

## **Section X. Financial Report**

### **I. Audit reports**

Whether the semi-annual report was audited or not

☐ Yes ☒ No

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

### **II. Financial Statement**

Statement in Financial Notes are carried in RMB/CNY

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**CONSOLIDATED BALANCE SHEET**

**As at 30 June 2019**

**(Expressed in Renminbi Yuan)**

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

*The accompanying notes form an integral part of these financial statements*

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**CONSOLIDATED BALANCE SHEET (Continued)**

**As at 30 June 2019**

**(Expressed in Renminbi Yuan)**

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

*The accompanying notes form an integral part of these financial statements*

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**CONSOLIDATED BALANCE SHEET (Continued)**

**As at 30 June 2019**

**(Expressed in Renminbi Yuan)**

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

*The accompanying notes form an integral part of these financial statements*

The financial statements have been signed by:

Legal representative:

Financial controller:

Head of Accounting Department:

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**CONSOLIDATED INCOME STATEMENT**

**For the six months ended 30 June 2019**

**(Expressed in Renminbi Yuan)**

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

*The accompanying notes form an integral part of these financial statements*

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

**For the six months ended 30 June 2019**

**(Expressed in Renminbi Yuan)**

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

*The accompanying notes form an integral part of these financial statements*

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

**For the six months ended 30 June 2019**

**(Expressed in Renminbi Yuan)**

For the six months ended 30 June 2018	Shareholders' equity attributable to shareholders of the parent						Non-controlling interests	Total equity
	Share capital	Other equity instrument	Capital surplus	Surplus reserve	Retained earnings	Subtotal		
Closing balance of the preceding year	428,126,983.00	-	3,181,429,064.99	214,063,491.50	5,572,952,806.39	9,396,572,345.88	530,930,411.26	9,927,502,757.14
others	-	-	-	-	-	-	-	-
Opening balance of the current year	428,126,983.00	-	3,181,429,064.99	214,063,491.50	5,572,952,806.39	9,396,572,345.88	530,930,411.26	9,927,502,757.14
Movements in the current year	-	-	397,342.21	-	513,288,940.03	513,686,282.24	37,434,714.46	551,120,996.70
(1) Total comprehensive income	-	-	-	-	641,727,034.93	641,727,034.93	47,521,974.98	689,249,009.91
(2) Capital paid and reduced by owners	-	-	397,342.21	-	-	397,342.21	26,721,512.76	27,118,854.97
1.Capital injection by owners	-	-	-	-	-	-	24,381,200.00	24,381,200.00
2.Others	-	-	397,342.21	-	-	397,342.21	2,340,312.76	2,737,654.97
(3) Profit distribution	-	-	-	-	(128,438,094.90)	(128,438,094.90)	(36,808,773.28)	(165,246,868.18)
1.Distribution to equity owners	-	-	-	-	(128,438,094.90)	(128,438,094.90)	(36,808,773.28)	(165,246,868.18)
2.Others	-	-	-	-	-	-	-	-
Closing balance of the current year	428,126,983.00	-	3,181,826,407.20	214,063,491.50	6,086,241,746.42	9,910,258,628.12	568,365,125.72	10,478,623,753.84

*The accompanying notes form an integral part of these financial statements*

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**CONSOLIDATED CASH FLOW STATEMENT**

**For the six months ended 30 June 2019**

**(Expressed in Renminbi Yuan)**

	Note V	For the six months ended 30 June 2019	For the six months ended 30 June 2018
<b>1.CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from sales of good or rendering of services		25,674,088,675.82	22,055,082,715.59
Tax refunds		2,721,287.63	1,593,193.21
Cash receipts related to other operating activities	53	<u>295,482,211.20</u>	<u>311,984,787.60</u>
Sub-total of cash inflows from operating activities		<u>25,972,292,174.65</u>	<u>22,368,660,696.40</u>
Cash paid for goods and services		22,598,237,854.68	19,799,894,631.80
Cash paid to and on behalf of employees		1,088,230,430.51	956,322,585.28
Cash paid for all types of taxes		627,174,776.80	548,616,793.36
Cash payments related to other operating activities	53	<u>494,891,531.31</u>	<u>838,468,976.76</u>
Sub-total of cash outflows from operating activities		<u>24,808,534,593.30</u>	<u>22,143,302,987.20</u>
Net cash flows from operating activities	54	<u>1,163,757,581.35</u>	<u>225,357,709.20</u>
<b>2.CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash received from returns on investments		20,129,463.78	78,825,446.85
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		801,205.52	6,064,099.87
Cash receipts related to other investing activities	53	<u>-</u>	<u>48,766,145.15</u>
Sub-total of cash inflows from investing activities		<u>20,930,669.30</u>	<u>133,655,691.87</u>

*The accompanying notes form an integral part of these financial statements*



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**CONSOLIDATED CASH FLOW STATEMENT (Continued)**

**For the six months ended 30 June 2019**

**(Expressed in Renminbi Yuan)**

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

*The accompanying notes form an integral part of these financial statements*

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**CONSOLIDATED CASH FLOW STATEMENT (Continued)**

**For the six months ended 30 June 2019**

**(Expressed in Renminbi Yuan)**

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

*The accompanying notes form an integral part of these financial statements*

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**COMPANY BALANCE SHEET**

**As at 30 June 2019**

**(Expressed in Renminbi Yuan)**

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

*The accompanying notes form an integral part of these financial statements*

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**COMPANY BALANCE SHEET (Continued)**

**As at 30 June 2019**

**(Expressed in Renminbi Yuan)**

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

*The accompanying notes form an integral part of these financial statements*

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**COMPANY BALANCE SHEET (Continued)**

**As at 30 June 2019**

**(Expressed in Renminbi Yuan)**

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

*The accompanying notes form an integral part of these financial statements*

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**COMPANY INCOME STATEMENT**

**For the six months ended 30 June 2019**

**(Expressed in Renminbi Yuan)**

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

*The accompanying notes form an integral part of these financial statements*

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 30 June 2019

(Expressed in Renminbi Yuan)

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

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

For the six months ended 30 June 2019

(Expressed in Renminbi Yuan)

For the six months ended 30 June 2018	Share capital	Other equity instruments	Capital surplus	Surplus reserve	Retained earnings	Total equity
Closing balance of the preceding year	428,126,983.00	-	4,407,091,484.13	214,063,491.50	3,329,412,821.48	8,378,694,780.11
Others	-	-	-	-	-	-
Opening balance of the current year	428,126,983.00	-	4,407,091,484.13	214,063,491.50	3,329,412,821.48	8,378,694,780.11
Movements in the current year	-	-	397,342.21	-	431,341,413.87	431,738,756.08
(1) Total comprehensive income	-	-	-	-	559,779,508.77	559,779,508.77
(2) Capital paid and reduced by owners	-	-	397,342.21	-	-	397,342.21
1. Capital injection by owners	-	-	-	-	-	-
2. Others	-	-	397,342.21	-	-	397,342.21
(3) Profit distribution	-	-	-	-	(128,438,094.90)	(128,438,094.90)
1. Distribution to owners	-	-	-	-	(128,438,094.90)	(128,438,094.90)
Closing balance of the current year	428,126,983.00	-	4,407,488,826.34	214,063,491.50	3,760,754,235.35	8,810,433,536.19

The accompanying notes form an integral part of these financial statements



# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## COMPANY CASH FLOW STATEMENT

For the six months ended 30 June 2019

(Expressed in Renminbi Yuan)

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

*The accompanying notes form an integral part of these financial statements*

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**COMPANY CASH FLOW STATEMENT (Continued)**

**For the six months ended 30 June 2019**

**(Expressed in Renminbi Yuan)**

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

*The accompanying notes form an integral part of these financial statements*

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

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

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

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### I Profile of the Company

#### (1) Historical development and basic information

As approved by the People's Government of Shenzhen (SFBF (1993) No.356), China National Accord Medicines Corporation Ltd. (hereinafter referred to as the “the Company”), formerly known as Shenzhen Health Mineral Water Corp., Ltd., was registered as a joint stock liability limited company on 1 February 1993 through stock transformation. In March 1993, with the approval from the Shenzhen Branch of the People's Bank of China, the Company issued 30 million A shares (including 16.5 million public shares, 3.5 million employee shares and 10 million corporation shares) and 20 million B shares. After this issuance, the Company's share capital was RMB105 million. Through convert capital surplus into share capital, bonus issues and issuance of shares for years, the share capital of the Company increased to RMB428,126,983 as at 30 June 2019.

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

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

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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### I Profile of the Company (Continued)

#### (1) Historical development and basic information (Continued)

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

As of 30 June 2019, the total share capital was RMB428,126,983.

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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### I Profile of the Company (Continued)

- (2) The Group's parent and ultimate parent company is Sinopharm Group and China National Pharmaceutical Group Corporation respectively.
- (3) These financial statements were authorized for issue by the board of directors of the Company on 22 August 2019.
- (4) Subsidiaries consolidated in the financial statements for the current period and change in the consolidation scope are shown in Note VI.

### II Basis of preparation

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

These financial statements are prepared on a going concern basis.

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

The Group has made accounting policies and accounting estimates according to its own operation and production characteristics, which are mainly reflected in the bad debt provision for accounts receivable (Note III (10)), inventory costing methods (Note III (13)), depreciation methods for fixed assets and amortization method for intangible assets (Note III (18), Note III (22)), judgement basis for capitalization of development costs (Note III (22)) , impairment of long-term assets (Note III (23)), revenue recognition (Note III (30)).

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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### III Summary of significant accounting policies and accounting estimates

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

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

#### (2) Accounting year

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

#### (3) Functional currency

The functional currency is Renminbi (RMB).

#### (4) Business combinations

##### (a) Business combinations involving entities under common control

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

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

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquirer's identifiable net assets, the difference is recognized as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquirer's identifiable net assets, the difference is recognized in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities. Where the business combination not involving enterprises under common control which is achieved in stages, the acquirer's previously held equity interests in the acquiree are remeasured at the fair value on the acquisition date, with the difference between the fair value and carrying amount recognized as investment income for the current period.

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

#### (4) Business combinations (Continued)

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

If the acquirer's previously held equity interests of the acquiree involve other comprehensive income (“OCI”) under the equity method, the accounting treatment is conducted on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities, and the changes in shareholders' equity other than net profit or loss, OCI and profit distributions are charged to profit or loss for the current period on the acquisition date. For financial assets at fair value through OCI held before the acquisition date, changes in fair value that was accumulated through OCI will transfer to retained earnings.

#### (5) Preparation of consolidated financial statements

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

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

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

#### (5) Preparation of consolidated financial statements (Continued)

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

#### (6) Cash and cash equivalents

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

#### (7) Foreign currency translation

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

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

#### (8) Financial instruments

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

##### Recognition and derecognition of financial instruments

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



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

**(8) Financial instruments (Continued)**

Recognition and derecognition of financial instruments (Continued)

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

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

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

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

Classification and measurement of financial assets

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

**(8) Financial instruments (Continued)**

Classification and measurement of financial assets (Continued)

Subsequent measurement depends on the classification of the financial assets:

*Financial assets measured at amortised cost (debt instruments)*

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

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

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

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

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

**(8) Financial instruments (Continued)**

Classification and measurement of financial assets (Continued)

*Financial assets at fair value through profit or loss*

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

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

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

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

Classification and measurement of financial liabilities

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

Subsequent measurement of financial liabilities is determined by its classification:

*Financial liabilities at fair value through profit or loss*

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

**(8) Financial instruments (Continued)**

Classification and measurement of financial liabilities (Continued)

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

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

*Other financial liabilities*

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

Impairment of financial assets

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

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

**(8) Financial instruments (Continued)**

Impairment of financial assets (Continued)

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

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

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

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

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

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

Offsetting of financial instruments

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

#### (8) Financial instruments (Continued)

##### Modification of financial assets

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

##### Transfer of financial assets

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

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

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

#### (9) Notes receivables

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

#### (10) Accounts Receivable

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

#### (11) Accounts Receivable Financing

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

**(12) Other receivables**

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

**(13) Inventories**

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

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

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

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

The Group adopts the perpetual inventory system.

**(14) Contract assets**

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

**(15) Assets relating to contract cost**

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

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

**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)**

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

**(15) Assets relating to contract cost (Continued)**

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

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

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

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

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

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

**(16) Long-term equity investments**

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

Long-term equity investments are accounted for using the cost method at the time it was acquired. For long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of shareholders' equity of the party being absorbed at the combination date.

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



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

**(16) Long-term equity investments (Continued)**

Investments in subsidiaries are measured using the cost method in the Company's financial statements, and adjusted by using the equity method when preparing the consolidated financial statements. Interests in associates are accounted for using the equity method. For long-term equity investments acquired by way of the swap of non-monetary assets, the initial investment cost shall be determined in accordance with “ASBE No. 7 — Swap of Non-monetary Assets.” For long-term equity investments acquired by way of debt restructuring, the initial investment cost shall be determined in accordance with “ASBE No. 12 — Debt Restructuring.”

**(a) Determination of investment cost**

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

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

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

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

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

**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)**

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

**(16) Long-term equity investments (Continued)**

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

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

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

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

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

**(d) Impairment of long-term equity investments**

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

**(17) Investment properties**

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

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

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

#### (17) Investment properties (Continued)

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

#### (18) Fixed assets

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

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

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

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

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

#### (18) Fixed assets (Continued)

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

#### (19) Construction in progress

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

#### (20) Borrowing costs

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

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

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

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

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

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

**(20) Borrowing costs (Continued)**

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

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

**(21) Right-of-use assets**

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

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

**(22) Intangible assets**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

**(22) Intangible assets (Continued)**

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

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

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

Intangible assets with a finite useful life are amortised over their estimated useful lives using the straight-line method or other reasonable systematic methods. For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at least once at each financial year end, and makes adjustments when necessary. A land use right granted by the government with an infinite useful life would not be amortized. Other land use rights are amortized on the straight-line basis over their approved useful period. If the acquisition costs of land use rights and the buildings located thereon cannot be reliably allocated between the land use rights and the buildings, all of the acquisition costs are recognized as fixed assets.

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

#### (22) Intangible assets (Continued)

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

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

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

#### (23) Impairment of long-term assets

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

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

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

#### (24) Long-term prepaid expenses

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

#### (25) Contract liabilities

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

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



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

**(26) Employee benefits**

Short-term employee benefits

The actual occurred short-term employee benefits are recognizes as liabilities during the accounting period in which the service has been rendered by the employees and as costs of assets or expenses to whichever the employee service is attributable.

Post-employment benefits (defined contribution plans)

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

Post-employment benefits (defined benefit plans)

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

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

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

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

Termination benefits

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

**(26) Employee benefits (Continued)**

Other long term employee benefits

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

**(27) Lease liability**

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

**(28) Provisions**

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

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

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

For business combinations not under common control, contingent liabilities of the acquiree obtained in a business combination shall be measured at fair value in initial recognition. After initial recognition, subsequent measurement is conducted using the higher of the amount recognized by provisions and the amount of initial recognition deducting the accumulated amortization amount determined by the principles of revenue recognition.

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

#### (29) Share-based payments

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

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

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

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

#### (29) Share-based payments (Continued)

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

#### (30) Revenue recognition

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

##### Contracts for sale of goods

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

##### Service Contracts

The service contracts between the Group and its customers usually consist of performance obligations such as engineering construction management, engineering design consulting and so on. As the Group's performance of contracts is at the same time when the customer obtains and consumes the economic benefits of the performance of the Group, and the Group has the right to collect receivables from the performance of contracts that has been completed to date, the Group regards it as a 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 are expected to be compensated, the revenue is recognized on the basis of the incurred costs until the progress of performance of contracts can be reasonably measured.

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

#### (30) Revenue recognition (Continued)

##### Variable consideration

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

##### Consideration payable to customers

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

##### Return clauses

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

##### Significant financing component

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

##### Reward points program

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

##### Principal responsible person/proxy

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

#### (31) Government grants

A government grant is recognized when the conditions attached to it can be complied with and the government grant can be received. For a government grant in the form of transfer of monetary assets, the grant is measured at the amount received or receivable. For a government grant in the form of transfer of non-monetary assets, it is measured at fair value; if the fair value is not reliably determinable, the grant is measured at nominal amount.

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

#### (31) Government grants (Continued)

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

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

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

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

#### (32) Income tax

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

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

#### (32) Income tax (Continued)

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

Deferred tax assets and liabilities are offset when:

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

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

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

##### Changes in accounting policies

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

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



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

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

Consolidated balance sheet:

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

**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)**

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Total assets	28,930,300,519.97	30,520,408,266.84	1,590,107,746.87
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**III Summary of significant accounting policies and accounting estimates (Continued)**

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

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

Company's balance sheet:

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

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

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

**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)**

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

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### IV Taxation

#### 1. Main categories and rates of taxes:

Categories	Tax base	Tax rate
Corporate income tax (“CIT”)	Taxable income	15%, 20% or 25%
	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)	
Value added tax (“VAT”)		0%, 3%, 5%, 6%, 9%, 10%, 13%, 16%
City maintenance and construction tax	Amount of VAT	5% or 7%
Educational surcharge	Amount of VAT	3%
Local educational surcharge	Amount of VAT	2%

#### 2. Tax preferences

- (a) In 2011, the Urumqi Head Office, Changji Branch and Karamay Branch of Sinopharm Holding Xinjiang New & Special Medicines Chain Store Co., Ltd. (“Xinjiang New & Special Medicines”), subsidiaries of the group, shall pay tax at a rate of 15% by jurisdictions. According to the Circular of the Ministry of Finance, the State Administration of Taxation, the General Administration of Customs on Issues Concerning Tax Policies for the Further Development of the Western Regions (Cai shui [2011] No.58), enterprises from encouraged industries in the Western Regions, could enjoy a reduced CIT rate of 15% from 1 January 2011 to 31 December 2020.

In 2014, the Group’s subsidiary Sinopharm Holding Guangxi Logistics Co., Ltd. (“Sinopharm Guangxi Logistics”) was approved by the Guangxi Local Tax Bureau to enjoy a tax discount applicable to corporations in the region of Western Development to pay income tax at a tax rate of 15%.

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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### IV Taxation (Continued)

#### 2. Tax preferences (Continued)

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

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



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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**V Notes to the consolidated financial statements**

**1. Cash and bank balances**

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

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

**2. Notes receivable**

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### V Notes to the consolidated financial statements (Continued)

#### 2. Notes receivable (Continued)

Notes receivable endorsed or discounted by the Group to other parties which were not yet due at 30 June 2019 and 31 December 2018 are as follows:

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

As at 30 June 2019 and 31 December 2018, notes that were converted into accounts receivable due to the drawer's inability to settle the note on maturity date are as follows:

	30 June 2019
Bank acceptance notes	-
Trade acceptance notes	<u>20,010,459.85</u>
	20,010,459.85

#### 3. Accounts receivable

The accounts receivable by category are analyzed below:

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### V Notes to the consolidated financial statements (Continued)

#### 3. Accounts receivable (Continued)

At 30 June 2019, accounts receivable that are individually significant and individually assessed for provisions are as follows:

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

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**3. Accounts receivable (Continued)**

The aging analysis of accounts receivables was as follows:

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

Bad debt provision for the current period as follows:

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

On 30 June 2019, the top five accounts receivable by customer are summarised below:

	Amount	Bad debt provision amount	% of the total accounts receivable
The top five accounts receivable total	861,862,590.71	363,240.29	7.25%

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**4. Accounts receivable financing**

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

**5. Advances to suppliers**

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

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

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

(b) On 30 June 2019, the top five advances to suppliers by customer are summarized below:

	Amount	Proportion of total balance
Total amount of top five advances to suppliers	<u>128,740,740.37</u>	<u>36.05%</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**6. Other receivables**

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

**(1) Interest receivable**

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

**(2) Other receivables**

Category of other receivables by nature is as follows:

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**6. Other receivables (Continued)**

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### V Notes to the consolidated financial statements (Continued)

#### 6. Other receivables (Continued)

The aging analysis of other receivables was as follows:

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

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

As at 30 June 2019, the top 5 parties that owed the largest amounts of other receivable balances are analyzed below:

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



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**7. Inventories**

(a) Inventories by category are analyzed below:

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

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

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

**8. Other current assets**

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### V Notes to the consolidated financial statements (Continued)

#### 9. Long-term equity investments

##### Associates in 2019

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### V Notes to the consolidated financial statements (Continued)

#### 10. Other equity instrument investment

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

#### 11. Other non-current financial assets

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**12. Investment properties**

Subsequent measurement under the cost model:

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

13. Fixed assets

2019

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**13. Fixed assets (Continued)**

2019(Continued)

	Buildings	Machinery	Vehicles	Other equipment	Fixed asset improvements	Total
<b>Provision for impairment</b>						
Opening balance	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
<b>Carrying amount</b>						
At end of period	319,179,675.31	104,833,872.57	29,628,932.47	123,713,691.47	16,196,309.17	593,552,480.99
At beginning of the period	325,183,827.70	100,358,362.78	30,090,035.99	122,139,153.84	16,296,593.60	594,067,973.91

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**13. Fixed assets (Continued)**

Fixed assets without official property right certificates

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

**14. Construction in progress**

	30 June 2019	1 January 2019
Construction in progress	<u>31,980,582.21</u>	<u>36,412,614.61</u>

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**14. Construction in progress (Continued)**

(a) Changes of significant construction in progress

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

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



CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

15、 Right-of-use assets

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

V Notes to the consolidated financial statements (Continued)

16. Intangible assets

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### V Notes to the consolidated financial statements (Continued)

#### 17. Goodwill

##### (1) Goodwill cost

30 June 2019	Opening balance	Increase	Decrease	Closing balance
Sinopharm Holding(Jiangmen) Medical Co., Ltd. (“Sinopharm Jiangmen”)	27,392,317.73	-	-	27,392,317.73
Sinopharm Holding Shenzhen Yanfeng Co., Ltd. (“Sinopharm Yanfeng”)	16,868,644.87	-	-	16,868,644.87
Sinopharm Holding Zhaoqing Co., Ltd. (“Sinopharm Zhaoqing”)	2,594,341.53	-	-	2,594,341.53
Sinopharm Holding Shaoguan Co., Ltd. (“Sinopharm Shaoguan”)	1,686,496.80	-	-	1,686,496.80
Sinopharm Holding Meizhou Co., Ltd. (“Sinopharm Meizhou”)	1,610,819.66	-	-	1,610,819.66
Sinopharm Holding Huizhou Co., Ltd. (“Sinopharm Huizhou”)	923,184.67	-	-	923,184.67
Sinopharm Holding Zhanjiang Co., Ltd. (“Sinopharm Zhanjiang”)	282,135.55	-	-	282,135.55
Sinopharm Holding Dongguan Co., Ltd. (“Sinopharm Dongguan”)	1,499.02	-	-	1,499.02
South Pharma & Trade Foshan Nanhai	2,755,680.62	-	-	2,755,680.62
Sinopharm Holding Zhuhai Co., Ltd. (Sinopharm Zhuhai)	88,877,850.51	-	-	88,877,850.51
Sinopharm Holding Maoming Co., Ltd. (“Sinopharm Maoming”)	6,772,561.47	-	-	6,772,561.47
Sinopharm Holding Guoda ForMe Medicines (Shanghai) Co., Ltd. (ForMe Medicines)	66,417.07	-	-	66,417.07
Sinopharm Holding Guoda Henan Pharmacy Chain Store Co., Ltd	3,033,547.53	-	-	3,033,547.53
Sinopharm Holding Guoda Inner Mongolia Co., Ltd.	22,666,179.77	-	-	22,666,179.77
Sinopharm Hebei Lerentang Pharmaceutical Chain Co., Ltd.	70,485,777.00	-	-	70,485,777.00
Sinopharm Guoda Pharmacy Jiangmen Chain Co., Ltd..	29,482,149.57	-	-	29,482,149.57
Sinopharm Holding Guoda Shanxi Yiyuan Chain Co., Ltd.	77,350,000.00	-	-	77,350,000.00
Taiyuan Tongxinli Guoda Pharmacy Co., Ltd.	9,080,100.00	-	-	9,080,100.00
Sinopharm Holding Guoda Shanghai Pharmacy Chain Store Co., Ltd.	2,818,647.85	-	-	2,818,647.85
Sinopharm Holding Guoda Yangzhou Dadesheng Pharmacy Chain Store Co., Ltd..	5,028,638.00	-	-	5,028,638.00
Zhejiang Guoda Pharmacy Co., Ltd.	7,979,000.00	-	-	7,979,000.00
Shenzhen Guanganli Pharmacy Chain Store Co., Ltd. store acquisition.	3,045,183.85	-	-	3,045,183.85
Taishan Sinopharm Holding Guoda Qunkang Pharmacy Chain Co., Ltd.	13,420,000.00	-	-	13,420,000.00
Fujian Guoda Pharmacy Chain Store Co., Ltd.	26,826,120.55	-	-	26,826,120.55
	1,567,250.76	-	-	1,567,250.76

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**17. Goodwill (Continued)**

**(1) Goodwill cost (Continued)**

30 June 2019 (Continued)	Opening balance	Increase	Decrease	Closing balance
Sinopharm Holding Guoda Shenyang Pharmacy Chain Store Co., Ltd.	41,047,958.08	-	-	41,047,958.08
Sinopharm Holding Guoda Nanjing Pharmacy Chain Store Co., Ltd.	11,598,341.12	-	-	11,598,341.12
Sinopharm Holding Guoda Shandong Pharmacy Chain Store Co., Ltd.	29,110,409.46	-	-	29,110,409.46
Quanzhou Guoda Pharmacy Chain Store Co., Ltd.	41,298,622.59	-	-	41,298,622.59
Sinopharm Holding Hunan Guoda Minshengtang Pharmacy Chain Co., Ltd.	41,165,574.64	-	-	41,165,574.64
Shanxi Guoda Wanmin Pharmacy Chain Store Co., Ltd.	65,025,000.00	-	-	65,025,000.00
Xiaoyi Guoda Wanmin Baicaotang Pharmacy Chain Store Co., Ltd.	15,866,680.00	-	-	15,866,680.00
Liyang Guoda People Pharmacy Chain Store Co., Ltd.	107,275,095.74	-	-	107,275,095.74
Sinopharm Holding Guoda ForMe Pharmacy Chain Store Co., Ltd.	19,405,450.23	-	-	19,405,450.23
Beijing Golden Elephant Pharmacy Medicine Chain Company Limited	64,140,124.36	-	-	64,140,124.36
Sinopharm Holding Guoda Bayamaoer Co., Ltd.	-	13,494,000.00	-	13,494,000.00
	<u>858,547,800.60</u>	<u>13,494,000.00</u>	<u>-</u>	<u>872,041,800.60</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**17. Goodwill (Continued)**

**(2) Provision of impairment loss**

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

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

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

The recoverable amount of an asset group or a group of asset groups is determined on a financial budget approved by management covering a five-year period. The cash flows beyond the five-year period are extrapolated using the inflation rate.

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

**18. Long-term prepaid expenses**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**19. Deferred tax assets/liabilities**

(a) Deferred tax assets before offsetting

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

(b) Deferred tax liabilities before offsetting

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

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**19. Deferred tax assets/liabilities (Continued)**

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

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

The aforesaid unrecognized deductible losses will due:

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**20. Other non-current assets**

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

**21. Short-term borrowings**

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

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

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



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**22. Notes payable**

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

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

**23. Accounts payable**

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

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

**24. Contract liabilities**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**25. Employee benefits payable**

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

**(a) Short-term employee benefits**

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

**(b) Defined contribution plan**

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**26. Tax payable**

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

**27. Other payables**

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

**(1) Interest payable**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**27. Other payables (Continued)**

**(2) Dividend payable**

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

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

**(3) Other payables**

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

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

	Amount payable	Reason for outstanding
Non-controlling interests in South Pharmaceutical Foreign Trade Fu Yuequn and other 11 natural persons	54,722,980.00	Payment conditions not met
Shenzhen No.1 Construction Engineering Co., Ltd.	8,605,625.20	Payment conditions not met
Liuzhou Shengli Pharmacy	5,986,288.12	Payment conditions not met
	<u>69,314,893.32</u>	

**V Notes to the consolidated financial statements (Continued)**

# 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)

### 27. Other payables (Continued)

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

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

### 28. Non-current liabilities due within 1 year

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

### 29. Other current liabilities

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

### 30. Long-term borrowings

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

- (a) At 30 June 2019, the Group has no entrusted borrowings(31 December 2018: RMB31,600,000.00). The Group's long-term borrowings are loans lent by the China National Pharmaceutical Group Corporation. The borrowings due within one year have been reclassified to non-current liabilities due within one year.

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

### 31. Lease liabilities

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**32. Long-term payables**

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

Payable for specific projects

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

**33. Long-term employee benefits payable**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**34. Deferred income**

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

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

Government grants program	Opening balance	Addition in the year	Amount included in non-operating income in the year	Amount included in other income in the year	Closing balance	Asset related/ income related
Resettlement Compensation (i)	75,555,441.17	-	1,349,204.28	-	74,206,236.89	Asset related
Guangxi Logistics Project	6,453,426.58	-	-	230,346.06	6,223,080.52	Asset related
Guangzhou Logistics standardization project	2,815,012.55	-	-	273,123.42	2,541,889.13	Asset related
A comprehensive experimental modern service industry subsidies	1,500,000.00	-	-	150,000.00	1,350,000.00	Asset related
Shared Logistics Center	252,058.35	-	-	9,400.20	242,658.15	Asset related
Other projects	<u>4,915,231.75</u>	<u>79,184.44</u>		<u>835,462.70</u>	<u>4,158,953.49</u>	Asset/Income related
	<u>91,491,170.40</u>	<u>79,184.44</u>	<u>1,349,204.28</u>	<u>1498332.38</u>	<u>88,722,818.18</u>	

Due to the implementation of urban planning for old town reconstruction in Nanning, the operating center of Guangxi Logistics which was located in Longteng Road District, Nanning City, was to be reconstructed in another place. According to the agreement signed between Guangxi Logistics and the real estate developer, Guangxi Logistics would obtain a compensation of RMB120,250,000.00, including cash of RMB50,000,000.00 and property in constructing equaling a value of RMB70,250,000.00. Cash compensation of RMB 50,000,000.00 was received in May 2012. In year 2015, construction properties with a value of RMB70,250,000.00 were built and delivered, and had been recognized as investment properties (Note V (12)). The compensation relating the capital expenditure in the reconstruction of the new logistic center in another place, amounting to RMB93.32 million was recognized as deferred revenue, and would be amortized and recognized in the income statement within the expected useful lives using the straight line method (Note V(50)), and the other cash compensation.

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**35. Other non-current liabilities**

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

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

**36. Share capital**

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

**37. Capital surplus**

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

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



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**38. Surplus reserve**

	At beginning of year	Increase	Decrease	At end of year
Surplus reserve	214,063,491.50	-	-	214,063,491.50
	<u>214,063,491.50</u>	<u>-</u>	<u>-</u>	<u>214,063,491.50</u>

**39. Retained earnings**

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

**40. Operating revenue and cost**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**40. Operating revenue and cost (Continued)**

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

Information about the Group's obligations is as follows:

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

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

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

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**41. Tax and surcharges**

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

**42. Selling expenses**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**43. Administrative expenses**

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

**44. Finance costs**

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

**45. Other incomes**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**46. Investment income**

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

**47. Impairment loss on financial assets**

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

**48. Impairment losses**

	For the six month ended 30 June 2019	For the six month ended 30 June 2018
Inventory provision	(125,554.34)	(508,849.26)
	<u>(125,554.34)</u>	<u>(508,849.26)</u>

**49. Gain on disposal of assets**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**50. Non-operating income**

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

Government grants included in current period profit or loss:

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

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

**51. Non-operating expenses**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**52. Income taxes**

	For the six month ended 30 June 2019	For the six month ended 30 June 2018
Current income tax	183,966,126.67	163,102,979.73
Deferred income tax	8,277,799.83	1,383,754.59
	<u>192,243,926.50</u>	<u>164,486,734.32</u>

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**53. Notes to items in the cash flow statement**

(a) Cash receipts related to other operating activities

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

(b) Cash paid relating to other operating activities

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

(c) Cash received relating to other investing activities

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



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

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

(d) Cash paid relating to other investing activities

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

(e) Cash received relating to other financing activities

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

(f) Cash payments relating to other financing activities

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**54. Supplementary information of cash flow statement**

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**54. Supplementary information of cashflow statement (Continued)**

(b) Movement of cash

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

(c) Cash

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

**55. Notes to changes in shareholders' equity**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**56. Assets under restricted ownership or right of use**

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

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

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

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

**57. Government grants**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**57. Government grants (Continued)**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**V Notes to the consolidated financial statements (Continued)**

**57. Government grants (Continued)**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**VI. Changes in scope of consolidation**

**1. Changes in scope of consolidation for other reasons**

Establishment of subsidiaries:

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### VII Interests in other entities

#### 1. Interests in subsidiaries

(1) The composition of the Group:

Subsidiaries	Principal place of business	Place of incorporation	Nature of business	Shareholding		Ways of acquisition
				Direct	Indirect	
Sinopham Guilin	Guilin	Guilin	Commercial	-	100%	Establishment
Sinopham Baise	Baise	Baise	Commercial	-	100%	Establishment
Sinopham Holding Zhongshan Co., Ltd. (hereafter referred as "Sinopham Zhongshan")	Zhongshan	Zhongshan	Commercial	-	100%	Establishment
Sinopham Guigang	Guigang	Guigang	Commercial	-	100%	Establishment
Sinopham Beihai	Beihai	Beihai	Commercial	-	100%	Establishment
Sinopham Holding Guangzhou Medical Treatment	Guangzhou	Guangzhou	Commercial	-	51%	Establishment
Sinopham Holding Shenzhen Jianmin Co., Ltd. (hereafter referred as "Sinopham Jianmin")	Shenzhen	Shenzhen	Commercial	100%	-	Business combinations involving entities under common control
Sinopham Holding Shenzhen Traditional & Herbal Medicine Co., Ltd. (hereafter referred as "Sinopham Traditional & Herbal Medicine")	Shenzhen	Shenzhen	Commercial	100%	-	Business combinations involving entities under common control
Sinopham Holding Shenzhen Logistics Co., Ltd. (hereafter referred as "Shenzhen Logistics")	Shenzhen	Shenzhen	Services	100%	-	Business combinations involving entities under common control
Sinopham Holding Guangzhou Co., Ltd. (hereafter referred as "Sinopham Guangzhou")	Guangzhou	Guangzhou	Commercial	100%	-	Business combinations involving entities under common control
Sinopham Holding Guangdong Hengxing Co., Ltd. (hereafter referred as "Sinopham Hengxing")	Guangzhou	Guangzhou	Commercial	-	100%	Business combinations involving entities under common control
Sinopham Yulin	Yulin	Yulin	Commercial	-	100%	Business combinations involving entities under common control



# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### VII Interests in other entities (Continued)

#### 1. Interests in subsidiaries (Continued)

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

Subsidiaries	Principal place of business	Place of incorporation	Nature of business	Shareholding		Ways of acquisition
				Direct	Indirect	
Sinopharm Liuzhou	Liuzhou	Liuzhou	Commercial	-	51%	Business combinations involving entities under common control
Guangdong Hui Xin Investment Co., Ltd. (“Hui Xin Investment”)	Guangzhou	Guangzhou	Service		100.00%	Business combinations involving entities under common control
Sinopharm Holding Foshan Co., Ltd. (“Sinopharm Foshan”)	Foshan	Foshan	Commercial		100.00%	Business combinations involving entities under common control
Sinopharm Holding Guangdong Yuexing Co., Ltd. (“Sinopharm Yuexing”)	Guangzhou	Guangzhou	Commercial		100.00%	Business combinations involving entities under common control
Sinopharm Holding Guangdong Logistics Co., Ltd. (“Guangdong Logistic”)	Guangzhou	Guangzhou	Service		100.00%	Business combinations involving entities under common control
Sinopharm Guangxi	Nanning	Nanning	Commercial	100.00%		Business combinations involving entities under common control
Guangxi Logistic	Nanning	Nanning	Service		100.00%	Business combinations involving entities under common control
Sinopharm Wuzhou	Wuzhou	Wuzhou	Commercial		99.90%	Business combinations involving entities under common control
Sinopharm Dongguan	Dongguan	Dongguan	Commercial		100.00%	Business combinations involving entities under common control
Sinopharm Zhanjiang	Zhanjiang	Zhanjiang	Commercial		100.00%	Business combinations involving entities under common control
Sinopharm Yanfeng	Shenzhen	Shenzhen	Commercial	51.00%		Business combinations involving entities under common control
Sinopharm Meizhou	Meizhou	Meizhou	Commercial		100.00%	Business combinations involving entities under common control
Sinopharm Huizhou	Huizhou	Huizhou	Commercial		100.00%	Business combinations involving entities under common control
Sinopharm Zhaoqing	Zhaoqing	Zhaoqing	Commercial	-	100%	Business combinations involving entities not under common control
Sinopharm Jiangmen (a)	Jiangmen	Jiangmen	Commercial	-	100%	Business combinations involving entities not under common control
Sinopharm Shaoguan	Shaoguan	Shaoguan	Commercial	-	70%	Business combinations involving entities not under common control
Sinopharm Holding Shantou Co., Ltd. (hereafter referred as “Sinopharm Shantou”)	Shantou	Shantou	Commercial	-	100%	Business combinations involving entities under common control
Foshan Nanhai Medicine Co., Ltd.	Foshan	Foshan	Commercial	-	100%	Business combinations involving entities under common control
Foshan Nanhai Uptodate & Special Medicines Co., Ltd.	Foshan	Foshan	Commercial	-	100%	Business combinations involving entities under common control
Foshan Nanhai Medicine Co., Ltd.	Foshan	Foshan	Commercial	-	100%	Business combinations involving entities under common control
Guangdong Uptodate & Special Medicines	Guangzhou	Guangzhou	Commercial	-	100%	Business combinations involving entities under common control
Guangdong South Pharmaceutical Foreign Trade Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	100%	Business combinations involving entities under common control
Sinopharm Holding Zhuhai Co., Ltd. (hereafter referred as “Sinopharm Zhuhai”)	Zhuhai	Zhuhai	Commercial	-	100%	Business combinations involving entities not under common control

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### VII Interests in other entities (Continued)

#### 1. Interests in subsidiaries (Continued)

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

Subsidiaries	Principal place of business	Place of incorporation	Nature of business	Shareholding		Ways of acquisition
				Direct	Indirect	
Sinopharm Holding Maoming Co., Ltd. ((hereafter referred as “Sinopharm Maoming”))	Maoming	Maoming	Commercial	-	100%	Business combinations involving entities not under common control
Sinopharm Holding GZ Medical Technology Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	51%	Establishment
Sinopharm Holding GZ Medical Supply Chain Service Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	51%	Establishment
Sinopharm Holding Heyuan Co., Ltd. ((hereafter referred as “Sinopharm Heyuan”))	Heyuan	Heyuan	Commercial	-	70%	Business combinations involving entities not under common control
Sinopharm Holding Guoda Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	60%	-	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Chain Store Shanghai Co., Ltd.	Shanghai	Shanghai	Commercial	-	100%	Business combinations involving entities under common control
Beijing Guoda Pharmacy Chain Store Co., Ltd.	Beijing	Beijing	Commercial	-	100%	Business combinations involving entities under common control
Tianjin Guoda Pharmacy Chain Store Co., Ltd.	Tianjin	Tianjin	Commercial	-	80%	Business combinations involving entities under common control
Guangxi Guoda Pharmacy Consulting Chain Store Co., Ltd.	Nanning	Nanning	Commercial	-	100%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Guangdong Co., Ltd.	Shenzhen	Shenzhen	Commercial	-	100%	Business combinations involving entities under common control
Sinopharm Guoda Pharmacy Guangxi Chain Co., Ltd.	Liuzhou	Liuzhou	Commercial	-	100%	Business combinations involving entities under common control
Zhejiang Guoda Pharmacy Co., Ltd.	Hangzhou	Hangzhou	Commercial	-	100%	Business combinations involving entities under common control
Sinopharm Holding Guoda Yangzhou Dadesheng Pharmacy Chain Store Co., Ltd.	Yangzhou	Yangzhou	Commercial	-	93.68%	Business combinations involving entities under common control
Ningxia Guoda Pharmacy Chain Store Co., Ltd.	Yinchuan	Yinchuan	Commercial	-	70%	Business combinations involving entities under common control
Sinopharm Holding Guoda Nanjing Pharmacy Chain Store Co., Ltd.	Nanjing	Nanjing	Commercial	-	60%	Business combinations involving entities under common control
Sinopharm Holding Guoda Shandong Pharmacy Chain Store Co., Ltd.	Linyi	Linyi	Commercial	-	55%	Business combinations involving entities under common control
Sinopharm Holding Guoda Shenyang Pharmacy Chain Store Co., Ltd.(b)	Shenyang	Shenyang	Commercial	-	51%	Business combinations involving entities under common control
Fujian Guoda Pharmacy Chain Store Co., Ltd.(c)	Xiamen	Xiamen	Commercial	-	100%	Business combinations involving entities under common control
Anhui Guoda Pharmacy Chain Store Co., Ltd.	Hefei	Hefei	Commercial	-	60%	Business combinations involving entities under common control
Quanzhou Guoda Pharmacy Chain Store Co., Ltd.	Quanzhou	Quanzhou	Commercial	-	51%	Business combinations involving entities under common control
Shanxi Guoda Wanmin Pharmacy Chain Store Co., Ltd.	Taiyuan	Taiyuan	Commercial	-	85%	Business combinations involving entities under common control
Sinopharm Holding Hunan Guoda Minshengtang Pharmacy Chain Co., Ltd.	Hengyang	Hengyang	Commercial	-	51%	Business combinations involving entities under common control
Liyang Guoda People Pharmacy Chain Store Co., Ltd.	Liyang	Liyang	Commercial	-	80%	Business combinations involving entities under common control
Sinopharm Holding Guoda Henan Pharmacy Chain Store Co., Ltd.	Pingdingshan	Pingdingshan	Commercial	-	60%	Business combinations involving entities under common control

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### VII Interests in other entities (Continued)

#### 1. Interests in subsidiaries (Continued)

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

Subsidiaries	Principal place of business	Place of incorporation	Nature of business	Shareholding		Ways of acquisition
				Direct	Indirect	
Sinopharm Holding Guoda Inner Mongolia Pharmacy Chain Store Co., Ltd.	Hohhot	Hohhot	Commercial	-	96.7%	Business combinations involving entities under common control
Sinopharm Hebei Lerentang Pharmacy Chain Store Co., Ltd.	Shijiazhuang	Shijiazhuang	Commercial	-	60%	Business combinations involving entities under common control
Sinopharm Guoda Pharmacy Jiangmen Chain Co., Ltd.	Jiangmen	Jiangmen	Commercial	-	65%	Business combinations involving entities under common control
Sinopharm Holding Guoda Shanxi Yiyuan Pharmacy Chain Store Co., Ltd.	Taiyuan	Taiyuan	Commercial	-	80%	Business combinations involving entities under common control
Sinopharm Holding Xinjiang New & Special Medicines Chain Store Co., Ltd.	Urumqi	Urumqi	Commercial	-	51%	Business combinations involving entities under common control
Sinopharm Holding Guoda ForMe Medicines (Shanghai) Co., Ltd.	Shanghai	Shanghai	Commercial	-	97%	Business combinations involving entities under common control
Sinopharm Holding Guoda ForMe Pharmacy Chain Store Co., Ltd. (Formerly “Shanghai ForMe YiXing Pharmacy Chain Store Co., Ltd.”)	Shanghai	Shanghai	Commercial	-	99.76%	Business combinations involving entities under common control
Beijing Golden Elephant Pharmacy Medicine Chain Company Limited	Beijing	Beijing	Commercial	-	53.13%	Business combinations involving entities under common control
Shanxi Tongfeng Pharmacy Logistics Co., Ltd.	Taiyuan	Taiyuan	Commercial	-	100%	Business combinations involving entities under common control
Changzhi Guoda Wanmin Pharmacy Chain Store Co., Ltd.	Changzhi	Changzhi	Commercial	-	51%	Business combinations involving entities under common control
Shanxi Guoda Wanmin Clinic Management Chain Co., Ltd.	Taiyuan	Taiyuan	Medical services	-	100%	Business combinations involving entities under common control
Shanghai Guoda Shanghong Qibao Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	-	51%	Business combinations involving entities under common control
Zhejiang Intlmecine Pharmacy Dongshan Co., Ltd.	Hangzhou	Hangzhou	Commercial	-	51%	Business combinations involving entities under common control
Shanghai Guoda Dongsheng Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	-	100%	Business combinations involving entities under common control
Sinopharm Guoda Drug Store (Shenzhen) Chain Co., Ltd.	Shenzhen	Shenzhen	Commercial	-	100%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Guangzhou Chain Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	100%	Business combinations involving entities under common control
Shanghai Guodong Chinese Traditional Medicine Clinic Co., Ltd.	Shanghai	Shanghai	Medical clinic	-	100%	Business combinations involving entities under common control
Shanghai Guoda Dongxin Pharmacy Chain Store Co., Ltd.	Shanghai	Shanghai	Commercial	-	100%	Business combinations involving entities under common control
Shanghai Yutaitang Chinese Traditional Medicine Clinic Co., Ltd.	Shanghai	Shanghai	Commercial	-	100%	Business combinations involving entities under common control
Sanhe Liyang Golden Elephant Pharmacy Co., Ltd.	Langfang	Langfang	Commercial	-	100%	Business combinations involving entities under common control
Xiaoyi Guoda Wanmin Baicao Tang Pharmacy Chain Store Co., Ltd.	Xiaoyi	Xiaoyi	Commercial	-	70%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Hulun Buir Co., Ltd.	Hulun Buir	Hulun Buir	Commercial	-	51%	Business combinations involving entities under common control
ForMe Xuhui Sinopharm Holding Ulanqab Co., Ltd.	Shanghai	Shanghai	Commercial	-	100%	Business combinations involving entities under common control
	Ulanqab	Ulanqab	Commercial	-	60%	Establishment

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### VII Interests in other entities (Continued)

#### 1. Interests in subsidiaries (Continued)

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

Subsidiaries	Principal place of business	Place of incorporation	Nature of business	Shareholding		Ways of acquisition
				Direct	Indirect	
Sinopharm Guoda Pharmacy Qinhuangdao Chain Co., Ltd.	Qinhuangdao	Qinhuangdao	Commercial	-	51%	Business combinations involving entities under common control
Taishan Sinopharm Holding Guoda Qunkang Pharmacy Chain Store Co., Ltd.	Taishan	Taishan	Commercial	-	70%	Business combinations involving entities under common control
Beijing Golden Elephant Fuxing Technology Co., Ltd.	Beijing	Beijing	Commercial	-	80%	Business combinations involving entities under common control
Sinopharm Lerentang Shijiazhuang Pharmaceutical Sinopharm Holding Guoda Drug Store Manchuria Co., Ltd.	Shijiazhuang	Shijiazhuang	Commercial	-	100%	Business combinations involving entities under common control
Sinopharm Guoda Drug Store Anshan Chain Co., Ltd.	Manchuria	Manchuria	Commercial	-	51%	Establishment
Sinopharm Holding Guoda Yongsheng Drug Store (Shanghai) Co., Ltd.	Anshan	Anshan	Commercial	-	51%	Establishment
Sanhe Lixin Golden Elephant Drugstore Co., Ltd.	Shanghai	Shanghai	Commercial	-	55%	Establishment
Sinopharm Holding Foshan Medical Consumables Supply Chain Co., Ltd.	Langfang	Langfang	Commercial	-	100%	Establishment
Sinopharm Holding Medical Supply Chain Service (Guangxi) Co., Ltd.	Foshan	Foshan	Commercial	-	70%	Establishment
Shanghai Guoda Haohai Pharmacy Co., Ltd.	Nanning	Nanning	Commercial	-	30.06%	Establishment
Sinopharm Holding Baiyi Pharmacy Guangxi Co., Ltd.	Shanghai	Shanghai	Commercial	-	51%	Establishment
Sinopharm Holding Hezhou Co., Ltd.	Nanning	Nanning	Commercial	-	51%	Establishment
Sinopharm Holding National Pharmacy Zhengzhou Chain Co., Ltd.	Hezhou	Hezhou	Commercial	-	100%	Establishment
Shanghai Guoda Ruijing Pharmacy Co., Ltd.	Zhengzhou	Zhengzhou	Commercial	-	60%	Establishment
Fujian Guoda Pharmaceutical Co., Ltd.	Shanghai	Shanghai	Commercial	-	55%	Establishment
Sinopharm Holding Qinzhou Co., Ltd.	Xiamen	Xiamen	Commercial	-	100%	Establishment
Sinopharm Holding Hechi Co., Ltd.	Qinzhou	Qinzhou	Commercial	-	100%	Establishment
Sinopharm Holding Guangzhou Huadu Co., Ltd.	Hechi	Hechi	Commercial	-	100%	Establishment
Sinopharm Holding Guoda Shanxi Pharmaceutical Co., Ltd.(d)	Guangzhou	Guangzhou	Commercial	-	70%	Business combinations involving entities not under common control
Taiyuan Tongxinli Guoda Pharmacy Co., Ltd.	Taiyuan	Taiyuan	Commercial	-	100%	Business combinations involving entities not under common control
Sinopharm Holding Guoda Bayannaer Co., Ltd.(e)	Taiyuan	Taiyuan	Commercial	-	100%	Business combinations involving entities not under common control
Inner Mongolia Guoda Pharmaceutical Co., Ltd.(f)	a Bayannaer	a Bayannaer	Commercial	-	80%	Establishment
Sinopharm Holding Guoda Yongxingtang Chain (Chaoyang) Co., Ltd.(g)	Hohhot	Hohhot	Commercial	-	100%	Establishment
	Chaoyang	Chaoyang	Commercial	-	51%	Establishment

### VII Interests in other entities(Continued)

**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)**

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**1. Interests in subsidiaries(Continued)**

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**VII. Interests in other entities (Continued)**

**1. Interests in subsidiaries (Continued)**

**(1) Important non-wholly owned subsidiary**

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

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

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### VII. Interests in other entities (Continued)

#### 2. Interests in associates

	Principal place of business	Place of incorporation	Nature of business	Shareholding(%)		Accounting
				Direct	Indirect	
Associates						
Shenzhen Main Luck Pharmaceutical Co., Ltd. (hereafter referd as"Main Luck Phamaceutical ")	Shenzhen	Shenzhen	Manufacturing	35.19%	-	Equity
Sinopharm Group Zhijun(Suzhou) Phamaceutical Co., Ltd.	Suzhou	Suzhou	Manufacturing	33.00%	-	Equity
Sinopharm Group Zhijun(Shenzhen) Phamaceutical Co., Ltd.	Shenzhen	Shenzhen	Manufacturing	49.00%	-	Equity
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	Shenzhen	Shenzhen	Commercial	49.00%	-	Equity
Sinopharm Group Zhijun(Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Shenzhen	Shenzhen	Manufacturing	49.00%	-	Equity
Shanghai Shyndec Pharmaceutical Co., Ltd. (hereafter referd as "Shyndec Pharmaceutical")	Shanghai	Shanghai	Manufacturing	16.28%	-	Equity
Shanghai Dingqun Enterprise Management Consulting Co., Ltd.(hereafter referred as "Shanghai Dingqun")	Shanghai	Shanghai	Business service industry	2.53%	-	Equity
Shanghai Beiyi Guoda pharmaceutical Co. Ltd.	Shanghai	Shanghai	Commercial	-	26.00%	Equity
Shanghai Liyi Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	-	35.00%	Equity
Sinopharm Jienuo Medical Treatment Service Guangdong Co., Ltd.	Guangzhou	Guangzhou	Commercial	-	29.00%	Equity

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**VII. Interests in other entities (Continued)**

**2. Interests in associates (Continued)**

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

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

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

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



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**VII. Interests in other entities (Continued)**

**3. Summarised financial information of significant associate**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**VIII. Risks related to financial instruments**

**1. Classification of financial instruments**

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

30 June 2019

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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**VIII. Risks related to financial instruments (Continued)**

**1. Classification of financial instruments (Continued)**

30 June 2019

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

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**VIII. Risks related to financial instruments (Continued)**

**1. Classification of financial instruments (Continued)**

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

1 January 2019

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**VIII. Risks related to financial instruments (Continued)**

**1. Classification of financial instruments (Continued)**

1 January 2019

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

Transferred financial assets that are not derecognized in their entirety

As at 30 June 2019, the Group had endorsed commercial bills receivable (the "Endorsed Bills") to certain of its suppliers in order to settle trade payables due to such suppliers of RMB5,000,000.00 (31 December 2018: RMB 301,416.00). During the year, the Group operated a number of discounting business through several banks in China. At 30 June 2019, the carrying value thereof was RMB211,316,836.99 (31 December 2018: RMB170,013,427.11). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognize the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights of the use of the Endorsed Bills, including the sales, transfer or pledge of the Endorsed Bills to any other third parties. As at 30 June 2019, the carrying value of trade payables settled by the Group totalled RMB216,316,836.99 (31 December 2018: RMB170,314,843.11).

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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**VIII. Risks related to financial instruments (Continued)**

**2. Transfer of financial assets (Continued)**

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

As at 30 June 2019, the Group had endorsed commercial bills receivable (the "Endorsed Bills") to certain of its suppliers in order to settle trade payables due to such suppliers of RMB665,479,757.50 (31 December 2018: RMB568,118,674.84). During the year, the Group operated a number of discounting business through several banks in China. At 30 June 2019, the carrying value thereof was RMB879,092,916.00 (31 December 2018: RMB705,143,849.35). The derecognized bills had a maturity of 1 to 12 months at the end of the reporting period. In accordance with the Law of Negotiable Instruments, the holders of the derecognized bills have a right of recourse against the Group if the accepting banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the derecognized bills. Accordingly, it has derecognized the full carrying amounts of the derecognized bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the derecognized bills and the undiscounted cash flows to repurchase these derecognized bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the derecognized bills are not significant.

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

During the six months ended 30 June 2019, the Group has not recognized any gain or loss on the date of transfer of the derecognized bills. No gains or losses were recognized from the Continuing Involvement, both during the year or cumulatively.

As part of its normal business, the Group entered into an trade receivable factoring arrangement (the "Arrangement") without recourse and transferred certain trade receivables to a bank. In the opinion of the directors, the Group has transferred substantially all risks and rewards under the arrangement. Accordingly, it has derecognized the full carrying amounts of the associated trade receivables. The original carrying value of the derecognized trade receivables transferred under the Arrangement that have not been settled as at 30 June 2019 amounted to RMB1,299,923,031.76 (31 December 2018: RMB827,745,640.19).

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### VIII. Risks related to financial instruments (Continued)

#### 3. Risks of financial instruments

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

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

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

#### Credit risk

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

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**VIII. Risks related to financial instruments (Continued)**

**3. Risks of financial instruments (Continued)**

**Credit risk (Continued)**

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

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

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

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

*Determination of significant increase in credit risk*

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



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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**VIII. Risks related to financial instruments (Continued)**

**3. Risks of financial instruments (Continued)**

**Credit risk (Continued)**

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

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

*Definition of credit-impaired financial assets*

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

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

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

*Parameter of the expected credit loss model*

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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**VIII. Risks related to financial instruments (Continued)**

**3. Risks of financial instruments (Continued)**

**Credit risk (Continued)**

**Definitions:**

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

*Forward-looking information*

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

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

**Currency risk**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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**VIII. Risks related to financial instruments (Continued)**

**4. Capital management**

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

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

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

The gearing ratios of the Group as at 30 June 2019 and 1 January 2019 were as follows:

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**IX. Disclosure of fair value**

**1. Assets and liabilities at fair value**

30 June 2019:

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

1 January 2019:

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**IX. Disclosure of fair value**

**2. Assets and liabilities disclosed at fair value**

1 January 2019:

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

**3. Estimation of fair value**

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

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

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

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

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

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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**IX. Disclosure of fair value**

**4. Unobservable inputs**

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

**5. Transfers between levels of fair value measurement**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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**X. Related party relationships and transactions (Continued)**

**1. Parent**

	Registered address	Nature of business	Share capital (RMB'0,000)	Proportion of ownership interest in the Company	Proportion of voting power in the Company
Sinopharm Group	Shanghai	Industrial investment holding, trustee of a pharmaceutical enterprise, assets reorganization, distribution and retail of medicines and pharmaceutical products, etc.	297,165.62	56.06%	56.06%

The ultimate controlling party of the Company is CNP GC.

**2. Subsidiaries**

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



# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### 3. Associates

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

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

### 4. Other related parties

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

<u>Company name</u>	<u>Related party relationships</u>
Sinopharm Holding Guizhou Medical Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jilin Chain Store Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Siping Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wenzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xuzhou Co., Ltd.	Controlled by Sinopharm Group
Guoyao Lerentang Shijiazhuang Medical Management Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Qinghai Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chongqing Taimin Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Deyang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hongrun Medical Business Service (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Guangdong Medical Examination Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Medical Instrument Foshan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Nanping Medical Instrument Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Guangxi Medical Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anhui Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Suzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Lu'an Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nanchang Chain Store Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinxiang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Huangshi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jining Co., Ltd.	Controlled by Sinopharm Group
Fujian Sinopharm Medical Instrument Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Baoding Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Hengshui Medicine Co., Ltd.	Controlled by Sinopharm Group
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Xinjiang Korla Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	Controlled by CNPGC
Huayi Pharmaceutical Co., Ltd.	Controlled by CNPGC
Beijing Huamiao Pharmaceutical Co., Ltd.	Controlled by CNPGC
Guizhou Tongjitang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Anhui Jingfang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Guangdong Medi-World Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Fengliaoqing (Foshan) Medicines Co., Ltd.	Controlled by CNPGC
Shandong Lu Ya Pharmaceutical Co., Ltd.	Controlled by CNPGC
Foshan Fengliaoqing Pharmaceutical Co., Ltd.	Controlled by CNPGC
Winteam Pharmaceutical Group Ltd.	Controlled by CNPGC
Foshan Dezhong Pharmaceutical Co., Ltd.	Controlled by CNPGC
Chengdu Rongsheng Pharmacy Co., Ltd.	Controlled by CNPGC
Lanzhou Biotechnology Development Co., Ltd.	Controlled by CNPGC
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	Controlled by CNPGC

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

<u>Company name</u>	<u>Related party relationships</u>
Shantou Jinshi Powder Injection Co., Ltd.	Controlled by CNPGC
Chengdu Institute of Biological Products Co., Ltd.	Controlled by CNPGC
China National Pharmaceutical Industry Co., Ltd.	Controlled by CNPGC
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	Controlled by CNPGC
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	Controlled by CNPGC
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	Controlled by CNPGC
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	Controlled by CNPGC
The Fourth Pharmaceutical Co., Ltd. of Zhonglian Group	Controlled by CNPGC
Sinopharm Chuan Kang Pharmaceutical Co., Ltd.	Controlled by CNPGC
China National Pharmaceutical Foreign Trade Corporation	Controlled by CNPGC
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	Controlled by CNPGC
Sinopharm Yixin Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Holding Sanyi Medicine (Wuhu) Co., Ltd.	Controlled by CNPGC
Guizhou Tongjitang Pharmacy Chain Co., Ltd.	Controlled by CNPGC
Sichuan Jiangyouzhongbafuzi Technology Development Co., Ltd.	Controlled by CNPGC
Lanzhou Institute of Biological Products Co., Ltd.	Controlled by CNPGC
Sinopharm Wuhan blood products Co., Ltd.	Controlled by CNPGC
Fujian Chentian Jinling Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Group Guizhou Blood Products Co., Ltd.	Controlled by CNPGC
China National of Traditional&Herbal Medicine Co., Ltd.	Controlled by CNPGC
Sinopharm Chongqing Pharmaceutical and Medical Industry Design Institute	Controlled by CNPGC
Group Financial Co.	Controlled by CNPGC
Shanghai Shangsheng Biological Products Co., Ltd.	Controlled by CNPGC
Sinopharm Group Chengdu Xinlibang Biological Products Co., Ltd.	Controlled by CNPGC
Sinopharm Weiqida Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Fengliaoqing Medical Hospital Co., Ltd.	Controlled by CNPGC
Sinopharm Group Fengliaoqing Traditional Chinese Medical Center Foshan Nanhai Co., Ltd.	Controlled by CNPGC
Sinopharm Group Fengliaoqing Pharmacy (Foshan) Co., Ltd.	Controlled by CNPGC
Yichang Humanwell Pharmaceutical Co., Ltd.	Associate of Sinopharm Group
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	Associate of Sinopharm Group
Sinopharm Health Online Co., Ltd.	Associate of Sinopharm Group
Sinopharm Holding Financing Lease Co., Ltd.	Associate of Sinopharm Group
Shanghai Guoda Lingyun Pharmacy Co., Ltd.	Associate of Sinopharm Group
Nanchang Sinopharm Holding Guoyao Tang Pharmacy Co., Ltd.	Associate of Sinopharm Group
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	Associate of CNPGC
China Otsuka Pharmaceutical Co., Ltd.	Associate of CNPGC
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	Associate of CNPGC
Sinopharm ShanXi Ruifulai Pharmaceutical Co., Ltd.	Associate of CNPGC

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

<u>Company name</u>	<u>Related party relationships</u>
Chongqing Yaoyou Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Sichuan Hexin Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Guilin South pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Shanghai Chaohui Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Tibet Yaoyou Medicines Co., Ltd.	Subsidiary of Fosun Pharm
Shenyang Hongqi Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Shanghai Transfusion Technology Co., Ltd.	Subsidiary of Fosun Pharm
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	Subsidiary of Fosun Pharm
Chongqing Haisiman Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Jinzhou AoHong Pharmaceuticals Co., Ltd.	Subsidiary of Fosun Pharm
Hunan Dongting Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Jiangsu Huanghe Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Suzhou Erye Pharmaceutical Limited Company	Subsidiary of Fosun Pharm
Jiangsu Fuxing Pharmaceutical Trading Co., Ltd.	Subsidiary of Fosun Pharm
Jiangxi Erye Medicine Marketing Co., Ltd.	Subsidiary of Fosun Pharm
Shanghai Compound Technology Medical Devices Co., Ltd.	Subsidiary of Fosun Pharm
Foshan Chancheng District Central Hospital	Subsidiary of Fosun Pharm
Foshan Chanyixing Medicine Development Co Ltd.	Subsidiary of Fosun Pharm
Foshan Chancheng Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Shenzhen Qianda Medical Beauty Clinic	Subsidiary of Fosun Pharm
Shenzhen Heng Sheng Hosital	Subsidiary of Fosun Pharm
Shenzhen Wanwei Medicine Trading Co., Ltd.	Subsidiary of Main Luck Pharmaceutical
Linyi Medical Group Co., Ltd.	Non-controlling interest of a subsidiary
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Non-controlling interest of a subsidiary
Henan Wanxitang Pharmacy Co., Ltd.	Non-controlling interest of a subsidiary
Heyuan Mairui Trading Co., Ltd.	Non-controlling interest of a subsidiary
Shenyang Pharmaceutical Co., Ltd.	Non-controlling interest of a subsidiary
Zhang Zhenfang	Non-controlling interest of a subsidiary
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	Non-controlling interest of a subsidiary
Lerentang Investment Group Co., Ltd.	Non-controlling interest of a subsidiary
Shenzhen Jiufeng Investment Co., Ltd.	Non-controlling interest of a subsidiary
Hunan Minshengtang Investment Co., Ltd.	Non-controlling interest of a subsidiary
Taishan Qunkang Pharmacy Co., Ltd.	Non-controlling interest of a subsidiary
Gu Haiqun	Non-controlling interest of a subsidiary
Guangdong Jiyuantang Development Co., Ltd.	Non-controlling interest of a subsidiary
Hangzhou Xihu Business Group Corporation	Non-controlling interest of a subsidiary
Nanjing Yuanguang Trading Co., Ltd.	Controlled by non-controlling interest of a subsidiary
Taishan Xiangranhui Trade Co., Ltd.	Controlled by non-controlling interest of a subsidiary
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	Controlled by non-controlling interest

**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)**

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<u>Company name</u>	<u>Related party relationships</u> of a subsidiary
Gu Jinhua	Family member of the non-controlling shareholder of a subsidiary
Wang Yang	Controller of non-controlling interest of a subsidiary



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

**5. Major transactions between the Group and its related parties**

(1) Related party transactions –goods and services

Purchase of goods and receiving of services from related parties

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

**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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### X. Related party relationships and transactions (Continued)

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

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

Purchase of goods and receiving of services from related parties

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	Purchase of goods	3,824,818.27	4,530,675.45
Sinopharm Group Guorui Medicine Co., Ltd.	Purchase of goods	3,219,200.90	3,735,052.72
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	Purchase of goods	3,158,018.27	1,574,958.10
Sinopharm Holding Jinan Co., Ltd.	Purchase of goods	3,031,490.28	3,621,583.69
Sinopharm Holding Tongliao Co., Ltd.	Purchase of goods	2,906,482.17	584,726.70
Sinopharm Holding Fuzhou Co., Ltd.	Purchase of goods	2,676,398.89	4,703,935.11
Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.	Purchase of goods	2,652,028.86	2,298,554.23
Sinopharm Holding Heilongjiang Co., Ltd.	Purchase of goods	2,603,286.79	-
Shanghai Shangsheng Biological Products Co., Ltd.	Purchase of goods	2,478,155.34	-
Sinopharm Holding Wuxi Co., Ltd.	Purchase of goods	2,456,981.90	2,453,393.36
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	Purchase of goods	2,326,076.00	1,889,376.44
Sinopharm holdings Beijing huahong co., Ltd	Purchase of goods	2,143,025.16	3,550,261.18
Sinopharm Holding Jinzhou Co., Ltd.	Purchase of goods	2,050,823.42	2,249,516.98
Shanghai Chaohui Pharmaceutical Co., Ltd.	Purchase of goods	1,967,905.09	330,363.62
Guizhou Tongjitang Pharmaceutical Co., Ltd.	Purchase of goods	1,947,122.98	1,536,282.82
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Purchase of goods	1,673,805.68	1,799,439.15
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	Purchase of goods	1,672,471.40	2,240,460.54
Jiangsu Fuxing Pharmaceutical Trading Co., Ltd	Purchase of goods	1,647,132.50	-
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	Purchase of goods	1,634,592.42	1,451,522.48
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	Purchase of goods	1,634,371.49	615,989.84
Shantou Jinshi Powder Injection Co., Ltd.	Purchase of goods	1,575,114.81	330,119.93
Sinopharm Weiqida Pharmaceutical Co., Ltd.	Purchase of goods	1,396,321.58	31,965.52
Shenyang Hongqi Pharmaceutical Co., Ltd.	Purchase of goods	1,395,942.72	1,058,670.33
Sinopharm Holding Zhihuiminsheng (Tianjin) Pharmaceutical Co., Ltd.	Purchase of goods	1,374,403.26	80,410.58
China National Pharmaceutical Industry Co., Ltd.	Purchase of goods	1,237,603.17	188,275.39

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### X. Related party relationships and transactions (Continued)

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

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

##### Purchase of goods and receiving of services from related parties

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Hunan Dongting Pharmaceutical Co., Ltd.	Purchase of goods	1,221,714.73	340,441.92
Sinopharm Holding Yancheng Co., Ltd.	Purchase of goods	1,174,557.52	1,402,672.48
Sinopharm Holding Changsha Co., Ltd.	Purchase of goods	1,166,442.94	414,897.11
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	Purchase of goods	1,115,619.67	921,863.31
Sinopharm Fengliaoqing (Foshan) Medicines Co., Ltd.	Purchase of goods	1,047,564.70	-
Sinopharm Group Southwest Medicine Co., Ltd.	Purchase of goods	942,169.90	153,389.66
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	Purchase of goods	904,775.75	400,421.76
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	Purchase of goods	853,055.98	200,544.82
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	Purchase of goods	825,452.16	121,618.26
Sinopharm Holding Suzhou Co., Ltd.	Purchase of goods	821,818.78	6,247,553.79
Chengdu Institute of Biological Products Co., Ltd.	Purchase of goods	821,518.40	-
Sinopharm Holding Lianyungang Co., Ltd.	Purchase of goods	815,620.38	153,111.27
Sinopharm Holding Hulun Buir Co., Ltd.	Purchase of goods	813,318.59	713,341.49
Guangdong Medi-World Pharmaceutical Co., Ltd.	Purchase of goods	778,815.71	584,223.16
Sinopharm Holding Dalian Co., Ltd.	Purchase of goods	708,136.87	769,041.46
Sinopharm Holding Tianjin Co., Ltd.	Purchase of goods	706,163.71	1,598,345.37
Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	Purchase of goods	627,257.64	63,648.72
Sinopharm Holding Putian Co., Ltd.	Purchase of goods	602,182.39	895,532.89
Sinopharm Holding Anhui Co., Ltd.	Purchase of goods	558,299.15	539,726.50
Sinopharm Holding Hainan Co., Ltd.	Purchase of goods	556,396.59	97,450.60
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	Purchase of goods	551,162.81	763,625.20
Anhui Jingfang Pharmaceutical Co., Ltd.	Purchase of goods	537,444.48	(13,269.30)
Sinopharm Group Guizhou Blood Products Co., Ltd.	Purchase of goods	536,000.00	-
Shanghai Merro Pharmaceutical Co., Ltd.	Purchase of goods	513,712.42	2,016,321.47
Sinopharm Holding Quanzhou Co., Ltd.	Purchase of goods	509,096.37	509,662.25

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

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

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

Purchase of goods and receiving of services from related parties

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Guilin South pharmaceutical Co., Ltd.	Purchase of goods	491,705.68	-
Shanghai Transfusion Technology Co., Ltd.	Purchase of goods	444,825.76	-
Sinopharm Holding Yangzhou Medical Treatment Equipment Co., Ltd.	Purchase of goods	434,284.50	-
Sinopharm Holding Zhejiang Co., Ltd.	Purchase of goods	383,036.87	289,516.54
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	Purchase of goods	357,980.82	435,887.39
Fujian Chentian Jinling Pharmaceutical Co., Ltd.	Purchase of goods	328,557.99	-
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	Purchase of goods	257,629.73	109,039.96
Sinopharm Wuhan blood products Co., Ltd.	Purchase of goods	248,000.00	-
Sinopharm Holding Shanxi Zhidekang Medicine Co., Ltd.	Purchase of goods	189,064.65	-
Sinopharm Holding Dalian Hecheng Co., Ltd.	Purchase of goods	175,327.42	262,027.99
Sinopharm Holding Yangzhou Biological Products Co., Ltd.	Purchase of goods	166,268.35	444,000.00
Foshan Fengliaoqing Pharmaceutical Co., Ltd.	Purchase of goods	160,792.59	2,015,702.90
Sinopharm Holding (Hubei) Base Pharmaceutical Co., Ltd.	Purchase of goods	152,076.28	-
Sinopharm Holding Dezhou Co., Ltd.	Purchase of goods	148,796.05	228,731.52
Sinopharm Holding Hunan Pharmaceutical Development Co., Ltd.	Purchase of goods	142,539.15	-
Jiangsu Huanghe Pharmaceutical Co., Ltd.	Purchase of goods	133,968.48	-
Sinopharm Holding Bayannaoer Co., Ltd.	Purchase of goods	120,003.15	-
China Medical Equipment Shandong Co., Ltd.	Purchase of goods	116,013.65	-
Sinopharm Group Shanxi Co., Ltd.	Purchase of goods	111,864.77	87,596.90
Foshan Dezhong Pharmaceutical Co., Ltd.	Purchase of goods	95,965.53	-
Sinopharm Liaoning Medical Equipment Co., Ltd.	Purchase of goods	90,783.71	-
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	Purchase of goods	73,542.96	12.82
Sinopharm Holding Fuzhou Medical Devices Co., Ltd.	Purchase of goods	40,707.96	-
Sinopharm Holding Sanyi Medicine (Wuhu) Co., Ltd.	Purchase of goods	39,203.47	58,952.78
The Fourth Pharmaceutical Co., Ltd. of Zhonglian Group	Purchase of goods	35,353.29	24,295.86

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

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

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

Purchase of goods and receiving of services from related parties

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Holding Taizhou Co., Ltd.	Purchase of goods	34,438.88	73,304.23
Sichuan Jiangyouzhongbafuzi Technology Development Co., Ltd.	Purchase of goods	29,090.91	49,297.30
Sinopharm Holding Rizhao Co., Ltd.	Purchase of goods	19,834.99	586,905.03
Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	Purchase of goods	19,401.89	27,310.34
Guoyao Lerentang Hebei Medical Device Supply Chain Management Co., Ltd.	Purchase of goods	17,131.04	-
Sinopharm Holding Ulanqab Co., Ltd.	Purchase of goods	17,027.43	308,191.79
Sinopharm Holding Shanxi Mingdikang Medicine Co., Ltd.	Purchase of goods	14,185.41	-
Sinopharm Holding Jilin Co., Ltd.	Purchase of goods	13,152.13	-
Sinopharm Group Medicine Logistic Co., Ltd.	Purchase of goods	10,445.10	-
Sinopharm Holding Zhangzhou Pharmaceutical Co., Ltd.	Purchase of goods	10,137.93	-
Sinopharm Holding Shanxi Jincheng Co., Ltd.	Purchase of goods	8,408.74	11,481.46
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	Purchase of goods	6,891.48	335,484.62
Lanzhou Institute of Biological Products Co., Ltd.	Purchase of goods	-	52,860,000.00
China National Pharmaceutical Foreign Trade Corporation	Purchase of goods	-	13,645,110.09
Sinopharm Holding Shanxi Instrument Branch Co., Ltd.	Purchase of goods	-	7,410,730.23
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	Purchase of goods	-	995,510.64
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	Purchase of goods	-	193,277.45
Sinopharm Group Zhijun(Suzhou) Pharmaceutical Co., Ltd.	Purchase of goods	-	173,484.94
Sinopharm Holding Guizhou Co., Ltd.	Purchase of goods	-	73,729.75
Chongqing Haisiman Pharmaceutical Co., Ltd.	Purchase of goods	-	33,895.38
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	Purchase of goods	-	20,598.94
Sinopharm Holding Nanping Newforce Co., Ltd.	Purchase of goods	-	15,315.32
Sinopharm Zhuhai Medical Instrument Co., Ltd.	Purchase of goods	-	9,564.95
Sinopharm Hebei Medical Instrument Co., Ltd.	Purchase of goods	-	6,533.84
Beijing Huamiao Pharmaceutical Co., Ltd.	Purchase of goods	-	2,649.79

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

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

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

Purchase of goods and receiving of services from related parties

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Group Guangdong Medicine Device Co., Ltd.	Purchase of goods	-	1,770.86
Sinopharm Holding Jinhua Co., Ltd.	Purchase of goods	-	38.80
Sinopharm Holding Ordos Co., Ltd.	Purchase of goods	-	(10,667.01)
Sinopharm Holding Yongzhou Co., Ltd.	Purchase of goods	(49.36)	38,141.67
Sinopharm Prospect Dentech (Beijing) Co., Ltd.	Purchase of goods	(63.80)	4,073.48
Sinopharm Group Chengdu Xinlibang Biological Products Co., Ltd.	Purchase of goods	(9,500.00)	-
Shandong Lu Ya Pharmaceutical Co., Ltd.	Purchase of goods	(23,551.03)	2,909,280.05
Huayi Pharmaceutical Co., Ltd.	Purchase of goods	(191,940.52)	695,732.52
Sinopharm Group Medicine Logistic Co., Ltd.	Storage and transport	7,275,965.45	6,666,668.71
Sinopharm Health Online Co., Ltd.	Consulting service fee	6,298,404.97	6,085,895.22
Shanghai Beiyi Guoda pharmaceutical Co. Ltd.	Consulting service fee	1,229,716.93	1,263,962.22
Shanghai Tongyu Information Technology Co., Ltd.	Information system access fee	142,764.15	98,113.21
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	Others	109,458.10	-
China National Pharmaceutical Logistics Co., Ltd.	Storage and transport cost	54,651.59	44,030.65
Sinopharm Holding Tianjin Binhai Pharmaceutical Co., Ltd.	Information system access fee	-	7,075.47

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

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

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

**Sale of goods and rendering of services**

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



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

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

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

Sale of goods and rendering of services

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

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

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

Sale of goods and rendering of services

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Holding Jiaozuo Co., Ltd.	Sale of goods	406,784.27	-
Sinopharm Holding Yancheng Co., Ltd.	Sale of goods	382,851.04	-
Sinopharm Holding Honghe Co., Ltd.	Sale of goods	377,186.11	9,595.25
Sinopharm Holding Tianjin North Medicine Co., Ltd.	Sale of goods	363,748.93	58,775.86
Sinopharm Holding Inner Mongolia Co., Ltd.	Sale of goods	326,327.82	239,130.68
Sinopharm Group Guangdong Medicine Device Co., Ltd.	Sale of goods	296,825.53	-
Sinopharm Group Shanxi Co., Ltd.	Sale of goods	266,895.84	486,510.78
Sinopharm Holding Chengdu Co., Ltd.	Sale of goods	252,754.20	215,685.18
Sinopharm Holding Qinghai Co., Ltd.	Sale of goods	250,674.21	168,653.68
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	Sale of goods	225,250.43	448,887.64
Sinopharm Holding Tongren Co., Ltd.	Sale of goods	197,968.78	21,011.20
Sinopharm Holding (Hubei) Hankou Pharmacy Co., Ltd.	Sale of goods	195,295.22	-
Nanchang Sinopharm Holding Guoyatong Pharmacy Co., Ltd.	Sale of goods	173,403.11	-
Sinopharm Holding Guizhou Co., Ltd.	Sale of goods	158,213.27	1,042,466.52
Sinopharm Holding Chongqing Taimin Pharmaceutical Co., Ltd.	Sale of goods	155,771.69	-
Sinopharm Holding Zunyi Co., Ltd.	Sale of goods	146,542.78	35,054.94
Sinopharm Holding Taizhou Co., Ltd.	Sale of goods	141,236.61	-
Shenzhen Qianda Medical Beauty Clinic	Sale of goods	140,970.86	-
Sinopharm Holding Chongqing Co., Ltd.	Sale of goods	138,748.70	145,147.69
Sinopharm Holding Hubei Hongyuan Co., Ltd.	Sale of goods	132,556.02	97,162.40
Sinopharm Holding Fuzhou Co., Ltd.	Sale of goods	131,753.26	6,927.14
Sinopharm Group Fengliaoxing Pharmacy (Foshan) Co., Ltd.	Sale of goods	128,687.69	-
Sinopharm Holding Jiangxi Co., Ltd.	Sale of goods	123,135.25	371,671.87
Sinopharm Medical Instrument Guizhou Qiannan Co., Ltd.	Sale of goods	114,833.43	12,712.58
Sinopharm Fengliaoxing Medical Hospital Co., Ltd.	Sale of goods	101,588.59	16,804.60

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

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

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

Sale of goods and rendering of services

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	Sale of goods	86,668.69	175,352.41
Sinopharm Holding Jiangsu Co., Ltd.	Sale of goods	76,013.68	-
Sinopharm Guangdong Medical Examination Co., Ltd.	Sale of goods	73,203.54	-
Sinopharm Holding Guizhou Medical Equipment Co., Ltd.	Sale of goods	70,073.94	133,404.19
Sinopharm Group Guangxi Medical Equipment Co., Ltd.	Sale of goods	66,013.12	-
Shanghai Compound Technology Medical Devices Co., Ltd.	Sale of goods	59,482.76	-
Sinopharm Medical Instrument Foshan Co., Ltd.	Sale of goods	58,330.19	-
Sinopharm Guanai Yuankang Pharmacy (Haikou) Co., Ltd.	Sale of goods	55,763.79	-
Sinopharm Holding Changzhou Co., Ltd.	Sale of goods	50,185.70	435,840.01
Sinopharm Holding Ulanqab Co., Ltd.	Sale of goods	47,434.77	175,775.17
Sinopharm Holding Longyan Co., Ltd.	Sale of goods	44,963.97	58,172.99
Sinopharm Holding Chuxiong Co., Ltd.	Sale of goods	41,712.99	-
Sinopharm Holding Jilin Chain Store Co., Ltd.	Sale of goods	38,234.48	91,435.98
Sinopharm Holding Deyang Co., Ltd.	Sale of goods	36,771.21	-
Dongyuan accord pharmaceutical chain Co., Ltd.	Sale of goods	30,868.27	39,393.65
Sinopharm Holding Anshun Co., Ltd.	Sale of goods	21,688.95	-
Sinopharm Nanping Medical Instrument Co., Ltd.	Sale of goods	19,993.91	-
Sinopharm Holding Ningde Co., Ltd.	Sale of goods	19,818.67	23,864.90
Sinopharm Holding Liaocheng Co., Ltd.	Sale of goods	15,779.79	15,596.82
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	Sale of goods	14,949.89	7,617.49
Sinopharm Zhuhai Medical Instrument Co., Ltd.	Sale of goods	13,939.15	9,119.70
Sinopharm Holding Shanxi Jincheng Co., Ltd.	Sale of goods	11,204.59	-
Sinopharm Holding Siping Co., Ltd.	Sale of goods	9,998.28	26,548.13
Sinopharm Holding Hongrun Medical Business Service (Shanghai) Co., Ltd.	Sale of goods	9,884.46	19,240.32
China National Scientific Instruments & Materials Imp/Exp Shenzhen Co., Ltd.	Sale of goods	6,320.71	-

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

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

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

Sale of goods and rendering of services

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Group Fengliaoqing Traditional Chinese Medical Center Foshan Nanhai Co., Ltd.	Sale of goods	6,233.90	-
Sinopharm Jienuo Medical Treatment Service Guangdong Co., Ltd.	Sale of goods	3,590.16	-
Guoyao Lerentang Shijiazhuang Medical Management Co., Ltd.	Sale of goods	2,663.79	-
Sinopharm Holding Zhejiang Co., Ltd.	Sale of goods	-	921,282.05
Hubei Pharmaceutical Group Co., Ltd.	Sale of goods	-	853,130.68
Sinopharm Holding Heilongjiang Co., Ltd.	Sale of goods	-	324,789.98
Sinopharm Holding Yongzhou Co., Ltd.	Sale of goods	-	203,544.77
Sinopharm Holding Huaian Co., Ltd.	Sale of goods	-	128,653.00
Sinopharm Holding Suzhou Co., Ltd.	Sale of goods	-	103,840.63
Sinopharm Group Zhijun(Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Sale of goods	-	79,279.28
Sinopharm Holding Lu'an Co., Ltd.	Sale of goods	-	66,987.18
Sinopharm Holding Nanchang Chain Store Co., Ltd.	Sale of goods	-	54,017.59
Sinopharm Holding Xinxiang Co., Ltd.	Sale of goods	-	34,164.62
Sinopharm Holding Huangshi Co., Ltd.	Sale of goods	-	34,025.78
Sinopharm Holding Jining Co., Ltd.	Sale of goods	-	19,035.54
Fujian Sinopharm Medical Instrument Co., Ltd.	Sale of goods	-	13,988.00
Sinopharm Lerentang Baoding Medicine Co., Ltd.	Sale of goods	-	12,991.45
Sinopharm Lerentang Hengshui Medicine Co., Ltd.	Sale of goods	-	12,108.38
Sinopharm Holding Hulun Buir Co., Ltd.	Sale of goods	-	4,570.00
Sinopharm Holding Putian Co., Ltd.	Sale of goods	(33,809.91)	64,610.68
Sinopharm Holding Quanzhou Co., Ltd.	Sale of goods	(87,055.63)	-
China National Medicines Co., Ltd.	Transport and storage income	4,430,727.40	3,580,698.30
Sinopharm Group Medicine Logistic Co., Ltd.	Transport and storage income	401,376.93	294,804.62
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	Meal fee	308,882.00	294,180.00
Sinopharm Group Zhijun(Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Transport and storage income	123,995.03	122,242.00

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

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

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

Sale of goods and rendering of services

Related party	Type of transaction	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Sinopharm Group Southwest Medicine Co., Ltd.	Transport and storage income	82,001.72	-
Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	Consulting service income	2,792.45	-
Sinopharm Holding Shanxi Co., Ltd.	Consulting service income	1,688.12	9,433.96
Guizhou Tongjitang Pharmaceutical Co., Ltd.	Consulting service income	-	8,285.71
Winteam Pharmaceutical Group Ltd.	Consulting service income	-	2,023.58
Sinopharm Holding Shanxi Instrument Branch Co., Ltd.	Other income	-	1,132.08

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

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

(2) Related party transactions - leases

(a) As the lessor

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

(b) As the lessee

	Type of assets under leases	Expense from leases For the six months ended 30 June 2019	Expense from leases For the six months ended 30 June 2018
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Building	6,670,660.92	5,461,904.76
Sinopharm Group Medicine Logistic Co., Ltd.	Equipment	3,750,000.00	3,750,000.00
Sinopharm Group Shanghai Co., Ltd.	Building	3,721,698.57	3,790,426.48
Sinopharm Group Medicine Logistic Co., Ltd.	Building	3,539,999.98	3,539,999.98
Lerentang Investment Group Co., Ltd.	Building	3,354,162.22	2,277,892.99
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	Building	2,405,696.37	1,277,732.57
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Building	2,234,982.50	3,914,124.76
Sinopharm Holding Yangzhou Co., Ltd.	Building	1,902,091.52	1,862,857.14
Hunan Minshengtang Investment Co., Ltd.	Building	1,838,716.70	2,027,673.99
Linyi Medical Group Co., Ltd.	Building	1,482,764.04	2,036,376.45
Guangdong Jiyuantang Development Co., Ltd.	Building	1,088,752.31	1,192,864.11
Nanjing Yuanguang Trading Co., Ltd.	Building	855,468.84	866,794.89
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	Building	476,713.98	470,161.86
Taishan Xiangranhui Trade Co., Ltd	Building	456,054.17	451,963.88
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	Building	277,303.54	184,253.18
Sinopharm Group	Building	267,553.06	259,915.02
Wang Yang	Building	262,857.12	262,857.12
Sinopharm Holding Beijing Co., Ltd.	Building	260,870.74	235,714.29
Shenyang Pharmaceutical Co., Ltd.	Building	253,564.15	3,548,219.75
Zhang Zhenfang	Building	214,062.49	402,499.98

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

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

(2) Related party transactions – leases (Continued)

(b) As the lessee (continued)

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

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

**(3) Related party transactions – Financing**

Related party	Amount	Inception	Maturity	Note
<b>Borrowed from</b>				
Group Financial Co.	43,428,873.45	22 April 2019	31 May 2019	Discount on commercial acceptance notes
Group Financial Co.	40,197,120.84	17 April 2019	17 July 2019	Short-term borrowings
Group Financial Co.	38,384,946.67	24 January 2019	28 February 2019	Discount on commercial acceptance notes
Group Financial Co.	37,311,327.27	22 May 2019	22 August 2019	Short-term borrowings
Group Financial Co.	33,815,106.08	18 March 2019	30 April 2019	Discount on commercial acceptance notes
CNPGC	31,600,000.00	24 May 2017	24 May 2020	Long-term borrowings
Group Financial Co.	27,852,641.75	30 January 2019	30 April 2019	Discount on commercial acceptance notes
Group Financial Co.	27,408,812.83	21 May 2019	30 June 2019	Discount on commercial acceptance notes
Group Financial Co.	23,148,716.55	18 March 2019	25 May 2019	Discount on commercial acceptance notes
Group Financial Co.	21,601,820.90	18 March 2019	31 May 2019	Discount on commercial acceptance notes
Group Financial Co.	20,902,069.23	30 January 2019	28 March 2019	Discount on commercial acceptance notes
Group Financial Co.	18,680,669.14	21 May 2019	31 July 2019	Discount on commercial acceptance notes
Group Financial Co.	18,309,493.19	30 January 2019	29 March 2019	Discount on commercial acceptance notes
Group Financial Co.	14,997,301.99	30 January 2019	09 May 2019	Discount on commercial acceptance notes
Group Financial Co.	14,442,689.98	30 January 2019	25 March 2019	Discount on commercial acceptance notes
Group Financial Co.	11,932,011.37	30 January 2019	26 April 2019	Discount on commercial acceptance notes
Group Financial Co.	9,827,139.59	22 April 2019	09 August 2019	Discount on commercial acceptance notes
Group Financial Co.	9,776,155.18	22 April 2019	25 June 2019	Discount on commercial acceptance notes
Group Financial Co.	2,227,866.60	30 January 2019	28 June 2019	Discount on commercial acceptance notes
Group Financial Co.	2,115,440.26	22 April 2019	26 September 2019	Discount on commercial acceptance notes
Group Financial Co.	2,037,126.50	30 January 2019	28 May 2019	Discount on commercial acceptance notes
Group Financial Co.	1,628,019.46	18 March 2019	27 August 2019	Discount on commercial acceptance notes
Group Financial Co.	1,188,450.22	30 January 2019	26 June 2019	Discount on commercial acceptance notes
Group Financial Co.	859,454.60	21 May 2019	26 August 2019	Discount on commercial acceptance notes
Group Financial Co.	798,997.80	22 April 2019	26 July 2019	Discount on commercial acceptance notes
Group Financial Co.	729,054.60	18 March 2019	26 June 2019	Discount on commercial acceptance notes



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

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

**(4) Related party asset transfer**

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

**(5) Other related party transactions**

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

**(b) Interest expense**

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

**(c) Interest income**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

**6. Amounts due from related parties**

Accounts receivable	30 June 2019		1 January 2019	
	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Related party				
Foshan Chancheng Pharmaceutical Co., Ltd.	45,958,521.41	276,165.34	39,888,094.43	235,040.74
Sinopharm Group	40,401,102.06	-	32,263,115.51	-
Sinopharm Holding Hainan Co., Ltd.	9,869,915.19	-	6,607,589.69	-
Shanghai Beiyi Guoda pharmaceutical Co. Ltd.	9,772,467.43	-	11,966,548.05	-
Sinopharm Health Online Co., Ltd.	7,991,221.08	-	6,543,624.21	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	4,943,166.98	-	-	-
Sinopharm holdings Beijing huahong co., Ltd	4,491,263.20	-	4,009,562.41	-
Shenzhen Heng Sheng Hosital	4,350,627.94	-	2,674,948.35	-
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	4,350,308.37	-	5,372,873.84	-
Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.	4,175,729.23	-	3,839,268.45	-
Sinopharm Le-Ren-Tang Medicine Co., Ltd.	4,123,874.57	-	3,143,231.13	-
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	4,092,864.80	-	3,986,543.21	-
Sinopharm Holding Beijing Co., Ltd.	3,345,842.50	-	888,815.16	-
Sinopharm Holding Hainan Hongyi Co., Ltd.	3,314,718.28	-	5,370,089.88	-
Foshan Chancheng District Central Hospital	3,160,081.13	44,928.58	2,440,447.52	12,753.61
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	2,539,969.75	-	986,526.05	-
Sinopharm Holding Henan Co., Ltd.	2,447,128.74	-	1,036,327.62	-
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	2,196,272.00	-	1,178,605.80	-
Sinopharm Holding Shandong Co., Ltd.	2,037,494.51	-	210,969.36	-
Foshan Chanyixing Medicine Development Co Ltd.	1,865,947.36	6,667.32	1,743,775.57	9,377.72
Sinopharm Holding Wenzhou Co., Ltd.	1,710,031.20	-	1,261,643.94	-
China National Medicines Co., Ltd.	1,604,941.84	-	1,454,237.32	-
Sinopharm Sichuan Pharmaceutical Co., Ltd.	1,424,513.17	-	1,081,909.20	-
Sinopharm Holding Yangzhou Co., Ltd.	1,366,338.68	-	540,349.73	-
Shanghai Merro Pharmaceutical Co., Ltd.	1,348,428.86	-	884,486.53	-
Sinopharm Holding Xuzhou Co., Ltd.	1,272,626.48	-	34,941.30	-
Sinopharm Holding Anhui Pharmaceutical Co., Ltd.	1,095,210.16	-	-	-
Sinopharm Holding Shanxi Co., Ltd.	1,044,424.48	-	1,028,660.04	-
Sinopharm Holding Yunnan Co., Ltd.	852,406.76	-	27,737.44	-

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

**6. Amounts due from related parties (Continued)**

Accounts receivable (Continued)	30 June 2019		1 January 2019	
	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Related party				
Sinopharm Holding Tianjin Co., Ltd.	736,401.04	-	200,407.20	-
Sinopharm Holding Jilin Co., Ltd.	638,937.96	-	1,499,742.50	-
Sinopharm Holding Nantong Co., Ltd.	637,245.24	-	66,541.32	-
Sinopharm Holding Fujian Co., Ltd.	602,589.12	-	-	-
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	599,179.84	-	772,488.31	-
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	596,543.86	-	164,566.12	-
Sinopharm Holding Anhui Co., Ltd.	583,647.00	-	221,425.72	-
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	552,496.16	-	1,704,316.57	-
Sinopharm Holding Hunan Co., Ltd.	537,470.30	-	569,264.26	-
Sinopharm Holding Hubei Co., Ltd.	457,991.94	-	68,314.16	-
Sinopharm Holding Shanxi Co., Ltd.	368,536.28	-	68,361.75	-
Yuxi Sinopharm Medicine Co., Ltd.	365,065.92	-	182,532.96	-
Sinopharm Holding Dalian Co., Ltd.	357,662.16	-	144,334.03	-
Shanghai Guoda Lingyun Pharmacy Co., Ltd.	357,524.59	-	17,535.13	-
Sinopharm Holding Dalian Hecheng Co., Ltd.	286,270.00	-	126,684.00	-
Sinopharm Holding Chengdu Co., Ltd.	280,800.00	-	-	-
Sinopharm Group Southw est Medicine Co., Ltd.	248,554.12	-	5,090,863.70	-
Sinopharm Group Medicine Logistic Co., Ltd.	209,724.91	-	139,697.93	-
Sinopharm Holding (Hubei) Hankou Pharmacy Co., Ltd.	201,154.08	-	-	-
Sinopharm Jienuo Medical Treatment Service Guangdong Co., Ltd.	124,568.18	-	120,403.60	-
Sinopharm Holding Qinghai Co., Ltd.	110,520.40	-	96,319.48	-
Sinopharm Holding Yancheng Co., Ltd.	108,561.80	-	-	-
Sinopharm Holding Ningxia Co., Ltd.	100,896.00	-	-	-
Sinopharm Holding Gansu Co., Ltd.	94,147.34	-	176,910.34	-
Sinopharm Holding Shenyang Co., Ltd.	84,504.52	-	123,126.34	-
Sinopharm Holding Tianjin North Medicine Co., Ltd.	78,465.54	-	91,390.41	-
Sinopharm Group Fengliaoqing Pharmacy (Foshan) Co., Ltd.	69,005.33	453.65	-	-
Sinopharm Holding Inner Mongolia Co., Ltd.	63,160.96	-	90,159.36	-
Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	59,076.00	-	39,618.00	-
Sinopharm Holding Honghe Co., Ltd.	58,831.14	-	-	-
Sinopharm Holding Heilongjiang Co., Ltd.	50,000.00	50,000.00	50,000.00	-
Sinopharm Guangdong Medical Examination Co., Ltd.	41,360.00	-	-	-

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

**6. Amounts due from related parties (Continued)**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

**6. Amounts due from related parties (Continued)**

Notes receivable	30 June 2019		1 January 2019	
	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Related party				
Sinopharm Holding Financing Lease Co., Ltd.	13,210,232.00	-	202,456,075.93	-
Sinopharm Holding Hainan Co., Ltd.	3,896,828.51	-	12,035,409.02	-
Sinopharm Le-Ren-Tang Medicine Co., Ltd.	2,500,000.00	-	1,148,409.56	-
Sinopharm Holding Hainan Hongyi Co., Ltd.	1,528,421.30	-	10,234,483.82	-
Sinopharm Holding Hubei Co., Ltd.	1,008,876.24	-	-	-
Sinopharm Holding Nantong Co., Ltd.	750,000.00	-	-	-
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	472,387.20	-	-	-
Sinopharm Holding Gansu Co., Ltd.	239,670.00	-	163,198.80	-
Sinopharm Holding Shanxi Co., Ltd.	-	-	1,077,861.97	-
Sinopharm Holding Shenyang Co., Ltd.	-	-	422,520.00	-
Sinopharm Holding Shanxi Co., Ltd.	-	-	359,459.04	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	-	-	3,144,392.00	-
Sinopharm Holding Henan Co., Ltd.	-	-	1,032,584.76	-
Sinopharm Holding Anhui Co., Ltd.	-	-	390,062.21	-
Sinopharm Holding Shandong Co., Ltd.	-	-	1,241,661.12	-
Sinopharm Holding Fujian Co., Ltd.	-	-	400,000.00	-
Sinopharm Holding Ningxia Co., Ltd.	-	-	176,568.00	-
Sinopharm Holding Jilin Co., Ltd.	-	-	274,058.00	-
Sinopharm Holding Chengdu Co., Ltd.	-	-	201,332.00	-
Other receivables				
	30 June 2019		1 January 2019	
	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Related party				
Sinopharm Group Zhijun(Suzhou) Pharmaceutical Co., Ltd.	44,000,000.00	2,200,000.00	44,000,000.00	-
Sinopharm Group Medicine Logistic Co., Ltd.	6,226,734.36	-	2,494,174.31	-
Shyndec Pharmaceutical	5,624,940.00	-	7,913,430.00	-
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	385,381.65	-	100,000.00	-
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	234,693.89	600.00	109,774.26	600.00
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	48,493.16	-	48,493.16	-
Sinopharm Holding Tianjin Co., Ltd.	41,100.00	-	-	-
Sinopharm Group	13,416.00	-	-	-

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

**6. Amounts due from related parties (Continued)**

Other receivables (Continued)	30 June 2019		1 January 2019	
	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Related party				
Sinopharm Holding Sub Marketing Center Co., Ltd.	10,990.00	-	-	-
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	5,000.00	1,000.00	5,000.00	1,000.00
Sinopharm Holding Fujian Co., Ltd.	3,476.39	-	5,476.34	-
Sinopharm Holding Jiaozuo Co., Ltd.	-	-	30,171.00	-
Henan Wanxitang Pharmacy Co., Ltd.	-	-	1,098,981.30	-
Sinopharm Health Online Co., Ltd.	-	-	81,755.36	-
Sinopharm Group Medicine Logistic Co., Ltd. Guangzhou Branch	-	-	18,650.00	-
Advances to suppliers	30 June 2019		1 January 2019	
	Gross carrying amount	Provision for bad debt	Gross carrying amount	Provision for bad debt
Related party				
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	1,628,396.28	-	1,643,251.42	-
Chongqing Yaoyou Pharmaceutical Co., Ltd.	1,097,717.47	-	931,286.48	-
Sinopharm Group	760,415.14	-	2,308,319.33	-
Guizhou Tongjitang Pharmaceutical Co., Ltd.	446,109.64	-	227,175.58	-
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	242,701.50	-	-	-
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	230,666.79	-	-	-
Sichuan Hexin Pharmaceutical Co., Ltd.	174,960.00	-	-	-
Anhui Jingfang Pharmaceutical Co., Ltd.	146,744.67	-	45,611.47	-
Sinopharm Weiqida Pharmaceutical Co., Ltd.	140,382.00	-	-	-
Chengdu Rongsheng Pharmacy Co., Ltd.	122,000.00	-	1,416,622.63	-
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	82,800.00	-	78,857.14	-
Sinopharm Yixin Pharmaceutical Co., Ltd.	81,152.00	-	-	-
China National Medicines Co., Ltd.	78,750.00	-	78,750.00	-
Chengdu Institute of Biological Products Co., Ltd.	64,979.60	-	48,734.70	-
Sinopharm Group Guorui Medicine Co., Ltd.	63,310.27	-	-	-
Shyndec Pharmaceutical	56,281.48	-	57,838.35	-
Shenzhen Wanwei Medicine Trading Co., Ltd.	50,658.00	-	-	-
Jinzhou AoHong Pharmaceuticals Co., Ltd.	33,040.00	-	16,520.00	-
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	27,085.38	-	15,655.31	-

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

**6. Amounts due from related parties (Continued)**

Advances to suppliers(Continued)	Gross carrying amount	30 June 2019 Provision for bad debt	Gross carrying amount	1 January 2019 Provision for bad debt
Related party				
Guilin South pharmaceutical Co., Ltd.	26,524.88	-	10,989.56	-
Shanghai Chaohui Pharmaceutical Co., Ltd.	21,646.80	-	-	-
Sinopharm Xinjiang Korla Pharmaceutical Co., Ltd.	20,279.70	-	282,467.38	-
Jiangxi Erye Medicine Marketing Co., Ltd.	16,726.80	-	729,789.16	-
Shantou Jinshi Powder Injection Co., Ltd.	14,889.93	-	-	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	14,885.06	-	-	-
Taishan Qunkang Pharmacy Co., Ltd.	13,150.07	-	-	-
Shandong Lu Ya Pharmaceutical Co., Ltd.	11,436.42	-	1,412.52	-
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	9,560.00	-	1,846.55	-
Suzhou Erye Pharmaceutical Limited Company	9,242.76	-	-	-
Winteam Pharmaceutical Group Ltd.	8,877.09	-	9,346.82	-
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	5,812.50	-	139,392.00	-
Sinopharm Holding Jilin Co., Ltd.	4,267.77	-	-	-
Sinopharm Group Zhijun(Shenzhen) Pingshan Pharmaceutical Co., Ltd.	778.62	-	-	-
Jiangsu Fuxing Pharmaceutical Trading Co., Ltd	81.08	-	81.08	-
Sinopharm Holding Shanxi Co., Ltd.	-	-	3,890,993.71	-
Sinopharm Holding Shanxi Co., Ltd.	-	-	3,330,287.42	-
Sinopharm Holding Shanxi Lvliang Co., Ltd.	-	-	660,000.00	-
Sinopharm Holding Beijing Co., Ltd.	-	-	123,809.52	-
Sinopharm Holding Fujian Co., Ltd.	-	-	225.81	-
Xinjiang Baitong Property Service Co., Ltd.	-	-	16,856.89	-
Sinopharm Group Guizhou Blood Products Co., Ltd.	-	-	536,000.00	-
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	-	-	45,432.69	-
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	-	-	103,503.41	-
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	-	-	609,418.22	-
Sinopharm Chuan Kang Pharmaceutical Co., Ltd.	-	-	346,772.59	-
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	-	-	1,231.58	-
Shenyang Hongqi Pharmaceutical Co., Ltd.	-	-	237,150.00	-
Linyi Medical Group Co., Ltd.	-	-	775,396.82	-
Hunan Minshengtang Investment Co., Ltd.	-	-	3,349,268.77	-
Taishan Xiangranhui Trade Co., Ltd	-	-	39,450.05	-

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

**6. Amounts due from related parties (Continued)**

Advances to suppliers(Continued)	Gross carrying amount	30 June 2019 Provision for bad debt	Gross carrying amount	1 January 2019 Provision for bad debt
Related party				
Nanjing Yuanguang Trading Co., Ltd.	-	-	169,697.02	-

**7. Amounts due to related parties**

Related party	30 June 2019	1 January 2019
Accounts payable		
Sinopharm Holding Sub Marketing Center Co., Ltd.	195,937,772.42	104,262,822.63
China National Medicines Co., Ltd.	62,209,906.16	48,352,935.82
Sinopharm Holding Shanxi Co., Ltd.	51,758,102.97	945,054.21
Sinopharm Holding Shanxi Co., Ltd.	31,832,547.24	-
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	28,675,206.92	18,259,929.53
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	24,077,737.27	10,470,003.68
Sinopharm Le-Ren-Tang Medicine Co., Ltd.	21,572,062.09	-
Sinopharm Group	21,374,852.12	13,732,261.69
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	21,363,008.26	15,038,618.86
Lanzhou Biotechnology Development Co., Ltd.	20,100,000.00	-
Sinopharm Holding Lunan Co., Ltd.	16,885,035.59	71,599.97
Sinopharm Holding Shenyang Co., Ltd.	11,151,742.57	4,015,953.59
Sinopharm Holding Inner Mongolia Co., Ltd.	10,342,153.14	2,225,947.78
Shenzhen Main Luck Pharmaceutical Co., Ltd.	9,804,573.26	8,565,744.21
Sinopharm Holding Yangzhou Co., Ltd.	9,362,416.32	7,630,403.88
Sinopharm Holding Lerentang Pharmaceutical Co., Ltd.	8,517,232.26	8,402,288.43
Tibet Yaoyou Medicines Co., Ltd.	8,066,785.64	8,346,619.80
Sinopharm Holding Hubei Co., Ltd.	7,380,255.63	-
Jinzhou AoHong Pharmaceuticals Co., Ltd.	7,121,913.42	2,422,868.00
Sinopharm Holding Beijing Co., Ltd.	6,747,587.35	7,478,006.36
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	6,179,335.72	183,737.13
Winteam Pharmaceutical Group Ltd.	6,143,556.76	6,294,519.81
Sinopharm Holding Fujian Co., Ltd.	5,942,354.78	4,484,641.23



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

**7. Amounts due to related parties (Continued)**

Related party	30 June 2019	1 January 2019
Accounts payable (Continued)		
Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	5,480,684.06	3,550,454.25
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	4,903,616.19	2,922,052.73
Sinopharm Holding Jiangsu Co., Ltd.	4,884,948.33	6,745,253.51
Shenzhen Wanwei Medicine Trading Co., Ltd.	4,704,357.80	4,219,138.81
Chongqing Yaoyou Pharmaceutical Co., Ltd.	4,440,477.23	3,506,823.08
Sinopharm Holding Shandong Co., Ltd.	3,795,662.54	10,865.00
Sinopharm Holding Pingdingshan Co., Ltd.	3,638,807.19	3,603,335.66
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	3,182,288.62	795,448.03
Yichang Humanwell Pharmaceutical Co., Ltd.	3,022,607.79	1,936,090.54
Sinopharm Holding Xiamen Co., Ltd.	2,812,274.62	1,710,756.72
Sinopharm Holding Changzhou Co., Ltd.	2,732,668.55	1,484,634.49
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	2,630,700.01	637.01
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	2,493,666.00	1,755,209.60
Sinopharm Holding Ningxia Co., Ltd.	2,423,060.64	3,007,737.39
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	2,265,517.01	1,519,045.91
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	2,257,975.91	966,925.12
Henan Wanxitang Pharmacy Co., Ltd.	2,041,958.50	2,053,637.44
China Otsuka Pharmaceutical Co., Ltd.	1,959,904.38	1,571,696.86
Sinopharm Holding Tongliao Co., Ltd.	1,758,793.98	872,644.61
Sichuan Hexin Pharmaceutical Co., Ltd.	1,685,255.64	454,536.00
Jiangxi Erye Medicine Marketing Co., Ltd.	1,673,658.34	262,590.49
Sinopharm Holding Heilongjiang Co., Ltd.	1,478,359.09	922,059.45
Sinopharm holdings Beijing huahong co., Ltd	1,373,387.43	1,498,601.00
Sinopharm Yixin Pharmaceutical Co., Ltd.	1,339,719.99	175,855.31
Jiangsu Fuxing Pharmaceutical Trading Co., Ltd	1,274,138.60	549,104.40
Sinopharm Holding Henan Co., Ltd.	1,265,401.40	1,441,223.83
Sinopharm Holding Jinan Co., Ltd.	1,251,027.35	189,250.47
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	1,225,702.70	398,911.58
Shenyang Hongqi Pharmaceutical Co., Ltd.	1,162,650.62	1,191,792.10
Sinopharm Holding Wuxi Co., Ltd.	971,301.75	492,702.04
Sinopharm Holding Fuzhou Co., Ltd.	955,698.95	328,729.69
Sinopharm Holding Beijing Kangchen Bio-	926,405.95	917,154.80

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

**7. Amounts due to related parties (Continued)**

Related party	30 June 2019	1 January 2019
Accounts payable (Continued)		
Pharmaceutical Co., Ltd.		
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	891,429.22	1,050,690.44
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	853,893.17	3,080,381.47
Hunan Dongting Pharmaceutical Co., Ltd.	795,952.06	265,365.25
Shyndec Pharmaceutical	696,904.24	511,528.32
Shanghai Chaohui Pharmaceutical Co., Ltd.	694,598.86	311,797.36
Sinopharm Holding Hulun Buir Co., Ltd.	661,633.04	364,441.22
Chengdu Rongsheng Pharmacy Co., Ltd.	657,794.89	1,947,271.88
Chengdu Institute of Biological Products Co., Ltd.	655,200.00	370,800.00
Sinopharm Holding Suzhou Co., Ltd.	644,244.31	1,871,807.98
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	611,742.48	1,133,803.05
China National Pharmaceutical Industry Co., Ltd.	588,962.54	363,778.78
Sinopharm Holding Hainan Co., Ltd.	558,876.10	72,738.00
Guizhou Tongjitang Pharmaceutical Co., Ltd.	558,859.22	342,846.28
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	498,790.10	213,020.90
Sinopharm Holding Changsha Co., Ltd.	481,119.66	-
Huayi Pharmaceutical Co., Ltd.	473,024.00	961,440.00
Suzhou Erye Pharmaceutical Limited Company	446,987.01	278,341.97
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	445,108.34	350,668.16
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	431,253.60	150,034.94
Foshan Fengliaoqing Pharmaceutical Co., Ltd.	424,687.33	1,254,306.67
Sinopharm Group Southwest Medicine Co., Ltd.	401,710.17	194,982.00
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	385,312.50	560,483.58
Sinopharm Holding Hunan Co., Ltd.	362,310.86	7,718.24
Sinopharm Holding Lianyungang Co., Ltd.	353,590.00	276,118.64
Sinopharm Fengliaoqing (Foshan) Medicines Co., Ltd.	326,508.24	149.02
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	318,353.90	165,476.77
Shanghai Transfusion Technology Co., Ltd.	311,860.00	352,100.00
Sinopharm Chuan Kang Pharmaceutical Co., Ltd.	310,881.30	472,481.64
Sinopharm Holding Jinzhou Co., Ltd.	304,289.19	530,995.29
Jiangsu Huanghe Pharmaceutical Co.,	284,275.55	261,207.05

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

**7. Amounts due to related parties (Continued)**

Related party	30 June 2019	1 January 2019
Accounts payable (Continued)		
Ltd.		
Sinopharm Holding Yangzhou Medical Treatment Equipment Co., Ltd.	282,295.93	55,877.68
Sinopharm Holding Putian Co., Ltd.	274,267.65	7,144.64
Sinopharm Group Medicine Logistic Co., Ltd.	267,956.64	-
Sinopharm Holding Zhihuiminsheng (Tianjin) Pharmaceutical Co., Ltd.	266,517.35	-
Sinopharm Holding Dezhou Co., Ltd.	251,966.42	233,602.84
Sinopharm Group Guorui Medicine Co., Ltd.	241,407.19	1,057,129.20
Sinopharm Holding Tianjin Co., Ltd.	233,292.17	15,615.31
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	231,523.37	-
Sinopharm Holding Yancheng Co., Ltd.	201,484.85	190,168.37
Sinopharm Holding Shanxi Zhidekang Medicine Co., Ltd.	165,906.67	139,969.67
Shanghai Merro Pharmaceutical Co., Ltd.	161,072.33	90,275.31
Sinopharm Holding Hunan Pharmaceutical Development Co., Ltd.	160,457.71	-
Anhui Jingfang Pharmaceutical Co., Ltd.	148,041.15	165,171.12
Sinopharm Holding Anhui Co., Ltd.	139,702.67	18,589.18
Foshan Dezhong Pharmaceutical Co., Ltd.	139,274.51	98,835.01
Sinopharm Holding Dalian Co., Ltd.	136,272.27	182,516.75
Sinopharm Holding Bayannaoer Co., Ltd.	131,992.42	-
China National Pharmaceutical Foreign Trade Corporation	122,930.63	122,930.63
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	120,579.21	102,693.04
Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	108,541.17	20,509.50
Pudong New Area of Shanghai Pharmaceutical Medicine Ltd.	106,921.13	91,493.10
China Medical Equipment Shandong Co., Ltd.	106,382.80	-
Sinopharm Liaoning Medical Equipment Co., Ltd.	102,585.59	-
The Fourth Pharmaceutical Co., Ltd. of Zhonglian Group	92,151.64	97,099.70
Sinopharm Holding Taizhou Co., Ltd.	76,424.00	99,508.00
Sinopharm Group Shanxi Medical Devices Co., Ltd.	75,016.66	-
Sinopharm Holding Zhejiang Co., Ltd.	72,393.66	58,508.35
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	67,745.54	57,148.85
Sinopharm Holding Yangzhou Biological Products Co., Ltd.	64,687.73	50,162.16
Shandong Lu Ya Pharmaceutical Co., Ltd.	52,819.07	52,819.07

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

**7. Amounts due to related parties (Continued)**

Related party	30 June 2019	1 January 2019
Accounts payable (Continued)		
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	49,772.38	9,720.00
Sinopharm Holding Fuzhou Medical Devices Co., Ltd.	46,000.00	-
Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	44,682.80	102,437.80
Sinopharm Holding Ulanqab Co., Ltd.	44,330.00	61,246.80
Shantou Jinshi Powder Injection Co., Ltd.	39,838.05	245,352.00
Sinopharm Holding Sanyi Medicine (Wuhu) Co., Ltd.	33,085.44	25,483.57
Sinopharm Holding Rizhao Co., Ltd.	32,873.67	10,236.15
Beijing Huamiao Pharmaceutical Co., Ltd.	29,912.02	372,103.86
Sinopharm Holding Dalian Hecheng Co., Ltd.	28,687.56	-
Guangdong Medi-World Pharmaceutical Co., Ltd.	27,719.91	297,576.35
Sinopharm Holding Quanzhou Co., Ltd.	26,085.88	62,947.60
Sinopharm Holding Shanxi Mingdikang Medicine Co., Ltd.	24,871.11	27,215.64
Sinopharm Group Zhijun (Suzhou) Pharmaceutical Co., Ltd.	22,800.00	-
Sinopharm Holding Yongzhou Co., Ltd.	19,809.36	19,858.72
Sinopharm Group Shanghai Medicine Device Co., Ltd.	16,603.02	16,603.02
Sinopharm Holding Liaocheng Co., Ltd.	16,197.93	16,197.93
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	13,891.78	84,524.54
Sinopharm Holding Zhangzhou Pharmaceutical Co., Ltd.	11,760.00	-
Sinopharm Group Shanxi Co., Ltd.	10,144.80	-
Sinopharm Group Anhui Medical Devices Co., Ltd.	5,200.00	-
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	3,017.20	1,492.91
Sinopharm Holding Ordos Co., Ltd.	1,771.20	1,771.20
Sinopharm Holding Shanxi Jincheng Co., Ltd.	1,659.94	3,846.13
Sinopharm Prospect Dentech (Beijing) Co., Ltd.	1,461.99	1,536.00
Guilin South pharmaceutical Co., Ltd.	1,210.43	1,210.80
Sinopharm Holding Huaideju Pharmaceutical (Xiamen) Co., Ltd.	1,113.85	1,113.85
Guizhou Tongjitang Pharmacy Chain Co., Ltd.	991.50	-
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	534.20	534.20
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	106.76	106.76
Chongqing Haisiman Pharmaceutical Co., Ltd.	101.91	101.91

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

**7. Amounts due to related parties (Continued)**

Related party	30 June 2019	1 January 2019
Accounts payable (Continued)		
Sinopharm Holding Chongqing Co., Ltd.	45.00	45.00
Linyi Medical Group Co., Ltd.	10.47	10.47
Sinopharm Holding Xinyu Co., Ltd.	0.01	0.01
Sinopharm Holding Jilin Co., Ltd.	-	-
Sinopharm Holding Shanxi Instrument Branch Co., Ltd.	-	6,309,208.47
Sinopharm Holding Tianjin Distribution Center Co., Ltd.	-	35.32
Sinopharm Holding Zhangzhou Co., Ltd.	-	5,472.50
Sinopharm Sichuan Pharmaceutical Co., Ltd.	-	2,741.40
Sichuan Jiangyouzhongbafuzi Technology Development Co., Ltd.	-	80,000.00
Lanzhou Institute of Biological Products Co., Ltd.	-	180,000.00
Sinopharm Wuhan blood products Co., Ltd.	-	170,387.93
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	-	255,089.90
Sinopharm ShanXi Ruifulai Pharmaceutical Co., Ltd.	-	63,081.60
Jiangsu Lianhuan Pharmaceutical Co., Ltd.	-	1,321,298.26
Qinghai Pharmaceutical Factory Co., Ltd.	-	32,970.00
Jingfukang Pharmaceutical Group Co., Ltd.	-	184,438.44
Shanghai Sinopharm Pharmaceutical Co., Ltd.	-	92,610.00
Fujian Chentian Jinling Pharmaceutical Co., Ltd.	-	505,555.00
Related party	30 June 2019	1 January 2019
Notes payable		
Sinopharm Holding Sub Marketing Center Co., Ltd.	116,044,638.24	230,067,443.17
Sinopharm Holding Shenyang Co., Ltd.	65,065,373.01	76,894,045.21
Sinopharm Holding Inner Mongolia Co., Ltd.	25,122,678.38	20,459,755.01
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	18,119,677.13	13,887,657.53
Sinopharm Holding Shanxi Co., Ltd.	7,725,000.00	67,926,610.30

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### X. Related party relationships and transactions (Continued)

#### 7. Amounts due to related parties (Continued)

Related party	30 June 2019	1 January 2019
Notes payable (Continued)		
Sinopharm Holding Fujian Co., Ltd.	7,114,576.43	7,011,034.30
Sinopharm Holding Lerentang Pharmaceutical Co., Ltd.	6,824,078.95	14,650,495.82
Chongqing Yaoyou Pharmaceutical Co., Ltd.	6,503,471.90	5,538,258.30
China National Medicines Co., Ltd.	5,851,346.28	26,654,608.10
Sinopharm Holding Xiamen Co., Ltd.	5,423,216.11	5,361,959.66
Chengdu Rongsheng Pharmacy Co., Ltd.	5,041,000.00	2,673,500.00
Lanzhou Biotechnology Development Co., Ltd.	4,860,000.00	3,000,000.00
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	4,185,619.88	8,148,267.06
Sinopharm Holding Jinzhou Co., Ltd.	2,493,839.62	1,611,340.65
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	2,439,745.89	4,817,408.42
Sinopharm Holding Shanxi Co., Ltd.	2,082,000.00	18,340,013.80
Sinopharm Holding Hunan Co., Ltd.	2,043,558.46	3,114,143.15
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	1,856,344.00	325,741.92
Shenzhen Wanwei Medicine Trading Co., Ltd.	1,802,808.00	2,402,393.40
Shenzhen Main Luck Pharmaceutical Co., Ltd.	1,769,052.60	2,877,350.00
Sinopharm Holding Ningxia Co., Ltd.	1,538,808.00	1,413,847.22
Sinopharm Holding Jinan Co., Ltd.	1,240,000.00	1,880,000.00
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	1,145,486.98	356,554.16
Sinopharm Group Shanxi Medical Devices Co., Ltd.	949,700.00	-
Sinopharm Holding Dalian Co., Ltd.	857,791.87	950,169.80
Guangdong Medi-World Pharmaceutical Co., Ltd.	755,306.20	-
Guizhou Tongjitang Pharmaceutical Co., Ltd.	632,834.40	-
Sinopharm Holding Changsha Co., Ltd.	632,325.90	-
Anhui Jingfang Pharmaceutical Co., Ltd.	409,923.80	-
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	400,000.00	1,000,000.00
Shanghai Transfusion Technology Co., Ltd.	301,800.00	503,000.00
Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	262,800.00	-
Shyndec Pharmaceutical	255,516.40	475,780.40
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	213,037.00	223,333.00
Sinopharm Holding Quanzhou Co., Ltd.	205,791.15	170,891.70
Sinopharm Holding Putian Co., Ltd.	160,980.86	614,504.48

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

**7. Amounts due to related parties (Continued)**

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### X. Related party relationships and transactions (Continued)

#### 7. Amounts due to related parties (Continued)

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



# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

### X. Related party relationships and transactions (Continued)

#### 7. Amounts due to related parties (Continued)

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

**8. Amounts due to related parties (Continued)**

Related party	30 June 2019	1 January 2019
Interest receivable		
Sinopharm Group Zhijun(Suzhou) Pharmaceutical Co., Ltd.	1,484,841.22	1,846,618.96
Interest payable		
Group Financial Co.	98,338.84	-
CNPGC	35,440.21	38,984.25
Other non-current assets		
Hunan Minshengtang Investment Co., Ltd.	-	3,519,217.54
Lease liability		
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	51,477,662.49	-
Lerentang Investment Group Co., Ltd.	15,361,691.91	-
Linyi Medical Group Co., Ltd.	7,333,666.98	2,214,094.34
Sinopharm Holding Financing Lease Co., Ltd.	6,824,613.01	9,625,302.89
Guangdong Jiyuantang Development Co., Ltd.	5,895,887.17	6,679,233.35
Sinopharm Holding Yangzhou Co., Ltd.	5,440,115.48	7,178,262.00
Taishan Xiangranhui Trade Co., Ltd	2,506,316.51	2,834,391.56
Gu Jinhua	2,091,695.72	2,224,810.30
Nanjing Yuanguang Trading Co., Ltd.	1,979,076.07	2,675,365.64
Shenyang Pharmaceutical Co., Ltd.	1,685,513.08	1,885,957.03
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	996,884.75	1,441,844.49
Sinopharm Group	917,838.40	1,156,090.31
Sinopharm Holding Beijing Co., Ltd.	866,374.99	1,094,397.22
Gu Haiqun	686,419.59	766,279.30
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	506,243.41	652,436.66
Hangzhou Xihu Business Group Corporation	422,980.77	553,514.61
China National Medicines Co., Ltd.	417,186.76	550,480.20
Shenzhen Jiufeng Investment Co., Ltd.	385,892.93	377,758.33

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**X. Related party relationships and transactions (Continued)**

**8. Amounts due to related parties (Continued)**

Related party	30 June 2019	1 January 2019
Entrusted loan		
CNPGC	-	31,600,000.00
Other non-current liabilities		
Sinopharm Group	-	35,061,743.31
short-term loan		
Group Financial Co.	111,418,168.96	122,426,393.33
Long-term payables		
Sinopharm Holding Financing Lease Co., Ltd.	-	3,763,978.52
Non-current liabilities due within one year		
CNPGC	31,600,000.00	-
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	9,673,454.33	9,206,427.16
Lerentang Investment Group Co., Ltd.	8,032,346.40	5,822,550.02
Sinopharm Holding Financing Lease Co., Ltd.	6,157,645.87	5,861,324.37
Sinopharm Holding Yangzhou Co., Ltd.	3,587,508.60	3,512,206.10
Guangdong Jiyuantang Development Co., Ltd.	1,752,116.60	1,649,377.54
Linyi Medical Group Co., Ltd.	1,450,117.00	1,549,099.93
Nanjing Yuanguang Trading Co., Ltd.	1,407,714.78	1,163,845.57
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	918,533.66	899,216.52
Taishan Xiangranhui Trade Co., Ltd.	657,171.76	660,453.69
Sinopharm Group	491,639.09	481,344.63
Sinopharm Holding Beijing Co., Ltd.	477,779.78	460,701.48
Shenyang Pharmaceutical Co., Ltd.	428,258.20	404,634.11
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	325,813.14	295,389.79
Hangzhou Xihu Business Group Corporation	276,559.91	263,776.29
China National Medicines Co., Ltd.	275,115.69	269,340.95
Gu Jinhua	273,920.39	268,369.48
Shenzhen Jiufeng Investment Co., Ltd.	188,790.90	184,833.91
Gu Haiqun	168,618.03	161,206.64
Cash deposit with a related party		
Group Financial Co.	11,759,504.84	2,125,351.39

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**XI Commitments and contingencies**

**1. Commitments**

**(1) Capital commitments**

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

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

Note: The Group subscribed to Sinopharm Zhongjin medical industry fund as its limited partner, and the total investment amounted to RMB200 million. The investors contribute year by year in batch. The fund manager will send out payment notification to investors according to the actual progress of the project and the investors will commit to complete the payment in 3 year. The investors have paid 30% of the amount of contribution during 2017, namely RMB60 million, and 40% in 2018, amounting to RMB80 million. The remaining payment amount is RMB60 million. .

**2. Contingencies**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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**XII Other significant events**

**1. Segment reporting**

**Operating segments**

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

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

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

**XII Other significant events (Continued)**

**2. Segment reporting (Continued)**

**Operating segments (Continued)**

Operating segment information as at and for the semi year ended

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

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

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

### XIII Notes to key items of the company financial statements

#### 1. Accounts receivable

The accounts receivable by category are analyzed below:

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

At 30 June 2019, accounts receivable that are individually significant and individually assessed for provisions are as follows:

Accounts receivable(by company)	Carrying amount	Bad debt provision	Rate	Assessment for impairment
Receivable of related party	18,884,716.86	-	0.00%	Receivable due from a related party with low risk of recoverability
Shenzhen Dongtai Pharmaceutical Co., Ltd.	<u>323,044.50</u>	<u>161,522.25</u>	50.00%	The customer has poor management and bad financial situation with high risk of recoverability
Total	<u>19,207,761.36</u>	<u>161,522.25</u>		

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

**1. Accounts receivable (Continued)**

The aging analysis of accounts receivables was as follows:

	30 June 2019
Within 1 year	610,237,145.16
Total	610,237,145.16

Bad debt provision for the current period as follows:

	Opening balance	Reversal of write- off in previous years	Increases in the year	Reversal in the year	Written off in the year	Closing balance
Bad debts	-	-	161,522.25	-	-	161,522.25
Total	-	-	161,522.25	-	-	161,522.25

On 30 June 2019, the top five accounts receivable by customer are summarised below:

	Amount	Bad debt provision amount	% of the total accounts receivable
The top five accounts receivable total	117,550,911.53	-	19.26%

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



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

**2. Other receivables**

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

**(1) Interest receivable**

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

**(2) Dividend receivable**

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

**(3) Other receivables**

Category of other receivables by nature is as follows:

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

**2. Other receivables (Continued)**

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

	Stage 1	Stage 2	Stage 3	
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)	Total
Balance at 1 January 2019	-	9,010,301.58	-	9,010,301.58
Balance at 1 January 2019 during the period				
Provisions during the period	-	2,204,412.83	-	2,204,412.83
Reversal during the period	-	(170.00)	-	(170.00)
Balance at 30 June 2019	-	11,214,544.41	-	11,214,544.41

The aging analysis of other receivables was as follows:

	30 June 2019
Within 1 year	1,689,730,979.74
1 to 2 years	49,856,902.50
2 to 3 years	29,829.20
Over 3 years	9,079,816.81
Total	1,748,697,528.25

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

#### 2. Other receivables (Continued)

As at 30 June 2019, the top 5 parties that owed the largest amounts of other receivable balances are analyzed below:

	Nature	Amount	Age	% of total amount	Provision of bad debt
Sinopharm Guangxi	Entrusted borrow ings	343,000,000.00	Within 1 year	19.61%	
Sinopharm Yuexing	Entrusted borrow ings	190,700,000.00	Within 1 year	10.91%	
Sinopharm Holding Dongguan Co., Ltd.	Entrusted borrow ings	161,000,000.00	Within 1 year	9.21%	
Sinopharm Holdings Zhanjiang Co., Ltd.	Entrusted borrow ings	117,000,000.00	Within 1 year	6.69%	
Sinopharm Holding Meizhou Co., Ltd.	Entrusted borrow ings	76,700,000.00	Within 1 year	4.39%	
		<u>888,400,000.00</u>		<u>50.81%</u>	

#### 3. Long-term equity investments

	30 June 2019			1 January 2019		
	Original value	Bad debt provision	Carry ing amount	Original value	Bad debt provision	Carry ing amount
Investments in subsidiaries	5,594,679,427.58	-	5,594,679,427.58	5,594,679,427.58	-	5,594,679,427.58
Investments in associates	2,084,966,116.97	39,930,000.00	2,045,036,116.97	1,878,157,264.66	39,930,000.00	1,838,227,264.66
	<u>7,679,645,544.55</u>	<u>39,930,000.00</u>	<u>7,639,715,544.55</u>	<u>7,472,836,692.24</u>	<u>39,930,000.00</u>	<u>7,432,906,692.24</u>

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2019

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

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

#### 3. Long-term equity investments (Continued)

##### (a) Subsidiaries

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

##### (b) Associates

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

#### 4. Sales and cost of sales

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

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

Information about the Company's obligations is as follows:

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

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

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

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2019**

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

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

**5. Investment income**

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Long-term equity investment		
income calculated by cost method	427,007,887.36	361,514,454.32
Long-term equity investment income		
calculated by equity method	181,280,533.11	173,326,290.14
	<hr/>	<hr/>
	608,288,420.47	534,840,744.46
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# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Supplementary information to financial statements

For the six months ended 30 June 2019

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

### XIV Supplementary information to financial statements

#### 1. Schedule of non-recurring profit or loss

	Amount for 30 June 2019	Illustration
Gains and losses from disposal of non-current assets, including write off of accrued asset impairment	4,318.22	.
Government grants recognized in income statement for the current year, except for those closely related to the ordinary operation of the Company which the Group enjoyed constantly according to the allotment standards or quantitative criteria of the country	16,456,976.15	Mainly contains tax subsidies and financial incentives received during current period
Reversal of bad debt provision for accounts receivable that were tested for impairment individually	1,076,222.62	The interest income from the entrusted loan provided to Sinopharm Group Zhijun (Suzhou) Pharmaceutical Co., Ltd.
Profit or loss from outward entrusted borrowings	1,715,338.06	
Non-operating income and expenses other than the aforesaid items	519,920.40	
Other	16,447.15	
Less: Impact on income tax	4,668,084.55	
Impact on non-controlling interests after tax	3,988,225.60	
	11,132,912.45	

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Appendix(Continued)**

**For the six months ended 30 June 2019**

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

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**XIV Supplementary information to financial statements (Continued)**

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

	Weighted average ROE (%)	Basic EPS (RMB/Share)	
		Basic EPS(RMB/Share)	Diluted EPS(RMB/Share)
Net profit attributable to ordinary shareholders of the parent	5.44%	1.52	1.52
Net profit after deducting non-recurring profit or loss attributable to the Company's ordinary shareholders of the parent	5.35%	1.49	1.49

China National Accord Medicines Corporation Ltd.

Legal representative: Lin Zhaoxiong

24 August 2019