmaceutical Co., Ltd.	673,682.22	-
Other Payable	Sinopharm Health Online Co., Ltd.	409,813.16	3,008,259.98
Other Payable	Shanghai Beiyi Guoda Pharmaceutical Co. Ltd.	363,922.58	357,949.73
Other Payable	Sinopharm Holding (Tianjin Binhai) Pharmaceutical Co., Ltd.	241,760.00	241,760.00
Other Payable	Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	235,405.65	-
Other Payable	Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	102,195.75	102,194.25

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Other Payable	Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	50,917.44	-
Other Payable	Pingdingshan Pusheng Pharmaceutical Co., Ltd.	41,840.09	-
Other Payable	Sinopharm Holding Sub Marketing Center Co., Ltd.	38,390.86	38,236.19
Other Payable	Chongqing Yaoyou Pharmaceutical Co., Ltd.	5,667.20	-
Other Payable	Xinjiang Baitong Property Service Co., Ltd.	4,749.45	-
Other Payable	Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	6.28	-
Other Payable	Sinopharm Group Medicine Logistic Co., Ltd. Guangzhou Branch	-	19,950.00
Other Payable	Sinopharm Pharmaceutical Logistics Co., Ltd.	-	20,825.20
Other Payable	Sinopharm Luya (Shandong) Pharmaceutical Co., Ltd.	-	10,023.90
Other Payable	China Medicine Group Chongqing Medicine Design Institute	-	5,173,229.10
Other Payable	Foshan Chancheng Central Hospital	-	265,014.68
Other Payable	Gu Jinhua	-	2,054.77
Contract liability	Sinopharm Holdings Beijing Huahong Co., Ltd.	429,486.31	-
Contract liability	Sinopharm Holding Yunnan Co., Ltd.	71,884.05	105,172.77
Contract liability	Sinopharm Holding Wuhu Co., Ltd.	50,943.17	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Contract liability	Sinopharm Holding Chongqing Co., Ltd.	48,407.62	755.62
Contract liability	Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	36,287.01	-
Contract liability	Sinopharm Holding Gansu Co., Ltd.	21,960.00	22,457.66
Contract liability	Sinopharm Holding Hulun Buir Co., Ltd.	5,119.00	-
Contract liability	Dongyuan Accord Pharmaceutical Chain Co., Ltd.	4,554.28	-
Contract liability	Sinopharm Holding Jiangxi Co., Ltd.	83.60	83.60
Contract liability	Sinopharm Holding Dalian Hecheng Co., Ltd.	-	627.20
Contract liability	Sinopharm Holding Inner Mongolia Co., Ltd.	-	5,400.00
Contract liability	Sinopharm Holding Huaian Co., Ltd.	-	319,996.00
Contract liability	Sinopharm Holding Guizhou Medical Device Co., Ltd.	-	8,301.54
Contract liability	Sinopharm Group Guangxi Medical Device Co., Ltd.	-	21,177.25
Contract liability	Sinopharm Holding Nantong Co., Ltd.	-	19,051.49
Contract liability	Sinopharm Holding Hunan Co., Ltd.	-	10,358.80
Contract liability	Sinopharm Holding Quanzhou Co., Ltd.	-	19.40
Contract liability	Sinopharm Group Guangdong Medicine Device Co., Ltd.	-	1,231.90
Contract liability	China National Pharmaceutical Foreign Trade Corporation	-	851.59

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

6. Amounts due from/to related parties (Continued)

(2). Accounts Payable (Continued)

Item	Related Party	30 June 2020	31 December 2019
Contract liability	Sinopharm Holding Chengdu Co., Ltd.	-	25,179.04
Contract liability	Sinopharm Holding Hubei Hongyuan Co., Ltd.	-	47,019.75
Contract liability	Sinopharm Holding Guizhou Co., Ltd.	-	57,761.18
Contract liability	Sinopharm Holding Wenzhou Co., Ltd.	-	575.60

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

7. Commitments of Related Party

Lease commitment

Rent-in

Related Party	30 June 2020	31 December 2019
Sinopharm Group Shanghai Co., Ltd.	-	7,530,062.22
Beijing Huafang Investment Co., Ltd.	-	310,950.48

Rent-out

Related Party	30 June 2020	31 December 2019
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	267,025.50	364,266.00
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	159,523.81	1,116,666.67
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	-	285,714.30
China National Medicines Co., Ltd.	-	50,400.00

8. Others

Related Party	30 June 2020	31 December 2019
Short-term Borrowing		
Sinopharm Group Finance Co., Ltd.	298,750,780.24	39,993,943.52
Cash deposit within a related party		
Sinopharm Group Finance Co., Ltd.	71,455,017.29	549,033.33
Entrusted loan		
CNPGC	-	31,638,984.25
Other non-current liabilities		
Sinopharm Group Co., Ltd.	-	35,061,743.31
Lease liability		
Lerentang Investment Group Co., Ltd.	9,415,755.16	12,422,681.90
Guangdong Jiyuantang Development Co., Ltd.	4,050,018.52	4,933,890.46
Sinopharm Holding Yangzhou Co., Ltd.	1,852,606.87	3,666,055.90
Sinopharm Holding (China) Financing Lease Co., Ltd.	1,043,906.67	3,861,708.94

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XII. Related party relationships and transactions (Continued)

8. Others (Continued)

Related Party	30 June 2020	31 December 2019
Lease liability		
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	757,941.63	741,876.94
Gu Haiqun	517,801.56	605,072.66
Beijing Huafang Investment Co., Ltd.	449,827.62	-
Sinopharm Group Co., Ltd.	426,199.31	674,745.68
Sinopharm Holding Beijing Co., Ltd.	388,595.21	633,695.74
Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	381,995.82	424,359.32
Shenzhen Jiufeng Investment Co., Ltd.	197,102.02	192,924.42
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	180,430.28	357,046.87
Hangzhou Xihu Business Group Corporation	146,420.86	-
China National Medicines Co., Ltd.	142,071.07	281,139.25
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	79,826.44	552,810.74
Sinopharm Holding Rizhao Co., Ltd.	-	295,085.71
Taishan Xiangranhui Trade Co., Ltd.	-	2,173,975.05
Gu Jinhua	-	1,956,440.82
Shenyang Pharmaceutical Co., Ltd.	-	1,481,945.76
Linyi Medical Group Co., Ltd.	-	6,347,349.41
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	-	41,664,494.99
Puer Songmao Medicine Group Co., Ltd.	-	17,247,410.11

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XIII. 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 2020	31 December 2019
	RMB'0,000	RMB'0,000
Buildings, machinery and equipment	69.43	42.16
Investment commitments	-	6,000.00
	<u>69.43</u>	<u>6042.16</u>

2. Contingencies

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

XIV Events after the balance sheet date

On 7 July 2020, the Company held the 18th meeting of the 8th board of directors, deliberated and passed the proposal on Guoda Pharmacy's plan to purchase 100% equity of Chengda Fangyuan Pharmaceutical Group Co., Ltd., and agreed that Guoda pharmacy, a subsidiary of the Company, to conduct the deal.

On 24 July 2020, Guoda pharmacy successfully obtained the 100% equity transfer project of Chengda Fangyuan Group Co., Ltd. ("Chengda Fangyuan") with the price of RMB1,860 million, and signed the Property Right Transaction Contract with Liaoning Chengda Co., Ltd.

Guoda pharmacy completed the payment of the equity purchase, then, on 30 July 2020, it completed the industrial and commercial registration change of the 100% equity of Chengda Fangyuan as well as performed the delivery of transferred equity.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2020

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

XV Other significant events

1. Segment reporting

Operating segments

For management purposes, the Group is organized into business units based on its products and services and has three reportable operating segments as follows:

- (1) The Head Office, which is mainly engaged in the investment and management of businesses;
- (2) Pharmaceutical distribution segment, which is mainly engaged in the distribution of medicine and pharmaceutical products to customers;
- (3) Retail pharmacy segment, which is the management of 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 measured consistently with the Group's profit before tax.

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)

XV. Other significant events (Continued)

1. Segment reporting (Continued)

Operating segments (Continued)

Operating segment information as at and for the semi year ended

	Head Office	Pharmaceutical distribution	Pharmaceutical retail	Elimination between segments	Total
Principal operations income	-	18,911,461,205.70	8,455,594,668.90	(422,605,176.57)	26,944,450,698.03
Principal cost of sales	-	(17,753,220,383.08)	(6,624,161,637.21)	424,114,538.75	(23,953,267,481.54)
Income from investments in associates	133,549,495.38	(493,808.35)	549,217.13	-	133,604,904.16
Net profit	764,789,368.41	404,743,743.43	248,037,573.90	(611,358,143.21)	806,212,542.53
Total assets	13,453,139,385.58	21,523,733,888.33	13,495,579,732.65	(10,802,602,803.26)	37,669,850,203.30
Total liabilities	<u>(2,842,410,769.10)</u>	<u>(15,877,760,586.16)</u>	<u>(8,139,486,080.53)</u>	<u>5,207,615,567.81</u>	<u>(21,652,041,867.98)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

XVI Notes to key items of the company financial statements

1. Accounts receivable

The accounts receivable by category are analyzed below:

	30 June 2020					31 December 2019				
	Gross carrying amount		Provision for bad debt		Book value	Gross carrying amount		Provision for bad debt		Book v alue
	Amount	Prop ortio n	Amount	Propor tion		Amount	Propor tion	Amount	Prop ortion	
Items for which provision for bad debt is recognised separately	22,884,550.79	3.57%	334,294.70	1.46%	22,550,256.09	10,352,439.53	1.61%	334,294.70	3.23%	10,018,144.83
Items for which provision for bad debt is recognized by group (credit risk characteristics)	618,324,685.19	96.43%	-	0.00%	618,324,685.19	561,526,639.82	98.19%	-	0.00%	561,526,639.82
	641,209,235.98	100.00%	334,294.70	0.05%	640,874,941.28	571,879,079.35	100.00%	334,294.70	0.06%	571,544,784.65

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

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

1. Accounts receivable (Continued)

At 30 June 2020, accounts receivable that are individually assessed for provisions are as follows:

Debtor's name	Carrying amount	Bad debt provision	Rate	Assessment for impairment
Receivables from subsidiaries of the Group	22,550,256.09	-	0.00%	Internal related parties, with lower-tier recovery risk
Client A	323,044.50	323,044.50	100.00%	Debtor had mismanagement, subject to serious financial difficulties and has been listed as discredited judgment debtor that will probably go bankrupt or restructuring
Client B	11,250.20	11,250.20	100.00%	Debtor had mismanagement, subject to serious financial difficulties, and the expected recoverability is very low
	<u>22,884,550.79</u>	<u>334,294.70</u>		

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

	30 June 2020		
	Estimated default amount	Expected credit loss in entire lifetime	Expected credit loss rate
Within 1 year	618,250,317.87	-	0.00%
1 to 2 years	<u>74,367.32</u>	<u>-</u>	<u>0.00%</u>
	<u>618,324,685.19</u>	<u>-</u>	<u>0.00%</u>

The accounts receivable for which the Company recognised provision for bad debts using the aging analysis method are presented as follows:

	30 June 2020	
Within 1 year	-	640,800,573.96
1 to 2 years	-	<u>408,662.02</u>
	-	<u>641,209,235.98</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

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

1. Accounts receivable (Continued)

Bad debt provision for the current period as follows:

	Opening balance	Increases during the period	Reversal during the period	Write-off during the period	Other	Closing balance
Bad debt provision	334,294.70	-	-	-	-	334,294.70

On 30 June 2020, the top five accounts receivable by customer are summarised below:

	Amount	% of the total accounts receivable	Bad debt provision amount
The top five accounts receivable total	188,086,430.88	29.33%	-

Accounts receivable derecognised due to transfer of financial assets was as follows:

From January to June 2020, the Company factored a small portion of accounts receivable at amortised cost to financial institutions. The amount of accounts receivable derecognised was RMB156,689,648.43 (from January to June 2019: RMB183,988,184.79), and the amount of loss recognised through Investment income was RMB1,526,968.25 (from January to June 2019: RMB2,178,875.28).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

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

2. Other receivables

	30 June 2020	31 December 2019
Dividend receivable	5,664,636.60	834,914.61
Other receivables	<u>1,663,704,577.00</u>	<u>1,928,106,680.77</u>
	<u>1,669,369,213.60</u>	<u>1,928,941,595.38</u>

(1) Dividend receivable

	30 June 2020	31 December 2019
Shanghai Dingqun	-	834,914.61
Sinopharm Yanfeng	<u>5,664,636.60</u>	<u>-</u>
	<u>5,664,636.60</u>	<u>834,914.61</u>

(2) Other receivables

Category of other receivables by nature is as follows:

Nature	30 June 2020	31 December 2019
Amounts due from subsidiaries	1,679,099,338.43	1,913,299,778.33
Receivable of equity transactions	8,980,000.00	8,980,000.00
Deposit	853,389.88	840,318.90
Others	<u>30,152,718.65</u>	<u>59,391,430.54</u>
	<u>1,719,085,446.96</u>	<u>1,982,511,527.77</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

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

2. Other receivables (Continued)

(2) Other receivables (Continued)

Changes in bad debt provision for the 12-month expected credit losses and lifetime expected credit losses on other receivables are as follows:

	Stage 1	Stage 2	Stage 3	Total
Bad debt	Expected credit losses over the next 12 months	Entire lifetime expected credit losses(No credit impairment occurred)	Entire lifetime expected credit losses(Credit impairment occurred)	
Balance at 1 January 2020	-	64,513.65	54,340,333.35	54,404,847.00
Balance at 1 January 2020 during the period	-	-	-	-
Provisions during the period	-	3,464.45	973,888.89	977,353.34
Reversal during the period	-	1,330.38	-	1,330.38
Balance at 30 June 2020	-	66,647.72	55,314,222.24	55,380,869.96

The aging analysis of other receivables was as follows:

	30 June 2020
Within 1 year	1,664,340,378.92
1 to 2 years	449,785.31
2 to 3 years	45,205,040.92
Over 3 years	9,090,241.81
Total	1,719,085,446.96

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

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

2. Other receivables (Continued)

(2) Other receivables (Continued)

Bad debt provision for the current period as follows:

	Opening balance	Increases during the period	Reversal during the period	Write-off during the period	Other	Closing balance
Bad debt provision	54,404,847.00	977,353.34	1,330.38	-	-	55,380,869.96

As at 30 June 2020, the accumulated top five other receivables are analysed below:

	Nature	Amount	Age	% of total amount	Bad debt provision
Sinopharm Guangxi	Entrusted borrowings	382,463,823.03	Within 1 year	22.25%	-
South Pharma & Trade	Entrusted borrowings	161,176,813.92	Within 1 year	9.38%	-
Sinopharm Dongguan	Entrusted borrowings	117,129,675.11	Within 1 year	6.81%	-
Sinopharm Zhanjiang	Entrusted borrowings	110,121,916.63	Within 1 year	6.41%	-
Sinopharm Meizhou	Entrusted borrowings	76,785,009.05	Within 1 year	4.47%	-
		<u>847,677,237.74</u>		<u>49.31%</u>	-

3. Long-term equity investments

	30 June 2020			31 December 2019		
	Original value	Bad debt provision	Carrying amount	Original value	Bad debt provision	Carrying amount
Investments in subsidiaries	5,614,677,427.58	-	5,614,677,427.58	5,614,677,427.58	-	5,614,677,427.58
Investments in associates	2,155,000,914.60	39,930,000.00	2,115,070,914.60	2,124,009,098.25	39,930,000.00	2,084,079,098.25
	<u>7,769,678,342.18</u>	<u>39,930,000.00</u>	<u>7,729,748,342.18</u>	<u>7,738,686,525.83</u>	<u>39,930,000.00</u>	<u>7,698,756,525.83</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

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

3. Long-term equity investments (Continued)

(1) Subsidiaries

	31 December 2019	Increases	Decrease	30 June 2020	Amount of provision for impairment
Sinopharm Jianmin	60,054,911.04	-	-	60,054,911.04	-
Sinopharm Shenzhen Material	15,450,875.93	-	-	15,450,875.93	-
Shenzhen Logistics	5,019,062.68	-	-	5,019,062.68	-
Sinopharm Guangzhou	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	-
Guoda Pharmacy	1,361,800,110.06	-	-	1,361,800,110.06	-
Sinopharm Accord Medical Supply Chain (Shenzhen) Co., Ltd.	19,998,000.00	-	-	19,998,000.00	-
	<u>5,614,677,427.58</u>	<u>-</u>	<u>-</u>	<u>5,614,677,427.58</u>	<u>-</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

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

3. Long-term equity investments (Continued)

(2) Associates

		Changes in the period									
		Opening balance	Investment increase	Investment decrease	Profit or loss under the equity method	Adjustment in other comprehensive income	Other changes in equity	Dividend declared	Cash dividend or profits declared	Closing balance	Provision of impairment
Shenzhen Main Luck	Pharmaceutical Co., Ltd.	294,469,367.27	-	-	34,556,440.58	-	-	(63,342,000.00)	-	265,683,807.85	39,930,000.00
Sinopharm Zhijun (Suzhou)	Pharmaceutical Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Sinopharm Zhijun (Shenzhen)	Pharmaceutical Co., Ltd.	400,578,574.68	-	-	17,400,995.09	-	-	-	-	417,979,569.77	-
Shenzhen Zhijun	Pharmaceutical Trade Co., Ltd.	10,275,257.61	-	-	757,325.01	-	-	-	-	11,032,582.62	-
Sinopharm Zhijun(Shenzhen) Pingshan	Pharmaceutical Co., Ltd.	120,878,018.74	-	-	27,665,891.90	-	-	-	-	148,543,910.64	-
Shanghai Shyndec	Pharmaceutical Co., Ltd.	1,235,240,098.79	-	-	53,168,842.80	122,186.89	14,135.44	(16,714,220.20)	-	1,271,831,043.72	-
Shanghai Dingqun	Enterprise Management Consulting Co., Ltd.	22,637,781.16	-	22,637,781.16	-	-	-	-	-	-	-
		1,878,157,264.66	-	22,637,781.16	133,549,495.38	122,186.89	14,135.44	(80,056,220.20)	-	2,115,070,914.60	39,930,000.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

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

4. Operating revenue and cost

	For the six months ended 30 June 2020		For the six months ended 30 June 2019	
	Revenue	Cost	Revenue	Cost
Principal operations	1,750,454,957.66	1,679,162,910.91	1,997,575,365.19	1,915,240,571.14
Other operations	<u>22,032,405.90</u>	<u>10,401,151.33</u>	<u>10,429,198.11</u>	<u>6,031,823.62</u>
	<u>1,772,487,363.56</u>	<u>1,689,564,062.24</u>	<u>2,008,004,563.30</u>	<u>1,921,272,394.76</u>

Classification	For the six months ended 30 June 2020
By product	
Include:	
Pharmaceuticals	1,586,703,672.74
Medical devices and disposables	158,364,033.88
Diagnostic reagents	3,200,625.97
Medical equipments	2,186,625.07
Other	<u>17,839,465.77</u>
By area	
Include:	
China	<u>1,768,294,423.43</u>
By contract duration	
Include:	
At a point in time	1,750,454,957.66
Overtime	<u>17,839,465.77</u>
	<u><u>1,768,294,423.43</u></u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

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

4. Operating revenue and cost (Continued)

Information about the Company's obligations is as follows:

- (1) Revenue is recognised when control of the goods has transferred and payment is generally due within 30 to 210 days from delivery;
- (2) Revenue is recognised in the service duration and the payment is generally due within 30 to 210 days since the service is completed.

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 RMB11,170,128.91, of which RMB11,170,128.91 is expected to be recognized in 2020.

Revenue is as follows:

	30 June 2020	30 June 2019
Revenue from contracts with customers	1,768,294,423.43	2,003,189,231.91
Rentals	<u>4,192,940.13</u>	<u>4,815,331.39</u>
	<u><u>1,772,487,363.56</u></u>	<u><u>2,008,004,563.30</u></u>

5. Investment income

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Gain on long-term equity investments under the equity method	133,549,495.38	181,280,533.11
Income from disposal of long-term equity investments method	998,665.84	-
Gain on transaction monetary during holding period	4,109,881.90	-
Income from the derecognition of financial assets measured at amortised cost measured at amortised cost	(1,526,968.25)	(2,178,875.28)
Dividends from subsidiaries	<u>612,502,685.91</u>	<u>427,007,887.36</u>
	<u><u>749,633,760.78</u></u>	<u><u>606,109,545.19</u></u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued) For the six months ended 30 June 2020

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

XVII Supplementary information to financial statements

1. Schedule of non-recurring profit or loss

	Amount for 30 June 2020	Illustration
Gains and losses from disposal of non-current assets	3,933,705.37	Mainly probability of gain and losses from the end of lease
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	28,001,035.78	Mainly probability of special subsidies received in the period and tax reduction & exemption
Reversal of bad debt provision for accounts receivable and contract assets that were tested for impairment individually	362,078.91	
Income from operation on commission	961,488.75	
Non-operating income and expenses other than the aforesaid items	1,233,502.85	
Other gains and losses of non-operating	819,788.51	
Less: Impact of income tax	8,198,319.82	
Impact of non-controlling interests after tax	10,678,719.21	
	<u>16,434,561.14</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 2020

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

XVII. 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>4.91%</u>	<u>1.50</u>	<u>1.50</u>
Net profit after deducting non-recurring profit or loss attributable to the Company's ordinary shareholders of the parent	<u>4.79%</u>	<u>1.46</u>	<u>1.46</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)
For the six months ended 30 June 2020

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

Section XII. 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

29 August 2020