

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)

ASSETS	Note V	30 June 2017	31 December 2016
Current assets			
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		18,383,033,448.49	17,688,771,505.87
Non-current assets			
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		3,816,741,541.82	3,627,776,742.08
Total assets		22,199,774,990.31	21,316,548,247.95

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)

LIABILITIES	Note V	30 June 2017	31 December 2016
Current liabilities			
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	76,143.06	123,294.77
Total current liabilities		12,561,701,005.79	12,135,715,269.50
Non-current liabilities			
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	45,427,343.31	45,427,343.31
Total non-current liabilities		287,826,716.88	263,055,708.36
Total liabilities		12,849,527,722.67	12,398,770,977.86

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)

<u>SHAREHOLDERS' EQUITY</u>	Note V	30 June 2017	31 December 2016
Shareholders' equity			
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	5,103,480,119.90	4,690,265,884.10
Shareholders' equity attributable to shareholders of the parent		8,864,455,086.90	8,452,426,863.52
Non-controlling interests		485,792,180.74	465,350,406.57
Total shareholders' equity		9,350,247,267.64	8,917,777,270.09
Total liabilities and shareholders' equity		22,199,774,990.31	21,316,548,247.95

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	362,631,943.00		3,198,799,303.65	181,315,971.50	3,638,385,922.72	7,381,133,140.87	537,592,429.31	7,918,725,570.18
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	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

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
1.CASH FLOWS FROM OPERATING ACTIVITIES			
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	98,022,828.67	138,828,103.59
Sub-total of cash inflows from operating activities		22,074,647,684.65	21,622,820,543.79
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	646,256,160.00	645,554,776.72
Sub-total of cash outflows from operating activities		21,846,310,253.25	20,793,237,610.45
Net cash flows from operating activities	53	228,337,431.40	829,582,933.34
2.CASH FLOWS FROM INVESTING ACTIVITIES			
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	87,027,340.19	1,563,344,224.08
Sub-total of cash inflows from investing activities		145,845,591.79	1,750,399,294.81

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
2.CASH FLOWS FROM INVESTING ACTIVITIES(Continued)			
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>
3.CASH FLOWS FROM FINANCING ACTIVITIES			
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)

	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		-	(129,064.34)
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		3,150,915,425.49	2,164,444,441.33
6.CASH AND CASH EQUIVALENTS AT END OF YEAR	53	3,024,190,631.97	3,049,221,736.97

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)

<u>ASSETS</u>	<u>Note XIV</u>	30 June 2017	31 December 2016
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><u>10,104,213,987.19</u></u>	<u><u>9,772,220,613.19</u></u>

The accompanying notes form an integral part of these financial statements

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY BALANCE SHEET (Continued)

As at 30 June 2017

(Expressed in Renminbi Yuan)

<u>LIABILITIES</u>	30 June 2017	31 December 2016
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	3,687,520.27	123,294.77
Total current liabilities	1,858,113,504.40	1,944,938,993.58
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	3,773,319.00	3,773,319.00
Total non-current liabilities	37,746,319.00	6,169,319.00
Total liabilities	1,895,859,823.40	1,951,108,312.58

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)

<u>SHAREHOLDERS' EQUITY</u>	30 June 2017	31 December 2016
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)

2017	Share capital	Other equity instruments	Capital surplus	Surplus reserve	Retained earnings	Total equity
Closing balance of the preceding year	362,631,943.00	65,495,040.00	4,381,845,619.03	181,315,971.50	2,829,823,727.08	7,821,112,300.61
Others	-	-	-	-	-	-
Opening balance of the current year	362,631,943.00	65,495,040.00	4,381,845,619.03	181,315,971.50	2,829,823,727.08	7,821,112,300.61
Movements in the current year	65,495,040.00	(65,495,040.00)	-	-	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)

2016	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	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

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)

	For the six months ended 30 June 2017	For the six months ended 30 June 2016
1. CASH FLOWS FROM OPERATING ACTIVITIES		
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>
2. CASH FLOWS FROM INVESTING ACTIVITIES		
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)

	For the six months ended 30 June 2017	For the six months ended 30 June 2016
3. CASH FLOWS FROM FINANCING ACTIVITIES		
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	7,272,687,714.06	3,791,553,620.54
	<u>7,314,287,714.06</u>	<u>3,871,653,620.54</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>
4. NET INCREASE IN CASH AND CASH EQUIVALENTS	(253,584,371.31)	408,560,449.33
Add: Cash and cash equivalents at beginning of the year	<u>1,342,041,409.86</u>	<u>429,437,078.35</u>
5. CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>1,088,457,038.55</u>	<u>837,997,527.68</u>

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)

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)

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)

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)

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)

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)

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)

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)

For the Year ended 30 June 2017

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

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

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(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.

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)

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.

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)

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

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)

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

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

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

(10) Receivables (Continued)

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

(11) Inventories

(a) Classification

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

(b) Costing of inventories

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

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

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

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

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

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

(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.

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)

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.

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)

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.

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)

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

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)

measured. The carrying amount of the replaced part is derecognized. All the other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2017

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

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)

For the Year ended 30 June 2017

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

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)

For the Year ended 30 June 2017

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

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)

For the Year ended 30 June 2017

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

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.

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)

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.

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)

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 recombant 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

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)

amortization amount determined by the principles of revenue recognition.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2017

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

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.

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)

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

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)

assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2017

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

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.

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)

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.

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)

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.

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)

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.

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)

IV Taxation (Continued)

2. Tax preferences (Continued)

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

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

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

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

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

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 30 June 2017

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

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	<u>401,495,215.26</u>	<u>909,454,098.85</u>
	<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

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)

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	<u>1,075,857,770.01</u>	<u>-</u>
	<u>1,075,857,770.01</u>	<u>5,242,378.62</u>

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	<u>3,434,399.98</u>

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	<u>(51,117,555.09)</u>	<u>(48,894,651.36)</u>
	<u>9,122,573,508.17</u>	<u>7,654,225,510.89</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)

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)

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)

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.	2,822,029.60	-	-	Receivable due from a related party with no risk of recoverability
Total	<u>484,964,949.60</u>	<u>11,559,178.29</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)

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>

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)

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	934.68	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

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

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

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

V Notes to the consolidated financial statements (Continued)

4. Advances to suppliers

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

	30 June 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%
	<u>356,732,828.43</u>	<u>100.00%</u>	<u>424,867,581.80</u>	<u>100.00%</u>

The prepayment aged for more than a year is mainly the advance made by South Pharma & Trade to suppliers for equipment to be resold to the hospitals amounting to 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	<u>70,451,215.37</u>	<u>19.75%</u>

5. Interest receivable

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

	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	172,609,240.84	135,585,385.78
	490,117,328.59	497,776,042.92
Less: provision for bad debts	(19,020,556.92)	(19,202,619.30)
	471,096,771.67	478,573,423.62

(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	19,788,087.78	26,418,979.37
	490,117,328.59	497,776,042.92

(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	19,202,619.30	747,448.78	(929,511.16)	-	-	19,020,556.92
2016	19,117,084.21	181,998.77	(57,164.51)	(3,692.31)	(35,606.86)	19,202,619.30

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%
	490,117,328.59	100.00%	(19,020,556.92)	3.88%	497,776,042.92	100.00%	(19,202,619.30)	3.86%

(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 YinghaiTechnology Investment Co., Ltd.	8,980,000.00	(8,980,000.00)	100.00%	Uncertainty in recoverability
Staff temporary borrowings	7,858,174.28	(530,078.71)	6.75%	Staff temporary borrowings, partially unrecoverable
	151,446,451.48	(9,510,078.71)	6.28%	

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%
	<u>313,933,848.12</u>	<u>(2,455,351.03)</u>	<u>0.78%</u>

- (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 Pharmaceutical Co., Ltd.	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%	-
		<u>233,936,270.60</u>		<u>47.73%</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)

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)

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	22,557,723.03	520,764.03
	<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				Shareholdin g (%)	received for the y ear
	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%	-
	13,865,760.00	-	-	13,865,760.00	(180,000.00)	-	-	(180,000.00)	-	-

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)

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")	207,259,086.00	-	27,151,517.06	-	(35,190,000.00)	-	199,220,603.06	-
Sinopharm Holding Zhuhai Co., Ltd. ("Sinopharm Zhuhai").(b)	1,420,139.96	-	-	-	-	(1,420,139.96)	-	-
Shanghai Beiyi Guoda Pharmaceutical Co. Ltd. (c)	8,980,086.48	-	991,783.70	-	-	-	9,971,870.18	-
Shanghai Liyi Pharmacy Co., Ltd. (d)	642,479.69	-	59,874.12	-	-	-	702,353.81	-
Dongyuan Accord Pharmaceutical Chain Co., Ltd. (f)	396,638.32	-	-	-	-	-	396,638.32	396,638.32
Sinopharm Jienuo Medical Treatment Service Guangdong Co., Ltd. ("Guangdong Jienuo") (g)	9,442,741.61	-	(403,428.80)	-	-	-	9,039,312.81	-
Zhijun Suzhou (h)	69,642,985.98	-	(9,711,552.17)	-	-	-	59,931,433.81	-
Zhijun Medicine. (i)	174,820,412.07	-	57,389,488.15	-	-	-	232,209,900.22	-
Zhijun Trade. (i)	6,198,820.40	-	849,123.12	-	-	-	7,047,943.52	-
Pingshan Medicine (i)	47,087,958.31	-	14,858,166.26	-	-	-	61,946,124.57	-
Shanghai Shyndec Pharmaceutical Co., Ltd.	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
Original cost			
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
Accumulated depreciation and amortization			
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)
Provision for impairment			
Opening balance	(1,300,000.00)	-	(1,300,000.00)
Closing balance	(1,300,000.00)	-	(1,300,000.00)
Carrying amount			
At end of 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)

Guangxi old town reconstruction	<u>67,232,205.84</u>	In the process
---------------------------------	----------------------	----------------

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
Original cost						
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	437,862,594.54	162,545,926.76	89,443,474.60	246,294,487.30	24,474,749.93	960,621,233.13
Accumulated depreciation						
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)

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
Provision for impairment						
Opening balance	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Carrying amount						
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	24,727,118.29	4,954,963.05	-	19,772,155.24

(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	128,584.68	103,213.44
	<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
	29,542,882.91	-	29,542,882.91	47,063,868.49	-	47,063,868.49

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

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

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	(23,671,885.52)	(49,781,646.79)	-	(12,561,114.74)	(33,692,492.19)	(710,000.00)	(120,417,139.24)

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)

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 Dadasheng Pharmacy Chain Store Co., Ltd.	7,979,000.00	-	-	7,979,000.00
Zhejiang Guoda Pharmacy Co., Ltd.	3,045,183.85	-	-	3,045,183.85
Guoda Shenyang Tianyitang Pharmacy Chain	1,687,942.92	-	-	1,687,942.92

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 Business combination not involving enterprises under common control	Decrease Disposal	Closing balance
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	Increase Provision	Decrease 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
	188,377,725.64	55,760,641.43	(31,374,523.14)	-	212,763,843.93

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)

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

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 .

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)

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	-
	<u>136,242,905.64</u>	<u>94,649,476.09</u>

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
	<u>1,600,656,482.46</u>	<u>1,512,713,629.95</u>

(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

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

- (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

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

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

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

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	869,282.11	840,120.05	(940,145.87)	769,256.29
	<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)

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	106,185.22	2,700,032.51	(2,317,528.01)	488,689.72
	<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)

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).

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)

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

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

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
	903,536,646.94	917,193,911.34

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
	5,038,700.43	36,411,339.96

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)

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>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)

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>-</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)

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))	(1,206,035.84)	(1,093,992.97)
	<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
	<u>428,126,983.00</u>	<u>362,631,943.00</u>

37. Capital surplus

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

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)

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

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>44,498,778.76</u>	<u>50,721,403.21</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)

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	<u>(99,377.39)</u>	<u>-</u>
	<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	<u>7,958,493.67</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)

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
- Government grants related to assets			
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>	
- Government grants related to income			
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	<u>1,290,495.50</u>	<u>814,790.71</u>
	<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)

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)

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

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

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 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	47,052,933.05	95,776,862.68
	<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	222,065,660.72	222,758,813.28
	<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	228,337,431.40	829,582,933.34

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)

(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><u>(126,724,793.52)</u></u>	<u><u>884,777,295.64</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)

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><u>3,024,190,631.97</u></u>	<u><u>3,150,915,425.49</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)

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	<u>1,075,857,770.01</u>	Notes receivable endorsed but not due, notes receivable discounted but not due.
	<u><u>1,412,995,985.48</u></u>	

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	<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)

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	1,955.69	1,955.69
	<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 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

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

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
--	----------	----------	------------	-------	---	---------	---------	---

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 Medicine 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 Intlmecine 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)

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		
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)

Sinopharm Lerentang(IV)	Shijiazhuang	Shijiazhuang	Commercial	200	-	100%	100%	mbinations involving entities under common control
GuoDa Drugstore Manzhouli Co., Ltd.(V)	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)

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 s	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)

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)

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 Fengliaoqing Pharmaceutical Co., Ltd.	Controlled by CNPGC
Foshan Fengliaoqing Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Fengliaoqing 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 Pharmaceutical 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 Pharmaceutical 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 Sany 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) Pharmaceutical 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)

<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)

<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)

<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 Zhoushan 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)

<u>Company name</u>	<u>Related party relationships</u>
Shenzhen Jiufeng Investment 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)

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 (RMB'0,000)	2016 (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)

	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 Fengliaoqing 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 Linqi 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)

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
Borrowed from				
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
Borrowed from				
	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	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
Borrowed from				
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
Borrowed from				
	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	3,160.00	24 May 2017	24 May2020
		<u>30,780.07</u>		
2017	Category	Amount (RMB'0,000)	Inception	Maturity
Lend to				
Sinopharm Zhijun(Shenzhen) Pharmaceutical Co., Ltd.	Entrusted loan	4,400.00	4 January 2017	4 January 2018

(5) Related party asset transfer

Type of transaction	2017 (RMB'0,000)	2016 (RMB'0,000)
---------------------	---------------------	---------------------

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)

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 Jiuyantang Pharmecurical Co., Ltd.	-	69.58
Sinopharm Holding Shanxi Co., Ltd.	-	69.58
	<u>14,821.67</u>	<u>9,611.04</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)

	2017 RMB'0,000	2016 RMB'0,000
Lease out		
Sinopharm Holding Sub Marketing Center Co., Ltd.	2.40	-
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	-	63.71
	<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 Whamoa 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 Fengliaoqing 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)

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 Fengliaoqing 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 Pharmaceutival 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 RMB'0,000	2016 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
-------------------	-------------------

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)

Group Financial Co.	<u>877.83</u>	<u>3,782.94</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)

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)

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	(1,184,535,298.36)	(10,485,307,888.25)	(3,185,447,150.37)	2,005,762,614.31	(12,849,527,722.67)

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)
	<u>555,764,168.38</u>	<u>397,351,577.24</u>

(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	<u>116,855.40</u>	<u>(116,855.40)</u>	<u>117,320.70</u>	<u>(117,320.70)</u>
2 to 3 years	<u>465.30</u>	<u>(465.30)</u>	-	-
	<u>555,881,489.08</u>	<u>(117,320.70)</u>	<u>397,468,897.94</u>	<u>(117,320.70)</u>

(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	<u>117,320.70</u>	<u>0.02%</u>	<u>(117,320.70)</u>	<u>100.00%</u>	<u>117,320.70</u>	<u>0.03%</u>	<u>(117,320.70)</u>	<u>100.00%</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)

<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>
-----------------------	----------------	---------------------	--------------	-----------------------	----------------	---------------------	--------------

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	(10,135,042.45)	(10,131,429.16)
	<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	10,723,321.91	9,969,623.95
	<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 accounts 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 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 accounts 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 Investment Co., Ltd. Technology	<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 Investment Co., Ltd. Technology	<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)

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>1,063,849,676.38</u>	<u>165,418.50</u>	<u>0.02%</u>	<u>1,800,978,937.71</u>	<u>(11,661.41)</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 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
		4,590,216,730.30	977,832,633.91	5,568,049,364.21

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)

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>

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)

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
Impact on income tax	2,781,507.52
Impact on non-controlling interests after tax	670,769.60
	9,871,928.19

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

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)

would have an influence on users of financial statements making proper judgments on the performance and profitability of an enterprise.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

Notes to financial statements (Continued)

For the Year ended 31 December 2016

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

Supplementary information to financial statements (Continued)

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

	Weighted average ROE (%)	Basic EPS (RMB) 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.