

# **China National Accord Medicines Corporation Ltd.**

## **Semi-Annual Report 2017**

**August 2017**

## **Section I. Important Notice, Contents and Paraphrase**

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

**Lin Zhaoxiong, Principal of the Company, Wei Pingxiao, person in charger of accounting works and Wang Ying, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of Semi-Annual Report 2017 is authentic, accurate and complete.**

**All directors are attended the Board Meeting for report deliberation.**

**It is likely to existing risks in aspect of industrial competition, operation& management, market and national policy, and majority investors are advised to exercise caution of investment risks.**

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

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## Paraphrase

Items	Refers to	Contents
Listed Company, Company, the Company, Sinopharm Accord, the Group	Refers to	China National Accord Medicines Corporation Ltd.
Sinopharm Group	Refers to	Sinopharm Group Co., Ltd., controlling shareholder of the Company
“Twelfth Five-Year”	Refers to	Year of 2011 to 2015
<i>Company Law</i>	Refers to	<i>Company Law of the People’s Republic of China</i>
<i>Securities Law</i>	Refers to	<i>Securities Law of the People’s Republic of China</i>
Yuan, 10 thousand Yuan, 100 million Yuan	Refers to	RMB, RMB 10 thousand, RMB 100 million
Terminology:	Refers to	
Direct selling	Refers to	A sales method of selling drug to the hospital directly
GMP certificate	Refers to	Good Manufacture Practice of Drugs certificate
GSP certificate	Refers to	Good Supply Practice certificate
Supply Chain Management	Refers to	That is CMS, and information system processing workflow & procurement, inventory & sales documents
Abbreviation	Refers to	
SINOPHARM	Refers to	China National Pharmaceutical Group Corporation
SINOPHARM (CNCM LTD)	Refers to	China National Medicines Corporation Ltd.
Sinopharm Holding Guangzhou	Refers to	Sinopharm Holding Guangzhou Co., Ltd.
Guoda Drug Store	Refers to	Sinopharm Holding Guoda Drug Store Co., Ltd.
Sinopharm Holding Guangxi	Refers to	Sinopharm Holding Guangxi Co., Ltd.
Shyndec Pharmaceutical	Refers to	Shanghai Shyndec Pharmaceutical Co., Ltd.
Zhijun Pharmaceutical	Refers to	China National Zhijun (Shenzhen) Pharmaceutical Co., Ltd.
Zhijun Pharmacy Trade	Refers to	Shenzhen Zhijun Pharmacy Trade Co., Ltd.
Pingshan Pharmaceutical	Refers to	China National Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.
Main Luck Pharmaceuticals	Refers to	Shenzhen Main Luck Pharmaceuticals Inc.
China National Zhijun (Suzhou)	Refers to	China National Zhijun (Suzhou) Pharmaceutical Co., Ltd.

## Section II Company Profile and Main Financial Indexes

### I. Company profile

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

### II. Person/Way to contact

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

### III. Others

#### 1. Way of contact

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

Applicable  Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found more details in Annual Report 2016.

## 2. Information disclosure and preparation place

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

Applicable  Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2016.

## IV. Main accounting data and financial indexes

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

Yes  No

Reasons of retroactive adjustment or re-statement

Enterprise combined under the same control

	Current period	Same period of last year		Increase/decrease in this report y-o-y
		Before adjustment	After adjustment	After adjustment
Operating revenue (RMB)	20,524,807,669.57	14,089,052,871.88	20,562,402,047.82	-0.18%
Net profit attributable to shareholders of the listed company(RMB)	556,125,318.19	542,122,083.86	659,078,223.36	-15.62%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	546,253,390.00	404,509,408.41	401,762,449.20	35.96%
Net cash flow arising from operating activities(RMB)	228,337,431.40	492,634,062.23	829,582,933.34	-72.48%
Basic earnings per share (RMB/Share)	1.299	1.495	1.558	-16.62%
Diluted earnings per share (RMB/Share)	1.299	1.495	1.558	-16.62%
Weighted average ROE	6.41%	9.53%	8.59%	-2.18%
	End of current period	End of last period		Increase/decrease in this report-end over that of last period-end
		Before adjustment	After adjustment	After adjustment
Total assets (RMB)	22,199,774,990.31	21,312,754,511.97	21,316,548,247.95	4.14%
Net assets attributable to shareholder of listed company(RMB)	8,864,455,086.90	8,450,150,621.93	8,452,426,863.52	4.87%

Note: In October 2016, the Company sell the 51% equity of subordinate three pharmaceutical industry subsidiaries respectively (including China National Zhijun (Shenzhen) Pharmaceutical Co., Ltd. (former Zhijun Pharmaceutical Co., Ltd., hereinafter referred to as "Zhijun Pharmaceutical"), Shenzhen Zhijun Pharmacy Trade Co., Ltd.( hereinafter referred to as "Zhijun Pharmacy Trade") and China National Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd. (former Sinopharm Holding Shenzhen TCM Co., Ltd.,

hereinafter referred to as “Zhijun Pingshan”) and the whole operational assets of Pingshan Pharmaceutical R&D base, through subscribing 15.56% new shares offering under the name of related party Shanghai Shyndec Pharmaceutical Co., Ltd. (hereinafter referred to as “Shyndec Pharmaceutical”). Correspondingly, the comparative statement of the consolidate profit statement for semi-annual of 2017 including the profit data for first half year of 2016 under the name of above mentioned three companies.

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

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

Applicable     Not applicable

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

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

Applicable     Not applicable

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

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

Applicable     Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	202,306.43	The gains from fixed assets disposal
Governmental subsidy calculated into current gains and losses(while closely related with the normal business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard)	9,487,261.15	Vary special subsidies and finance discount received in the Period
Current net gains/losses (from period-beginning to combination date) of the subsidiary from enterprise combined under the same control	-1,096.00	The current net gains/losses (from period-beginning to combination date) of the Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd. which purchased by enterprise combined under the same control
Reversal of impairment reserve for account receivable with separate impairment testing	1,267,915.47	Net gains/losses arising from reversal of impairment reserve for account receivable

Gains/losses on entrusted loans	937,951.77	The gains obtained from offering entrust loans to China National Zhijun (Suzhou)
Other non-operating income and expenditure except for the aforementioned items	1,429,866.49	
Less: impact on income tax	2,781,507.52	
Influenced amount of minority shareholders' equity (after tax)	670,769.60	
Total	9,871,928.19	--

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

Applicable  Not applicable

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



## Section III Summary of Company Business

### I. Main businesses of the company in the reporting period

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

No

During the reporting period, Sinopharm Accord's main businesses include pharmaceutical distribution and pharmaceutical retail, details are as follows:

(i) In the field of pharmaceutical distribution, the company aimed to become a pharmaceutical & health products and service provider with the strongest influence, the highest share, the most complete varieties, the best services, and the fastest delivery in China's southern region by continuously integrating the distribution and logistics business, deeply permeating into the terminal markets, improving the ladder distribution network, and creating the intelligent supply chain.

1. The company's pharmaceutical distribution business is mainly established in Guangdong and Guangxi, the company has completed the network construction in Guangdong and Guangxi in 2013, with the business extending to the county area, accelerated the integration of three-level companies in 2015, realized the whole network operation in 2015, and further expanded the network in 2016, and established a business operation mode of "wholesale & retail integration" in 2017

2. The company's pharmaceutical distribution business leading in the scale in Guangdong and Guangxi, and led the market segments in Guangdong and Guangxi, the apparatus and e-commerce business is relatively in the lead in the industry.

(ii) In the field of pharmaceutical retail, the company's subsidiary Guoda Drug Store is a pharmaceutical retail enterprise ranking first in the sales volume throughout the country, and is one of the few domestic enterprises with national drug retail networks. Guoda Drug Store retail chain networks spread over 18 provinces, autonomous regions and municipalities, covering nearly 70 large and medium-sized cities, and manages nearly 3,700 retail drugstores.

1. Rich commodity category system and the nationwide procurement network

Guoda Drug Store is one of the pharmaceutical retail chain enterprises with the most abundant commodities throughout the country that operates nearly 120,000 varieties of commodities. Relying on its strong purchasing network and years of experience in commodity operation, Guoda Drug Store has established a set of commodity system with wide coverage, high professionalization and abundant varieties according to the consumer demands and medication habits

2. Complete logistics and distribution system

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

### II. Major changes in main assets

#### 1. Major changes in main assets

Major assets	Note of major changes
Equity assets	Increased 87,710,400 Yuan over that of period-begin with 6.21% up, mainly due to the

	investment income from associated enterprise
Fixed assets	Increased 37,460,200 Yuan over that of period-begin with 7.69% up, mainly because logistic system and finance lease construction in process are transfer to fixed assets
Intangible assets	Increased 13,563,500 Yuan over that of period-begin with 4.23% up, mainly due to the ERP system upgrade from Guoda and new real estate purchased
Construction in progress	Decreased 175,210,000 Yuan over that of period-begin with 37.23% down, mainly because some of the ERP project completed and part of the reconstruction of logistic warehouse are transfer-out
Other non-current assets	Increased 41,593,400 Yuan over that of period-begin with 43.94% up, mainly due to the investment for Sinopharm CICC Medical Industry Fund

## 2. Main overseas assets

Applicable  Not applicable

## III. Core competitiveness analysis

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

No

As an enterprise with both wholesale and retail business, Sinopharm Accord has the following competitive advantages:

### 1. Strong network coverage and layout

- Take the lead in scale and cover the countrywide retail network: Guoda Drug Store is a pharmaceutical retail enterprise with sales volume ranking first for five consecutive years throughout the country, with retail network spreading over 18 provinces and municipalities and autonomous regions and covering nearly 70 cities, and manages nearly 3,700 stores.

- Leading layout and complete distribution network in Guangdong and Guangxi: the company has complete pharmaceutical distribution networks in Guangdong and Guangxi, which comprehensively cover the medical institutions above second grade and the large-scale chain drugstores in Guangdong and Guangxi, and provide drug distribution services for numerous drugstores, community health care service networks, clinics and the third terminals represented by new rural cooperative medical system. The company is a leading provider of drug distribution and supply chain services in Southern China.

### 2. Abundant variety resources

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

- In the pharmaceutical distribution, the company has established extensive cooperative relations with thousands of domestic manufacturers and commercial enterprises and established stable business relationships with hundreds of import and joint venture manufacturers, and has rich variety resources.

### 3. Complete logistics and distribution system

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

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

### 4. Sinopharm brand with unique influence

The company's brand and the retail and distribution sub-brands have the same strain with the brands of controlling shareholders and the actual controllers, relying on the strong influence of the central enterprises, the company's popularity and influence in the industry has become increasingly prominent.

## Section IV Discussion and Analysis of Business

### 1. Introduction

In the first half of 2017, influenced by the fierce competition in external market, GPO bidding procurement, and the changes in pharmaceutical policies, the overall pharmaceutical industry entered into the “new normal” of slowdown in growth. Under the leadership of the board of directors of the company, Sinopharm Accord focused on the annual management theme of “strategic transformation new journey and innovative development new leap”, promoted the strategic landing, clarified the management ideas, consolidated the management foundation, enhanced the business unit profitability, and orderly advanced the key works with open, comprehensive, sunshiny, and positive attitude.

#### (i) The overall situation of Sinopharm Accord in the first half of 2017

Sinopharm Accord achieved operating income of RMB 20.525 billion, a decrease of 0.18% on a year-on-year basis; achieved net profits attributable to the parent company of RMB 556 million, a decrease of 15.62% on a year-on-year basis. The above mentioned item drops mainly because the comparative statement including the profit statement data (first half year of 2016) of the three industrial enterprises that replace-out in material assets reorganization occurred in October 2016. The operating income and net profit attributable to parent company has a y-o-y growth of 3.79% and 6.73% respectively if ignore the above mentioned causes.

Pharmaceutical distribution achieved operating income of RMB15.754 billion, an increase of 1.56% on a year-on-year basis; achieved net profits attributable to the parent company of RMB 306 million, an increase of 5.50% on a year-on-year basis.

Pharmaceutical retail achieved operating income of RMB 4.888 billion, an increase of 12% on a year-on-year basis; achieved net profits attributable to the parent company of RMB 99 million, an increase of 30.08% on a year-on-year basis.

#### (ii) The overall situation of pharmaceutical industry

In 2017, driven by reform and innovation, the medical reform continued to advance, various policies landed soundly, and the market changes advanced irresistibly, therefore, we need to not only enhance the self-confidence in development and maintain the strategic strength, but also seek for new thoughts and ideas and try to promote the transformation.

1. Policy level: present the features of “grass-roots sinking”, “wide range”, “focusing on detailed rules”, and “fast speed”, the profit direction of pharmaceutical industry have changes, while the policies show diversity and complexity because of the national region.

2. Market level: the whole pharmaceutical industry slows down the growth, the market enters into the “callback”: in the first half of 2017, the national pharmaceutical terminal sales reached RMB 803.7 billion, an increase of 7.8% on a year-on-year basis; the sales volume growth of three terminals, public hospitals, retail pharmacies, and public primary medical care, is slowing down year by year.

3. Competition level: the industry mergers and acquisitions of competitors accelerate, directly drive the rapid growth of sales by scale expansion of stores.

(iii) Main work the company completed in the first half of 2017

1. Strategic transformation - explore the operation mode of wholesale and retail integration

The company established the organizational structure of wholesale and retail integration for strategic transformation: the headquarters level set up the purchasing management department to promote and establish a purchasing management system for wholesale and retail integration, at the same time, built variety sharing and information platform for the whole line joint.

2. Management transformation - double headquarters control mode is clear

Set up strategic investment headquarters, retail operations headquarters, and distribution operations headquarters, clarify the positioning, adjust the structure, sort out the responsibilities, optimize the functions, and give full play to the headquarters. Of which:

Retail operations headquarters: sort out the organizational structure and department responsibilities, strengthen the regional linkage, and enhance the resources integration and professional management capabilities of headquarters.

Distribution operations headquarters: undertake the strategic transformation requirements, match up with the new structure design, and adjust the structure and personnel.

3. Distribute two-wheel drive - multi-format collaborative progress

(1) Give play to the smart supply chain performance, and deepen the integration of operations

In the new drug trading model, the company strengthened the variety analysis and risk assessment, completed the variety catalog sorting of strategic integration, further enhanced the decision-making speed and adaptability of purchase and marketing linkage; the company completed the responsibility system of purchasing manager connecting subsidiaries, collaborated key customer to visit the subsidiaries, and effectively grafted resources to enhance the competitiveness of subsidiaries; continued to strengthen the management of subsidiaries, included the new subsidiaries into the integrated management, and bonded and unified the finance, human resources, and system processes.

The company continued to optimize the variety structure, the proportion of domestic products continued to increase, the format structure continued to optimize, the retail formats developed rapidly, and the growth of retail direct sales and clinics business was rather good.

(2) Strategically promote business transformation, and build new competitive advantages

The company promoted the transformation of distribution industry and accelerated the development of retail clinics, as of the end of the reporting period, newly opened 12 pharmacies, there are a total of 30 retail clinics at present.

The company promoted the transformation of distribution model, created a new model of retail terminals, exerted efforts to promote the national retail terminal business by sorting out the channel customers and integrating resources, and achieved steady growth in the transformation period, and relied on B2B platform to build a commercial sales center and form the on-line and off-line Omni-channel marketing linkage and create the core competition advantages; give play to the advantages of integration, relied on the on the national commercial

network coverage to promote the sinking of terminal network.

The company promoted the transformation of distribution services, and enriched the medical services products: in the 24 innovative medical treatment projects, covering equipment supplies SPD, equipment maintenance business, reagent business, and disinfection business.

4. Intensively cultivate retail and consolidate management - promote business development by management improvement

(1) Focus on management, and improve operational efficiency and development quality

In the first half of the year, Guoda Drug Store achieved operation revenue of RMB 4.88 billion, with a year-on-year growth of 12.00%; the integrated gross profit margin increased by 0.15% on a year-on-year basis; the total expense ratio decreased by 0.38% on a year-on-year basis; the net profit attributable to parent company was RMB 99 million, an increase of 30.08% on a year-on-year basis.

As of the end of the reporting period, Guoda Drug Store totally has 3693 stores.

(2) Optimize control, and give full play to all functions of the headquarters

Guoda Drug Store completed the adjustment of the headquarters' structure, clarified the positioning, settled the responsibilities, while established a special working group for the operations of subsidiaries, and deepened the analysis and diagnosis of special subjects, in the first half of the year, Guoda Drug Store corrected the error at the project site of stores with losses for 4 companies, and focused on promoting the business improvement of subsidiaries; Guoda Drug Store promoted the overall business functions of commercial and purchase and the business transformation, and established the national standard closed-loop management model of commercial and purchase linkage, integrated and distributed the superior resources. Guoda Drug Store effectively submerged the resources to help the regional intensive cultivation of commercial and purchase business, in the first half of the year, the centralized purchasing and sales volume of Guoda Drug Store reached RMB 1.94 billion; Guoda Drug Store strengthened the member management, as of the end of the reporting period, the total members reached 20 million.

(3) Accelerate the expansion of stores, and promote the Omni-channel marketing model

The expansion speed and quality of new stores of Guoda Drug Store are equally important: in the first half of the year, it had a net increase of 191 stores, of which 160 new stores were for direct sales; the average daily sales amount and the average daily gross profit margin of a single newly opened store of Guoda Drug Store were on the rise;

Guoda Drug Store continued to promote e-commerce and other innovative businesses: in the first half of the year, the innovation business reached 0.49 billion, an increase of 283% on a year-on-year basis, continued to optimize the O2O platform construction, newly increased pharmacy network mall, Baidu take-out, 111.com.cn and other new channels, which overall achieved sales of 120 million; Guoda Drug Store steadily expanded the commercial insurance business, and nine regions increased card business, expanded Wanda "Yuanfuyun", Jianyi card, Pukang card, Qikang card and other card channels and achieved sales of 58.14 million.

5. Legal operations - adhere to the bottom line to ensure the sustainable development of the company

The company adheres to the quality bottom line, manages and operates in strict accordance with the GSP, and

insists on the legal operation:

Implement responsibility: the company signs the liability statement about legal operation and construction of a clean government with various departments, Sinopharm Holding Guangzhou Co., Ltd. and Guoda Drug Store, and subsidiaries at all levels;

Process control: the company strengthens the control of risk events, optimizes the reporting process of risk events; and organizes the annual version updating of company system according to the latest structure;

Risk prevention: the company implements the management requirements to risks in the business. Law works extend to the front end, update contract management, audit and authorization and other managements, strengthen the litigation tracking, and reduce risks.

## II Main business analysis

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

Y-o-y changes of main financial data

In RMB

	Current period	Same period of last year	Y-o-y increase/decrease	Reasons for changes
Operating revenue	20,524,807,669.57	20,562,402,047.82	-0.18%	No major changes
Operating costs	18,364,034,450.83	18,246,890,063.69	0.64%	No major changes
Sales expenses	1,110,446,938.17	1,066,501,100.15	4.12%	No major changes
Administration expenses	340,636,051.11	431,344,673.41	-21.03%	No major changes
Finance expenses	44,498,778.76	50,721,403.21	-12.27%	No major changes
Income tax expenses	160,041,107.63	161,784,127.76	-1.08%	No major changes
R&D input		25,988,200.63	-100.00%	Declined 100% on a y-o-y basis, mainly because the industry company which has R&D input at same period of last year, has replace-out for material reorganization, and there are no R&D input occurred in the period
Net cash flow arising from operating activities	228,337,431.40	829,582,933.34	-72.48%	Declined 72.48% on a y-o-y basis, mainly because cash paid for commodity purchase and accepting labor force increased

Net cash flow arising from investment activities	-92,279,892.06	413,214,884.85	-122.33%	Declined 122.33% on a y-o-y basis, mainly because the amount from equity disposal (67% equity of China National Zhijun (Suzhou) ) are received at same period last year, while there are no such amount occurred in the period
Net cash flow arising from financing activities	-262,782,332.86	-357,891,458.21	26.57%	No major changes
Net increase of cash and cash equivalent	-126,724,793.52	884,777,295.64	-114.32%	Declined 114.32% on a y-o-y basis, mainly because the net cash flow from operating activities decreased

Major changes on profit composition or profit resources in reporting period

Applicable  Not applicable

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

Constitution of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase or decrease of operating revenue over same period of last year	Increase or decrease of operating cost over same period of last year	Increase or decrease of gross profit ratio over same period of last year
According to industries						
Wholesale drugs	15,537,269,873.00	14,713,158,964.52	5.30%	-0.22%	-0.03%	-0.18%
Drug retail	4,816,778,486.05	3,629,787,703.67	24.64%	18.04%	18.16%	-0.08%
Logistics and warehousing services	13,578,009.37	7,635,424.91	43.77%	35.51%	3.77%	17.20%
Lease and training service income	157,181,301.15	13,452,357.73	91.44%	10.36%	-19.53%	3.18%
According to products						
Drugs	19,611,239,692.37	17,645,606,622.11	10.02%	-0.95%	-0.07%	-0.79%
Apparatus	547,196,320.22	508,201,853.85	7.13%	11.28%	12.06%	-0.64%
Other	366,371,656.98	210,225,974.86	42.62%	35.45%	56.26%	-7.64%



According to region						
Domestic income	20,524,807,669.57	18,364,034,450.83	10.53%	-0.01%	0.80%	-0.72%

### III. Analysis of non-main business

Applicable  Not applicable

### IV. Assets and liability

#### 1. Major changes of assets composition

In RMB

	End of current period		End of last period		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	3,361,328,847.44	15.14%	3,519,961,564.93	16.51%	-1.37%	No major changes
Account receivable	9,122,573,508.17	41.09%	7,654,225,510.89	35.91%	5.18%	No major changes
Inventory	3,936,541,833.92	17.73%	4,049,482,529.71	19.00%	-1.27%	No major changes
Investment property	162,773,623.12	0.73%	166,715,848.80	0.78%	-0.05%	No major changes
Long-term equity investment	1,500,744,612.15	6.76%	1,413,034,165.56	6.63%	0.13%	No major changes
Fix assets	524,469,811.81	2.36%	487,009,600.10	2.28%	0.08%	No major changes
Construction in process	29,542,882.91	0.13%	47,063,868.49	0.22%	-0.09%	Mainly because some of the ERP project completed and part of the reconstruction of logistic warehouse are transfer-out
Short-term loans	1,600,656,482.46	7.21%	1,512,713,629.95	7.10%	0.11%	No major changes
Long-term loans	31,600,000.00	0.14%		0.00%	0.14%	Mainly due to the borrowing from Group Finance Company in the period

#### 2. Assets and liability measured by fair value

Applicable  Not applicable

#### 3. Assets right restriction till end of reporting period

Nil

## V. Investment

### 1. Overall situation

Applicable  Not applicable

### 2. The major equity investment obtained in the reporting period

Applicable  Not applicable

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

Applicable  Not applicable

### 4. Financial assets investment

#### (1) Securities investment

Applicable  Not applicable

The company had no securities investment in the reporting period.

#### (2) Derivative investment

Applicable  Not applicable

The Company has no derivatives investment in the Period

## VI. Sales of major assets and equity

### 1. Sales of major assets

Applicable  Not applicable

There are no major assets sell in the period

### 2. Sales of major equity

Applicable  Not applicable

## VII. Analysis of main holding company and stock-jointly companies

Applicable  Not applicable

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

In RMB

Company name	Type	Main business	Industry	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit	Net profit attributable to

											parent company
Sinopharm Holding Guoda Drug Store Co., Ltd.	Subsidiary	Retail and distribution in respect of pharmaceutical products and medical apparatus and instruments, wholesale and retails of health products	Drug retail	1,010,000,000.00	5,026,099,732.47	1,840,652,582.10	4,887,781,745.32	175,519,869.21	131,326,227.19	99,224,896.36	
Sinopharm Holding Guangzhou Co., Ltd.	Subsidiary	Chinese traditional patent medicine, chemical preparations, antibiotics, bio-chemical medicine, biological medicine, diagnosis medicine, biological medicine with features of treatment and diagnosis, shaped packing food, chemical products, and various commodity and technique hold by self-support and agency as well as import & export of technology	Western medicine wholesale	1,530,000,000.00	5,947,042,757.93	1,762,486,690.11	7,844,436,124.99	129,932,719.43	96,951,959.46	96,858,333.78	
Sinopharm Holding Guangxi Co., Ltd.	Subsidiary	Sales of drugs, medical apparatus and instruments, freightage, storage, loading and unloading, glass wares, cosmetics and daily merchandise; other business services, other professional consultation, various goods agency and for self-operation, import	Western medicine wholesale	500,000,000.00	2,209,769,796.72	665,411,181.57	2,063,685,477.42	71,418,089.19	61,010,953.92	61,007,874.28	

		& export of technology, houses leasing								
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Particular about subsidiaries obtained or disposed in report period

Applicable    Not applicable

Company Name	The method of obtaining and handling subsidiaries during the report period	The influence to the whole production and performance
Sinopharm Holding Zhuhai Co., Ltd.	Acquisition	Further consolidated the pharmaceutical distribution business in Guangxi & Guangdong and without major influence on performance of the Company
China National Lerentang Shijiazhuang Medicine Co., Ltd.	Acquisition	Expand local medicine retail business layout, and without major influence on performance of the Company
Guoda Drug Store Manchuria Co., Ltd.	Establishment	Expand local medicine retail business layout, and without major influence on performance of the Company
Sinopharm Holding Guangzhou Medicine Technology Co., Ltd.	Establishment	Providing value-added services of pharmaceutical distribution, and without major influence on performance of the Company
Maoming Yongsheng Medicines Co., Ltd.	Acquisition	Further consolidated the pharmaceutical distribution business in Guangxi & Guangdong and without major influence on performance of the Company

### VIII. Structured vehicle controlled by the Company

Applicable    Not applicable

### IX. Prediction of business performance from January – September 2017

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

Applicable    Not applicable

### X. Risks and countermeasures

#### 1. The management risks in sustainable expansion of marketing network of Guoda Drug Store

The marketing network of Guoda Drug Store has maintained stable growth trend in recent years through newly opened stores and extended mergers. The expansion of sales area and increase of stores have brought pressure on the site selection, distribution, cash management, marketing and human resource management of the stores of

Guoda Drug Store. The company will strengthen the management and construction in merchandise procurement, logistics and distribution, marketing and other links and establish corresponding management methods for each link so as to ensure the unified standards and management quality for store expansion.

## 2. Risks of intensifying market competition

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

## 3. Risks of changes in industry policy

The development of pharmaceutical retail industry is regulated and influenced by the relevant national policies. The state has promulgated a series of documents such as Good Supply Practice and Control System for Prescription Drug and Over-The-Counter Drug (Pilot), which put forward specific requirements to the industry operation. Along with the gradual increase of management standards for management standard, the regulations are constantly being revised and improved and put forward higher requirements to the business operations. In addition, since the promotion and implementation of the new medical reform in 2009, the state has implemented the essential medicine system, public hospital reform, and drug centralized procurement bidding system throughout the country, and repeatedly introduced policies to reduce the drug retail price ceiling in order to reduce the burden of drug use. If the policies introduced in the process of implementing new medical reform impose restrictions on the industrial development and the product price of retail drug stores, the operation and profitability of Guoda Drug Store may have to face some challenges.

## 4. Risks of facing the horizontal competition

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

## Section V. Important Events

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

#### 1. Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
First extraordinary general meeting of 2017	Extraordinary general meeting	60.77%	2017-01-18	2017-01-19	Juchao Website—( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) “Resolution Notice of First extraordinary general meeting of 2017 No.: 2017-05
Second extraordinary general meeting of 2017	Extraordinary general meeting	61.05%	2017-03-14	2017-03-15	Juchao Website—( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) “Resolution Notice of Second extraordinary general meeting of 2017 No.: 2017-13
Annual General Meeting of 2016	AGM	61.37%	2017-05-10	2017-05-11	Juchao Website—( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) “Resolution Notice of AGM of 2016 No.: 2017-36

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

Applicable  Not applicable

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

Applicable  Not applicable

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

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

Applicable  Not applicable

Commitments	Promise	Type of commitments	Content of commitments	Commitment date	Commitment term	Implementation
Commitments						

for share merger reform						
Commitments in report of acquisition or equity change	Sinopharm Holding	Commitment of shareholders	As a large pharmaceutical commercial enterprise whose business involves pharmaceutical wholesale and retail, Sinopharm Holding may overlap with the Company in geographical segmentation during its future business development. To avoid the potential peer competition brought by such geographical overlap, Sinopharm Holding undertakes that, upon the transfer of shares of Sinopharm Holding Guangzhou it held to Accord Pharma, “1. it will not newly-establish or broaden within Guangdong any business operation that actually compete with that of Accord Pharma, or set up any new subsidiaries or subordinate enterprises who engage in such business. 2. It will enter into business delineation with Accord Pharma and Sinopharm Holding Guangzhou, thereby giving the three parties clear geographical areas to carry out pharmaceutical wholesale and retail businesses, so as to avoid potential peer competition. Apart from above, Sinopharm Holding will no longer newly-establish any enterprise that may compete with Accord Pharma in the production and R&D of pharmaceutical products.”	2005-06-21	Long-term effective	Normally implementing
Commitments in assets reorganization	Sinopharm Group Co., Ltd.; China National Pharmaceutical Foreign Trade Corporation	Commitment on restricted shares	“Sinopharm Group and Sinopharm Foreign Trade made commitments in the Report about China National Accord Medicines Corporation Ltd. Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment that the non-public offering of shares of Sinopharm Accord obtained from this transaction shall not be transferred within 36 months since the finish date of issuance and shall be unlocked after 36 months since the date of listing. Within 6 months after the completion of this transaction, if the closing price of the stock of Sinopharm Accord is less than the issue price in continuous 20 trading days, or the closing price at the end of 6 months after the completion of this transaction is less than the issue price, the lockup period of the stock of Sinopharm Group and Sinopharm Foreign Trade obtained from Sinopharm Accord by this transaction will automatically prolong at least 6 months. The shares	2016-05-31	36 months	Normally implementing

			derived from stock dividends allocation and capital reserve increase transferring of Sinopharm Accord based on the non-public offering of shares of Sinopharm Accord obtained by this transaction should also abide by the above stock restricted arrangements.”			
	Ping'an Assets Management Co., Ltd.	Commitment on restricted shares	"China Ping An Asset Management Co., Ltd. made commitments in the Report about China National Accord Medicines Corporation Ltd. Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment that the non-public offering of shares of Sinopharm Accord obtained from this transaction shall not be transferred within 36 months since the finish date of issuance and shall be unlocked after 36 months since the date of listing. After placement completed, the shares of the listed company increased due to bonus shares and turning to increase capital should pursuit to the restriction arrangement the above mentioned.	2016-05-31	36 months	Normally implementing
	Sinopharm Group Co., Ltd.	Performance commitment and compensation arrangement	“Sinopharm Group made commitments in the Report about China National Accord Medicines Corporation Ltd. Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment that the 2016 annual net profits of Foshan Nanhai, Guangdong Uptodate & Special Medicines and Guoda Drug Store should respectively be no less than RMB 47,385,600.00, RMB 19,167,000.00, and RMB 98,466,100.00, while the 2017 annual net profits should respectively be no less than RMB 49,394,500.00, RMB 20,209,700.00, and RMB 110,998,90.00, and the 2018 annual net profits should respectively be no less than RMB 51,148,200.00, RMB 21,330,100.00, and RMB 131,275,500.00. Net profit refers to the lower one between the after-tax net profit attributable to the owners of parent company planning to invest in the target company and the net profit attributable to the owners of parent company after deducting the non-recurring gains and losses. If the actual net profit of the target company doesn't reach the committed net profit, Sinopharm Group will need to compensate according to the stipulations of the "Profit Forecast	2016-05-31	2018-12-31	Normally implementing



		Compensation Agreement for the Stock Issuance and Assets Purchase.”			
China National Pharmaceutical Foreign Trade Corporation	Performance commitment and compensation arrangement	Sinopharm Foreign Trade made commitments in the Report about China National Accord Medicines Corporation Ltd. Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment that the 2016 annual net profits of Southern Medical Trade should be no less than RMB 39880700, while the 2017 annual net profits should be no less than RMB 47323200, and should not less than RMB 55364600 in 2018. Net profit refers to the lower one between the after-tax net profit attributable to the owners of parent company planning to invest in the target company and the net profit attributable to the owners of parent company after deducting the non-recurring gains and losses. If the actual net profit of the Southern Medical Trade doesn't reach the committed net profit, Sinopharm Foreign Trade will need to compensate according to the stipulations of the "Profit Forecast Compensation Agreement for the Stock Issuance and Assets Purchase.”	2016-05-31	2018-12-31	Normally implementing
Fu Jiancheng; Fu Yuequn; Gu Chaoqun; Guo Shu'er; Huang Qifang; Li Hongbin; Liao Zhi; Lin Wanqun; SunWei; Zhang Zhaohua; Zhang Zhaotang	Performance commitment and compensation arrangement	“Fu Yueling and other 10 natural person made commitments in the Report about China National Accord Medicines Corporation Ltd. Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment that the 2016 annual net profits of Southern Medical Trade should be no less than RMB 39,880,700, while the 2017 annual net profits should be no less than RMB 47,323,200, and should not less than RMB 55,364,600 in 2018. Net profit refers to the lower one between the after-tax net profit attributable to the owners of parent company planning to invest in the target company and the net profit attributable to the owners of parent company after deducting the non-recurring gains and losses. If the actual net profit of the Southern Medical Trade doesn't reach the committed net profit, Fu Yuequn and other 10 natural person will need to compensate according to the stipulations of the "Profit Forecast Compensation Agreement for the Stock Issuance and Assets Purchase.”	2016-05-31	2018-12-31	Normally implementing
China	Performance	“Sinopharm Accord made commitments in the Report	2016-05-31	2018-12-31	Normally

	National Accord Medicines Corporation Ltd.	commitment and compensation arrangement	about China National Accord Medicines Corporation Ltd. Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment that the net profits attributable to the owners of parent company after deducting the non-recurring gains and losses committed by Zhijun Pharmaceutical in 2016, 2017 and 2018 should be respectively no less than RMB 222,671,700.00, RMB 232,561,600.00, and RMB 241,878,700.00; the net profits attributable to the owners of parent company after deducting the non-recurring gains and losses committed by Zhijun Pharmacy Trade in 2016, 2017 and 2018 should be respectively no less than RMB 2,379,600.00, RMB 2,335,100.00, and RMB 2,345,600.00; the net profits attributable to the owners of parent company after deducting the non-recurring gains and losses committed by Pingshan Pharmaceutical in 2016, 2017 and 2018 should be respectively no less than RMB 39,716,300.00, RMB 43,033,500.00, and RMB 50,325,500.00. If the actual net profits attributable to the owners of parent company after deducting the non-recurring gains and losses of Zhijun Pharmaceutical / Zhijun Pharmacy Trade / Pingshan Pharmaceutical don't reach the committed net profits attributable to the owners of parent company after deducting the non-recurring gains and losses, Sinopharm Accord should compensate in accordance with the stipulations of the Profit Forecast Compensation Agreement for the Stock Issuance and Assets Purchase.”	1	1	implemen ting
	China National Accord Medicines Corporation Ltd.;Sinopharm Group Co., Ltd.;China	Other commitments	“The listed company, controlling shareholders, the actual controllers made commitments in the Report about China National Accord Medicines Corporation Ltd. Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment that the Company shall not violate the relevant regulations of Article 16 in Securities Issuance and Underwriting Management Approach, and directly or indirectly providing financial assistance or compensation for the subscription objects and its shareholders / partners / clients (if any) of this non-public offering does not exist and will not occur in the future.”	2016-05-31	Long-term effective	Normally implemen ting

	National Pharmaceutical Group Corporation					
	Ping'an Assets Management Co., Ltd.	Other commitments	<p>“Ping An Asset Management Co., Ltd. has made commitments that the unit intends to utilize Ping An Asset Xinxiang No.3 asset management product and Ping An Asset Xinxiang No.7 asset management product to fund and subscribe some non-public offering of shares of Sinopharm Accord in this major asset restructuring process, and has the ability to subscribe the shares, the relevant capital sources are legitimate, there is no hierarchical income and other structured arrangements, and there is no use of leveraged funds. The unit does not receive financial assistance or compensation from Sinopharm Accord and its controlling shareholders, or the actual controllers. The investors’ structure of above-mentioned products does not change from the issue date of the commitment letter to the end date of the lockup period of the stock that the unit subscribes from Sinopharm Accord.”</p>	2016-03-24	Long-term effective	Normally implementing
	China National Pharmaceutical Group Corporation	Increase holding commitment	<p>“Sinopharm made commitments in the Report about China National Accord Medicines Corporation Ltd. Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment that 1. if the stock intraday price of Sinopharm Accord on any trading day of the 30 trading days after the listing of newly increased shares in this transaction is less than the issue price of newly increased shares in this transaction, Sinopharm will accumulatively invest no more than RMB 150 million in these 30 trading days to increase the holding by the stock trading system of the Shenzhen Stock Exchange (this increase of holding) until the earlier one of below two situations occurs: (1) the above-mentioned funds are use up; (2) the intraday price of Sinopharm Accord is no less than the issue price of newly increased shares in this transaction. 2. Sinopharm shall not sell the shares obtained from this increase of holding within 3 years after the end of this increase of holding.”</p>	2017-01-06	2017-02-24	Normally implementing

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

	Corporation	and capital occupation	<p>actual controller of China National Accord Medicines Corporation Ltd. (hereinafter referred to as Sinopharm Accord) up to the issue date of this commitment letter, after the completion of this major assets reorganization (hereinafter referred to as "this reorganization"), Sinopharm Accord shall no longer hold shares or operate relevant businesses of pharmaceutical industry, the main business will become the national pharmaceutical retail and pharmaceutical distribution business in Guangdong and Guangxi. In order to support the business development of Sinopharm Accord and avoid horizontal competition with Sinopharm Accord and its controlling enterprises, the Company made following irrevocable commitments and promises:1, after the completion of this reorganization, as for the social retail drugstore assets except for Sinopharm Group Guoda Pharmacy Co., Ltd. and its subsidiaries and branches owned or controlled by the Company, the Company promised to take appropriate measures to solve the horizontal competition problem in the pharmaceutical retail business between the Company and Sinopharm Accord within 5 years since the completion date of this reorganization. 2. The Company's way of resolving horizontal competition problems includes and is not limited to purchasing the social retail drugstore assets subordinated to the Company by Sinopharm Accord, taking the entrusted operation, leasing or contracting operation by Sinopharm Accord and its controlling enterprises in accordance with the methods permitted by national laws to hold or control the social retail drugstore assets, or transferring the controlling stake of the social retail drugstore assets by the Company. 3. If the shareholders of the social retail drugstore assets (hereinafter referred to as "the third party") of the Company or the enterprises controlled by the Company have or are going to perform the preemptive rights under the same conditions in accordance with relevant laws and corresponding Articles of Association, then the above commitment will not be applicable, but in this case, the Company should try its utmost to urge the third party to waive its preemptive rights. If the Company is unable to</p>			
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			<p>urge the third party to give up the preemptive rights, the Company will urge the enterprises controlled by the Company to transfer the social retail drugstore assets to the third party to solve the horizontal competition problem. 4. The pharmaceutical distribution assets currently owned or controlled by the Company are distributed outside Guangdong and Guangxi regions, there is no horizontal competition with Sinopharm Accord, the Company will not engage in the same or similar operation businesses to Sinopharm Accord in Guangdong and Guangxi in the future, if the Company and its holding enterprises obtain the new business opportunities constituting substantial horizontal competition (hereinafter referred to as competitive new business) within the pharmaceutical distribution business scope of Sinopharm Accord in Guangdong and Guangxi, the Company will send written notice to Sinopharm Accord and try its utmost to firstly provide the new business opportunities to Sinopharm Accord or its holding enterprises according to the reasonable and fair terms and conditions so as to avoid the horizontal competition with Sinopharm Accord and its holding enterprises. 5. This commitment letter terminates when following circumstances occur (subject to the earlier one): (1) the Company is no longer the actual controller of Sinopharm Accord; or (2) the shares of Sinopharm Accord terminate the listing at the stock exchange.”</p>			
Commitments make in initial public offering or re-financing	Sinopharm Holding	Commitment of shareholders	<p>Sinopharm Group made commitments in the Commitment Letter About Sinopharm Group Co., Ltd. to Avoid Horizontal Competition: “First, the Company and the Company’s wholly-owned, controlling or other enterprises with actual control (in addition to Sinopharm Accord and its controlling enterprises, hereinafter the same) don’t have businesses and operations constituting the substantial horizontal competition to Sinopharm Accord and its controlling enterprises. Second, the Company and the Company’s wholly-owned, controlling or other enterprises with actual control shall not engage, participate in or do businesses and activities in Guangdong and Guangxi which constitute substantial competition to Sinopharm Accord and pharmaceutical</p>	2013-09-05	Long-term effective	Controlling shareholder is implement in real earnest, Sinopharm Accord will actively urged the controlling shareholder

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



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

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

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

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

Financial report has been audit or not

Yes  No

Not been audited.

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

Applicable  Not applicable

## **VI. Explanation from the Board for “Qualified Opinion” of last year’s**

Applicable  Not applicable

## **VII. Bankruptcy reorganization**

Applicable  Not applicable

No bankruptcy reorganization for the Company in Period.

## **VIII. Lawsuits**

Material lawsuits and arbitration

Applicable  Not applicable

No significant lawsuits and arbitrations occurred in the reporting period.

Other lawsuits

As of the date of disclosing this report, the company has 4 cases of contract disputes in the daily operation, with total amount of RMB 430,600.00 involved; one case of infringement dispute, involving a total amount of RMB 53,200.00; and one case of equity transfer dispute, involving a total amount of RMB 355,100.00.

The total amount involved in the above 6 cases was RMB 838,900.00, which neither formed the expected liabilities, nor had an effect on normal operation and management of the company.

## **IX. Penalty and rectification**

Applicable  Not applicable

No penalty and rectification for the Company in Period.

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

Applicable  Not applicable

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

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

Applicable  Not applicable

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

## **XII. Major related transaction**

### **1. Related transaction with routine operation concerned**

(1) The related transaction with routine operations concerned found more in the “X. Related parties and related transaction” in “Section X. Financial Report”;

(2) The related transactions are settled by cash and notes, disclosed on 22 April 2017, and disclosure on Juchao Website with Notice No.: 2017-032;

(3) In accordance with the “Supplementary Notice on Routine Associated Transactions for year of 2017 Estimated” that deliberated and approved by the Board dated 22 April 2017, in reporting period, sales of the related parties account for 36.48% in total amount that estimated, and related party purchase account for 38.42% in total amount that estimated.

### **2. Related transactions by assets acquisition and sold**

Applicable  Not applicable

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

### **3. Related transactions of mutual investment outside**

Applicable  Not applicable

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

### **4. Contact of related credit and debt**

Applicable  Not applicable

Note: See Note X (X)

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

Yes  No

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

### **5. Other related transactions**

Applicable  Not applicable

1. The company held the 21<sup>st</sup> meeting of the 7<sup>th</sup> Board of Directors on January 6, 2017, which examined and approved the Proposal on Investing in Sinopharm Zhongjin Medical Industry Fund, and the company intended to invest RMB 200 million to subscribe for Sinopharm Zhongjin Medical Industry Fund (hereinafter referred to as “Industry Fund”), and serve as a limited partner of Sinopharm Zhongjin Medical Industry Fund.

2. The company held the 22<sup>nd</sup> meeting of the 7<sup>th</sup> Board of Directors and the 2016 annual general meeting of stockholders respectively on April 17, 2017 and May 10, 2017, which examined and approved the Proposal on Carrying out the Receivables Factoring Business and Related Transactions with Sinopharm Group (China) Finance Lease Co., Ltd., in 2017, the company intends to carry out the receivables factoring business with Sinopharm Group (China) Finance Lease Co., Ltd., and the credit lines are no more than RMB 1 billion.

Disclosure information for major related transaction temporary disclosed

Temporary notice	Dated disclosed	Website for disclosure
Notice of Investment Subscription of Sinopharm Zhongjin Medical Industry Fund and Related Transactions (Notice No.: 2017-03)	2017-01-07	Juchao Website: <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Supplementation Notice on Carrying out the Receivables Factoring Business and Related Transactions between China National Accord Medicines Corporation Ltd. and Sinopharm Group (China) Finance Lease Co., Ltd. (Notice No.: 2017-33)	2017-04-22	Juchao Website: <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

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

Applicable  Not applicable

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

### **XIV. Significant contract and implementations**

#### **1. Trusteeship, contract and leasing**

##### **(1) Trusteeship**

Applicable  Not applicable

No trusteeship for the Company in reporting period.

##### **(2) Contract**

Applicable  Not applicable

No contract for the Company in reporting period.

##### **(3) Leasing**

Applicable  Not applicable

No leasing for the Company in reporting period.

#### **2. Major guarantees**

Applicable  Not applicable

**(1) Guarantees**

In 10 thousand Yuan

Particulars about the external guarantee of the Company (Barring the guarantee for subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Guarantee between the Company and the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Sinopharm Holding Shenzhen Medicine Co., Ltd.	2016-03-26	1,000	2016-09-26	326.21	General assurance	2016.9.26-2017.9.25	N	N
China National Accord Medicines Corporation Ltd.	2016-03-26	25,000	2016-05-25	12,607.63	General assurance	2016.5.25-2017.5.25	N	N
China National Accord Medicines Corporation Ltd.	2016-03-26	20,000	2016-11-23	15,001.35	General assurance	2016.11.23-2017.11.22	N	N
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2016-03-26	2,000	2016-07-04	1,158	General assurance	2016.07.04-2017.07.04	N	N
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2016-03-26	7,000	2016-09-26	1,200	General assurance	2016.09.26-2017.09.25	N	N
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2016-03-26	2,000	2016-11-23	2,000	General assurance	2016.11.23-2017.11.22	N	N
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2016-03-26	3,000	2016-06-28	1,350	General assurance	2016.06.28-2017.04.28	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2017-04-19	35,000	2017-05-20	8,942.41	General assurance	2017.5.20-2018.5.20	N	N

Sinopharm Holding Guangzhou Co., Ltd.	2016-03-26	10,000	2016-10-19	2,767.67	General assurance	2016.10.19-2017.10.18	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2016-03-26	21,000	2016-09-22	7,039.63	General assurance	2016.9.22-2017.9.21	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2016-03-26	40,000	2016-06-29	35,670.04	General assurance	2016.6.29-2017.6.28	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2016-03-26	15,000	2017-03-01	0	General assurance	2017.3.1-2017.9.19	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2016-03-26	35,000	2016-09-26	0	General assurance	2016.9.26-2017.9.25	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2016-03-26	30,000	2016-07-06	26,242.13	General assurance	2016.7.6-2017.4.30	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2017-04-19	40,000	2017-05-15	20,823.45	General assurance	2017.5.15-2018.5.14	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2016-03-26	50,000	2016-06-30	34,122.66	General assurance	2016.6.30-2017.6.30	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2016-03-26	20,000	2016-05-10	1,001.9	General assurance	2016.5.10-2017.5.9	N	N
Sinopharm Holding Guangzhou Co., Ltd.	2016-03-26	30,000	2016-06-28	6,895.32	General assurance	2016.6.28-2017.4.28	N	N
Sinopharm	2017-04-19	85,000	2017-04-19	21,389.52	General	2017.4.19-20	N	N



Holding Guangzhou Co., Ltd.					assurance	18.3.31		
Sinopharm Holding Guangdong Yuexing Co., Ltd.	2016-03-26	5,000	2016-09-26	4,371.19	General assurance	2016.9.26-20 17.9.25	N	N
Sinopharm Holding Guangdong Yuexing Co., Ltd.	2016-03-26	3,000	2016-09-18	1,288.41	General assurance	2016.9.18-20 17.9.17	N	N
Sinopharm Holding Guangdong Yuexing Co., Ltd.	2016-12-30	2,000	2017-01-18	337.69	General assurance	2017.1.18-20 18.1.17	N	N
Sinopharm Holding Guangxi Co., Ltd.	2016-03-26	25,000	2016-09-26	6,997.09	General assurance	2016.9.26-20 17.9.25	N	N
Sinopharm Holding Guangxi Co., Ltd.	2016-03-26	5,000	2016-09-14	0	General assurance	2016.9.14-20 17.9.13	N	N
Sinopharm Holding Guangxi Co., Ltd.	2016-03-26	20,000	2016-09-30	6,836.37	General assurance	2016.9.30-20 17.9.30	N	N
Sinopharm Holding Guangxi Co., Ltd.	2016-03-26	20,000	2016-11-02	15,982.61	General assurance	2016.11.2-20 17.11.2	N	N
Sinopharm Holding Foshan Co., Ltd.	2016-03-26	1,000	2016-09-26	597.77	General assurance	2016.9.26-20 17.9.25	N	N
Sinopharm Holding Guangdong Hengxing Co., Ltd.	2016-12-30	3,000	2017-03-31	2,503.73	General assurance	2017.3.31-20 17.10.29	N	N
Sinopharm Holding Jiangmen Renren Co., Ltd.	2016-03-26	2,000	2016-12-23	1,999.78	General assurance	2016.12.23-2 017.9.25	N	N
Sinopharm Holding Liuzhou Co., Ltd.	2016-03-26	9,000	2016-09-26	0	General assurance	2016.9.26-20 17.9.25	N	N
Sinopharm	2017-04-19	5,000	2017-06-21	3,181.12	General	2017.6.21-20	N	N

Holding Liuzhou Co., Ltd.					assurance	18.6.20		
Sinopharm Holding Liuzhou Co., Ltd.	2016-12-30	6,000	2017-02-15	651.94	General assurance	2017.2.15-2018.1.2	N	N
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2017-04-19	15,000	2017-06-14	9,967.14	General assurance	2017.6.14-2018.6.13	N	N
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2017-04-19	2,500	2017-06-05	108.54	General assurance	2017.6.5-2017.12.31	N	N
Foshan Nanhai Uptodate & Special Medicines Co. Ltd.	2016-12-31	5,000	2017-01-19	2,961.8	General assurance	2017.1.19-2017.12.30	N	N
Foshan Nanhai Uptodate & Special Medicines Co. Ltd.	2017-04-19	5,000	2017-05-15	1,170.33	General assurance	2017.5.15-2018.5.14	N	N
Foshan Nanhai Pharmaceutical Group Co., Ltd.	2016-12-30	1,000	2017-01-19	0	General assurance	2017.1.19-2017.12.30	N	N
Foshan Nanhai Pharmaceutical Group Co., Ltd.	2016-12-30	5,000	2017-01-19	221.88	General assurance	2017.1.19-2017.12.30	N	N
Sinopharm Holding Zhaoqing Co., Ltd.	2016-03-26	2,000	2016-09-26	2,000	General assurance	2016.12.20-2017.9.25	N	N
Sinopharm Holding Zhanjiang Co., Ltd.	2016-03-26	1,500	2016-09-26	1,500	General assurance	2016.09.26-2017.09.25	N	N
Total amount of approving guarantee for subsidiaries in report period (B1)			187,500		Total amount of actual occurred guarantee for subsidiaries in report period (B2)			492,259.17
Total amount of approved guarantee for subsidiaries at the			614,000		Total balance of actual guarantee for subsidiaries at			261,215.34

end of reporting period (B3)										the end of reporting period (B4)	
Guarantee between the subsidiaries and the subsidiaries											
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)			
Fujian Guoda Pharmacy Chain Co.,Ltd	2016-12-30	1,950	2017-02-01	1,695.96	General assurance	2017.2.1-2018.2.1	N	N			
Sinopharm Holding Guoda Fumei Pharmaceutical (Shanghai) Co., Ltd.	2016-12-30	9,000	2016-12-01	5,343	General assurance	2016.12.1-2017.12.1	N	N			
Sinopharm Holding Guoda Pharmacy Guangdong Co.,Ltd	2017-04-19	3,000	2017-06-01	884.79	General assurance	2017.6.1-2018.6.1	N	N			
Sinopharm Holding Guoda Pharmacy Guangdong Co.,Ltd	2017-04-19	3,000	2017-06-01	1,009.41	General assurance	2017.6.1-2018.6.1	N	N			
Sinopharm Holding Guoda Pharmacy Guangxi Chain Co.,Ltd	2016-12-30	2,100	2017-01-29	719.19	General assurance	2017.1.29-2017.12.31	N	N			
Sinopharm Holding Guoda Pharmacy Inner Mongolia Co.,Ltd	2017-04-19	3,000	2017-04-24	2,229.11	General assurance	2017.4.24-2018.4.23	N	N			
Sinopharm Holding Guoda Pharmacy Inner Mongolia Co.,Ltd	2017-04-19	5,000	2017-04-23	2,520.22	General assurance	2017.4.23-2018.4.22	N	N			
Sinopharm Holding Guoda	2017-04-19	6,000	2017-05-01	0	General assurance	2017.5.1-2018.5.1	N	N			

Pharmacy Shanxi Yiyuan Chain Co.,Ltd.								
Sinopharm Holding Guoda Pharmacy Shanxi Yiyuan Chain Co.,Ltd.	2016-12-30	4,000	2016-07-01	3,843.46	General assurance	2016.7.1-2017.7.1	N	N
Sinopharm Holding Guoda Pharmacy Shanxi Yiyuan Chain Co.,Ltd.	2016-12-30	2,800	2016-10-01	2,796.15	General assurance	2016.10.1-2017.10.1	N	N
Sinopharm Holding Guoda Pharmacy Shanxi Yiyuan Chain Co.,Ltd.	2016-12-30	1,500	2016-09-01	1,499.26	General assurance	2016.9.1-2017.12.1	N	N
Sinopharm Holding Guoda Pharmacy Shanxi Yiyuan Chain Co.,Ltd.	2016-12-30	1,960	2016-10-01	1,909.54	General assurance	2016.10.1-2017.10.1	N	N
Sinopharm Holding Guoda Pharmacy Shenyang Chain Co.,Ltd	2016-12-30	5,600	2016-03-01	1,848.87	General assurance	2016.3.1-2017.3.1	N	N
Sinopharm Holding Guoda Pharmacy Shenyang Chain Co.,Ltd	2016-12-30	4,500	2017-03-01	4,498.4	General assurance	2017.3.1-2018.3.1	N	N
Sinopharm Holding Guoda Pharmacy Shenyang Chain Co.,Ltd	2016-12-30	5,000	2016-06-01	4,998.08	General assurance	2016.6.1-2017.6.1	N	N
Sinopharm Holding Guoda Pharmacy Shenyang Chain	2016-12-30	6,000	2016-11-01	3,459.8	General assurance	2016.11.1-2017.11.1	N	N

Co.,Ltd								
Sinopharm Holding Guoda Pharmacy Yangzhou Dadesheng Chain Co.,Ltd	2016-12-30	1,000	2016-09-01	525.18	General assurance	2016.9.1-2017.9.1	N	N
Shanxi Wanmin Drugstore Chain Co.,Ltd	2017-04-19	3,000	2017-05-01	0	General assurance	2017.5.1-2018.5.1	N	N
Shanxi Wanmin Drugstore Chain Co.,Ltd	2016-12-30	5,000	2017-04-01	1,400	General assurance	2017.4.1-2018.4.1	N	N
Shanxi Tongfeng Pharmaceutical Logistics Co., Ltd.	2016-12-30	2,100	2016-11-01	1,800	General assurance	2016.11.1-2017.11.1	N	N
Tianjin Pharmacy Chain Co.,Ltd	2016-12-30	1,000	2016-04-01	60.61	General assurance	2016.4.1-2017.3.1	N	N
Total amount of approving guarantee for subsidiaries in report period (C1)			23,000		Total amount of actual occurred guarantee for subsidiaries in report period (C2)			54,430.86
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)			76,510		Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)			43,041.02
Total amount of guarantee of the Company( total of three abovementioned guarantee)								
Total amount of approving guarantee in report period (A1+B1+C1)			210,500		Total amount of actual occurred guarantee in report period (A2+B2+C2)			546,690.03
Total amount of approved guarantee at the end of report period (A3+B3+C3)			690,510		Total balance of actual guarantee at the end of report period (A4+B4+C4)			304,256.36
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4+C4)								34.32%
Including:								

Note:

Before delivery date of the material asset reorganization, Guoda Pharmacy and its subordinate subsidiary entered into relevant guarantee agreement (Sinopharm Holding provide a guaranty) before the reorganizaiaon. After delivery date, as the "Adjustment on General Credit Limit Application to the Bank for year of 2016 and Guarantee Arrangement" was deliberated and approved by the 20<sup>th</sup> session of 7<sup>th</sup> BOD of Sinopharm Accord held on 29 December 2016 and First Extraordinary Shareholders General Meeting of

Sinopharm Accord for year of 2017 dated 18 January 2017, Sinopharm Accord act as the guarantor for Guoda Pharmacy and its subsidiary to re-signing relevant guarantee agreement. Found more in the “Sinopharm Accord: Notice of Adjustment on General Credit Limit Application to the Bank for year of 2016 and Guarantee Arrangement” (Notice No.:2016-96) released on 30 December 2016 and “Sinopharm Accord: Resolution Notice of First Extraordinary Shareholders General Meeting for year of 2017” (Notice No.:2017-05) dated 18 January 2017 published on Juchao website

## **(2) Guarantee outside against the regulation**

Applicable  Not applicable

No guarantee outside against the regulation in Period.

## **3. Other material contracts**

Applicable  Not applicable

No other material contracts for the Company in reporting period.

## **XV. Social responsibility**

### **1. Execution of social responsibility of targeted poverty alleviation**

#### **(1) Summary of the targeted poverty alleviation for the half year**

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

#### **(2) Targeted poverty alleviation for the first half of 2017**

Nil

#### **(3) Follow-up target poverty alleviation**

Nil

### **2. Major environment protection**

The listed Company and its subsidiary whether belongs to the key sewage units released from environmental protection department  
No

## **XVI. Explanation on other significant events**

Applicable  Not applicable

During the reporting period, the progress of the company's major asset reorganization was as follows: on January 4, 2021, the company made the Announcement about the Implementation of Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment and the Newly Increased Share of Sinopharm Accord; and respectively issued the Announcement about the Implementation of Major Asset Reorganization of Sinopharm Accord (Announcement No. 2017-11, 2017-12) respectively on February 28, 2017 and March 9, 2017.

As of the issue date of this report, the Company has completed the registration of real estate transfer of the Pingshan base project of this asset sale located at the north side of Lanzhu East Road, Biomedical Base, Kengzi Street, Pingshan New District, the relevant real estate has been registered under the name of Shyndec Pharmaceutical; the counterparty of this asset sale, Shanghai Shyndec Pharmaceutical Co., Ltd., has completed its registration for the non-public offering of shares to the Company. For details of the above announcement, please refer to <http://www.cninfo.com.cn>.

## **XVII. Significant event of subsidiary of the Company**

Applicable  Not applicable

## Section VI. Changes in Shares and Particulars about Shareholders

### I.Changes in share capital

#### 1.Changes in share capital

In share

	Before the Changes		Increase/Decrease in the Change (+, -)					After the Changes	
	Amount	Proportion	Newly-issued shares	Bonus shares	Public reserve-co nverted shares	Others	Subtotal	Amount	Proportion
I. Restricted shares	74,484,531	20.54%	65,495,040			-74,482,543	-8,987,503	65,497,028	15.30%
2. State-owned legal person's shares	74,482,543	20.54%	60,380,743			-74,482,543	-14,101,800	60,380,743	14.10%
3. Other domestic shareholding	1,988	0.00%	5,114,297				5,114,297	5,116,285	1.20%
Including: Domestic legal person's shares	0		5,114,297				5,114,297	5,114,297	1.19%
Domestic natural person's shares	1,988	0.00%						1,988	0.01%
II. Unrestricted shares	288,147,412	79.46%				74,482,543	74,482,543	362,629,955	84.70%
1. RMB ordinary shares	233,261,812	64.32%				74,482,543	74,482,543	307,744,355	71.88%
2. Domestically listed foreign shares	54,885,600	15.14%						54,885,600	12.82%
III. Total shares	362,631,943	100.00%	65,495,040			0	65,495,040	428,126,983	100.00%

Reasons for share changed

√Applicable □ Not applicable

1. The company has completed the asset purchase by stock issuance and the non-public offering of shares on January 5, 2017, newly increased restricted shares of 65,495,040 shares. After the completion of the transaction, the company's shares increased to 428,126,983 shares. See details on the announcement about the implementation of purchasing assets and raising supporting funds and related transactions by asset sale, stock issuance and cash payment and the newly increased share disclosed at <http://www.cninfo.com.cn> on January 4, 2017

2. The non-public offering of shares in 2013 of 74,482,543 shares held by the company's controlling shareholder Sinopharm Group has been lifted on March 21, 2017.

Approval of share changed

√Applicable □ Not applicable



The shares increased for listing and de-sterilization of non-tradable shares the above mentioned are being approved by Shenzhen Stock Exchange

Ownership transfer of share changed

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

## 2. Changes of restricted shares

Applicable  Not applicable

In Share

Shareholders	Opening shares restricted	Shares released in Period	Restricted Shares Increased In the Period	Ending shares restricted	Restricted reasons	Date for released
Sinopharm Group Co., Ltd.	74,482,543	74,482,543	0	0	Private issuing of Stock for 2013	2017-3-21
Sinopharm Group Co., Ltd.	0	0	55,057,700	55,057,700	Purchasing the assets of private issuing stock with shares issuing for year of 2017	2020-1-6
China National Pharmaceutical Foreign Trade Corp.	0	0	5,323,043	5,323,043	Purchasing the assets of private issuing stock with shares issuing for year of 2017	2020-1-6
Ping An Assets-ICBC-Xinxiang No.3 Assets Management Products	0	0	2,557,149	2,557,149	Purchasing the assets of private issuing stock with shares issuing for year of 2017	2020-1-6
Ping An Assets-ICBC- Ping An Assets Xinxiang No.7 Insurance Assets	0	0	2,557,148	2,557,148	Purchasing the assets of private issuing stock with shares issuing for	2020-1-6

Management Products					year of 2017	
Total	74,482,543	74,482,543	65,495,040	65,495,040	--	--

## II. Securities issuance and listing

√Applicable    □ Not applicable

Stock and derivative securities	Issuing date	Issue price (interest rate)	Circulation figures	Listing date	Approved trading volume	Date of termination	Index of disclosure	Date of disclosure
Stock								
A-Share	2017-01-05	53.50	65,495,040	2017-01-05	65,495,040		Sinopharm Accord: Announcement about the Implementation of Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment and the Newly Increased Share	2017-01-04
Convertible bond, warrant bond and corporate bond								
Other derivative securities								

Security offering in reporting period

The company has completed the asset purchase by stock issuance and the non-public offering of shares on January 5, 2017, newly increased restricted shares of 65,495,040 shares. After the completion of the transaction, the company's shares increased to 428,126,983 shares. See details on the Announcement about the Implementation of Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment and the Newly Increased Share, which released on Juchao website dated 4 January 2017

## III. Number of shareholders and share-holding

In Share

Total common shareholders at period-end	11,793	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (see Note 8)	0
Particulars about shares held above 5% by common shareholders or top ten common shareholders			

Shareholders	Nature of shareholder	Proportion of shares held	Number of common shares held at period-end	Changes in reporting period	Amount of restricted common shares held	Amount of un-restricted common shares held	Number of share pledged/frozen	
							State of share	Amount
Sinopharm Group Co., Ltd.	State-owned corporate	56.06%	239,999,991	+55,057,700	55,057,700	184,942,291		
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	Overseas corporate	2.04%	8,732,491					
China Life Insurance Co., Ltd. – traditional –general insurance products -005L-CT001 Shen	Domestic non state-owned corporate	1.51%	6,454,402					
China National Pharmaceutical Foreign Trade Corp.	State-owned corporate	1.24%	5,323,043	+5,323,043	5,323,043	0		
TARGET VALUE FUND	Overseas corporate	1.27%	5,449,232					
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Overseas corporate	1.05%	4,489,371					
China Merchants Bank Co., Ltd.-China Universal Assets Management Medical Services Flexible Mixed	Domestic non state-owned corporate	1.03%	4,430,009					

Securities Investment Fund								
New China Life Insurance Co., Ltd. – Bonus Individual bonuses -018L-FH002 Shen	Domestic non state-owned - corporate	0.98%	4,199,772					
Central Huijin Investment Ltd.	State-owned corporate	0.89%	3,804,400					
VALUE PARTNERS CLASSIC FUND	Overseas corporate	0.71%	3,038,918					
Explanation on associated relationship among the aforesaid shareholders	Sinopharm Group Co., Ltd. and China National Pharmaceutical Foreign Trade Corporation have the same actual controller, which is China National Pharmaceutical Group Corporation. It is unknown that there exists no associated relationship or belongs to the consistent actionist among the other tradable shareholders regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Companies.							
Particular about top ten common shareholders with un-restrict shares held								
Shareholders	Amount of un-restrict common shares held at period-end			Type of shares				
				Type	Amount			
Sinopharm Group Co., Ltd.	184,942,291			RMB ordinary shares	184,942,291			
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	8,732,491			Domestically listed foreign shares	8,732,491			
China Life Insurance Co., Ltd. – tradition –general insurance products -005L-CT001 Shen	6,454,402			RMB ordinary shares	6,454,402			
TARGET VALUE FUND	5,449,232			Domestically listed foreign shares	5,449,232			
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	4,489,371			Domestically listed foreign shares	4,489,371			
China Merchants Bank Co., Ltd.-China Universal Assets	4,430,009			RMB ordinary shares	4,430,009			

Management Medical Services Flexible Mixed Securities Investment Fund			
New China Life Insurance Co., Ltd. – Bonus – Individual bonuses – -018L-FH002 Shen	4,199,772	RMB ordinary shares	4,199,772
Central Huijin Investment Ltd.	3,804,400	RMB ordinary shares	3,804,400
VALUE PARTNERS CLASSIC FUND	3,038,918	Domestically listed foreign shares	3,038,918
Bank of China- Harvest Stable Open-end Securities Investment Fund	2,684,976	RMB ordinary shares	2,684,976
Expiation on associated relationship or consistent actors within the top 10 un-restrict common shareholders and between top 10 un-restrict common shareholders and top 10 common shareholders	It is unknown that there exists associated relationship or belongs to the consistent actionist among the above-mentioned shareholders regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Companies.		

Agree to buy-back dealings occurred in Period by top 10 common shareholders and top 10 common shareholders with shares restricted for sale

Yes     No

No agree to buy-back dealings occurred in Period by top 10 common shareholders and top 10 common shareholders with shares restricted for sale

#### **IV. Changes of controlling shareholders or actual controller**

Changes of controlling shareholders in reporting period

Applicable     Not applicable

Changes of controlling shareholders had no change in reporting period.

Changes of actual controller in reporting period

Applicable     Not applicable

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

## **Section VII. Preferred Stock**

Applicable  Not applicable

The Company has no preferred stock in reporting period.

## Section VIII. Directors, Supervisors and Senior Executives

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

Applicable  Not applicable

Shares held by directors, supervisors and senior executives have no changes in reporting period, found more details in Annual Report 2016.

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

Applicable  Not applicable

Name	Title	Type	Date	Reasons
Liu Yong	Director	Appointment and removal	2017-01-18	Liu Yong elected as the director of 7 <sup>th</sup> BOD of the Company by first extraordinary shareholders meeting of 2017
He Zhiyi	N/A	Expiration of the term of office	2017-02-14	Resigned independent director of the Company for office term ends
Chen Honghui	Independent director	Appointment and removal	2017-03-14	Chen Honghui elected as independent director of 7 <sup>th</sup> BOD of the Company by second extraordinary shareholders meeting of 2017
Pan Rangren	N/A	Dismissed	2017-02-22	Resigned deputy GM of the Company for personal reasons
Wei Yulin	Director	Leave the post	2017-03-25	Not in serves as director of the Company for legal retirement age
Zhao Xiaochuan	Deputy GM	Appointed	2017-04-17	Recruit Zhao Xiaochuan as deputy GM of the Company by 22 <sup>nd</sup> session meeting of 7 <sup>th</sup> BOD
Chen Changbing	Deputy GM	Appointed	2017-04-17	Recruit Chen Changbing as deputy GM of the Company by 22 <sup>nd</sup> session meeting of 7 <sup>th</sup> BOD

## **Section IX. Corporate Bond**

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

No



## **Section X. Financial Report**

### **I. Report of the Auditors**

Consolidated financial statements for the six months ended 30 June 2017 haven't been audited.

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**CONSOLIDATED BALANCE SHEET**

**As at 30 June 2017**

**(Expressed in Renminbi Yuan)**

<b>ASSETS</b>	<b>Note V</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
<b>Current assets</b>			
Cash and bank balances	1	3,361,328,847.44	3,519,961,564.93
Notes receivable	2	1,044,457,065.20	1,504,000,909.21
Accounts receivable	3	9,122,573,508.17	7,654,225,510.89
Advances to suppliers	4	356,732,828.43	424,867,581.80
Interest receivable	5	55,855.56	450,722.67
Other receivables	6	471,096,771.67	478,573,423.62
Inventories	7	3,936,541,833.92	4,049,482,529.71
Other current assets	8	90,246,738.10	57,209,263.04
Total current assets		<u>18,383,033,448.49</u>	<u>17,688,771,505.87</u>
<b>Non-current assets</b>			
Financial assets available-for-sale	9	13,685,760.00	13,685,760.00
Long-term equity investments	10	1,500,744,612.15	1,413,034,165.56
Investment properties	11	162,773,623.12	166,715,848.80
Fixed assets	12	524,469,811.81	487,009,600.10
Construction in progress	13	29,542,882.91	47,063,868.49
Intangible assets	14	333,998,871.41	320,435,400.89
Goodwill	15	827,963,369.44	823,890,174.21
Long-term prepaid expenses	16	212,763,843.93	188,377,725.64
Deferred tax assets	17	74,555,861.41	72,914,722.30
Other non-current assets	18	136,242,905.64	94,649,476.09
Total non-current assets		<u>3,816,741,541.82</u>	<u>3,627,776,742.08</u>
Total assets		<u><u>22,199,774,990.31</u></u>	<u><u>21,316,548,247.95</u></u>

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**CONSOLIDATED BALANCE SHEET (Continued)**

**As at 30 June 2017**

**(Expressed in Renminbi Yuan)**

<b><u>LIABILITIES</u></b>	<b>Note V</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
<b>Current liabilities</b>			
Short-term borrowings	19	1,600,656,482.46	1,512,713,629.95
Notes payable	20	2,188,044,512.96	2,406,642,582.86
Accounts payable	21	7,374,938,495.12	6,701,558,514.10
Advances from customers	22	167,151,483.39	163,450,365.92
Employee benefits payable	23	135,450,663.42	195,138,079.85
Tax payable	24	171,890,118.32	187,043,717.52
Interest payable	25	5,880,795.47	6,956,463.02
Dividends payable	26	9,036,964.22	8,483,370.21
Other payables	27	903,536,646.94	917,193,911.34
Non-current liabilities due within one year	28	5,038,700.43	36,411,339.96
Other current liabilities	29	<u>76,143.06</u>	<u>123,294.77</u>
Total current liabilities		<u>12,561,701,005.79</u>	<u>12,135,715,269.50</u>
<b>Non-current liabilities</b>			
Long-term borrowings	30	31,600,000.00	-
Long-term payables	31	12,104,897.06	14,616,598.34
Payable for specific projects	32	800,000.00	800,000.00
Deferred income	33	121,946,453.35	123,953,462.81
Long-term employee benefits payable	34	2,078,999.89	1,722,599.89
Deferred tax liabilities	17	73,869,023.27	76,535,704.01
Other non-current liabilities	35	<u>45,427,343.31</u>	<u>45,427,343.31</u>
Total non-current liabilities		<u>287,826,716.88</u>	<u>263,055,708.36</u>
Total liabilities		<u>12,849,527,722.67</u>	<u>12,398,770,977.86</u>

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**CONSOLIDATED BALANCE SHEET (Continued)**

**As at 30 June 2017**

**(Expressed in Renminbi Yuan)**

<b><u>SHAREHOLDERS' EQUITY</u></b>	<b>Note V</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
<b>Shareholders' equity</b>			
Share capital	36	428,126,983.00	362,631,943.00
Capital surplus	37	3,151,532,012.50	3,152,718,024.92
Other equity instruments	38	-	65,495,040.00
Surplus reserve	39	181,315,971.50	181,315,971.50
Retained earnings	40	<u>5,103,480,119.90</u>	<u>4,690,265,884.10</u>
Shareholders' equity attributable to shareholders of the parent		8,864,455,086.90	8,452,426,863.52
Non-controlling interests		<u>485,792,180.74</u>	<u>465,350,406.57</u>
Total shareholders' equity		<u>9,350,247,267.64</u>	<u>8,917,777,270.09</u>
Total liabilities and shareholders' equity		<u>22,199,774,990.31</u>	<u>21,316,548,247.95</u>

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

The financial statements have been signed by:

Legal representative:  
Department:

Financial controller:

Head of Accounting

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**CONSOLIDATED INCOME STATEMENT**

**For the six months ended 30 June 2017**

**(Expressed in Renminbi Yuan)**

	Note V	For the six months ended 30 June 2017	For the six months ended 30 June 2016
Operating revenue	41	20,524,807,669.57	20,562,402,047.82
Less: Operating costs	41	18,364,034,450.83	18,246,890,063.69
Tax and surcharge	42	63,185,620.86	57,846,885.62
Selling expenses	43	1,110,446,938.17	1,066,501,100.15
Administrative expenses	44	340,636,051.11	431,344,673.41
Finance costs	45	44,498,778.76	50,721,403.21
Impairment loss	46	96,757.16	1,150,573.63
Add: Investment income	47	146,726,039.90	149,361,622.38
Incl: Investment income from associates		146,676,039.90	27,607,440.12
Miscellaneous incomes	48	7,958,493.67	-
Operating profits		756,593,606.25	857,308,970.49
Add: Non-operating income	49	6,634,437.62	17,757,829.29
Incl: Gain from disposal of non-current assets		579,658.49	4,017,585.64
Less: Non-operating expenses	50	3,653,197.22	1,640,538.33
Incl: Loss from disposal of non-current assets		377,352.06	591,341.17
Total profit		759,574,846.65	873,426,261.45
Less: Income taxes	51	160,041,107.63	161,784,127.76
Net profit		599,533,739.02	711,642,133.69
Incl: Net profit of acquiree before business combinations involving enterprises under common control		-1,096.00	-102,530.12
Net profit attributable to shareholders of the parent		556,125,318.19	659,078,223.36
Profit or loss of non-controlling interests		43,408,420.83	52,563,910.33
Total comprehensive income		599,533,739.02	711,642,133.69
Incl: Total comprehensive income for the year attributable to owners of the parent		556,125,318.19	659,078,223.36
Total comprehensive income for the year attributable to non-controlling interests		43,408,420.83	52,563,910.33
Earnings per share			
Basic earnings per share		1.299	1.558
Diluted earnings per share		1.299	1.558

*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 2017**  
**(Expressed in Renminbi Yuan)**

2017	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	362,631,943.00	65,495,040.00	3,151,518,024.92	181,315,971.50	4,689,189,642.51	8,450,150,621.93	463,832,912.18	8,913,983,534.11
Business combination involving enterprises under common control	-	-	1,200,000.00	-	1,076,241.59	2,276,241.59	1,517,494.39	3,793,735.98
Opening balance of the current year	362,631,943.00	65,495,040.00	3,152,718,024.92	181,315,971.50	4,690,265,884.10	8,452,426,863.52	465,350,406.57	8,917,777,270.09
Movements in the current year	65,495,040.00	(65,495,040.00)	(1,186,012.42)	-	413,214,235.80	412,028,223.38	20,441,774.17	432,469,997.55
(1) Total comprehensive income	-	-	-	-	556,125,318.19	556,125,318.19	43,408,420.83	599,533,739.02
(2) Capital paid and reduced by owners	65,495,040.00	(65,495,040.00)	(1,186,012.42)	-	(1,075,583.99)	(2,261,596.41)	7,557,944.01	5,296,347.60
1.Capital injection by owners	65,495,040.00	(65,495,040.00)	-	-	-	-	9,075,000.00	9,075,000.00
2.Business combination involving enterprises under common control	-	-	(1,200,000.00)	-	(1,075,583.99)	(2,275,583.99)	(1,517,055.99)	(3,792,639.98)
3.Others	-	-	13,987.58	-	-	13,987.58	-	13,987.58
(3) Profit distribution	-	-	-	-	(141,835,498.40)	(141,835,498.40)	(30,524,590.67)	(172,360,089.07)
1.Distribution to equity owners	-	-	-	-	(141,281,904.39)	(141,281,904.39)	(30,524,590.67)	(171,806,495.06)
2.Others	-	-	-	-	(553,594.01)	(553,594.01)	-	(553,594.01)
Closing balance of the current year	428,126,983.00	-	3,151,532,012.50	181,315,971.50	5,103,480,119.90	8,864,455,086.90	485,792,180.74	9,350,247,267.64

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

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

**For the year ended 31 December 2016**  
**(Expressed in Renminbi Yuan)**

2016	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	362,631,943.00	-	1,863,894,533.34	181,315,971.50	3,045,551,246.71	5,453,393,694.55	113,081,262.72	5,566,474,957.27
Business combination involving enterprises under common control	-	-	1,334,904,770.31	-	592,834,676.01	1,927,739,446.32	424,511,166.59	2,352,250,612.91
Opening balance of the current year	<u>362,631,943.00</u>		<u>3,198,799,303.65</u>	<u>181,315,971.50</u>	<u>3,638,385,922.72</u>	<u>7,381,133,140.87</u>	<u>537,592,429.31</u>	<u>7,918,725,570.18</u>
Movements in the current year	-	65,495,040.00	(46,081,278.73)	-	1,051,879,961.38	1,071,293,722.65	(72,242,022.74)	999,051,699.91
(1) Total comprehensive income	-	-	-	-	1,186,539,201.93	1,186,539,201.93	95,236,608.98	1,281,775,810.91
(2) Capital paid and reduced by owners	-	65,495,040.00	(46,081,278.73)	-	-	19,413,761.27	(117,965,822.18)	(98,552,060.91)
1.Capital injection by owners	-	5,114,297.00	263,030,592.50	-	-	268,144,889.50	-	268,144,889.50
2.Significant reorganization	-	60,380,743.00	(156,366,978.12)	-	-	(95,986,235.12)	-	(95,986,235.12)
3. Acquisition of non-controlling interests	-	-	(152,385,126.76)	-	-	(152,385,126.76)	(124,729,773.24)	(277,114,900.00)
4.Others	-	-	(359,766.35)	-	-	(359,766.35)	6,763,951.06	6,404,184.71
(3) Profit distribution	-	-	-	-	(134,659,240.55)	(134,659,240.55)	(49,512,809.54)	(184,172,050.09)
1.Distribution to owners	-	-	-	-	(108,789,582.90)	(108,789,582.90)	(32,266,371.11)	(141,055,954.01)
2.Others	-	-	-	-	(25,869,657.65)	(25,869,657.65)	(17,246,438.43)	(43,116,096.08)
Closing balance of the current year	<u>362,631,943.00</u>	<u>65,495,040.00</u>	<u>3,152,718,024.92</u>	<u>181,315,971.50</u>	<u>4,690,265,884.10</u>	<u>8,452,426,863.52</u>	<u>465,350,406.57</u>	<u>8,917,777,270.09</u>

*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 2017**

**(Expressed in Renminbi Yuan)**

	Note V	For the six months ended 30 June 2017	For the six months ended 30 June 2016
<b>1.CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from sales of good or rendering of services		21,970,884,180.09	21,470,945,636.40
Tax refunds		5,740,675.89	13,046,803.80
Cash receipts related to other operating activities	52	<u>98,022,828.67</u>	<u>138,828,103.59</u>
Sub-total of cash inflows from operating activities		<u>22,074,647,684.65</u>	<u>21,622,820,543.79</u>
Cash paid for goods and services		19,734,413,196.28	18,624,902,770.08
Cash paid to and on behalf of employees		864,562,267.50	917,184,961.14
Cash paid for all types of taxes		601,078,629.47	605,595,102.51
Cash payments related to other operating activities	52	<u>646,256,160.00</u>	<u>645,554,776.72</u>
Sub-total of cash outflows from operating activities		<u>21,846,310,253.25</u>	<u>20,793,237,610.45</u>
Net cash flows from operating activities	53	<u>228,337,431.40</u>	<u>829,582,933.34</u>
<b>2.CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash received from recovery of investments		-	-
Cash received from returns on investments		58,647,191.65	36,639,004.96
Net cash received from disposal of fixed assets, intangible assets and other long-term		171,059.95	21,570,184.64
Net cash received from disposal of subsidiaries and other business units		-	128,845,881.13
Cash receipts related to other investing activities	52	<u>87,027,340.19</u>	<u>1,563,344,224.08</u>
Sub-total of cash inflows from investing activities		<u>145,845,591.79</u>	<u>1,750,399,294.81</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 2017**

**(Expressed in Renminbi Yuan)**

	Note V	For the six months ended 30 June 2017	For the six months ended 30 June 2016
<b>2.CASH FLOWS FROM INVESTING ACTIVITIES(Continued)</b>			
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		82,123,615.39	120,577,396.73
Cash paid for acquisition of investments		71,120,000.00	-
Net cash paid for acquisition of subsidiaries and other business units	53	14,706,789.56	11,639,196.11
Net cash paid from disposal of subsidiaries and other business units	53	-	-
Cash payments related to other investing activities	52	<u>70,175,078.90</u>	<u>1,204,967,817.12</u>
Sub-total of cash outflows from investing activities		<u>238,125,483.85</u>	<u>1,337,184,409.96</u>
Net cash flows from investing activities		<u>(92,279,892.06)</u>	<u>413,214,884.85</u>
<b>3.CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from investments by others		9,075,000.00	1,470,000.00
Incl: Cash received from capital contributions from non-controlling shareholders of subsidiaries		9,075,000.00	1,470,000.00
Cash received from borrowings		233,533,871.46	310,379,970.40
Cash receipts related to other financing activities	52	<u>90,932,396.75</u>	<u>307,483,727.11</u>
Sub-total of cash inflows from financing activities		<u>333,541,268.21</u>	<u>619,333,697.51</u>
Cash repayments for debts		201,503,745.30	534,184,361.10
Cash payments for distribution of dividends or profit and interest expenses		215,828,281.10	187,230,050.83
Incl: Profit and dividends paid to non-controlling shareholders of subsidiaries		30,408,202.08	23,782,595.33
Cash payments related to other financing activities	52	<u>178,991,574.67</u>	<u>255,810,743.79</u>
Sub-total of cash outflows from financing activities		<u>596,323,601.07</u>	<u>977,225,155.72</u>
Net cash flows from financing activities		<u>(262,782,332.86)</u>	<u>(357,891,458.21)</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 2017**

**(Expressed in Renminbi Yuan)**

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	Note V	For the six months ended 30 June 2017	For the six months ended 30 June 2016
4.EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		<u>-</u>	<u>(129,064.34)</u>
5.NET INCREASE IN CASH AND CASH EQUIVALENTS	53	(126,724,793.52)	884,777,295.64
Add: Cash and cash equivalents at beginning of the year		<u>3,150,915,425.49</u>	<u>2,164,444,441.33</u>
6.CASH AND CASH EQUIVALENTS AT END OF YEAR	53	<u><u>3,024,190,631.97</u></u>	<u><u>3,049,221,736.97</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 2017**

**(Expressed in Renminbi Yuan)**

<b><u>ASSETS</u></b>	<b><u>Note XIV</u></b>	<b>30 June 2017</b>	<b>31 December 2016</b>
Current assets			
Cash and bank balances		1,088,457,038.55	1,342,041,409.86
Notes receivable		82,583,407.82	79,868,867.49
Accounts receivable	1	555,764,168.38	397,351,577.24
Advances to suppliers		375,688.15	2,135,439.82
Interest receivable		1,191,624.39	2,029,125.06
Dividends receivable		1,291,719.37	-
Other receivables	2	1,063,684,257.88	1,801,567,851.50
Inventories		199,983,065.42	184,708,273.76
Other current assets		<u>22,800,815.46</u>	<u>6,937,946.90</u>
Total current assets		<u>3,016,131,785.42</u>	<u>3,816,640,491.63</u>
Non-current assets			
Long-term equity investments	3	6,989,135,018.18	5,914,542,602.10
Investment properties		3,167,820.65	3,571,809.38
Fixed assets		15,269,320.98	16,555,996.92
Construction in progress		-	-
Intangible assets		1,706,425.77	1,534,730.15
Long-term deferred expenses		6,126,344.77	6,645,211.13
Deferred tax assets		2,817,431.42	2,869,931.88
Other non-current assets		<u>69,859,840.00</u>	<u>9,859,840.00</u>
Total non-current assets		<u>7,088,082,201.77</u>	<u>5,955,580,121.56</u>
Total assets		<u>10,104,213,987.19</u>	<u>9,772,220,613.19</u>

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**COMPANY BALANCE SHEET (Continued)**

**As at 30 June 2017**

**(Expressed in Renminbi Yuan)**

<b><u>LIABILITIES</u></b>	<b>30 June 2017</b>	<b>31 December 2016</b>
Current liabilities		
Short-term borrowings	153,000,000.00	50,000,000.00
Notes payable	344,585,820.47	334,383,191.54
Accounts payable	471,108,632.14	391,726,381.93
Advances from customers	16,404,170.49	2,997,964.16
Employee benefits payable	18,505,598.69	30,618,183.84
Tax payables	12,385,501.35	3,308,582.29
Interest payable	136,752.17	37,801.50
Other payables	838,299,508.82	1,100,143,593.55
Non-current liabilities due within one year	-	31,600,000.00
Other current liabilities	<u>3,687,520.27</u>	<u>123,294.77</u>
Total current liabilities	<u>1,858,113,504.40</u>	<u>1,944,938,993.58</u>
Non-current liabilities		
Long-term borrowings	31,600,000.00	-
Payables for specific projects	800,000.00	800,000.00
Deferred income	1,570,000.00	1,570,000.00
Long-term employee benefits payable	3,000.00	26,000.00
Deferred tax liabilities	<u>3,773,319.00</u>	<u>3,773,319.00</u>
Total non-current liabilities	<u>37,746,319.00</u>	<u>6,169,319.00</u>
Total liabilities	<u>1,895,859,823.40</u>	<u>1,951,108,312.58</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY BALANCE SHEET (Continued)

As at 30 June 2017

(Expressed in Renminbi Yuan)

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<b><u>SHAREHOLDERS' EQUITY</u></b>	<b>30 June 2017</b>	<b>31 December 2016</b>
Shareholders' equity		
Share capital	428,126,983.00	362,631,943.00
Capital surplus	4,381,845,619.03	4,381,845,619.03
Surplus reserves	181,315,971.50	181,315,971.50
Other equity instruments	-	65,495,040.00
Retained earnings	<u>3,217,065,590.26</u>	<u>2,829,823,727.08</u>
Total shareholders' equity	<u>8,208,354,163.79</u>	<u>7,821,112,300.61</u>
Total liabilities and shareholders' equity	<u>10,104,213,987.19</u>	<u>9,772,220,613.19</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 2017  
(Expressed in Renminbi Yuan)**

	<u>Note XIV</u>	<u>For the six months ended 30 June 2017</u>	<u>For the six months ended 30 June 2016</u>
Operating revenue	4	1,658,600,818.96	1,552,341,588.24
Less: Operating costs	4	1,600,647,589.46	1,493,968,402.10
Tax and surcharge		5,062,317.16	2,731,916.50
Selling expenses		22,844,614.29	21,954,941.85
Administrative expenses		24,917,988.21	27,037,698.40
Finance costs		(37,042,967.55)	(30,420,731.23)
Impairment loss		(32,604.71)	162,410.56
Add: Investment income	5	508,360,741.85	619,060,351.75
Incl: Investment income from associates		155,838,740.45	24,377,006.76
Miscellaneous incomees		641,300.00	-
Operating profits		551,205,923.95	655,967,301.81
Add: Non-operating income		185,619.34	2,235,966.07
Incl: Gain from disposal of non-current assets		1,087.38	-
Less: Non-operating expenses		1,011,760.15	253,886.24
Incl: Loss from disposal of non-current assets		-	253,886.24
Total profit		550,379,783.14	657,949,381.64
Less: Income taxes		21,856,015.57	6,795,489.16
Net profit		<u>528,523,767.57</u>	<u>651,153,892.48</u>
Total comprehensive income		<u>528,523,767.57</u>	<u>651,153,892.48</u>

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**For the six months ended 30 June 2017**

**(Expressed in Renminbi Yuan)**

<b>2017</b>	Share capital	Other equity instruments	Capital surplus	Surplus reserve	Retained earnings	Total equity
Closing balance of the preceding year	362,631,943.00	65,495,040.00	4,381,845,619.03	181,315,971.50	2,829,823,727.08	7,821,112,300.61
Others	-	-	-	-	-	-
Opening balance of the current year	362,631,943.00	65,495,040.00	4,381,845,619.03	181,315,971.50	2,829,823,727.08	7,821,112,300.61
Movements in the current year	65,495,040.00	(65,495,040.00)	-	-	387,241,863.18	387,241,863.18
(1) Total comprehensive income	-	-	-	-	528,523,767.57	528,523,767.57
(2) Capital paid and reduced by owners	65,495,040.00	(65,495,040.00)	-	-	-	-
1. Capital injection by owners	65,495,040.00	(65,495,040.00)	-	-	-	-
2. Significant reorganization	-	-	-	-	-	-
3. Others	-	-	-	-	-	-
(3) Profit distribution	-	-	-	-	(141,281,904.39)	(141,281,904.39)
1. Distribution to owners	-	-	-	-	(141,281,904.39)	(141,281,904.39)
Closing balance of the current year	428,126,983.00	-	4,381,845,619.03	181,315,971.50	3,217,065,590.26	8,208,354,163.79

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)**

**For the Year ended 31 December 2016**

**(Expressed in Renminbi Yuan)**

<b>2016</b>	Share capital	Other equity instruments	Capital surplus	Surplus reserve	Retained earnings	Total equity
Closing balance of the preceding year	362,631,943.00	-	1,869,692,921.70	181,315,971.50	2,160,557,903.68	4,574,198,739.88
Others	-	-	-	-	138,820,739.37	138,820,739.37
Opening balance of the current year	362,631,943.00	-	1,869,692,921.70	181,315,971.50	2,299,378,643.05	4,713,019,479.25
Movements in the current year	-	65,495,040.00	2,512,152,697.33	-	530,445,084.03	3,108,092,821.36
(1) Total comprehensive income	-	-	-	-	639,234,666.93	639,234,666.93
(2) Capital paid and reduced by owners	-	65,495,040.00	2,512,152,697.33	-	-	2,577,647,737.33
1. Capital injection by owners	-	5,114,297.00	263,030,592.50	-	-	268,144,889.50
2. Significant reorganization	-	60,380,743.00	2,249,481,871.18	-	-	2,309,862,614.18
3. Others	-	-	(359,766.35)	-	-	(359,766.35)
(3) Profit distribution	-	-	-	-	(108,789,582.90)	(108,789,582.90)
1. Distribution to owners	-	-	-	-	(108,789,582.90)	(108,789,582.90)
Closing balance of the current year	<u>362,631,943.00</u>	<u>65,495,040.00</u>	<u>4,381,845,619.03</u>	<u>181,315,971.50</u>	<u>2,829,823,727.08</u>	<u>7,821,112,300.61</u>

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



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**COMPANY CASH FLOW STATEMENT**

**For the six months ended 30 June 2017  
(Expressed in Renminbi Yuan)**

	<b>For the six months ended 30 June 2017</b>	<b>For the six months ended 30 June 2016</b>
<b>1. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from sales of good or rendering of services	1,691,499,935.88	1,576,646,019.42
Cash receipts related to other operating activities	<u>16,864,750.56</u>	<u>22,616,621.43</u>
Sub-total of cash inflows from operating activities	<u>1,708,364,686.44</u>	<u>1,599,262,640.85</u>
Cash paid for goods and services	1,590,317,986.60	1,475,945,895.68
Cash paid to and on behalf of employees	40,727,189.33	35,409,274.67
Cash paid for all types of taxes	28,888,466.38	27,421,192.97
Cash payments related to other operating activities	<u>17,091,927.42</u>	<u>11,418,997.25</u>
Sub-total of cash outflows from operating activities	<u>1,677,025,569.73</u>	<u>1,550,195,360.57</u>
Net cash flows from operating activities	<u>31,339,116.71</u>	<u>49,067,280.28</u>
<b>2. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash received from returns of investments	202,011,829.53	163,130,121.71
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	-
Net cash received from disposal of subsidiaries and other business	-	156,111,000.00
Cash receipts related to other investing activities	<u>1,979,269,200.00</u>	<u>1,172,470,415.00</u>
Sub-total of cash inflows from investing activities	<u>2,181,281,029.53</u>	<u>1,491,711,536.71</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	3,921,020.07	26,667,196.89
Cash paid for investment	1,019,000,000.00	-
Net cash paid for purchasing subsidiaries and other business	16,840,000.00	1,267,000.00
Cash payments related to other investing activities	<u>1,424,861,720.90</u>	<u>1,188,252,457.00</u>
Sub-total of cash outflows from investing activities	<u>2,464,622,740.97</u>	<u>1,216,186,653.89</u>
Net cash flows from investing activities	<u>(283,341,711.44)</u>	<u>275,524,882.82</u>

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**COMPANY CASH FLOW STATEMENT (Continued)**

**For the six months ended 30 June 2017  
(Expressed in Renminbi Yuan)**

	<b>For the six months ended 30 June 2017</b>	<b>For the six months ended 30 June 2016</b>
<b>3. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from investments by others		-
Cash received from borrowings	41,600,000.00	80,100,000.00
Cash receipts related to other financing activities	<u>7,272,687,714.06</u>	<u>3,791,553,620.54</u>
Sub-total of cash inflows from financing activities	<u>7,314,287,714.06</u>	<u>3,871,653,620.54</u>
Cash repayments for debts	41,600,000.00	190,995,172.30
Cash payments for distribution of dividends or profit and interest expenses	143,087,008.08	113,348,821.62
Cash payments related to other financing activities	7,131,182,482.56	3,483,341,340.39
Sub-total cash outflows from financing activities	<u>7,315,869,490.64</u>	<u>3,787,685,334.31</u>
Net cash flows from financing activities	<u>(1,581,776.58)</u>	<u>83,968,286.23</u>
<b>4. NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(253,584,371.31)</b>	<b>408,560,449.33</b>
Add: Cash and cash equivalents at beginning of the year	<u>1,342,041,409.86</u>	<u>429,437,078.35</u>
<b>5. CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>1,088,457,038.55</u></b>	<b><u>837,997,527.68</u></b>

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements

For the Year ended 30 June 2017

(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 2017.

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

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

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the Year ended 30 June 2017

(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 2017, the total share capital was RMB428,126,983.

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the Year ended 30 June 2017

(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 24 August 2017.

### II Basis of preparation

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

These financial statements are prepared on a going concern basis.

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

The Group has made accounting policies and accounting estimates according to its own operation and production characteristics, which are mainly reflected in the bad debt provision for account receivables (Note III (10)), inventory costing methods (Note III (11)), depreciation methods for fixed assets and amortization method for intangible assets (Note III (15), Note III (18)), judgement basis for capitalization of development costs (Note III (18)), impairment of long-term assets (Note III (21)), revenue recognition (Note III (25)).

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

**(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 period ended 30 June 2017 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Group and the Company as of 30 June 2017 and the operating results, cash flows and other information of the Group and the Company for the year then ended.

**(2) Accounting year**

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

**(3) Functional currency**

The functional currency is Renminbi (RMB).

**(4) Business combinations**

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

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

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the Year ended 30 June 2017

(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)

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

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

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

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

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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

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

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

**(7) Cash and cash equivalents**

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

**(8) Foreign currency translation**

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

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

**(9) Financial instruments**

(a) Financial assets

(i) Classification of financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets. The Group currently holds the financial assets including receivables and available-for-sale financial assets. Receivables, including notes receivables, accounts receivable and other receivables, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale at initial recognition or are not classified as financial assets at fair value through profit or loss, held-to-maturity investments or borrowings and receivables.



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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

**(9) Financial instruments (Continued)**

(a) Financial assets (Continued)

(ii) Recognition and measurement

Financial assets are recognized at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. The transaction expenses are included in receivables' original book value, which is measured at amortized cost using the effective interest method. After initial recognition, financial assets available-for-sale are measured at fair value.

The premium/discount is amortized using the effective interest method and recognized as interest income or expense. A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognized as other comprehensive income, except for impairment losses and foreign exchange gains and losses resulted from monetary financial assets which are recognized in profit or loss, until the financial asset is derecognized or determined to be impaired, at which time the accumulated gain or loss previously recognized is transferred to profit or loss of the current period. Interests and dividends relating to an available-for-sale financial asset are recognized in profit or loss of the current period. Investments in equity instruments, which do not have quoted prices in an active market and whose fair values cannot be reliably measured, are measured at cost.

(iii) Impairment of financial assets

The Group assesses the carrying amounts of receivables other than those at fair value through profit or loss at each balance sheet date. If there is objective evidence that a financial asset is impaired, an impairment loss is provided for.

Objective evidence refers to matters that occur after the financial assets have been recognized, affect the estimated future cash flow and could be measured accurately by the Group.

When an impairment loss on a financial asset carried at amortized cost has occurred, the amount of loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and the amount of reversal is recognized in profit or loss.

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

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

**(9) Financial instruments (Continued)**

(a) Financial assets (Continued)

(iii) Impairment of financial assets (Continued)

Where there is objective evidence of impairment of available for sale financial assets, the cumulative loss which results from a decline in fair value and is previously recognized in other comprehensive income is removed from other comprehensive income and recognized in profit or loss. The cumulative loss removed is measured as the difference between the acquisition cost and the current fair value, less any retrieved costs, amortization and impairment loss previously recognized in profit or loss. In the case of equity investments classified as available for sale, objective evidence of impairment would include a significant or prolonged decline in the fair value of an investment below its cost. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss removed is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognized directly in other comprehensive income.

The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

(iv) Derecognition of financial assets

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

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

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**Notes to financial statements (Continued)**

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

**(9) Financial instruments (Continued)**

(b) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of the Group mainly comprise other financial liabilities, including payables and borrowings

Payables, including notes payable, accounts payable and other payables, are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized costs using the effective interest method.

Other financial liabilities with maturities no more than one year are classified as current liabilities. Other financial liabilities with maturities over one year but are due within one year at the balance sheet date are classified as the current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognized or partly derecognized when the current obligation is discharged or partly discharged. The difference between the carrying amount of the financial liability or the derecognized part of the financial liability and the consideration paid is recognized in profit or loss.

(c) Offset of financial instruments

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

(d) Transfer of financial assets

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

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

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

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**Notes to financial statements (Continued)**

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

**(10) Receivables**

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

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

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

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

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

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

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

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

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

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

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**Notes to financial statements (Continued)**

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

**(10) Receivables (Continued)**

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

**(11) Inventories**

- (a) Classification

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

- (b) Costing of inventories

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

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

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

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

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

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

**(12) Assets classified as held for sale**

Non-current assets or disposal group satisfying the following conditions will be classified as assets held for sale: (i) the non-current assets or disposal group are instantly ready for sale under the custom terms; (ii) the resolution regarding the disposal of the non-current assets or disposal group has been appropriately approved. (iii) Company has signed an irrevocable agreement. (iv) The disposal will be accomplished within 1 year.

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**Notes to financial statements (Continued)**

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

**(12) Assets classified as held for sale (Continued)**

Non-current assets which meet the conditions of assets classified as held for sale, excluding financial assets, investment properties measured by the fair value method, and deferred income tax assets could be appraised as the lower number of the book value and fair value minus disposal cost. The difference between the fair value minus disposal cost and the book value should be recognized as an Impairment loss.

Assets and liabilities among the non-current assets or disposal group that are classified as assets classified as held for sale should be classified as current assets and current liabilities respectively, and should be individually presented on the balance sheet.

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

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

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

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

**(a) Determination of investment cost**

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

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

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

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

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**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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

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

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

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

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

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

(d) Impairment of long-term equity investments

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

**(14) Investment properties**

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



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**Notes to financial statements (Continued)**

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

**(14) Investment properties (Continued)**

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

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

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

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

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

The carrying amount of an Investment properties is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note III (21)).

**(15) Fixed assets**

**(a) Recognition and initial measurement of fixed assets**

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

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

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably

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**Notes to financial statements (Continued)**

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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.

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**Notes to financial statements (Continued)**

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

**(15) Fixed assets (Continued)**

(b) Depreciation methods of fixed assets

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

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

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

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

(c) The carrying amount of fixed assets is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (Note III (21)).

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

Finance leases are leases with the whole risks and rewards related to the asset substantially transferred. Fixed assets leased under finance lease are recognized with at smaller value of the fair value and minimum lease payments. The difference between the book value and the minimum lease payments should be recognized as unrecognized financing charges (Note III (28) (b)).

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

(e) Disposal of fixed assets

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

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

**(16) Construction in progress**

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalization and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (Note III (21)).

**(17) Borrowing costs**

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

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

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

**(18) Intangible assets**

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

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

**(18) Intangible assets (Continued)**

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

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

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

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

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

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

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

#### (18) Intangible assets (Continued)

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

The carrying amount of intangible assets is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (Note III (21)).

#### (19) 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.

#### (20) Governmental medical reserve funds and specially approved reserving materials

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

#### (21) 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.

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**Notes to financial statements (Continued)**

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

**(21) Impairment of long-term assets (Continued)**

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

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

**(22) Employee benefits**

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

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

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

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

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

**Basic pensions**

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

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**Notes to financial statements (Continued)**

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

**(22) Employee benefits (Continued)**

(c) Termination benefits

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

(d) Retirement benefits

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

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

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

**(23) Provisions**

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

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

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

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



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amortization amount determined by the principles of revenue recognition.

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**Notes to financial statements (Continued)**

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

**(24) Dividend distribution**

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

**(25) Revenue recognition**

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of discounts and returns.

Revenue can be recognized on condition that the transaction-related economic interest is expected to be satisfied, the amount is able to reliably measured, and the following recognition conditions are met:

(a) Sale of goods

Revenue from the sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and it is probable that the economic benefit associated with the transaction will flow to the Company and the relevant revenue and costs can be measured reliably.

(b) Rendering of services

The Group provides freight, storage and other services to external parties. The freights are recognized as revenue right after the goods are transported to the place of delivery according to contracts or agreements, received and confirmed by the purchasers. Other revenue is determined in accordance with the amount provided in the service period stipulated in the contract.

(c) Customer loyalty programme

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

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**Notes to financial statements (Continued)**

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

**(26) Government grants**

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

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

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

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

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

A government grant related to daily operating activities is recognized as Miscellaneous incomes. If the grant is not related to daily operating activities that is recognized as none-operating income. The Bureau of Finance appropriates finance discount to the group directly, then the group write off the related cost of loan.

**(27) Income tax**

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

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

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognized for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognized for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognized for the temporary differences resulting from the initial recognition of

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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.

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**Notes to financial statements (Continued)**

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

**(27) 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.

**(28) Leases**

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

**(a) Operating leases**

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

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

**(b) Finance leases**

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

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## Notes to financial statements (Continued)

For the Year ended 30 June 2017

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

#### (29) Discontinued operations

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

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

#### (30) Segment information

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

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

#### (31) Critical accounting estimates

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

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

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

##### (i) Accounting estimates on impairment of goodwill

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

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

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**Notes to financial statements (Continued)**

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

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

(i) Accounting estimates on impairment of goodwill (Continued)

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

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

(ii) Accounting estimates on impairment of accounts receivable

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

(iii) Accounting estimates on impairment of inventories

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

**V Changes of significant accounting policies**

Pursuant to regulations of accounting for Enterprises NO.16- Government grants (Accounting (2017) NO.15, Since January 1st 2017, government grant related to daily operating activities is recognized as Miscellaneous incomes. If the grant is not related to daily operating activities that is recognized as none-operating income. The Bureau of Finance appropriates finance discount to the group directly, then the group write off the related cost of loan. During the current reporting period, the group recognized RMB 7,958,493.67 miscellaneous income. The Bureau of Finance appropriates finance discount to the group directly, then the group write off the related cost of loan.

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## Notes to financial statements (Continued)

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### IV Taxation

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

Categories	Tax base	Tax rate
Corporate income tax (“CIT”)	Taxable income	15%,20% or 25%
Value added tax (“VAT”)	Taxable value added amount (Tax payable is calculated using the taxable sales amount multiplied by the effective tax rate less deductible VAT input of the current period)	0%,3%,5%,6%,11%,13% or 17%
City maintenance and construction tax	Amount of VAT and business tax paid	5% or 7%
Educational surcharge	Amount of VAT and business tax paid	3%
Local educational surcharge	Amount of VAT and business tax paid	2%

#### 2. Tax preferences

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

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



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**Notes to financial statements (Continued)**

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**IV Taxation (Continued)**

**2. Tax preferences (Continued)**

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

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

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

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

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

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

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**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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**V Notes to the consolidated financial statements**

**1. Cash and bank balances**

	30 June 2017	31 December 2016
Cash on hand	2,352,467.38	6,164,382.85
Cash at banks	3,021,838,164.59	3,144,751,042.64
Other cash balances	337,138,215.47	369,046,139.44
- deposits for letters of credit	258,800.00	58,800.00
- deposits for bank acceptance notes	329,893,872.10	333,961,620.45
- Cash deposit for pledged loan	-	31,255,582.91
- Term deposits longer than 3 months	6,985,543.37	3,770,136.08
	<u>3,361,328,847.44</u>	<u>3,519,961,564.93</u>

**2. Notes receivable**

	30 June 2017	31 December 2016
Trade acceptance notes	642,961,849.94	594,546,810.36
Bank acceptance notes	401,495,215.26	909,454,098.85
	<u>1,044,457,065.20</u>	<u>1,504,000,909.21</u>

At 30 June 2017 and 31 December 2016, there were no notes receivable that were pledged

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**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

**(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 2017 are as follows:

	30 June 2017	
	Derecognized	Not derecognized
Trade acceptance notes	-	5,242,378.62
Bank acceptance notes	1,075,857,770.01	-
	1,075,857,770.01	5,242,378.62

As at 30 June 2017 and 31 December 2016, 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 2017
Trade acceptance notes	3,434,399.98

**3. Accounts receivable**

	30 June 2017	31 December 2016
Accounts receivable	9,173,691,063.26	7,703,120,162.25
Less: provision for bad debt	(51,117,555.09)	(48,894,651.36)
	9,122,573,508.17	7,654,225,510.89

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Notes to financial statements (Continued)

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V Notes to the consolidated financial statements (Continued)

3. Accounts receivable (Continued)

The accounts receivable by category are analyzed below:

	30 June 2017				31 December 2016			
	Gross carrying amount		Provision for bad debt		Gross carrying amount		Provision for bad debt	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
Individually significant items for which provision for bad debt is recognized separately	484,964,949.60	5.29%	(11,559,178.29)	2.38%	445,672,816.82	5.79%	(11,559,178.29)	2.59%
Items for which provision for bad debt is recognized by group	8,672,588,544.28	94.54%	(31,108,015.89)	0.36%	7,236,776,975.66	93.95%	(27,546,435.58)	0.38%
Not individually significant items for which provision for bad debt is recognized separately	16,137,569.38	0.17%	(8,450,360.91)	52.36%	20,670,369.77	0.26%	(9,789,037.49)	47.36%
	<u>9,173,691,063.26</u>	<u>100.00%</u>	<u>(51,117,555.09)</u>	<u>0.56%</u>	<u>7,703,120,162.25</u>	<u>100.00%</u>	<u>(48,894,651.36)</u>	<u>0.63%</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

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

**3. Accounts receivable (Continued)**

At 30 June 2017, accounts receivable that are individually significant and individually assessed for provisions are as follows:

	Carrying amount	Bad debt provision	Rate	Assessment for impairment
Receivable of medical insurance	354,567,313.29	-	-	Receivable of medical insurance with no risk of recoverability
Receivable of Franchises	49,409,908.28	-	-	Receivable of Franchises within 1 year with no risk of recoverability
Receivable of E-Business	30,388,582.67	-	-	Receivable of E-Business with no risk of recoverability
Sinopharm Health Online Co., Ltd.	16,695,069.39	-	-	Receivable due from a related party with no risk of recoverability
Receivable of credit card	15,059,755.54	-	-	Receivable of Credit cards with no risk of recoverability
Hubei Xianning Pharmaceutical Co., Ltd.	11,559,178.29	11,559,178.29	100.00 %	Disputed receivable with higher risk of recoverability which is related to a lawsuit
Sinopharm Holding Hulunbuir Co., Ltd.	4,463,112.54	-	-	Receivable due from a related party with no risk of recoverability
Sinopharm Group Co., Ltd.	<u>2,822,029.60</u>	<u>-</u>	<u>-</u>	Receivable due from a related party with no risk of recoverability
<b>Total</b>	<u><u>484,964,949.60</u></u>	<u><u>11,559,178.29</u></u>		

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

**3. Accounts receivable (Continued)**

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

	Carrying amount	30 June 2017	
	Amount	Bad debt provision Amount	Proportion
Within 1 year	8,645,188,111.59	(28,310,998.07)	0.33%
1 to 2 years	21,606,310.52	(1,434,050.12)	6.64%
2 to 3 years	4,781,838.39	(688,294.90)	14.39%
Over 3 years	1,012,283.78	(674,672.80)	66.65%
	<u>8,672,588,544.28</u>	<u>(31,108,015.89)</u>	<u>0.36%</u>

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**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

**3. Accounts receivable (Continued)**

The provision for bad debt was RMB3,379,381.84 in 30 June 2017, including RMB1,935,876.77 recovered or reversed. Important recovered or reversed bad debt items are listed below:

	Reason for recoverability or reversal	Original assessment for providing impairment	Recovered or reversed amount	Way of recovery
Guangdong Guanghong Medicine Co., Ltd.	Amount received	Uncertainty in recovery	957,838.00	Amount received
Health Centre of Guangzhou City Conghua District Chengjiao Street	Amount received	Uncertainty in recovery	158,647.79	Amount received
Health Centre of Enping City Juntang Town	Amount received	Uncertainty in recovery	108,667.90	Amount received
Health Centre of Luoding City Jialuo Town	Amount received	Uncertainty in recovery	41,827.10	Amount received
Health Centre of Guangzhou City Zengcheng District Licheng Street (The Hospital of Guangzhou City Zengcheng District Licheng Street)	Amount received	Uncertainty in recovery	<u>934.68</u>	Amount received
			<u>1,267,915.47</u>	

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

**3. Accounts receivable (Continued)**

Accounts receivable written off in 30 June 2017 are analysed below:

	Nature of the receivable	Amount	Reason	Related party transaction or not
			Amount received after written off for recoverability in significant doubt due to long age.	
Guangxi Lingshan Medicine Co., Ltd.	Receivables of goods sold	<u>11,000.00</u>		No



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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

**3. Accounts receivable (Continued)**

(i) They were written off in the current year after being approved by the board of directors.

As at 30 June 2017, the top five accounts receivable by customer are summarised below:

	Amount	Bad debt provision amount	% of the total accounts receivable
Top 1 Account receivable	178,720,779.86	(1,461,522.62)	1.95%
Top 2 Account receivable	129,732,940.73	(453,009.27)	1.41%
Top 3 Account receivable	128,425,578.61	-	1.40%
Top 4 Account receivable	104,563,931.39	-	1.14%
Top 5 Account receivable	<u>103,634,729.44</u>	<u>(874,496.05)</u>	<u>1.13%</u>
	<u>645,077,960.03</u>	<u>(2,789,027.74)</u>	<u>7.03%</u>

In 30 June 2017, accounts receivable of RMB1,121,332,496.26 have been factored to a financial institute (2016:RMB1,687,263,359.73).

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

**4. Advances to suppliers**

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

	30 June 2017		31 December 2016	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	346,218,255.15	97.05%	411,644,193.52	96.88%
1 to 2 years	7,974,841.88	2.24%	11,793,388.28	2.78%
2 to 3 years	2,539,731.40	0.71%	800,000.00	0.19%
Above 3 years	-	-	630,000.00	0.15%
	356,732,828.43	100.00%	424,867,581.80	100.00%

The prepayment aged for more than a year is mainly the advance made by South Pharma & Trade to suppliers for equipment to be resold to the hospitals amounting to RMB10,015,568.84 (31 December 2016: RMB12,927,024.58) as the hospital equipment procurement is a large project and takes a long time to complete.

(b) As at 30 June 2017, the top five advances to suppliers by customer are summarized below:

	Amount	Proportion of total balance
Total amount of top five advances to suppliers	70,451,215.37	19.75%

**5. Interest receivable**

	30 June 2017	31 December 2016
Fixed deposits	-	450,722.67
Entrusted Loans	55,855.56	-
	55,855.56	450,722.67

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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

**6. Other receivables**

	30 June 2017	31 December 2016
Deposits	171,761,925.12	192,975,588.52
Receivable of equity transactions	8,980,000.00	8,980,000.00
Petty cash advance to employees	20,280,521.80	14,926,087.80
Receivable due from related parties	116,485,640.83	145,308,980.82
Others	<u>172,609,240.84</u>	<u>135,585,385.78</u>
	490,117,328.59	497,776,042.92
Less: provision for bad debts	<u>(19,020,556.92)</u>	<u>(19,202,619.30)</u>
	<u><u>471,096,771.67</u></u>	<u><u>478,573,423.62</u></u>

(a) The ageing of other receivables is analyzed below:

	30 June 2017	31 December 2016
Within 1 year	447,313,915.96	449,973,669.71
1 to 2 years	18,882,168.89	15,346,020.98
2 to 3 years	4,133,155.96	6,037,372.86
Above 3 years	<u>19,788,087.78</u>	<u>26,418,979.37</u>
	<u>490,117,328.59</u>	<u>497,776,042.92</u>

(b) Changes of related provision for bad debts are analyzed below:

	Balance at the beginning of the year	Increases in the year	Reversal in the year	Written off in the year	Decreased in reorganization	Balance at the end of the year
2017	<u>19,202,619.30</u>	<u>747,448.78</u>	<u>(929,511.16)</u>	<u>-</u>	<u>-</u>	<u>19,020,556.92</u>
2016	<u>19,117,084.21</u>	<u>181,998.77</u>	<u>(57,164.51)</u>	<u>(3,692.31)</u>	<u>(35,606.86)</u>	<u>19,202,619.30</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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

**6. Other receivables (Continued)**

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

	30 June 2017				31 December 2016			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	%	Amount	%	Amount	%	Amount	%
Individually significant and subject to separate impairment assessment	151,446,451.48	30.90%	(9,510,078.71)	6.28%	184,418,573.80	37.05%	(9,315,472.11)	5.05%
Receivable accounts with similar credit risk	313,933,848.12	64.05%	(2,455,351.03)	0.78%	286,923,888.75	57.64%	(2,655,875.78)	0.93%
Individually not significant but individually evaluated for impairment	24,737,028.99	5.05%	(7,055,127.18)	28.52%	26,433,580.37	5.31%	(7,231,271.41)	27.36%
	<u>490,117,328.59</u>	<u>100.00%</u>	<u>(19,020,556.92)</u>	<u>3.88%</u>	<u>497,776,042.92</u>	<u>100.00%</u>	<u>(19,202,619.30)</u>	<u>3.86%</u>

(d) As at 30 June 2017, impairment provision for other receivables individually significant are analyzed as below:

	Amount	Bad debt provision	Rate	Assessment for impairment
Deposit	134,608,277.20	-	-	Cash deposit, no risk of recoverable, no provision
Shenzhen Yinghai Technology Investment Co., Ltd.	8,980,000.00	(8,980,000.00)	100.00%	Uncertainty in recoverability
Staff temporary borrowings	<u>7,858,174.28</u>	<u>(530,078.71)</u>	<u>6.75%</u>	Staff temporary borrowings, partially unrecoverable
	<u>151,446,451.48</u>	<u>(9,510,078.71)</u>	<u>6.28%</u>	

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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

**6. Other receivables (Continued)**

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

	30 June 2017		
	Carrying amount	Bad debt provision	
	amount	Amount	Rate
Within 1 year	309,570,541.75	(1,861,710.38)	0.60%
1 to 2 years	3,414,989.23	(292,845.10)	8.58%
2 to 3 years	415,164.36	(41,516.44)	10.00%
Above 3 years	533,152.78	(259,279.11)	48.63%
	313,933,848.12	(2,455,351.03)	0.78%

- (h) As at 30 June 2017, 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 payments not yet cleared	92,328,384.43	Within 1 year	18.84%	-
Shanghai Shyndec Co., Ltd.	Pharmaceutical Pingshan engineering project funds	64,949,258.90	Within 1 year	13.25%	-
Zhijun Suzhou	Associated company borrowing	44,000,000.00	Within 1 year	8.98%	-
Shanxi Medical Insurance Management Center	Medical insurance deposit	23,231,333.70	Within 1 year	4.74%	-
Shenzhen Social Security Administration	Medical insurance deposit	9,427,293.57	Within 1 year	1.92%	-
		233,936,270.60		47.73%	-

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

**(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 2017			31 December 2016		
	Book value	Provision	Net book value	Book value	Provision	Net book value
Raw materials	903,408.07	-	903,408.07	463,493.71	-	463,493.71
Finished goods	3,944,981,985.48	(13,274,944.95)	3,931,707,040.53	4,061,265,347.64	(14,930,813.47)	4,046,334,534.17
Work in progress	195,959.12	-	195,959.12	277,528.67	-	277,528.67
Low cost consumables	3,735,426.20	-	3,735,426.20	2,406,973.16	-	2,406,973.16
	<u>3,949,816,778.87</u>	<u>(13,274,944.95)</u>	<u>3,936,541,833.92</u>	<u>4,064,413,343.18</u>	<u>(14,930,813.47)</u>	<u>4,049,482,529.71</u>

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

	1 January 2017	Increases in merge	Increases	Decreases		30 June 2017
				Reversal	Written off	
Finished goods	<u>14,930,813.47</u>	<u>825,145.97</u>	<u>36,589.81</u>	<u>2,517,604.30</u>	<u>-</u>	<u>13,274,944.95</u>
	<u>14,930,813.47</u>	<u>825,145.97</u>	<u>36,589.81</u>	<u>2,517,604.30</u>	<u>-</u>	<u>13,274,944.95</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2017

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

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V Notes to the consolidated financial statements (Continued)

8. Other current assets

	30 June 2017	31 December 2016
Input VAT to be credited	61,612,448.41	54,643,824.07
Corporate income tax to be deducted	6,076,566.66	2,044,674.94
Others	<u>22,557,723.03</u>	<u>520,764.03</u>
	<u>90,246,738.10</u>	<u>57,209,263.04</u>

9. Financial assets available-for-sale

	30 June 2017	31 December 2016
Available-for-sale equity instruments		
-		
measured at cost	- 13,865,760.00	13,865,760.00
Impairment provision	<u>(180,000.00)</u>	<u>(180,000.00)</u>
	<u>13,685,760.00</u>	<u>13,685,760.00</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2017

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

V Notes to the consolidated financial statements (Continued)

9. Available-for-sale financial assets (Continued)

2017:

Investee	Carrying amount				Impairment provision				Shareholding (%)	received for the year
	Opening	Increase	Decrease	Closing	Opening	Increase	Decrease	Closing		
Sinopharm Health Online Co., Ltd.	12,000,000.00	-	-	12,000,000.00	-	-	-	-	10.00%	-
Sinopharm Holding Hubei Guoda Pharmacy Co., Ltd.	1,000,000.00	-	-	1,000,000.00	-	-	-	-	10.00%	-
Sinopharm Guoda Taishan Qunkang Pharmacy Chain Store Co., Ltd. (“Guoda Taishan”)	-	-	-	-	-	-	-	-	-	-
Hunan Zhongbai pharmaceutical investment Co., Ltd.	315,000.00	-	-	315,000.00	-	-	-	-	7.00%	-
Shanghai Guoda Shuguang Pharmacy Co., Ltd.	270,760.00	-	-	270,760.00	-	-	-	-	25.00%	-
Xinxiang Golden Elephant.	180,000.00	-	-	180,000.00	(180,000.00)	-	-	(180,000.00)	18.00%	-
Shanghai Guoren Pharmacy Co., Ltd.	100,000.00	-	-	100,000.00	-	-	-	-	10.00%	-
	<u>13,865,760.00</u>	<u>-</u>	<u>-</u>	<u>13,865,760.00</u>	<u>(180,000.00)</u>	<u>-</u>	<u>-</u>	<u>(180,000.00)</u>	<u>-</u>	<u>-</u>



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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

**9. Available-for-sale financial assets (Continued)**

Classification of available for sale financial assets	Available-for-sale equity instruments
Opening balance of provision for impairment	180,000.00
Closing balance of provision for impairment	<u>180,000.00</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2017

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

V Notes to the consolidated financial statements (Continued)

10. Long-term equity investments

Associates in 2017

Investee	1 January 2017	Changes in the year					30 June 2017	Provision for impairment
		Additional Investment	Profit or loss under equity method	Other changes in equity	Cash dividend declared by investee	Other		
Associates								
Shenzhen Main Luck Pharmaceutical Inc. /“Main Luck Sinopharm Holding Zhuhai Co., Ltd (“Sinopharm Zhuhai”)”.(b)	207,259,086.00	-	27,151,517.06	-	(35,190.00)	-	199,220,603.06	-
Shanghai Beiyi Guoda Pharmaceutical Co. Ltd. (c)	1,420,139.96	-	-	-	-	(1,420,139.96)	-	-
Shanghai Liji Pharmacy Co., Ltd. (d)	8,980,086.48	-	991,783.70	-	-	-	9,971,870.18	-
Dongyuan Accord Pharmaceutical Chain Co., Ltd. (f)	642,479.69	-	59,874.12	-	-	-	702,353.81	-
Sinopharm Jienuo Medical Treatment Service Guangdong Co., Ltd. (“Guangdong Jie nuo”) (g)	396,638.32	-	-	-	-	-	396,638.32	396.638.32
Zhijun Suzhou (h)	9,442,741.61	-	(403,428.80)	-	-	-	9,039,312.81	-
Zhijun Medicine. (i)	69,642,985.98	-	(9,711,552.17)	-	-	-	59,931,433.81	-
Zhijun Trade. (i)	174,820,412.07	-	57,389,488.15	-	-	-	232,209,900.22	-
Pingshan Medicine (i)	6,198,820.40	-	849,123.12	-	-	-	7,047,943.52	-
Shanghai Shyndec Pharmaceutical Co., Ltd.	47,087,958.31	-	14,858,166.26	-	-	-	61,946,124.57	-
	887,539,454.16	-	55,590,445.85	13,987.58	(22,468.818.32)	-	920,675,069.27	-
	1,413,430,803.88	-	146,775,417.29	13,987.58	(57,658.818.32)	(1,420,139.96)	1,501,141,250.47	396.638.32

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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

**11. Investment properties**

Subsequent measurement under the cost model:

2017	Buildings and constructions	Land use right	Total
<b>Original cost</b>			
Opening balance	245,258,727.03	23,833,990.27	269,092,717.30
Transfer from fixed assets	11,593,729.85	-	11,593,729.85
Transfer from intangible assets	-	302,035.37	302,035.37
Disposal of subsidiaries	-	-	-
Transfer to intangible assets	-	-	-
Transfer to fixed assets	-	-	-
Disposal and retirement	(3,480,329.35)	(764,259.54)	(4,244,588.89)
Closing balance	253,372,127.53	23,371,766.10	276,743,893.63
<b>Accumulated depreciation and amortization</b>			
Opening balance	(93,028,655.88)	(8,048,212.62)	(101,076,868.50)
Provision	(3,988,205.68)	(386,140.84)	(4,374,346.52)
Transfer from fixed assets	(9,576,586.76)	-	(9,576,586.76)
Transfer from intangible assets	-	(43,391.68)	(43,391.68)
Disposal of subsidiaries	-	-	-
Transfer to intangible assets	-	-	-
Transfer to fixed assets	-	-	-
Disposal or retirement	2,251,296.46	149,626.49	2,400,922.95
Closing balance	(104,342,151.86)	(8,328,118.65)	(112,670,270.51)
<b>Provision for impairment</b>			
Opening balance	(1,300,000.00)	-	(1,300,000.00)
Closing balance	(1,300,000.00)	-	(1,300,000.00)
<b>Carrying amount</b>			
At end of year	147,729,975.67	15,043,647.45	162,773,623.12
At beginning of the year	150,930,071.15	15,785,777.65	166,715,848.80

**(a) Fixed assets without official property right certificates**

Items	Carrying amount	Reason for outstanding property right certificates

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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Guangxi old town reconstruction	<u>67,232,205.84</u>	In the process
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**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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

**12. Fixed assets**

2017	Buildings	Machinery	Vehicles	Other equipment	Fixed asset improvements	Total
<b>Original cost</b>						
Opening balance	416,870,234.54	136,667,853.08	90,713,467.96	240,527,711.61	22,373,714.89	907,152,982.08
Purchase	29,071,000.00	25,309,413.95	2,346,534.84	11,010,714.13	5,539,205.82	73,276,868.74
Transfer from construction in progress	-	1,056,016.47	-	631,255.64	-	1,687,272.11
Transfer from Investment properties	3,480,329.35	-	-	-	-	3,480,329.35
Business combination not involving enterprises under common control	-	85,536.45	345,119.91	11,299.12	108,297.67	550,253.15
Transfer to Investment properties	(11,558,969.35)	-	-	-	-	(11,558,969.35)
Disposal of subsidiaries	-	-	-	-	-	-
Disposal or retirement	-	(572,893.19)	(3,961,648.11)	(5,886,493.20)	(3,546,468.45)	(13,967,502.95)
Closing balance	<u>437,862,594.54</u>	<u>162,545,926.76</u>	<u>89,443,474.60</u>	<u>246,294,487.30</u>	<u>24,474,749.93</u>	<u>960,621,233.13</u>
<b>Accumulated depreciation</b>						
Opening balance	(139,954,250.07)	(57,610,772.80)	(59,136,773.31)	(142,597,466.20)	(20,844,119.60)	(420,143,381.98)
Provision	(6,763,965.48)	(7,395,676.21)	(4,286,580.46)	(10,200,464.21)	(6,575,618.32)	(35,222,304.68)
Transfer from Investment properties	(2,251,296.46)	-	-	-	-	(2,251,296.46)
Transfer to Investment properties	9,576,586.76	-	-	-	-	9,576,586.76

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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Disposal of subsidiaries	-	-	-	-	-	-
Disposal or retirement	-	446,746.15	3,311,446.20	4,984,576.03	3,146,206.66	11,888,975.04
Closing balance	(139,392,925.25)	(64,559,702.86)	(60,111,907.57)	(147,813,354.38)	(24,273,531.26)	(436,151,421.32)

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2017

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

V Notes to the consolidated financial statements (Continued)

12. Fixed assets (Continued)

2017(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 year	298,469,669.29	97,986,223.90	29,331,567.03	98,481,132.92	201,218.67	524,469,811.81
At beginning of the year	276,915,984.47	79,057,080.28	31,576,694.65	97,930,245.41	1,529,595.29	487,009,600.10

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**  
**For the Year ended 30 June 2017**  
**(All amounts in Renminbi “RMB” unless otherwise stated)**

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

**12. Fixed assets (Continued)**

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

2017

	Original cost	Accumulated depreciation	Provision for impairment	Carrying amount
Machinery	<u>24,727,118.29</u>	<u>4,954,963.05</u>	<u>-</u>	<u>19,772,155.24</u>

(b) Fixed assets without official property right certificates

Items	Carrying amount	Reason for outstanding property right certificates
Buildings	29,071,000.00	In the process

(c) As at 30 June 2017, there were no fixed assets that were leased under operating leases.

(d) During the semi year of 2017, fixed assets are accumulated depreciation as blow:

	For the six month ended 30 June 2017	For the six month ended 30 June 2016
Operating cost	1,353,951.51	3,379,289.25
Selling expenses	21,860,957.80	17,367,421.52
Administrative expenses	14,130,107.15	24,142,228.81
Manufacturing expenses	<u>128,584.68</u>	<u>103,213.44</u>
	<u>37,473,601.14</u>	<u>44,992,153.01</u>



CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)  
For the Year ended 30 June 2017  
(All amounts in Renminbi “RMB” unless otherwise stated)

V Notes to the consolidated financial statements (Continued)

13. Construction in progress

	30 June 2017			31 December 2016		
	Carrying balance	Provision for impairment	Carrying amount	Carrying balance	Provision for impairment	Carrying amount
Warehouse improvement project	289,698.61	-	289,698.61	14,044,783.68	-	14,044,783.68
New office building project	8,237,719.60	-	8,237,719.60	7,979,356.35	-	7,979,356.35
Supply chain extension project	9,717,627.82	-	9,717,627.82	5,209,203.43	-	5,209,203.43
Software project	779,888.49	-	779,888.49	10,889,391.67	-	10,889,391.67
Pingshan pharmaceutical research & development manufacturing base	-	-	-	-	-	-
Zhijun production workshop technological transformation project	-	-	-	-	-	-
Zhijun(Suzhou) production workshop technological transformation project	-	-	-	-	-	-
Other projects	10,517,948.39	-	10,517,948.39	8,941,133.36	-	8,941,133.36
	<u>29,542,882.91</u>	<u>-</u>	<u>29,542,882.91</u>	<u>47,063,868.49</u>	<u>-</u>	<u>47,063,868.49</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2017

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

V Notes to the consolidated financial statements (Continued)

13. Construction in progress (Continued)

(a) Changes of significant construction in progress

Changes of significant construction in progress in 2017 are presented as follows:

Project name	Budget	At beginning of the year	Increase	Decrease					At end of year	Source of funds	Proportion of investment to budget (%)
				Transferred to fixed assets	Transferred to intangible assets	Transfer to long term prepaid expense	Disposal of subsidiaries	Others			
Warehouse improvement project	17,208,255.52	14,044,783.68	970,183.59	-	(14,725,268.66)	-	-	-	289,698.61	Working capital	99.22
New office building Project	38,182,660.00	7,979,356.35	380,363.25	(122,000.00)	-	-	-	-	8,237,719.60	Working capital	21.69
Supply chain extension project	18,761,555.11	5,209,203.43	6,116,687.64	(1,269,801.71)	(338,461.54)	-	-	-	9,717,627.82	Working capital	75.72
Software project	15,592,801.89	10,889,391.67	4,703,410.22	-	(14,812,913.40)	-	-	-	779,888.49	Working capital	99.00
Other construction projects	207,336,158.27	8,941,133.36	2,137,449.09	(295,470.40)	(265,163.66)	-	-	-	10,517,948.39	Working capital	5.04
	297,081,430.79	47,063,868.49	14,308,093.79	(1,687,272.11)	(30,141,807.26)	-	-	-	29,542,882.91		

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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

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

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

Project name	Budget	Progress (%)	Accumulated amount of interest capitalized	Incl: interest capitalized in current year	Capitalization rate (%)
Warehouse improvement project	17,208,255.52	80.00			
New office building project	38,182,660.00	90.00			
Supply chain extension project	18,761,555.11	77.00			
Software project	15,592,801.89	95.00			
Other construction projects	207,336,158.27				
	297,081,430.79	-			

(b) As of 30 June 2017, there are no finance leases in construction in progress (31 December 2016: RMB1,924,502.57).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 31 December 2016

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

V Notes to the consolidated financial statements (Continued)

14. Intangible assets

2017	Land use right	Software	Patent	Trademarks	Sales network	Franchise	Total
Original cost							
Opening balance	56,018,083.73	100,602,877.73	-	159,219,850.00	112,117,142.86	710,000.00	428,667,954.32
Purchase	4,000,000.00	6,834,388.84	-	-	-	-	10,834,388.84
Transfer from construction in progress	-	15,395,443.32	-	-	-	-	15,395,443.32
Transfer from investment properties	764,259.54	-	-	-	-	-	764,259.54
Disposal of subsidiaries	-	-	-	-	-	-	-
Transfer to investment properties	(302,035.37)	-	-	-	-	-	(302,035.37)
Transfer to long term prepaid expense	-	(944,000.00)	-	-	-	-	(944,000.00)
Disposal or retirement	-	-	-	-	-	-	-
Closing balance	60,480,307.90	121,888,709.89	-	159,219,850.00	112,117,142.86	710,000.00	454,416,010.65
Accumulated amortization							
Opening balance	(23,161,818.46)	(44,791,854.17)	-	(10,088,261.76)	(29,480,619.04)	(710,000.00)	(108,232,553.43)
Provision	(403,832.25)	(5,185,150.96)	-	(2,472,852.98)	(4,211,873.15)	-	(12,273,709.34)
Transfer from investment properties	(149,626.49)	-	-	-	-	-	(149,626.49)
Disposal of subsidiaries	-	-	-	-	-	-	-
Transfer to investment properties	43,391.68	-	-	-	-	-	43,391.68

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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2017	Land use right	Software	Patent	Trademarks	Sales network	Franchise	Total
Transfer to long term prepaid expense	-	195,358.34	-	-	-	-	195,358.34
Disposal or retirement	-	-	-	-	-	-	-
Closing balance	<u>(23,671,885.52)</u>	<u>(49,781,646.79)</u>	-	<u>(12,561,114.74)</u>	<u>(33,692,492.19)</u>	<u>(710,000.00)</u>	<u>(120,417,139.24)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2017

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

V Notes to the consolidated financial statements (Continued)

14. Intangible assets (Continued)

2017 (Continued)	Land use right	Software	Patent	Trademarks	Sales network	Franchise	Total
Provision for impairment							
Opening balance	-	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-
Carrying amount							
At end of the year	<u>36,808,422.38</u>	<u>72,107,063.10</u>	<u>-</u>	<u>146,658,735.26</u>	<u>78,424,650.67</u>	<u>-</u>	<u>333,998,871.41</u>
At beginning of the year	<u>32,856,265.27</u>	<u>55,811,023.56</u>	<u>-</u>	<u>149,131,588.24</u>	<u>82,636,523.82</u>	<u>-</u>	<u>320,435,400.89</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**14. Intangible assets (Continued)**

As at 30 June 2017, there were no intangible assets arising from internal research and development (30 June 2016: none)

As at 30 June 2017, intangible assets without the right certificates as below,

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**15. Goodwill**

**(1) Goodwill cost**

30 June 2017	Opening balance	Increase Business combination not involving enterprises under common control	Decrease Disposal	Closing balance
Jiangmen Renren Medical Co., Ltd. ("Sinopharm Jiangmen")	27,392,317.73	-	-	27,392,317.73
Sinopharm Holding Shenzhen Yanfeng Co., Ltd. ("Sinopharm Yanfeng")	16,868,644.87	-	-	16,868,644.87
Sinopharm Holding Zhaoqing Co., Ltd. ("Sinopharm Zhaoqing")	2,594,341.53	-	-	2,594,341.53
Sinopharm Holding Shaoguan Co., Ltd. ("Sinopharm Shaoguan")	1,686,496.80	-	-	1,686,496.80
Sinopharm Holding Meizhou Co., Ltd. ("Sinopharm Meizhou")	1,610,819.66	-	-	1,610,819.66
Sinopharm Holding Huizhou Co., Ltd. ("Sinopharm Huizhou")	923,184.67	-	-	923,184.67
Sinopharm Holding Zhanjiang Co., Ltd. ("Sinopharm Zhanjiang")	282,135.55	-	-	282,135.55
Sinopharm Holding Dongguan Co., Ltd. ("Sinopharm Dongguan")	1,499.02	-	-	1,499.02
South Pharma & Trade	2,755,680.62	-	-	2,755,680.62
Foshan Nanhai	88,877,850.51	-	-	88,877,850.51
Sinopharm Holding Zhuhai Co.,Ltd.(Sinopharm Zhuhai)	-	4,073,195.23	-	4,073,195.23
Sinopharm Holding Guoda ForMe Medicines (Shanghai) Co., Ltd. ("ForMe Medicines")	3,033,547.53	-	-	3,033,547.53
Shijiazhuang Lerentang Yikang Pharmacy Chain Store Co., Ltd. ("Hebei Yikang")	29,482,149.57	-	-	29,482,149.57
Xiaoyi Guoda Wanmin Baicaotang Pharmacy Chain Store Co., Ltd. ("Xiaoyi Wanmin")	15,866,680.00	-	-	15,866,680.00
Shanxi Guoda Wanmin Pharmacy Chain Store Co., Ltd.	65,025,000.00	-	-	65,025,000.00
Sinopharm Holding Guoda ForMe Pharmacy Chain Store Co., Ltd. ("ForMe Pharmacy Chain Store")	19,405,450.23	-	-	19,405,450.23
Sinopharm Holding Guoda Pharmacy Chain Store Shanghai Co., Ltd.	5,028,638.00	-	-	5,028,638.00
Sinopharm Holding Guoda Yangzhou Dadesheng Pharmacy Chain Store Co., Ltd.	7,979,000.00	-	-	7,979,000.00
Zhejiang Guoda Pharmacy Co., Ltd.	3,045,183.85	-	-	3,045,183.85
Guoda Shenyang Tianyitang Pharmacy Chain	1,687,942.92	-	-	1,687,942.92



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

30 June 2017	Opening balance	Increase	Decrease	Closing balance
		Business combination not involving enterprises under common control	Disposal	
Sinopharm Holding Guoda Nanjing Pharmacy Chain Store Co., Ltd.	11,598,341.12	-	-	11,598,341.12
Fujian Guoda Pharmacy Chain Store Co., Ltd.	1,567,250.76	-	-	1,567,250.76
Sinopharm Holding Guoda Shandong Pharmacy Chain Store Co., Ltd.	29,110,409.46	-	-	29,110,409.46
Sinopharm Holding Guoda Shenyang Pharmacy Chain Store Co., Ltd.	39,360,015.16	-	-	39,360,015.16
Liyang Guoda People Pharmacy Chain Store Co., Ltd.	107,275,095.74	-	-	107,275,095.74
Sinopharm Holding Hunan Guoda Minshengtang Pharmacy Chain Co., Ltd.	41,165,574.64	-	-	41,165,574.64
Quanzhou Guoda Pharmacy Chain Store Co., Ltd.	41,298,622.59	-	-	41,298,622.59
Sinopharm Holding Guoda Henan Pharmacy Chain Store Co., Ltd.	22,666,179.77	-	-	22,666,179.77
Sinopharm Holding Guoda Neimenggu Pharmacy Chain Store Co., Ltd.	70,485,777.00	-	-	70,485,777.00
Sinopharm Guoda Pharmacy Jiangmen Chain Co., Ltd.	77,350,000.00	-	-	77,350,000.00
Sinopharm Holding Guoda Shanxi Yiyuan Pharmacy Chain Store Co., Ltd.	9,080,100.00	-	-	9,080,100.00
Shenzhen Guanganli Pharmacy Chain Store Co., Ltd. store acquisition	13,420,000.00	-	-	13,420,000.00
Beijing Golden Elephant Pharmacy Medicine Chain Company Limited (“Beijing Golden Elephant”)	63,546,507.81	-	-	63,546,507.81
Beijing Yangqiao Rongzhi Golden Elephant Pharmacy Company Limited	593,616.55	-	-	593,616.55
Guoda Taishan	26,826,120.55	-	-	26,826,120.55
	<u>848,890,174.21</u>	<u>4,073,195.23</u>	<u>-</u>	<u>852,963,369.44</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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

**15. Goodwill (Continued)**

**(2) Provision of impairment loss**

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

2017	Opening balance	<u>Increase</u> Provision	<u>Decrease</u> Disposal	Closing balance
Quanzhou Guoda Pharmacy Chain Store Co., Ltd.	25,000,000.00	-	-	25,000,000.00

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

**16. Long-term prepaid expenses**

2017	Opening balance	Additions	Amortization	Other decrease	Closing balance
Fixed asset improvement expenditure	158,483,260.94	48,704,866.85	(26,821,863.38)	-	180,366,264.41
Acquisition expenditure to obtain the right to operate	28,493,593.63	5,697,437.95	(4,107,222.47)	-	30,083,809.11
Others	1,400,871.07	1,358,336.63	(445,437.29)	-	2,313,770.41
	<u>188,377,725.64</u>	<u>55,760,641.43</u>	<u>(31,374,523.14)</u>	-	<u>212,763,843.93</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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

**17. Deferred tax assets/liabilities**

(a) Deferred tax assets before offsetting

	30 June 2017		31 December 2016	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Provision for impairment of assets	18,924,053.88	82,183,379.30	19,118,314.97	83,604,722.45
Deductible tax loss	22,144,103.00	88,809,460.60	21,393,844.91	85,575,379.60
Accrued payroll	18,158,094.98	74,322,136.82	11,524,213.88	48,767,983.92
Employee benefits payable	8,600,423.61	36,117,454.63	14,668,802.63	60,272,948.20
Deferred revenue	5,727,325.55	23,819,800.26	6,196,507.49	25,425,419.68
Others	1,001,860.39	4,388,198.38	445,778.06	2,065,022.05
	<u>74,555,861.41</u>	<u>309,640,429.99</u>	<u>73,347,461.94</u>	<u>305,711,475.90</u>

(b) Deferred tax liabilities before offsetting

	30 June 2017		31 December 2016	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Fair value adjustment for business combination not involving enterprises under common control	61,720,973.26	271,956,988.31	63,557,328.29	254,229,313.19
Changes in fair value	8,374,731.01	33,826,462.15	8,734,282.98	35,313,052.96
Others	3,773,319.00	15,093,276.00	4,676,832.38	18,707,329.48
	<u>73,869,023.27</u>	<u>320,876,726.46</u>	<u>76,968,443.65</u>	<u>308,249,695.63</u>

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

30 June 2017

31 December 2016

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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Deductible temporary differences	3,106,315.98	1,300,000.00
Deductible loss	<u>22,385,879.19</u>	<u>20,729,807.46</u>
	<u>25,492,195.17</u>	<u>22,029,807.46</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**  
**For the Year ended 30 June 2017**  
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**V Notes to the consolidated financial statements (Continued)**

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

The aforesaid unrecognized deductible losses will due:

	30 June 2017	31 December 2016
2017	6,047,670.28	6,047,670.28
2018	6,102,981.86	5,630,816.89
2019	4,187,138.75	3,324,752.13
2020	4,397,395.68	4,075,875.54
2021	<u>1,650,692.62</u>	<u>1,650,692.62</u>
	<u>22,385,879.19</u>	<u>20,729,807.46</u>

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

	30 June 2017		31 December 2016	
	Deferred tax assets/liabilities -Net	Temporary differences after set-off	Deferred tax assets/liabilities - Net	Temporary differences after set-off
Deferred tax assets	<u>74,555,861.41</u>	<u>309,640,429.99</u>	<u>72,914,722.30</u>	<u>303,980,517.34</u>
Deferred tax liabilities	<u>73,869,023.27</u>	<u>320,876,726.46</u>	<u>76,535,704.01</u>	<u>306,518,737.07</u>

(note) As some subsidiaries are still making loss, and it's uncertainty that the loss-making subsidiaries can obtain enough taxable income to offset against the loss in the future. So the group do not recognised deferred tax assets which came from the deductible loss of RMB 22,385,879.19 .

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**Notes to financial statements (Continued)**  
**For the Year ended 30 June 2017**  
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**V Notes to the consolidated financial statements (Continued)**

**18. Other non-current assets**

	30 June 2017	31 December 2016
Medical reserve fund	44,905,302.61	43,605,016.10
Prepayment for project and equipment	12,056,482.37	27,155,022.78
Prepayment for a rental fee (Note)	19,281,120.66	17,021,937.21
Prepayment for apartments	-	6,867,500.00
Investment deposit	60,000,000.00	-
	136,242,905.64	94,649,476.09

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

**19. Short-term borrowings**

	30 June 2017	31 December 2016
Credit borrowings (Note a)	1,522,372,886.70	1,276,073,615.32
Guaranteed borrowings (Note b)	73,041,217.14	50,915,736.83
Discounted notes (Note c)	5,242,378.62	154,468,694.89
Pledged borrowings	-	31,255,582.91
	1,600,656,482.46	1,512,713,629.95

(a) As at 30 June 2017, credit borrowings of RMB1,192,142,348.83 were guaranteed by the Company and its subsidiaries (31 December 2016: credit borrowings of RMB832,710,742.83 were guaranteed by the Company and its subsidiaries.).

(b) As at 30 June 2017, guaranteed borrowings of RMB73,041,217.14 (31 December 2016: RMB50,915,736.83) were guaranteed by Sinopharm Group.

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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- (c) As at 30 June 2017, commercial acceptance bills that were discounted but not decognized amounted to RMB5,242,378.62 (2016: RMB154,468,694.89).
- (d) As at 30 June 2017, the annual interest rate for the above borrowings was 4.22% (31 December 2016: 4.13%).
- (e) As at 30 June 2017 and at 31 December 2016, there were no short-term borrowings of the group that were overdue but not yet paid.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)  
For the Year ended 30 June 2017  
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V Notes to the consolidated financial statements (Continued)

20. Notes payable

	30 June 2017	31 December 2016
Commercial acceptance notes	79,649,424.54	117,104,256.84
Bank acceptance notes	<u>2,108,395,088.42</u>	<u>2,289,538,326.02</u>
	<u>2,188,044,512.96</u>	<u>2,406,642,582.86</u>

21. Accounts payable

	30 June 2017	31 December 2016
Trade payables	<u>7,374,938,495.12</u>	<u>6,701,558,514.10</u>

At 30 June 2017, the total amount of accounts payable aged over one year was RMB279,540,793.92(31 December 2016: RMB263,362,685.91 ), and the payment has not yet been cleared.

22. Advances from customers

	30 June 2017	31 December 2016
Sales received in advance	<u>167,151,483.39</u>	<u>163,450,365.92</u>

At 30 June 2017, the total amount of accounts payable aged over one year was RMB9,345,822.77(31 December 2016: RMB10,366,456.25 ).



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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**23. Employee benefits payable**

2017	At beginning of the year	Increase	Decrease	At end of the year
Short-term employee benefits (a)	191,157,671.41	747,272,197.36	(814,261,819.14)	124,168,049.63
Post-employment benefits (defined contribution plan)(b)	2,686,932.17	75,860,822.60	(68,630,363.54)	9,917,391.23
Termination benefits (c)	1,293,476.27	630,209.04	(558,462.75)	1,365,222.56
	<u>195,138,079.85</u>	<u>823,763,229.00</u>	<u>(883,450,645.43)</u>	<u>135,450,663.42</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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

**23. Employee benefits payable (Continued)**

(a) Short-term employee benefits

2017	At beginning of year	Increase	Decrease	At end of year
Salaries, bonuses, allowances and grants	175,148,646.81	654,303,444.47	(720,611,188.68)	108,840,902.60
Staff welfare	1,477,025.98	19,142,370.78	(20,267,467.38)	351,929.38
Social security contribution	1,570,365.14	36,096,439.55	(35,393,659.61)	2,273,145.08
Incl: Medical insurance	1,329,989.27	31,741,459.74	(31,673,756.99)	1,397,692.02
Work injury insurance	20,708.23	1,828,368.53	(1,750,927.66)	98,149.10
Maternity insurance	219,667.64	2,526,611.28	(1,968,974.96)	777,303.96
Housing funds	327,217.21	25,018,429.38	(24,588,659.00)	756,987.59
Labor union funds and employee education funds	11,765,134.16	11,871,393.13	(12,460,698.60)	11,175,828.69
Other short-term benefits	<u>869,282.11</u>	<u>840,120.05</u>	<u>(940,145.87)</u>	<u>769,256.29</u>
	<u>191,157,671.41</u>	<u>747,272,197.36</u>	<u>(814,261,819.14)</u>	<u>124,168,049.63</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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

**23. Employee benefits payable (Continued)**

(b) Defined contribution plan

2017	At beginning of year	Increase	Decrease	At end of year
Basic pension insurance	619,514.34	72,149,465.49	(66,287,370.91)	6,481,608.92
Contribution to pension fund	1,961,232.61	1,011,324.60	(25,464.62)	2,947,092.59
Unemployment insurance	<u>106,185.22</u>	<u>2,700,032.51</u>	<u>(2,317,528.01)</u>	<u>488,689.72</u>
	<u>2,686,932.17</u>	<u>75,860,822.60</u>	<u>(68,630,363.54)</u>	<u>9,917,391.23</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2017

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

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V Notes to the consolidated financial statements (Continued)

23. Employee benefits payable (Continued)

(c) Termination benefits

2017	At beginning of year	At end of year
Retirement benefits payable – within 1 year (Note V(35))	1,093,992.97	1,206,035.84
Other termination benefits (i)	<u>199,483.30</u>	<u>159,186.72</u>
	<u>1,293,476.27</u>	<u>1,365,222.56</u>

(i) The Group provided other termination benefits for severing labor relations of RMB117,149.03, as at 30 June 2017. (2016: Other termination benefits for severing labor relations of RMB RMB960,188.89).

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Notes to financial statements (Continued)  
For the Year ended 30 June 2017  
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V Notes to the consolidated financial statements (Continued)

24. Tax payable

	30 June 2017	31 December 2016
Corporate Income taxes	90,524,245.18	90,177,731.06
Value-added tax	45,688,581.72	61,767,738.60
Land appreciation tax	-	6,600,717.72
Stamp duty	2,445,433.61	5,449,224.41
Individual income tax payable	9,126,838.06	5,028,775.01
Water conservancy fund payable	8,393,653.54	4,880,965.03
City maintenance and construction surtax	4,427,834.30	4,844,305.96
Educational surcharge payable	3,266,457.23	3,499,732.78
Property tax	764,022.69	1,102,254.64
Land use tax payable	227,270.73	341,494.13
Others	7,025,781.26	3,350,778.18
	<u>171,890,118.32</u>	<u>187,043,717.52</u>

25. Interest payable

	30 June 2017	31 December 2016
Interest payable		
- interest on short-term borrowings	5,845,355.20	6,918,661.52
- interest on long-term borrowings	35,440.27	37,801.50
	<u>5,880,795.47</u>	<u>6,956,463.02</u>

26. Dividend payable

30 June 2017 31 December 2016

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	4,835,511.58	4,835,511.58
Haiping Qiao	2,094,049.25	2,094,049.25
Zhenfang Zhang	1,389,639.31	1,389,639.31
Meiluo Pharmaceutical Co., Ltd.	164,170.07	164,170.07
Xiaobing Zhang	553,594.01	-
	<u>9,036,964.22</u>	<u>8,483,370.21</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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

**27. Other payables**

	30 June 2017	31 December 2016
Payables arising from acquisition of subsidiaries	171,808,258.00	273,914,900.00
Payables for factoring programs	250,456,844.49	146,008,376.21
Payables for construction in progress and equipment	130,265,643.39	99,860,228.96
Accrued selling and distribution expenses	99,225,575.59	82,576,148.19
Deposit	72,002,429.94	56,640,346.01
Payables to related parties	20,388,724.72	33,804,087.79
Payables for rentals	18,857,005.97	25,866,767.64
Payables to individuals	29,488,195.33	19,297,062.31
Temporary loan	15,800,000.00	19,230,000.00
Collection of others	32,717,129.91	16,980,734.50
Others	62,526,839.60	143,015,259.73
	<u>903,536,646.94</u>	<u>917,193,911.34</u>

At 30 June 2017, other payables due within 1 year amounted to RMB 230,290,495.14(31 December 2016: RMB 123,866,395.59 ). It is mainly consisted of construction cost payable, company borrowings payable, deposits and etc.

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

	30 June 2017	31 December 2016
Long-term borrowings due within 1 year	-	31,600,000.00
Finance lease payables	5,038,700.43	4,811,339.96
	<u>5,038,700.43</u>	<u>36,411,339.96</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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**29. Other current liabilities**

	30 June 2017	31 December 2016
Output VAT to be recognized	<u>76,143.06</u>	<u>123,294.77</u>



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**  
**For the Year ended 30 June 2017**  
**(All amounts in Renminbi “RMB” unless otherwise stated)**

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

**30. Long-term borrowings**

	30 June 2017	31 December 2016
Credit borrowings	31,600,000.00	-
Entrusted borrowings (a)	<u>-</u>	<u>-</u>
	<u>31,600,000.00</u>	<u>-</u>

- (a) At 30 June 2017, the entrusted borrowings of RMB31,600,000.00 were provided by Sinopharm Group through Group Financial Co.

At 30 June 2017, the annual interest rate of above-mentioned borrowings was 4.04% (31 December 2016: 4.82%).

**31. Long-term payables**

	30 June 2017	31 December 2016
Finance lease payables	17,143,597.49	19,427,938.30
Less: due within one year	<u>(5,038,700.43)</u>	<u>(4,811,339.96)</u>
	<u>12,104,897.06</u>	<u>14,616,598.34</u>

**32. Payable for specific projects**

	2017			
	At beginning of year	Increase	Decrease	At end of year
Special funds granted by government	<u>800,000.00</u>	<u>-</u>	<u>-</u>	<u>800,000.00</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2017

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

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33. Deferred income

2017	Opening balance	Increase	Decrease	Closing balance
Government grants	101,563,380.85		(2,386,979.73)	99,176,401.12
Promotion Rewards Program	<u>22,390,081.96</u>	<u>3,418,345.56</u>	<u>(3,038,375.29)</u>	<u>22,770,052.23</u>
	<u>123,953,462.81</u>	<u>3,418,345.56</u>	<u>(5,425,355.02)</u>	<u>121,946,453.35</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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

**33. Deferred income (Continued)**

As at 30 June 2017, deferred income from government grants are as follow:

Government program	grants	Opening balance	Addition in the year	Amount included in non-operating income in the year	Disposal of subsidiaries	Closing balance	Asset related/income related
Resettlement Compensation (i)		80,952,258.29	-	(1,349,204.28)	-	79,603,054.01	Asset related
Guangxi Logistics Project		7,446,239.38	-	(248,203.20)	-	7,198,036.18	Asset related
Logistics standardization project		3,907,506.23	-	(273,123.42)	-	3,634,382.81	Asset related
A comprehensive experimental modern service industry subsidies		2,100,000.00	-	(150,000.00)	-	1,950,000.00	Asset related
Shared Logistics Center (completed)		289,659.15	-	(9,400.20)	-	280,258.95	Asset related
Economic reward of Sinopharm Guangzhou		2,950,437.77	-	(265,108.43)	-	2,685,329.34	Asset related
Special funds for industry transformation and upgrading of special funds of integration project		1,570,000.00	-		-	1,570,000.00	Asset related
Special funds for the construction of R&D institutions in Guangzhou		1,000,000.00	-		-	1,000,000.00	Asset related
Other projects		1,347,280.03	-	(91,940.20)	-	1,255,339.83	Asset/income related
		<u>101,563,380.85</u>	-	<u>(2,386,979.73)</u>		<u>99,176,401.12</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 (11)).

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(49)), and the other cash compensation, which amount approximates to RMB26.93 million, was recognized in the income statement in 2012.

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 30 June 2017**

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

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

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

	30 June 2017	31 December 2016
Early retirement benefits payable	3,285,035.73	2,816,592.86
Less: Retirement benefits payable – within 1 year (Note V (24)(c))	<u>(1,206,035.84)</u>	<u>(1,093,992.97)</u>
	<u>2,078,999.89</u>	<u>1,722,599.89</u>

**35. Other non-current liabilities**

	30 June 2017	31 December 2016
Governmental medical reserve funds	<u>45,427,343.31</u>	<u>45,427,343.31</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.

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**36. Share capital**

	30 June 2017	31 December 2016
Listed shares without restriction of trading:		
-A shares, listed	307,744,355.00	233,261,812.00
-B shares, listed	54,885,600.00	54,885,600.00
Listed shares with restriction of trading:		
-State owned legal person shares	60,380,743	74,482,543.00
-Private Company owned legal person shares	5,114,297.00	-
-Natural person shares	1,988.00	1,988.00
	428,126,983.00	362,631,943.00

**37. Capital surplus**

	At beginning of year	Increase	Decrease	At end of year
2017				
Share premium (a)	2,118,174,787.27	-	-	2,118,174,787.27
Others (d)	1,034,543,237.65	13,987.58	(1,200,000.00)	1,033,357,225.23
	3,152,718,024.92	13,987.58	(1,200,000.00)	3,151,532,012.50

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**38. Other equity instruments**

	At beginning of year		Increase		Decrease		At end of year	
	Shares	Amounts	Shares	Amounts	Shares	Amounts	Shares	Amounts
Unlisted shares	65,495,040.00	65,495,040.00	-	-	(65,495,040.00)	65,495,040.00	-	-

**39. Surplus reserve**

	30 June 2017	31 December 2016
Surplus reserve	<u>181,315,971.50</u>	<u>181,315,971.50</u>

**40. Retained earnings**

	30 June 2017	31 December 2016
Retained earnings at the end of the prior year	4,689,189,642.51	3,045,551,246.71
A business combination involving enterprises under common control	1,076,241.59	592,834,676.01
Retained earnings at beginning of year after retrospective adjustment and restatement	4,690,265,884.10	3,638,385,922.72
Add: Net profit attributable to the parent	556,125,318.19	1,186,539,201.93
Deduct: Ordinary share cash dividends payable	(141,835,498.40)	(134,659,240.55)
Others(a)	<u>(1,075,583.99)</u>	<u>-</u>
Retained earnings at end of year	<u>5,103,480,119.90</u>	<u>4,690,265,884.10</u>

- (a) On 10 March 2017, the Company acquired 100% equity interest of Sinopharm Lerentang Shijiazhuang Pharmaceutical Co., Ltd. (“Sinopharm Lerentang”) from Sinopharm Le -Ren-Tang Medicine Co., Ltd. for RMB3,792,639.98 to constitute business combination involving enterprises under common control and retained earning decreased by RMB1,076,241.59.

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

**41. Operating revenue and cost**

	For the six months ended 30 June 2017	For the six months ended 30 June 2016
Revenue of main operations	20,372,097,755.35	20,423,590,439.55
Other operating income	<u>152,709,914.22</u>	<u>138,811,608.27</u>
	<u>20,524,807,669.57</u>	<u>20,562,402,047.82</u>
	For the six months ended 30 June 2017	For the six months ended 30 June 2016
Cost of main operations	18,352,591,276.82	18,231,366,449.67
Other operating expenses	<u>11,443,174.01</u>	<u>15,523,614.02</u>
	<u>18,364,034,450.83</u>	<u>18,246,890,063.69</u>

**42. Tax and surcharges**

	For the six month ended 30 June 2017	For the six month ended 30 June 2016
City maintenance and construction tax	24,931,171.70	26,057,977.33
Educational surcharge	18,243,233.02	18,739,158.19
Stamp duty	14,569,034.12	3,538,047.91
Property tax	3,345,273.43	846,920.53
Business tax	-	4,509,210.19
Water conservancy fund	163,301.89	1,893,324.60
Land tax	172,937.56	444,007.52
Vehicle and vessel use tax	98,180.93	24,284.97
Others	<u>1,662,488.21</u>	<u>1,793,954.38</u>
	<u>63,185,620.86</u>	<u>57,846,885.62</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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**43. Selling expenses**

	For the six month ended 30 June 2017	For the six month ended 30 June 2016
Employees payroll and welfare benefits	582,798,944.53	547,003,567.49
Rental expenses	285,053,247.11	247,600,562.35
Transportation charges	29,416,679.32	45,064,185.12
Promotion and marketing expenses	16,881,877.36	13,803,639.71
Storage expenses	23,155,581.32	26,220,502.83
Depreciation expenses	21,860,957.80	17,367,421.52
Office allowances	15,153,489.34	16,859,404.59
Entertainment expenses	11,158,406.02	13,239,897.33
Travel allowances	3,425,411.69	8,877,501.94
Conference expenses	2,800,521.29	3,499,137.62
Market development fees	250,938.26	13,836,356.13
Others	118,490,884.13	113,128,923.52
	<u>1,110,446,938.17</u>	<u>1,066,501,100.15</u>



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**44. Administrative expenses**

	For the six month ended 30 June 2017	For the six month ended 30 June 2016
Employees payroll and welfare benefits	237,320,475.09	265,004,563.14
Research and development expenses	-	25,988,200.63
Depreciation expenses	14,130,107.15	24,142,228.81
Agency service fees	-	-
Rental expenses	17,030,347.32	16,692,169.51
Office allowances	13,498,455.92	13,196,730.02
Amortization of intangible assets	7,873,617.35	10,339,232.85
Taxations	4,087,147.80	11,172,658.42
Entertainment expenses	5,878,571.05	5,115,630.99
Travel allowances	3,538,432.83	3,741,536.93
Conference expenses	718,993.59	1,033,266.87
Utilities	3,714,057.62	4,324,952.70
Amortization of long-term deferred expenses	4,478,646.05	3,503,748.24
Vehicle management expenses	4,100,271.65	4,156,926.61
Promotion and marketing expenses	-	-
Repairing fees	1,665,071.14	1,990,453.51
Others	22,601,856.55	40,942,374.18
	<u>340,636,051.11</u>	<u>431,344,673.41</u>

**45. Finance costs**

	For the six month ended 30 June 2017	For the six month ended 30 June 2016
Interest expenses	59,569,071.77	65,329,780.98
Less: Interest income	(17,460,371.42)	(10,872,574.52)
Cash discount	(13,655,314.59)	(19,385,115.98)
Exchanges loss/(gain)	(283,622.22)	70,037.19
Others	16,329,015.22	15,579,275.54
	<u>16,329,015.22</u>	<u>15,579,275.54</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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44,498,778.76

50,721,403.21

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**46. Impairment loss**

	For the six month ended 30 June 2017	For the six month ended 30 June 2016
Inventories provision	(836,741.23)	5,268,863.04
Bad debt allowance	933,498.39	(4,118,289.41)
Impairment in fixed assets	-	-
Impairment in goodwill	-	-
	<u>96,757.16</u>	<u>1,150,573.63</u>

**47. Investment income**

	For the six month ended 30 June 2017	For the six month ended 30 June 2016
Investment income from long-term equity investments under the equity method	146,775,417.29	27,607,440.12
Investment income from disposal of subsidiaries	-	86,674,065.35
Gain from remeasurement of fair value of remaining equity interest upon loss of control	-	35,080,116.91
Investment income from available-for-sale financial assets	50,000.00	-
Remeasurement loss of fair value when achieved subsidiary in stages	(99,377.39)	-
	<u>146,726,039.90</u>	<u>149,361,622.38</u>

**48. Miscellaneous incomes**

	For the six month ended 30 June 2017	For the six month ended 30 June 2016
Government grants related to daily activities	7,958,493.67	-

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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**49. Non-operating income**

	For the six month ended 30 June 2017	For the six month ended 30 June 2016
Government grants (Note a)	1,349,204.28	8,256,111.78
Gain on disposal of non-current assets	579,658.49	4,017,585.64
Incl: Gain on disposal of fixed assets	577,424.04	4,012,613.89
Gain from writing off the unnecessary payment	2,249,156.84	1,000,000.00
Gain arising from donation		-
Others	<u>2,456,418.01</u>	<u>4,484,131.87</u>
	<u>6,634,437.62</u>	<u>17,757,829.29</u>

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**49. Non-operating income (Continued)**

(a) Government grants

	For the six month ended 30 June 2017	For the six month ended 30 June 2016	Note
<i>- Government grants related to assets</i>			
Resettlement Compensation of Guangxi Logistics	1,349,204.28	1,353,604.28	Transfer from the amortization of deferred income
Transfer from other deferred amortization income	-	5,732,580.73	Transfer from the amortization of deferred income
	<u>1,349,204.28</u>	<u>7,086,185.01</u>	
<i>- Government grants related to income</i>			
Tax return	-	200,000.00	
Others	-	969,926.77	Subsidy for contribution, etc.
	<u>-</u>	<u>1,169,926.77</u>	
	<u>1,349,204.28</u>	<u>8,256,111.78</u>	

**50. Non-operating expenses**

	For the six month ended 30 June 2017	For the six month ended 30 June 2016
Penalty expenses	1,925,449.66	234,406.45
Losses on disposal of non-current assets	377,352.06	591,341.17
Incl: Losses on disposal of fixed assets	307,374.47	569,803.03
Donation expenses	59,900.00	-
Others	1,290,495.50	814,790.71
	<u>3,653,197.22</u>	<u>1,640,538.33</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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Non-operating cost was wholly classified as non-recurring profit or loss for the six month ended 30 June 2017.

**51. Income taxes**

	For the six month ended 30 June 2017	For the six month ended 30 June 2016
Current income tax	162,853,639.57	156,998,560.59
Deferred income tax	<u>(2,812,531.94)</u>	<u>4,785,567.17</u>
	<u>160,041,107.63</u>	<u>161,784,127.76</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the six months ended 30 June 2017

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

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V Notes to the consolidated financial statements (Continued)

51. Income taxes (Continued)

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 2017

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Total profit	759,574,846.65
Income taxes calculated at applicable tax rates	189,893,711.66
Lower tax rates enacted by local authorities	(10,864,678.73)
Income not subject to tax	(35,606,523.97)
Expenses not deductible for tax	4,005,987.60
Tax losses not recognized	2,152,362.42
Utilization of previously unrecognized tax losses	-
Additional deduction for development cost	11,437,117.34
Gain on deferred tax of beginning of the year from the changes of tax rate	
Adjustment of income tax expense of previous year	(976,868.69)
Income tax	160,041,107.63

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**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

(a) Cash receipts related to other operating activities

	2017	2016
Government grants except tax return	1,349,204.28	1,694,661.05
Rent income	28,140,527.98	24,364,072.97
Operational restricted bank deposits received	4,067,748.35	6,338,067.32
Interest income	17,412,415.01	10,654,439.57
Others	<u>47,052,933.05</u>	<u>95,776,862.68</u>
	<u>98,022,828.67</u>	<u>138,828,103.59</u>

(b) Cash paid relating to other operating activities

	2017	2016
Rental expenses	302,083,594.43	274,949,115.95
Entertainment expenses	17,036,977.07	18,672,440.52
Shipping expenses	29,416,679.32	45,064,185.12
Travel expenses	6,963,844.52	12,619,038.87
Storage expenses	23,155,581.32	26,220,502.83
Office expenses	28,651,945.26	27,471,574.82
Advertising expenses	16,881,877.36	17,799,105.33
Others	<u>222,065,660.72</u>	<u>222,758,813.28</u>
	<u>646,256,160.00</u>	<u>645,554,776.72</u>

(c) Cash received relating to other investing activities

	2017	2016
Received funds pool money returned by Sinopharm	-	1,476,143,809.08
Received deposits returned by Shyndec	75,259,200.00	-
Received Entrusted loan payments from Zhijun Suzhou	-	84,000,000.00



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

Others	<u>11,768,140.19</u>	<u>3,200,415.00</u>
	<u>87,027,340.19</u>	<u>1,563,344,224.08</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

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

(d) Cash paid relating to other investing activities

	2017	2016
Deposit money in funds pool of Sinopharm	-	1,179,277,272.40
Purchased of equity sincerity Margin	-	20,000,000.00
Entrusted loan payments to Zhijun Suzhou	44,000,000.00	-
Others	26,175,078.90	5,690,544.72
	<u>70,175,078.90</u>	<u>1,204,967,817.12</u>

(e) Cash received relating to other financing activities

	2017	2016
Received borrowings from Sinopharm Group	-	94,000,000.00
Received bank factoring money	59,676,813.84	67,788,435.41
Received security deposit of pledged borrowings	31,255,582.91	100,695,291.70
Others	-	45,000,000.00
	<u>90,932,396.75</u>	<u>307,483,727.11</u>

(f) Cash payments relating to other financing activities

	2017	2016
Repayment of entrusted borrowings provided by Sinopharm Group	13,415,363.07	243,731,500.00
Cash paid for acquisition of non-controlling interests	158,996,642.00	7,359,800.00
Others	6,579,569.60	4,719,443.79
	<u>178,991,574.67</u>	<u>255,810,743.79</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**53. Supplementary information of cash flow statement (Continued)**

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

	For the six month ended 30 June 2017	For the six month ended 30 June 2016
Net profit	599,533,739.02	711,642,133.69
Adjustments: Provision for asset impairment	422,321.11	6,574,093.17
Depreciation of fixed assets and investment properties	35,222,304.68	70,509,167.81
Amortization of intangible assets	12,273,709.34	10,127,735.19
Amortization of long-term prepaid expenses	31,374,523.14	24,932,947.50
Gains on disposal of fixed assets, and other non-current assets	(202,306.43)	(11,176,526.34)
Financial expenses	28,528,443.16	65,527,178.60
Investment income	(146,726,039.90)	(149,361,622.31)
Decrease/(increase) of deferred tax assets	(1,641,139.11)	41,900,688.25
Decrease of deferred tax liabilities	(2,666,680.74)	(3,992,100.48)
Decrease/(increase) of inventory	113,733,297.36	86,444,370.26
(Increase)/decrease in operating receivables items	(1,127,697,064.94)	(939,208,797.81)
Increase/(decrease) in operating payables items	596,195,867.27	760,398,329.25
Others	89,986,457.44	155,265,336.56
Net cash generated from operating activities	<u>228,337,431.40</u>	<u>829,582,933.34</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

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

(c) Movement of cash

	For the six month ended 30 June 2017	For the six month ended 30 June 2016
Cash at end of year	3,024,190,631.97	3,049,221,736.97
Less: cash at beginning of year	<u>(3,150,915,425.49)</u>	<u>(2,164,444,441.33)</u>
Net increase in cash	<u>(126,724,793.52)</u>	<u>884,777,295.64</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

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

(d) Acquisition of subsidiaries and operating units

	For the six month ended 30 June 2017	
Cash and cash equivalents paid for acquisitions of subsidiaries and other business units	16,640,000.00	-
Incl: Sinopharm Zhuhai	10,000,000.00	-
Maoming Yongsheng Medicines Co., Ltd. (Maoming Yongsheng)	6,640,000.00	-
Less: Cash held by subsidiaries at the acquisition date	1,933,210.44	
Incl: Sinopharm Zhuhai	1,624,035.74	-
Maoming Yongsheng	309,174.70	-
Net cash outflow on acquisition of the subsidiaries and business units	<u>14,706,789.56</u>	

(e) Cash

	30 June 2017	31 December 2016
Cash on hand	2,352,467.38	6,164,382.85
Bank deposits on demand	<u>3,021,838,164.59</u>	<u>3,144,751,042.64</u>
Cash	<u>3,024,190,631.97</u>	<u>3,150,915,425.49</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**54. Assets under restricted ownership or right to use**

	2017		Reasons
Cash and cash equivalents	337,138,215.47	Deposits of bank acceptance notes, deposits for letter of credit and deposits of pledged borrowings.	
Notes receivables	1,075,857,770.01	Notes receivable endorsed but not due, notes receivable discounted but not due.	
	1,412,995,985.48		

**55. Foreign monetary items**

	30 June 2017		
	Original currency	Exchange rate	Equivalent to RMB
Short-term borrowings			
US dollar	2,431,642.14	6.7744	16,472,916.49

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

**VI. Changes in the scope of consolidation**

**1. Business combination not involving enterprises under common control**

**1.1 Acquired Sinopharm Zhuhai.**

On 3 March 2015, the Group acquired a 10% equity interest of Sinopharm Zhuhai.

In 2017, the Company acquired the rest 90% equity interest of Sinopharm Zhuhai. from Li Xiang Jiang for RMB10,000,000 to constitute business combination involving enterprises not under common control. The acquisition was completed on 10 January 2017 and included in the consolidation scope of the Company.

The 10% equity's book value is RMB1,283,613.91, and the revalued value is RMB 1,113,720.00, a remeasurement loss of fair value of RMB169,893.91 was recorded

The fair value and carrying amount of identifiable assets and liabilities and contingent liabilities of Sinopharm Zhuhai on acquisition date are presented as follows:

	31 January 2017 Fair value	31 January 2017 Carrying amount
Cash and bank balances	1,624,035.74	1,624,035.74
Accounts receivable	45,089,047.61	45,089,047.61
Advances to suppliers	685,409.69	685,409.69
Inventories	7,168,900.86	7,168,900.86
Fixed assets	220,990.39	220,990.39
Deferred tax assets	80,569.45	80,569.45
Short-term borrowings	5,000,000.00	5,000,000.00
Accounts payable	40,668,336.31	40,668,336.31
Advance from customers	2,890.29	2,890.29
Employee benefits payable	432,562.41	432,562.41
Tax payables	385,477.18	385,477.18
Interest payable	19,717.04	19,717.04
Dividends payable	2,070,425.74	2,070,425.74
Net assets	<u>6,289,544.77</u>	<u>6,289,544.77</u>
Less: Non-controlling interests	-	-
Net assets obtained	<u>6,289,544.77</u>	
Consideration	10,362,740.00	
Goodwill arising from acquisition	<u>4,073,195.23</u>	

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

**VI. Changes in scope of consolidation (Continued)**

**1.2 Acquired Maoming Yongsheng**

On 31 May 2017, the Company acquired 100% equity interest of Maoming Yongsheng from Bai Ganyin, Bai Fuyou and Lai Hongmei for RMB7,823,457.43 to constitute business combination involving enterprises not under common control. The acquisition was completed on 31 May 2017 and included in the consolidation scope of the Company.

The fair value and carrying amount of identifiable assets and liabilities and contingent liabilities of Maoming Yongsheng on acquisition date are presented as follows:

	31 January 2017 Fair value	31 January 2017 Carrying amount
Cash and bank balances	309,174.70	309,174.70
Accounts receivable	24,212,454.90	24,212,454.90
Advances to suppliers	187,299.70	187,299.70
Inventories	4,591,053.97	4,591,053.97
Fixed assets	70,993.59	70,993.59
Deferred tax assets	275,185.44	275,185.44
Accounts payable	21,592,415.65	21,592,415.65
Employee benefits payable	1.49	1.49
Tax payables	230,287.73	230,287.73
Net assets	<u>7,823,457.43</u>	<u>7,823,457.43</u>
Less: Non-controlling interests	-	-
Net assets obtained	<u>7,823,457.43</u>	
Consideration	7,823,457.43	
Goodwill arising from acquisition	-	



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

**VI. Changes in scope of consolidation (Continued)**

**2. Business combination involving enterprises under common control**

On 10 March 2017, the Company acquired 100% equity interest of Sinopharm Lerentang Shijiazhuang Pharmaceutical Co., Ltd. (“Sinopharm Lerentang”) from Sinopharm Le -Ren-Tang Medicine Co., Ltd. for RMB3,792,639.98 to constitute business combination involving enterprises under common control. The acquisition was completed on 10 March 2017 and included in the consolidation scope of the Company.

The carrying amounts of assets and liabilities of Sinopharm Lerentang at the combination date and at the balance sheet date of the last accounting period are presented as follows:

	28 February 2017	31 December 2016
Cash and bank balances	4,903.95	5,999.95
Accounts receivable	3,785,780.34	3,785,780.34
Other current assets	<u>1,955.69</u>	<u>1,955.69</u>
	<u>3,792,639.98</u>	<u>3,793,735.98</u>
Less: Non-controlling interests	<u>-</u>	<u>-</u>
Net assets obtained	<u>3,792,639.98</u>	<u>3,793,735.98</u>

**3. Establishment of subsidiaries**

	30 June 2017	30 June 2017	
	Net assets	Net revenue	Remarks
GuoDa Drugstore Manzhouli Co., Ltd.	500,000.00	-	Establishment
Sinopharm Holding Guangzhou Medical Treatment Technology Co., Ltd.	681,008.39	(318,991.61)	Establishment

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

**(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	Registered capital (RMB 0,000)	Shareholding		Voting proportion	Ways of acquisition
					Direct	Indirect		
Sinopharm Guilin	Guilin	Guilin	Commercial	1,000	-	100.00%	100.00%	Establishment
Sinopharm Baise	Baise	Baise	Commercial	1,000	-	100.00%	100.00%	Establishment
Sinopharm Holding Zhongshan Co., Ltd. (“Sinopharm Zhongshan”)	Zhongshan	Zhongshan	Commercial	1,000	100.00%	-	100.00%	Establishment
Sinopharm Guigang	Guigang	Guigang	Commercial	1,000	-	100.00%	100.00%	Establishment
Sinopharm Beihai	Beihai	Beihai	Commercial	500	-	100.00%	100.00%	Establishment
Guangzhou Medical Treatment	Guangzhou	Guangzhou	Commercial	2,000	-	51.00%	51.00%	Establishment
Shenzhen Jianmin Pharmaceutical Co., Ltd. (“Sinopharm Jianmin”)	Shenzhen	Shenzhen	Commercial	2,000	100.00%	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Shenzhen Traditional & Herbal Medicine Co., Ltd. (“Sinopharm Traditional & Herbal Medicine”)	Shenzhen	Shenzhen	Commercial	1,500	100.00%	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Shenzhen Logistics Co., Ltd. (“Shenzhen Logistics”)	Shenzhen	Shenzhen	Services	500	100.00%	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guangzhou Co., Ltd. (“Sinopharm Guangzhou”)	Guangzhou	Guangzhou	Commercial	153,000	100.00%	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guangdong Hengxing Co., Ltd. (“Sinopharm Hengxing”)	Guangzhou	Guangzhou	Commercial	5,000	100.00%	-	100.00%	Business combinations involving entities under common control
Sinopharm Yulin	Yulin	Yulin	Commercial	500	-	100.00%	100.00%	Business combinations involving entities under common control

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

**(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	Registered capital(RMB 0.000)	Shareholding		Voting proportion	Ways of acquisition
					Direct	Indirect		
Sinopharm Liuzhou	Liuzhou	Liuzhou	Commercial	2,053.06	51.00%	-	51.00%	Business combinations involving entities under common control
Guangdong Huixin Investment Co., Ltd. ("Huixin Investment")	Guangzhou	Guangzhou	Service	500	100.00%	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Foshan Co., Ltd. ("Sinopharm Foshan")	Foshan	Foshan	Commercial	1,500	100.00%	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guangdong Yuexing Co., Ltd. ("Sinopharm Yuexing")	Guangzhou	Guangzhou	Commercial	10,000	100.00%	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guangdong Logistics Co., Ltd. ("Guangdong Logistic")	Guangzhou	Guangzhou	Service	1,000	100.00%	-	100.00%	Business combinations involving entities under common control
Sinopharm Guangxi	Nanning	Nanning	Commercial	50,000	100.00%	-	100.00%	Business combinations involving entities under common control
Guangxi Logistic	Nanning	Nanning	Service	710.07	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Wuzhou	Wuzhou	Wuzhou	Commercial	1,000	-	99.90%	99.90%	Business combinations involving entities under common control
Sinopharm Holding Dongguan Co., Ltd. ("Sinopharm Dongguan")	Dongguan	Dongguan	Commercial	1,800	100.00%	-	100.00%	Business combinations involving entities not under common control
Sinopharm Holding Zhanjiang Co., Ltd. ("Sinopharm Zhanjiang")	Zhanjiang	Zhanjiang	Commercial	7,000	100.00%	-	100.00%	Business combinations involving entities not under common control
Sinopharm Holding Yanfeng Co., Ltd. ("Sinopharm Yanfeng")	Shenzhen	Shenzhen	Commercial	3,000	51.00%	-	51.00%	Business combinations involving entities not under common control
Sinopharm Holding Meizhou Co., Ltd. ("Sinopharm Meizhou")	Meizhou	Meizhou	Commercial	1,800	100.00%	-	100.00%	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 2017**

**(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	Registered capital (RMB 0,000)	Shareholding		Voting proportion	Ways of acquisition
					Direct	Indirect		
Sinopharm Holding Huizhou Co., Ltd. ("Sinopharm Huizhou")	Huizhou	Huizhou	Commercial	1,800	100.00%	-	100.00%	Business combinations involving entities not under common control
Sinopharm Holding Zhaoqing Co., Ltd. ("Sinopharm Zhaoqing")	Zhaoqing	Zhaoqing	Commercial	1,500	100.00%	-	100.00%	Business combinations involving entities not under common control
Sinopharm Holding Jiangmen Renren Medical Co., Ltd. ("Sinopharm Jiangmen")	Jiangmen	Jiangmen	Commercial	6,000	100.00%	-	100.00%	Business combinations involving entities not under common control
Sinopharm Holding Shaoguan Co., Ltd. ("Sinopharm Shaoguan")	Shaoguan	Shaoguan	Commercial	360	70.00%	-	70.00%	Business combinations involving entities not under common control
Sinopharm Shantou	Shantou	Shantou	Commercial	800	100.00%	-	100.00%	Business combinations involving entities not under common control
Foshan Nanhai Medicine Co., Ltd.	Foshan	Foshan	Commercial	7,000	100.00%	-	100.00%	Business combinations involving entities under common control
Foshan Nanhai Uptodate & Special Medicines Co., Ltd.	Foshan	Foshan	Commercial	4,000	-	100.00%	100.00%	Business combinations involving entities under common control
Foshan Nanhai Medicine Co., Ltd.	Foshan	Foshan	Commercial	4,000	-	100.00%	100.00%	Business combinations involving entities under common control
Guangdong Uptodate & Special Medicines	Guangzhou	Guangzhou	Commercial	5,000	100.00%	-	100.00%	Business combinations involving entities under common control
Guangdong South Pharmaceutical Foreign Trade Co., Ltd.	Guangzhou	Guangzhou	Commercial	3,000	100.00%	-	100.00%	Business combinations involving entities under common control
Sinopharm Zhuhai(i)	Zhuhai	Zhuhai	Commercial	310	100.00%	-	100.00%	Business combination not involving enterprises under common control
Maoming Yongsheng(ii)	Maoming	Maoming	Commercial	200	100.00%	-	100.00%	Business combination not involving enterprises under common control
Sinopharm Holding Guangzhou Medical Treatment Technology Co., Ltd.(iii)	Guangzhou	Guangzhou	Commercial	100	51%	-	51%	Establishment I
Sinopharm Holding Guoda Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	101,000	100.00%	-	100.00%	Business combinations involving entities under common control

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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Sinopharm Holding Guoda Pharmacy Chain Store Shanghai Co., Ltd.	Shanghai	Shanghai	Commercial	3,000	-	100.00%	100.00%	Business combinations involving entities under common control
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**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

**(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	Registered capital (RMB'0,000)	Shareholding		Voting proportion	Ways of acquisition
					Direct	Indirect		
Beijing Guoda Pharmacy Chain Store Co., Ltd.	Beijing	Beijing	Commercial	1,000	-	100.00%	100.00%	Business combinations involving entities under common control
Tianjin Guoda Pharmacy Chain Store Co., Ltd.	Tianjin	Tianjin	Commercial	1,000	-	80.00%	80.00%	Business combinations involving entities under common control
Guangxi Guoda Pharmacy Consulting Chain Store Co., Ltd.	Nanning	Nanning	Commercial	300	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Guangdong Co., Ltd.	Shenzhen	Shenzhen	Commercial	5,000	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Guoda Pharmacy Guangxi Chain Co., Ltd.	Liuzhou	Liuzhou	Commercial	200	-	100.00%	100.00%	Business combinations involving entities under common control
Zhejiang Guoda Pharmacy Co., Ltd.	Hangzhou	Hangzhou	Commercial	1,500	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Yangzhou Dadesheng Pharmacy Chain Store Co., Ltd.	Yangzhou	Yangzhou	Commercial	4,400	-	93.68%	93.68%	Business combinations involving entities under common control
Guoda Shenyang Tianyitang Pharmacy Chain	Shenyang	Shenyang	Commercial	1,000	-	51.00%	51.00%	Business combinations involving entities under common control
Ningxia Guoda Pharmacy Chain Store Co., Ltd.	Yinchuan	Yinchuan	Commercial	7,000	-	70.00%	70.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Nanjing Pharmacy Chain Store Co., Ltd.	Nanjing	Nanjing	Commercial	800	-	60.00%	60.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Shandong Pharmacy Chain Store Co., Ltd.	Linyi	Linyi	Commercial	2,900	-	55.00%	55.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Shenyang Pharmacy Chain Store Co., Ltd.	Shenyang	Shenyang	Commercial	800	-	51.00%	51.00%	Business combinations involving entities under common control
Fujian Guoda Pharmacy Chain Store Co., Ltd.	Shamen	Shamen	Commercial	3,750	-	100.00%	100.00%	Business combinations involving entities under common control

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

**(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	Registered capital (RMB'0,000 )	Shareholding		Voting proportion	Ways of acquisition
					Direct	Indirect		
Anhui Guoda Pharmacy Chain Store Co., Ltd.	Hefei	Hefei	Commercial	1,000	-	60.00%	60.00%	Business combinations involving entities under common control
Quanzhou Guoda Pharmacy Chain Store Co., Ltd.	Quanzhou	Quanzhou	Commercial	2,000	-	51.00%	51.00%	Business combinations involving entities under common control
Shanxi Guoda Wanmin Pharmacy Chain Store Co., Ltd.	Taiyuan	Taiyuan	Commercial	2,000	-	85.00%	85.00%	Business combinations involving entities under common control
Sinopharm Holding Hunan Guoda Minshengtang Pharmacy Chain Co., Ltd.	Hengyang	Hengyang	Commercial	2,000	-	51.00%	51.00%	Business combinations involving entities under common control
Liyang Guoda People Pharmacy Chain Store Co., Ltd.	Liyang	Liyang	Commercial	2,500	-	80.00%	80.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Henan Pharmacy Chain Store Co., Ltd.	Pingdingshan	Pingdingshan	Commercial	1,500	-	60.00%	60.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Neimenggu Pharmacy Chain Store Co., Ltd.	Hohhot	Hohhot	Commercial	2,000	-	96.70%	96.70%	Business combinations involving entities under common control
Sinopharm Hebei Lerentang Pharmacy Chain Store Co., Ltd.	Shijiazhuang	Shijiazhuang	Commercial	3,500	-	60.00%	60.00%	Business combinations involving entities under common control
Sinopharm Guoda Pharmacy Jiangmen Chain Co., Ltd.	Jiangmen	Jiangmen	Commercial	2,400	-	65.00%	65.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Shanxi Yiyuan Pharmacy Chain Store Co., Ltd.	Taiyuan	Taiyuan	Commercial	1,000	-	80.00%	80.00%	Business combinations involving entities under common control
Sinopharm Holding Xinjiang New & Special Medicines Chain Store Co., Ltd.	Urumqi	Urumqi	Commercial	612.24	-	51.00%	51.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda ForMe Medicines (Shanghai) Co., Ltd.	Shanghai	Shanghai	Commercial	6,655	-	97.00%	97.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda ForMe Pharmacy Chain Store Co., Ltd. (Formerly “Shanghai ForMe YiXing Pharmacy Chain Store Co., Ltd.”)	Shanghai	Shanghai	Commercial	5,000	-	99.76%	99.76%	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 2017**

**(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	Registered capital (RMB'0,000)	Shareholding		Voting proportion	Ways of acquisition
					Direct	Indirect		
Beijing Golden Elephant Pharmacy Chain Company Limited	Beijing	Beijing	Commercial	4,222.22	-	53.13%	53.13%	Business combinations involving entities under common control
Shanxi Tongfeng Pharmacy Logistics Co., Ltd.	Taiyuan	Taiyuan	Commercial	500	-	100.00%	100.00%	Business combinations involving entities under common control
Datong Guoda Wanmin Pharmacy Chain Store Co., Ltd.	Datong	Datong	Commercial	615	-	100.00%	100.00%	Business combinations involving entities under common control
Changzhi Guoda Wanmin Pharmacy Chain Store Co., Ltd.	Changzhi	Changzhi	Commercial	320	-	51.00%	51.00%	Business combinations involving entities under common control
Shanxi Guoda Wanmin Clinic Management Chain Co., Ltd.	Taiyuan	Taiyuan	Medical services	120	-	100.00%	100.00%	Business combinations involving entities under common control
Shanghai Guoda Shanghong Qibao Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	100	-	51.00%	51.00%	Business combinations involving entities under common control
Zhejiang Intlmicine Pharmacy Dongshan Co., Ltd.	Hangzhou	Hangzhou	Commercial	50	-	51.00%	51.00%	Business combinations involving entities under common control
Shanghai Guoda Dongsheng Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	50	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Guoda Drug Store (Shenzhen) Chain Co., Ltd.	Shenzhen	Shenzhen	Commercial	1,080	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Guangzhou Chain Co., Ltd.	Guangzhou	Guangzhou	Commercial	200	-	100.00%	100.00%	Business combinations involving entities under common control
Shanghai Guoda Changxin Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	30	-	100.00%	100.00%	Business combinations involving entities under common control
Shanghai Guodong Chinese Traditional Medicine Clinic Co., Ltd.	Shanghai	Shanghai	Medical clinic	20	-	100.00%	100.00%	Business combinations involving entities under common control
Shanghai Guoda Dongxin Pharmacy Chain Store Co., Ltd.	Shanghai	Shanghai	Commercial	30	-	100.00%	100.00%	Business combinations involving entities under common control



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

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**(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	Registered capital(RMB '0,000)	Shareholding		Voting proportion	Ways of acquisition
					Direct	Indirect		
Shanghai Yutaitang Chinese Traditional Medicine Clinic Co., Ltd.	Shanghai	Shanghai	Commercial	100	-	100.00%	100.00%	Business combinations involving entities under common control
Beijing Yangqiao Rongzhi Golden Elephant Pharmacy Company Limited	Beijing	Beijing	Commercial	126	-	50.79%	50.79%	Business combinations involving entities under common control
Sanhe Liyang Golden Elephant Pharmacy Co., Ltd.	Langfang	Langfang	Commercial	1	-	100.00%	100.00%	Business combinations involving entities under common control
Xiaoyi Guoda Wanmin Baicaotang Pharmacy Chain Store Co., Ltd.	Xiaoyi	Xiaoyi	Commercial	6,22.22	-	70.00%	70.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Hulun Buir Co., Ltd.	Hulun Buir	Hulun Buir	Commercial	300	-	51.00%	51.00%	Business combinations involving entities under common control
Shijiazhuang Lerentang Yikang Pharmacy Chain Store Co., Ltd.	Shijiazhuang	Shijiazhuang	Commercial	500	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Tangshan Lerentang Pharmacy Chain Store Co., Ltd.	Tangshan	Tangshan	Commercial	300	-	100.00%	100.00%	Business combinations involving entities under common control
Shanghai ForMe Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	25	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Holding Ulanqab Co., Ltd.	Ulanqab	Ulanqab	Commercial	500	-	60.00%	60.00%	Establishment
Sinopharm Guoda Pharmacy Qinhuangdao Chain Co., Ltd.	Qinhuangdao	Qinhuangdao	Commercial	300	-	51.00%	51.00%	Business combinations involving entities under common control
Taishan Sinopharm Holding Guoda Qunkang Pharmacy Chain Store Co., Ltd.	Taishan	Taishan	Commercial	990	-	70.00%	70.00%	Business combinations involving entities under common control
Beijing Golden Elephant Fuxing Technology Co., Ltd.	Beijing	Beijing	Commercial	100	-	80.00%	80.00%	Business combinations involving entities under common control

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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Sinopharm Lerentang(iV)	Shijiazhuang	Shijiazhuang	Commercial	200	-	100%	100%	Combinations involving entities under common control
GuoDa Manzhouli Ltd.(v)	Drugstore Co., Manzhouli	Manzhouli	Commercial	50		51%	51%	Establishment

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

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

(1) The composition of the Group (Continued)

i. In February 2015, the Group acquired a 10% equity interest of Sinopharm Zhuhai.

In 2017, the Company acquired the rest 90% equity interest of Sinopharm Zhuhai. from Li Xiang Jiang for RMB10,000,000 to constitute business combination involving enterprises not under common control. The acquisition was completed on 10 January 2017 and included in the consolidation scope of the Company.

ii. On 31 May 2017, the Company acquired 100% equity interest of Maoming Yongsheng from Bai Ganyin、Bai Fuyou and Lai Hongmei for RMB7,823,457.43 to constitute business combination involving enterprises not under common control. The acquisition was completed on 31 May 2017 and included in the consolidation scope of the Company.

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**2. Interests in associates**

Associate	Principal place of business	Place of incorporation	Nature of business	Shareholding(%)		Accounting
				Direct	Indirect	
Shenzhen Luck Pharmaceutical Co., Ltd. ("Main Luck Pharmaceutical")	Shenzhen	Shenzhen	Manufacturing	35.19	-	Equity
Sinopharm Holding Zhuhai Co., Ltd. ("Sinopharm Zhuhai")	Zhuhai	Zhuhai	Commercial	10.00	-	Equity
Sinopharm Group Zhijun(Suzhou) Pharmaceutical Co., Ltd.	Suzhou	Suzhou	Manufacturing	33.00	-	Equity
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	Shenzhen	Shenzhen	Manufacturing	49.00	-	Equity
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	Shenzhen	Shenzhen	Commercial	49.00	-	Equity
Sinopharm Group Zhijun(Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Shenzhen	Shenzhen	Manufacturing	49.00	-	Equity
Shanghai Shyndec Pharmaceutical Co., Ltd. ("Shyndec Pharmaceutical")	Shanghai	Shanghai	Manufacturing	15.56	-	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. (g)	Guangzhou	Guangzhou	Commercial	-	29.00	Equity
Dongyuan accord pharmaceutical chain Co., Ltd. (f)	Heyuan	Heyuan	Commercial	-	45.00	Equity

Shyndec Pharmaceutical is an important associate as it is a strategic partner of the Group and is engaged in the production and sale of pharmaceutical product, and the Group adopted equity method of accounting.

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

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

The following table illustrated the summariesd financial information in respect of Shyndec Pharmaceutical:

	2017	2016
Current assets	6,716,087,446.88	6,337,023,883.28
Non-current assets	<u>8,432,895,743.16</u>	<u>8,678,049,960.17</u>
Total assets	<u>15,148,983,190.04</u>	<u>15,015,073,843.45</u>
Current liabilities	5,148,687,659.08	4,711,258,061.30
Non-current liabilities	<u>2,735,701,130.78</u>	<u>3,365,333,778.30</u>
Total liabilities	<u>7,884,388,789.86</u>	<u>8,076,591,839.60</u>
Non-controlling interests	1,347,618,022.33	1,234,500,935.98
Shareholders' equity attributable to shareholders of the parent company	<u>5,916,976,377.85</u>	<u>5,703,981,067.87</u>
Group's share of net assets by proportion of ownership interests	<u>920,681,524.39</u>	<u>887,539,454.16</u>
Carrying amount of the investment	<u>920,675,069.27</u>	<u>887,539,454.16</u>
Operating revenue	4,579,660,856.59	4,581,792,821.21
Net profit	524,753,028.55	489,326,260.51
Total comprehensive income	524,753,028.55	489,326,260.51
Dividend received	<u>22,468,818.32</u>	<u>-</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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**IX Disclosure of fair value**

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

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

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

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

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

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

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

**(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.	276,709.51	56.06%	56.06%

The ultimate controlling party of the Company is CNPGC.

**2. Subsidiaries**

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

**3. Associates**

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

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2017

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

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

#### 4. Other related parties

<u>Company name</u>	<u>Related party relationships</u>
Sino-Swed Pharmaceutical Corp.Ltd.	Associate of CNPGC
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	Associate of CNPGC
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	Associate of CNPGC
China Otsuka Pharmaceutical Co., Ltd.	Associate of CNPGC
Shenzhen Wanwei Medicine trading Co., Ltd.	Subsidiary of Main Luck Pharmaceutical
Sinopharm Holding Huangshan Health Industry Co., Ltd.	Associate of Sinopharm Group
Sinopharm Health Online Co.,Ltd.	Associate of Sinopharm Group
Hutchison Whampoa Sinopharm Pharmaceuticals(Shanghai) Co.,Ltd	Associate of Sinopharm Group
Shanghai Guoda Lingyun Drug Store Co.,Ltd	Associate of Sinopharm Group
Shanghai Guoren Drug Store Co.,Ltd	Associate of Sinopharm Group
Sichuan Kang Daxin Pharmaceutical Co., Ltd	Associate of Sinopharm Group
Yichang Humanwell Pharmaceutical Co., Ltd.	Associate of Sinopharm Group
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.("Fosun Pharm")	Shareholder who has significant influence over Sinopharm Group
Foshan Chancheng Pharmaceutical 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
Guilin South pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Hunan Dongting Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Jiangsu Huanghe Pharmaceutical Co., Ltd	Subsidiary of Fosun Pharm
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	Subsidiary of Fosun Pharm
Shanghai Chaohui Pharmecurical Co., Ltd.	Subsidiary of Fosun Pharm
Shenyang Hongqi Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Sichuan Hexin Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Suzhou Erye Pharmaceutical Limited Company	Subsidiary of Fosun Pharm
Chongqing Haisiman Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Chongqing Yaoyou Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Beijing Fusheng Tiandi Property Management Ltd.	Controlled by CNPGC
Beijing Huamiao Pharmecurical Co., Ltd.	Controlled by CNPGC
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	Controlled by CNPGC
Beijing Tiantan Biological Products Co., Ltd.	Controlled by CNPGC
Chengdu Rongsheng Pharmacy Co., Ltd.	Controlled by CNPGC
Winteam Pharmaceutical Group Ltd.	Controlled by CNPGC
Sinopharm (Tianjin) Northern Meidical Equipment Co.,Ltd	Controlled by CNPGC
Sinopharm Group Finance Co., Ltd.	Controlled by CNPGC



# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2017

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

<u>Company name</u>	<u>Related party relationships</u>
Foshan Dezhong Pharmaceutical Co., Ltd.	Controlled by CNPGC
Foshan Fengliaoxing Pharmaceutical Co., Ltd.	Controlled by CNPGC
Foshan Fengliaoxing Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Fengliaoxing Medical Hospital Co.,Ltd.	Controlled by CNPGC
Sinopharm Fujian Medical Experiment Co., Ltd.	Controlled by CNPGC
China National Pharmaceutical Industry Co., Ltd.	Controlled by CNPGC
Guangdong Medi-World Pharmaceutcal Co., Ltd.	Controlled by CNPGC
Sinopharm Group Guangdong Medicine Device Co., Ltd.	Controlled by CNPGC
Sinopharm Guangdong Medical Examination Co., Ltd.	Controlled by CNPGC
Sinopharm Hebei Medical Instrument Co., Ltd.	Controlled by CNPGC
Anhui Jingfang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Guizhou Longlife Pharmaceutcal Co., Ltd.	Controlled by CNPGC
Sinopharm Holding (Liaoning Province) Medical Instruments Co., Ltd.	Controlled by CNPGC
Shandong Lu Ya Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Holding Sanyi Medicine(Wuhu) Co., Ltd.	Controlled by CNPGC
Sinopharm ShanXi Ruifulai Pharmaceutical Co., Ltd	Controlled by CNPGC
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd	Controlled by CNPGC
Sinopharm Group Shanghai Medicine Device Co., Ltd.	Controlled by CNPGC
Guizhou Tongjitang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Group Weiqida Medicine Co., Ltd.	Controlled by CNPGC
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	Controlled by CNPGC
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm YiBin Pharmaceuticals Co., Ltd.	Controlled by CNPGC
China National Scientific Instruments & Materials Imp/Exp Shenzhen Co., Ltd	Controlled by CNPGC
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	Controlled by CNPGC
Sinopharm Jiayuan International Trading Co., Ltd.	Controlled by CNPGC
Reed Sinopharm Exhibitions Co., Ltd.	Controlled by CNPGC
Heilongjiang Sinopharm Medical Herbs Co., Ltd.	Controlled by CNPGC
Lanzhou Institute of Biological Products Co., Ltd.	Controlled by CNPGC
Shanghai Modern Hasen (Shangqiu) Pharmaceutcal Co., Ltd.	Controlled by CNPGC
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd	Controlled by CNPGC
Shanghai Institute of Pharmaceutical Industry	Controlled by CNPGC
Sichuan Jiangyouzhongbafuzi Technology Development Co., Ltd	Controlled by CNPGC
Wuhan Institute of Biological Products Co., Ltd.	Controlled by CNPGC
China Sinopharm International Corporation	Controlled by CNPGC
China National Pharmaceutical Foreign Trade Co., Ltd.	Controlled by CNPGC
Sinopharm United Engineering Corporation	Controlled by CNPGC
Sinopharm Chongqing Pharmaceutical and Medical Industry Design Institute	Controlled by CNPGC
China National Pharmaceutical Group Corporation	Controlled by CNPGC
China Medical Investment Co., Ltd.	Controlled by CNPGC

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2017

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

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<u>Company name</u>	<u>Related party relationships</u>
China Traditional Chinese Medicine Co.	Controlled by CNPGC
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	Controlled by Sinopharm Group
Beijing Tongyu Information Technology Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Guorui Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Chemical Reagent Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Instrument Branch Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Southwest Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Xinjiang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
China National Medicines Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Medicine Logistic Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding (Shanghai) Imported Goods Direct Sales Center Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tianjin Binhai Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Financing Lease Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anhui Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anqing Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Huahong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changde Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changzhou Medical Logistics center Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Benzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chengdu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dalian Hecheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dalian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dezhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Erdos Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Sub Marketing Center Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Fujian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Fuzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Gansu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guizhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hainan Hongyi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hainan Co., Ltd.	Controlled by Sinopharm Group

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2017

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

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<u>Company name</u>	<u>Related party relationships</u>
Sinopharm Holding Henan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Heilongjiang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hulun Buir Co.,Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hubei Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hunan Weian Drugstore Co.,Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hunan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Huaideju Pharmaceutical (Xiamen)Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Huaian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Huangshi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jilin Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jinan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiling Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiangsu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiangxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiaozuo Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jinhua Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jinzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Liaocheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Linqu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Longyan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Lunan Co., Ltd.	Controlled by Sinopharm Group
Shanghai Meitai Medical Instruments Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nanping Newforce Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nantong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Inner Mongolia Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ningde Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ningxia Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Pingdingshan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Putian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Puyang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Qianxinan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Qingdao Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Qinghai Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Quanzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Rizhao Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Sanming Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xiamen Co.,Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shandong Co., Ltd.	Controlled by Sinopharm Group
China National Pharmaceutical Group Shanxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Drugstore Co., Ltd.	Controlled by Sinopharm Group

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2017

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

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<u>Company name</u>	<u>Related party relationships</u>
Sinopharm GroupShanxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shangqiu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shenyang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Biopharmaceutical(Tianjin)Co.,Ltd.	Controlled by Sinopharm Group
Sinopharm Sichuan Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Suzhou Kangmin Pharmaceutical Co., Ltd	Controlled by Sinopharm Group
Sinopharm Holding Suzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Taizhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tianjin North Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tianjin Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tianjin Distribution Center Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tongliao Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wenzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ulanqab Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wuxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wuhu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tibet Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xiangtan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xiangxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xiangyang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Kashi New&Special Drugs Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinyu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xuzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yantai Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yancheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yangzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yongzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yunnan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhangzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhejiang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chongqing Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhoukou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zunyi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Lerentang Pharmaceutical Co., Ltd	Controlled by Sinopharm Group
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Le -Ren-Tang Medicine Co., Ltd.	Controlled by Sinopharm Group

# CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

## Notes to financial statements (Continued)

For the six months ended 30 June 2017

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

<u>Company name</u>	<u>Related party relationships</u>
Sinopharm Prospect Dentech (Beijing) Co., Ltd.	Controlled by Sinopharm Group
China National Pharmaceutical Logistics Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Xinjiang Korla Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Xinxiang Chain Store Co., Ltd.	Controlled by Sinopharm Group
Huzhou Muhanzhuai Pharmacy Chain Store Co., Ltd.	Controlled by Sinopharm Group
Shanghai Merro Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Shanghai Tongyu Information Technology Co., Ltd.	Controlled by Sinopharm Group
Xinjiang Baitong Property Service Co., Ltd.	Controlled by Sinopharm Group
Yangzhou Weikang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
China National Pharmaceutical Group Shanghai Co., Ltd.	Controlled by Sinopharm Group
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Non-controlling interest of a subsidiary
Beijing Electromechanical Device Group Corporation	Non-controlling interest of a subsidiary
Guangdong Jiyuantang Development Co., Ltd.	Non-controlling interest of a subsidiary
Guangdong Jiyuantang Pharmecurical Co., Ltd.	Non-controlling interest of a subsidiary
Guangdong Overseas Chinese Medical Investment Co., Ltd.	Non-controlling interest of a subsidiary
Hangzhou Xihu Business Group Corporation	Non-controlling interest of a subsidiary
Hunan Minshengtang Investment Co., Ltd.	Non-controlling interest of a subsidiary
Lijin Huang	Non-controlling interest of a subsidiary
Lerentang Investment Group Co., Ltd.	Non-controlling interest of a subsidiary
Linyi Medical Group Co., Ltd.	Non-controlling interest of a subsidiary
Pingdingshan Pusheng Pharmecurical Co., Ltd.	Non-controlling interest of a subsidiary
Quanzhou Xintai Biotech Co., Ltd.	Non-controlling interest of a subsidiary
Shenyang Pharmaceutical Co., Ltd.	Non-controlling interest of a subsidiary
Taishan Qunkang Drugstore Co.,Ltd.	Non-controlling interest of a subsidiary
Xiaoyi Baicaotang Pharmacy Chain Store Co., Ltd.	Non-controlling interest of a subsidiary
Zhenfang Zhang	Non-controlling interest of a subsidiary
Wang Yang	Family member of the non-controlling shareholder of a subsidiary
Jinhua Gu	Controller of non-controlling interest of a subsidiary
Jiang Meng Renren Medical instrument Co., Ltd.	Controlled by subsidiary's key management
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	Controlled by non-controlling interest of a subsidiary

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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Company name

Shenzhen Jiufeng Investment Co., Ltd.

Related party relationships

Controlled by non-controlling interest  
of a subsidiary

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

**(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

	2017	2016
	(RMB'0,000)	(RMB'0,000)
Sinopharm Holding Sub Marketing Center Co., Ltd.	50,364.72	66,565.32
Sinopharm Group Co., Ltd.	24,622.89	23,911.67
China National Medicines Co., Ltd.	19,232.84	21,928.11
Sinopharm Holding Shanxi Co., Ltd.	10,508.07	5,339.08
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	10,052.33	9,512.82
Sino-Swed Pharmaceutical Corporation Ltd.	8,620.40	8,659.40
Sinopharm Le -Ren-Tang Medicine Co., Ltd.	7,972.06	6,655.30
China National Pharmaceutical Group Shanxi Co., Ltd.	7,592.12	3,247.61
Sinopharm Holding Shenyang Co., Ltd.	4,865.94	4,493.62
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	3,462.99	2,999.32
Sinopharm Group Xinjiang Province New & Special National Pharmaceutical Co., Ltd.	3,154.80	3,571.38
Lanzhou Institute of Biological Products Co., Ltd.	3,060.00	1,691.54
Sinopharm Holding Yangzhou Co., Ltd.	2,525.21	1,929.13
Sinopharm Holding Lunan Co., Ltd.	2,266.30	1,349.22
Chongqing Haisiman Pharmaceutical Co., Ltd.	2,205.59	176.25
Sinopharm Holding Beijing Co., Ltd.	2,109.46	1,969.22
Sinopharm Holding Hulun Buir Co.,Ltd.	1,839.71	1,496.27
Shenzhen Main Luck Pharmaceutical Co., Ltd.	1,816.37	2,284.97
Sinopharm Holding Inner Mongolia Co., Ltd.	1,791.19	1,237.61
Sinopharm Holding Pingdingshan Co., Ltd.	1,762.97	1,705.81
Chongqing Yaoyou Pharmaceutical Co., Ltd.	1,635.67	1,597.31
Sinopharm Lerentang Hebei Medical Co., Ltd.	1,455.30	1,323.68
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	1,414.10	1,382.49

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

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

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

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

	2017 (RMB'0,000)	2016 (RMB'0,000)
Sinopharm Holding Jiangsu Co., Ltd.	1,372.10	1,490.84
Shenzhen Wanwei Medicine trading Co., Ltd.	1,241.13	1,336.18
Sinopharm Holding Fujian Co., Ltd.	1,182.23	779.45
Chengdu Rongsheng Pharmaceutical Co., Ltd.	1,016.31	827.01
Sinopharm Holding Hunan Co., Ltd.	950.34	881.03
Sinopharm Holding Xiamen Co.,Ltd.	925.80	2,185.00
Sinopharm Holding Suzhou Co., Ltd.	882.85	811.01
Shanghai Meiluo Medical Co., Ltd.	868.17	855.20
Sinopharm Holding Changzhou Pharmacy Logistics Center Co., Ltd.	731.79	517.97
Sinopharm Holding Changzhou Co., Ltd.	705.18	390.50
Sinopharm Holding Ningxia Co., Ltd.	569.18	845.94
Sinopharm Holding Xinjiang Province New & Special West Pharmaceutical Co., Ltd.	454.44	496.00
Sinopharm Group Zhijun(Shenzhen) Pingshan Pharmaceutical Co., Ltd.	425.11	-
Yichang Humanwell Pharmaceutical Co., Ltd.	410.98	80.72
Foshan Winteam Pharmaceutical Co., Ltd.	409.57	411.49
Sinopharm Holding Shanxi Instrument Branch Co., Ltd.	389.58	403.94
Sinopharm Holding Beijing Huahong Co., Ltd.	384.32	220.27
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	317.94	343.88
Sinopharm Holding Fuzhou Co., Ltd.	300.32	116.71
China Otsuka Pharmaceutical Co., Ltd.	281.15	66.64
Sinopharm Holding Wuxi Co., Ltd.	273.61	68.47
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	244.64	207.69
Sinopharm Holding Henan Co., Ltd.	239.49	110.64
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	222.24	-
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	220.37	-



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

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

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

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

	2017	2016
	(RMB'0,000)	(RMB'0,000)
China National Pharmaceutical Foreign Trade Co., Ltd.	207.43	64.39
Sinopharm Holding Dalian Co., Ltd.	193.31	288.68
Sinopharm Holding Jinan Co., Ltd.	183.22	-
Sinopharm Holding Tianjin Co., Ltd.	153.10	-
Sinopharm Holding Tianjin Distribution Center Co., Ltd.	145.24	375.56
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	139.84	132.26
Sinopharm Holding Yancheng Co., Ltd.	132.15	96.72
Sinopharm Holding Jinzhou Co., Ltd.	119.90	130.19
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	111.74	256.57
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	111.12	46.27
Sinopharm Holding Rizhao Co., Ltd.	107.05	-
Sinopharm Holding Putian Co., Ltd.	106.02	138.93
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd	101.98	178.51
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	93.37	57.57
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	86.63	84.53
Sinopharm Group Shanxi Co., Ltd.	86.28	153.87
Sinopharm Holding Chengdu Pharmaceutical Co., Ltd.	80.97	55.04
GuiZhou Tongjitang Pharmaceutical Co., Ltd.	78.34	136.22
Sinopharm Holding Quanzhou Co., Ltd.	69.38	24.95
Sinopharm Fujian Medical Experiment Co., Ltd.	68.04	-
Sinopharm Vanda Pharmaceutical Co., Ltd.	58.37	74.73
Shenyang Hongqi Pharmaceutical Co., Ltd.	50.99	7.68
Sinopharm Holding Kashi New&Special Drugs Co., Ltd.	48.81	87.50
Anhui Jingfang Pharmaceutical Co., Ltd.	46.05	38.62

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

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

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

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

	2017	2016
	(RMB'0,000)	(RMB'0,000)
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	36.71	49.09
Hutchison Whampoa Sinopharm Pharmatceuticals (Shanghai) Co., Ltd.	32.11	47.75
Foshan Fengliaoqing Pharmaceutical Co., Ltd.	32.08	28.68
Sinopharm Holding Anhui Co., Ltd.	25.14	7.91
Sinopharm Holding Dezhou Co., Ltd.	22.81	15.17
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	21.94	-
Guizhou Longlife Pharmaceutical Co., Ltd.	18.87	-
Beijing Tongyu Information Technology Co., Ltd	17.54	-
Sinopharm Holding Ulanqab Co., Ltd.	14.21	-
Sinopharm Holding Hubei Co., Ltd.	13.76	5.12
Hunan Dongting Pharmaceutical Co., Ltd.	13.57	23.40
Sinopharm Lerentang Qinhuangdao Pharmaceutical Co., Ltd.	11.61	12.91
Sinopharm Wuhan ZhongLianSiYao Pharmaceutical Co., Ltd.	11.21	30.96
Sinopharm Sanyi (Wuhu) Pharmaceutical Co., Ltd.	10.29	30.11
China National Pharmaceutical Industry Co., Ltd.	8.08	14.65
Sinopharm Holding Tongliao Co., Ltd.	7.46	-
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	7.25	13.64
Sinopharm Holding Jiangxi Co., Ltd.	6.99	-
Sinopharm Group Guorui Medicine Co., Ltd.	6.58	17.05
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd	5.53	0.58
China National Pharmaceutical Group Chemical Reagent Co., Ltd.	4.62	35.63
Sinopharm Holding Erdos Co.,Ltd.	3.58	-
Sinopharm Hebei Medical Instrument Co., Ltd.	2.95	4.90
Sinopharm Holding Tianjin North Pharmaceutical Co., Ltd.	2.31	-
Sinopharm Holding Yongzhou Co., Ltd.	2.27	-
Sichuan Jiang You Zhong Ba Science and Technology Development Co., Ltd	2.23	6.37

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

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

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

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

	2017 (RMB'0,000)	2016 (RMB'0,000)
Sinopharm Holding Jinhua Co., Ltd.	1.56	0.42
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	1.49	-
Sinopharm Holding Chongqing Co., Ltd.	0.92	-
Sinopharm YiBin Pharmaceuticals Co., Ltd.	0.47	-
Sinopharm Fengliaoqing (Foshan) Medicines Co.,Ltd.	0.23	-
Sinopharm Prospect Dentech (Beijing) Co., Ltd.	0.21	1.24
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	0.09	5,163.45
Wuhan Institute of Biological Products Co., Ltd.		49.32
Sinopharm Holding Zhuhai Co., Ltd.		20.02
Sinopharm Holding Guizhou Co., Ltd.		17.72
Beijing Huamiao Pharmecurical Co., Ltd.		12.44
Sinopharm Holding Zhejiang Co., Ltd.		9.27
Sinopharm Holding Hainan Co., Ltd.		7.38
Sinopharm Holding Zhangzhou Co., Ltd.		6.86
Sinopharm Holding (Shanghai) Imported Goods Direct Sales Center Co., Ltd.		5.30
Sinopharm Holding Huangshan Health Industry Co., Ltd.		4.95
Yangzhou Weikang Pharmaceutical Co., Ltd.		1.84
Guilin South pharmaceutical Co., Ltd.		1.26
Sinopharm Holding (Liaoning Province) Medical Instruments Co., Ltd.		0.85
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd		-0.01
Suzhou Erye Pharmaceutical Limited Company		-0.01
Shanghai Shyndec Pharmaceutical Co., Ltd.		-0.13
Sichuan Hexin Pharmaceutical Co., Ltd.	(0.03)	566.50
Sinopharm Holding Biopharmaceutical(Tianjin)Co.,Ltd.	(0.11)	-

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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	2017	2016
China National Scientific Instruments & Materials Shenzhen Co., Ltd.	(159.86)	627.88

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

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

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

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

	2017	2016
	(RMB'0,000)	(RMB'0,000)
Sinopharm Pharmaceutical Logistics Co., Ltd	739.54	731.99
Sinopharm Health Online Co.,Ltd.	307.16	-
Shanghai Beiyi Guoda pharmaceutical Co. Ltd.	58.94	121.40
Shanghai Tongyu Information Technology Co., Ltd.	9.81	5.18
China National Pharmaceutical Logistics Co., Ltd.	2.89	2.10
Sinopharm Group Co., Ltd.	0.60	-
Sinopharm Chongqing Pharmaceutical and Medical Industry Design Institute	-	790.57
Sinopharm Holding Tianjin Binhai Pharmaceutical Co., Ltd	-	18.21
Shanghai Institute of Pharmaceutical Industry	-	5.85
Reed Sinopharm Exhibitions Co., Ltd.	-	2.83
	<u>193,234.81</u>	<u>199,421.08</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

**(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

	2017 (RMB'0,000)	2016 (RMB'0,000)
Sinopharm Holding Shandong Co., Ltd.	5,460.94	5,233.35
Shanghai Beiyi Guoda pharmaceutical Co. Ltd.	5,148.35	4,821.20
Sinopharm Holding Beijing Co., Ltd.	4,633.07	3,579.80
Sinopharm Sichuan Pharmaceutical Co., Ltd.	3,714.54	5,033.39
Sinopharm Holding Hubei Co., Ltd.	3,672.86	3,781.42
Sinopharm Holding Hainan Co., Ltd.	3,638.54	3,055.68
Foshan Chancheng Pharmaceutical Co., Ltd.	3,301.11	3,527.03
Sinopharm Le -Ren-Tang Medicine Co., Ltd.	2,970.03	3,214.00
Sinopharm Holding (Tianjin) Orient Bookcom Pharmaceutical Trade Co., Ltd.	2,822.23	3,618.12
Sinopharm Holding Hainan Hongyi Co., Ltd.	2,562.85	2,120.25
Sinopharm Holding Beijing Huahong Co., Ltd.	1,880.90	1,593.60
Sinopharm Holding Wenzhou Co., Ltd.	1,614.48	1,673.03
Sinopharm Holding Henan Co., Ltd.	1,592.04	1,177.26
Sinopharm Group Southwest Medicine Co., Ltd.	1,559.19	1,517.13
Sinopharm Holding Yunnan Co., Ltd.	1,388.25	1,156.43
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	1,306.02	2,935.24
Sinopharm Holding Sub Marketing Center Co., Ltd.	1,212.43	2,468.71
Sinopharm Holding Nantong Co., Ltd.	1,066.83	1,424.30
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	956.60	-
Sinopharm Holding Tianjin Co., Ltd.	882.56	1,274.08
Sinopharm Holding Zhejiang Co., Ltd.	682.94	532.57
Sinopharm Holding Ningxia Co., Ltd.	630.35	1,044.44
China National Pharmaceutical Group Shanxi Co., Ltd.	629.95	536.65
Sinopharm Holding Fuzhou Co., Ltd.	607.33	360.13
Sinopharm Holding Fujian Co., Ltd.	604.85	1,358.86
Sinopharm Holding Guizhou Co., Ltd.	597.28	623.31

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

**(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

	2017 (RMB'0,000)	2016 (RMB'0,000)
Sinopharm Holding Hulun Buir Co.,Ltd.	595.56	313.14
Sinopharm Group Co., Ltd.	559.37	1,065.95
Sinopharm Holding Hunan Co., Ltd.	502.01	6,921.75
Sinopharm Holding Yangzhou Co., Ltd.	498.32	491.33
Hunan Minshengtang Investment Co., Ltd.	437.85	-
Foshan Chancheng District Central Hospital	415.26	290.09
Sinopharm Holding Shenyang Co., Ltd.	390.74	1,030.46
Shanghai Merro Pharmaceutical Co., Ltd.	323.49	666.32
Sinopharm Holding Jilin Co., Ltd.	300.98	316.42
Sinopharm Holding Gansu Co., Ltd.	288.49	336.21
Sinopharm Holding Heilongjiang Co., Ltd.	272.05	289.90
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	231.54	1,259.91
Sinopharm Holding Quanzhou Co., Ltd.	230.03	399.76
China National Medicines Co., Ltd.	206.36	193.30
Sinopharm Holding Qinghai Co., Ltd.	175.96	165.39
Foshan Chanyixing Medicine Development Co Ltd	140.59	124.06
Sinopharm Holding Shanxi Co., Ltd.	134.71	508.16
Sinopharm Holding Chengdu Co., Ltd	122.78	121.33
Sinopharm Holding Lunan Co., Ltd.	100.46	178.55
Sinopharm GroupShanxi Co., Ltd.	84.46	45.79
Sinopharm Holding Zhangzhou Co., Ltd.	75.05	180.13
Shanghai Guoda Lingyun Drug Store Co.,Ltd	71.39	96.68
Sinopharm Holding Jiangxi Co., Ltd.	64.75	27.60
Sinopharm Holding Putian Co., Ltd.	63.74	157.78
Sinopharm Holding Ningde Co., Ltd.	60.31	157.77
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	59.82	-

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

**(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

	2017 (RMB'0,000)	2016 (RMB'0,000)
Sinopharm Group Guangdong Medicine Device Co., Ltd.	55.73	53.08
Sinopharm Holding Dalian Co., Ltd.	48.61	202.74
Sinopharm Holding Huaian Co., Ltd.	44.01	27.24
Hutchison Whampoa Sinopharm Pharmaceuticals(Shanghai) Co.,Ltd	40.92	25.56
Sinopharm Holding Dalian Hecheng Co., Ltd.	36.70	-
Sinopharm Holding Inner Mongolia Co., Ltd.	36.65	42.14
Sinopharm Holding Anhui Co., Ltd.	36.61	0.11
Sinopharm Holding Changzhou Medical logistics center Co., Ltd.	29.19	52.82
Sinopharm Holding Wuxi Co., Ltd.	21.50	103.54
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	20.19	73.75
China Otsuka Pharmaceutical Co., Ltd.	15.38	-
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	13.76	-
Sinopharm Holding Chongqing Co., Ltd.	12.59	81.81
China National Scientific Instruments & Materials Imp/Exp Shenzhen Co., Ltd	12.18	16.25
Sinopharm Holding Longyan Co., Ltd.	11.48	66.81
Sinopharm Holding Xiangyang Co., Ltd.	10.95	9.99
Sinopharm Holding Ulanqab Co., Ltd.	9.29	3.54
Sinopharm Holding Huangshi Co., Ltd.	8.79	-
Sinopharm Xinxiang Chain Store Co., Ltd.	6.64	4.79
Sichuan Kang Daxin Pharmaceutical Co., Ltd	3.32	2.91
Beijing Tiantan Biological Products Co., Ltd.	0.77	6.07
Sinopharm Holding Qianxinan Co., Ltd.	0.75	1.40
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	0.42	19.34
Sinopharm Fengliaoxing Medical Hospital Co.,Ltd.	0.22	-
Sinopharm Guangdong Medical Examination Co., Ltd.	0.08	3.84
Sinopharm Holding Jinzhou Co., Ltd.	-	880.71



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

**(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

	2017 (RMB'0,000)	2016 (RMB'0,000)
Sinopharm Holding Taizhou Co., Ltd.	-	165.65
Sinopharm Holding Yancheng Co., Ltd.	-	130.25
Sinopharm Holding Zhuhai Co., Ltd.	-	95.87
Sinopharm Holding Xuzhou Co., Ltd.	-	85.80
Sinopharm Holding Suzhou Kangmin Pharmaceutical Co., Ltd.	-	54.46
Sinopharm Holding Sanming Co., Ltd.	-	52.34
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	-	37.43
Sinopharm Holding Linqu Co., Ltd.	-	28.89
Sinopharm Holding Tianjin Distribution Center Co., Ltd.	-	27.11
Jiang Meng Renren Medical instrument Co., Ltd.	-	16.80
Sinopharm Holding Tibet Pharmaceutical Co., Ltd.	-	11.08
Sinopharm Holding Anqing Co., Ltd.	-	8.88
Sinopharm Holding Suzhou Co., Ltd.	-	8.19
Sinopharm Holding Yantai Co., Ltd.	-	7.18
Sinopharm Holding Wuhu Co., Ltd.	-	5.13
Sinopharm Holding Jiangsu Co., Ltd.	-	4.72
China Sinopharm International Corporation	-	4.49
Sinopharm Holding Jiling Co., Ltd.	-	4.08
Sinopharm Holding Puyang Co., Ltd.	-	3.20
Beijing Fusheng Tiandi Property Management Ltd.	-	2.75
Sinopharm Holding Shanxi Drugstore Co., Ltd.	-	1.59
Huzhou Muhanzhuai Pharmacy Chain Store Co., Ltd.	-	1.43
Sinopharm Holding Qingdao Co., Ltd.	-	1.42
Sinopharm Holding Changde Co., Ltd.	-	0.95
China National Pharmaceutical Foreign Trade Co., Ltd.	-	0.81
Heilongjiang Sinopharm Medical Herbs Co., Ltd.	-	0.64

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

**(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

	2017 (RMB'0,000)	2016 (RMB'0,000)
Sinopharm Holding Zhoukou Co., Ltd.	-	0.62
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	-	0.59
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	-	0.57
Sinopharm Holding Xiangxi Co., Ltd.	-	0.49
Sinopharm Holding Tianjin North Medicine Co., Ltd.	-	0.34
Sinopharm Holding Benzhou Co., Ltd.	-	0.30
Sinopharm Holding Shangqiu Co., Ltd.	-	0.22
Sinopharm United Engineering Corporation	-	0.18
Sinopharm Holding Nanping Newforce Co., Ltd.	-	0.15
Sinopharm Holding Xiangtan Co., Ltd.	-	0.05
Sinopharm Holding Zunyi Co., Ltd.	-	-1.22
China National Medicines Co., Ltd.	378.51	326.24
Sinopharm Group Medicine Logistic Co., Ltd.	113.31	118.15
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	26.64	-
Sinopharm Group Zhijun (Shenzhen) PingShan Pharmaceutical Co., Ltd.	11.04	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	5.14	-
Shenzhen Wanwei Medicine trading Co., Ltd.	3.88	17.81
Sinopharm Holding Shanxi Co., Ltd.	2.83	11.00
Sinopharm Holding Shanxi Instrument Branch Co., Ltd.	2.28	3.64
China National Pharmaceutical Group Shanxi Co., Ltd.	1.94	1.00
Shenzhen Main Luck Pharmaceutical Co., Ltd.	1.83	1.53
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	1.75	-
Sinopharm Holding (Tianjin) Orient Bookcom Pharmaceutical Trade Co., Ltd.	1.37	3.95
Sinopharm Health Online Co.,Ltd.	1.07	-
Winteam Pharmaceutical Group Ltd.	0.66	0.58
Sinopharm Group Co., Ltd.	-	23.58
China National Pharmaceutical Foreign Trade Co., Ltd.	-	11.79

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

Sinopharm Group Southwest Medicine Co., Ltd.	-	10.63
	<u>62,571.57</u>	<u>75,969.53</u>

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

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

(2) Related party transactions - leases

(a) As the lessor

	Type of assets under leases	Income from leases in 2017 (RMB'0,000)	Income from leases in 2016 (RMB'0,000)
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	Building	63.71	-
China National Medicines Co., Ltd.	Building	4.57	4.32
Sinopharm Holding Sub Marketing Center Co., Ltd.	Building	2.29	2.11
Foshan Fengliaoqing Pharmaceutical Co., Ltd.	Building	-	6.12
		<u>70.57</u>	<u>12.55</u>

(b) As the lessee

	Type of assets under leases	Expenses from leases in 2017 (RMB'0,000)	Expenses from leases in 2016 (RMB'0,000)
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Building	478.00	439.74
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Building	423.96	410.11
Sinopharm Group Medicine Logistic Co., Ltd.	Equipment	375.00	375.00
China National Pharmaceutical Group Shanghai Co., Ltd.	Building	357.41	316.81
Sinopharm Group Medicine Logistic Co., Ltd.	Building	354.00	371.70
Shenyang Pharmaceutical Co., Ltd.	Building	326.38	334.00
Lerentang Investment Group Co., Ltd.	Building	270.00	270.00
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	Building	240.30	199.44
Linyi Medical Group Co., Ltd.	Building	201.05	221.09
Sinopharm Holding Yangzhou Co., Ltd.	Building	186.29	195.60
Hunan Minshengtang Investment Co., Ltd.	Building	154.84	117.40

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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Huang Lijin	Building	81.91	58.47
Guangdong Jiyuantang Pharmaceutical Co., Ltd.	Building	61.14	60.65
Gu Jinhua	Building	59.67	17.88

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

**(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)

(a) As the lessee (continued)

	Type of assets under leases	Expenses from leases in 2017 (RMB'0,000)	Expenses from leases in 2016 (RMB'0,000)
	Building		
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	Building	47.02	48.58
Zhang Zhenfang	Building	40.25	35.00
Sinopharm Holding Shanxi Co., Ltd.	Building	29.77	32.90
Wang Yang	Building	26.29	27.60
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	Building	25.99	-
Sinopharm Group Co., Ltd.	Building	25.45	24.40
Sinopharm Holding Beijing Co., Ltd.	Building	22.19	22.50
Sinopharm Holding Kashi New & Special Drugs Co., Ltd.	Building	21.22	23.27
China National Medicines Co., Ltd.	Building	19.96	15.00
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	Building	18.43	17.84
Hangzhou Xihu Business Group Corporation	Building	12.65	12.65
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	Building	12.50	7.50
Taishan Qunkang Pharmacy Co., Ltd.	Building	8.13	8.24
Xinjiang Baitong Property Service Co., Ltd.	Building	3.46	3.06
Sinopharm Group Xinjiang Pharmaceutical Co., Ltd.	Building	2.70	12.88
Sinopharm Holding Fujian Co., Ltd.	Building	0.20	0.21
		<u>3,886.13</u>	<u>3,679.51</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

**(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 - guarantees**

Guarantees received from related parties

2017	Amount of guarantee (RMB'0,000)	Inception of guarantee	Termination of guarantee	Whether the guarantee is fulfilled
Sinopharm Group Co., Ltd.	2,586.00	18 October 2016	30 October 2017	No
Sinopharm Group Co., Ltd.	4,239.30	24 July 2016	23 July 2017	No
Sinopharm Group Co., Ltd.	3,064.83	24 July 2016	24 July 2017	No

**(4) Related party transactions – Financing**

2017	Category	Amount (RMB'0,000)	Inception	Maturity
<b>Borrowed from</b>				
Group Financial Co.	Discount on bank acceptance notes	156.00	23 January 2017	11 May 2017
Group Financial Co.	Discount on bank acceptance notes	200.00	23 January 2017	28 May 2017
Group Financial Co.	Discount on bank acceptance notes	200.00	23 January 2017	6 March 2017
Group Financial Co.	Discount on bank acceptance notes	516.73	23 January 2017	14 March 2017
Group Financial Co.	Discount on bank acceptance notes	410.00	23 January 2017	20 March 2017
Group Financial Co.	Discount on bank acceptance notes	225.04	23 January 2017	7 June 2017
Group Financial Co.	Discount on bank acceptance notes	200.00	24 January 2017	19 June 2017
Group Financial Co.	Discount on bank acceptance notes	188.35	23 January 2017	20 March 2017
Group Financial Co.	Discount on bank acceptance notes	185.03	23 January 2017	22 March 2017
Group Financial Co.	Discount on bank acceptance notes	131.27	23 January 2017	19 March 2017
Group Financial Co.	Discount on bank acceptance notes	125.36	23 January 2017	20 March 2017
Group Financial Co.	Discount on bank acceptance notes	346.35	23 January 2017	23 March 2017
Group Financial Co.	Discount on bank	270.87	23 January 2017	23 March 2017

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

2017	Category	Amount (RMB'0,000)	Inception	Maturity
<b>Borrowed from</b>				
	acceptance notes			
Group Financial Co.	Discount on bank acceptance notes	355.73	23 January 2017	23 March 2017
Group Financial Co.	Discount on bank acceptance notes	120.49	23 January 2017	20 March 2017
Group Financial Co.	Discount on bank acceptance notes	116.17	23 January 2017	20 April 2017
Group Financial Co.	Discount on bank acceptance notes	200.00	24 January 2017	12 June 2017
Group Financial Co.	Discount on bank acceptance notes	167.11	23 January 2017	28 March 2017
Group Financial Co.	Discount on bank acceptance notes	200.00	23 January 2017	28 March 2017
Group Financial Co.	Discount on bank acceptance notes	290.00	23 January 2017	23 March 2017
Group Financial Co.	Discount on bank acceptance notes	684.99	23 January 2017	26 March 2017
Group Financial Co.	Discount on bank acceptance notes	100.00	24 January 2017	26 June 2017
Group Financial Co.	Discount on bank acceptance notes	100.00	24 January 2017	26 June 2017
Group Financial Co.	Discount on bank acceptance notes	100.00	24 January 2017	26 June 2017
Group Financial Co.	Discount on bank acceptance notes	500.00	24 January 2017	9 June 2017
Group Financial Co.	Discount on bank acceptance notes	500.00	24 January 2017	9 June 2017
Group Financial Co.	Discount on bank acceptance notes	500.00	24 January 2017	9 June 2017
Group Financial Co.	Discount on bank acceptance notes	127.26	24 January 2017	26 March 2017
Group Financial Co.	Discount on bank acceptance notes	290.00	23 January 2017	27 March 2017
Group Financial Co.	Discount on bank acceptance notes	290.00	23 January 2017	27 March 2017
Group Financial Co.	Discount on bank acceptance notes	290.00	23 January 2017	27 March 2017
Group Financial Co.	Discount on bank acceptance notes	290.00	23 January 2017	27 March 2017
Group Financial Co.	Discount on bank acceptance notes	290.00	23 January 2017	27 March 2017
Group Financial Co.	Discount on bank acceptance notes	290.00	23 January 2017	27 March 2017
Group Financial Co.	Discount on bank acceptance notes	119.75	23 January 2017	27 March 2017
Group Financial Co.	Discount on bank acceptance notes	290.00	23 January 2017	27 March 2017
Group Financial Co.	Discount on bank acceptance notes	290.00	23 January 2017	27 March 2017
Group Financial Co.	Discount on bank acceptance notes	290.00	23 January 2017	27 March 2017
Group Financial Co.	Discount on bank acceptance notes	145.61	23 January 2017	27 March 2017

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

2017	Category	Amount (RMB'0,000)	Inception	Maturity
<b>Borrowed from</b>				
Group Financial Co.	Discount on bank acceptance notes	153.91	23 January 2017	30 June 2017
Group Financial Co.	Discount on bank acceptance notes	244.32	23 January 2017	30 March 2017
Group Financial Co.	Discount on bank acceptance notes	290.00	23 January 2017	30 March 2017
Group Financial Co.	Discount on bank acceptance notes	332.37	24 January 2017	29 March 2017
Group Financial Co.	Discount on bank acceptance notes	116.49	23 January 2017	22 March 2017
Group Financial Co.	Discount on commercial acceptance notes	257.01	19 January 2017	31 March 2017
Group Financial Co.	Discount on commercial acceptance notes	957.45	19 January 2017	8 April 2017
Group Financial Co.	Discount on commercial acceptance notes	177.21	23 February 2017	31 March 2017
Group Financial Co.	Discount on commercial acceptance notes	512.53	23 February 2017	28 March 2017
Group Financial Co.	Discount on commercial acceptance notes	398.87	19 January 2017	28 April 2017
Group Financial Co.	Discount on commercial acceptance notes	319.95	19 January 2017	31 May 2017
Group Financial Co.	Discount on commercial acceptance notes	1,344.74	19 January 2017	25 March 2017
Group Financial Co.	Discount on commercial acceptance notes	418.63	24 February 2017	25 April 2017
Group Financial Co.	Discount on commercial acceptance notes	985.73	19 January 2017	25 March 2017
Group Financial Co.	Discount on commercial acceptance notes	268.63	19 January 2017	28 April 2017
Group Financial Co.	Discount on commercial acceptance notes	2,416.32	19 January 2017	31 March 2017
Group Financial Co.	Discount on commercial acceptance notes	1,587.59	19 January 2017	30 April 2017
Group Financial Co.	Discount on commercial acceptance notes	1,469.72	19 January 2017	29 March 2017
Group Financial Co.	Discount on commercial acceptance notes	112.54	23 February 2017	8 May 2017
Group Financial Co.	Discount on commercial acceptance notes	1,318.80	24 February 2017	2 June 2017
Group Financial Co.	Discount on commercial acceptance notes	178.95	23 February 2017	25 May 2017
Group Financial Co.	Discount on commercial acceptance notes	826.49	23 February 2017	31 March 2017
Group Financial Co.	Discount on commercial acceptance notes	187.53	23 February 2017	29 March 2017
Group Financial Co.	Discount on bank acceptance notes	128.00	22 June 2017	6 October 2017
Group Financial Co.	Discount on bank acceptance notes	200.00	22 June 2017	27 October 2017
Group Financial Co.	Discount on bank acceptance notes	300.00	22 June 2017	27 October 2017



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

2017	Category	Amount (RMB'0,000)	Inception	Maturity
<b>Borrowed from</b>				
	acceptance notes			
Group Financial Co.	Discount on bank acceptance notes	100.00	22 June 2017	24 August 2017
Group Financial Co.	Discount on bank acceptance notes	100.00	22 June 2017	24 August 2017
Group Financial Co.	Discount on bank acceptance notes	100.00	22 June 2017	24 August 2017
Group Financial Co.	Discount on bank acceptance notes	100.00	22 June 2017	24 August 2017
Group Financial Co.	Discount on bank acceptance notes	100.00	22 June 2017	24 August 2017
Group Financial Co.	Discount on bank acceptance notes	100.00	22 June 2017	24 August 2017
Group Financial Co.	Discount on bank acceptance notes	100.00	22 June 2017	24 August 2017
Group Financial Co.	Discount on bank acceptance notes	100.00	22 June 2017	24 August 2017
Group Financial Co.	Discount on bank acceptance notes	200.00	22 June 2017	27 November 2017
Group Financial Co.	Discount on bank acceptance notes	300.00	22 June 2017	27 November 2017
Group Financial Co.	Discount on bank acceptance notes	210.19	22 June 2017	27 November 2017
Group Financial Co.	Discount on bank acceptance notes	198.22	22 June 2017	27 November 2017
Group Financial Co.	Discount on bank acceptance notes	300.00	22 June 2017	27 November 2017
Group Financial Co.	Discount on bank acceptance notes	205.77	22 June 2017	27 August 2017
China National Pharmaceutical Group Corporation	Long-term borrowings	<u>3,160.00</u>	24 May 2017	24 May 2020
		<u>30,780.07</u>		
2017	Category	Amount (RMB'0,000)	Inception	Maturity
<b>Lend to</b>				
Sinopharm Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	Entrusted loan	<u>4,400.00</u>	4 January 2017	4 January 2018

(5) Related party asset transfer

Type of transaction	2017 (RMB'0,000)	2016 (RMB'0,000)
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**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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Shanghai Tongyu Information Technology Co., Ltd.	Purchase of intangible asset	4.62	-
Sinopharm Group Chemical Reagent Co., Ltd.	Purchase of construction in progress	-	196.03
Sinopharm Holding (China) Financial Leasing Co., Ltd.	Purchase of construction in progress	-	379.01
Sinopharm Group Co., Ltd.	Sale fixed asset	-	186.90
Sinopharm Holding Ningxia Co., Ltd.	Sale fixed asset	-	34.00

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

**(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)**

**(6) Other related party transactions**

	2017 (RMB'0,000)	2016 (RMB'0,000)
(a) Remuneration for key management personnel	250.75	254.13

**(b) Interest expense**

Related party	Category	2017 RMB'0,000	2016 RMB'0,000
Sinopharm Group Finance Co., Ltd.	Payment of notes discount interest	315.08	64.56
Sinopharm Holding (China) Financial Leasing Co., Ltd.	Payment of financing lease interest	83.71	52.70
Sinopharm Group Finance Co., Ltd.	Payment of loan interest	68.86	146.78
China National Pharmaceutical Group Corporation	Payment of entrusted loan interest	13.47	73.79
Sinopharm Group Co., Ltd.	Payment of interest on borrowings to related parties	-	507.67
China National Pharmaceutical Foreign Trade Co., Ltd.	Payment of interest on borrowings to related parties	-	141.88
Sinopharm Holding Sub Marketing Center Co., Ltd.	Payment of buyer notes discount interest	-	51.72
		<u>481.12</u>	<u>1,039.10</u>

**(c) Interest income**

Related party	Category	2017 RMB'0,000	2016 RMB'0,000
Sinopharm Group Zhijun (Suzhou) Pharmaceutical Co., Ltd.	Entrusted loan interest	93.80	132.24
Sinopharm Group Finance Co., Ltd.	Deposit interest	12.97	24.87
Shanghai Shyndec Pharmaceutical Co., Ltd.	Other interest	4.76	-
		<u>111.53</u>	<u>157.11</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**6. Commitments between the Group and related parties**

	2017 RMB'0,000	2016 RMB'0,000
Leases		
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	3,727.00	-
Pingdingshan Pusheng Pharmecurical Co., Ltd.	2,014.85	2,749.92
Sinopharm Holding Yangzhou Co., Ltd.	1,369.20	1,564.80
Linyi Medical Group Co., Ltd.	1,329.99	-
Lerentang Investment Group Co., Ltd.	1,080.00	1,180.00
Hunan Minshengtang Investment Co., Ltd.	1,039.28	-
Jinhua Gu	780.98	324.82
Sinopharm Group Medicine Logistic Co., Ltd.	746.70	-
Shenyang Pharmaceutical Co., Ltd.	698.00	1,044.00
China National Pharmaceutical Group Shanghai Co., Ltd.	601.63	676.9
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	425.67	1,044.00
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	311.74	360.38
Sinopharm Group Co., Ltd.	199.27	-
Wang Yang	138.00	157.71
Hangzhou Xihu Business Group Corporation	100.59	-
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	78.81	-
Taishan Qunkang Drugstore Co.,Ltd.	68.15	77.66
Lijin Huang	31.81	-
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	25.87	100.53
Sinopharm Holding Beijing Co., Ltd.	23.50	-
China National Medicines Co., Ltd.	15.75	-
Sinopharm Group Zhijun (Shenzhen) PingShan Pharmaceutical Co., Ltd.	14.88	-
Sinopharm Xinjiang Korla Pharmaceutical Co., Ltd.	-	105.74
Shenzhen Jiufeng Investment Co., Ltd.	-	91.00
Guangdong Jiyuantang Pharmecurical Co., Ltd.	-	69.58
Sinopharm Holding Shanxi Co., Ltd.	-	69.58

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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	2017	2016
	RMB'0,000	RMB'0,000
	<u>14,821.67</u>	<u>9,611.04</u>
Lease out		
Sinopharm Holding Sub Marketing Center Co., Ltd.	2.40	-
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	<u>-</u>	<u>63.71</u>
	<u>2.40</u>	<u>63.71</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**7. Amounts due from related parties**

	2017 RMB'0,000	2016 RMB'0,000
Accounts receivable		
Foshan Chancheng Pharmaceutical Co., Ltd	2,595.90	2,666.51
Sinopharm Health Online Co.,Ltd.	1,720.19	1,553.42
Sinopharm Le -Ren-Tang Medicine Co., Ltd.	1,675.18	627.65
Sinopharm Holding (Tianjin) Orient Bookcom Pharmaceutical Trade Co., Ltd.	1,409.17	74.85
Sinopharm Holding Beijing Co., Ltd.	1,328.22	345.39
Sinopharm Holding Hainan Co., Ltd.	1,067.78	575.18
Sinopharm Holding Hubei Co., Ltd.	939.30	583.72
Sinopharm Holding Hainan Hongyi Co., Ltd.	882.94	551.04
Sinopharm Holding Shandong Co., Ltd.	639.89	1,205.91
Sinopharm Sichuan Pharmaceutical Co., Ltd.	619.85	1,365.97
Shanghai Beiyi Guoda pharmaceutical Co. Ltd.	618.48	2,715.69
Hunan Minshengtang Investment Co., Ltd.	481.94	-
Sinopharm Holding Beijing Huahong Co., Ltd.	478.49	328.88
Sinopharm Holding Henan Co., Ltd.	453.82	-
Sinopharm Holding Hulun Buir Co.,Ltd.	446.31	637.39
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	405.48	429.34
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	395.96	30.86
Sinopharm Holding Nantong Co., Ltd.	395.00	10.63
Sinopharm Holding Wenzhou Co., Ltd.	370.37	213.63
Sinopharm Holding Tianjin Co., Ltd.	341.67	226.12
Sinopharm Holding Yunnan Co., Ltd.	333.42	233.12
Sinopharm Group Co., Ltd.	300.85	567.26
Foshan Chancheng District Central Hospital	259.64	324.83
Sinopharm Holding Sub Marketing Center Co., Ltd.	223.84	363.61
China National Medicines Co., Ltd.	215.38	301.74
Sinopharm Holding Guizhou Co., Ltd.	211.75	229.65
Sinopharm Holding Ningxia Co., Ltd.	202.11	108.67
Sinopharm Holding Zhejiang Co., Ltd.	181.60	72.64
Sinopharm Group Southwest Medicine Co., Ltd.	180.70	921.60

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**7. Amounts due from related parties (Continued)**

	2017 RMB'0,000	2016 RMB'0,000
Accounts receivable (continued)		
Sinopharm Holding Hunan Co., Ltd.	169.88	1,597.64
China National Pharmaceutical Group Shanxi Co., Ltd.	142.09	99.34
Sinopharm Holding Jilin Co., Ltd.	117.64	0.41
Sinopharm Holding Shenyang Co., Ltd.	114.70	-
Sinopharm Holding Yangzhou Co., Ltd.	107.69	96.27
Foshan Chanyixing Medicine Development Co Ltd	100.82	80.55
Shanghai Merro Pharmaceutical Co., Ltd.	97.81	93.18
Sinopharm Holding Fuzhou Co., Ltd.	94.25	-
Sinopharm Holding Gansu Co., Ltd.	62.20	-
Sinopharm Holding Qinghai Co., Ltd.	57.38	47.18
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	55.60	351.97
Sinopharm Holding Heilongjiang Co., Ltd.	51.97	2,246.68
Sinopharm Holding Dalian Co., Ltd.	46.87	1.88
Sinopharm Holding Fujian Co., Ltd.	44.91	99.87
Sinopharm Holding Shanxi Co., Ltd.	35.24	190.66
Sinopharm Group Medicine Logistic Co., Ltd.	34.50	87.33
Sinopharm Holding Chengdu Co., Ltd	30.28	7.59
Hutchison Whampoa Sinopharm Pharmaceuticals(Shanghai) Co.,Ltd	25.01	12.49
Sinopharm Holding Jiangxi Co., Ltd.	24.14	14.60
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	20.74	18.14
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	16.10	-
Sinopharm GroupShanxi Co., Ltd.	14.95	16.09
Sinopharm Holding Anhui Co., Ltd.	14.94	-
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	12.18	12.25
Sinopharm Group Zhijun (Shenzhen) PingShan Pharmaceutical Co., Ltd.	12.03	-
Sinopharm Holding Dalian Hecheng Co., Ltd.	11.73	10.35
Sinopharm Holding Huaian Co., Ltd.	11.50	11.85
Sinopharm Holding Huangshi Co., Ltd.	10.26	-
Sinopharm Holding Wuxi Co., Ltd.	8.51	3.72

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**7. Amounts due from related parties (Continued)**

	2017 RMB'0,000	2016 RMB'0,000
Accounts receivable (continued)		
Sinopharm Holding Changzhou Medical logistics center Co., Ltd.	7.72	14.80
Sinopharm Holding Inner Mongolia Co., Ltd.	5.48	18.16
Sinopharm Holding Quanzhou Co., Ltd.	4.44	-
Shanghai Guoda Lingyun Drug Store Co.,Ltd	2.94	46.61
Sinopharm Xinxiang Chain Store Co., Ltd.	1.78	4.65
Sinopharm Holding Xiangyang Co., Ltd.	1.03	2.95
China National Pharmaceutical Foreign Trade Co., Ltd.	0.50	0.50
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	0.50	0.50
Sinopharm Fengliaoxing Medical Hospital Co.,Ltd.	0.23	-
Sinopharm Holding Lunan Co., Ltd.	-	42.74
Beijing Tiantan Biological Products Co., Ltd.	-	7.10
Sinopharm Guangdong Medical Examination Co., Ltd.	-	3.25
Sinopharm Holding Zhuhai Co., Ltd.	-	3.06
China National Pharmaceutical Group Corporation	-	1.78
Shenyang Pharmaceutical Co., Ltd.	-	0.30
	<u>20,945.77</u>	<u>22,511.74</u>



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**7. Amounts due from related parties (Continued)**

	2017 RMB'0,000	2016 RMB'0,000
Notes receivable		
Sinopharm Holding Heilongjiang Co., Ltd.	1,087.73	89.20
Sinopharm Holding Hubei Co., Ltd.	539.21	394.82
Sinopharm Sichuan Pharmaceutical Co., Ltd.	278.12	1,688.99
Sinopharm Holding Hainan Co., Ltd.	254.97	3.47
Sinopharm Holding Hunan Co., Ltd.	120.00	886.78
Sinopharm Holding Shandong Co., Ltd.	-	2,193.52
Sinopharm Holding Beijing Co., Ltd.	-	684.99
Sinopharm Holding Henan Co., Ltd.	-	473.43
Sinopharm Holding Nantong Co., Ltd.	-	416.00
Sinopharm Holding (Tianjin) Orient Bookcom Pharmaceutical Trade Co., Ltd.	-	413.80
Sinopharm Holding Fujian Co., Ltd.	-	369.33
Sinopharm Holding Yunnan Co., Ltd.	-	258.53
China National Pharmaceutical Group Shanxi Co., Ltd.	-	225.04
Sinopharm Holding Zhejiang Co., Ltd.	-	210.66
Sinopharm Holding Ningxia Co., Ltd.	-	200.53
Sinopharm Holding Shenyang Co., Ltd.	-	154.64
Sinopharm Holding Sub Marketing Center Co., Ltd.	-	139.47
Sinopharm Holding Gansu Co., Ltd.	-	129.48
Sinopharm Holding Quanzhou Co., Ltd.	-	121.92
Sinopharm Holding Fuzhou Co., Ltd.	-	109.16
Sinopharm Holding Beijing Huahong Co., Ltd.	-	100.00
Sinopharm Holding Jilin Co., Ltd.	-	38.16
Sinopharm Holding Inner Mongolia Co., Ltd.	-	9.00
	<u>2,280.03</u>	<u>9,310.92</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**7. Amounts due from related parties (Continued)**

	2017 RMB'0,000	2016 RMB'0,000
Other receivables		
Shanghai Shyndec Pharmaceutical Co., Ltd.	6,494.93	13,719.11
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	4,400.00	-
Sinopharm Group Medicine Logistic Co., Ltd.	712.12	315.87
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	20.75	5.64
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	10.00	10.00
Sinopharm Holding Shanxi Co., Ltd.	10.00	10.00
Sinopharm Holding Henan Co., Ltd.	7.25	1.01
Sinopharm Holding Sub Marketing Center Co., Ltd.	5.45	-
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	4.85	4.85
Sinopharm Holding Jiaozuo Co., Ltd.	1.67	-
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	0.50	-
Sinopharm Group Co., Ltd.	0.40	0.40
China National Medicines Co., Ltd.	0.05	-
Sinopharm Health Online Co.,Ltd.	-	68.30
Sinopharm Holding Fuzhou Co., Ltd.	-	7.26
Shanghai Guoren Drug Store Co.,Ltd	-	3.78
Beijing Electromechanical Device Group Corporation	-	3.00
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	-	2.15
Sinopharm Holding Huangshan Health Industry Co., Ltd.	-	0.94
	<u>11,667.97</u>	<u>14,152.32</u>

	2017 RMB'0,000	2016 RMB'0,000
Advances to suppliers		
Hunan Minshengtang Investment Co., Ltd.	295.46	1,194.11
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	189.65	193.46
China National Scientific Instruments & Materials Imp/Exp Shenzhen Co., Ltd	127.11	-
Lijin Huang	31.81	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	29.15	-
Sinopharm Holding Kashi New&Special Drugs Co., Ltd.	29.04	2.52

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**7. Amounts due from related parties (Continued)**

	2017 RMB'0,000	2016 RMB'0,000
Advances to suppliers (continued)		
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	21.36	-
China National Medicines Co., Ltd.	12.81	4.94
Sinopharm Holding Beijing Co., Ltd.	11.75	9.66
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	5.18	-
Xinjiang Baitong Property Service Co., Ltd.	5.00	0.63
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	4.17	4.17
Jinhua Gu	1.28	-
Sinopharm Holding Suzhou Co., Ltd.	1.03	0.37
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	0.99	-
Winteam Pharmaceutical Group Ltd.	0.46	0.46
Sinopharm Holding Hunan Co., Ltd.	0.31	-
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	0.08	-
Chengdu Rongsheng Pharmacy Co., Ltd.	0.03	44.83
Sinopharm Group Zhijun (Shenzhen) PingShan Pharmaceutical Co., Ltd.	0.02	0.02
Sinopharm Holding Shanxi Co., Ltd.	-	302.78
Sinopharm Chongqing Pharmaceutical and Medical Industry Design Institute	-	265.22
China National Pharmaceutical Group Shanxi Co., Ltd.	-	195.91
Shanghai Meitai Medical Instruments Co., Ltd.	-	28.29
Shenzhen Jiufeng Investment Co., Ltd.	-	15.00
Hangzhou Xihu Business Group Corporation	-	12.65
Sinopharm Group Co., Ltd.	-	11.72
Beijing Tongyu Information Technology Co., Ltd	-	4.04
Xiaoyi Baicaotang Pharmacy Chain Store Co., Ltd.	-	3.50
Sinopharm Group Xinjiang Pharmaceutical Co., Ltd.	-	0.34
Sichuan Hexin Pharmaceutical Co., Ltd.	-	0.20
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	-	0.02
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	-	-
Sinopharm Holding Chengdu Co., Ltd	-	-
	766.69	2,294.84

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**8. Amounts due to related parties**

	2017 RMB'0,000	2016 RMB'0,000
Accounts payable		
Sinopharm Holding Sub Marketing Center Co., Ltd.	12,694.58	11,346.16
Sinopharm Group Co., Ltd.	8,931.55	6,936.35
Sinopharm Holding Shanxi Co., Ltd.	3,580.95	423.72
China National Medicines Co., Ltd.	3,580.44	3,523.37
Sino-Swed Pharmaceutical Corp.Ltd.	3,055.44	1,317.92
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	2,814.74	1,834.62
Sinopharm Le -Ren-Tang Medicine Co., Ltd.	2,701.00	2,676.36
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	1,981.23	1,905.41
Sinopharm Holding Lunan Co., Ltd.	1,347.05	-
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	1,071.08	1,119.81
Lanzhou Institute of Biological Products Co., Ltd.	1,068.00	678.00
China National Pharmaceutical Group Shanxi Co., Ltd.	972.62	1.75
Sinopharm Holding Pingdingshan Co., Ltd.	913.76	732.91
Shenzhen Main Luck Pharmaceutical Co., Ltd.	875.56	580.79
Sinopharm Holding Hulun Buir Co.,Ltd.	827.54	629.33
Sinopharm Holding Lerentang Pharmaceutical Co., Ltd	705.60	839.01
Sinopharm Holding Shenyang Co., Ltd.	680.64	631.15
Chongqing Yaoyou Pharmaceutical Co., Ltd.	654.44	770.08
Sinopharm Holding Jiangsu Co., Ltd.	647.33	485.92
Shanghai Merro Pharmaceutical Co., Ltd.	641.78	489.59
Shenzhen Wanwei Medicine trading Co., Ltd.	597.22	563.83
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	467.68	4.28
Sinopharm Holding Fujian Co., Ltd.	465.98	326.26
Chongqing Haisiman Pharmaceutical Co., Ltd.	465.81	530.35
Sinopharm Holding Xiamen Co.,Ltd.	429.71	511.63
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	371.06	63.23
Sinopharm Holding Shanxi Instrument Branch Co., Ltd.	355.88	308.99
Sinopharm Holding Changzhou Medical logistics center Co., Ltd.	340.56	112.02
Sinopharm Holding Inner Mongolia Co., Ltd.	331.70	80.40

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**8. Amounts due to related parties (Continued)**

	2017 RMB'0,000	2016 RMB'0,000
Accounts payable (Continued)		
Sinopharm Holding Beijing Co., Ltd.	323.15	279.32
Sinopharm Holding Hunan Co., Ltd.	251.43	-
Sinopharm Holding Ningxia Co., Ltd.	236.72	357.99
Yichang Humanwell Pharmaceutical Co., Ltd.	235.06	195.74
Winteam Pharmaceutical Group Ltd.	201.17	208.77
Sinopharm Holding Changzhou Co., Ltd.	191.94	166.70
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	176.01	113.68
China Otsuka Pharmaceutical Co., Ltd.	168.72	43.80
China National Pharmaceutical Foreign Trade Co., Ltd.	165.23	165.12
Sinopharm Holding Beijing Huahong Co., Ltd.	155.16	105.54
Sinopharm Group Zhijun (Shenzhen) PingShan Pharmaceutical Co., Ltd.	151.76	35.11
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	138.99	48.62
Sinopharm Holding Suzhou Co., Ltd.	126.92	419.86
Sinopharm Holding Henan Co., Ltd.	89.45	1.64
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	80.87	6.80
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	71.47	-
Sinopharm Holding Jinan Co., Ltd.	63.88	19.37
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	62.83	40.35
Sinopharm Holding Dalian Co., Ltd.	58.75	8.36
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	56.11	30.14
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	51.39	23.76
Sinopharm Holding Tianjin Co., Ltd.	47.37	0.89
Sinopharm Holding Wuxi Co., Ltd.	46.74	9.76
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	44.47	-
Sinopharm Holding Rizhao Co., Ltd.	42.58	-
Beijing Huamiao Pharmecurical Co., Ltd.	35.67	35.27
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	35.00	45.13
GuiZhou Tongjitang Pharmaceutical Co., Ltd.	33.86	12.54
Foshan Fengliaoxing Pharmaceutical Co., Ltd.	31.31	35.70

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**8. Amounts due to related parties (Continued)**

	2017 RMB'0,000	2016 RMB'0,000
Accounts payable (Continued)		
Shenyang Hongqi Pharmaceutical Co., Ltd.	30.62	15.06
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	28.02	-
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd	27.45	69.67
Sinopharm Holding Kashi New&Special Drugs Co., Ltd.	26.97	22.37
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	26.69	15.39
Sinopharm Holding Putian Co., Ltd.	25.89	6.67
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	25.73	0.88
Sinopharm Holding Yangzhou Co., Ltd.	24.42	15.36
Sinopharm Sanyi (Wuhu) Pharmaceutical Co., Ltd.	23.96	14.99
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	22.00	0.06
Sinopharm Holding Dezhou Co., Ltd.	21.13	15.82
Sinopharm Holding Jinzhou Co., Ltd.	17.02	23.40
Beijing Tongyu Information Technology Co., Ltd	16.30	-
Sinopharm Holding Chengdu Co., Ltd	16.24	-
Guizhou Longlife Pharmaceutical Co., Ltd.	14.48	-
Anhui Jingfang Pharmaceutical Co., Ltd.	14.25	20.11
Sinopharm Holding Anhui Co., Ltd.	11.45	-
Sinopharm Holding Quanzhou Co., Ltd.	11.31	10.02
Hutchison Whampoa Sinopharm Pharmaceuticals(Shanghai) Co.,Ltd	11.03	7.97
China National Pharmaceutical Industry Co., Ltd.	7.99	2.35
Sinopharm Holding Tongliao Co., Ltd.	7.07	-
Sinopharm YiBin Pharmaceuticals Co., Ltd.	6.47	6.49
Hunan Dongting Pharmaceutical Co., Ltd.	6.39	6.09
Sinopharm DeZhong (FoShan) Pharmaceutical Co., Ltd	5.83	5.83
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd	5.42	7.84
Jiangsu Huanghe Pharmaceutical Co., Ltd	5.40	5.47
Shangdong Lu Ya Pharmaceutical Co., Ltd.	5.28	5.28
Sinopharm GroupShanxi Co., Ltd.	4.41	70.74

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**8. Amounts due to related parties (Continued)**

	2017 RMB'0,000	2016 RMB'0,000
Accounts payable (Continued)		
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	4.21	3.94
Sinopharm Holding Erdos Co.,Ltd.	4.19	-
Sinopharm Holding Ulanqab Co., Ltd.	3.49	0.95
Sinopharm Holding Jiangxi Co., Ltd.	3.28	-
Sinopharm Group Guorui Medicine Co., Ltd.	3.10	4.54
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd	3.09	3.09
Sinopharm Group Medicine Logistic Co., Ltd.	2.88	69.48
Sinopharm Group Chemical Reagent Co., Ltd.	2.70	-
Guangdong Medi-World Pharmacertical Co., Ltd.	2.66	2.66
Sichuan Jiangyouzhongbafuzi Technology Development Co., Ltd	2.52	-
Sinopharm Holding (Liaoning Province) Medical Instruments Co., Ltd.	2.47	2.49
Sinopharm Holding Biopharmaceutical(Tianjin)Co.,Ltd.	2.39	2.52
Sinopharm Holding Yongzhou Co., Ltd.	2.32	-
Sinopharm Holding Tianjin North Medicine Co., Ltd.	1.87	-
Sinopharm Group Shanghai Medicine Device Co., Ltd.	1.66	1.66
Sinopharm Holding Liaocheng Co., Ltd.	1.62	1.62
Shanghai Shyndec Pharmaceutical Co., Ltd.	1.28	1.42
Guilin South pharmaceutical Co., Ltd.	1.17	1.17
Sinopharm Holding Hubei Co., Ltd.	1.15	3.02
Sinopharm Holding Fuzhou Co., Ltd.	0.99	8.11
Sinopharm Holding Chongqing Co., Ltd.	0.92	-
Sinopharm Holding Xingsha Pharmaceutical (Xiamen) Co., Ltd.	0.87	1.68
Shanghai Chaohui Pharmecurical Co., Ltd.	0.81	0.89
Sinopharm Jiayuan International Trading Co., Ltd.	0.40	0.40
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	0.30	1.42
Sinopharm Fengliaoqing (Foshan) Medicines Co.,Ltd.	0.28	0.01
Sinopharm Prospect Dentech (Beijing) Co., Ltd.	0.25	0.34
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	0.14	-



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**8. Amounts due to related parties (Continued)**

	2017 RMB'0,000	2016 RMB'0,000
Accounts payable (Continued)		
Sinopharm Holding Huaideju Pharmaceutical (Xiamen)Co., Ltd.	0.11	0.11
Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	0.11	-
Yangzhou Weikang Pharmaceutical Co., Ltd.	0.08	2.33
Chengdu Rongsheng Pharmacy Co., Ltd.	0.08	44.88
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	0.05	0.05
Sinopharm (Tianjin) Northern Medical Equipment Co.,Ltd	-	234.02
China National Scientific Instruments & Materials Imp/Exp Shenzhen Co., Ltd	-	59.93
Sinopharm Holding Huangshan Health Industry Co., Ltd.	-	6.19
Sinopharm Holding Zhuhai Co., Ltd.	-	5.02
Sinopharm ShanXi Ruifulai Pharmaceutical Co., Ltd	-	1.59
China Medical Investment Co., Ltd.	-	0.01
Sinopharm Holding Tianjin Distribution Center Co., Ltd.	(2.44)	23.31
	<u>57,445.16</u>	<u>42,669.91</u>
	2017 RMB'0,000	2016 RMB'0,000
Notes payable		
Sinopharm Holding Shanxi Co., Ltd.	5,503.09	7,569.51
China National Pharmaceutical Group Shanxi Co., Ltd.	2,148.97	2,098.17
China National Medicines Co., Ltd.	1,379.02	2,051.22
Sinopharm Holding Sub Marketing Center Co., Ltd.	1,001.06	26,806.54
Sinopharm Holding Fujian Co., Ltd.	891.54	375.57
Lanzhou Institute of Biological Products Co., Ltd.	660.00	360.00
Sinopharm Holding Xiamen Co.,Ltd.	656.28	994.40
Sinopharm Group Co., Ltd.	534.96	3,978.13
Chongqing Yaoyou Pharmaceutical Co., Ltd.	349.78	119.98

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**8. Amounts due to related parties (Continued)**

	2017 RMB'0,000	2016 RMB'0,000
Notes payable (Continued)		
Chongqing Haisiman Pharmaceutical Co., Ltd.	338.22	551.75
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	239.58	413.05
Sinopharm Holding Ningxia Co., Ltd.	170.00	150.00
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	154.34	-
Sinopharm Holding Shanxi Instrument Branch Co., Ltd.	135.30	102.52
Shenzhen Wanwei Medicine trading Co., Ltd.	124.35	116.40
Sinopharm Holding Lerentang Pharmaceutical Co., Ltd.	102.96	126.88
Sinopharm Holding Putian Co., Ltd.	84.26	102.75
GuiZhou Tongjitang Pharmaceutical Co., Ltd.	61.05	31.61
Sinopharm Holding Quanzhou Co., Ltd.	58.75	-
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	50.94	46.93
Sinopharm Holding Chengdu Co., Ltd.	39.25	-
Anhui Jingfang Pharmaceutical Co., Ltd.	38.68	5.61
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	30.00	-
Shenyang Hongqi Pharmaceutical Co., Ltd.	23.70	21.71
Winteam Pharmaceutical Group Ltd.	21.11	39.03
Sinopharm Holding Tianjin Co., Ltd.	16.09	-
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	12.93	22.87
Sinopharm Group Zhijun (Shenzhen) PingShan Pharmaceutical Co., Ltd.	10.99	45.59
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	9.99	236.33
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	6.90	42.71
Sinopharm Holding Tianjin North Medicine Co., Ltd.	0.83	-
China National Pharmaceutical Foreign Trade Co., Ltd.	-	484.50
Sinopharm Holding Tianjin Distribution Center Co., Ltd.	-	326.37
Sinopharm Holding Hunan Co., Ltd.	-	220.51
Shenzhen Main Luck Pharmaceutical Co., Ltd.	-	146.70
Sinopharm Holding Pingdingshan Co., Ltd.	-	129.87
	<u>14,854.92</u>	<u>47,717.21</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**8. Amounts due to related parties (Continued)**

	2017	2016
	RMB'0,000	RMB'0,000
Other payables		
China National Pharmaceutical Foreign Trade Co., Ltd.	1,250.54	3,058.32
Sinopharm Group Medicine Logistic Co., Ltd.	704.45	271.14
Shenyang Pharmaceutical Co., Ltd.	385.75	511.25
Sinopharm Group Co., Ltd.	259.69	262.22
China National Pharmaceutical Group Shanghai Co., Ltd.	188.32	166.04
Zhenfang Zhang	174.22	133.97
China Traditional Chinese Medicine Co.	130.00	130.00
Hunan Minshengtang Investment Co., Ltd.	127.81	-
Shanghai Beiyi Guoda pharmaceutical Co. Ltd.	86.74	49.66
Linyi Medical Group Co., Ltd.	66.92	-
Sinopharm Holding Tianjin Binhai Pharmaceutical Co., Ltd	17.23	17.23
Shanghai Tongyu Information Technology Co., Ltd.	13.20	-
Sinopharm Health Online Co.,Ltd.	12.36	514.42
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	5.33	2.40
Sinopharm Holding Hunan Weian Drugstore Co.,Ltd.	5.10	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	3.78	3.78
China National Scientific Instruments & Materials Imp/Exp Shenzhen Co., Ltd	3.75	3.75
China National Pharmaceutical Logistics Co., Ltd.	0.52	0.52
China National Medicines Co., Ltd.	0.04	0.04
Sinopharm Holding Lunan Co., Ltd.	-	500.00
Guangdong Overseas Chinese Medical Investment Co., Ltd.	-	343.00
Pingdingshan Pusheng Pharmecurical Co., Ltd.	-	123.78
Lerentang Investment Group Co., Ltd.	-	100.00
Sinopharm Le -Ren-Tang Medicine Co., Ltd.	-	73.99
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	-	23.80
Quanzhou Xintai Biotech Co., Ltd.	-	3.56
Xinjiang Baitong Property Service Co., Ltd.	-	1.45
Beijing Tongyu Information Technology Co., Ltd	-	0.44
Sinopharm Holding Fujian Co., Ltd.	(0.03)	-
Sinopharm Holding Shanxi Co., Ltd.	(23.18)	-
	3,412.54	6,294.76

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**8. Amounts due to related parties (Continued)**

	2017 RMB'0,000	2016 RMB'0,000
Advances from customers		
Sinopharm Holding Hainan Hongyi Co., Ltd.	24.68	-
Sinopharm Holding Zhangzhou Co., Ltd.	12.69	-
Sinopharm Holding Longyan Co., Ltd.	2.97	-
Sinopharm Holding Ningde Co., Ltd.	2.87	-
Sinopharm Holding Hunan Co., Ltd.	1.68	-
Sinopharm Holding Putian Co., Ltd.	1.65	-
Foshan Chancheng District Central Hospital	0.30	-
Sinopharm Holding Chengdu Co., Ltd.	0.13	0.21
Sinopharm Holding Chongqing Co., Ltd.	0.08	0.08
Sinopharm Holding Gansu Co., Ltd.	-	15.38
Sinopharm Holding Tibet Pharmaceutical Co., Ltd.	-	15.05
Sinopharm Holding Shenyang Co., Ltd.	-	5.42
Sinopharm Guangdong Medical Examination Co., Ltd.	-	3.41
Sinopharm Holding Heilongjiang Co., Ltd.	-	1.51
Shanghai Merro Pharmaceutical Co., Ltd.	-	0.83
Sinopharm Holding Zhuhai Co., Ltd.	-	0.33
Sinopharm Sichuan Pharmaceutical Co., Ltd.	-	0.01
	<u>47.05</u>	<u>42.23</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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

**8. Amounts due to related parties (Continued)**

	2017 RMB'0,000	2016 RMB'0,000
Interest payable		
China National Pharmaceutical Group Corporation	3.54	3.78
Entrusted borrowings		
China National Pharmaceutical Group Corporation	3,160.00	3,160.00
Short-term borrowings		
Group Financial Co.	-	10,866.35
Other non-current liabilities		
Sinopharm Group	3,506.17	3,506.17
Current portion of long-term borrowings		
Sinopharm Holding Financing Lease Co., Ltd.	503.87	481.13
Long-term payables		
Sinopharm Holding Financing Lease Co., Ltd.	1,210.49	1,461.66
Other non-current assets		
Hunan Minshengtang Investment Co., Ltd.	743.82	-

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

**9. Cash deposit at related parties**

	2016 RMB'0,000	2015 RMB'0,000
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**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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Group Financial Co.

877.83

3,782.94

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the six months ended 30 June 2017**

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

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**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 2017	31 December 2016
	RMB'0,000	RMB'0,000
Buildings, machinery and equipment	<u>23.37</u>	<u>23.37</u>

**(2) Operating lease commitments**

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

	30 June 2017	31 December 2016
	RMB'0,000	RMB'0,000
Within one year	38,992.44	43,114.45
Between 1 and 2 years	36,919.53	32,506.44
Between 2 and 3 years	29,609.94	28,045.89
Over 3 years	<u>51,501.69</u>	<u>53,853.64</u>
	<u>157,023.60</u>	<u>157,520.42</u>

**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 2017**

**(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 Year ended 31 December 2016**

**(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		15,718,644,655.88	4,765,175,718.04	(111,722,618.57)	20,372,097,755.35
Cost of main operations		(14,866,438,724.81)	(3,596,037,992.26)	109,885,440.25	(18,352,591,276.82)
Investment income	146,027,810.88	(403,428.80)	1,051,657.82	-	146,676,039.90
Net profit	507,396,310.43	316,813,989.96	131,326,227.19	(356,002,788.56)	599,533,739.02
Total assets	9,373,030,718.70	15,108,811,562.44	5,026,099,732.47	(7,308,167,023.30)	22,199,774,990.31
Total liabilities	<u>(1,184,535,298.36)</u>	<u>(10,485,307,888.25)</u>	<u>(3,185,447,150.37)</u>	<u>2,005,762,614.31</u>	<u>(12,849,527,722.67)</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 31 December 2016**

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

**XIII Notes to key items of the company financial statements**

**1. Accounts receivable**

	30 June 2017	31 December 2016
Accounts receivable	555,881,489.08	397,468,897.94
Less: Bad debt provision	(117,320.70)	(117,320.70)
	555,764,168.38	397,351,577.24

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

	30 June 2017		31 December 2016	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Within 1 year	555,764,168.38	-	397,351,577.24	-
1 to 2 years	116,855.40	(116,855.40)	117,320.70	(117,320.70)
2 to 3 years	465.30	(465.30)	-	-
	555,881,489.08	(117,320.70)	397,468,897.94	(117,320.70)

(b) There were no increase, no reversal and no write-off of provision for bad for the six month ended 30 June 2017.

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

	30 June 2017				31 December 2016			
	Amount		Provision for bad debts		Amount		Provision for bad debts	
	amount	% of total balance	amount	rate	amount	% of total balance	amount	rate
Accounts receivable with similar credit risk	555,764,168.38	99.98%	-	-	397,351,577.24	99.97%	-	-
individually not significant but individually evaluated for impairment	117,320.70	0.02%	(117,320.70)	100.00%	117,320.70	0.03%	(117,320.70)	100.00%

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 31 December 2016**

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

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<u>555,881,489.08</u>	<u>100.00%</u>	<u>(117,320.70)</u>	<u>0.02%</u>	<u>397,468,897.94</u>	<u>100.00%</u>	<u>(117,320.70)</u>	<u>0.03%</u>
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As at 30 June 2017, there were no accounts receivable which were individually significant and for which the provision for bad debt was separately recognized.

As at 30 June 2017, 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	90,972,755.46	-	16.37

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 31 December 2016**

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

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

**2. Other receivables**

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

	30 June 2017	31 December 2016
Amounts due from subsidiaries and related party	994,922,860.21	1,648,231,739.31
Receivable from equity transaction	8,980,000.00	8,980,000.00
Deposit	3,072,621.28	76,622,091.41
Others	66,843,818.84	77,865,449.94
	1,073,819,300.33	1,811,699,280.66
Less: provision for bad debts	<u>(10,135,042.45)</u>	<u>(10,131,429.16)</u>
	<u>1,063,684,257.88</u>	<u>1,801,567,851.50</u>

(b) The ageing of other receivables and related provision for bad debts is analyzed below:

	30 June 2017	31 December 2016
Within 1 year	1,062,844,141.17	1,800,748,688.50
1 to 2 years	210,096.25	977,989.25
2 to 3 years	41,741.00	2,978.96
Over 3 years	<u>10,723,321.91</u>	<u>9,969,623.95</u>
	<u>1,073,819,300.33</u>	<u>1,811,699,280.66</u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 31 December 2016**

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

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

**2. Other receivables (Continued)**

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

	30 June 2017				31 December 2016			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	amount	% of total amount	amount	rate	amount	% of total amount	amount	rate
Individually significant and subject to separate impairment assessment	8,980,000.00	0.84%	(8,980,000.00)	100.00%	8,980,000.00	0.50%	(8,980,000.00)	100.00%
Receivable accounts with similar credit risk	1,063,849,676.38	99.07%	(165,418.50)	0.02%	1,800,978,937.71	99.40%	(11,661.41)	-
Individually significant but not individually evaluated impairment	989,623.95	0.09%	(989,623.95)	100.00%	1,740,342.95	0.10%	(1,139,767.75)	65.49%
	<u>1,073,819,300.33</u>	<u>100.00%</u>	<u>(10,135,042.45)</u>	<u>0.94%</u>	<u>1,811,699,280.66</u>	<u>100.00%</u>	<u>(10,131,429.16)</u>	<u>0.56%</u>

(e) As at 30 June 2017, impairment provision for other receivables individually significant is analyzed as follows:

	Amount	Bad debt provision	Rate	Assessment for impairment
Shenzhen Yinghai Technology Investment Co., Ltd.	<u>8,980,000.00</u>	<u>(8,980,000.00)</u>	<u>100.00%</u>	Uncertainty in recoverability

As at 31 December 2016, impairment provision for other receivables individually significant is analyzed as follows:

	Amount	Bad debt provision	Rate	Assessment for impairment
Shenzhen Yinghai Technology Investment Co., Ltd.	<u>8,980,000.00</u>	<u>(8,980,000.00)</u>	<u>100.00%</u>	Uncertainty in recoverability

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

	30 June 2017			31 December 2016		
	Carrying amount		Bad debt provision	Carrying amount		Bad debt provision
	Amount	Amount	Rate	Amount	Amount	Rate

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 31 December 2016**

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

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Within 1 year	1,062,844,141.17	-	-	1,800,748,688.50	-	-
1 to 2 years	210,096.25	10,504.81	5.00%	227,270.25	(11,363.51)	5.00%
2 to 3 years	<u>41,741.00</u>	<u>4,174.10</u>	<u>10.00%</u>	<u>2,978.96</u>	<u>(297.90)</u>	<u>10.00%</u>
Over 3 years	<u>753,697.96</u>	<u>150,739.59</u>	<u>20.00%</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>1,063,849,676.38</u></u>	<u><u>165,418.50</u></u>	<u><u>0.02%</u></u>	<u><u>1,800,978,937.71</u></u>	<u><u>(11,661.41)</u></u>	<u><u>-</u></u>

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 31 December 2016**

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

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

**2. Other receivables (Continued)**

(g) As at 30 June 2017, the accumulated top five other receivables by customer are analysed below:

	Nature	Amount	Aging	% of the total other receivable	Bad debt provision
Sinopharm Yuexing	Entrusted borrowings	122,700,000.00	Within 1 year	11.43%	-
Dong Fang Uptodate & Special Medicines Co., Ltd.	Entrusted borrowings	105,200,000.00	Within 1 year	9.80%	-
Suzhou Zhanjiang	Entrusted borrowings	97,000,000.00	Within 1 year	9.03%	-
Sinopharm Jiangmen	Entrusted borrowings	72,600,000.00	Within 1 year	6.76%	-
South Pharm & Trade	Entrusted borrowings	70,000,000.00	Within 1 year	6.52%	-
		<u>467,500,000.00</u>			-

**3. Long-term equity investments**

	30 June 2017	31 December 2016
Investments in subsidiaries (a)	5,568,049,364.21	4,590,216,730.30
Investments in associates (b)	<u>1,461,015,653.97</u>	<u>1,364,255,871.80</u>
	7,029,065,018.18	5,954,472,602.10
Less: provision for impairment of long-term equity investments	<u>(39,930,000.00)</u>	<u>(39,930,000.00)</u>
	<u>6,989,135,018.18</u>	<u>5,914,542,602.10</u>

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

**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 31 December 2016**

**(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**

	Original investment cost	31 December 2016	Increases in investment cost	30 June 2017
Sinopharm Jianming	45,054,911.04	60,054,911.04	-	60,054,911.04
Sinopharm Shenzhen Material	5,400,000.00	15,450,875.93	-	15,450,875.93
Shenzhen Logistics	900,000.00	5,019,062.68	-	5,019,062.68
Sinopharm Guangzhou	58,283,114.68	1,035,440,323.63	530,000,000.00	1,565,440,323.63
Sinopharm Hengxing	8,421,544.08	45,763,288.00	46,000,000.00	91,763,288.00
Sinopharm Liuzhou	21,407,965.79	21,407,965.79	-	21,407,965.79
Sinopharm Dongguan	2,742,000.00	17,942,000.00	55,000,000.00	72,942,000.00
Huixin Investment	109,416,937.72	64,416,937.72	-	64,416,937.72
Guangdong Logistics	1,269,502.30	10,596,006.21	3,000,000.00	13,596,006.21
Sinopharm Yuexing	16,459,326.27	113,459,326.27	130,000,000.00	243,459,326.27
Sinopharm Foshan	6,995,065.51	19,995,065.51	26,000,000.00	45,995,065.51
Sinopharm Guangxi	33,048,985.28	504,048,985.28	-	504,048,985.28
Sinopharm Zhanjiang	1,369,864.65	70,769,864.65	61,000,000.00	131,769,864.65
Sinopharm Yanfeng	38,207,800.00	38,207,800.00	-	38,207,800.00
Sinopharm Meizhou	4,481,900.00	21,281,900.00	30,000,000.00	51,281,900.00
Sinopharm Huizhou	20,939,177.19	16,644,200.00	20,000,000.00	36,644,200.00
Sinopharm Zhaoqing	5,060,000.00	18,060,000.00	25,000,000.00	43,060,000.00
Sinopharm Jiangmen	56,000,000.00	106,000,000.00	-	106,000,000.00
Sinopharm Zhongshan	10,000,000.00	10,000,000.00	20,000,000.00	30,000,000.00
Sinopharm Shaoguan	13,580,000.00	13,580,000.00	-	13,580,000.00



**CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**

**Notes to financial statements (Continued)**

**For the Year ended 31 December 2016**

**(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 (Continued)

	Original investment cost	31 December 2016	Increases in investment cost	30 June 2017
Sinopharm Shantou	7,490,000.00	10,990,000.00	13,000,000.00	23,990,000.00
Guangdong South Pharmaceutical Foreign Trade Co., Ltd.(i)	401,922,976.68	401,922,987.18		401,922,987.18
Guangdong Uptodate & Special Medicines(i)	144,682,822.34	144,682,822.34		144,682,822.34
Guoda Pharmacy(i)	1,361,800,110.06	1,361,800,110.06		1,361,800,110.06
Foshan Nanhai Medicine Co., Ltd.(i)	462,682,298.01	462,682,298.01		462,682,298.01
Sinopharm Zhuhai	10,532,633.91		10,532,633.91	10,532,633.91
Maoming Yogshen	8,300,000.00		8,300,000.00	8,300,000.00
		<u>4,590,216,730.30</u>	<u>977,832,633.91</u>	<u>5,568,049,364.21</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 31 December 2016

(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)

(b) Associates

	31 December 2016	Movement			30 June 2017	Provision of impairment	
		Investment	Profit or loss under the equity method (Note XIV(3)(b))	Dividend declared			Other
Main Luck Pharmaceutical	207,259,086.90		27,151,517.06	(35,190,000.00)	199,220,603.96	-	
Sinopharm Zhuhai (i)	1,420,139.96		-	- (1,420,139.96)	-	-	
Zhijun Suzhou (ii)	39,930,000.00		-	-	39,930,000.00	39,930,000.00	
Zhijun Medicine(iii)	174,820,412.07		57,389,488.15	-	232,209,900.22	-	
Zhijun Trade (iii)	6,198,820.40		849,123.12	-	7,047,943.52	-	
Pingshan Medicine	47,087,958.31		14,858,166.27	-	61,946,124.58	-	
Shanghai Shyndec Pharmaceutical Co., Ltd.	887,539,454.16		55,590,445.85	(22,468,818.32)	920,661,081.69	-	
	1,364,255,871.8 0	-	155,838,740.45	(57,658,818.32)	(1,420,139.96)	1,461,015,653.97	39,930,000.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 31 December 2016

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

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

4. Sales and cost of sales

	For the six month ended 30 June 2017	For the six month ended 30 June 2016
Revenue of main operations	1,652,563,177.90	1,538,249,329.90
Other operating income	<u>6,037,641.06</u>	<u>14,092,258.34</u>
	<u>1,658,600,818.96</u>	<u>1,552,341,588.24</u>
	For the six month ended 30 June 2017	For the six month ended 30 June 2016
Cost of main operations	1,597,779,406.09	1,482,565,579.59
Other operating expenses	<u>2,868,183.37</u>	<u>11,402,822.51</u>
	<u>1,600,647,589.46</u>	<u>1,493,968,402.10</u>

5. Investment income

	For the six month ended 30 June 2017	For the six month ended 30 June 2016
Gain on long-term equity investment under cost method	352,522,001.40	531,332,344.99
Gain on long-term equity investment under equity method (Note XIV(3)(b))	155,838,740.45	24,377,006.76
Investment income from disposal of other long-term equity investments	<u>-</u>	<u>63,351,000.00</u>
	<u>508,360,741.85</u>	<u>619,060,351.75</u>

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## Supplementary information to financial statements

### 1. Schedule of non-recurring profit or loss

	Amount for 30 June 2017
Gains and losses from disposal of non-current assets	
including write off of accrued asset impairment	202,306.43
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	9,487,261.15
Net profit and loss arising from the subsidiaries acquired in the business combinations involving enterprises under common control for the period from the beginning of the reporting period to the combination date	(1,096.00)
Reversal of bad debt provision for accounts receivable that were tested for impairment individually	1,267,915.47
Profit or loss from outward entrusted borrowings	937,951.77
Income from entrusted management services	1,429,866.49
	<hr/>
Impact on income tax	2,781,507.52
Impact on non-controlling interests after tax	670,769.60
	<hr/>
	<u>9,871,928.19</u>

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

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

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## Supplementary information to financial statements (Continued)

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

	Weighted average ROE (%)	Basic EPS (RMB) Basic (Note 1)
2017		
Net profit attributable to ordinary shareholders of the parent	<u>6.41</u>	<u>1.299</u>
Net profit after deducting non-recurring profit or loss attributable to the Company’s ordinary shareholders of the parent	<u>6.29</u>	<u>1.276</u>

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

Note 1: There were no potential dilutive ordinary shares for the six months ended 30 June 2017 hence no presentation of diluted EPS were provided.

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## **Section XI. Documents Available for Reference**

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

**China National Accord Medicines Corporation Ltd**

Legal representative: Lin Zhaoxiong