



China National Accord Medicines Corporation Ltd.

Annual Report 2020

April 2021

Section I. Important Notice, Contents and Interpretation

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

Lin Zhaoxiong, Principal of the Company, Gu Guolin, person in charger of accounting works and Wang Ying, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2020 Annual Report is authentic, accurate and complete.

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

Name of director absent	Title for absent director	Reasons for absent	Attorney
Su Weiwei	Independent Director	Official business	Chen Honghui

The profit distribution plan that deliberated and approved by the Board is: based on total stock issued 428,126,983 shares, distributed 8.00 Yuan (tax included) bonus in cash for every 10-share hold by all shareholders, 0 shares bonus issued (tax included) and no capitalizing of common reserves carried out.

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Interpretation

Items	Refers to	Contents
Listed Company, Company, the Company, Sinopharm Accord, the Group	Refers to	China National Accord Medicines Corporation Ltd.
“SINOPHARM” or “CNPGC”	Refers to	China National Pharmaceutical Group Corporation
Sinopharm Holding	Refers to	Sinopharm Group Co., Ltd, Controlling shareholder of the Company
<i>Company Law</i>	Refers to	<i>Company Law of the People’s Republic of China</i>
<i>Securities Law</i>	Refers to	<i>Securities Law of the People’s Republic of China</i>
Yuan, 10 thousand Yuan, 100 million Yuan	Refers to	RMB, RMB 10 thousand, RMB 100 million
Terminology:	Refers to	
4D business	Refers to	SPD hospital logistics supply chain extension business, IVD diagnostic reagent business, CSSD disinfection service, and MWD equipment life cycle management business
GPO	Refers to	Group purchasing organizations
Abbreviation:	Refers to	
Sinopharm Holding Guangzhou	Refers to	Sinopharm Holding Guangzhou Co., Ltd.
“Guoda Drugstore” or “Guoda Pharmacy”	Refers to	Sinopharm Holding Guoda Drugstore Co., Ltd.
Sinopharm Holding Guangxi	Refers to	Sinopharm Holding Guangxi Co., Ltd.
China National Zhijun	Refers to	China National Zhijun (Shenzhen) Pharmaceutical Co., Ltd.
Zhijun Pharmacy Trade	Refers to	Shenzhen Zhijun Pharmacy Trade Co., Ltd.
Zhijun Pingshan	Refers to	China National Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.
Main Luck Pharmaceuticals	Refers to	Shenzhen Main Luck Pharmaceuticals Inc.

Section II Company Profile and Main Financial Indexes

I. Company profile

Short form of the stock	Sinopharm Accord, Accord B	Stock code	000028, 200028
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	国药集团一致药业股份有限公司		
Short form of the Company (in Chinese)	国药一致		
Foreign name of the Company (if applicable)	China National Accord Medicines Corporation Ltd.		
Short form of foreign name of the Company (if applicable)	Sinopharm Accord		
Legal representative	Lin Zhaoxiong		
Registrations add.	Accord Pharm. Bldg , No. 15, Ba Gua Si Road, Futian District, Shenzhen, Guangdong Province		
Code for registrations add	518029		
Offices add.	Accord Pharm. Bldg, No. 15, Ba Gua Si Road, Futian District, Shenzhen, Guangdong Province		
Codes for office add.	518029		
Company's Internet Web Site	http://www.szaccord.com.cn		
E-mail	gyyz0028@sinopharm.com		

II. Person/Way to contact

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

III. Information disclosure and preparation place

Newspaper appointed for information disclosure	<i>Securities Times; China Securities Journal; Hong Kong Commercial Daily</i>
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Website for annual report publish appointed by CSRC	http://www.szse.cn ; http://www.cninfo.com.cn
Preparation place for annual report	Secretariat of the Board of Directors

IV. Registration changes of the Company

Organization code	91440300192186267U
Changes of main business since listing (if applicable)	No change.
Previous changes for controlling shareholders (if applicable)	No change.

V. Other relevant information

CPA engaged by the Company

Name of CPA	Ernst & Young CPA (Special General partnership)
Offices add. for CPA	21/F, China Resources Building, No. 5001, Shennan East Road, Luohu District, Shenzhen
Signing accountant	Li Jianguang, Li Yuanfeng

Sponsor engaged by the Company for performing continuous supervision duties in reporting period

Applicable Not applicable

Financial consultant engaged by the Company for performing continuous supervision duties in reporting period

Applicable Not applicable

VI. Main accounting data and financial indexes

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

Yes No

Cause of retroactive adjustment or restatement

Enterprises combined under the same control (Note 1)

	2020	2019		Changes over last year	2018	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Operating revenue (RMB)	59,649,455,012.03	52,045,764,143.21	52,786,807,476.28	13.00%	43,122,385,521.23	43,858,500,106.45
Net profit attributable to shareholders of the listed Company (RMB)	1,401,892,593.23	1,271,289,183.01	1,267,931,291.32	10.57%	1,210,742,435.78	1,208,343,941.71

Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (RMB) (Note 2)	1,369,652,035.50	1,226,765,271.97	1,226,765,271.97	11.65%	1,175,971,967.39	1,175,971,967.39
Net cash flows from operating activities (RMB)	1,502,746,598.47	2,000,352,083.20	2,012,653,189.74	-25.34%	1,322,606,352.27	1,338,639,227.25
Basic earnings per share (RMB/Share) (Note 2)	3.27	2.97	2.96	10.47%	2.83	2.82
Diluted earnings per share (RMB/Share)	3.27	2.97	2.96	10.47%	2.83	2.82
Weighted average ROE (Note 2)	10.49%	10.43%	10.31%	0.18 percentage points up	11.56%	11.41%
	Year-end of 2020	Year-end of 2019		Changes over end of last year	Year-end of 2018	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Total assets (RMB)	39,594,533,471.65	33,520,609,123.67	34,028,843,214.20	16.36%	28,930,300,519.97	29,450,897,487.81
Net assets attributable to shareholder of listed company (RMB)	13,948,322,652.33	12,806,410,865.92	12,911,140,435.88	8.03%	11,618,432,603.28	11,726,520,064.93

Note 1: The Group acquired 75.00% equity of Shanghai Pudong New Area Medicine & Medication Co., Ltd. under the same control in the current year. When preparing the comparative statement of the consolidated statement for year of 2020, it is deemed that the parties involved in the merger already exist in the current state when the ultimate controlling party begins to exercise control, and adjust the previous comparative statement.

Note 2: Net profit attributable to shareholders of listed companies increased by 10.57% from the same period of last year, mainly due to the soaring sales from pharmaceutical retail business, and the impact of mergers and acquisitions on incremental performance, the basic earnings per share increased by 10.47% correspondingly and weighted average return on equity increased by 0.18 percentage points.

The lower one of net profit before and after deducting the extraordinary gains/losses in the last three fiscal years is negative, and the audit report of last year shows that the ability to continue operating is uncertain

Yes No

The lower one of net profit before and after deducting the extraordinary gains/losses is negative

Yes No

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

VIII. Quarterly main financial index

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	12,824,196,278.66	14,345,743,909.86	15,710,564,937.11	16,768,949,886.40
Net profit attributable to shareholders of the listed company	248,800,655.88	394,650,924.71	354,134,165.83	404,306,846.81
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	241,724,850.95	385,292,168.50	354,311,453.14	388,323,562.91
Net cash flows from operating activities	-688,273,848.63	2,126,477,891.98	545,143,142.89	-480,600,587.77

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in the company's quarterly report and semi-annual report

Yes No

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

Applicable Not applicable

In RMB

Item	2020	2019	2018	Note
Gains/losses from the disposal of non-current asset (including the write-off)	5,969,522.10	2,340,925.97	7,048,337.10	The gains from fixed assets disposal .

that accrued for impairment of assets)				
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	65,568,137.35	49,299,242.48	30,098,383.86	Mainly for receiving of all kinds of special subsidies and fiscal interest discount in the period.
Investment costs while acquiring subsidiaries, joint ventures and associated enterprise, less than fair value of the identifiable net assets from invested enterprise which should be enjoined	70.96	14.65	729.29	Negative goodwill from subsidiary acquisition.
Current net gain/losses of the subsidiary merger under the same control from beginning of the period to combination date	-	-4,059,241.89	4,703,735.76	
Switch back of provision for depreciation of account receivable and contract assets that are individually tested for impairment	578,362.65	1,310,345.38	5,301,091.66	
Gains and losses from external entrusted loans	-	3,460,037.16	3,246,925.69	
Consigning fee received for consigned operation	961,488.75	-	516,929.44	
Other non-operating income and expenditure except for the aforementioned items	-11,819,894.60	17,179,002.78	5,069,438.37	The non-operating expenditure recognized from the litigation compensation in the Period, and the non-operating income recognized by non-payment that verified
Other gains/losses satisfy a definition of extraordinary gains/losses	3,835,445.51	508,168.93	1,445,926.01	
Less: Impact on income tax	16,223,813.42	17,317,723.70	12,137,071.11	
Impact on minority shareholders' equity (post-tax)	16,628,761.57	11,554,752.41	12,922,451.75	
Total	32,240,557.73	41,166,019.35	32,371,974.32	--

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

Applicable Not applicable

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

Section III. Summary of Company Business

I. Main businesses of the company in the reporting period

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

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

(i) In the pharmaceutical distribution field, the company continues to integrate the distribution and logistics business, deeply penetrates into the end markets, improves the stepped distribution network, creates intelligent supply chain, and devotes to become a provider for pharmaceutical and health care products and services with the strongest influence, the highest share, the most complete variety, the best service, and the fastest delivery in south district of China.

1. The Company's pharmaceutical distribution business is established in Guangdong and Guangxi, the company has completed the network construction of Guangdong and Guangxi in 2013, and the business has extended to the county-level regions; in 2014, we accelerating the integration of three-tier companies and the Company achieved an operation all over the network in 2015. The network further expanded in 2019 and main development direction is retail terminals. As of 31 December 2020, after optimizing and adjusting the types of customers in 2020, there are 1,092 second- and third-tier medical institutions, 7,745 primary-level medical customers, and 8,257 retail terminal customers (chain pharmacies, single stores, and self-paying pharmacies in hospitals).

2. The Company's pharmaceutical distribution business has achieved the first scale in Guangdong and Guangxi; The Guangdong and Guangxi regions have subdivided the format markets, pharmaceutical distribution and apparatus consumables, retail direct sales and retail diagnosis and treatment, medical instrument linkage, retail development, and the entire industry business maintains a relatively leading position in the industry; innovative business continues to develop new customer cooperation models and become a medical supply chain management solution and service providers; improve national logistics planning and construction, provide third-party logistics professional services, and create leading logistics and supply chain service capabilities.

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

By the end of 2020, Guoda Drugstore has operated 7,660 stores, covering 20 provinces, autonomous regions and municipalities, entering nearly 142 large and medium sized cities, which has formed a drugstore networks covering eastern and northern China, southern coastal cities, and gradually expanded into northeast, central plains and inland cities, the sales scale of which has exceeded 19 billions, ranking the first within industry; Guoda drugstore, the business of which were mainly relying on modern retail drugstores, has been putting great attention

on the development of professional service system with medical resources as core competitiveness, building a group of stores with professional commercial activities, which are able to provide retails and therapy services that integrating medical service and health-care products sales and cooperate with hospitals; at the same time, the Company has been vigorously developing new business, exploring and expanding new sales channels, improving professional services, being dedicated to transit from a traditional medical retail into an innovative service enterprise. By means of conventional products retail management, improving major brands and exploring business cooperation with supplier, accelerating the establishment and improvement of DTP business and continuation of health care service system, Guoda has built industry-leading professional service ability.

II. Major changes in main assets

1. Major changes in main assets

Major assets	Note of major changes
Equity assets	Increased 165.3726 million Yuan over that of period-begin with 7.45% rate of change, mainly because the investment income from joint ventures increased.
Fixed assets	Increased 146.1909 million Yuan over that of period-begin with 20.65% rate of change, mainly because the new enterprise merged in the Period made an increase in balance of the period-end.
Intangible assets	Increased 359.5564 million Yuan over that of period-begin with 95.94% rate of change, mainly because the sales network, trademarks and brand rights are resulted for the acquisition of Shanghai Dingqun Enterprise Management Consulting Co., Ltd and Chengda Fangyuan Pharmaceutical Group Co., Ltd by subsidiary of the Company - Guoda Drugstore in the Period.
Construction in progress	Increased 15.0486 million Yuan over that of period-begin with 47.65% rate of change, mainly because more investment for the ERP system construction and supply chain extension project.
Cash and bank balances	Decreased 2887.525 million Yuan over that of period-begin with -32.50% rate of change, mainly due to the payment for equity acquisition of Chengda Fangyuan Pharmaceutical Group Co., Ltd and Shanghai Dingqun Enterprise Management Consulting Co., Ltd, acquired by the subsidiary of the Company- Guoda Drugstore.
Receivable financing	Increased 958.6451 million Yuan over that of period-begin with 214.78% rate of change, mainly because the settlement with customers has changed and the receivable financing increased at end of the Period by the newly merged enterprise
Goodwill	Increased 1737.3174 million Yuan over that of period-begin with 172.00% rate of change, mainly due to the acquisition of Chengda Fangyuan Pharmaceutical Group Co., Ltd and Shanghai Dingqun Enterprise Management Consulting Co., Ltd, acquired by the subsidiary of the Company- Guoda Drugstore.

Deferred tax assets	Increased 29.0079 million Yuan over that of period-begin with 45.96% rate of change, mainly because the new enterprise merged in the Period made an increase in balance of the period-end.
Other non-current assets	Increased 330.8426 million Yuan over that of period-begin with 427.69% rate of change, mainly due to the emergency special reserve materials purchased at the request of the government for preventing and controlling the COVID-19.

2. Main overseas assets

Applicable Not applicable

III. Core competitiveness analysis

1. Strong network coverage and layout

Relying on the perfect distribution network and variety resources, Sinopharm Accord has unified the wholesale and retail resources. The company has a complete drug distribution network in the whole country and Guangdong and Guangxi regions, sales of all forms have achieved a steady growth.

(1) The 50 subsidiaries in 23 prefecture-level cities in Guangdong and Guangdong fully cover medical institutions at all levels, small social medical institutions, and retail chain single-store terminals;

(2) In terms of retail diagnosis and treatment, DTP and hospital-side pharmacies (Sinopharm Holding Drugstore) exceeded 100;

(3) Logistics construction includes 5 large-scale automated logistics centers in Guangzhou, Shenzhen, Foshan, Nanning and Liuzhou and 15 regional distribution centers, providing efficient logistics services for national distribution areas, retail direct sales, medical direct sales, and third-party logistics.

Sinopharm Accord has a retail network leading in scale and covering the whole country, Guoda Drugstore has retail chain network spreading over 20 provinces, municipalities and autonomous regions, covering nearly 142 cities nationwide.

2. Abundant variety resources

After years of hard work, the company's distribution business has accumulated rich variety resources in pharmaceuticals, consumables and other fields, and established extensive cooperative relations with thousands of domestic manufacturers and commercial enterprises, and established stable business relationships with hundreds of import and joint ventures, the overall operating product regulations exceed 50,000.

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

3. Complete logistics and distribution system

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

Guoda Drugstore owns a nationwide modern logistics and distribution system, and the logistics warehouses are located in 20 provinces, has 33 large-and-small logistics warehouses, covering an area of about 160,000 square meters in total.

4. The advantages of medical insurance resources

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

5. The advantages of Compliance

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

6. Unique-influence Sinopharm brand

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

Section IV. Discussion and Analysis of Business

1. Introduction

In 2020, the COVID-19 epidemic swept across the world, plus the impact of policies such as centralized drug procurement, the growth rate of the industry sharply declined, and the industry structure continued to restructure, Sinopharm Accord took various measures to ensure growth under the pressure. During the epidemic, Sinopharm Accord undertook the central, provincial (Guangdong, Guangxi), municipal (Guangzhou, Shenzhen, Nanning, etc.) special reserves of medical instrument commodities and the allocation and supply of epidemic prevention and anti-epidemic materials needed throughout the country. Facing the complicated policy and market environment, under the strategic guidance of SINOPHARM and Sinopharm Holding, Sinopharm Accord coordinated epidemic prevention and control and business development, improved quality and efficiency and sprinted goals with the determination of "undiminished tasks and unchanged goals", solidly advanced all the work, excellently completed the major task of fighting the epidemic and guaranteeing the supply, while effectively responding to the huge impact of the epidemic, and achieved new highs in operating performance.

In 2020, the Company has accumulated operating income of 59,649 million yuan, a y-o-y growth of 13.00%; operating profit achieved 2,164 million yuan with 18.21% up on a y-o-y basis; the net profit amounted as 1,721 million yuan, a y-o-y increase of 16.29% and the net profit attributable to shareholders of listed company was 1402 million yuan, an increase of 10.57% from a year earlier.

In 2020, Sinopharm Accord achieved a total operating income of 41070 million yuan in distribution business, a y-o-y increase of 2.64%. Through overcoming the impact of epidemic on medical institutions, the advantages of direct-selling business have been consolidated. At the same time, the coverage of primary medical institutions has been further improved in breadth and depth, and a number of business types have a rapidly growth, of which: the hospital recovered its direct sales to the original scale with 3% down slightly, direct sales of other medical institutions increased by 5% on a y-o-y basis, retail direct-sale has 16% up on a y-o-y basis, device consumables business growth on a y-o-y basis of 42% and 27% increase from retail clinic on a y-o-y basis. Sinopharm Accord achieved a net profit of 855 million yuan in distribution business in 2020, a y-o-y increase of 1.06%.

In 2020, Guoda Drugstore completed an operating income of 19438 million yuan in total, a y-o-y growth of 44.04%. Various types of business have developed rapidly, including 44% up on a y-o-y basis from dire-sale routine, 22% growth from DTP, 221% growth from OTO and 18% rate of growth from franchise business. Guoda Drugstore achieved a net profit of 477 million yuan in 2020 with a growth of 54.81% from a year earlier, the net profit attributable to parent company amounted as 341 million yuan, a y-o-y increase of 41.82%.

In 2020, the accumulative investment income from associates was 354 million yuan, a y-o-y increase of 7.00%.

(I) Working together to fight the epidemic

Sinopharm Accord fulfilled its responsibility for epidemic prevention and supply, and gave full play to its network advantages and global channel procurement capabilities, companies at all levels have been recognized by all sectors of society in terms of medical material distribution, material reserves, resumption of production and work, and organizational effectiveness and anti-epidemic actions have been commended by governments at all levels, 22 subsidiaries have obtained qualifications for emergency medical supplies reserves with 46 qualifications. Guoda Drugstore won the title of Outstanding Contribution Enterprise in "Fighting COVID-19 Epidemic" of Shanghai; Sinopharm Holding Guangzhou won the honorary titles of Guangdong Province's Advanced Group in Fighting COVID-19 Epidemic and Guangdong Province's Advanced Grassroots Party Organization in Fighting COVID-19 Epidemic.

1. Sinopharm Accord's distribution business segment undertook the medical supplies emergency guarantee supply and material assistance tasks on a large scale

At the beginning of 2020, the epidemic was raging. Sinopharm Accord's distribution business segment quickly established emergency leading groups and supply guarantee groups at all levels, established working mechanisms, formulated emergency plans, overcame shortages of supply and transportation control and other issues, and completed the sourcing, procurement, storage, and delivery of emergency supplies in a timely manner, the total purchasing and storage amounted to more than 1.59 billion yuan; more than 2,000 objects were allocated, more than 142 large-scale equipment such as breathing machines and ECMO were deployed, more than 1.76 million sets of protective clothing, isolation clothing were deployed, and more than 8.48 million gloves and more than 96.8 million masks of various types were deployed.

2. Guoda Drugstore assumed full social responsibility and provided epidemic material support services

Guoda Drugstore took advantage of the national centralized procurement, coordinated inventory allocation, actively sought sources to purchase epidemic prevention materials, and ensured government rationing and market supply through multi-sectoral coordination. During the epidemic, the company's 24 regional companies and more than 5,000 directly-operated stores were operating normally, and 21 subsidiaries undertook the government's fixed-point distribution tasks of epidemic materials; provided anti-epidemic materials, including 320 million masks, more than 8.76 million bottles of disinfection supplies, and more than 23 million pieces of protective articles such as protective clothing and gloves.

(II) Sinopharm Accord's distribution business segment: firmly promote the overall deployment of one body with two wings strategy, improve quality and efficiency, and accelerate the upgrade of the supply chain

1. Continue to increase the market share of traditional businesses: direct sales by hospitals were 29 billion yuan, a decrease of 3% on a year-on-year basis, and direct sales by other medical institutions were 3.6 billion, an increase of 5% on a year-on-year basis.

Among the 35 cities in Guangdong and Guangxi, the regions with top three market shares increased by 4 on a year-on-year basis. All subsidiaries in Guangdong and Guangxi have obtained a higher proportion of distribution rights in the national centralized procurement, and the entrusted delivery rate of various batches of centralized procurement have been staying ahead of the industry. The company actively grasped the market concentration opportunities brought by the GPO platform, followed up GPO landing areas in many regions in Guangdong, and increased the market share of the provincial platform and the Guangzhou platform. At the same time, continued to carry out the "ice-breaking" operation of the original third-party trustee medical institutions, competed for the cultivation of new varieties, carried out special management of ice-breaking areas, and expanded advantages.

2. Retail direct sales business: In 2020, retail direct sales (including small-scale social medical services) had a total sales of 6,877 million, a year-on-year increase of 16%.

Sinopharm Accord's distribution business segment accelerated the network layout of retail terminals, continued to promote the top 100 national chain projects, promoted the national retail integrated terminal projects, and developed 4,533 new customers. Developed a network of member stores, and achieved sales of 31.51 million yuan in member stores, and built a network of hospital-side stores in Guangdong Province, covering a total of 456 stores. Leveraged the advantages of the B2B e-commerce platform, the cumulative customer online rate reached 94%, and the online order rate reached 76%, and sales exceeded 2,200 million. Further improved the platform functions, realized the upgrade of online payment, membership management and other functions, optimized and upgraded more than 100 basic functions, and developed a standard assessment system for platform operation and maintenance. At the same time, science and technology empowered terminal marketing model innovation, promoted the launch of the official account of Sinopharm Holding Hengxing Member Store and Sinopharm Daojia WeChat Mall, established Sinopharm Holding Hengxing live broadcast room, and independently launched an online live broadcast model.

3. Retail diagnosis and treatment: cumulative sales was 1,710 million yuan, a year-on-year increase of 27%

Sinopharm Accord's distribution business segment completed the first phase of the comprehensive network layout of the Guangdong and Guangxi specialty pharmacies. At the end of the reporting period, the total number of large pharmacies of Sinopharm Holding reached 100 (75 in Guangdong and 25 in Guangxi), an increase of 17 compared with the beginning of the year, and completed the layout of 4 key hospitals. Actively promoted the circulation of prescriptions, established cooperative relationships with over 10 platforms, and initiated 31 prescription circulation projects (17 new projects), involving 55,000 prescriptions. Combined and promoted medical insurance and commercial insurance projects, two subordinate large pharmacies have passed the national special drug pharmacy certification. At the same time, the large pharmacies in Shenzhen and Maoming have obtained the overall medical insurance network settlement qualification, and the three large pharmacies in Zhuhai have access to the country's first prefecture-level medical insurance prescription circulation platform - "Zhuhai City Cloud Medical Insurance Prescription Sharing Service Platform", a total of 19 large pharmacies have

obtained the first batch of prefecture-level commercial supplementary medical insurance designated pharmacies qualifications. Explored a multi-level service model, promoted the implementation of a multi-level payment service model of "Mentor Services + Commercial Supplementary Medical Insurance Services + Rare Disease Assistance Services + Commercial Health Insurance Services + Charity Assistance", promoted professional patient services, and established a patient medication follow-up model, a total of more than 8,000 people were followed up throughout the year; the model of live broadcast of patient education was innovated, with 22 live broadcast of patient education throughout the year.

4. Accelerate the development of innovative business characteristics and promote the transformation and upgrading of business models

(1) Promote the rapid expansion of innovative business to subsidiaries: During the reporting period, the cumulative sales of equipment and consumables were 5,530 million yuan, a year-on-year increase of 42%; the cumulative service fee income of innovative business increased by 36% on a year-on-year basis.

(2) Promote the differentiated development of 4D business:

1) SPD: Create a model project through standardized process management: The Third People's Hospital of Shenzhen project has realized the centralized management of material information through the combination of SPD+IVD; Dongguan Eighth People's Hospital project is the first professional SPD project outside of Guangzhou and Shenzhen

2) CSSD: Undertake the Conghua Hospital project-the first regional disinfection business led by the government.

3) Innovative IVD+cold chain combined service model: Undertake the Fengshun People's Hospital project

4) MED: The Third Affiliated Hospital of Southern Medical University project has obtained the qualification of the first Philips authorized dealer in Guangdong and Guangxi.

(3) Expand the third-party logistics business of disease control warehousing and distribution

Created a third-party integrated supply chain service system for vaccines, realized the docking with the immunization planning system of the Guangdong and Guangxi CDC; completed the delivery business of vaccination points in Guangzhou, Shenzhen, Foshan and other places.

5. Industry and finance dual drive, continue to deepen the distribution network layout

By reorganizing the 70% equity of Yangjiang Hecheng, Sinopharm Holding Guangzhou has filled the gap in the Yangjiang regional market and increased the company's local market share. At the same time, diversified the layout around the supply chain, speeded up the target selection and mergers and acquisitions of innovative projects.

(III) Guoda Drugstore business: Seize the opportunity, make breakthroughs in mergers and acquisitions, and grow rapidly throughout the year

1. Promote store expansion and strengthen regional advantages

As of the end of 2020, the total number of Guoda Drugstore reached 7,660 stores (including 6,212 directly operated stores, and 1,448 franchised stores), an increase of 2,639 from the beginning of the year. Guoda Drugstore has covered 20 provinces/municipalities and 88 prefecture-level cities across the country. In 2020, it has expanded to 25 prefecture-level cities and 59 county-level administrative district cities. At the same time, each region has seized the opportunity of layout to promote store expansion, expand secondary and tertiary hospital side stores, strive for medical insurance co-ordination qualifications, and undertake prescription outflows; and it also has expanded community advantageous areas to provide community consumers with convenient health services.

2. Focus on the whole nationwide network strategy for retail, comprehensively promote investment and mergers and acquisitions

Further increase market share and concentration through investment mergers and acquisitions, in 2020, Guoda Drugstore successfully merged and acquired Cheng Da Fang Yuan, a leading regional chain, the project stretched across 5 provinces and 19 cities, adding more than 1,500 stores. This acquisition has consolidated the company's position as a leading company in the national sales scale in the pharmaceutical retail sector, and consolidated the leading position in the advantageous regions, especially the Liaoning region.

3. Vigorously promote the construction of its own brand

In 2020, its own brand sales increased by 43% on a year-on-year basis, and gross profit increased by 30% on a year-on-year basis. The company speeded up the development of its own brand varieties, and cooperated with the global sourcing center of Sinopharm Holding to jointly develop OEM varieties and multi-channel sales, and cooperated with Sinopharm Medical Device, Shenzhen Zhijun, Sinopharm Aomei, China TCM, Xiamen Xingsha to complete the planning for nutrient and home protection key points category, and has completed the development of mid-to-high-end series of nutrient-owned brands. At the same time, established a quality control system, improved the management of its own brand, formulated a special sales incentive mechanism, and carried out brand promotion.

4. Enhance professional service capabilities for chronic diseases and continue to build a professional service system for pharmaceutical affairs

(1) Strengthen professional training and promote personnel training. Guoda Drugstore has 2,149 chronic disease specialists and diabetes specialists, and 2,117 hypertension specialists. By organizing employees to actively participate in the examination of licensed pharmacists, and carrying out E-learning pharmacy service training, epidemic training, manufacturer resource training, etc., and organizing "Master of Glory" training and "Master of Actual Combat" high hyperlipaemia training to promote the training of professional talents.

(2) Strengthen chronic disease management and improve service quality. The number of effective members of Guoda Drugstore increased by 52% on a year-on-year basis, and member sales increased by 67% on a year-on-year basis. Carry out online patient education and complete relevant training on respiratory system, COPD, bronchial system, etc.; establish a doctor-patient circle in the healthy communities to promote

communication among patients, shop assistants, doctors, and manufacturers; carry out hospital-store linkages, skill competitions, patient education, store free clinics, chronic disease through-train projects and other activities; carry out monthly store service inspections, evaluate the basic service level of stores, and strengthen store services through the evaluation mechanism.

5. Focus on the development of internet business, promote the integration of online and offline, innovative businesses (including B2C, third-party O2O, self-operated O2O, commercial insurance) reached 1,140 million yuan in tax-included sales, a year-on-year increase of 96%.

(1) Development of self-operated e-commerce platform

The subordinate 22 subsidiaries of Guoda Drugstore have launched self-operated malls with nearly 3.83 million members; the importance of the platform during the epidemic has become prominent, providing convenience for consumers to purchase drugs without contact, and gradually cultivating consumers' internet drug purchasing habits; promoted platform function optimization, including the development of pre-sale, variety library standard products, brand pavilion and other functions; triggered from Weizi and arabinose varieties, and focused on social marketing.

(2) Third-party O2O platform construction

There are more than 6000 online stores on various third-party platforms, and the third-party O2O business has increased from 12,000 orders/day at the beginning of the year to 40,000 orders/day, and the market share of core cities has continued to increase. We cooperated with key suppliers to create traffic landing, and used differentiated management of core stores to create a win-win situation.

(3) Vigorously develop self-media marketing

Live broadcast marketing was carried out through WeChat video accounts and short video accounts, and 205 live broadcasts were completed throughout the year, with a total of over 18 million viewers and more than 180,000 fans.

(4) Expand multi-party commercial insurance business

Pay attention to the use of drugs for people with serious illnesses, and achieved sales of 131 million yuan through cooperation with serious illness commercial insurance. Cooperate with key commercial insurance channels to increase offline marketing activities and service duration expansion.

(IV) Continue to promote the core strategy of integration of wholesale and retail, and expand the pilot area of integration of wholesale and retail

Taking into account the regional coverage, sales scale, and distribution of the corresponding regional distribution companies of the subsidiaries of Guoda Drugstore, 10 regions including Shanxi and Inner Mongolia were selected, and a total of 15 regions were promoted and implemented in the integrated model of wholesale and retail. For the 10 newly-added pilot regions, we conducted regional meetings to announce the experience summary of wholesale and retail integration, successful cases and annual plans, and guided the direction of work in the pilot regions. Among them, in 2020, Guangdong's integrated wholesale and retail sales reached nearly one billion yuan, a

year-on-year increase of more than 18%; wholesale and retail integration covered 1,032 member stores in Guangdong, a net increase of 722 stores from the beginning of the year.

(V) Comprehensively promote digital transformation to help upgrade the supply chain

Sinopharm Accord has established a digital transformation project team, determined the blueprint and path of digital transformation, and coordinated project implementation; established an information technology center to simulate "corporate" operations to fully support the digital transformation of the company's business. Taking digital transformation as an important starting point, we have explored the key points of improvement from all links of the supply chain, and comprehensively promoted the improvement of supply chain operation efficiency from the aspects of sales automation, quality management integration, operation digitalization, logistics digitalization, and financial digitalization.

(VI) Improve quality and efficiency, and promote high-quality development of the company

We combined the improvement of personnel efficiency, the control of the two funds, the governance of loss-making companies, the management of risk and other quality and efficiency improvement projects, the company's profitability has been improved from the potential of expenses, business growth, etc., and the company's overall operating profit rate and profitability have achieved year-on-year growth and promotion. We also have promoted the optimization of the organizational structure, scientifically designed the department structure and staffing, promoted the improvement of human efficiency, capacity cultivation, etc., and enhanced the organization's ability to quickly adapt to the environment; established a dynamic risk management and control system, promoted the long-term management and control of the two funds pressure control, strictly grasped the special governance of the enterprise, and improved the quality and efficiency to ensure development.

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

Operation of the retail stores in reporting period:

1. By the end of 2020, Guoda Drugstore has 6,212 direct-sale stores, sales revenue (tax excluded) amounted to 14.136 billion yuan; and has 1,448 franchised stores, the distribution revenue (tax excluded) amounted as 1.329 billion yuan.

Region	Direct-sale store		Franchised outlet	
	Numbers	Sales revenue (in 10 thousand Yuan)	Numbers	Distribution revenue (in 10 thousand Yuan)
North	4,068	832,218.40	544	55,207.08
East China	959	262,019.24	599	61,059.48

South China	476	157,197.28	168	10,023.56
Central China	298	61,630.36	137	6,579.59
Northwest	295	81,916.87		
Southwest	116	18,663.34		
Total	6,212	1,413,645	1,448	132,869.71

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

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

South China: Guangdong, Guangxi;

Central China: Henan, Hunan;

Northwest: Ningxia, Xinjiang;

Southwest: Yunnan

(1) There were 759 new stores opened and 240 closed in 2020, a net increase of 519 stores.

Region	Direct-sale store			Franchised outlet	
	Number of store increased	Total area (square meters)	Number of stores shut down	Number of store increased	Number of stores shut down
North	499	56,442.72	-105	103	-135
East China	105	12,705.46	-77	46	-39
South China	60	6,322.40	-29	62	-17
Central China	34	3,422.86	-21	22	-1
Northwest	41	4,924.31	-6	-	-
Southwest	20	2,244.37	-2	-	-
Total	759	86,062.12	-240	233	-192

(2) Medical insurance qualification of the stores

As of 31 December 2020, the Company has 6212 chain stores with directly selling, and 5490 pharmacy stores obtained the qualification of “Designated retail pharmacies of medical insurance”, representing 88% of the total pharmacies of the Company.

Region	Number of stores	Stores obtained the qualification of “Designated retail pharmacies of medical insurance”	Ratio in total pharmacies in

		insurance”	regions
North	4068	3738	92%
East China	959	729	76%
South China	476	400	84%
Central China	298	246	83%
Northwest	295	267	91%
Southwest	116	110	95%
Total	6212	5490	88%

2.Change of main selling index

Year	Per customer transaction (RMB)	Proportion of prescription drugs	Proportion of medical insurance sales in direct-sale stores	Proportion of the direct member sales	Proportion of transaction times of direct members
2019	86	53%	38%	67%	57%
2020	90	52%	41%	67%	59%

(1) Classify according to region

Region	Amount of sales growth (tax-free, in 10 thousand yuan)	Gross margin	Net profit ratio
North	497,037	23%	3%
East China	101,582	22%	2%
South China	16,565	25%	2%
Central China	11,259	26%	2%
Northwest	25,223	24%	3%
Southwest	17,212	42%	10%

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

Region	Number of stores	Operating area of the stores (square meters)	Daily average efficiency (tax-included, Yuan/Square Meters)	Rental efficiency (tax-included, annual sales volume/rental)
North	4068	585,036	67	17
East China	959	120,852	66	16
South China	476	53,073	91	19
Central China	298	35,211	53	15
Northwest	295	35,409	72	26
Southwest	116	14,908	39	20

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

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

Rental efficiency=Annual sales volume/Yearly rental

3. Structure of the category at retail terminal

Category	2020	2019
Health care products	5.03%	5.54%
Convenience food	0.84%	0.82%
Rx Drug	52.11%	53.00%
OTC	25.83%	25.97%
Traditional Chinese medicine	1.25%	1.07%
Personal care	0.34%	0.21%
Home convenience	7.33%	4.37%
Household health products	4.29%	4.44%
Proportion of other categories	3.00%	4.59%

4. Purchasing and supplies:

Goods suppliers of Guoda Drugstore are mainly external suppliers and assist affiliated enterprise of SINOPHARM and private brands. Top five suppliers for year of 2020:

Ranking	Purchase amount (tax included) (10 thousand yuan)	Procurement ratio
No.1	187,639,598	13%
No.2	108,147,621	7%

No.3	90,784,195	6%
No.4	84,464,531	6%
No.5	81,079,083	6%

5. Member management and service business

In 2020, the membership sales accounted for 67% with no change in the shares from 2019. At the same time, the number of member transactions in 2020 has increased by 12% on a year-on-year basis. The proportion of member transactions in total transactions increased from 56% in 2018 to 57% in 2019, and then to 59% in 2020. The number of member transactions has maintained a steady annual growth during the continuous improvement of sales in the past three years, which played a key supporting role in the steady improvement of the company's performance.

The company has improved its operating efficiency by optimizing the product structure. In 2020, the unit price of company members was 112 yuan, which was 1.2 times higher than that of non-member customers of 90 yuan. The main difference between members and non-members lies in the degree of brand recognition and the differentiation of the types of goods purchased.

6. Warehousing and logistics during the reporting period

As of 2020, the company has a total of 33 logistics distribution centers across the country, with a total logistics construction area of over 160,000 square meters, which are used for storage and circulation of normal temperature, shady and cool, and refrigerated products, ensured the distribution of goods for 6,212 directly-operated chain stores. On average, there are more than 255,000 lines of operations per day, 53,000 customer boxes, the shipment amount reaches more than 58 million yuan, the company's overall logistics annual distribution exceeds 8.16 million boxes. All logistics operations are paperless and visualized operations, with mechanization as the main and auxiliary operation. During the reporting period, in response to the storage and transportation temperature problems of refrigerated drugs, the Quality Center built a cold chain monitoring platform through its own research + supplier cooperation, integrated company business data and equipment temperature record data, and realized real-time monitoring on PC and mobile terminals, used cold chain data as the main monitoring indicators to realize multi-dimensional dynamic monitoring of cold chain operation, and at the same time formulated and improved cold chain operation management documents to realize cold chain operation standardization. It solved the technical problems of heat preservation, temperature measurement and traceability during the storage and transportation of refrigerated medicines. In 2020, the logistics center has integrated warehousing resources, aimed at operation standardization, model diversification, moderation automation, and precise energy saving so as to improve the distribution capacity and utilization rate.

II. Main business analysis

1. Overview

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

2. Revenue and cost

(1) Constitute of operation revenue

In RMB

	2020		2019		Increase/decrease y-o-y
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total of operating revenue	59,649,455,012.03	100%	52,786,807,476.28	100%	13.00%
According to industries					
Pharmaceutical distribution	41,771,721,959.60	70.03%	39,289,565,512.68	74.43%	6.32%
Retail pharmacy	17,626,007,757.96	29.55%	13,327,372,258.48	25.25%	32.25%
Other	251,725,294.47	0.42%	169,869,705.12	0.32%	48.19%
According to products					
Pharmaceuticals	54,004,558,520.07	90.54%	48,911,083,932.45	92.66%	10.41%
Medical devices and disposables	4,010,735,060.66	6.72%	2,756,591,633.83	5.22%	45.50%
Diagnostic reagents	947,638,322.63	1.59%	692,370,435.53	1.31%	36.87%
Medical equipment	434,797,814.20	0.73%	256,891,769.35	0.49%	69.25%
Other	251,725,294.47	0.42%	169,869,705.12	0.32%	48.19%
According to region					
China	59,649,455,012.03	100.00%	52,786,807,476.28	100.00%	13.00%

(2) About the industries, products, or regions accounting for over 10% of the company’s operating income or operating profit

√Applicable □ Not applicable

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y

According to industries						
Pharmaceutical distribution	41,771,721,959.60	39,206,149,975.93	6.14%	6.32%	6.48%	-0.15%
Retail pharmacy	17,626,007,757.96	13,265,264,981.82	24.74%	32.25%	32.33%	-0.04%
According to products						
Pharmaceuticals	54,004,558,520.07	47,415,791,473.79	12.20%	10.41%	9.19%	0.98%
According to region						
China	59,649,455,012.03	52,591,767,464.37	11.83%	13.00%	12.16%	0.66%

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest one year's scope of period-end

Applicable Not applicable

(3) Income from physical sales larger than income from labors

Yes No

(4) Fulfillment of the company's signed significant sales contracts up to this reporting period

Applicable Not applicable

(5) Constitute of operation cost

In RMB

Industries	Item	2020		2019		Increase/decrease y-o-y
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Pharmaceutical distribution	Sales cost	39,206,149,975.93	74.55%	36,819,319,475.22	78.52%	6.48%
Retail pharmacy	Sales cost	13,265,264,981.82	25.22%	10,024,600,201.08	21.38%	32.33%
Other	Other cost	120,352,506.62	0.23%	47,304,628.74	0.10%	154.42%

Note

N/A

(6) Whether the changes in the scope of consolidation in Reporting Period

Yes No

Details of the changes in the scope of consolidation in reporting Period can be seen in Note VI of Financial Report.

(7) Major changes or adjustment in business, product or service of the Company in Reporting Period

Applicable Not applicable

(8) Major sales and main suppliers

Major sales client of the Company

Total top five clients in sales (RMB)	2,567,346,434.44
Proportion in total annual sales volume for top five clients	4.30%
Ratio of related parties in annual total sales among the top five clients	0.00%

Information of top five clients of the Company

Serial	Name	Sales amount (RMB)	Proportion in total annual sales
1	No. 1	728,589,391.96	1.22%
2	No. 2	531,588,556.80	0.89%
3	No. 3	465,948,001.18	0.78%
4	No. 4	423,815,969.50	0.71%
5	No. 5	417,404,515.00	0.70%
Total	--	2,567,346,434.44	4.30%

Other situation of main clients

Applicable Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	7,418,642,753.58
Proportion in total annual purchase amount for top five suppliers	12.26%
Ratio of related parties in annual total sales among the top five suppliers	1.68%

Information of top five suppliers of the Company

Serial	Suppliers	Purchase amount (RMB)	Proportion in total annual purchases
1	No. 1	4,307,618,451.80	7.12%
2	No. 2	1,016,554,697.18	1.68%
3	No. 3	948,648,459.33	1.57%
4	No. 4	593,899,138.58	0.98%
5	No. 5	551,922,006.69	0.91%
Total	--	7,418,642,753.58	12.26%

Other notes of main suppliers of the Company

Applicable Not applicable

3. Expenses

In RMB

	2020	2019	Increase/decrease y-o-y	Note of major changes
Sales expense	3,943,134,095.75	3,168,007,835.69	24.47%	No major changes occurred
Management expense	1,008,178,815.78	871,076,467.62	15.74%	No major changes occurred
Financial expense	119,855,169.85	126,340,266.54	-5.13%	No major changes occurred

4. R&D expenses

Applicable Not applicable

5. Cash flow

In RMB

Item	2020	2019	Increase/decrease y-o-y
Total cash inflows from operating activities	63,412,452,004.15	57,406,241,648.15	10.46%
Total cash outflows from operating activities	61,909,705,405.68	55,393,588,458.41	11.76%
Net cash flows from operating activities	1,502,746,598.47	2,012,653,189.74	-25.34%
Total cash inflows from investing activities	211,813,981.71	639,931,575.04	-66.90%
Total cash outflows from investing activities	2,995,043,135.68	861,056,729.45	247.83%
Net cash flows from investing activities	-2,783,229,153.97	-221,125,154.41	-1,158.67%
Total cash inflows from financing activities	1,166,552,513.20	467,185,917.92	149.70%
Total cash outflows from financing activities	2,906,975,331.01	1,467,403,127.13	98.10%
Net cash flows from financing activities	-1,740,422,817.81	-1,000,217,209.21	74.00%
Net decrease/ increase in cash and cash equivalent	-3,020,957,912.17	791,135,132.86	-481.85%

Main reasons for y-o-y major changes in aspect of relevant data

Applicable Not applicable

- (1) Total cash inflows from investing activities: has 66.90% down from a year earlier, mainly because in the period, subsidiary of the Company- Guoda Drugstore merged the Shanghai Pudong New Area Medicine & Medication Co., Ltd. under the same control; and at same period last year, received the appropriation from the cash pool of Sinopharm Group, the original parent company of Pudong Medicine in the previous year, and recovered the funds originally collected to the cash pool in the current year;
- (2) Total cash outflows from investing activities: has 247.83% up from a year earlier, mainly due to the payment for equity acquisition of Chengda Fangyuan Pharmaceutical Group Co., Ltd and Shanghai Dingqun Enterprise Management Consulting Co., Ltd in the Period by subsidiary of the Company - Guoda Drugstore;
- (3) Net cash flows from investing activities: has 1,158.67% down from a year earlier, mainly due to the payment for equity acquisition of Chengda Fangyuan Pharmaceutical Group Co., Ltd and Shanghai Dingqun Enterprise Management Consulting Co., Ltd in the Period f by subsidiary of the Company - Guoda Drugstore;
- (4) Total cash inflows from financing activities: has 149.70% up from a year earlier, mainly because received a loans from financial institution in the period, and received the special loans for COVID-19 epidemic prevention and control;
- (5) Total cash outflows from financing activities: has 98.10% up from a year earlier, mainly because repayment of the borrowings to non-financial institutions and repayment of supply chain financing increased;
- (6) Net cash flows from financing activities: has 74.00% up from a year earlier, mainly because repayment of the borrowings to non-financial institutions and repayment of supply chain financing increased;
- (7) Net decrease/ increase in cash and cash equivalent: has 481.85% down from a year earlier, mainly due to the payment for equity acquisition of Chengda Fangyuan Pharmaceutical Group Co., Ltd and Shanghai Dingqun Enterprise Management Consulting Co., Ltd in the Period by subsidiary of the Company - Guoda Drugstore

Reasons of major difference between the cash flow of operation activity in report period and net profit of the Company

Applicable Not applicable

III. Analysis of the non-main business

Applicable Not applicable

IV. Analysis of assets and liabilities

1. Major changes of assets composition

The Company initially implemented the new revenue standard or new lease standards since 2020, and relevant items of the financial statement at year-beginning of the implementation year were adjusted

Not applicable

In RMB

	Year-end of 2020		Year-end of 2019		Ratio changes	Notes of major changes
	Amount	Ratio in	Amount	Ratio in		

		total assets		total assets	(+,-)	
Cash and bank balances	5,998,204,295.87	15.15%	8,885,729,250.47	26.11%	-10.96%	Mainly due to the payment for equity acquisition of Chengda Fangyuan Pharmaceutical Group Co., Ltd and Shanghai Dingqun Enterprise Management Consulting Co., Ltd in the Period by subsidiary of the Company - Guoda Drugstore
Accounts receivable	13,799,971,014.22	34.85%	10,712,983,544.18	31.48%	3.37%	No major changes occurred
Inventories	6,285,010,674.46	15.87%	5,063,274,143.26	14.88%	0.99%	No major changes occurred
Investment properties	127,444,379.94	0.32%	138,900,358.30	0.41%	-0.09%	No major changes occurred
Long-term equity investment	2,287,019,627.99	5.78%	2,105,114,410.88	6.19%	-0.41%	No major changes occurred
Fix assets	854,191,083.27	2.16%	708,000,172.63	2.08%	0.08%	No major changes occurred
Construction in progress	46,631,190.23	0.12%	31,582,575.84	0.09%	0.03%	No major changes occurred
Short-term borrowings	1,612,187,020.12	4.07%	1,453,018,300.01	4.27%	-0.20%	No major changes occurred
Long-term borrowings	31,637,173.89	0.08%	-	-	0.08%	Received the loans from Group Finance Company entrusted by China National Pharmaceutical Group Corporation in the Period

2. Assets and liability measured by fair value

√Applicable □ Not applicable

(1) Assets and liabilities at fair value

2020

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
Continuous measurement of fair value				
Receivables financing	-	1,404,987,700.38	-	1,404,987,700.38
Other investment in equity	-		-	

instruments		99,488,340.28		99,488,340.28
Other non-current financial assets	-	-	120,972,350.24	120,972,350.24
	-	1,504,476,040.66	120,972,350.24	1,625,448,390.90

2019

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
Continuous measurement of fair value				
Receivables financing	-	446,342,588.46	-	446,342,588.46
Other investment in equity instruments	-	116,021,000.00	-	116,021,000.00
Other non-current financial assets	-	-	140,000,000.00	140,000,000.00
	-	562,363,588.46	140,000,000.00	702,363,588.46

(2) Assets and liabilities disclosed at fair value

2020

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
Long-term borrowings	-	31,637,173.89	-	31,637,173.89

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

Yes No

3. Assets right restriction till end of reporting period

	2020	2019	Note
Cash and cash equivalents	593,091,037.88	442,672,297.43	(1)
Notes receivable and accounts receivables financing that were endorsed	27,939,151.58	-	(2)
Notes receivable that were discounted	-	64,038,348.12	(3)
Receivables financing that were pledged	<u>2,620,000.00</u>	<u>-</u>	(4)
	<u>623,650,189.46</u>	<u>506,710,645.55</u>	

- (1) On 31 December 2020, the Group had deposits of bank acceptance bills, deposits for letters of credit, and fixed deposits for guarantee or notice deposits of RMB593,091,037.88 (31 December 2019: RMB442,672,297.43) (found more in the Note V-1 carried in Section XII Financial Report).
- (2) On 31 December 2020, the Group had accounts receivables financing of RMB23,843,867.66 and commercial acceptance bills receivable of RMB4,095,283.92, which were endorsed but not have matured (31 December 2019: nil) (found more in the Note V-2 and Note V-4 carried in Section XII Financial Report).
- (3) On 31 December 2020, the Group had commercial acceptance bills receivable of RMB0.00, which were discounted but have not matured (31 December 2019: RMB64,038,348.12) (found more in the Note V-2 carried in Section XII Financial Report).
- (4) On 31 December 2020, the Group had pledged financing receivable of RMB2,620,000.00 (31 December 2019: nil) (found more in the Note V-4 carried in Section XII Financial Report).

V. Investment

1. Overall situation

Applicable Not applicable

- (1) During the reporting period, the Company acquired the four enterprises in cash with combined under the different control, including Chengda Fangyuan Pharmaceutical Group Co., Ltd (100%), Shanghai Dingqun Enterprise Management Consulting Co., Ltd (100%), Beijing Golden Elephant Guoxing Pharmaceutical Co., Ltd. (100%) and Sinopharm Accord (Yangjiang) pharmaceutical Co., Ltd. (70%); the Company acquired the Shanghai Pudong New Area Medicine & Medication Co., Ltd. (75%) in cash for the enterprise merged under the same control. The company newly established subsidiaries including Guoda Pharmacy (Rizhao) Co., Ltd. (100%), Liaoning Guoda Health Pharmacy Co., Ltd. (100%), Liaoning Guoda Pharmacy Co., Ltd. (100%), Liaoning Huludao Guoda Pharmacy Co., Ltd.. (100%), Jinzhong Yuci Guoda Wanmin Clinic Co., Ltd (100%), Sinopharm Holding Guoda Jianfeng (Jiangmen) Medicine Chain Co., Ltd (100%) and Guoda Wanmin Huimin Kangwei Pharmacy Lvliang Co., Ltd. (51%).
- (2) During the reporting period, the Company completed the capital increase (100%) to Sinopharm Holding Maoming Co., Ltd, after capital increase, the shareholding ratio remained unchanged.

(3) During the reporting period, the Company made an additional investment in Guangdong Jianhui Construction Investment Management Co., Ltd (10%), after additional investment, the shareholding ratio remained unchanged. More investment information, found in the Note (V)-9, Note (VI) and Note (VII) carried in the financial report.

2. The major equity investment obtained in the reporting period

Applicable Not applicable

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

Applicable Not applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

The company had no securities investment in the reporting period.

(2) Derivative investment

Applicable Not applicable

The company had no derivative investment in the reporting period.

5. Application of raised proceeds

Applicable Not applicable

In 10 thousand Yuan

Committed investment projects and capital invested in areas with fund raising out of the plan	Projects changed or not (including changed partially)	Total committed investment of raised capitals	Total investment after adjustment (1)	Amount invested in report period	Amount of accumulated investment till the period-end (2)	Investment program till the period-end (3)=(2)/(1)	The date when the project reaches its intended availability	Realized interests in Period	Reach the predicted interest or not	Project feasibility was changed hugely or not
Committed investment projects										
Cash consideration of 49% equity of Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd. paid	N	26,781.67	26,781.67	4,892.15	26,781.67	100.00%	Not applicable	Not applicable	Not applicable	N

Payment of issuance cost	N	579.82	579.82	0	579.82	100.00%	Not applicable	Not applicable	Not applicable	N
Subtotal of committed investment projects	--	27,361.49	27,361.49	4,892.15	27,361.49	--	--	Not applicable	--	--
Capital invested in areas with fund raising out of the plan										
Not applicable										
Total	--	27,361.49	27,361.49	4,892.15	27,361.49	--	--	Not applicable	--	--
Situation about not coming up to schemed progress or expected revenue and the reason(In specific project)	Not applicable									
Explanation on major changes on project feasibility	Not applicable									
Amount, usage and progress of using for fund raising out of the plan	Not applicable									
Change of implementation place of investment project of raised capitals	Not applicable									
Regulation of implementation ways of investment project of raised capitals	Not applicable									
Preliminary investment and replacement of investment project of raised capitals	Not applicable									
Temporarily supplement for the current capitals with idle raised capitals	Not applicable									

Amount and reason for surplus of raised capitals when implementing projects	Not applicable
Usage of the retained raised fund and what is expected to invested with those fund	No unspent raised funds
Issues or other conditions found in use of fund raised and disclosure	Use of the fund raised are strictly execute in line with the <i>tri-party supervision agreement for fund raised</i> , and no related issues or other conditions been found

(3) The changed project of raised proceeds

Applicable Not applicable

The Company has no project of raised proceeds changed in the Period.

VI. Sales of major assets and equity

1. Sales of major assets

Applicable Not applicable

The Company has no sales of major assets in the Period.

2. Sales of major equity

Applicable Not applicable

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

Applicable Not applicable

Subsidiary and joint-stock enterprise with an impact of more than 10% on the Company's net profit

In RMB

Company name	Type	Main business	Register capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Sinopharm Holding Guangzhou Co., Ltd.	Subsidiary	Sales of drugs, medical apparatus and instruments, freight transportation, storage, loading and	3,553,249,393.17	16,020,031,332.98	4,653,577,095.40	30,583,358,196.47	774,030,623.98	579,817,808.75

		unloading, glass wares, cosmetics and daily merchandise; other business services, other professional consultation, various goods agency and for self-operation, import & export of technology, houses leasing						
Sinopharm Holding Guoda Drugstore Co., Ltd.	Subsidiary	Chinese traditional patent medicine, chemical preparations, antibiotics, bio-chemical medicine, biological medicine, diagnosis medicine, biological medicine with features of treatment and diagnosis, shaped packing food, chemical products, and various commodity and technique hold by self-support and agency as well as import & export of technology	1,683,333,333.00	15,456,873,721.83	5,539,462,644.54	19,437,660,100.65	655,446,001.06	476,588,088.95
Sinopharm Holding Guangxi Co., Ltd.	Subsidiary	Retail and distribution in respect of pharmaceutical products and medical apparatus and instruments, wholesale and retails of health products	521,407,965.79	4,357,209,983.64	1,161,715,397.13	6,142,028,887.43	204,722,034.77	179,046,206.04

Particular about subsidiaries obtained or disposed in report period

√ Applicable □ Not applicable

Company name	The method of obtaining and handling subsidiaries during the report period	The influence to the whole production and performance
Shanghai Dingqun Enterprise Management Consulting Co., Ltd	Acquisition	Expand the business layout of wholesale and retail integration, and without major influence on performance of the Company
Beijing Golden Elephant Guoxing Pharmaceutical Co., Ltd.	Acquisition	Expand the business layout of medicine retail in local area, and without major influence on performance of the Company
Shanghai Pudong New Area Medicine & Medication Co., Ltd.	Acquisition	Expand the business layout of wholesale and retail integration, and without major influence on performance of the Company
Guoda Pharmacy (Rizhao) Co., Ltd.	Establishment	Expand the business layout of medicine retail in local area, and without major influence on performance of the Company
Liaoning Guoda Health Pharmacy Co., Ltd.	Establishment	Expand the business layout of medicine retail in local area, and without major influence on performance of the Company
Sinopharm Accord (Yangjiang) Medicine Co., Ltd.	Acquisition	Expand the business layout of medicine distribution in local area, and without major influence on performance of the Company
Liaoning Guoda Pharmacy Co., Ltd.	Establishment	Expand the business layout of medicine retail in local area, and without major influence on performance of the Company
Liaoning Huludao Guoda Pharmacy Co., Ltd.	Establishment	Expand the business layout of medicine retail in local area, and without major influence on performance of the Company
Jinzhong Yuci Guoda Wanmin Clinic Co., Ltd	Establishment	Expand the business layout of medicine retail in local area, and without major influence on performance of the Company
Guoda Jianfeng (Jiangmen) Pharmaceutical Chain Co., Ltd.	Establishment	Expand the business layout of medicine retail in local area, and without major influence on performance of the Company
Guoda Wanmin Huimin Kangwei Pharmacy Lvliang Co., Ltd.	Establishment	Expand the business layout of medicine retail in local area, and without major influence on performance of the Company
Chengda Fangyuan Pharmaceutical Group Co., Ltd	Acquisition	Expand the business layout of wholesale and retail integration, and without major influence on performance of the Company

VIII. Structured vehicle controlled by the Company

Applicable Not applicable

IX. Future Development Prospects

(i) Industry environment and its impact on the company

2021 is the first year of the "14th Five-Year Plan" of Sinopharm Accord, the environmental changes of the new normal bring a series of opportunities and challenges. In the context of international trade frictions and the new normal of China's economy, China's internal industrial structure upgrade pressure continues to increase, and state-owned enterprises need to accelerate the pace of corporate reform and transformation to shift to high-quality development. National competition has increasingly evolved into competition between urban agglomerations, how to position state-owned enterprises to conform to national strategies, to be open and coordinated, and to develop together with the region and form a joint force has become the key. Continuous breakthroughs in science and technology will subvert the development model in various fields, and at the same time, it will also be a strong support for China to improve its international competitiveness, we should actively explore the field of science and innovation, seize opportunities for transformation, and build core competitiveness. The new medical reform centered on the "three medical" linkages has promoted the redistribution of the interests of different participants in the entire industry chain of the medical industry. The entire industry is in a period of structural adjustment and model reshaping. The redistribution of the interests of the participants in the industry chain will generate new businesses demand, bring new and diversified profit growth points.

(ii) Company business plan

In the new year, the company will focus on the strategy of "technology empowerment, service upgrade, integration of wholesale and retail, and industry-finance dual drive", and will continue to develop with high quality. Strengthen traditional business on the one hand, further stimulate the vitality of traditional businesses, become stronger and bigger, and consolidate the leading position in the industry; on the other hand, expand new business, seize the window period, accelerate the development of new business scale and highlight the benefits.

1. Scientifically study and judge policies and situations, grasp market changes, and build a new development pattern

Maintain sensitivity to policies and the environment, and respond quickly. Continue to seize the opportunity to increase industry concentration and expand market share. Continue to research new business models, innovate and empower, and improve profitability. Normalize the epidemic prevention of the COVID-19 epidemic, consolidate the responsibilities of epidemic prevention, complete the emergency security, and provide the government with a full network and a full range of medical supplies and emergency protection solutions. Pay attention to policy dividends, under the new development pattern of "domestic big cycle, domestic and international double cycle", continue to follow up and make full use of local government subsidy policies, and strive for more financing

support and corporate dividends brought by various preferential policies to reduce business costs and improve efficiency.

2. Continue organizational transformation and build integrated service and management capabilities

Focus on the goals and tasks of the "14th Five-Year" strategic plan, strengthen publicity and implementation, supervise implementation, and enhance the strategic management and control capabilities, the integrated management and control capabilities, the personalized resource allocation capabilities, the innovative and developmental operation management systems, and the cultural characteristics led by party building. Continue to implement the annual human efficiency management and control requirements, and explore the development of management, talents, and organizations based on future scale changes. Continue to improve the systematic, professional and standardized financial management and control system. Keep an eye on changes in the industry, and strive to promote the incubation of innovative capabilities and projects such as new businesses, new models, and digital transformation.

3. Fully focus on technological empowerment, drive innovative services and supply chain upgrades with digitalization, and create future-oriented core competitiveness

From the two levels of supply chain operation and management, with the goal of improving quality and efficiency, and taking the new business model as the direction to promote digital transformation. The "professional + regional" dual-combined management approach optimizes the organizational structure of the information technology center, continues corporate operation, lays a solid foundation for digital transformation, and efficiently promotes informatization projects.

4. Fully plan and integrate national logistics network resources, improve efficiency, optimize models, and establish strategic advantages

Guided by business development needs, actively realize the transformation of logistics marketization, and build a leading pharmaceutical supply chain enterprise in terms of logistics cost, logistics efficiency, network coverage, and customer service experience.

5. Focus on customer value orientation, coordinate resources and networks, and focus on service upgrades and model innovation

The distribution business segment promotes the strategic deployment and resources allocation of one body and two wings, and continues to promote the company's high-quality development around "digital transformation, integrated operation, supply chain upgrade, and business innovation". Focus on policy and market changes, structural optimization and model upgrades, cultivate new growth points, and form new growth drivers. Create a characteristic retail service system, promote model innovation under the integration of retail networks, and build the core competitiveness of professional services. Rapidly cultivate innovative businesses, improve the informatization and standardized service capabilities of medicines and consumables, and provide overall solutions and integrated service capabilities.

In the retail business segment, we will seize the new pharmaceutical retail opportunities and promote the integration of online and offline businesses. Promote the optimization of "product + service" professional capabilities and create a closed loop of "medical + pharmaceutical" services. Continue to improve the integrated management and control capabilities of the headquarters, and seek benefits from management.

6. Deeply explore the connotation and value of "integration of wholesale and retail", and promote the extension of resources to the upstream and downstream of the industrial chain

Thoroughly implement the wholesale and retail integrated development strategy, on the basis of network linkage, promote the effective allocation and circulation of resources in various formats and regions, enhance the synergy and complementarity between distribution and retail, and create synergy. The wholesale and retail coordination is implemented nationwide, and the integration of wholesale and retail in Guangdong and Guangxi continues to deepen, with the help of the manufacturer resource platform of Sinopharm Holding and Sinopharm Accord, we will jointly develop our own brands and cover the integrated network of wholesale and retail.

7. Realize simultaneous growth of "connotation + extension"

Through "improvement of quality and efficiency" and continuous lean management, we can achieve connotative growth; through the focus strategy, we will promote investment and mergers and acquisitions to start a new situation and achieve extensional growth.

(iii) Possible risks

1. Risks of changes in industry policy

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

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

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

3. Risks of intensifying market competition

As the country continues to introduce corresponding policies to encourage the integration of pharmaceutical retail industry, the major pharmaceutical retail enterprises in the industry have accelerated the pace of mergers and acquisitions, and continued to expand the marketing networks, improve the logistics center constructions, and

innovate the business and profit models so that the sales scale and comprehensive strength continuously strengthen. At the same time, with the upgrading of consumption and the gradual opening of market, the foreign pharmaceutical distribution enterprises with powerful strength are entering the domestic pharmaceutical distribution markets through a variety of ways, so the industry competition is further intensifying. In addition, the cross-border competitors with internet genes have quickly penetrated into the company's traditional business fields, which brought certain challenges to the company's business model.

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

4. Risks of facing the horizontal competition

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

5. The risk of goodwill impairments

On 31 December 2020, the book value of goodwill in consolidate financial statement listed as 2,747 million Yuan, and distributed to the assets group of distribution business and retail business. In accordance with the Accounting Standards for Business Enterprises, the Company carried out annual impairment test for the goodwill. Impairment of goodwill will released on the Note V.-18 and Note III-17 & 33 listed under the Section XII. Financial Report

X. Reception of research, communication and interview

1. In the report period, reception of research, communication and interview

√Applicable □ Not applicable

Time	Location	Way	Reception object	Type	Main contents of the discussion and the information provided	Basic situation index of investigation
2020-04-22	Accord Pharmacy Bldg.	Telephoning	Institute	Institute	Performance and operation of the Company	Record of the investor relations activities (No.:2020-1)

2020-05-15	Accord Pharmacy Bldg.	Field research	Institute	Institute, individual	Basic operating situation of the Company and future outlook	Resolution of the Annual General Meeting 2019 (Notice No.:2020-17)
2020-11-13	Accord Pharmacy Bldg.	Field research	Institute	Institute, individual	Basic operating situation of the Company	Resolution of the First Extraordinary Shareholders' General Meeting of 2020 (Notice No.:2020-38)
2020-12-22	Accord Pharmacy Bldg.	Field research	Other	Time Finance	Basic operating situation of the Company and future outlook	Guoda Drugstore Jian Zhi Wan Jia Store of 2021
Reception (times)			4			
Number of reception institutions			118			
Number of individual reception			5			
Number of other reception			1			
Disclosed, released or let out major undisclosed information			No disclosed, released or let out major undisclosed information			

Section V. Important Events

I. Profit distribution plan of common stock and capitalizing of common reserves plan

Formulation, Implementation and Adjustment of common stock Profit Distribution Policy Especially Cash Dividend policy during the Reporting Period

√Applicable □ Not applicable

On 15 May 2020, the profit distribution plan for year of 2019 was deliberated and approved by annual general meeting of 2019, that is taking total 428,126,983 shares as base, distributed 6.00 yuan (tax included) for each 10 shares in cash. The announcement of 2019 interest distribution implementation was released on 10 June 2020 by the Board (published in *Securities Times*, *China Securities Journal*, *Hong Kong Commercial Daily* and Juchao Website <http://www.cninfo.com.cn>), the profit distribution plan for year of 2019 was completed, and dividend for public shares was distributed to the account of shareholders dated 18 June 2020 (A-share) and 22 June 2020 (B-share) respectively.

Special explanation on cash dividend policy	
Satisfy regulations of General Meeting or requirement of Article of Association (Y/N):	Y
Well-defined and clearly dividend standards and proportion (Y/N):	Y
Completed relevant decision-making process and mechanism (Y/N):	Y
Independent directors perform duties completely and play a proper role (Y/N):	Y
Minority shareholders have opportunity to express opinions and demands totally and their legal rights are fully protected (Y/N):	Y
Condition and procedures are compliance and transparent while the cash bonus policy adjusted or changed (Y/N):	Not applicable

Profit distribution plan (pre-plan) of common stock and capitalizing of common reserves plan (pre-plan) in latest three years (including the reporting period)

(1) Profit distribution plan for year of 2018

Taking the total 428,126,983 shares as base, cash bonus of 4.00 yuan (before tax) each 10 shares will be distributed to the whole shareholders. This profit distribution did not convert capital reserve into share capital.

(2) Profit distribution plan for year of 2019

Taking the total 428,126,983 shares as base, cash bonus of 6.00 yuan (before tax) each 10 shares will be distributed to the whole shareholders. This profit distribution did not convert capital reserve into share capital.

(3) Profit distribution plan for year of 2020

Taking the total 428,126,983 shares as base, cash bonus of 8.00 yuan (before tax) each 10 shares will be distributed to the whole shareholders. This profit distribution did not convert capital reserve into share capital.

Cash dividend of common stock in latest three years (including the reporting period)

In RMB

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to common stock shareholders of listed company in consolidation statement for bonus year	Ratio of the cash bonus in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Proportion for cash bonus by other ways(i.e. share buy-backs)	Ratio of the cash bonus by other ways in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Total cash bonus (including other ways)	Ratio of the total cash bonus (other ways included) in net profit attributable to common stock shareholders of listed company contained in consolidation statement
2020	342,501,586.40	1,401,892,593.23	24.43%	0.00	0.00%	342,501,586.40	24.43%
2019	256,876,189.80	1,271,289,183.01	20.21%	0.00	0.00%	256,876,189.80	20.21%
2018	171,250,793.20	1,210,742,435.78	14.14%	0.00	0.00%	171,250,793.20	14.14%

The Company gains profits in reporting period and the retained profit of common stock shareholders provided by parent company is positive but no plan of cash dividend proposed of common stock

Applicable Not applicable

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

Applicable Not applicable

Bonus shares for every 10-share (Share)	0.00
Dividends for every 10-share (RMB) (Tax included)	8.00
Increments per 10 shares (Share)	0.00
Equity base of the distribution plan (Share)	428,126,983
Amount of cash dividend(RMB) (Tax included)	342,501,586.40
Amount of cash dividend in other ways(i.e. share repurchase)(RMB)	0.00
Total cash dividend (including other way) (RMB)	342,501,586.40
Profit available for distribution (RMB)	5,788,050,243.66
Proportion of total cash dividend (including other ways) to total profit distribution	100%
Cash dividend situation	
If the company's development is at the growth stage with significant capital expenditures, the minimum proportion of cash dividend in the profit distribution should reach 40%.	
Detail explanation of the profit distribution plan or plan for capitalizing from public reserves	

III. Implementation of commitment

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

√Applicable □ Not applicable

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

	Ping'an Assets Management Co., Ltd	Commitment on restricted shares	"Ping An Asset Management Co., Ltd. made commitments in the Report about China National Accord Medicines Corporation Ltd. Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment that the non-public offering of shares of Sinopharm Accord obtained from this transaction shall not be transferred within 36 months since the finish date of issuance and shall be unlocked after 36 months since the date of listing. After placement completed, the shares of the listed Company increased due to bonus shares and turning to increase capital should pursuit to the restriction arrangement the above mentioned.	31 May 2016	36 months	Completed
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	Sinopharm Group Co., Ltd	<p>Commitments on horizontal competition, relation and capital occupation</p> <p>“Sinopharm Holding made commitments in the Report about China National Accord Medicines Corporation Ltd. Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment that the Company shall be the controlling shareholder of China National Accord Medicines Corporation Ltd. (hereinafter referred to as Sinopharm Accord) up to the issue date of this commitment letter, after the completion of this major assets reorganization (hereinafter referred to as “this reorganization”), Sinopharm Accord shall no longer hold shares or operate relevant businesses of pharmaceutical industry, the main business will become the national pharmaceutical retail and pharmaceutical distribution business in Guangdong and Guangxi. In order to support the business development of Sinopharm Accord and avoid horizontal competition with Sinopharm Accord and its controlling enterprises, the Company made following irrevocable commitments and promises:1, after the completion of this reorganization, as for the social retail drugstore assets except for Sinopharm Holding Guoda Drugstore Co., Ltd. and its subsidiaries and branches owned or controlled by the Company, the Company promised to take appropriate measures to solve the horizontal competition problem in the pharmaceutical retail business between the Company and Sinopharm Accord within 5 years since the completion date of this reorganization. 2. The Company's way of resolving horizontal competition problems includes and is not limited to purchasing the social retail drugstore assets subordinated to the Company by Sinopharm Accord, taking the entrusted operation, leasing or contracting operation by Sinopharm Accord and its controlling enterprises in accordance with the methods permitted to national laws to hold or control the social retail drugstore assets, or transferring the controlling stake of the social retail drugstore assets by the Company. 3. If the shareholders of the social retail drugstore assets (hereinafter referred to as "the third party") of the Company or the enterprises controlled by the Company have or are going to perform the preemptive rights under the same conditions in accordance with relevant laws and corresponding Articles of Association, then the above commitment will not be applicable, but in this case, the Company should try its utmost to urge the third party to waive its preemptive rights. If the Company is unable to urge the third party to give up the preemptive rights, the Company will urge the enterprises controlled by the Company to transfer the social retail drugstore assets to the third party to solve the horizontal competition problem. 4. The pharmaceutical distribution assets currently owned or controlled by the Company are distributed outside Guangdong and Guangxi regions, there is no horizontal competition with Sinopharm Accord, the Company will not engage in the same or similar operation businesses to Sinopharm Accord in Guangdong and Guangxi in the future, if the Company and its holding enterprises obtain the new business opportunities constituting substantial horizontal competition (hereinafter referred to as competitive new business) within the pharmaceutical distribution business scope of Sinopharm Accord in Guangdong and Guangxi, the Company will send written notice to Sinopharm Accord and try its utmost to firstly provide the new business opportunities to Sinopharm Accord or its holding enterprises according to the reasonable and fair terms and conditions so as to avoid the horizontal competition with Sinopharm Accord and its holding enterprises. 5. Since the issue date of this commitment letter, the Company promises to indemnify</p>	28 December 2016	Long-term effective	Normally implementing
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	SINOPHARM	Commitments on horizontal competition, relation transaction and capital occupation	<p>“SINOPHARM made commitments in the Report about China National Accord Medicines Corporation Ltd. Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment that the Company shall be the actual controller of China National Accord Medicines Corporation Ltd. (hereinafter referred to as Sinopharm Accord) up to the issue date of this commitment letter, after the completion of this major assets reorganization (hereinafter referred to as “this reorganization”), Sinopharm Accord shall no longer hold shares or operate relevant businesses of pharmaceutical industry, the main business will become the national pharmaceutical retail and pharmaceutical distribution business in Guangdong and Guangxi. In order to support the business development of Sinopharm Accord and avoid horizontal competition with Sinopharm Accord and its controlling enterprises, the Company made following irrevocable commitments and promises:1, after the completion of this reorganization, as for the social retail drugstore assets except for Sinopharm Group Guoda Drugstore Co., Ltd. and its subsidiaries and branches owned or controlled by the Company, the Company promised to take appropriate measures to solve the horizontal competition problem in the pharmaceutical retail business between the Company and Sinopharm Accord within 5 years since the completion date of this reorganization. 2. The Company's way of resolving horizontal competition problems includes and is not limited to purchasing the social retail drugstore assets subordinated to the Company by Sinopharm Accord, taking the entrusted operation, leasing or contracting operation by Sinopharm Accord and its controlling enterprises in accordance with the methods permitted to national laws to hold or control the social retail drugstore assets, or transferring the controlling stake of the social retail drugstore assets by the Company. 3. If the shareholders of the social retail drugstore assets (hereinafter referred to as "the third party") of the Company or the enterprises controlled by the Company have or are going to perform the preemptive rights under the same conditions in accordance with relevant laws and corresponding Articles of Association, then the above commitment will not be applicable, but in this case, the Company should try its utmost to urge the third party to waive its preemptive rights. If the Company is unable to urge the third party to give up the preemptive rights, the Company will urge the enterprises controlled by the Company to transfer the social retail drugstore assets to the third party to solve the horizontal competition problem. 4. The pharmaceutical distribution assets currently owned or controlled by the Company are distributed outside Guangdong and Guangxi regions, there is no horizontal competition with Sinopharm Accord, the Company will not engage in the same or similar operation businesses to Sinopharm Accord in Guangdong and Guangxi in the future, if the Company and its holding enterprises obtain the new business opportunities constituting substantial horizontal competition (hereinafter referred to as competitive new business) within the pharmaceutical distribution business scope of Sinopharm Accord in Guangdong and Guangxi, the Company will send written notice to Sinopharm Accord and try its utmost to firstly provide the new business opportunities to Sinopharm Accord or its holding enterprises according to the reasonable and fair terms and conditions so as to avoid the horizontal competition with Sinopharm Accord and its holding enterprises. 5. This commitment letter terminates when following circumstances occur (subject to</p>	28 December 2016	Long-term effective	Normally implementing
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Commitments made in initial public offering or re-financing	Sinopharm Holding	Commitment of shareholders	<p>Sinopharm Holding made commitments in the Commitment Letter About Sinopharm Group Co., Ltd. to Avoid Horizontal Competition: “First, the Company and the Company’s wholly-owned, controlling or other enterprises with actual control (in addition to Sinopharm Accord and its controlling enterprises, hereinafter the same) don’t have businesses and operations constituting the substantial horizontal competition to Sinopharm Accord and its controlling enterprises. Second, the Company and the Company’s wholly-owned, controlling or other enterprises with actual control shall not engage, participate in or do businesses and activities in Guangdong and Guangxi which constitute substantial competition to Sinopharm Accord and pharmaceutical business services. Third, the Company and the Company’s wholly-owned, controlling or other enterprises with actual control shall not engage, participate in or do businesses and activities which constitute substantial competition to Sinopharm Accord and pharmaceutical industry businesses. Fourth, the Company shall not take advantage of the control to Sinopharm Accord to damage the legitimate rights and interests of Sinopharm Accord and other shareholders (especially medium and small shareholders). This commitment letter takes effect from the issue date, and remains in effect for the entire period when the Company acts as the controlling shareholder or its related party of Sinopharm Accord. Within the effective period of the commitment, if the Company violates this commitment and causes a loss to Sinopharm Accord, the Company will timely make full compensation for Sinopharm Accord.”</p>	5 September 2013	Long-term effective	Controlling shareholder is implement in real earnest, Sinopharm Accord will actively urged the controlling shareholder and actual controller to fulfill commitments
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	Sinopharm Holding	Commitment of shareholders	<p>Sinopharm Holding made commitments in the Commitment Letter About Sinopharm Group Co., Ltd. to Regulate the Related Transactions with China National Accord Medicines Corporation Ltd.: “First, when the Company is controlling Sinopharm Accord, the Company and the companies and enterprises directly and indirectly controlled by the Company (“related party” for short) will strictly regulate the related transactions with Sinopharm Accord and its controlling enterprises. Second, for the related transactions that can not be avoided nor have reasonable reasons to occur, the Company and related party shall sign normative related transaction agreement in accordance with relevant laws with Sinopharm Accord. Sinopharm Accord implements the approval procedures and fulfills the information disclosure obligations of the related transactions according to relevant laws, regulations, rules, other normative documents and the constitutions of Sinopharm Accord. Third, for the related transactions that can not be avoided or have reasonable reasons to occur, the Company and related party shall abide by the open, fair and just market principles and confirm the price of related transactions in accordance with the price that the independent third party without association sets for the same and similar transactions, and ensure the fairness of the price of the related transactions. Fourth, when the board of directors and the general meeting of stockholders of Sinopharm Accord vote on the related transactions involving the Company and other enterprises controlled by the Company, the Company shall fulfill the necessary obligations that the associated directors and associated shareholders abstain from voting in accordance with the relevant provisions, and abide by the legal procedures for approving related transactions and the information disclosure obligations. Fifth, the Company guarantees to participate in the shareholders' general meeting, equally exercise the corresponding rights and take the corresponding obligations in accordance with the constitutions of Sinopharm Accord, not to take advantage of controlling shareholder status to seek improper benefits or utilize related transactions to illegally transfer the funds and profits of Sinopharm Accord, and not to damage the legitimate rights and interests of other shareholders (especially the medium and small shareholders) of Sinopharm Accord. Sixth, this commitment letter comes into force from the issue date and remains in effect for the entire period when the Company acts as the controlling shareholder or its related party of Sinopharm Accord. Within the effective period of the commitment, if the Company violates this commitment and causes a loss to Sinopharm Accord, the Company will timely make full compensation for Sinopharm Accord.”</p>	5 September 2013	Long-term effective	Controlling shareholder is implement in real earnest, Sinopharm Accord will actively urged the controlling shareholder and actual controller to fulfill commitments
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	SINOPHARM	Commitment of actual controller	<p>"SINOPHARM made commitments in the Commitment Letter About China National Pharmaceutical Group Corporation to Avoid Horizontal Competition with China National Accord Medicines Corporation Ltd.: "First, in the next five years, Sinopharm plans to take appropriate measures (including assets replacement or acquisition, equity reorganization, etc.) to resolve the horizontal competition between Sinopharm Weiqida and Sinopharm Accord. Second, in addition to the past matters and matters disclosed in this commitment letter, the Company and the Company's wholly-owned, controlling or other enterprises with actual control rights (except for Sinopharm Accord and its controlling enterprises, the same as below) shall not directly engaged in, participate in or do the businesses an activities constituting actual competition to the production and operation of Sinopharm Accord in China. The relevant commitments about avoiding horizontal competition that the Company made in the past still remain in effect. Third, the Company shall not take advantage of the control relationship to Sinopharm Accord to damage the legitimate rights and interests of Sinopharm Accord and its shareholders (especially the medium and small shareholders). Fourth, this commitment letter comes into force from the issue date and remains in effect for the entire period when the Company acts as the controlling shareholder or its related party of Sinopharm Accord."</p>	16 October 2013	Long-term effective	Actual Controller is implement in real earnest, Sinopharm Accord will actively urged the controlling shareholder and actual controller to fulfill commitments
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	SINOPHARM	Commitment of actual controller	<p>"SINOPHARM made commitments in the Commitment Letter About Sinopharm Group Co., Ltd. to Regulate the Related Transactions with China National Accord Medicines Corporation Ltd.: "First, when the Company is controlling Sinopharm Accord, the Company and the companies and enterprises directly and indirectly controlled by the Company ("related party" for short) will strictly regulate the related transactions with Sinopharm Accord and its controlling enterprises. Second, for the related transactions that can not be avoided or have reasonable reasons to occur, the Company and related party shall sign normative related transaction agreement in accordance with relevant laws with Sinopharm Accord. Sinopharm Accord implements the approval procedures and fulfills the information disclosure obligations of the related transactions according to relevant laws, regulations, rules, other normative documents and the constitutions of Sinopharm Accord. Third, for the related transactions that can not be avoided or have reasonable reasons to occur, the Company and related party shall abide by the open, fair and just market principles and confirm the price of related transactions in accordance with the price that the independent third party without association sets for the same and similar transactions, and ensure the fairness of the price of the related transactions. Fourth, when the board of directors and the general meeting of stockholders of Sinopharm Accord vote on the related transactions involving the Company and other enterprises controlled by the Company, the Company shall fulfill the necessary obligations that the associated directors and associated shareholders abstain from voting in accordance with the relevant provisions, and abide by the legal procedures for approving related transactions and the information disclosure obligations. Fifth, the Company guarantees not to take advantage of actual controller status to seek improper benefits or utilize related transactions to illegally transfer the funds and profits of Sinopharm Accord, and not to damage the legitimate rights and interests of other shareholders (especially the medium and small shareholders) of Sinopharm Accord. Sixth, this commitment letter comes into force from the issue date and remains in effect for the entire period when the Company acts as the actual controller or its related party of Sinopharm Accord.</p>	22 September 2013	Long-term effective	Actual Controller is implement in real earnest, Sinopharm Accord will actively urged the controlling shareholder and actual controller to fulfill commitments
Completed on time (Y/N)	Y					

2. Concerning assets or project of the Company, which has profit forecast, and reporting period still in forecasting period, explain reasons of reaching the original profit forecast

Applicable Not applicable

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

Applicable Not applicable

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

V. Explanation from Board of Directors, Supervisory Committee and Independent Directors (if applicable) for “Qualified Opinion” that issued by CPA

Applicable Not applicable

VI. Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last year

Applicable Not applicable

Accounting treatment of rent concessions related to the COVID-19 epidemic

According to the "Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Epidemic", simplified methods can be selected for rent concessions related to the COVID-19 epidemic according to the accounting treatment regulations. As the lessee, the Group adopted the simplified method in the accounting treatment regulations for the relevant rent concessions for leases that occurred from January 1, 2020 (please refer to the Financial Report, Section XII, Note iii, 29), and the amount of the relevant rent concessions included in the profit for the year was 10,686,956.74 yuan.

VII. Major accounting errors within reporting period that needs retrospective restatement

Applicable Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

VIII. Compare with last year’s financial report; explain changes in consolidation statement’s scope

Applicable Not applicable

Details of changes in consolidation statement’s scope can be seen in Note VI of Section XII. Financial Report.

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

Accounting firm appointed

Name of domestic accounting firm	Ernst & Young CPA (Special General partnership)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	594.57
Continuous life of auditing service for domestic accounting firm	5

Name of domestic CPA	Li Jianguang, Li Yuanfen
Continuous life of CPA from the domestic accounting firm for auditing service	5
Name of foreign accounting firm (if applicable)	N/A

Re-appointed accounting firms in this period

Yes No

Appointment of internal control auditing accounting firm, financial consultant or sponsor

Applicable Not applicable

In the Period, the Company engaged Ernst & Young CPA (Special General partnership) as the audit body for internal control, and auditing charge for internal control amounting as 893,410yuan.

X. Particular about delisting after annual report disclosed

Applicable Not applicable

XI. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period.

XII. Significant litigations and arbitration of the Company

Applicable Not applicable

No significant litigations and arbitration occurred in the reporting period.

XIII. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

XIV. Integrity of the company and its controlling shareholders and actual controllers

Applicable Not applicable

In reporting period, controlling shareholder and actual controller of the Company has a sound integrity , and there are no cases of failure to implement the effective judgement of the court and the large amount of debt due and unliquidated

XV. Implementation of the company's stock incentive plan, employee stock ownership plan or other employee incentives

Applicable Not applicable

During the reporting period, the company has no stock incentive plan, employee stock ownership plan or other employee incentives

that have not been implemented.

XVI. Major related transaction

1. Related transaction with routine operation concerned

Applicable Not applicable

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

(2) The related transactions are settled in cash and by notes, according to the *Proposal of Expected Routine Related Transactions with Subordinate Enterprise for Year of 2020* deliberated and approved by 15th session of 8th BOD held on 20 April 2020 and the *Notice on Expected Routine Related Transaction for Year of 2020* (Notice No.: 2020-10) released on 22 April 2020, the related sales takes 75.82% in total expected amount for the whole year, and related procurement takes 89.47% in total expected amount for the whole year.

2. Related transactions by assets acquisition and sold

Applicable Not applicable

3. Main related transactions of mutual investment outside

Applicable Not applicable

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

4. Contact of related credit and debt

Applicable Not applicable

No contact of related credit and debt occurred in the reporting period

5. Other major related transactions

Applicable Not applicable

The *Proposal on 100% Equity of Shanghai Dingqun Enterprise Management Consulting Co., Ltd. Acquisition by Sinopharm Holding Guoda Drugstore Co., Ltd* and *Proposal on 75% Equity of Shanghai Pudong New Area Medicine & Medication Co., Ltd. Acquisition by Sinopharm Holding Guoda Drugstore Co., Ltd* were deliberated and approved by 13th session of 8th BOD and Third Extraordinary Shareholders’ General Meeting of 2019. The above mentioned target enterprises completed the equity delivery and registration change for industrial & commerce in January 2020.

Relevant queries on the website of interim notices of major related party transaction disclosed

Interim Notice	Date for disclosed	Website for notice released
<i>Sinopharm Accord: 75% Equity of Shanghai Pudong New Area Medicine & Medication Co., Ltd. Acquisition by Sinopharm Holding Guoda Drugstore Co., Ltd-controlling subsidiary of the Company and Related Party Transaction</i>	2019-10-29	Juchao Website http://www.cninfo.com.cn
<i>Sinopharm Accord: 100% Equity of Shanghai Dingqun Enterprise Management Consulting Co., Ltd. Acquisition by Sinopharm Holding Guoda Drugstore Co., Ltd-controlling subsidiary of the Company and Related Party Transaction of the 85% Equity Acquisition of Sinopharm Holding Tianhe Jiling Medical Co., Ltd.</i>	2019-10-29	Juchao Website http://www.cninfo.com.cn

XVII. Significant contract and implementations

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

The Company had no trusteeship in the reporting period.

(2) Contract

Applicable Not applicable

No contract for the Company in reporting period.

(3) Leasing

Applicable Not applicable

No leasing for the Company in reporting period.

2. Major guarantees

Applicable Not applicable

(1) Guarantees

In 10 thousand Yuan

Particulars about the external guarantee of the Company and the subsidiaries (Barring the guarantee for subsidiaries)

Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Guarantee between the Company and the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Sinopharm Holding Guangzhou Co., Ltd.	2020-04-22	33,000	2020-05-20	26,912.64	Joint liability assurance	2020.5.20-2021.5.20	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	2020-04-22	60,000	2020-05-20	60,000	Joint liability assurance	2020.5.20-2021.5.19	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	2020-04-22	60,000	2020-12-08	5,584.3	Joint liability assurance	2020.12.8-2021.12.3	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	2019-08-24	25,000	2020-03-31	5,903.18	Joint liability assurance	2020.3.31-2021.3.30	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	2020-04-22	80,000	2020-05-20	58,822.52	Joint liability assurance	2020.5.20-2021.5.19	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	2019-08-24	15,000	2020-01-15	10,536.4	Joint liability assurance	2020.1.15-2021.1.14	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	2020-04-22	20,000	2020-10-20	10,987.3	Joint liability assurance	2020.10.20-2021.10.19	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	2020-04-22	47,000	2020-08-31		Joint liability assurance	2020.8.31-2021.8.31	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	2020-04-22	5,000	2020-08-06	4,350.04	Joint liability assurance	2020.8.6-2021.8.5	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	2020-04-22	5,000	2020-06-11	4,221.84	Joint liability assurance	2020.6.11-2021.5.18	N	Y
Sinopharm Holding Guangdong Yuexing Co., Ltd.	2020-04-22	5,000	2020-05-20	3,681	Joint liability assurance	2020.5.20-2021.5.20	N	Y
Sinopharm Holding Guangdong Yuexing Co., Ltd.	2020-04-22	12,000	2020-10-20	5,927.63	Joint liability assurance	2020.10.20-2021.10.19	N	Y
Sinopharm Holding Guangdong Yuexing Co., Ltd.	2020-04-22	15,000	2020-09-10	4,741.6	Joint liability assurance	2020.9.10-2021.9.10	N	Y

Sinopharm Holding Guangdong Yuexing Co., Ltd.	2020-04-22	5,000	2020-11-20		Joint liability assurance	2020.11.20-2021.11.19	N	Y
Sinopharm Holding Guangdong Hengxing Co., Ltd.	2020-04-22	15,000	2020-09-27	6,752.7	Joint liability assurance	2020.9.27-2021.9.27	N	Y
Sinopharm Holding Guangdong Hengxing Co., Ltd.	2019-08-24	3,000	2019-11-26	471.07	Joint liability assurance	2019.11.26-2020.11.25	N	Y
Sinopharm Holding Foshan Co., Ltd.	2020-04-22	500	2020-10-20	28.1	Joint liability assurance	2020.10.20-2021.10.19	N	Y
Sinopharm Holding Foshan Co., Ltd.	2020-04-22	3,000	2020-05-27	113.07	Joint liability assurance	2020.5.27-2021.3.21	N	Y
Sinopharm Holding Zhaoqing Co., Ltd.	2020-04-22	2,500	2020-10-20	1,743.72	Joint liability assurance	2020.10.20-2021.10.19	N	Y
Sinopharm Holding Zhaoqing Co., Ltd.	2020-04-22	2,000	2020-06-05	809.89	Joint liability assurance	2020.6.5-2021.5.18	N	Y
Sinopharm Holding Zhaoqing Co., Ltd.	2020-04-22	3,000	2020-12-21	500.48	Joint liability assurance	2020.12.21-2021.3.11	N	Y
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2020-04-22	19,500	2020-07-01	12,501.91	Joint liability assurance	2020.7.1-2021.6.30	N	Y
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2020-04-22	15,000	2020-10-16	4,957.04	Joint liability assurance	2020.10.16-2021.10.15	N	Y
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2020-04-22	20,000	2020-09-27	20,000	Joint liability assurance	2020.9.27-2021.9.27	N	Y
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2020-04-22	3,000	2020-10-20		Joint liability assurance	2020.10.20-2021.10.19	N	Y
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2020-04-22	10,000	2020-11-12	973.82	Joint liability assurance	2020.11.12-2021.11.3	N	Y
Guangdong Nanfang	2020-04-22	10,000	2020-06-03		Joint liability	2020.6.3-2021	N	Y

Pharmaceutical Foreign Trade Co., Ltd.					assurance	1.5.18		
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	2020-04-22	5,000	2020-09-25		Joint liability assurance	2020.9.25-2021.9.24	N	Y
Foshan Nanhai Medicine Co., Ltd.	2020-04-22	1,500	2020-10-20	404.48	Joint liability assurance	2020.10.20-2021.10.19	N	Y
Foshan Nanhai Medicine Co., Ltd.	2020-04-22	10,000	2020-05-27	3,151.99	Joint liability assurance	2020.5.27-2021.3.21	N	Y
Foshan Nanhai Medicine Co., Ltd.	2019-08-24	7,000	2019-11-07	32.04	Joint liability assurance	2019.11.7-2020.11.6	N	Y
Foshan Nanhai Uptodate & Special Medicines Co. Ltd.	2020-04-22	2,000	2020-10-20		Joint liability assurance	2020.10.20-2021.10.19	N	Y
Foshan Nanhai Uptodate & Special Medicines Co. Ltd.	2020-04-22	10,000	2020-05-27	8,086.96	Joint liability assurance	2020.5.27-2021.3.21	N	Y
Foshan Nanhai Uptodate & Special Medicines Co. Ltd.	2019-08-24	2,500	2020-04-16	97.9	Joint liability assurance	2020.4.16-2020.12.23	N	Y
Sinopharm Holding (Jiangmen) Co., Ltd.	2020-04-22	1,500	2020-10-20	501.44	Joint liability assurance	2020.10.20-2021.10.19	N	Y
Sinopharm Holding (Jiangmen) Co., Ltd.	2020-04-22	3,000	2020-05-26	1,934.8	Joint liability assurance	2020.5.26-2021.5.18	N	Y
Sinopharm Holding (Jiangmen) Co., Ltd.	2020-04-22	3,000	2020-09-21	2,497	Joint liability assurance	2020.9.21-2021.9.20	N	Y
Sinopharm Holding (Jiangmen) Co., Ltd.	2020-04-22	3,000	2020-07-13	2,890.32	Joint liability assurance	2020.7.13-2021.7.13	N	Y
Sinopharm Holding Meizhou Co., Ltd.	2020-04-22	1,000	2020-10-20		Joint liability assurance	2020.10.20-2021.10.19	N	Y
Sinopharm Holding Meizhou Co., Ltd.	2020-04-22	4,000	2020-06-29	1,900	Joint liability assurance	2020.6.29-2021.6.28	N	Y
Sinopharm Holding Meizhou Co., Ltd.	2020-04-22	5,000	2020-05-22	4,000	Joint liability assurance	2020.5.22-2021.5.18	N	Y
Sinopharm Holding Meizhou Co., Ltd.	2020-04-22	3,000	2020-06-10	2,100	Joint liability assurance	2020.6.10-2021.5.31	N	Y
Sinopharm Holding	2020-04-22	1,000	2020-10-20	850	Joint liability	2020.10.20-2	N	Y

Zhongshan Co., Ltd.					assurance	021.10.19		
Sinopharm Holding Zhongshan Co., Ltd.	2020-04-22	2,000	2020-11-18	714	Joint liability assurance	2020.11.18-2 021.11.17	N	Y
Sinopharm Holding Zhongshan Co., Ltd.	2020-04-22	1,000	2020-09-07	725.58	Joint liability assurance	2020.9.7-202 1.5.18	N	Y
Sinopharm Holding Zhongshan Co., Ltd.	2020-04-22	1,000	2020-08-17	406.94	Joint liability assurance	2020.8.17-20 21.8.14	N	Y
Sinopharm Holding Shantou Co., Ltd.	2020-04-22	500	2020-10-20	500	Joint liability assurance	2020.10.20-2 021.10.19	N	Y
Sinopharm Holding Shantou Co., Ltd.	2020-04-22	3,000	2020-08-31	1,000	Joint liability assurance	2020.8.31-20 21.8.30	N	Y
Sinopharm Holding Shantou Co., Ltd.	2020-04-22	2,000	2020-08-31	1,000	Joint liability assurance	2020.8.31-20 21.5.18	N	Y
Sinopharm Holding Shantou Co., Ltd.	2020-04-22	2,000	2020-06-01	1,000	Joint liability assurance	2020.6.1-202 1.5.31	N	Y
Sinopharm Holding Huizhou Co., Ltd.	2020-04-22	1,000	2020-10-20	957.74	Joint liability assurance	2020.10.20-2 021.10.19	N	Y
Sinopharm Holding Huizhou Co., Ltd.	2020-04-22	3,000	2020-10-20	1,325.32	Joint liability assurance	2020.10.20-2 021.10.19	N	Y
Sinopharm Holding Huizhou Co., Ltd.	2020-04-22	2,000	2020-09-07	1,797.07	Joint liability assurance	2020.9.7-202 1.5.18	N	Y
Sinopharm Holding Huizhou Co., Ltd.	2020-04-22	1,000	2020-09-03	888.16	Joint liability assurance	2020.9.3-202 1.9.2	N	Y
Sinopharm Holding Zhanjiang Co., Ltd.	2020-04-22	2,000	2020-10-20	1,700	Joint liability assurance	2020.10.20-2 021.10.19	N	Y
Sinopharm Holding Zhanjiang Co., Ltd.	2020-04-22	5,000	2020-08-10	1,495	Joint liability assurance	2020.8.10-20 21.8.9	N	Y
Sinopharm Holding Zhanjiang Co., Ltd.	2020-04-22	3,000	2020-06-03	1,420.24	Joint liability assurance	2020.6.3-202 1.5.20	N	Y
Sinopharm Holding Zhanjiang Co., Ltd.	2020-04-22	3,000	2020-09-18	2,200	Joint liability assurance	2020.9.18-20 21.9.17	N	Y
Sinopharm Holding Zhuhai Co., Ltd.	2020-04-22	1,000	2020-10-20	990.26	Joint liability assurance	2020.10.20-2 021.10.19	N	Y
Sinopharm Holding Zhuhai Co., Ltd.	2020-04-22	3,000	2020-08-05	2,929.1	Joint liability assurance	2020.8.5-202 1.8.4	N	Y
Sinopharm Holding Zhuhai Co., Ltd.	2020-04-22	1,000	2020-07-03	899.4	Joint liability assurance	2020.7.3-202 1.5.18	N	Y
Sinopharm Holding Zhuhai Co., Ltd.	2020-04-22	2,000	2020-05-15	2,000	Joint liability assurance	2020.5.15-20 21.5.15	N	Y

Sinopharm Holding Dongguan Co., Ltd.	2020-04-22	5,000	2020-05-29	2,000	Joint liability assurance	2020.5.29-2021.5.18	N	Y
Sinopharm Holding Dongguan Co., Ltd.	2020-04-22	2,000	2020-10-20	1,500	Joint liability assurance	2020.10.20-2021.10.19	N	Y
Sinopharm Holding Dongguan Co., Ltd.	2020-04-22	3,000	2020-05-06		Joint liability assurance	2020.5.6-2021.2.27	N	Y
Sinopharm Holding Dongguan Co., Ltd.	2020-04-22	3,000	2020-06-24		Joint liability assurance	2020.6.24-2021.6.23	N	Y
Guangdong Dongfang New Special Medicine Co., Ltd	2020-04-22	10,000	2020-05-11	9,822.06	Joint liability assurance	2020.5.11-2021.5.10	N	Y
Guangdong Dongfang New Special Medicine Co., Ltd	2020-04-22	5,000	2020-05-20	3,973.49	Joint liability assurance	2020.5.20-2021.4.10	N	Y
Guangdong Dongfang New Special Medicine Co., Ltd	2019-08-24	3,000	2020-04-09	2,982.62	Joint liability assurance	2020.4.9-2021.3.16	N	Y
Guangdong Dongfang New Special Medicine Co., Ltd	2020-04-22	9,000	2020-10-19	4,672.46	Joint liability assurance	2020.10.19-2021.10.18	N	Y
Guangdong Dongfang New Special Medicine Co., Ltd	2020-04-22	4,000	2020-10-20	3,572.57	Joint liability assurance	2020.10.20-2021.10.19	N	Y
Guangdong Dongfang New Special Medicine Co., Ltd	2019-08-24	2,500	2020-04-16	2,483.1	Joint liability assurance	2020.4.16-2020.12.23	N	Y
Sinopharm Holding Shaoguan Co., Ltd.	2020-04-22	3,000	2020-05-29	1,348.06	Joint liability assurance	2020.5.29-2021.5.18	N	Y
Sinopharm Holding Shaoguan Co., Ltd.	2020-04-22	2,000	2020-06-10	1,900	Joint liability assurance	2020.6.10-2021.5.31	N	Y
Sinopharm Holding Shaoguan Co., Ltd.	2020-04-22	1,000	2020-10-20		Joint liability assurance	2020.10.20-2021.10.19	N	Y
Sinopharm Holding Maoming Co., Ltd.	2020-04-22	5,000	2020-05-26		Joint liability assurance	2020.5.26-2021.5.18	N	Y
Sinopharm Holding Maoming Co., Ltd.	2020-04-22	3,000	2020-07-28	537.72	Joint liability assurance	2020.7.28-2021.7.27	N	Y
Sinopharm Holding Guangzhou Huadu Co., Ltd.	2020-04-22	2,000	2020-06-08	599.42	Joint liability assurance	2020.6.8-2021.6.7	N	Y

Sinopharm Holding Guangzhou Huadu Co., Ltd.	2020-04-22	3,000	2020-09-27	2,647.74	Joint liability assurance	2020.9.27-20 21.9.27	N	Y
Sinopharm Holding Guangzhou Huadu Co., Ltd.	2020-04-22	2,000	2020-09-01		Joint liability assurance	2020.9.1-202 1.5.24	N	Y
Sinopharm Holding Heyuan Co., Ltd.	2020-04-22	5,000	2020-05-21	4,480	Joint liability assurance	2020.5.21-20 21.5.18	N	Y
Sinopharm Holding Heyuan Co., Ltd.	2020-04-22	3,000	2020-08-03		Joint liability assurance	2020.8.3-202 1.5.31	N	Y
Sinopharm Holding Foshan Medical Supplies Supply Chain Co., Ltd.	2019-08-24	1,000	2019-11-07	3.59	Joint liability assurance	2019.11.7-20 20.11.6	N	Y
Sinopharm Accord (Guangzhou) Medicine Co., Ltd.	2020-04-22	1,000	2020-06-17		Joint liability assurance	2020.6.17-20 21.5.18	N	Y
Sinopharm Accord (Guangzhou) Medicine Co., Ltd.	2020-04-22	1,000	2020-08-17		Joint liability assurance	2020.8.17-20 21.8.16	N	Y
Sinopharm Holding Guangxi Co., Ltd.	2020-04-22	30,000	2020-06-28	6,796.17	Joint liability assurance	2020.6.28-20 21.4.20	N	Y
Sinopharm Holding Guangxi Co., Ltd.	2020-04-22	16,000	2020-10-20	9,316.12	Joint liability assurance	2020.10.20-2 021.10.19	N	Y
Sinopharm Holding Guangxi Co., Ltd.	2019-08-24	15,000	2020-02-17	14,172.04	Joint liability assurance	2020.2.17-20 21.2.21	N	Y
Sinopharm Holding Guangxi Co., Ltd.	2020-04-22	20,000	2020-06-16		Joint liability assurance	2020.6.16-20 21.6.15	N	Y
Sinopharm Holding Guangxi Co., Ltd.	2020-04-22	10,000	2020-05-28		Joint liability assurance	2020.5.28-20 21.5.28	N	Y
Sinopharm Holding Guangxi Co., Ltd.	2019-08-24	25,000	2019-12-25	5,117.31	Joint liability assurance	2019.12.25-2 020.12.25	N	Y
Sinopharm Holding Guangxi Co., Ltd.	2020-04-22	10,000	2020-09-01		Joint liability assurance	2020.9.1-202 1.8.31	N	Y
Sinopharm Holding Guangxi Co., Ltd.	2020-04-22	20,000	2020-05-20	15,544.96	Joint liability assurance	2020.5.20-20 21.5.19	N	Y
Sinopharm Holding Guangxi Co., Ltd.	2020-04-22	15,000	2020-09-11	670	Joint liability assurance	2020.9.11-20 21.9.10	N	Y
Sinopharm Holding	2020-04-22	12,000	2020-05-29	11,088.12	Joint liability	2020.5.29-20	N	Y

Guangxi Co., Ltd.					assurance	21.5.18		
Sinopharm Holding Liuzhou Co., Ltd.	2020-04-22	5,000	2020-10-20	2,463.87	Joint liability assurance	2020.10.20-2021.10.19	N	Y
Sinopharm Holding Liuzhou Co., Ltd.	2020-04-22	10,000	2020-06-21	3,217.92	Joint liability assurance	2020.6.21-2021.6.20	N	Y
Sinopharm Holding Liuzhou Co., Ltd.	2019-08-24	10,000	2020-02-21	2,399.87	Joint liability assurance	2020.2.21-2021.2.20	N	Y
Sinopharm Holding Liuzhou Co., Ltd.	2020-04-22	5,000	2020-07-25		Joint liability assurance	2020.7.25-2021.7.24	N	Y
Sinopharm Holding Liuzhou Co., Ltd.	2020-04-22	10,000	2020-12-20	7,548.81	Joint liability assurance	2020.12.20-2021.12.19	N	Y
Sinopharm Holding Medicine Supply Chain Service (Guangxi) Co., Ltd.	2019-08-24	1,000	2019-10-08	792	Joint liability assurance	2019.10.8-2020.10.7	N	Y
Sinopharm Holding Medicine Supply Chain Service (Guangxi) Co., Ltd.	2020-04-22	1,000	2020-07-01		Joint liability assurance	2020.7.1-2021.5.18	N	Y
Sinopharm Holding Wuzhou Co., Ltd.	2020-04-22	300	2020-10-20	99.11	Joint liability assurance	2020.10.20-2021.10.19	N	Y
Sinopharm Holding Wuzhou Co., Ltd.	2020-04-22	2,000	2020-08-07		Joint liability assurance	2020.8.7-2021.8.7	N	Y
Sinopharm Holding Guilin Co., Ltd.	2020-04-22	200	2020-10-20		Joint liability assurance	2020.10.20-2021.10.19	N	Y
Sinopharm Holding Beihai Co., Ltd.	2020-04-22	500	2020-10-20		Joint liability assurance	2020.10.20-2021.10.19	N	Y
Sinopharm Holding Baise Co., Ltd.	2020-04-22	500	2020-10-20	291.76	Joint liability assurance	2020.10.20-2021.10.19	N	Y
Sinopharm Holding Yulin Co., Ltd.	2020-04-22	1,000	2020-10-20		Joint liability assurance	2020.10.20-2021.10.19	N	Y
Sinopharm Holding Shenzhen Jianmin Co., Ltd.	2019-08-24	2,000	2020-02-17	900	Joint liability assurance	2020.2.17-2021.2.17	N	Y
Sinopharm Holding Shenzhen Jianmin Co., Ltd.	2020-04-22	3,000	2020-10-20	2,020.64	Joint liability assurance	2020.10.20-2021.10.19	N	Y
Sinopharm Holding Shenzhen Medicinal	2020-04-22	500	2020-10-20	291.44	Joint liability assurance	2020.10.20-2021.10.19	N	Y

Materials Co., Ltd.								
Sinopharm Holding Shenzhen Medicinal Materials Co., Ltd.	2020-04-22	1,000	2020-07-01	275.56	Joint liability assurance	2020.7.1-2021.5.18	N	Y
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2020-04-22	4,000	2020-10-20	544.83	Joint liability assurance	2020.10.20-2021.10.19	N	Y
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2020-04-22	8,000	2020-05-28	4,523.99	Joint liability assurance	2020.5.28-2021.5.28	N	Y
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2020-04-22	10,000	2020-05-25	931.01	Joint liability assurance	2020.5.25-2021.5.18	N	Y
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2020-04-22	5,000	2020-11-02	5,000	Joint liability assurance	2020.11.2-2021.7.13	N	Y
Sinopharm Accord Medicines Supply Chain (Shenzhen) Co., Ltd.	2020-04-22	5,000	2020-06-18	639.4	Joint liability assurance	2020.6.18-2021.5.18	N	Y
Sinopharm Accord Medicines Supply Chain (Shenzhen) Co., Ltd.	2020-04-22	3,000	2020-11-10	446.99	Joint liability assurance	2020.11.10-2021.11.9	N	Y
Total amount of approving guarantee for subsidiaries in report period (B1)		897,000		Total amount of actual occurred guarantee for subsidiaries in report period (B2)		1,378,272.95		
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		934,000		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		440,530.74		
Guarantees of subsidiaries to subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Sinopharm Holding Guoda Drugstore Yangzhou Dadesheng	2020-04-22	1,200	2020-10-21	888.72	Joint liability assurance	2020.10.21-2021.10.20	N	Y

Chain Co., Ltd.								
Sinopharm Holding Guoda Drugstore Yangzhou Dadesheng Chain Co., Ltd.	2020-04-22	1,200	2020-12-21	969.91	Joint liability assurance	2020.12.21-2 021.12.20	N	Y
Fujian Guoda Drugstore Chain Co., Ltd.	2020-04-22	1,800	2020-05-17	0	Joint liability assurance	2020.05.17-2 021.05.17	N	Y
Fujian Guoda Drugstore Chain Co., Ltd.	2020-04-22	1,200	2020-07-29	834.4	Joint liability assurance	2020.07.29-2 021.07.30	N	Y
Fujian Guoda Drugstore Chain Co., Ltd.	2020-04-22	1,800	2020-10-21	408.67	Joint liability assurance	2020.10.21-2 021.10.20	N	Y
Sinopharm Holding Guoda Fumei Drugstore Shanghai Chain Co., Ltd.	2020-04-22	1,800	2020-06-29	280.84	Joint liability assurance	2020.06.29-2 021.06.28	N	Y
Sinopharm Holding Guoda Drugstore Guangdong Co., Ltd.	2020-04-22	6,000	2020-10-21	3,078.09	Joint liability assurance	2020.10.21-2 021.10.20	N	Y
Sinopharm Holding Guoda Drugstore Guangdong Co., Ltd.	2020-04-22	1,800	2020-12-21	736.9	Joint liability assurance	2020.12.21-2 021.12.20	N	Y
Sinopharm Holding Guoda Drugstore Guangdong Co., Ltd.	2020-04-22	6,000	2020-7-31	2,467.39	Joint liability assurance	2020.07.31-2 021.05.14	N	Y
Taishan Sinopharm Holding Guoda Qunkang Drugstore Chain Co., Ltd.	2020-04-22	600	2020-10-21	9.16	Joint liability assurance	2020.10.21-2 021.10.20	N	Y
Taishan Sinopharm Holding Guoda Qunkang Drugstore Chain Co., Ltd.	2020-04-22	600	2020-06-16	132.68	Joint liability assurance	2020.06.16-2 021.05.14	N	Y
Sinopharm Holding Guoda Drugstore Guangxi Chain Co., Ltd.	2020-04-22	1,800	2020-10-21	559.62	Joint liability assurance	2020.10.21-2 021.10.20	N	Y
Sinopharm Holding Guoda Drugstore	2020-04-22	600	2020-12-21	371.92	Joint liability assurance	2020.12.21-2 021.12.20	N	Y

Guangxi Chain Co., Ltd.								
China National Hebei Lerentang Medicine Chain Co., Ltd.	2020-04-22	1,800	2020-10-21	843.16	Joint liability assurance	2020.10.21-2021.10.20	N	Y
China National Hebei Lerentang Medicine Chain Co., Ltd.	2020-04-22	9,000	2020-06-03	7,117.41	Joint liability assurance	2020.06.03-2021.05.14	N	Y
Hunan Guoda Minshentang Drugstore Chain Co., Ltd.	2020-04-22	1,800	2020-10-21	742.41	Joint liability assurance	2020.10.21-2021.10.20	N	Y
Hunan Guoda Minshentang Drugstore Chain Co., Ltd.	2020-04-22	1,200	2020-12-21	1,030.55	Joint liability assurance	2020.12.21-2021.12.20	N	Y
Sinopharm Holding Guoda Drugstore Jiangmen Chain Co., Ltd.	2020-04-22	1,800	2020-10-21	475.65	Joint liability assurance	2020.10.21-2021.10.20	N	Y
Sinopharm Holding Guoda Drugstore Jiangmen Chain Co., Ltd.	2019-08-24	1,200	2020-04-01	963.51	Joint liability assurance	2020.04.01-2021.04.01	N	Y
Sinopharm Holding Guoda Drugstore Jiangmen Chain Co., Ltd.	2020-04-22	1,800	2020-12-21	991.67	Joint liability assurance	2020.12.21-2021.12.20	N	Y
Sinopharm Holding Guoda Drugstore Jiangmen Chain Co., Ltd.	2020-04-22	3,000	2020-12-28	877.75	Joint liability assurance	2020.12.28-2021.12.27	N	Y
Beijing Golden Elephant Pharmacy Medicine Chain Company Limited	2020-04-22	4,200	2020-12-21	1,908.89	Joint liability assurance	2020.12.21-2021.12.20	N	Y
Sinopharm Holding Guoda Drugstore Nanjing Chain Co., Ltd.	2020-04-22	600	2020-12-21	545.14	Joint liability assurance	2020.12.21-2021.12.20	N	Y
Sinopharm Holding	2020-04-22	3,000	2020-09-23	1,794.05	Joint liability	2020.09.23-2	N	Y

Guoda Drugstore Inner Mongolia Co., Ltd					assurance	021.08.19		
Sinopharm Holding Guoda Drugstore Inner Mongolia Co., Ltd	2020-04-22	1,800	2020-07-21	458.74	Joint liability assurance	2020.07.21-2021.07.21	N	Y
Sinopharm Holding Guoda Drugstore Inner Mongolia Co., Ltd	2020-04-22	6,000	2020-10-21	4,439.56	Joint liability assurance	2020.10.21-2021.10.20	N	Y
Sinopharm Holding Guoda Drugstore Inner Mongolia Co., Ltd	2020-04-22	4,800	2020-12-21	3,488.69	Joint liability assurance	2020.12.21-2021.12.20	N	Y
Sinopharm Holding Guoda Drugstore Inner Mongolia Co., Ltd	2020-04-22	1,800	2020-06-05	844.82	Joint liability assurance	2020.06.05-2021.05.14	N	Y
Sinopharm Holding Guoda Drugstore Bayan Nur Co., Ltd.	2020-04-22	600	2020-05-19	520.52	Joint liability assurance	2020.05.19-2021.05.14	N	Y
Sinopharm Holding Guoda Drugstore Hulun Buir Co., Ltd.	2020-04-22	600	2020-05-18	484.57	Joint liability assurance	2020.05.18-2021.05.14	N	Y
Sinopharm Holding Guoda Drugstore Hulun Buir Co., Ltd.	2020-04-22	300	2020-10-21	275.14	Joint liability assurance	2020.10.21-2021.10.20	N	Y
Sinopharm Holding Guoda Drugstore Ulanqab Co., Ltd.	2020-04-22	600	2020-06-15	109.81	Joint liability assurance	2020.06.15-2021.05.14	N	Y
Ningxia Guoda Drugstore Chain Co., Ltd.	2020-04-22	2,400	2020-08-29	2,209.8	Joint liability assurance	2020.08.29-2021.08.28	N	Y
Sinopharm Holding Guoda Drugstore Shandong Co., Ltd	2019-08-24	2,400	2019-10-14	641.2	Joint liability assurance	2019.10.14-2020.10.13	N	Y
Sinopharm Holding Guoda Drugstore Shandong Co., Ltd	2019-08-24	1,200	2020-01-17	593.54	Joint liability assurance	2020.01.17-2020.11.26	N	Y
Shanxi Guoda	2020-04-22	3,600	2020-11-08	3,600	Joint liability	2020.11.08-2	N	Y

Wanmin Drugstore Chain Co., Ltd.					assurance	021.11.07		
Shanxi Guoda Wanmin Drugstore Chain Co., Ltd.	2020-04-22	3,600	2020-06-13	2,160	Joint liability assurance	2020.06.13-2021.06.12	N	Y
Shanxi Guoda Wanmin Drugstore Chain Co., Ltd.	2020-04-22	15,000	2020-05-22	11,100	Joint liability assurance	2020.05.22-2021.05.14	N	Y
Shanxi Guoda Wanmin Drugstore Chain Co., Ltd.	2020-04-22	5,400	2020-10-21	4,698	Joint liability assurance	2020.10.21-2021.10.20	N	Y
Sinopharm Holding Guoda Shanxi Medicines Co., Ltd.	2020-04-22	15,000	2020-05-21	14,965.9	Joint liability assurance	2020.05.21-2021.05.14	N	Y
Sinopharm Holding Guoda Shanxi Medicines Co., Ltd.	2020-04-22	1,200	2020-10-21	1,200	Joint liability assurance	2020.10.21-2021.10.20	N	Y
Sinopharm Holding Guoda Drugstore Shanghai Chain Co., Ltd.	2020-04-22	1,800	2020-11-27	1,571.53	Joint liability assurance	2020.11.27-2021.11.27	N	Y
Sinopharm Holding Guoda Drugstore Shanghai Chain Co., Ltd.	2020-04-22	2,400	2020-10-25	2,290.06	Joint liability assurance	2020.10.25-2021.10.24	N	Y
Sinopharm Holding Guoda Drugstore Shanghai Chain Co., Ltd.	2020-04-22	2,400	2020-10-10	46.81	Joint liability assurance	2020.10.10-2021.10.09	N	Y
Sinopharm Holding Guoda Drugstore Shanghai Chain Co., Ltd.	2020-04-22	3,000	2020-06-29	1,204.88	Joint liability assurance	2020.06.29-2021.06.28	N	Y
Sinopharm Holding Guoda Drugstore Shenyang Chain Co., Ltd.	2020-04-22	6,000	2020-09-11	5,897.87	Joint liability assurance	2020.09.11-2021.09.10	N	Y
Sinopharm Holding Guoda Drugstore Shenyang Chain Co., Ltd.	2020-04-22	12,000	2020-10-21	9,381.13	Joint liability assurance	2020.10.21-2021.10.20	N	Y

Sinopharm Holding Guoda Drugstore Shenyang Chain Co., Ltd.	2020-04-22	13,800	2020-5-19	9,796.09	Joint liability assurance	2020.05.19-2 021.05.14	N	Y
Sinopharm Holding Guoda Drugstore Xinjiang New Special Medicine Chain Co., Ltd	2020-04-22	3,000	2020-11-18	1,599.3	Joint liability assurance	2020.11.18-2 021.11.18	N	Y
Sinopharm Holding Guoda Drugstore Xinjiang New Special Medicine Chain Co., Ltd	2020-04-22	1,800	2020-06-29	1,797.01	Joint liability assurance	2020.06.29-2 021.05.14	N	Y
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2020-04-22	3,600	2020-12-29	350.67	Joint liability assurance	2020.12.29-2 020.12.28	N	Y
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2020-04-22	5,400	2020-05-02	4,060.04	Joint liability assurance	2020.05.02-2 021.05.01	N	Y
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2020-04-22	3,360	2020-8-20	2,503.28	Joint liability assurance	2020.08.20-2 020.11.16	N	Y
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2020-04-22	3,600	2020-11-28	3,599.82	Joint liability assurance	2020.11.28-2 021.11.27	N	Y
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2020-04-22	9,000	2020-10-21	4,514.35	Joint liability assurance	2020.10.21-2 021.10.20	N	Y
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2019-08-24	3,000	2020-04-10	0	Joint liability assurance	2020.04.10-2 021.04.09	N	Y
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain	2020-04-22	3,000	2020-05-26	504	Joint liability assurance	2020.05.26-2 021.05.25	N	Y

Co., Ltd.								
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	2020-04-22	4,200	2020-5-21	3,540.28	Joint liability assurance	2020.05.21-2 021.05.14	N	Y
Sinopharm Holding Guoda Drugstore Zhengzhou Chain Co., Ltd.	2020-04-22	300	2020-12-21	121.78	Joint liability assurance	2020.12.21-2 021.12.20	N	Y
Inner Mongolia Guoda Medicine Co., Ltd.	2020-04-22	2,400	2020-06-03	2,313.55	Joint liability assurance	2020.06.03-2 021.05.14	N	Y
Sinopharm Holding Tianhe Jilin Medicines Co., Ltd.	2020-04-22	6,000	2020-11-24	4,928.94	Joint liability assurance	2020.11.24-2 021.11.23	N	Y
Sinopharm Holding Tianhe Jilin Medicines Co., Ltd.	2020-04-22	3,000	2020-10-21	2,099.29	Joint liability assurance	2020.10.21-2 021.10.20	N	Y
Yushu Dinghe Medicine Technology Co., Ltd.	2020-04-22	1,800	2020-8-20	1,747.91	Joint liability assurance	2020.08.20-2 021.05.14	N	Y
Guoda Yihe Drugstore Jilin Co., Ltd.	2020-04-22	4,080	2020-09-23	3,692.49	Joint liability assurance	2020.09.23-2 021.09.22	N	Y
Guoda Yihe Drugstore Jilin Co., Ltd.	2020-04-22	3,000	2020-07-15	171.95	Joint liability assurance	2020.07.15-2 021.07.15	N	Y
Tianjin Guoda Drugstore Chain Co., Ltd.	2019-08-24	300	2019-12-26	195.71	Joint liability assurance	2019.12.26-2 020.12.25	N	Y
Sinopharm Holding Guoda Drugstore Henan Chain Co., Ltd.	2020-04-22	1,200	2020-12-21	746.8	Joint liability assurance	2020.12.21-2 021.12.20	N	Y
Sinopharm Holding Guoda Drugstore Henan Chain Co., Ltd.	2020-04-22	1,800	2020-06-11	398.86	Joint liability assurance	2020.06.11-2 021.05.14	N	Y
Sinopharm Holding Guoda Drugstore (Shenzhen) Chain Co., Ltd.	2020-04-22	1,800	2020-12-21	618.8	Joint liability assurance	2020.12.21-2 021.12.20	N	Y
Liaoning Chengda Fangyuan Medicine Chain Co., Ltd.	2020-10-22	13,200	2020-11-15	9,543.94	Joint liability assurance	2020.11.15-2 021.11.15	N	Y

Liaoning Chengda Fangyuan Medicine Chain Co., Ltd.	2020-10-22	4,800	2020-11-17	4,148.27	Joint liability assurance	2020.11.17-2021.05.14	N	Y
Liaoning Chengda Fangyuan Medicine Chain Co., Ltd.	2020-10-22	6,000	2020-10-22	2,997.94	Joint liability assurance	2020.10.22-2021.10.20	N	Y
Liaoning Chengda Fangyuan Medicine Chain Co., Ltd.	2020-10-22	6,000	2020-12-21	0	Joint liability assurance	2020.12.21—2021.12.20	N	Y
Shanghai Pudong New Area Medicine & Medication Co., Ltd.	2020-04-22	3,000	2020-07-24	711.48	Joint liability assurance	2020.07.24-2021.07.23	N	Y
Guoda Drugstore (Pu'er) Songmao Co., Ltd.	2020-04-22	1,200	2020-06-15	847.86	Joint liability assurance	2020.06.15-2021.05.14	N	Y
Guoda Drugstore (Pu'er) Songmao Co., Ltd.	2020-04-22	1,200	2020-09-01	20	Joint liability assurance	2020.09.01-2021.08.31	N	Y
Yanji Xianghe Medicines Co., Ltd.	2020-04-22	1,800	2020-06-17	40.63	Joint liability assurance	2020.06.17-2021.05.14	N	Y
Liaoning Guoda Medicines Co., Ltd.	2020-04-22	600	2020-10-21	599.97	Joint liability assurance	2020.10.21-2021.10.20	N	Y
Liaoning Guoda Medicines Co., Ltd.	2020-04-22	3,000	2020-6-29	2,968.09	Joint liability assurance	2020.06.29-2021.05.14	N	Y
Fujian Guoda Medicines Co., Ltd.	2020-04-22	600	2020-07-29	443.8	Joint liability assurance	2020.07.29-2021.07.30	N	Y
Total amount of approving guarantee for subsidiaries in report period (C1)			267,840		Total amount of actual occurred guarantee for subsidiaries in report period (C2)			599,503.63
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)			270,540		Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)			171,833.96
Total amount of guarantee of the Company (total of three above mentioned guarantee)								
Total amount of approving guarantee in report period (A1+B1+C1)			1,164,840		Total amount of actual occurred guarantee in report period (A2+B2+C2)			1,977,776.58
Total amount of approved guarantee at the end of report			1,204,540		Total balance of actual guarantee at the end of			612,364.7

period (A3+B3+C3)		report period (A4+B4+C4)	
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4+C4)		43.90%	
Including:			

Explanation on guarantee using the composite way

(2) Guarantee outside against the regulation

Applicable Not applicable

No guarantee outside against the regulation in Period.

3. Entrust others to cash asset management

(1) Trust financing

Applicable Not applicable

The Company had no trust financing in the reporting period.

(2) Entrusted loans

Applicable Not applicable

The company had no entrusted loans in the reporting period.

4. Material contract with routine operation concerned

Applicable Not applicable

5. Other material contracts

Applicable Not applicable

No other material contracts for the Company in reporting period.

XVIII. Social responsibility

1. Execution of social responsibility

“Social Responsibility Report of Sinopharm Accord in 2020” can be seen in Juchao website released on the same date (<http://www.cninfo.com.cn>)

2. Execution of social responsibility of targeted poverty alleviation

The Company has not carried out targeted poverty alleviation in the reporting period and has no follow-up plan of targeted poverty alleviation

3. Environment protection

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

Yes No

Voluntary disclosure

Company /subsidiary	Name of Major Pollutants and Particular Pollutants	Emission Method	Quantity of Discharge Outlet	Distribution of Discharge Outlet	Emission Concentration	Executed Pollutant Discharge Standards	Total Emissions	Approved Total Emissions	Excessive Discharge
Main Luck Pharmaceuticals	COD	Nanotubes emissions	1	Discharge Outlet of Waste Water	15mg/L	Discharge Standards of Water Pollutants for Pharmaceutical industry Mixing/Compounding and Formulation Category -GB21908-2008	0.020 ton/year	0.078 ton/year	N/A
Main Luck Pharmaceuticals	Ammonia Nitrogen	Nanotubes emissions	1	Discharge Outlet of Waste Water	0.5mg/L	Discharge Standards of Water Pollutants for Pharmaceutical industry Mixing/Compounding and Formulation Category -GB21908-2008	0.0007 ton/year	0.012 ton/year	N/A
Main Luck Pharmaceuticals	Phosphate	Nanotubes emissions	1	Discharge Outlet of Waste Water	0.05mg/l	Discharge Standards of Water Pollutants	0.00007 ton/year	0.0006 ton/year	N/A

						for Pharmaceuti cal industry Mixing/Co mpounding and Formulation Category -GB21908- 2008			
Main Luck Pharmaceuti cals	BOD	Nanotubes emissions	1	Discharge Outlet of Waste Water	5mg/L	Discharge Standards of Water Pollutants for Pharmaceuti cal industry Mixing/Co mpounding and Formulation Category -GB21908- 2008	0.004 ton/year	0.020 ton/year	N/A
Main Luck Pharmaceuti cals	SS	Nanotubes emissions	1	Discharge Outlet of Waste Water	2mg/L	Discharge Standards of Water Pollutants for Pharmaceuti cal industry Mixing/Co mpounding and Formulation Category -GB21908- 2008	0.0026 ton/year	0.036 ton/year	N/A
China National Zhijun	COD	Nanotubes emissions	1	Located in a sewage treatment station	23.10mg/L	60mg/L	1.5008 ton/year	7.306 ton/year	N/A
China	Ammonia	Nanotubes	1	Located in a	0.73mg/L	10mg/L	0.0477	0.812	N/A

National Zhijun	Nitrogen emissions			sewage treatment station			ton/year	ton/year	
China National Zhijun	Total phosphorus	Nanotubes emissions	1	Located in a sewage treatment station	0.027mg/L	0.5mg/L	0.0017 ton/year	0.041 ton/year	N/A
China National Zhijun	Total nitrogen	Nanotubes emissions	1	Located in a sewage treatment station	6.88mg/L	20mg/L	0.4470 ton/year	4.104 ton/year	N/A
China National Zhijun	VOCs	Discharge after treatment	5	Located in a sewage treatment station	2.30mg/m ³	100mg/Nm ³	0	0	N/A
Zhijun Pingshan	COD	Nanotubes emissions	1	Discharge Outlet of Waste Water	12.00mg/L	Class-IV water standard in GB21908-2008	0.9244 ton/year	2.16 ton/year	N/A
Zhijun Pingshan	Ammonia Nitrogen	Nanotubes emissions	1	Sewage treatment station	0.128mg/L	Class-IV water standard in GB21908-2008	0.0204 ton/year	0.144 ton/year	N/A
Zhijun Pingshan	Total phosphorus	Nanotubes emissions	1	Sewage treatment station	0.039mg/L	Class-IV water standard in GB21908-2008	0.0127 ton/year	0.0216 ton/year	N/A
Zhijun Pingshan	Total nitrogen	Nanotubes emissions	1	Sewage treatment station	0.75mg/L	Class-IV water standard in GB21908-2008	0.0507 ton/year	0.108 ton/year	N/A
Zhijun Pingshan	SO2	Discharge after treatment	1	Located on the roof of the boiler room	1.02mg/m ³	Emission standards of the table 3 in GB13271-2014	0.1208 ton/year	5.90 ton/year	N/A

Zhijun Pingshan	Nitrogen oxides	Discharge after treatment	1	Located on the roof of the boiler room	24.00mg/m 3	Emission standards of the table 3 in GB13271-2 014	2.8318 ton/year	17.70 ton/year	N/A
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Construction and operation of pollution prevention and control facilities

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

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

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

Emergency plan for environmental emergencies

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

Environmental self-monitoring scheme

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

Other environmental information that should be disclosed

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

Relevant information on environment protection

Nil

XIX. Explanation on other significant events

Applicable Not applicable

No other significant events need to explain in the reporting period.

XX. Significant event of subsidiary of the Company

Applicable Not applicable

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

1. Changes in Share Capital

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	65,498,153	15.30%				-59,989,270	-59,989,270	5,508,883	1.29%
1. Shares hold by the state									
2. State-owned legal person's shares	60,380,743	14.10%				-54,874,973	-54,874,973	5,505,770	1.29%
3. Other domestic shareholding	5,117,410	1.20%				-5,114,297	-5,114,297	3,113	0.00%
Including: Domestic legal person's shares	5,114,297	1.19%				-5,114,297	-5,114,297	0	0.00%
Domestic nature person shares	3,113	0.00%						3,113	0.00%
4. Foreign shareholding									
Including: shares hold by overseas legal person									
Share hold by overseas natural person									
II. Unrestricted shares	362,628,830	84.70%				59,989,270	59,989,270	422,618,100	98.71%
1. RMB Ordinary shares	307,744,355	71.88%				59,989,270	59,989,270	367,733,625	85.89%
2. Domestically listed foreign shares	54,884,475	12.82%						54,884,475	12.82%
3. Foreign shares listed abroad									
4. Other									

III. Total shares	428,126,983	100.00%						428,126,983	100.00%
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Reasons for share changed

Applicable Not applicable

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

Approval of share changed

Applicable Not applicable

Ownership transfer of share changed

Applicable Not applicable

Progress of shares buy-back

Applicable Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes of restricted shares

Applicable Not applicable

In Share

Shareholders	Opening shares restricted	Restricted shares increased in the Period	Shares released in Period	Ending shares restricted	Restricted reasons	Date for released
Sinopharm Group	55,057,700		49,551,930	5,505,770	Non-public	6 Jan. 2020

Co., Ltd					offering share	
China National Pharmaceutical Foreign Trade Corp.	5,323,043		5,323,043	0	Non-public offering share	6 Jan. 2020
Ping An Asset-ICBM -Ping An Asset Xinxiang No. 7 Insurance Asset Management Product	2,557,148		2,557,148	0	Non-public offering share	6 Jan. 2020
Ping An Asset-ICBM - Xinxiang No. 3 Asset Management Product	2,557,149		2,557,149	0	Non-public offering share	6 Jan. 2020
Total	65,495,040		59,989,270	5,505,770	--	--

II. Securities issuance and listing

1. Security offering (without preferred stock) in Reporting Period

Applicable Not applicable

2. Changes of total shares and shareholders structure as well as explanation on changes of assets and liability structure

Applicable Not applicable

3. Current internal staff shares

Applicable Not applicable

III. Particulars about shareholder and actual controller of the Company

1. Amount of shareholders of the Company and particulars about shares holding

In Share

Total common stock shareholders in	42,036	Total common stock shareholders at	45,466	Total preference shareholders with voting rights	0	Total preference shareholders with voting	0
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reporting period-end		end of last month before annual report disclosed		recovered at end of reporting period (if applicable) (found in note 8)		rights recovered at end of last month before annual report disclosed (if applicable) (found in note 8)		
Particulars about shares held above 5% by shareholders or top ten shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of lock-up shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
Sinopharm Group Co., Ltd	State-owned Corporation	56.06%	239,999,991		5,505,770	234,494,221		
Hong Kong Securities Clearing Company Ltd	Foreign Corporation	2.94%	12,580,665			12,580,665		
FIRST SENTIER INVESTORS GLOBAL UMBRELLA FUND PLC - FSSA CHINA GROWTH FUND	Foreign Corporation	2.68%	11,469,644			11,469,644		
National Social Security Fund 118 Portfolio	Domestic non state-owned Corporation	1.59%	6,791,699			6,791,699		
China National Pharmaceutical Foreign Trade Corp.	State-owned corporate	1.24%	5,323,043			5,323,043		
Central Huijin Investment Ltd.	State-owned corporate	0.89%	3,804,400			3,804,400		
National Social Security Fund 413 Portfolio	Domestic non state-owned Corporation	0.86%	3,675,031			3,675,031		
National Social Security Fund 115 Portfolio	Domestic non state-owned Corporation	0.82%	3,500,000			3,500,000		

BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign Corporation	0.78%	3,358,761			3,358,761		
Fidelity Investment Management (Hong Kong) Limited - Client's fund	Foreign Corporation	0.54%	2,308,237			2,308,237		
Explanation on associated relationship among the aforesaid shareholders	Sinopharm Group Co., Ltd. and China National Pharmaceutical Foreign Trade Corporation have the same actual controller, which is China National Pharmaceutical Group Corporation. It is unknown that there exists no associated relationship or belongs to the consistent actionist among the other tradable shareholders regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Companies.							
Particular about top ten common shareholders with un-restrict shares held								
Shareholders	Amount of un-restrict common shares held at period-end		Type of shares					
			Type	Amount				
Sinopharm Group Co., Ltd	234,494,221		RMB ordinary shares	234,494,221				
Hong Kong Securities Clearing Company Ltd	12,580,665		RMB ordinary shares	12,580,665				
FIRST SENTIER INVESTORS GLOBAL UMBRELLA FUND PLC - FSSA CHINA GROWTH FUND	11,469,644		Domestically listed foreign shares	11,469,644				
National Social Security Fund 118 Portfolio	6,791,699		RMB ordinary shares	6,791,699				
China National Pharmaceutical Foreign Trade Corp.	5,323,043		RMB ordinary shares	5,323,043				
Central Huijin Investment Ltd.	3,804,400		RMB ordinary shares	3,804,400				
National Social Security Fund 413 Portfolio	3,675,031		RMB ordinary shares	3,675,031				
National Social Security Fund 115 Portfolio	3,500,000		RMB ordinary shares	3,500,000				
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	3,358,761		Domestically listed foreign shares	3,358,761				
Fidelity Investment Management (Hong Kong) Limited - Client's fund	2,308,237		RMB ordinary shares	2,308,237				

Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	Sinopharm Group Co., Ltd. and China National Pharmaceutical Foreign Trade Corporation have the same actual controller, which is China National Pharmaceutical Group Corporation. It is unknown that there exists no associated relationship or belongs to the consistent actionist among the other tradable shareholders regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Companies.
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Whether top ten common stock shareholders or top ten common stock shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

Yes No

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

2. Controlling shareholder of the Company

Nature of controlling shareholders: central state-owned holding

Type of controlling shareholders: legal person

Controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
Sinopharm Group Co., Ltd	Yu Qingming	8 January 2003	74618434-4	Industrial investment holding; management and assets reorganization entrusted by pharmaceutical enterprise; Chinese medicine, Chinese medicine tablets, chemical medicine preparations, chemical raw materials, antibiotics, biochemical drugs, biological products, narcotic drugs, psychotropic substances, toxic drugs for medical use (compatible with the business scope), medicine IVD Reagents, vaccine, Anabolic agents, wholesale of peptide hormones, medical device operation, food sales management (non-physical method), technology development, technology transfer,

			<p>technical consultation, technical service in the field of medical technology, chemical raw materials and products (except hazardous chemicals, monitoring chemicals, fireworks and firecrackers, flammables and explosives, explosives for civilian use), business management consulting, business consulting, market information consulting and investigation (no social surveys, social investigation, opinion surveys, or opinion polls), data processing services, e-commerce (no value-added telecommunications financial services), sales, design, production agency, publishing various domestic and foreign advertisements of disinfection products, daily necessities, textiles and knitwear, wholesale of protective equipment for medical staff, sales of labor protection supplies, daily mask (non-medical) sales, sporting goods, household appliances, electronic products, furniture, toys, edible agricultural products, cosmetics, and cultural and sports goods, domestic trade (except special license), logistics and related consulting services, operating various types of goods and import and export of technology (not</p>
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				attached directory of import and export commodities), but excluded the import and export of goods and technology the State limits or prohibit the company. (with the exception of projects subject to approval according to the law, carry out business activities independently according to the business license)
Equity of other domestic/oversea listed company control by controlling shareholder as well as stock-joint in report period	Sinopharm Group Co., Ltd. hold 54.72 percent equity of China National Medicines Corporation Ltd (Stock code: 600511) up to the end of Period.			

Changes of controlling shareholders in reporting period

Applicable Not applicable

The Company had no changes of controlling shareholders in reporting period.

3. Actual controller of the Company and persons acting in concert

Nature of actual controller: central state-owned assets management

Type of actual controller: legal person

Actual controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business

China National Pharmaceutical Group Corporation	Liu Jingzhen	26 March 1987	10000588-8	Chinese patent drug, traditional Chinese medicines prepared in ready-to-use forms, traditional Chinese medicinal materials, chemical API, chemical medicine preparation, antibiotics, biochemical drug and biologic pharmacy (License for pharmaceutical trading runs until 12 May 2020); mandatory for pharmaceutical enterprise, asset reorganization; consulting service of medicine industrial investment; exhibition of medical devices; consulting services with main business concerned. (the enterprise has independent choices on operation items for business; in right of exequatur to run if refers to permission operation ; operation activity that prohibited or restricted by the City Government are not allowed)
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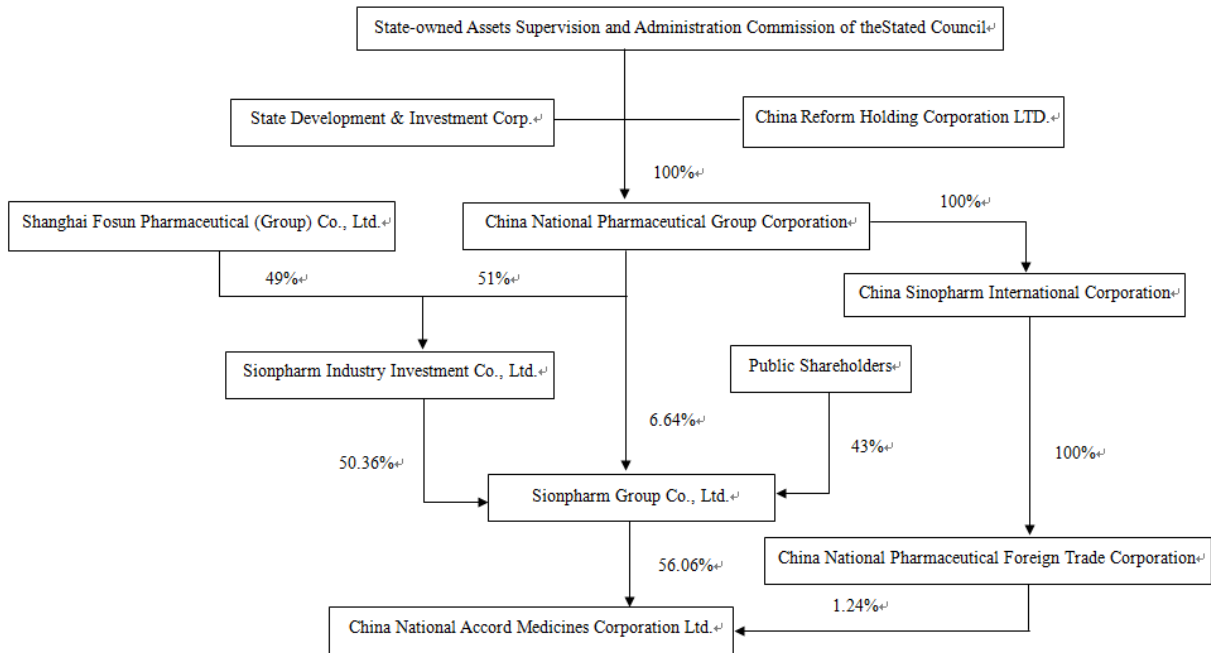
Equity of domestic/oversea listed company control by actual controller in report period				
	Name	Name of listed company with shares held	Total shareholders held (10 thousand shares)	Proportion of shares held
	SINOPHARM	Jianmin Group	132.35	0.86%
	SINOPHARM	Sinopharm Holding	20,728.95	6.64%
	Sinopharm Holding Industrial Investment Co., Ltd.	Sinopharm Holding	157,155.60	50.36%
	Sinopharm Holding	Sinopharm Holding	41,284.17	54.72%
	Sinopharm Holding	Sinopharm Accord	24,000.00	56.06%
	Sinopharm Group	Lianhuan Pharmaceutical	375.21	1.30%
	SIPS	Shyndec Pharmaceutical	23,951.26	23.32%
	China National Pharmaceutical Investment Co., Ltd.	Hengrui Medicine	21,862.02	4.10%
	China National Biotech Group Co., Ltd.	BTBP	62,673.65	49.96%
	SINOPHARM H.K. Co., Ltd.	China TCM	163,470.56	32.46%

Changes of actual controller in reporting period

Applicable Not applicable

No changes of actual controllers for the Company in reporting period.

Property right and controlling relationship between the actual controller and the Company is as follow:



Actual controller controlling the Company by entrust or other assets management

Applicable Not applicable

4. Particulars about other legal person shareholders with over 10% shares held

Applicable Not applicable

5. Limitation and reducing the holdings of shares of controlling shareholders, actual controllers, restructuring side and other commitment subjects

Applicable Not applicable

Section VII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period.

Section VIII. Convertible Bonds

Applicable Not applicable

The Company had no convertible bonds in the Period

Section IX. Particulars about Directors, Supervisors, Senior Executives and Employees

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

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-begin (Share)	Amount of shares increased in this period (Share)	Amount of shares decreased in this period (Share)	Other changes (share)	Shares held at period-end (Share)
Chen Shengqun	Independent director	Currently in office	M	58	2018-04-17		1,500	0	0	0	1,500
Chen Changbin	Deputy GM, Secretary of the Board	Currently in office	M	53	2015-01-13		2,651	0	0	0	2,651
Total	--	--	--	--	--	--	4,151	0	0	0	4,151

II. Changes of directors, supervisors and senior executives

√Applicable □ Not applicable

Name	Title	Type	Date	Reasons
Wei Pingxiao	CFO	Dismissal	2020-05-28	Job change, and no longer serves as the CFO
Gu Guolin	CFO	Appointment	2020-05-28	Appointed as CFO by the 8 th BOD
Ma Zhanjun	Deputy Chairman, Director	Office leaving	2020-07-31	Resigned due to the mandatory retirement age
Li Zhiming	Director	Office leaving	2020-10-21	Job change, and no longer serves as Director and other position of the Company
Wu Yijian	Director	Be elected	2020-11-13	New Director of 8 th BOD
Lin Min	Director	Be elected	2020-11-13	New Director of 8 th BOD
Li Dongjiu	Director	Office leaving	2021-03-02	No longer serves as Director and other position of the Company for adjustment of work arrangement

III. Post-holding

Professional background, major working experience and present main responsibilities in Company of directors, supervisors and senior executive at the present

1. Members of BOD

Mr. Liu Yong, joined Sinopharm Group Co., Ltd in January 2003 and serves as executive director and president of Sinopharm Holding since November 2017 and acts as deputy party secretary of Sinopharm Holding since January 2018; Mr. Liu own over 26 years of working experience, among which, over 23 years are related to management experience in medicine and health care products industry. He is a pharmacist-in-charge and licensed pharmacist. During the period from July 1992 to July 1999, Mr. Liu worked in the Shanghai Pharma, and successively served as deputy general manager of the marketing department of Shanghai Branch of China National Pharmaceutical Group Corporation and Shanghai Guoda Drugstore Chain Company Limited from July 1999 to April 2003. Mr. Liu served as GM and party secretary of the Sinopharm Holding Shenyang Co., Ltd from April 2003 to November 2009; a deputy president of Sinopharm Holding from January 2009 to November 2017; the Secretary of the Board of Sinopharm Holding from October 2016 to November 2017 and General Counsel of Sinopharm Holding from January 2014 to December 2017. Currently, he also acts as the Director of SINOPHARM, Sinopharm Holding Guoda Drugstore Co., Ltd., China National Scientific Instruments & Materials Co., Ltd and China National Medical Equipment Co., Ltd.; and executive Director of Sinopharm Holding Distribution Center Co., Ltd. Mr. Liu serves as Director of the 7th BOD of the Company since January 2017 and Chairman of the 7th and 8th BOD of the Company since October 2017.

Mr. Jiang Xiuchang, he has acted as vice president of Sinopharm Holding since July 2013. Mr. Jiang owns over 31 years of working experiences, among which, 20 years of management experiences are related to medicine and health-care industries. He is a senior economist and senior accountant. Mr. Jiang has worked as deputy director of information department, deputy director of restructuring office, deputy director of financial department as well as deputy director of pharmaceutical department in China National Pharmaceutical Group Corporation from July 1986 to March 2002; he has also served as deputy director, director of financial department and chief financial officer of China National Medicines Corporation Ltd. in succession from March 2002 to May 2010. Currently, Mr. Jiang serves as Chairman of Sinopharm Holding Jiangxi Co., Ltd, Sinopharm Holding Tianjin Co., Ltd. and China National Medicines Corporation Ltd; Director of Sinopharm Holding H.K. Co., Ltd and China National Finance Corporation Ltd; and executive Director of Beijing Sinopharm Taiyuan Property Management Co., Ltd and SINOPHARM Shanghai Co., Ltd; served as CFO of Sinopharm Holding from May 2010 to March 2021; he serves as Director of the 6th, 7th and 8th BOD of the Company since March 2011.

Mr. Lian Wanyong is vice president of Sinopharm Group Co., Ltd. He joined China National Pharmaceutical (Group) Corporation Guangzhou Company in 1996 and successively served as product director of Yuexing Pharmaceutical Co., Ltd. and senior product manager of Hong Kong Tianjian International Co., Ltd. From August

2002 to January 2004, he served as deputy manager of the financial department of Barr laboratories, Inc., USA. From January 2004 to June 2005, he was appointed as manager of operational audit department of China Medicinal Materials Group Company. From July 2005 to January 2008, he was appointed as deputy director of financial asset management department and director of investment management department of China National Pharmaceutical (Group) Corporation. From December 2010 to February 2014, he served as deputy general manager of Beijing Sinopharm Asset Management Center, from April 2014 to January 2018, he served as deputy director of the Policy Research Office of China National Pharmaceutical Group Corporation. Since January 2018, he has been serving as vice president of Sinopharm Group Co., Ltd., and Mr. Lian is concurrently serving as chairman of Sinopharm Holding Anhui Co., Ltd., Sinopharm Holding Hubei Co., Ltd., and Sinopharm Holding Changsha Co., Ltd., and director of China National Medicines Corporation Ltd., director of China National Zhongjin (Shanghai) Medical Health Investment Management Co., Ltd, director of West China Dental Co., Ltd and Director of Sinopharm Holding Hunan Co., Ltd. He serves as Director of 8th BOD of the Company since April 2018.

Mr. Wu Yijian, secretary of the board of Sinopharm Group Company Limited, and concurrently serves as the president of many subsidiaries such as Sinopharm Group Shanxi and Sinopharm Inner Mongolia. Since July 1993, he served in Sanjiu Enterprise Group and successively served as the sales director of Sanjiu Medical & Pharmaceutical Trading Co., Ltd., the chief operating officer of Sanjiu Medical & Pharmaceutical Chain Co., Ltd., and the deputy general manager of Shanghai Sanjiu Technology Development Co., Ltd. Since June 2004, he served in Fosun Pharmaceutical Group, and successively served as general manager of Shanghai Fosun Pharmaceutical Investment Co., Ltd., general manager of Shanghai Fosun Pharmaceutical Co., Ltd., and general manager of Shanghai Fumei Pharmacy Co., Ltd. From 2014 to the end of 2015, he served as the vice president of Shanghai Yuyuan Tourist Mart Co., Ltd. Mr. Wu is currently serving as the president of China National Shanxi Co., Ltd, Sinopharm Holding Shanxi Co., Ltd, Sinopharm Holding Inner Mongolia Co., Ltd., China National Health Online Co., Ltd, and a director of China National Zhongjin (Shanghai) Medical Health Investment Management Co., Ltd, and director and general manager of Sinopharm Holding Group H.K. Co., Ltd. From September 2016 to May 2019, he concurrently served as the chairman of the board of supervisors of Sinopharm Accord. From November 2020, he serves as a director of the eighth board of directors of the Company.

Mr. Lin Zhaoxiong: Director and GM of Sinopharm Accord. Has served as deputy manager and manager of pharmaceutical department, manager of Pharmaceutical corporations and director of operation and management department during his work in China Pharmaceutical (Group) Guangzhou Co.,Ltd from January 1999 to December 2003 in succession; He has acted as the deputy general manager of Sinopharm Holding Guangzhou Co.,Ltd; the general manager of Sinopharm Holding Guangzhou Co.,Ltd from December 2006 to December 2008; He has served as the deputy general manager of the Company from December 2008 to March 2016; Mr Lin serves as the chairman of Sinopharm Holding Guoda Drugstore Co.,Ltd since October 2017; and GM of the Company since March 2016, Director of the 7th and 8th BOD of the Company since April 2016.

Mr. Lin Min is the deputy general manager of the Company. He worked in China National Pharmaceutical (Group)

Guangzhou Company from January 2001 to November 2003, successively served as assistant manager and deputy manager of Pharmaceutical Department, deputy purchasing manager of Pharmaceutical Company, and served as city pharmaceutical sales director of Sinopharm Guangzhou Co., Ltd. from November 2003 to January 2005, from January 2005 to December 2008, he served as deputy general manager of Sinopharm Holding Guangzhou Co., Ltd., and concurrently served as general manager of Sinopharm Holding Guangzhou Co., Ltd. since March 2016. He served as deputy general manager of the Company since December 2008, from November 2020, he has been serving as a director of the seventh and eighth board of directors of the Company.

Mr. Chen Honghui, Professor and doctoral supervisor in Management of Lingnan (University) College. From July 1993 to June 2003, he worked in the School of Management of Wuhan University of Science and Technology as a teaching assistant and lecturer. From July 2003 until now, he has been working in Lingnan (University) College as an associate professor and professor. From 2007 to 2012, he served as the deputy dean of Lingnan (University) College; from 2008 to 2019, he served as the director of the Business Management Department of Lingnan (University) College. Since 2008, he has served as the director of the Research Center for Corporate Social Responsibility of Lingnan (University) College. Mr. Chen is concurrently serving as the vice chairman of Guangdong International Social Responsibility, independent director of Cabbeen Fashion Limited, and independent director of Guangzhou Grandbuy Co., Ltd. Since March 2017, he has been serving as an independent director of the seventh and eighth board of directors of the Company.

Mr. Ou Yongliang, Practicing Lawyer of China, Vice President of All China Lawyers Association, Vice President of Guangdong Province Law Society, President of the 9th and 10th Guangdong Lawyers Association, director of Guangdong Hopesun Law Firm, member of the 12th Guangdong Provincial Committee of CPPCC, expert consultant of the 11th Party Congress of the Guangdong Provincial Committee of the Communist Party of China, legislative consultant of the 12th Standing Committee of Guangdong Provincial People's Congress, specially invited member of the 11th Guangdong Provincial Committee of the CPPCC, member of Judges and Procurators Selection Committee of Guangdong Province, representative of the Ninth Congress of the Guangzhou Municipality of the Communist Party of China, an arbitrator of the China International Economic and Trade Arbitration Commission, an arbitrator of the Shenzhen Court of International Arbitration, an arbitrator of the Shanghai Arbitration Commission, an arbitrator of the Guangzhou Arbitration Commission. Since April 2018, he has been serving as an independent director of the eighth board of directors of the Company.

Mr. Chen Shengqun is an associate researcher and senior accountant, he has been teaching at the Shanghai National Accounting Institute since 2013. Mr. Chen came out of the postdoctoral research station of Shanghai University of Finance and Economics in 1998 as the first postdoctoral fellow in management accounting. He was employed as a senior researcher at the CAFR Center of the Hong Kong Polytechnic University and is currently a visiting professor of EDP curriculum at the Xiamen University. Since 1998, Mr. Chen has served as director of the finance division of China Pacific Insurance Co., Ltd., in 2002, he was transferred to serve as deputy general manager of the financing plan department of China Pacific Insurance Co., Ltd. (presiding work), at the end of

2003, he joined China Reinsurance Group and successively served as general manager of the fund application department of China Continent Insurance (concurrently general manager of the strategic development department, and general manager assistant of China Re Asset Management Company. He serves as independent director of the 8th BOD of the Company since April 2018.

Ms. Su Weiwei: Doctor of pharmacy, professor of School of Life Sciences of Sun Yat-Sen University and a doctoral supervisor. She worked in Guangdong pharmaceutical University from July 1987 to April 2000, and successively served as a teaching assistant, lecturers, associate professor and professor, she serves as a professor in Sun Yat-Sen University since May 2000. Ms. Su Weiwei have devoted herself to the research and development of innovative drugs for many years, and achieved two chemical clinical permission for first-type new drugs and one clinical permission for the fifth-type new drugs of TCM (traditional Chinese medicine) which have independent intellectual property rights.

2. Members of BOS:

Mr. Wen Deyong, joined Sinopharm Group Co., Ltd. in September 2017, and has been serving as a non-executive director of Sinopharm Group Co., Ltd. to this day. From September 1995 to May 2016, Mr. Wen served as a technician in the hydro-acupuncture workshop of Chongqing No. 6 Pharmaceutical Factory, field salesman of sales department of Chongqing YaoPharma, sales director of Chongqing YaoPharma Co., Ltd., general manager of sales department 2 of Chongqing YaoPharma Co., Ltd., general manager of Northern Company of Chongqing Haisiman Pharmaceutical Co., Ltd., vice president of Chongqing YaoPharma, president of Chongqing YaoPharma, currently serves as vice president of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., director of pharmaceutical business management committee, general manager of centralized procurement and procurement management department, and executive vice president of Shanghai Fosun Pharmaceutical Industry Development Co., Ltd. He has been the chairman of the board of supervisors of the eighth board of supervisors of the Company since July 2019.

Ms. Liu Jingyun, Director of the capital department of Sinopharm Group Co., Ltd. and he successively hold a teaching post in Nanjing Radio and Television University, works in Sinopharm Group Co., Ltd. since November 2003 and serves as deputy director of assets management department, director of the financial & assets management dept. and Director of ministry of finance and credit management. She serves as supervisor of the 7th and 8th supervisory committee of the Company since September 2016.

Ms. Chen Guojing: she worked in Shenzhen Accord Medicinal Materials Company in December 1999, now she serves as the office director and director of security department in the Company. Ms. Chen served as the financial manager and deputy chief of Finance and Funds Department of the Company from June 2005 to December 2013, she is the member of trade union federations of the Company and chairman of the first trade union since March 2009; she served as chief (part-time) of the auditing department of the Company from January 2013 to August

2017, and chief (part-time) of the risk and operation management of the Company from January 2014 to May 2016. She serves as staff supervisor of the 8th supervisory committee of the Company since August 2018

3. Senior executive:

Mr. Lin Zhaoxiong, found in aforesaid previous work experience

Mr. Lin Min, found in aforesaid previous work experience

Mr. Zhao Xiaochuan: Deputy GM of the Company. He has served as the general manager of Liaoning Accord Chain Co., Ltd from December 2001 to April 2008; served as the general manager of Sinopharm Holding Guoda Tian Yi Tang Drugstore Chain (Shenyang) Co., Ltd and Sinopharm Holding Guoda Shenyang Chain Co., Ltd from May 2008 to June 2015; he has acted as general manager of Sinopharm Holding Guoda Drugstore Co., Ltd since June 2015; serves as President of Sinopharm Holding Guoda Drugstore Co., Ltd. Since January 2021 and he has worked as the deputy general manager of the Company since July 2017.

Mr. Liu Tianyao is deputy general manager of the Company. From August 2002 to April 2009, he served as senior director of human resources department of China National Pharmaceutical Group Corporation. From April 2009 to May 2017, he successively served as deputy director of human resources department, director of talent development department, director of human resources department, and director of retail medical business development department of Sinopharm Group Co., Ltd., from December 2013 to July 2016, he concurrently served as general manager of Shanghai Management Consulting Branch, from July 2016 to May 2017, he concurrently served as general manager of Sinopharm Holding Medical Management (Shanghai) Co., Ltd., from May 2017 to January 2019, he has been serving as director of human resources and director of human resources department of Sinopharm Group Co., Ltd and he serves as Deputy GM of the Company since January 2019.

Mr. Lin Xinyang: Deputy GM of the Company. He took the turns of deputy GM of Nanfang Pharm. Co., deputy GM of China Pharmaceutical (Group) Guangzhou Company Yuexing Company, general supervisor of PD of Sinopharm Holding Guangzhou Company successively since January 1996; took the post of deputy GM of Sinopharm Holding Guangzhou Company from Jan. to Dec. 2004; serves as deputy GM of the Company since January 2005.

Mr. Lang Baochun is deputy secretary of the party committee, secretary of the disciplinary committee, chairman of the labor union and general counsel of the Company. From September 2007 to March 2008, he served as deputy director of general office of Sinopharm Group Co., Ltd., from March 2008 to December 2009, he served as general manager of Shanghai Chuanghui Investment Co., Ltd., from January 2010 to May 2010, he served as director of the research office of Shanghai Shibe Hi-Tech (Group) Co., Ltd., from June 2010 to September 2011, he served as deputy director of the president's office of Sinopharm Group Co., Ltd., from October 2011 to December 2015, he served as director of the strategic planning department of Sinopharm Group Co., Ltd., from

January 2016 to June 2017, he served as secretary of the party committee of Sinopharm Guoda Drugstore Co., Ltd., from March 2016 to February 2018, he served as deputy secretary of the party committee and secretary of the disciplinary committee of the Company. Since March 2018, he has been serving as deputy secretary of the party committee, secretary of the disciplinary committee, and chairman of the labor union of the Company. He serves as General Counsel of the Company since August 2018

Mr. Gu Guolin is the chief financial officer of the Company. He joined Sinopharm Group Co., Ltd. in May 2011, and served as the senior manager of the financial management department of Sinopharm Group Co., Ltd. from May to July 2011; from July 2011 to May 2014, he served as the chief financial officer of Sinopharm Holding Ningxia Co., Ltd. Since May 2014, he has served as the chief financial officer of Sinopharm Sichuan Pharmaceutical Group Co., Ltd. and concurrently as the chief financial officer of Sinopharm Holding Sichuan Pharmaceutical Co., Ltd. Since May 2020, he has been serving as the chief financial officer of the Company.

Mr. Chen Changbin: Deputy GM of the Company, and Secretary of the Board. He has served as secretary of board of directors of the Company since December 2000; he has also worked as the director of planning investment management department of the Company as well as assistant general manager, in charge of strategic planning, investment and mergers and acquisitions, capital operation, affairs related to three major meetings and international co-operation. He has acted as the deputy general manager of the Company since April 2017.

Post-holding in shareholder's unit

√ Applicable □ Not applicable

Name	Name of shareholder's unit	Position in shareholder's unit	Commencement date of tenure	Termination date	Whether to receive compensation and allowances in the shareholders' unit (Y/N)
Liu Yong	Sinopharm Group Co., Ltd	Executive Director, President	2017-11-01		Y
Liu Yong	Sinopharm Group Co., Ltd	Deputy party secretary	2018-01-01		Y
Jiang Xiuchang	Sinopharm Group Co., Ltd	Deputy President	2013-07-01		Y
Lian Wanyong	Sinopharm Group Co., Ltd	Deputy President	2018-01-01		Y
Wu Yijian	Sinopharm Group Co., Ltd	Secretary of the Board	2019-01-01		Y
Liu Jingyun	Sinopharm Group Co., Ltd	Director of Capital	2016-07-01		Y

		department			
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Post-holding in other unit

√ Applicable □ Not applicable

Name	Name of other units	Position in other unit	Commencement date of tenure	Termination date	Whether to receive compensation and allowances in other unit (Y/N)
Liu Yong	China National Medicines Corporation Ltd	Director	2017-11-01		
Liu Yong	Sinopharm Holding Guoda Drugstore Co., Ltd.	Director	2017-10-01		
Liu Yong	China National Scientific Instruments & Materials Co., Ltd	Director	2018-12-01		
Liu Yong	China National Medical Equipment Co., Ltd.	Director	2018-12-01		
Liu Yong	Sinopharm Holding Distribution Center Co., Ltd	Executive Director	2020-08-01		
Jiang Xiuchang	Sinopharm Holding Jiangxi Co., Ltd.	President	2013-06-01		
Jiang Xiuchang	SINOPHARM Shanghai Co., Ltd	Executive Director	2017-11-01		
Jiang Xiuchang	Sinopharm Holding Tianjin Co., Ltd.	President	2013-12-01		
Jiang Xiuchang	China National Medicines Corporation Ltd	President	2017-11-01		
Jiang Xiuchang	Sinopharm Holding H.K. Co., Ltd	Director	2011-11-01		
Jiang Xiuchang	China National Finance Corporation Ltd	Director	2011-11-01		
Jiang Xiuchang	Beijing Sinopharm Taiyuan Property Management Co., Ltd	Executive Director	2017-12-01		
Lian Wanyong	China National Medicines Corporation Ltd	Director	2017-12-01		
Lian Wanyong	China National Zhongjin (Shanghai) Medical Health Investment Management Co., Ltd	Director	2018-07-01		
Lian Wanyong	West China Dental Co., Ltd	Director	2019-01-01		
Lian Wanyong	Sinopharm Holding Anhui Co., Ltd.	President	2019-01-01		
Lian Wanyong	Sinopharm Holding Changsha Co., Ltd.	President	2019-06-01		
Lian Wanyong	Sinopharm Holding Hubei Co., Ltd.	President	2020-01-01		
Lian Wanyong	Sinopharm Holding Hunan Co., Ltd.	Director	2020-03-01		
Wu Yijian	China National Shanxi Co., Ltd	President	2019-03-01		

Wu Yijian	Sinopharm Holding Shanxi Co., Ltd	President	2019-03-01		
Wu Yijian	Sinopharm Holding Inner Mongolia Co., Ltd.	President	2019-03-01		
Wu Yijian	China National Zhongjin (Shanghai) Medical Health Investment Management Co., Ltd	Director	2019-03-01		
Wu Yijian	China National Health Online Co., Ltd.	President	2020-05-01		
Wu Yijian	Sinopharm Holding Group H.K. Co., Ltd.	Director, GM	2020-10-01		

Punishment of securities regulatory authority in recent three years to the company's current and outgoing directors, supervisors and senior management during the reporting period

Applicable Not applicable

IV. Remuneration for directors, supervisors and senior executives

Decision-making procedures, recognition basis and payment for directors, supervisors and senior executives

(i) Remuneration decision procedure of directors, supervisors, senior management:

The Company implemented the annual salary system for senior executives based on the 2020 annual performance appraisal (scheme) on management staff, paid annual salary remuneration according to the appraisal results. Remuneration and appraisal committee of the company's board of directors is responsible for the formulation and examination of salary plan and program as well as formulation and examination of salary plan and assessment standards of directors (not including the independent directors), supervisors and senior executives. They also evaluate the performance assessment of directors, supervisors and senior officers in accordance with the assessment criteria, compensation scheme.

(ii) Remuneration determining basis

The main principles of making standard of compensation are: (1) the company's overall business and the profit level; (2) the overall salary level and dynamic index over past years; (3) difference in position and duty; (4) relative importance and risks of position; (5) related post salary level in the same industry; (6) individual professional ability.

(iii) Actual payment

Executives get monthly basic salary and annual salary after the issuance of annual examination.

Remuneration for directors, supervisors and senior executives in reporting period

In 10 thousand Yuan

Name	Title	Sex (F/M)	Age	Post-holding status	Total remuneration before tax	Received remuneration from related party

					obtained from the Company	of the Company (Y/N)
Liu Yong	President	M	51	Currently in office	0	Y
Ma Zhanjun	Deputy Chairman	M	60	Office leaving	145.83	Y
Li Zhiming	Director	M	57	Office leaving	0	Y
Jiang Xiuchang	Director	M	56	Currently in office	0	Y
Lian Wanyong	Director	M	50	Currently in office	0	Y
Li Dongjiu	Director	M	55	Office leaving	0	Y
Wu Yijian	Director	M	50	Currently in office	0	Y
Lin Zhaoxiong	Director, GM	M	53	Currently in office	250	N
Lin Min	Director, Party Secretary, Deputy GM	M	56	Currently in office	225	N
Chen Honghui	Independent director	M	49	Currently in office	12	N
Ou Yongliang	Independent director	M	51	Currently in office	12	N
Chen Shengqun	Independent director	M	58	Currently in office	12	N
Su Weiwei	Independent director	F	61	Currently in office	12	N
Wen Deyong	Chairman of supervisory committee	M	49	Currently in office	0	Y
Liu Jingyun	Supervisor	F	44	Currently in office	0	Y
Chen Guojing	Staff supervisor	F	50	Currently in office	78.65	N
Zhao Xiaochuan	Deputy GM	M	57	Currently in office	200	N
Liu Tianrao	Deputy GM	M	41	Currently in office	175	N
Lin Xinyang	Deputy GM	M	56	Currently in office	175	N

Lang Baochun	Deputy party secretary, Secretary of committee for discipline inspection, General counsel	M	57	Currently in office	175	N
Gu Guolin	CFO	M	45	Currently in office	87.5	N
Wei PingXiao	CFO	M	57	Office leaving	72.92	N
Chen Changbin	Deputy GM, Secretary of the Board	M	53	Currently in office	150	N
Total	--	--	--	--	1,782.90	--

Delegated equity incentive for directors and senior executives in reporting period

Applicable Not applicable

V. Particulars of workforce

1. Number of staff, professional composition and education background

The number of current employees of parent company (people)	119
The number of current employees of main subsidiaries (people)	38,170
Total number of current employees (people)	38,289
The total number of employees in payroll (people)	38,289
The total number of retired staff and workers that the parent company and main subsidiaries need to bear the costs (people)	1,694
Professional composition	
Category of professional composition	Number of professional composition (people)
Production staff	28
Salesman	28,684
Technical staff	248
Financial staff	736
Administrative staff	170
Other	8,423
Total	38,289
Education background	
Category of education	Number (people)

Post-graduate qualification and above	163
Undergraduate	4,789
Junior college	12,757
College degree	20,580
Total	38,289

2. Remuneration policy

Sinopharm Accord and the subordinate enterprises provide perfect compensation and benefits for the staff, the compensation level is closely combined with organization (total amount of labor, compensation strategy, job value), staff (capacity development, performance results), and market (market level, talent competition). The company adjusts the remuneration for staff having abilities and contributions every year by the responsibility sorting, position evaluation, target remuneration range positioning, and the staff annual work performance and ability assessment; at the same time, performance bonuses and performance closely link together, and realize win-win of the interests of company and the interests of employees. Pay attention to the income growth requirements of low-income groups, develop annual wage growth program, and implement after the deliberation and approval of the workers' congress.

3. Training programs

Sinopharm Accord and its subordinate companies attach great importance to building learning organizations, invest training resources every year to train and develop employees at all levels. In 2020, talent development and training work are based on the main line of empowering operations, strengthening the function of tow depths (going deep into the front line and going deep into the scene), and constantly improve the company's training and cultivating system.

1. Optimize the training management system, revise the training system management system, the employee training management system, the internal trainer management system, the employee continuing education management system, the intern management system, the internal lecturer management system, optimize internal trainers management process, annual training needs and plan management process, and training implementation process.

2. The headquarters, operation headquarters, and key subsidiaries all set up full-time training posts to assist managers at all levels to carry out employee training. The company has promoted a three-level training model throughout the company, and conducted outstanding learning organizations, learning projects, excellent internal trainers, and excellent training managers on Teachers' Day.

3. Vigorously promote online training, more than 4,000 accounts have been opened on the "Sinopharm

University" platform, covering various subsidiaries across the country, the average online learning hours for all employees have exceed 30 hours. Among them, live broadcast training methods were vigorously promoted in 2020, and 33,000+ person-times have been organized to take part in live broadcast training, which increased the influence and coverage of training.

4. The types of training include training for new recruits, vocational training for employees, leadership training for managers, and internal trainer training. Courses include management courses, general quality courses, and vocational skills classes.

5. As of the end of 2020, the training expenses of the headquarters and distribution operation headquarters of Sinopharm Accord and the headquarters of Guoda Drugstore were about 2 million yuan, and the per capital period reached more than 50 hours.

4. Labor outsourcing

Applicable Not applicable

Total number of working hours of labor outsourcing (Hour)	1,787,328
Total remuneration paid of labor outsourcing (RMB)	55,870,488.31

Section X. Corporate Governance

I. Corporate governance of the Company

During the reporting period, the company strictly followed the requirements of the Company Law, Securities Law, Government Guidelines for Listed Companies and the relevant laws and regulations of the China Securities Regulatory Commission and Shenzhen Stock Exchange, continuously improved the company's corporate governance structure, and established and improved the company's internal control. The general meeting of shareholders, the board of directors and the board of supervisors have standardized operations, independent directors and special committees of the board of directors have performed their respective duties, continuously strengthened company management, controlled and prevented risks, standardized company operations, and improved operational efficiency. The company gradually formed a governance mechanism with clear powers and responsibilities, standardized operations, mutual coordination, and mutual checks and balances among power institutions, decision-making institutions, supervisory institutions, and managers.

During the reporting period, the company strengthened internal coordination and communication, revised and improved internal control related systems, and sorted out various work processes, and further improved the company's management quality and operational efficiency. At the same time, it continuously strengthened the management of inside information, further improved the process systems of inside information management, strengthened the disclosure of information, improved the management of investor relations, strengthened and improved the management of affiliated companies, so that the company's standard operation level has been further improved. In the future, the company will continue to strictly implement the specific requirements of the regulatory agencies, strengthen the implementation, improve the evaluation mechanism, and improve the corporate governance structure, at the same time, strengthen supervision, and strive to promote governance to a higher level.

Is there any difference between the actual condition of corporate governance and relevant regulations about corporate governance for listed company from CSRC?

Yes No

There are no differences between the actual condition of corporate governance and relevant regulations about corporate governance for listed company from CSRC.

II. Independence of the Company relative to controlling shareholders' in aspect of businesses, personnel, assets, organization and finance

The Company totally separates from the controlling shareholders in business, personnel, assets, institutions, financial and other aspects, with independent and complete self-management ability.

1. The business: the Company was independent from controlling shareholders, having a complete business system and self-managing ability; the company has independent procurement and sales system thus all procurement and sales of drugs and raw materials is in charge of the purchasing department and subordinate subsidiary, branch and production enterprises; production, supply, marketing and R & D separate from each other; the Company is a legal market person with independent operation.

2. Personnel: procedures of the controlling shareholder nominating directors and general and deputy general manager are legal; no intervene on the appointment and removal of personnel made by the board of directors and shareholders' meeting happened; the Company set up independent human resource department, responsible for assessment, training and salary review on staff, making rules and regulations and handbook the employees should abide by. Labor, personnel, wages and pension, medical insurance and other insurance are independently managed.

3. Institution: production and operation mechanism and administrative management is completely independent from the controlling shareholder or actual controller; offices and sites of business operation separate from the controlling shareholder; the Company established corporate governance structure where the board of directors, board of supervisors and managers carry out their duties and exercise their respective duties in accordance with relevant provisions of the articles of association.

4. Asset: property and rights relationship between the Company and the controlling shareholder is clear, with independent operations; the company has independent production system, auxiliary production system and supporting system; industrial property rights, trademarks, non-patented technology and other intangible assets owned by the Company and its subsidiary.

5. Financial aspects: the Company established independent financial departments and independent financial accounting system; the Company opened a bank account independently; the financial staff is independent without taking part-time and receiving remuneration in the controlling shareholder; the Company pays tax independently.

III. Horizontal competition

Applicable Not applicable

Type	Name of controlling shareholder	Nature of controlling shareholder	Reason	Solution measure	Work schedule and follow-up plan
Horizontal competition	Sinopharm Holding	SASAC	Distribution subsidiary of Sinopharm Holding established some social retail	In December 2016, Sinopharm Holding issued a commitment letter of avoiding horizontal	Normally implementing, Sinopharm Accord will also actively urge the controlling

			pharmacy, which might have horizontal competition with the Guoda Drugstore, the subordinate enterprise of the listed company after restructuring	competition with Sinopharm Accord, and promise to solve the horizontal competition in respect of pharmaceutical retail business in an appropriate way within five years since the date when reorganization completed	shareholder to fulfill their commitments
Horizontal competition	SINOPHARM	SASAC	Distribution subsidiary of SINOPHARM established some social retail pharmacy, which might have horizontal competition with the Guoda Drugstore, the subordinate enterprise of the listed company after restructuring	In December 2016, SINOPHARM issued a commitment letter of avoiding horizontal competition with Sinopharm Accord, and promise to solve the horizontal competition in respect of pharmaceutical retail business in an appropriate way within five years since the date when reorganization completed	Normally implementing, Sinopharm Accord will also actively urge the controlling shareholder to fulfill their commitments

IV. AGM (Annual General Meeting) and extraordinary shareholders' general meeting held in the Period

1. AGM

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
Annual General Meeting of 2019	AGM	66.62%	2020-05-15	2020-05-16	Juchao Website—(http://www.cninfo.com.cn) “Notice of Resolution of AGM”

					of 2019” No.: 2020-17
First extraordinary general meeting of 2020	Extraordinary general meeting	63.17%	2020-11-13	2020-11-14	Juchao Website—(http://www.cninfo.com.cn) “Notice of Resolution of First extraordinary general meeting of 2020” No.: 2020-38

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

Applicable Not applicable

V. Responsibility performance of independent directors

1. The attending of independent directors to Board meetings and shareholders general meeting

The attending of independent directors to Board Meeting & shareholders general meeting							
Independent director	Times of Board meeting supposed to attend in the report period	Times of Presence	Times of attending by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)	Times attending the shareholders general meeting
Chen Honghui	8	3	5	0	0	N	1
Ou Yongliang	8	3	5	0	0	N	1
Su Weiwei	8	3	5	0	0	N	1
Chen Shengqun	8	3	5	0	0	N	1

Explanation of absent the Board Meeting for the second time in a row

2. Objection for relevant events from independent directors

Independent directors come up with objection about Company’s relevant matters

Yes No

Independent directors have no objections for relevant events in reporting period

3. Other explanation about responsibility performance of independent directors

The opinions from independent directors have been adopted

Yes No

Explanation on advice that accepted/not accepted from independent directors

During the reporting period, the independent directors performed their duties in a careful, diligent, dedicated attitude in accordance with requirements of the "Working System of Independent Director", offered some useful suggestions and opinions on business decision-making, legal affairs, financial management and other aspects; carefully examined important matters those needed opinions of independent directors, made independent judgments and issued a written independent opinion on major related transactions, daily related transactions, accountancy hiring and other matters, playing a positive role in safeguarding the legitimate rights and interests of small shareholders. Besides, independent directors played an important role in operation of special committee. At the same time, the Company can guarantee independent directors and other directors of the same right to know. During the reporting period, the independent directors have no objection on the related issues of the Company.

VI. Duty performance of the special committees under the board during the reporting period

(i) Duties fulfillment of the board of directors and audit committee on internal control over risk

Internal control on risk and Audit Committee of the board of directors of the company comprises 4 independent directors and 4 directors, including the convener Chen Shengqun - an independent director (professional accountant). In accordance with relevant provisions of China Securities Regulatory Commission and Shenzhen Stock Exchange and working system, Internal control on risk and Audit Committee of the board of directors seriously performed duties in a dedicated attitude. In the annual financial report audit, they acted as supervisors, maintained individuality of audit and issued a series of notices such as the Written Opinion on Financial Accounting Statements Issued by the Company before CPA of Annual Examination Entered, the Written Opinion on Financial Accounting Statements after Preliminary Audit Issued by CPA of Annual Examination, the Summary Report of Internal Risk Control and Audit Committee on the Annual Audit Work of CPA as well as the Resolution on Rehire the Audit Institution. Its main duties comprise the following:

1. Risk internal control and audit committee is responsible for determining the audit work schedule, negotiating with CPA who engages in audit;
2. Before CPA enters, audit committee should review the financial statements prepared by the Company and issue written opinions;
3. Strengthen communication with the CPA, and urge them to submit audit report within stipulated time with urgency letter;
4. Review again the financial statements after the CPA issues preliminary opinion, and issue written opinions;
5. The Committee held annual work conference 2020, approved proposal of financial accounting report, summary report of annual audit work of CPA and rehiring Ernst & Young CPA (Special General Partnership) as the audit

institution, and then formed a resolution to submit to board of directors for approval.

(ii) Duties fulfillment of Remuneration and Appraisal Committee

As special working mechanism of the board of directors, the remuneration and appraisal committee are responsible for approving the assessment standard of directors and senior executives, formulating and reviewing compensation policies and programs of directors and executive. And they take charge in examining according to the standard and policies. The remuneration and appraisal committee is composed of 4 independent directors and 3 directors; convener is Chen Honghui, an independent director.

During the reporting period, remuneration and assessment committee actively performed duty; clearly defined their responsibilities; did serious research and appraisal on the remuneration and appraisal system, especially salary, assessment system and program over directors, supervisors and senior executive. According to working rules of the remuneration and appraisal committee, they have rights to check regular reports, meetings records, business planning and other materials by telephone, interviews and other methods to learn the performance of directors, executives. And they're required to submit problems existing in implementation of system to the Board of Directors and raise up suggestion on them. Their contents are as follows:

1. In 2020, the remuneration and appraisal committee carried out the performance evaluation of executives according to the 2019 Annual operation standard and performance.
2. It proposed the "2021 Evaluation Scheme of Operating Performance", and submitted it to the board of directors for approval.
3. The remuneration and appraisal committee approved salary of directors, supervisors and senior executives disclosed in 2020 annual report. And it issued the following opinions:

Compensation decision procedures of directors, supervisors and senior management personnel was in accordance with the provisions; the standard was in accordance with the remuneration system; the disclosure of 2020 annual report about personnel salary of the directors, supervisors and senior management is real and accurate.

VII. Works from Supervisory Committee

The Company has risks in reporting period that found in supervisory activity from supervisory committee

Yes No

Supervisory committee has no objection about supervision events in reporting period

VIII. Examination and incentives of senior management

Senior executives of the Company took responsibility for the board of directors, in the reporting period, the board of directors implemented the performance checking mechanism that the remuneration of senior executives related

with their performance checking, with achievement as direction, and made relevant reward and punishment according to target completion. The Company's relevant incentive and restriction mechanism gradually in order to further exert the enthusiasm and creativity of senior executives, urge the senior executives to perform the obligations of being honest and diligent. The Company had no incentive mechanism for senior executives such as stock option, purchase of management team and equity held by owner.

IX. Internal Control

1. Details of major defects in IC appraisal report that found in reporting period

Yes No

2. Appraisal Report of Internal Control

Disclosure date of full internal control evaluation report	2 April 2021	
Disclosure index of full internal control evaluation report	"Self-evaluation report of internal control for 2020" in Juchao website (www.cninfo.com.cn) appointed by Shenzhen Stock Exchange	
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements	100.00%	
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the company's consolidated financial statements	100.00%	
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	<p>Financial report defects are mainly judged and decided by the degree of influence and the likelihood of occurrence to the misstatements of financial reports caused by defects.</p> <p>(1) Significant defects: a combination of one or multiple internal control defects that exists in internal control and may cause the material misstatements in financial statements cannot be prevented, found or corrected in time;</p> <p>(2) Major defects: a combination of one or multiple internal control defects that exists in internal control and has lower severity</p>	<p>Non-financial report defects are mainly judged and decided by the degree of influence and the likelihood of occurrence of defects to the validity of business process.</p> <p>(1) Significant defects: a combination of one or multiple internal control defects that may cause the enterprise's serious deviation to internal control objectives;</p> <p>(2) Major defects: a combination of one or multiple internal control defects whose severity level and economic consequences are lower than</p>

	<p>level than significant defects but still should be concerned by the superintendents of enterprise financial reports;</p> <p>(3) Common defects: other defects except for significant and major defects.</p>	<p>significant defects but still may cause the enterprise's deviation to internal control objectives;</p> <p>(3) Common defects: other defects except for significant and major defects.</p>
Quantitative standard	<p>A quantitative criterion determines the degree of importance of misstatements (including missing reports) in the consolidated statements of listed companies based on the consolidated statement data.</p> <p>(1) Significant defects: equal to or greater than 5% of profit before tax;</p> <p>(2) Major defects: Between 1% and 5% of profit before tax;</p> <p>(3) Common defects: Less than or equal to 1% of profit before tax</p>	<p>A quantitative criterion determines the degree of importance of the company's defects based on the amount of direct loss and the degree of significant influence to the company.</p> <p>(1) Significant defects: the amount of direct property loss is or more than 10 million Yuan, or has been officially disclosed and caused negative effects to periodic report disclosure of the joint-stock companies;</p> <p>(2) Major defects: the amount of direct property loss is between 5 million and 10 million Yuan, or has been punished by the national government departments but has not caused negative effects to periodic report disclosure of the joint-stock companies;</p> <p>(3) Common defects: the amount of direct property loss is between 0.1 million and 5 million Yuan, or has been punished by the provincial or sub-provincial government departments but has not caused negative effects to periodic report disclosure of the joint-stock companies.</p>
Amount of significant defects in financial reports		0
Amount of significant defects in non-financial reports		0
Amount of important defects in financial reports		0
Amount of important defects in non-financial reports		0

X. Auditing report of internal control

Applicable Not applicable

Deliberations in Audit Report of Internal Control	
According to relevant regulations and “Basic Rules of Internal Control for Enterprises”, China National Accord Medicines Corporation Ltd. in all major aspects, keeps an efficiency of internal control of financial report dated 31 December 2020	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	2 April 2021
Index of audit report of internal control (full-text)	Audit Report of Internal Control under the name of China National Accord Medicines Corporation Ltd. released on Juchao Website (http://www.cninfo.com.cn)
Opinion type of auditing report of IC	Standard unqualified
Whether the non-financial report had major defects	No

Carried out modified opinion for internal control audit report from CPA

Yes No

The internal control audit report, issued by CPA, has concerted opinion with self-evaluation report, issued from the Board

Yes No

Section XI. Corporate Bond

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

No

Section XII. Financial Report

AUDITOR'S REPORT

Ernst & Young Hua Ming (2021) Shen Zi No. 61295118_H01
China National Accord Medicines Corporation Ltd.

To the shareholders of China National Accord Medicines Corporation Ltd.

(I) Opinion

We have audited the financial statements of China National Accord Medicines Corporation Ltd. (the "Company"), which comprise the consolidated and the Company's balance sheets as at 31 December 2020, and the consolidated and the Company's income statements, the consolidated and the Company's statements of changes in equity and the consolidated and the Company's statements of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and the Company's financial position as at 31 December 2020, and the consolidated and the Company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

(II) Basis for opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with *China Code of Ethics for Certified Public Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(III) Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

AUDITOR'S REPORT (Continued)

Ernst & Young Hua Ming (2021) Shen Zi No. 61295118_H01
China National Accord Medicines Corporation Ltd.

(III) Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Impairment of goodwill</i>	
<p>The carrying value of goodwill amounted to RMB2.747 billion as at 31 December 2020 and was allocated to the Company's asset groups of pharmaceutical distribution and pharmaceutical retail.</p> <p>Under ASBEs, the management of the Company is required to perform the impairment test for goodwill annually. The impairment test is based on the recoverable amount of the respective asset groups to which the goodwill is allocated. The recoverable amount of the asset groups is determined according to the present value of the asset groups' expected future cash flows. As the impairment test process of goodwill involves significant judgment of the management, the test results highly depend on the management's estimates and assumptions, such as the estimation of the forecasted future cash flows and the discount rate of the asset groups. These estimates are affected by the management's judgment on the future market and economic environment. Using different estimates and assumptions will significantly impact the recoverable value of the asset groups in which the goodwill is located. Therefore, this matter was important to our audit, and we determined it as a key audit matter.</p> <p>The Company's disclosures about impairment of goodwill are included in Note III (17. Impairment of assets, 33. Significant accounting judgements and estimates) and Note V (18. Goodwill) to the consolidated financial statements.</p>	<p>The procedures performed to address this matter are as follows:</p> <ol style="list-style-type: none"> 1) Performing walk-through testing in the process related to goodwill and control testing on identified key control points; 2) Inviting internal evaluation experts to assist in evaluating the goodwill impairment method and forecasted key parameters adopted by management used in the impairment test, especially the discount rate and perpetual growth rate; 3) Re-examining the sales revenue and operating results of the future years adopted in the cash flow forecast, comparing with the historical operating results of the related asset groups, especially the future sales growth rate, expected gross profit margin, related expenses, etc., and evaluating the analyses made by the management on the impact of the COVID-19 epidemic; 4) Performing sensitivity testing and analysing on key assumptions used in impairment testing; and 5) Re-examining the sufficiency of management's disclosure regarding goodwill.

AUDITOR'S REPORT (Continued)

Ernst & Young Hua Ming (2021) Shen Zi No. 61295118_H01
China National Accord Medicines Corporation Ltd.

(III) Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Impairment of accounts receivable</i>	
<p>Major clients of the Company are medical establishments, pharmacy chain stores, monomer drugstores, community medical service centres, downstream distribution companies, etc. As at 31 December 2020, the book balance of accounts receivable in the consolidated financial statements of the Company was RMB13.892 billion, and the impairment of accounts receivable was RMB93 million.</p> <p>The management classifies the accounts receivable into different combinations of credit risk characteristics while considering the factors such as the customer type, credit period and collection history. For each category of combinations of credit risk characteristics, the management adopts the expected credit loss model to estimate and make provision for bad debts. Management's estimation of the expected credit loss takes into account all reasonable and evidence-based information, including the customer's historical default rate and other specific factors (such as the customer type, collection history and bad debt write-offs, etc.), as well as forward-looking information in combination with factors such as the expected macroeconomic environment, etc. In the meantime, the management pays attention to the collection of accounts receivable, especially individually significant accounts receivable or long-aged accounts receivable to identify additional signs of default or impairment and determine whether additional bad debt provision is required.</p>	<p>The procedures performed to address this matter are as follows:</p> <ol style="list-style-type: none"> 1) Realising and testing management's internal control that relates to the impairment of accounts receivable; 2) Re-examining and evaluating the "Expected Credit Loss Model" used by the management to estimate bad debts of accounts receivable, including the management's division of different combinations of credit risk characteristics of accounts receivable, the estimation of the expected credit loss on accounts receivable for combinations of credit risk characteristics, and historical as well as other forward-looking information used in the estimation. Re-examined the management's assessment of the impact of COVID-19 epidemic on the credit risk of customers; 3) Discussing with the management regarding the recoverability of individually significant accounts receivable or long-aged accounts receivable and evaluating the adequacy of provision for bad debts; and 4) Re-examining the sufficiency of the management's disclosure related to accounts receivable.

AUDITOR'S REPORT (Continued)

Ernst & Young Hua Ming (2021) Shen Zi No. 61295118_H01
China National Accord Medicines Corporation Ltd.

(III) Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Impairment of accounts receivable (Continued)</i>	
<p>The classification of different categories of combinations of credit risk characteristics and the estimation of the expected credit loss rate of accounts receivable, etc., involve significant management's judgment and estimation, with great estimation uncertainty, and the setting of various parameters needs to be based on the statistics and analysis of the relatively complex historical data. Therefore, this matter was important to our audit, and we determined it as a key audit matter.</p> <p>The Company's disclosures about impairment of accounts receivable are included in Note III (8. Financial instruments, 33. Significant accounting judgements and estimates) and Note V (3. Accounts receivable) to the consolidated financial statements.</p>	

AUDITOR'S REPORT (Continued)

Ernst & Young Hua Ming (2021) Shen Zi No. 61295118_H01
China National Accord Medicines Corporation Ltd.

(IV) Other information

The management of the Company is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

(V) Responsibilities of the management and those charged with governance for the financial statements

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S REPORT (Continued)

Ernst & Young Hua Ming (2021) Shen Zi No. 61295118_H01
China National Accord Medicines Corporation Ltd.

(VI) Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S REPORT (Continued)

Ernst & Young Hua Ming (2021) Shen Zi No. 61295118_H01
China National Accord Medicines Corporation Ltd.

(VI) Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Li Jian Guang
(Engagement partner)

Chinese Certified Public Accountant: Li Yuan Fen

Beijing, the People's Republic of China

31 March 2021

Important Notice

This auditor's report is an English translation of the auditor's report for the audit engagements which adopt CSAs. In case the English version does not conform to the Chinese version, the Chinese version prevails.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED BALANCE SHEET

31 December 2020

Expressed in Renminbi Yuan

<u>ASSETS</u>	Note V	31 December 2020	31 December 2019
Current assets			
Cash and bank balances	1	5,998,204,295.87	8,885,729,250.47
Notes receivable	2	622,115,477.04	793,301,688.64
Accounts receivable	3	13,799,971,014.22	10,712,983,544.18
Receivables financing	4	1,404,987,700.38	446,342,588.46
Advances to suppliers	5	480,313,574.71	389,828,785.54
Other receivables	6	535,228,747.69	501,958,841.43
Inventories	7	6,285,010,674.46	5,063,274,143.26
Contract assets	8	15,177,731.64	-
Other current assets	9	121,082,863.45	102,207,498.20
Total current assets		<u>29,262,092,079.46</u>	<u>26,895,626,340.18</u>
Non-current assets			
Long-term equity investments	10	2,287,019,627.99	2,105,114,410.88
Other equity instrument investment	11	99,488,340.28	116,021,000.00
Other non-current financial assets	12	120,972,350.24	140,000,000.00
Investment properties	13	127,444,379.94	138,900,358.30
Fixed assets	14	854,191,083.27	708,000,172.63
Construction in progress	15	46,631,190.23	31,582,575.84
Right-of-use assets	16	2,356,952,392.99	1,994,757,862.07
Intangible assets	17	734,345,179.40	374,788,799.48
Goodwill	18	2,747,375,281.11	1,010,057,927.17
Long-term prepaid expenses	19	457,705,276.09	373,527,968.14
Deferred tax assets	20	92,118,767.81	63,110,829.12
Other non-current assets	21	408,197,522.84	77,354,970.39
Total non-current assets		<u>10,332,441,392.19</u>	<u>7,133,216,874.02</u>
Total assets		<u>39,594,533,471.65</u>	<u>34,028,843,214.20</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2020

Expressed in Renminbi Yuan

<u>LIABILITIES AND EQUITY</u>	Note V	31 December 2020	31 December 2019
Current liabilities			
Short-term borrowings	22	1,612,187,020.12	1,453,018,300.01
Notes payable	23	7,520,165,274.69	5,555,697,557.53
Accounts payable	24	7,697,451,142.50	6,703,967,826.54
Receipts in advance	25	12,352,466.64	544,372.73
Contract liabilities	26	368,600,357.14	302,650,567.97
Employee benefits payable	27	357,212,047.10	259,640,813.10
Tax payable	28	316,867,149.16	253,379,524.34
Other payables	29	1,599,166,881.14	1,822,364,637.62
Non-current liabilities due within one year	30	748,732,059.89	611,917,847.37
Other current liabilities	31	<u>24,787,078.55</u>	<u>749,710.19</u>
Total current liabilities		<u>20,257,521,476.93</u>	<u>16,963,931,157.40</u>
Non-current liabilities			
Long-term borrowings	32	31,637,173.89	-
Lease liabilities	33	1,303,054,163.90	1,208,453,029.51
Long-term payables	34	6,938,189.00	800,000.00
Long-term employee benefits payable	35	1,319,000.00	1,433,000.00
Provisions	36	68,808,166.79	-
Deferred income	37	89,843,583.37	88,704,272.88
Deferred tax liabilities	20	205,921,408.66	118,284,962.77
Other non-current liabilities	38	<u>740,862,989.59</u>	<u>73,256,514.93</u>
Total non-current liabilities		<u>2,448,384,675.20</u>	<u>1,490,931,780.09</u>
Total liabilities		<u>22,705,906,152.13</u>	<u>18,454,862,937.49</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**CONSOLIDATED BALANCE SHEET (CONTINUED)****31 December 2020****Expressed in Renminbi Yuan**

<u>LIABILITIES AND EQUITY</u>	Note V	31 December 2020	31 December 2019
Equity			
Share capital	39	428,126,983.00	428,126,983.00
Capital surplus	40	4,372,504,053.72	4,470,766,959.44
Other comprehensive income	41	38,483,017.72	45,917,342.77
Surplus reserves	42	214,063,491.50	214,063,491.50
Retained earnings	43	<u>8,895,145,106.39</u>	<u>7,752,265,659.17</u>
Total equity attributable to owners of the parent		13,948,322,652.33	12,911,140,435.88
Non-controlling interests		<u>2,940,304,667.19</u>	<u>2,662,839,840.83</u>
Total equity		<u>16,888,627,319.52</u>	<u>15,573,980,276.71</u>
Total liabilities and equity		<u><u>39,594,533,471.65</u></u>	<u><u>34,028,843,214.20</u></u>

The financial statements have been signed by:

Legal representative:

Financial controller:

Head of Accounting Department:

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2020

Expressed in Renminbi Yuan

	Note V	2020	2019
Operating revenue	44	59,649,455,012.03	52,786,807,476.28
Less: Operating costs	44	52,591,767,464.37	46,891,224,305.04
Taxes and surcharges	45	154,631,447.20	137,600,136.96
Selling expenses	46	3,943,134,095.75	3,168,007,835.69
Administrative expenses	47	1,008,178,815.78	871,076,467.62
Finance costs	48	119,855,169.85	126,340,266.54
Including: Interest expense		258,189,163.79	276,490,046.68
Interest income		136,455,990.10	139,860,973.14
Add: Other income	49	72,363,808.19	45,229,118.70
Investment income	50	283,951,956.10	246,185,242.97
Including: Investment income from associates		354,345,705.65	331,171,902.87
Income from the derecognition of financial assets measured at amortised cost		(76,142,835.36)	(86,377,492.55)
Credit impairment losses	51	(25,975,320.08)	(53,056,200.12)
Impairment losses	52	(5,179,285.75)	(3,038,177.68)
Gain on disposal of assets	53	6,791,962.50	2,551,175.02
Operating profits		2,163,841,140.04	1,830,429,623.32
Add: Non-operating income	54	17,660,920.58	25,602,351.62
Less: Non-operating expenses	55	24,265,611.84	4,575,796.92
Total profit		2,157,236,448.78	1,851,456,178.02
Less: Income tax expenses	56	435,940,050.06	371,296,724.78
Net profit		1,721,296,398.72	1,480,159,453.24
Including: Net profit before business combination of the acquiree under common control		-	-
Net profit classified by continuing operations			
Profit or loss from continuing operations		1,721,296,398.72	1,480,159,453.24
Net profit classified by attribution of ownership			
Net profit attributable to owners of the parent		1,401,892,593.23	1,267,931,291.32
Non-controlling interests		319,403,805.49	212,228,161.92
Other comprehensive income, net of tax		(12,394,161.92)	76,618,063.81
Other comprehensive income, net of tax, attributable to owners of the parent,	41	(7,434,325.05)	45,917,342.77
Other comprehensive income that will not be reclassified to profit or loss			
Change in the fair value of other equity investments		(7,439,657.92)	46,050,708.96
Other comprehensive income that may be reclassified to profit or loss			
Other comprehensive income using the equity method that may be reclassified to profit or loss		5,332.87	(133,366.19)
Other comprehensive income, net of tax, attributable to non-controlling interests	41	(4,959,836.87)	30,700,721.04

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**CONSOLIDATED INCOME STATEMENT (CONTINUED)**

Year ended 31 December 2020

Expressed in Renminbi Yuan

	Note V	2020	2019
Total comprehensive income		<u>1,708,902,236.80</u>	<u>1,556,777,517.05</u>
Including:			
Total comprehensive income attributable to owners of the parent		1,394,458,268.18	1,313,848,634.09
Total comprehensive income attributable to non-controlling interests		314,443,968.62	242,928,882.96
Earnings per share	59		
Basic earnings per share		<u>3.27</u>	<u>2.96</u>
Diluted earnings per share		<u>3.27</u>	<u>2.96</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

Expressed in Renminbi Yuan

2020	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Other comprehensive income	Surplus reserves	Retained earnings	Subtotal		
I. Balance at end of prior year	428,126,983.00	4,363,007,511.57	45,917,342.77	214,063,491.50	7,755,295,537.08	12,806,410,865.92	2,553,426,974.31	15,359,837,840.23
Add: Business combination involving entities under common control	-	107,759,447.87	-	-	(3,029,877.91)	104,729,569.96	109,412,866.52	214,142,436.48
II. Balance at beginning of year	<u>428,126,983.00</u>	<u>4,470,766,959.44</u>	<u>45,917,342.77</u>	<u>214,063,491.50</u>	<u>7,752,265,659.17</u>	<u>12,911,140,435.88</u>	<u>2,662,839,840.83</u>	<u>15,573,980,276.71</u>
III. Changes for the year	-	(98,262,905.72)	(7,434,325.05)	-	1,142,879,447.22	1,037,182,216.45	277,464,826.36	1,314,647,042.81
(1) Total comprehensive income	-	-	(7,434,325.05)	-	1,401,892,593.23	1,394,458,268.18	314,443,968.62	1,708,902,236.80
(2) Owners' contributions and reduction in capital	-	(98,262,905.72)	-	-	(2,136,956.21)	(100,399,861.93)	28,361,747.23	(72,038,114.70)
1. Capital contributions by owners	-	-	-	-	-	-	5,700,000.00	5,700,000.00
2. Business combination involving entities under common control	-	(97,869,029.99)	-	-	-	(97,869,029.99)	(65,246,019.99)	(163,115,049.98)
3. Business combination involving entities not under common control	-	-	-	-	-	-	87,907,767.22	87,907,767.22
4. Others	-	(393,875.73)	-	-	(2,136,956.21)	(2,530,831.94)	-	(2,530,831.94)
(3) Profit distribution	-	-	-	-	(256,876,189.80)	(256,876,189.80)	(65,340,889.49)	(322,217,079.29)
1. Distribution to equity owners	-	-	-	-	(256,876,189.80)	(256,876,189.80)	(65,340,889.49)	(322,217,079.29)
IV. Balance at end of year	<u>428,126,983.00</u>	<u>4,372,504,053.72</u>	<u>38,483,017.72</u>	<u>214,063,491.50</u>	<u>8,895,145,106.39</u>	<u>13,948,322,652.33</u>	<u>2,940,304,667.19</u>	<u>16,888,627,319.52</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

2019	Attributable to owners of the parent					Subtotal	Non-controlling interests	Total equity
	Share capital	Capital surplus	Other comprehensive income	Surplus reserves	Retained earnings			
I. Balance at end of prior year	428,126,983.00	4,320,984,981.51	-	214,063,491.50	6,655,257,147.27	11,618,432,603.28	2,287,343,889.77	13,905,776,493.05
Add: Business combination involving entities under common control	-	107,759,447.87	-	-	328,013.78	108,087,461.65	110,114,216.72	218,201,678.37
II. Balance at beginning of year	<u>428,126,983.00</u>	<u>4,428,744,429.38</u>	<u>-</u>	<u>214,063,491.50</u>	<u>6,655,585,161.05</u>	<u>11,726,520,064.93</u>	<u>2,397,458,106.49</u>	<u>14,123,978,171.42</u>
III. Changes for the year	-	42,022,530.06	45,917,342.77	-	1,096,680,498.12	1,184,620,370.95	265,381,734.34	1,450,002,105.29
(1) Total comprehensive income	-	-	45,917,342.77	-	1,267,931,291.32	1,313,848,634.09	242,928,882.96	1,556,777,517.05
(2) Owners' contributions and reduction in capital	-	42,022,530.06	-	-	-	42,022,530.06	62,799,658.33	104,822,188.39
1. Capital contributions by owners	-	-	-	-	-	-	48,136,000.00	48,136,000.00
2. Others	-	42,022,530.06	-	-	-	42,022,530.06	14,663,658.33	56,686,188.39
(3) Profit distribution	-	-	-	-	(171,250,793.20)	(171,250,793.20)	(40,346,806.95)	(211,597,600.15)
1. Distribution to equity owners	-	-	-	-	(171,250,793.20)	(171,250,793.20)	(40,346,806.95)	(211,597,600.15)
IV. Balance at end of year	<u>428,126,983.00</u>	<u>4,470,766,959.44</u>	<u>45,917,342.77</u>	<u>214,063,491.50</u>	<u>7,752,265,659.17</u>	<u>12,911,140,435.88</u>	<u>2,662,839,840.83</u>	<u>15,573,980,276.71</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

Expressed in Renminbi Yuan

	Note V	2020	2019
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from the sale of goods and the rendering of services		61,701,348,065.17	56,622,085,083.65
Receipts of taxes and surcharges refunds		13,720,143.80	14,595,925.20
Other cash receipts relating to operating activities	60	<u>1,697,383,795.18</u>	<u>769,560,639.30</u>
Total cash inflows from operating activities		<u>63,412,452,004.15</u>	<u>57,406,241,648.15</u>
Cash payments for goods and services		56,018,201,099.73	50,596,329,425.99
Cash payments to and on behalf of employees		2,708,413,782.73	2,282,454,444.09
Payments of all types of taxes and surcharges		1,512,079,139.15	1,292,447,071.15
Other cash payments relating to operating activities	60	<u>1,671,011,384.07</u>	<u>1,222,357,517.18</u>
Total cash outflows from operating activities		<u>61,909,705,405.68</u>	<u>55,393,588,458.41</u>
Net cash flows from operating activities	61	<u>1,502,746,598.47</u>	<u>2,012,653,189.74</u>
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from returns of investments		19,027,649.76	-
Cash receipts from returns on investments		160,164,584.49	151,841,842.08
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		8,570,072.79	5,309,788.13
Net cash receipts from disposal of subsidiaries and other business units	61	-	791,464.76
Other cash receipts relating to investing activities	60	<u>24,051,674.67</u>	<u>481,988,480.07</u>
Total cash inflows from investing activities		<u>211,813,981.71</u>	<u>639,931,575.04</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

	Note V	2020	2019
2. CASH FLOWS FROM INVESTING ACTIVITIES (Continued)			
Cash payments to acquire fixed assets, intangible assets and other long-term assets		293,826,061.63	251,856,027.38
Cash payments for investments		50,117,666.41	56,001,023.17
Net cash payments for acquisition of subsidiaries and other business units	61	2,646,097,210.38	97,801,928.16
Other cash payments relating to investing activities	60	<u>5,002,197.26</u>	<u>455,397,750.74</u>
Total cash outflows from investing activities		<u>2,995,043,135.68</u>	<u>861,056,729.45</u>
Net cash flows from investing activities		<u>(2,783,229,153.97)</u>	<u>(221,125,154.41)</u>
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from investments by others		5,700,000.00	46,093,966.84
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries		5,700,000.00	46,093,966.84
Cash receipts from borrowings		801,520,037.57	171,786,182.96
Other cash receipts relating to financing activities	60	<u>359,332,475.63</u>	<u>249,305,768.12</u>
Total cash inflows from financing activities		<u>1,166,552,513.20</u>	<u>467,185,917.92</u>
Cash repayments for debts		427,347,200.00	215,846,808.49
Cash payments for distribution of dividends or profit and interest expenses		613,704,450.41	532,883,488.76
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries		63,799,218.94	39,827,223.10
Other cash payments relating to financing activities	60	<u>1,865,923,680.60</u>	<u>718,672,829.88</u>
Total cash outflows from financing activities		<u>2,906,975,331.01</u>	<u>1,467,403,127.13</u>
Net cash flows from financing activities		<u>(1,740,422,817.81)</u>	<u>(1,000,217,209.21)</u>
4. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
		<u>(52,538.86)</u>	<u>(175,693.26)</u>
5. NET DECREASE / INCREASE IN CASH AND CASH EQUIVALENTS			
		(3,020,957,912.17)	791,135,132.86
Add: Cash and cash equivalents at beginning of the year		<u>8,426,071,170.16</u>	<u>7,634,936,037.30</u>
6. CASH AND CASH EQUIVALENTS AT END OF YEAR			
	61	<u>5,405,113,257.99</u>	<u>8,426,071,170.16</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY BALANCE SHEET

31 December 2020

Expressed in Renminbi Yuan

ASSETS	Note XIV	31 December 2020	31 December 2019
Current assets			
Cash and bank balances		3,020,909,473.71	2,909,417,289.71
Notes receivable	1	30,984,449.44	14,900,068.42
Accounts receivable	2	609,575,301.13	571,544,784.65
Receivables financing	3	30,248,631.32	30,194,682.11
Advances to suppliers		6,722,204.59	7,996,243.28
Other receivables	4	3,562,309,346.07	1,928,941,595.38
Inventories		172,275,777.63	169,422,075.78
Contract assets		139,154.54	-
Other current assets		<u>39,482.38</u>	<u>39,482.38</u>
Total current assets		<u>7,433,203,820.81</u>	<u>5,632,456,221.71</u>
Non-current assets			
Long-term equity investments	5	7,873,668,245.16	7,698,756,525.83
Other non-current financial assets		120,972,350.24	140,000,000.00
Investment properties		1,452,132.04	1,484,198.56
Fixed assets		13,279,902.76	14,763,656.62
Right-of-use assets		5,142,755.88	6,217,504.50
Intangible assets		4,622,268.00	5,838,737.17
Long-term prepaid expenses		4,335,802.92	6,130,534.55
Deferred tax assets		9,025,057.52	9,327,850.53
Other non-current assets		<u>12,967,715.50</u>	<u>9,000,000.00</u>
Total non-current assets		<u>8,045,466,230.02</u>	<u>7,891,519,007.76</u>
Total assets		<u>15,478,670,050.83</u>	<u>13,523,975,229.47</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY BALANCE SHEET (CONTINUED)

31 December 2020

Expressed in Renminbi Yuan

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> Note XIV	31 December 2020	31 December 2019
Current liabilities		
Short-term borrowings	157,892,942.24	121,350,644.36
Notes payable	756,364,719.49	751,577,900.22
Accounts payable	407,275,713.49	322,436,681.01
Contract liabilities	1,807,562.61	7,293,184.46
Employee benefits payable	36,672,344.48	30,469,777.88
Tax payables	13,975,905.04	22,909,124.90
Other payables	3,167,152,583.28	2,120,794,765.05
Non-current liabilities due within one year	1,056,120.58	32,640,325.77
Other current liabilities	636,200.63	338,196.81
	<u>4,542,834,091.84</u>	<u>3,409,810,600.46</u>
Total current liabilities		
Non-current liabilities		
Long-term borrowings	31,637,173.89	-
Lease liabilities	4,455,967.97	5,461,257.38
Long-term payables	800,000.00	800,000.00
Deferred income	827,658.18	1,276,698.66
Other non-current liabilities	11,042.52	-
	<u>37,731,842.56</u>	<u>7,537,956.04</u>
Total non-current liabilities		
	<u>4,580,565,934.40</u>	<u>3,417,348,556.50</u>
Total liabilities		

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY BALANCE SHEET (CONTINUED)

31 December 2020

Expressed in Renminbi Yuan

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Note XIV</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Shareholders' equity			
Share capital		428,126,983.00	428,126,983.00
Capital surplus		4,467,991,431.59	4,468,385,307.32
Other comprehensive income		(128,033.32)	(133,366.19)
Surplus reserves		214,063,491.50	214,063,491.50
Retained earnings		<u>5,788,050,243.66</u>	<u>4,996,184,257.34</u>
Total shareholders' equity		<u>10,898,104,116.43</u>	<u>10,106,626,672.97</u>
Total liabilities and shareholders' equity		<u>15,478,670,050.83</u>	<u>13,523,975,229.47</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY INCOME STATEMENT

Year ended 31 December 2020

Expressed in Renminbi Yuan

	<u>Note XIV</u>	2020	2019
Operating revenue	6	3,853,659,001.12	4,108,399,019.34
Less: Operating costs	6	3,674,872,961.34	3,916,035,572.52
Taxes and surcharges		6,565,048.14	6,459,864.79
Selling expenses		67,202,266.56	69,400,890.32
Administrative expenses		90,803,215.82	73,489,681.09
Finance costs		(89,275,535.72)	(64,025,013.54)
Including: Interest expense		45,645,501.85	46,025,863.16
Including: Interest income		137,302,390.98	111,805,557.75
Add: Other income		4,977,883.40	4,810,134.29
Investment income	7	969,166,523.86	1,158,737,566.83
Including: Investment income from associates		353,352,207.87	353,856,432.16
Income from the derecognition of financial assets measured at amortised cost		(1,796,917.66)	(4,379,465.57)
Credit impairment losses		(965,769.74)	(45,728,840.12)
Impairment losses		(500,485.27)	(371,833.95)
Gain on disposal of assets		(165.97)	155,014.05
Operating profits		1,076,169,031.26	1,224,640,065.26
Add: Non-operating income		1,925.53	741,954.13
Less: Non-operating expenses		388,863.31	280.00
Total profit		1,075,782,093.48	1,225,381,739.39
Less: Income tax expenses		27,039,917.36	14,503,442.87
Net profit		<u>1,048,742,176.12</u>	<u>1,210,878,296.52</u>
Including: Profit or loss from continuing operations		1,048,742,176.12	1,210,878,296.52
Other comprehensive income, net of tax		5,332.87	(133,366.19)
Other comprehensive income that may be reclassified to profit or loss			
Other comprehensive income using the equity method that may be reclassified to profit or loss		<u>5,332.87</u>	<u>(133,366.19)</u>
Total comprehensive income		<u>1,048,747,508.99</u>	<u>1,210,744,930.33</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

Expressed in Renminbi Yuan

2020	Share capital	Capital surplus	Other comprehensive income	Surplus reserves	Retained earnings	Total equity
I. Balance at end of prior year	428,126,983.00	4,468,385,307.32	(133,366.19)	214,063,491.50	4,996,184,257.34	10,106,626,672.97
II. Changes for the year	-	(393,875.73)	5,332.87	-	791,865,986.32	791,477,443.46
(1) Total comprehensive income	-	-	5,332.87	-	1,048,742,176.12	1,048,747,508.99
(2) Owners' contributions and reduction in capital	-	(393,875.73)	-	-	-	(393,875.73)
1. Others	-	(393,875.73)	-	-	-	(393,875.73)
(3) Profit distribution	-	-	-	-	(256,876,189.80)	(256,876,189.80)
1. Distribution to owners	-	-	-	-	(256,876,189.80)	(256,876,189.80)
III. Balance at end of year	428,126,983.00	4,467,991,431.59	(128,033.32)	214,063,491.50	5,788,050,243.66	10,898,104,116.43

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

2019	Share capital	Capital surplus	Other comprehensive income	Surplus reserves	Retained earnings	Total equity
I. Balance at end of prior year	428,126,983.00	4,426,362,777.26	-	214,063,491.50	3,956,556,754.02	9,025,110,005.78
II. Changes for the year	-	42,022,530.06	(133,366.19)	-	1,039,627,503.32	1,081,516,667.19
(1) Total comprehensive income	-	-	(133,366.19)	-	1,210,878,296.52	1,210,744,930.33
(2) Owners' contributions and reduction in capital	-	42,022,530.06	-	-	-	42,022,530.06
1. Others	-	42,022,530.06	-	-	-	42,022,530.06
(3) Profit distribution	-	-	-	-	(171,250,793.20)	(171,250,793.20)
1. Distribution to owners	-	-	-	-	(171,250,793.20)	(171,250,793.20)
III. Balance at end of year	428,126,983.00	4,468,385,307.32	(133,366.19)	214,063,491.50	4,996,184,257.34	10,106,626,672.97

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY STATEMENT OF CASH FLOWS

Year ended 31 December 2020

Expressed in Renminbi Yuan

	<u>Note XIV</u>	2020	2019
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from the sale of goods and the rendering of services		4,009,125,652.17	4,484,950,773.68
Other cash receipts relating to operating activities		152,617,741.86	55,105,150.55
		<u>4,161,743,394.03</u>	<u>4,540,055,924.23</u>
Total cash inflows from operating activities			
Cash payments for goods and services		3,813,436,197.34	4,272,419,447.94
Cash payments to and on behalf of employees		94,005,053.76	90,592,261.08
Payments of all types of taxes and surcharges		87,642,227.22	56,746,556.88
Other cash payments relating to operating activities		69,706,005.74	36,680,891.34
		<u>4,064,789,484.06</u>	<u>4,456,439,157.24</u>
Total cash outflows from operating activities			
Net cash flows from operating activities		<u>96,953,909.97</u>	<u>83,616,766.99</u>
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from returns of investments		32,664,096.76	-
Cash receipts from returns on investments		753,109,725.64	958,057,018.50
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		20,210.00	3,961,383.00
Other cash receipts relating to investing activities		2,774,679,815.57	2,293,944,952.05
		<u>3,560,473,847.97</u>	<u>3,255,963,353.55</u>
Total cash inflows from investing activities			
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		13,691,557.76	11,264,989.90
Cash payments for investments		-	19,998,000.00
Other cash payments relating to investing activities		4,372,908,047.02	2,669,650,683.28
		<u>4,386,599,604.78</u>	<u>2,700,913,673.18</u>
Total cash outflows from investing activities			
Net cash flows from investing activities		<u>(826,125,756.81)</u>	<u>555,049,680.37</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**COMPANY STATEMENT OF CASH FLOWS (CONTINUED)**

Year ended 31 December 2020

Expressed in Renminbi Yuan

	<u>Note XIV</u>	2020	2019
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash receipts from borrowings		63,864,821.52	10,000,000.00
Other cash receipts relating to financing activities		<u>35,223,164,337.16</u>	<u>26,701,067,083.61</u>
Total cash inflows from financing activities		<u>35,287,029,158.68</u>	<u>26,711,067,083.61</u>
Cash repayments for debts		43,700,000.00	10,000,000.00
Cash payments for distribution of dividends, profit or interest expenses		308,496,896.99	210,404,986.68
Other cash payments relating to financing activities		<u>34,079,032,358.66</u>	<u>26,052,473,492.66</u>
Total cash outflows from financing activities		<u>34,431,229,255.65</u>	<u>26,272,878,479.34</u>
Net cash flows from financing activities		<u>855,799,903.03</u>	<u>438,188,604.27</u>
4. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
		<u>(52,538.86)</u>	<u>(175,693.26)</u>
5. NET INCREASE IN CASH AND CASH EQUIVALENTS			
Add: Cash and cash equivalents at beginning of the year		<u>2,894,333,956.38</u>	<u>1,817,654,598.01</u>
6. CASH AND CASH EQUIVALENTS AT END OF YEAR			
		<u>3,020,909,473.71</u>	<u>2,894,333,956.38</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

Expressed in Renminbi Yuan

I Profile of the Company

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 RMB105.00 million. Through converting capital surplus into share capital, bonus issues and issuance of shares for years, the share capital of the Company increased to 428.13 million as at 31 December 2020.

In November 2000, the Company entered into an Asset Exchange Agreement with Shenzhen Investment Management Company, the original major shareholder of the Company, to exchange all the assets and liabilities of the Company as of 31 August 2000 for Shenzhen Investment Management Company's 100% equity interests in 11 pharmaceutical companies and certain properties as well as 51% equity interests in Shenzhen Tefa Modern Computer Co., Ltd. The above asset exchange proposal was approved by shareholders in the Second Extraordinary General Meeting on 29 December 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 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 14 March 2014, the Company issued 74,482,543 ordinary shares (A shares) through the non-public offering. The par value per share is RMB1.00 yuan. The shares shall not be transferred within 36 months since the issue date. The total number of shares of the Company was 362,631,943 since the date of issue.

The Company acquired the companies under common control, including Sinopharm Holding Guoda Drugstore Co., Ltd. ("Guoda Drugstore"), Foshan Nanhai Medicine Group Co., Ltd. ("Foshan Nanhai"), Guangdong South Pharmaceutical Foreign Trade Co., Ltd. ("South Pharma & Trade") and 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. to acquire the non-controlling interest of South Pharma & Trade. The above transactions were completed on 31 December 2016, and the relevant shares were successfully issued and listed on 5 January 2017. Afterwards, the total number of shares of the Company increased to 428,126,983.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

I Profile of the Company (Continued)

As of 31 December 2020, the total share capital was 428,126,983.

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 RMB428.13 million. The legal representative of the Company is Lin Zhaoxiong.

The approved scope of business of the Company and its subsidiaries (together “the Group”) includes: the wholesale of Chinese herbal slices, 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; the trading of dietary supplements; industrial investment holding; domestic trade; material supply and the marketing industry (other than special licensing); the sale of ambulances; the trading of second-class and third-class medical equipment; project investment; property management and the leasing of self-owned properties; pharmacovigilance and medical information consulting; parking operation; logistics and related services; the package agency business; logistic design; import and export services (excluding projects that are prohibited by the country; and restrictive projects have to be approved before operating).

Subsidiaries consolidated in the financial statements for the current year and change in the consolidation scope are shown in Note VI.

The Group’s parent and ultimate parent companies are Sinopharm Group and China National Pharmaceutical Group Corporation (“CNPGC”), respectively.

These financial statements were authorised for issue by the board of directors of the Company on 31 March 2021.

II Basis of preparation

The financial statements were prepared in accordance with the Basic Standard and specific standards of Accounting Standards for Business Enterprises issued by the Ministry of Finance and the specific accounting standards, application guidance, interpretation and other relevant regulations issued or amended thereafter (hereafter collectively referred to as “Accounting Standards for Business Enterprises” or “CAS”).

These financial statements are prepared on a going concern basis.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

III Summary of significant accounting policies and accounting estimates

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

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present truly and completely the financial positions of the Group and the Company as at 31 December 2020, and the financial performance and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

2. Accounting year

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

3. Functional currency

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

4. Business combinations

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

(a) Business combinations involving entities under common control

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

4. Business combinations (Continued)

(b) Business combinations involving enterprises not under common control

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

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

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

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

5. Consolidated financial statements

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

5. Consolidated financial statements (Continued)

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

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

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

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

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

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

6. Cash and cash equivalents

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

7. Foreign currency translation

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

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

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

8. Financial instruments

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

Recognition and derecognition of financial instruments

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

8. Financial instruments (Continued)

Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them: financial assets at fair value through profit or loss, financial assets at amortised cost, or financial assets at fair value through other comprehensive income, according to the Group's business model for managing financial assets and the contract cash flow characteristics of the financial assets.

Financial assets are measured at fair value at initial recognition, provided that accounts receivable or bills receivable not containing significant financing components or for which financing components of not more than 1 year are not taken into consideration shall be measured at their transaction prices at initial recognition.

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

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

Debt investments measured at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met: The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income of this kind of financial assets is recognised using the effective interest method. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

Debt investments at fair value through other comprehensive income

The Group measures debt investments at fair value through other comprehensive income if both of the following conditions are met: the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Changes in fair values are recognised in other comprehensive income except that interest income, impairment losses and exchange differences are recognised in current profit or loss. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is transferred to profit or loss.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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

8. Financial instruments (Continued)

Classification and measurement of financial assets (Continued)

Equity investments at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

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

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

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, other financial liabilities. For financial liabilities at fair value through profit or loss, the relevant transaction costs are directly recognised in profit or loss, and the related transaction costs of other financial liabilities are recognised in their initial amount.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

8. Financial instruments (Continued)

Classification and measurement of financial liabilities (Continued)

Subsequent measurement of financial liabilities is determined by its classification:

Financial liabilities at fair value through profit or loss

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

Only if one of the following conditions is met can financial liabilities be designated as financial liabilities at fair value through profit or loss on initial recognition:

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

When an enterprise designates a financial liability as a financial liability at fair value through profit or loss, it cannot be reclassified as other financial liabilities; nor can other financial liabilities be re-designated as financial liabilities at fair value through profit or loss after initial recognition.

Other financial liabilities

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

8. Financial instruments (Continued)

Impairment of financial assets

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

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

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

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

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

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

When the Group no longer reasonably expects to be able to recover all or part of the contract cash flows of the financial assets, the Group directly writes down the carrying amount of the financial asset.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

8. Financial instruments (Continued)

Offsetting of financial instruments

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

Transfer of financial assets

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

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

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

9. Inventories

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

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

The Group adopts the perpetual inventory system.

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

Net 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. Finished goods are written down category by category.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

10. Long-term equity investments

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

A long-term equity investment is initially measured at its initial investment cost on acquisition. For long-term equity investments arising from business combination involving enterprises under common control, the initial investment cost shall be the share of the carrying amount of equity of the acquiree in the consolidated financial statements of the ultimate controlling party as at the combination date. The difference between the initial investment cost and book value of consideration of combination is adjusted to capital reserves, and to retained earnings if capital reserves is insufficient. Other comprehensive income recognised before the combination date is accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. Equity previously recognised resulting from the investee's equity changes other than profit or loss, other comprehensive income and profit distribution is reclassified to profit or loss. Equity which still involves a long-term investment after disposal is reclassified to profit or loss on a pro-rata basis and equity which switches to a financial instrument after disposal is fully reclassified to profit or loss. For long-term equity investments arising from business combination involving enterprises not under common control, the investment cost shall be the combination cost. (For a business combination achieved in stages, the initial investment cost is determined as the sum of the carrying amount of equity of the acquiree and the additional investment costs on the combination date.) The combination cost involves the assets paid by the acquirer, liabilities incurred and the fair value of equity securities. Other comprehensive incomes recognised using the equity method before the combination date is accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. Equity previously recognised resulting from the investee's equity changes other than profit or loss, other comprehensive income and profit distribution is reclassified to profit or loss. Equity which still involves a long-term investment after disposal is reclassified to profit or loss on a pro-rata basis and equity which switches to a financial instrument after disposal is fully reclassified to profit or loss. The accumulated changes in the fair value of financial assets at fair value through other comprehensive income is reclassified to retained earnings when adopting the cost method. Depending on the way of acquisition of long-term equity investments, the initial investment cost is determined as follows: For long-term equity investments acquired by way of cash payment, the initial investment cost includes all directly associated expenses, applicable taxes and fees, and other necessary expenses. For long-term equity investments acquired by way of issuing equity securities, the initial investment cost includes the fair value of equity securities. For long-term equity investments acquired by way of the swap of non-monetary assets, the initial investment cost shall be determined in accordance with "ASBE No. 7 — Swap of Non-monetary Assets." For long-term equity investments acquired by way of debt restructuring, the initial investment cost shall be determined in accordance with "ASBE No. 12 — Debt Restructuring."

The Company's financial statements using the cost method of accounting for long-term equity can exercise control over the investee. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

10. Long-term equity investments (Continued)

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs. The cost of long-term equity investments is adjusted with additional investment or divestment. Cash dividends or profit distribution declared by the investees are recognised as investment income in profit or loss.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

11. Investment properties

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

Investment properties are measured initially at cost. Subsequent expenditures incurred in relation to investment properties are included in the cost of investment properties when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss in the period in which they are incurred.

The Group adopts the cost model for subsequent measurement of investment properties. Buildings and land use rights are depreciated or amortised 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 (amortisation) rates of investment properties are as follows:

	Estimated useful lives	Estimated residual value	Annual depreciation (amortisation) rates
Buildings and constructions	5-35 years	0-5%	2.71-19.00%
Land use rights	40-50 years or no fixed useful life	0%	2.00-2.50%

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

12. Fixed assets

Fixed assets are recognised only when the economic benefits associated with the asset will probably flow into the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for a fixed asset that meets the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditures are recognised in profit or loss as incurred.

Fixed assets are initially measured at cost, by taking into account the effect of any asset retirement obligations. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use.

Depreciation is calculated using the straight-line method. The useful lives, estimated residual value rates and annual depreciation rates of each category of the fixed assets are as follows:

	Estimated useful lives	Estimated residual values	Annual depreciation rates
Buildings and constructions	4-40 years	0-5%	2.38-19.00%
Machinery	5-14 years	3-6%	6.71-19.40%
Motor vehicles	3-10 years	0-5%	9.50-33.33%
Office equipment	3-14 years	0-5%	6.79-33.33%
Electronic equipment	3-10 years	0-5%	9.50-33.33%

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each year end, and make adjustments if necessary.

13. Borrowing costs

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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

13. Borrowing costs (Continued)

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

- (1) The enterprise shall calculate and determine the interest of a specific loan by deducting interest income of the loan capital deposit in the bank or investment income obtained from a temporary investment.
- (2) The enterprise shall calculate and determine the to-be-capitalised amount of interest on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used.

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

14. Right-of-use assets

The right-of-use assets of the Group mainly include buildings and constructions, machinery, vehicles, office equipment and other assets such as land use rights.

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

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

15. Construction in progress

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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

16. Intangible assets

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

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

The useful lives of the intangible assets are as follows:

<u>Categories</u>	<u>Useful lives</u>
Land use rights	Between the approved useful period and the Company's operating period
Software	3-10 years
Trademarks and brands use rights	10 years or no fixed useful life
Distribution network	10-20 years
Franchise	10 years
Favorable leases	16-20 years

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

Intangible assets with a finite useful life are amortised over their estimated useful lives using the straight-line method. For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at least once at each financial year end, and makes adjustments when necessary.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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

16. Intangible assets (Continued)

Internal research and development project

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

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

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

Other development costs that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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

17. Impairment of assets

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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

18. Long-term prepaid expenses

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

19. Medical reserve funds and specially approved reserving materials

Medical reserve funds refer to the funds appropriated by the State for the reserve of materials for specified purposes to cope with major disasters, epidemic situations, first aid and other emergencies, etc. Specially approved reserving materials refer to the medical commodities required by the government to deal with emergencies such as epidemic situations, first aid and local common diseases. According to the regulations of CNPGC, the Group, as an enterprise undertaking the task of specially approved reserving materials reserve, obtains the medical reserve funds provided by the PRC government, which appropriated to the local government and CNPGC. The medical reserve funds received via those parties are recognised as other non-current liabilities. In the meantime, the Government of Guangdong Province and Guangxi Province designated Sinopharm Holding Guangzhou Co., Ltd. ("Sinopharm Guangzhou") and its subsidiaries, Sinopharm Holding Guangxi Co., Ltd. ("Sinopharm Guangxi") and its subsidiaries to undertake the storage, allocation and supply of pharmaceutical commodities required by major disasters, epidemic situations, first aid and other emergencies as well as local common diseases in Guangdong and Guangxi Zhuang Autonomous Region. According to the reserve plan (variety and quantity) of the local government and CNPGC, the Group reserves the corresponding specially approved reserving materials, implements dynamic management and recognises them as other non-current assets.

20. 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.

Short-term employee benefits

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

Post-employment benefits (defined contribution plans)

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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

20. Employee benefits (Continued)

Post-employment benefits (defined benefit plans)

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

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

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

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

Termination benefits

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

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

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

Other long-term employee benefits

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

21. Lease liabilities

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

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

22. Provisions

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

23. Share-based payments

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

24. Revenue from contracts with customers

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

Contracts for the sale of goods

A contract for the sale of goods between the Group and the customer usually only includes the performance obligation to transfer the goods. The revenue is recognised at the point of transferring the control of goods in time based on the following indicators, which include: a present right to payment for goods, the transfer of significant risks and rewards of ownership of goods, the transfer of legal title to goods, the transfer of physical possession of goods, the customer's acceptance of goods.

Service contracts

A contract for the rendering of services between the Group and the customer usually includes performance obligations such as storage and logistics, etc. Because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, and the Group has an enforceable right to payment for performance completed to date, the revenue is recognised over time only if the Group can reasonably measure its progress towards the complete satisfaction of the performance obligation. The Group determines the progress of the performance of contracts in accordance with the input method. If the progress towards the complete satisfaction of the performance obligation cannot be reasonably measured, but the Group expects to recover the costs incurred in satisfying the performance obligation, the revenue is recognised only to the extent of the costs incurred until such time that the Group can reasonably measure the progress towards the complete satisfaction of the performance obligation.

Variable consideration

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

Consideration payable to customers

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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

24. Revenue from contracts with customers (Continued)

Return clauses

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

Significant financing component

When the contract contains a significant financing component, the Group determines the transaction price based on an amount that reflects the price that a customer would have paid for the goods or services in cash at the time of obtaining the control of the goods or services, and amortises the difference between the transaction price and the consideration promised in the contract under the effective interest method within the contract period using the discount rate that discounts the nominal amount of the contract consideration to the current selling price of the goods or services.

The Group does not consider the effects of a significant financing component in the contract if it is expected that the period between when the customer obtains control of the goods or services and when the customer pays for such goods or services will be one year or less.

Warranties

The Group provides a warranty in connection with the sale of a good in accordance with the contract and the relevant laws and regulations, etc. For an assurance-type warranty that provides the customer the assurance that the good complies with agreed-upon specifications, the Group accounts for the warranty in accordance with Note III (22). For a service-type warranty that provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the Group accounts for it as a separate performance obligation. On the basis of the relative proportion between the stand-alone selling price of the good and the service-type warranty, a portion of the transaction price is allocated to the service-type warranty and revenue is recognised when a customer obtained control of the good. When assessing whether a service-type warranty provides a customer with a separate service in addition to the assurance that the good complies with agreed-upon specifications, the Group considers whether the warranty is required by law, the length of the warranty coverage period and the nature of the tasks that the Group promises to perform, etc.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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

24. Revenue from contracts with customers (Continued)

Loyalty points programme

The Group grants a customer with loyalty points upon the sale of the goods or rendering of services, which can be redeemed by the customers for free or discounted goods or services. The loyalty points programme gives rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to the customer based on the relative proportion between the stand-alone selling price of the goods or services and the loyalty points. Revenue is recognised when the customer obtains control of the goods or services redeemed with the loyalty points or the loyalty points expire.

Principal/agent

When the Group obtains control of goods or another asset from a third party and then transfers it to the customer, the Group is entitled to determine the transaction price of the goods or services on its own, i.e., the Group controls the goods or services before transferring to the customer. Thus, the Group is a principal and recognises revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognises revenue in the amount of any fee or commission to which it expects to be entitled from the customer. The amount is the net amount of the gross consideration received or receivable after paying the other party the consideration received in exchange for the goods or services to be provided by that party or determined by the agreed-upon amount or proportion of commissions, etc.

25. Contract assets and contract liabilities

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

Contract assets

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

For details of how the Group measures and accounts for the ECLs of a contract asset, refer to Note III (8).

Contract liabilities

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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

26. Assets relating to contract cost

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

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

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

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

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

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

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

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

27. Government grants

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

Government grants related to assets refer to the long-term assets formed by acquisition, construction, or other manners as stipulated in government documents. If the government documents are not clear, the government grants related to assets are judged based on the basic conditions that must be met to obtain the grants. When the long-term assets are formatted through acquisition, construction, or other manners, the grants' amount shall be regarded as the government grants related to assets. Otherwise, the grants' amount shall be regarded as the government grants related to income.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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

27. Government grants (Continued)

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

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

28. Income tax

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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

28. Income tax (Continued)

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

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

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

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

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

29. Leases

Identification of leases

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

29. Leases (Continued)

Identification of separate lease components

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

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

Separating lease components and non-lease components

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

Assessment of the lease term

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

As lessee

The Group accounts as a lessee applying Note III (14) and Note III (21).

Lease modifications

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

29. Leases (Continued)

As lessee (Continued)

Lease modifications (Continued)

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

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

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

Short-term leases and leases of low-value assets

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

COVID-19 related rent concessions

For rent concessions such as rent remission or deferred payment reached between the Group and the lessor on the existing lease contract directly caused by the COVID-19 epidemic, and if the following conditions are met at the same time, the Group adopts a simplified method for leasing:

- (1) compared before the concession, the rental consideration after concession is reduced or basically unchanged;
- (2) the concession is only for lease payments payable before 30 June 2021;
- (3) after comprehensive consideration of qualitative and quantitative factors, no significant change in other terms and conditions of the lease is concluded.

The Group does not evaluate whether the lease has been changed. It will continue to calculate the interest expense of the lease liabilities at the same discount rate before the concession and record it into the current profit and loss. It will continue to calculate the depreciation of the right-of-use assets in the same way as before the concession. For rent remissions incurred, the Group takes the remitted rent as the variable lease payment, when the original rent payment obligation is relieved by the agreement on concession, the cost or expense of the relevant assets shall be offset according to the undiscounted amount, and the lease liabilities shall be adjusted accordingly in the concession agreement, etc. For rent extension payment incurred, the Group will offset the lease liability recognised in the earlier period when it is actually paid.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

29. Leases (Continued)

As lessor

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

As lessor of an operating lease

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

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

30. Dividend distribution

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

31. Fair value measurement

The Group measures its equity investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the orderly transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

31. Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly;
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are measured at fair value in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at each balance sheet date.

32. Segment information

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

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

33. Significant accounting judgements and estimates

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

Judgements

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

Operating leases – as lessor

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

33. Significant accounting judgements and estimates (Continued)

Judgements (Continued)

Business models

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

Contractual cash flow characteristics

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

Estimation uncertainty

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

Impairment of financial instruments

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

33. Significant accounting judgements and estimates (Continued)

Estimation uncertainty (Continued)

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

The Group assesses whether there are any indications of impairment for all non-current assets other than financial assets at the balance sheet date. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indication exists. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are included in Note V (13), (14), (15), (16), (17).

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the present value of the future cash flows expected to be derived from the asset groups (sets of asset groups) to which the goodwill is allocated. Estimating the present value requires the Group to make an estimate of the expected future cash flows from the asset groups (sets of asset groups) and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are included in Note V (18).

Deferred tax assets

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

Fair value of non-listed equity investments

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

Loyalty points

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

33. Significant accounting judgements and estimates (Continued)

Estimation uncertainty (Continued)

Sales with a right of return

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

Warranties

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

Assessment of constrains on variable consideration

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

Lessee's incremental borrowing rate

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

34. Changes in accounting policies and accounting estimates

Changes in accounting policies

Accounting process of COVID-19 related rent concessions

According to *the accounting process regulations on rent concessions related to COVID-19 (‘the process regulations’)*, the simplified method could be selected for rent concessions related to COVID-19 on the basis of the process regulations. As a lessee, the Group has adopted the simplified method in the process regulations (refer to Note III (29)) for the relevant rent concessions of the leases incurred from 1 January 2020. The amount of the relevant rent concessions reckoned in the profit for the year is RMB10,686,956.74.

IV Taxation

1. Main categories and rates of taxes:

Categories	Tax base	Tax rate
Corporate income tax (“CIT”)	Taxable income	10%,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%,9%,10%,13%
City maintenance and construction tax	Amount of VAT paid	5%,7%
Educational surcharge	Amount of VAT paid	3%
Local educational surcharge	Amount of VAT paid	2%

2. Tax preferences

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

In 2014, the Company’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% from 1 January 2014 to 31 December 2020.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

IV Taxation (Continued)

2. Tax preferences (Continued)

In 2015, eight subsidiaries of the Company in the Guangxi Province, 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 National Taxation Bureau or the Local Taxation Bureaus of Guangxi 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 from 1 January 2014 to 31 December 2020, and that for the other five subsidiaries is from 1 January 2015 to 31 December 2020.

In 2020, according to Cai Shui [2011] No.58, Sinopharm Holding Guoda Inner Mongolia Pharmacy Chain Store Co., Ltd. (“Guoda Inner Mongolia”), Sinopharm Holding Hulun Buir Pharmacy Chain Store Co., Ltd., Sinopharm Holding Guoda Drug Store Manchuria Co., Ltd., Inner Mongolia Guoda Medicine Co., Ltd., Sinopharm Holding Guoda Guangxi Pharmacy Chain Store Co., Ltd., Ningxia Guoda Pharmacy Chain Store Co., Ltd., Guoda Pharmacy (Pu'er) Songmao Co., Ltd. (“Guoda Pu'er”), Sinopharm Holding Qinzhou Co., Ltd., subsidiaries of the Company, shall pay CIT at a rate of 15% by jurisdiction.

In 2020, according to the Notice on the implementation of inclusive tax reduction and exemption policies for small and micro enterprises (Cai Shui [2019] No.13), subsidiaries of the Company listed below qualified for the conditions of small low-profit enterprises, which the monomer taxable income of these subsidiaries does not exceed RMB3 million. Hence, for the portion of annual taxable income not exceeding RMB1 million, it shall be included in the taxable income by 25%, and enterprise income tax shall be paid at the rate of 20%; for the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million, it shall be included in the taxable income by 50%, and enterprise income tax shall be paid at the rate of 20%.

The Company's subsidiaries which qualified for the conditions of small low-profit enterprises including Sinopharm Holding Hezhou Co., Ltd., Sinopharm Holding Hechi Co., Ltd., Shanghai Guoda Dongsheng Pharmacy Co., Ltd., Shanghai Guoda Haohai Pharmacy Co., Ltd., Shanghai Guoda Ruijing Pharmacy Co., Ltd., Shanghai Guoda Dongxin Pharmacy Co., Ltd., Sinopharm Guoda Yongsheng Pharmacy (Shanghai) Co., Ltd., Zhejiang Sinopharm Pharmacy Dongshan Pharmacy Co., Ltd., Sinopharm Holding Guoda Pharmacy Guangzhou Chain Co., Ltd., Taishan Sinopharm Holding Guoda Qunkang Pharmacy Chain Store Co., Ltd. (“Guoda Taishan”), Sinopharm Holding Guoda Pharmacy Yongxingtang Chain Store (Chaoyang) Co., Ltd. (“Guoda Yongxingtang”), Liaoning Guoda Medicine Co., Ltd., Sinopharm Holding Guoda Pharmacy Bayannur Co., Ltd., Sinopharm Holding Guoda Pharmacy Ulanqab Co., Ltd., Sinopharm Holding Baiyi Pharmacy Guangxi Co., Ltd., Sinopharm Accord (Guangzhou) Medicine Co., Ltd. (“Guangzhou Medicine”), Guangxi Guoda Pharmaceutical Consulting Chain Co., Ltd., Liaoning Guoda Health Pharmacy Co., Ltd., Liaoning Guoda Pharmacy Chain Co., Ltd., Yanji Xianghe Medicine Co., Ltd., Inner Mongolia Chengda Fangyuan Medicine Co., Ltd., Hebei Chengda Fangyuan Medicine Chain Co., Ltd., Shandong Chengda Fangyuan Medicine Chain Co., Ltd., Jilin Chengda Fangyuan Medicine Co., Ltd., Jilin Chengda Fangyuan Medicine Chain Co., Ltd., Liaoning Chengda Fangyuan Technical Training School, Liaoning Zhicheng Xingda Advertising Media Co., Ltd., and Dalian Zhengda Pharmaceutical Co., Ltd., etc.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements

1. Cash and bank balances

	31 December 2020	31 December 2019
Cash on hand	6,707,125.90	5,333,515.38
Cash at banks	5,398,406,132.09	8,437,723,437.66
Cash and cash equivalents	5,398,406,132.09	8,420,737,654.78
Undue interest receivable	-	16,985,782.88
Other cash balances	593,091,037.88	442,672,297.43
Deposits for bank acceptance bills	492,734,978.75	440,219,920.94
Freezing of funds	66,956,993.60	-
Medical reserve funds	27,465,331.50	-
Fixed deposit	3,167,718.14	-
Other deposits	2,766,015.89	2,452,376.49
	<u>5,998,204,295.87</u>	<u>8,885,729,250.47</u>

Current deposits earn interest at the rate based on current deposit interest rates. Maturities of short-term time deposits range from 1 month to 6 months depending on the fund arrangements of the Group, and the deposits earn interest at the respective deposit rates.

2. Notes receivable

	31 December 2020	31 December 2019
Commercial acceptance bills	<u>623,594,997.36</u>	<u>793,301,688.64</u>
Less: Bad debt provision for notes receivable	<u>1,479,520.32</u>	<u>-</u>
	<u>622,115,477.04</u>	<u>793,301,688.64</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

2. Notes receivable (Continued)

The carrying amount of notes receivable that affected the changes in provision this year is as follows:

	31 December 2020				
	Carrying amount		Bad debt provisions		Book Value
	Amount	Proportion	Amount	Proportion	
Items for which provision for bad debts is recognised individually	27,634,855.48	4.43%	(1,479,520.32)	5.35%	26,155,335.16
Items for which provision for bad debts is recognised by group (credit risk characteristics)	595,960,141.88	95.57%	-	-	595,960,141.88
	<u>623,594,997.36</u>	<u>100.00%</u>	<u>(1,479,520.32)</u>	<u>0.24%</u>	<u>622,115,477.04</u>
	31 December 2019				
	Carrying amount		Bad debt provisions		Book Value
	Amount	Proportion	Amount	Proportion	
Items for which provision for bad debts is recognised individually	-	-	-	-	-
Items for which provision for bad debts is recognised by group (credit risk characteristics)	793,301,688.64	100.00%	-	-	793,301,688.64
	<u>793,301,688.64</u>	<u>100.00%</u>	<u>-</u>	<u>-</u>	<u>793,301,688.64</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

2. Notes receivable (Continued)

At 31 December 2020, notes receivable that are individually assessed for provisions are as follows:

	Carrying amount	Bad debt provision	Expected credit loss rate	Assessment for impairment
Client A	25,673,156.00	(1,471,457.31)	5.73%	The drawer has historical credit defaults; the notes receivable are expected to be at risk of collection.
Client B	<u>1,961,699.48</u>	<u>(8,063.01)</u>	0.41%	The drawer has historical credit defaults; the notes receivable are expected to be at risk of collection.
	<u>27,634,855.48</u>	<u>(1,479,520.32)</u>		

At 31 December 2019, the Group had no individual provision for bad debts on notes receivable.

Changes in provision for bad debts on notes receivable are presented as follows:

	Opening balance	Increase in the year	Reversal in the year	Write-off in the year	Closing balance
2020	<u>-</u>	<u>1,479,520.32</u>	<u>-</u>	<u>-</u>	<u>1,479,520.32</u>
2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

At 31 December 2020 and 31 December 2019, the Group had no pledged notes receivable.

Notes receivable endorsed or discounted by the Group to other parties which were not yet due at 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020		31 December 2019	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Commercial acceptance bills	<u>-</u>	<u>4,095,283.92</u>	<u>-</u>	<u>64,038,348.12</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

2. Notes receivable (Continued)

As at 31 December 2020 and 31 December 2019, notes receivable that were converted into accounts receivable due to the drawer's inability to settle the notes on the maturity date are as follows:

	31 December 2020	31 December 2019
Commercial acceptance bills	<u>2,276,824.52</u>	<u>1,174,861.29</u>

3. Accounts receivable

The credit period for accounts receivable normally is 3 months. Accounts receivable are interest-free.

An aging analysis of accounts receivable is as follows:

	31 December 2020	31 December 2019
Within 1 year	13,575,070,031.31	10,723,116,561.96
1 to 2 years	263,187,281.70	19,945,711.69
2 to 3 years	31,013,755.63	896,129.90
Over 3 years	<u>23,213,398.71</u>	<u>14,941,871.10</u>
Less: Bad debt provision for accounts receivable	<u>92,513,453.13</u>	<u>45,916,730.47</u>
	<u>13,799,971,014.22</u>	<u>10,712,983,544.18</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

3. Accounts receivable (Continued)

The carrying amount of accounts receivable that affected the changes in provision this year is as follows:

	31 December 2020				
	Carrying amount		Bad debt provisions		Book Value
	Amount	Proportion	Amount	Proportion	
Items for which provision for bad debts is recognised individually	674,370,776.75	4.85%	(29,223,931.45)	4.33%	645,146,845.30
Items for which provision for bad debts is recognised by group (credit risk characteristics)	13,218,113,690.60	95.15%	(63,289,521.68)	0.48%	13,154,824,168.92
	<u>13,892,484,467.35</u>	<u>100.00%</u>	<u>(92,513,453.13)</u>	<u>0.67%</u>	<u>13,799,971,014.22</u>
	31 December 2019				
	Carrying amount		Bad debt provisions		Book Value
	Amount	Proportion	Amount	Proportion	
Items for which provision for bad debts is recognised individually	586,321,444.68	5.45%	(18,329,609.15)	3.13%	567,991,835.53
Items for which provision for bad debts is recognised by group (credit risk characteristics)	10,172,578,829.97	94.55%	(27,587,121.32)	0.27%	10,144,991,708.65
	<u>10,758,900,274.65</u>	<u>100.00%</u>	<u>(45,916,730.47)</u>	<u>0.43%</u>	<u>10,712,983,544.18</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

3. Accounts receivable (Continued)

At 31 December 2020, accounts receivable that are individually significant and individually assessed for provisions are as follows:

	Carrying amount	Bad debt provision	Expected Credit Loss Rate	Assessment for impairment
Receivable of medical insurance	488,783,757.67	(6,626,589.08)	1.36%	The receivable of medical insurance has lower-tier default risk.
Client A	11,559,178.29	(11,559,178.29)	100.00%	The debtor had irregular operations, subjected to severe financial difficulties, and related to multiple lawsuits, with lower-tier recoverability.
Client B	2,447,976.74	(2,447,976.74)	100.00%	The debtor had irregular operations, subjected to severe financial difficulties, and has been placed on a national list of defaulters, with a high risk of going bankruptcy or financial restructuring.
Client C	2,365,253.03	(2,365,253.03)	100.00%	The debtor had irregular operations, subjected to severe financial difficulties, and has been placed on a national list of defaulters, with a high risk of going bankruptcy or financial restructuring.
Others	<u>169,214,611.02</u>	<u>(6,224,934.31)</u>	3.68%	Part of the receivable takes longer than usual to recover, and has risk of recoverability
	<u><u>674,370,776.75</u></u>	<u><u>(29,223,931.45)</u></u>		

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

3. Accounts receivable (Continued)

At 31 December 2019, accounts receivable that were individually significant and individually assessed for provisions are as follows:

	Carrying amount	Bad debt provision	Expected Credit Loss Rate	Assessment for impairment
Receivable of medical insurance	425,784,659.32	-	0.00%	The receivable of medical insurance has lower-tier default risk.
Client A	11,559,178.29	(11,559,178.29)	100.00%	The debtor had irregular operations, subjected to severe financial difficulties, and related to multiple lawsuits, with lower-tier recoverability.
Client B	2,447,976.74	(2,447,976.74)	100.00%	The debtor had irregular operations, subjected to severe financial difficulties, and has been placed on a national list of defaulters, with a high risk of going bankruptcy or financial restructuring.
Client C	2,365,253.03	(2,365,253.03)	100.00%	The debtor had irregular operations, subjected to severe financial difficulties, and has been placed on a national list of defaulters, with a high risk of going bankruptcy or financial restructuring.
Others	144,164,377.30	(1,957,201.09)	1.36%	Part of the receivable takes longer than usual to recover, and has risk of recoverability
	<u>586,321,444.68</u>	<u>(18,329,609.15)</u>		

The accounts receivable for which the Group recognised provision for bad debts by credit risk characteristics are presented as follows:

	31 December 2020			31 December 2019		
	Estimated gross carrying amount at default	Expected credit loss ratio	Lifetime expected credit loss	Estimated gross carrying amount at default	Expected credit loss ratio	Lifetime expected credit loss
Within 1 year	12,930,648,987.23	0.20%	(26,043,994.99)	10,150,834,990.25	0.25%	(25,093,316.99)
1 to 2 years	257,905,763.20	11.04%	(28,463,763.63)	18,859,269.14	10.47%	(1,974,732.42)
2 to 3 years	21,112,155.47	17.39%	(3,671,293.61)	896,129.90	13.34%	(119,533.01)
Over 3 years	8,446,784.70	60.50%	(5,110,469.45)	1,988,440.68	20.09%	(399,538.90)
	<u>13,218,113,690.60</u>		<u>(63,289,521.68)</u>	<u>10,172,578,829.97</u>		<u>(27,587,121.32)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

3. Accounts receivable (Continued)

Changes in provision for bad debts are presented as follows:

	Opening balance	Reversal of write-off in previous years	Increases in the year	Increases in merger	Reversal in the year	Write-off in the year	Closing balance
2020	<u>45,916,730.47</u>	<u>167,797.87</u>	<u>29,942,655.08</u>	<u>25,219,814.78</u>	<u>(8,733,545.07)</u>	-	<u>92,513,453.13</u>
2019	<u>44,889,741.84</u>	<u>22,080.00</u>	<u>25,069,219.09</u>	<u>56,980.49</u>	<u>(20,297,750.93)</u>	<u>(3,823,540.02)</u>	<u>45,916,730.47</u>

Important recovered or reversed items of provision for individually assessed bad debts in 2020 are listed below:

	Reason for recoverability or reversal	Original assessment for impairment	Recovered or reversed amount	Method of recovery or reversion
Client A	Resolve reconciliation differences	Uncertainty in recovery	150,869.44	Resolve reconciliation differences
Client B	Amount received	Uncertainty in recovery	87,940.68	Amount received
Client C	Amount received	Uncertainty in recovery	61,938.17	Amount received
Client D	Amount received	Uncertainty in recovery	<u>60,323.54</u>	Amount received
			<u>361,071.83</u>	

Important recovered or reversed items of provision for individually assessed bad debts in 2019 are listed below:

	Reason for recoverability or reversal	Original assessment for impairment	Recovered or reversed amount	Method of recovery or reversion
Client A	Amount received	Uncertainty in recovery	167,280.00	Amount received
Client B	Amount received	Uncertainty in recovery	140,801.62	Amount received
Client C	Amount received	Uncertainty in recovery	117,446.10	Amount received
Client D	Amount received	Uncertainty in recovery	<u>99,886.22</u>	Amount received
			<u>525,413.94</u>	

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

3. Accounts receivable (Continued)

Accounts receivable written off in 2020 are nil (2019: RMB3,823,540.02).

Accounts receivable written off in 2019 are analysed below:

	Nature of the receivable	Amount	Reason	Fulfilled write-off procedures	Related party transaction or not
Client A	Payment for goods	793,588.14	Non-recoverable	The write-off procedures have been fulfilled in accordance with the internal rules and regulations.	No
Client B	Payment for goods	506,604.84	Non-recoverable	The write-off procedures have been fulfilled in accordance with the internal rules and regulations.	No
Client C	Payment for goods	280,324.00	Non-recoverable	The write-off procedures have been fulfilled in accordance with the internal rules and regulations.	No
Client D	Payment for goods	276,000.00	Non-recoverable	The write-off procedures have been fulfilled in accordance with the internal rules and regulations.	No
Others	Payment for goods	<u>1,967,023.04</u>	Non-recoverable	The write-off procedures have been fulfilled in accordance with the internal rules and regulations.	No
		<u>3,823,540.02</u>			

As at 31 December 2020, the top five accounts receivable analysed by customer are summarised below:

	Amount	Bad debt provision amount	% of the total accounts receivable
Top 1 Account receivable	204,532,139.94	(895,128.97)	1.47%
Top 2 Account receivable	197,835,785.38	(1,600,707.66)	1.42%
Top 3 Account receivable	169,474,358.70	(10,782.57)	1.22%
Top 4 Account receivable	161,218,733.31	(529,704.61)	1.16%
Top 5 Account receivable	<u>153,017,656.79</u>	<u>(558,855.24)</u>	<u>1.10%</u>
	<u>886,078,674.12</u>	<u>(3,595,179.05)</u>	<u>6.37%</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

3. Accounts receivable (Continued)

As at 31 December 2019, the top five accounts receivable analysed by customer are summarised below:

	Amount	Bad debt provision amount	% of the total accounts receivable
Top 1 Account receivable	170,343,305.26	(651,626.93)	1.58%
Top 2 Account receivable	168,729,902.27	(1,268,752.66)	1.57%
Top 3 Account receivable	165,585,249.66	(834,284.84)	1.54%
Top 4 Account receivable	149,692,676.64	(497,239.72)	1.39%
Top 5 Account receivable	141,678,146.50	(522,091.42)	1.32%
	<u>796,029,280.33</u>	<u>(3,773,995.57)</u>	<u>7.40%</u>

In 2020, the Group factored a portion of accounts receivable at amortised cost to financial institutions. The amount of accounts receivable derecognised was RMB5,131,305,168.48 (2019: RMB6,274,777,382.79), and the amount of loss recognised through investment income was RMB76,142,835.36 (2019: RMB86,377,492.55).

Refer to Note VIII (2) for details of transfer of accounts receivable.

4. Receivables financing

	31 December 2020	31 December 2019
Bank acceptance bills	<u>1,404,987,700.38</u>	<u>446,342,588.46</u>

The pledged receivables financings are as follows:

	31 December 2020	31 December 2019
Bank acceptance bills	<u>2,620,000.00</u>	<u>-</u>

Receivables financing endorsed or discounted by the Group to other parties which were not yet due at 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020		31 December 2019	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance bills	<u>1,613,842,670.80</u>	<u>23,843,867.66</u>	<u>2,280,123,957.94</u>	<u>-</u>

As at 31 December 2020 and 31 December 2019, no receivables financing were converted into accounts receivable due to the drawer's inability to settle the notes on the maturity date.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

5. Advances to suppliers

The aging of advances to suppliers is analysed below:

	31 December 2020		31 December 2019	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	480,215,111.42	99.98%	388,572,636.93	99.68%
1 to 2 years	42,225.29	0.01%	244,213.07	0.06%
2 to 3 years	56,238.00	0.01%	815,319.09	0.21%
Over 3 years	-	-	196,616.45	0.05%
	<u>480,313,574.71</u>	<u>100.00%</u>	<u>389,828,785.54</u>	<u>100.00%</u>

As at 31 December 2020, the top five advances to suppliers analysed by customer are summarised below:

	Amount	Proportion of total balance
Total amount of top five advances to suppliers	<u>41,313,738.82</u>	<u>8.60%</u>

As at 31 December 2019, the top five advances to suppliers analysed by customer are summarised below:

	Amount	Proportion of total balance
Total amount of top five advances to suppliers	<u>56,871,461.86</u>	<u>14.59%</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

6. Other receivables

	31 December 2020	31 December 2019
Dividend receivable	-	834,914.61
Other receivables	<u>535,228,747.69</u>	<u>501,123,926.82</u>
	<u>535,228,747.69</u>	<u>501,958,841.43</u>
<u>Dividend receivable</u>		

	31 December 2020	31 December 2019
Shanghai Dingqun Enterprise Management Consulting Co., Ltd ("Shanghai Dingqun")	<u>-</u>	<u>834,914.61</u>
<u>Other receivables</u>		

The aging of other receivables is analysed below:

	31 December 2020	31 December 2019
Within 1 year	480,713,606.60	474,417,883.73
1 to 2 years	41,156,242.37	62,071,561.00
2 to 3 years	57,236,236.46	7,494,548.87
Over 3 years	<u>25,311,879.53</u>	<u>21,330,491.94</u>
Less: Bad debt provision for other receivables	<u>69,189,217.27</u>	<u>64,190,558.72</u>
	<u>535,228,747.69</u>	<u>501,123,926.82</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

6. Other receivables (Continued)

Categories of other receivables by nature are as follows:

	31 December 2020	31 December 2019
Deposits	287,130,364.44	275,364,596.97
Receivable of price reduction compensation and purchasing rebates	85,263,225.16	67,585,688.47
Receivable of the pharmaceutical electronic trading and other platforms	60,267,511.03	49,597,763.58
Entrusted borrowings	46,334,222.24	45,360,333.35
Petty cash advance to employees	22,994,684.93	11,606,921.79
Receivable of equity transactions	8,980,000.00	8,980,000.00
Receivable due from related parties	2,867,594.20	25,786,279.26
Others	90,580,362.96	81,032,902.12
	<u>69,189,217.27</u>	<u>64,190,558.72</u>
Less: Bad debt provision for other receivables		
	<u>535,228,747.69</u>	<u>501,123,926.82</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

6. Other receivables (Continued)

Changes in bad debt provision for the 12-month expected credit losses and lifetime expected credit losses on other receivables are as follows:

2020	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Balance at 1 January 2020	-	7,107,131.41	57,083,427.31	64,190,558.72
Balance at 1 January 2020 during the period	-	-	-	-
--Transfer to the Stage 2	-	-	-	-
--Transfer to the Stage 3	-	-	-	-
--Reverse to the Stage 2	-	-	-	-
--Reverse to the Stage 1	-	-	-	-
Provisions during the period	-	2,577,812.48	3,656,500.59	6,234,313.07
Reversal during the period	-	(2,904,835.82)	(42,787.50)	(2,947,623.32)
Transfer out during the period	-	-	-	-
Write-off during the period	-	(124,000.00)	(4,028.03)	(128,028.03)
Addition due to combination	-	649,041.83	1,190,955.00	1,839,996.83
Reversal of write-off in previous years	-	-	-	-
Balance at 31 December 2020	-	7,305,149.90	61,884,067.37	69,189,217.27

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

6. Other receivables (Continued)

Changes in bad debt provision for the 12-month expected credit losses and lifetime expected credit losses on other receivables are as follows: (continued)

2019

	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Balance at 1 January 2019	-	3,266,686.35	16,931,993.69	20,198,680.04
Balance at 1 January 2019 during the period	-	-	-	-
--Transfer to the Stage 2	-	-	-	-
--Transfer to the Stage 3	-	-	-	-
--Reverse to the Stage 2	-	-	-	-
--Reverse to the Stage 1	-	-	-	-
Provisions during the period	-	4,805,326.24	45,405,997.63	50,211,323.87
Reversal during the period	-	(1,005,631.78)	(920,960.13)	(1,926,591.91)
Write-back during the period	-	-	-	-
Write-off during the period	-	-	(4,333,603.88)	(4,333,603.88)
Addition due to combination	-	200.00	-	200.00
Reversal of write-off in previous years	-	40,550.60	-	40,550.60
Balance at 31 December 2019	-	7,107,131.41	57,083,427.31	64,190,558.72

The bad debt provision amount of other receivables in 2020 was RMB6,234,313.07 (2019: RMB50,211,323.87), with the recovered or reversed amount of RMB2,947,623.32 (2019: RMB1,926,591.91).

The write-off amount of other receivables in 2020 was RMB128,028.03 (2019: RMB4,333,603.88).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

6. Other receivables (Continued)

As at 31 December 2020, the top 5 parties that owed the largest amounts of other receivable balances are analysed below:

	Nature	Amount	Age	% of total amount	Provision of bad debts
Guangdong Pharmaceutical electronic trading platform	Repayment not yet cleared from the pharmaceutical trading platform	46,564,683.73	Within 1 year	7.70%	-
Sinopharm Group Zhijun (Suzhou) Pharmaceutical Co., Ltd. ("Zhijun Suzhou") (1)	Entrusted borrowings	46,334,222.24	2 to 3 years	7.67%	46,334,222.24
AstraZeneca (Wuxi) Trading Co., Ltd.	Receivable of price reduction compensation and purchasing rebates	22,486,430.15	Within 1 year	3.72%	-
TCM-Integrated Hospital of Southern Medical University	Deposit from a logistics extension service project	20,000,000.00	Over 3 years	3.31%	-
Changchun Society Medical Insurance Management Bureau	Medical insurance deposit	15,552,920.92	Within 1 year	2.57%	-
		<u>150,938,257.04</u>		<u>24.97%</u>	<u>46,334,222.24</u>

As at 31 December 2019, the top 5 parties that owed the largest amounts of other receivable balances are analysed below:

	Nature	Amount	Age	% of total amount	Provision of bad debts
Zhijun Suzhou	Entrusted borrowings	45,360,333.35	1 to 2 years	8.02%	45,360,333.35
Guangdong Pharmaceutical electronic trading platform	Repayment not yet cleared from the pharmaceutical trading platform	35,328,767.60	Within 1 year	6.25%	-
Sinopharm Group	Receivables from related parties	22,000,000.00	Within 1 year	3.89%	-
TCM-Integrated Hospital of Southern Medical University	Deposit from a logistics extension service project	20,000,000.00	2 to 3 years	3.54%	-
Shenyang Society Medical Insurance Management Bureau	Medical insurance deposit	19,676,531.29	Within 1 year	3.48%	-
		<u>142,365,632.24</u>		<u>25.18%</u>	<u>45,360,333.35</u>

(1) With bad operation, declining solvency and increasing credit risk of Zhijun Suzhou, the Company accrued the total amount of the entrusted borrowings of Zhijun Suzhou for bad debt provision with a prudent principle.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

6. Other receivables (Continued)

There were no government grants receivable in 2020.

As at 31 December 2019, the amount of government grants receivable is analysed below:

	Grants program	Amount	Aging	Estimated collection time, amount and basis
Karamay Social Insurance Administration Bureau	Karamay Employment Promotion Award	15,128.72	Within 1 year	Based on "Measures of Karamay City for employment promotion" (Kerenshefa [2017] No.184), expected to be fully recovered in June 2020

7. Inventories

Inventories by category are analysed below:

	31 December 2020			31 December 2019		
	Book value	Provision	Net book value	Book value	Provision	Net book value
Raw materials	1,959,948.73	-	1,959,948.73	645,627.66	-	645,627.66
Finished goods	6,292,866,195.61	(12,997,334.35)	6,279,868,861.26	5,067,666,999.13	(8,902,200.40)	5,058,764,798.73
Work in progress	244,341.19	-	244,341.19	140,458.20	-	140,458.20
Low cost consumables	2,937,523.28	-	2,937,523.28	3,723,258.67	-	3,723,258.67
	<u>6,298,008,008.81</u>	<u>(12,997,334.35)</u>	<u>6,285,010,674.46</u>	<u>5,072,176,343.66</u>	<u>(8,902,200.40)</u>	<u>5,063,274,143.26</u>

Provision for inventories is analysed below:

31 December 2020	1 January 2020	Back-transfer of previous years' write-off	Increases		Decreases		31 December 2020
			Current	Addition due to combination	Reversal	Write-off	
Finished goods	<u>8,902,200.40</u>	-	7,054,810.15	474,033.43	(1,975,512.44)	(1,458,197.19)	<u>12,997,334.35</u>
31 December 2019	1 January 2019	Back-transfer of previous years' write-off	Increases		Decreases		31 December 2019
Finished goods	<u>8,980,606.86</u>	<u>5,356.03</u>	4,362,375.48	139,294.62	(3,181,477.32)	(1,403,955.27)	<u>8,902,200.40</u>

In 2020, due to the value recovery of partial inventories, provision for inventories was reversed by RMB1,975,512.44 (2019: RMB3,181,477.32), and due to the sales of goods in stock, provision for inventories was written off by RMB1,458,197.19 (2019: RMB1,403,955.27).

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

8. Contract assets

	31 December 2020			31 December 2019		
	Book Value	Provision	Net Book Value	Book Value	Provision	Net Book Value
Medical devices and equipment guarantee funds	15,195,530.95	(17,799.31)	15,177,731.64	-	-	-

The Group sells medical devices and equipment to customers and provides relevant installation services, which constitutes a single performance obligation. After the delivery of medical devices and equipment by the Group and acceptance by customers, the control rights of goods are transferred. The Group recognises the relevant income and transfers part of the contract consideration to receivables, and the other parts are formed as contract assets. After the equipment is installed and the agreed warranty period ends, the contract assets will form an unconditional right of collection and be transferred into receivables.

Changes in provision for contract assets are presented as follows:

	Opening Balance	Increase in the year	Reversal in the year	Resale in the year	Written off in the year	Closing Balance
2020	-	17,799.31	-	-	-	17,799.31
2019	-	-	-	-	-	-

An aging analysis of contract assets with provision for impairment are as follows:

	31 December 2020			31 December 2019		
	Estimated default amount	Expected credit loss rate	Expected credit loss in entire lifetime	Estimated default amount	Expected credit loss rate	Expected credit loss in entire lifetime
Within 1 year	15,195,530.95	0.12%	17,799.31	-	-	-

9. Other current assets

	31 December 2020	31 December 2019
VAT tax credit	114,251,111.76	101,376,603.92
CIT to be deducted	5,981,268.15	513,305.14
Others	850,483.54	317,589.14
	<u>121,082,863.45</u>	<u>102,207,498.20</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

10. Long-term equity investments

2020

Investee	1 January 2020	Changes in the year						31 December 2020	Amount of provision for impairment
		Additional / reductive Investment	Profit or loss under the equity method	Changes in other comprehensive income	Other changes in equity	Cash dividends or profits declared for distribution	Provision for impairment		
Shenzhen Main Luck Pharmaceutical Inc. ("Main Luck Pharmaceutical") (a)	294,469,367.27	-	91,569,378.60	-	-	(63,342,000.00)	-	322,696,745.87	-
Shanghai Beiyi Guoda Pharmaceutical Co. Ltd. ("Shanghai Beiyi") (b)	9,887,944.98	-	1,302,243.09	-	-	-	-	11,190,188.07	-
Shanghai Liyi Pharmacy Co., Ltd. ("Shanghai Liyi") (c)	1,039,039.88	-	108,908.42	-	-	-	-	1,147,948.30	-
Shanghai Renbei Pharmacy Co., Ltd. ("Shanghai Renbei") (d)	1,800,000.00	-	665,103.92	-	-	-	-	2,465,103.92	-
Dongyuan Accord Pharmaceutical Chain Co., Ltd. ("Dongyuan Accord") (e)	396,638.32	-	-	-	-	-	-	-	(396,638.32)
Sinopharm Jienuo Medical Treatment Service Guangdong Co., Ltd. ("Guangdong Jienuo") (f)	6,453,679.96	-	(1,228,109.84)	-	-	-	-	5,225,570.12	-
Guangdong Jianhui Construction Investment Management Co., Ltd. ("Guangdong Jianhui") (g)	1,854,647.81	6,000,000.00	145,352.19	-	-	-	-	8,000,000.00	-
Zhijun Suzhou (h)	1,857,279.52	-	-	-	-	-	-	-	(1,857,279.52)
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd. ("Zhijun Medicine") (i)	400,578,574.68	-	78,197,322.08	-	-	(53,218,071.65)	-	425,557,825.11	-
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd. ("Zhijun Trade") (i)	10,275,257.61	-	1,176,564.36	-	-	(1,043,146.79)	-	10,408,675.18	-
Sinopharm Group Zhijun (Shenzhen) PingShan Pharmaceutical Co., Ltd. ("Zhijun Pingshan") (i)	120,878,018.74	-	76,785,503.04	-	-	(21,096,725.88)	-	176,566,795.90	-
Shanghai Shyndec Pharmaceutical Co., Ltd. ("Shyndec Pharma") (i)	1,235,240,098.79	-	105,623,439.79	5,332.87	(393,875.73)	(16,714,220.20)	-	1,323,760,775.52	-
Shanghai Dingqun (j)	22,637,781.16	(22,637,781.16)	-	-	-	-	-	-	-
	<u>2,107,368,328.72</u>	<u>(16,637,781.16)</u>	<u>354,345,705.65</u>	<u>5,332.87</u>	<u>(393,875.73)</u>	<u>(155,414,164.52)</u>	<u>-</u>	<u>2,287,019,627.99</u>	<u>(2,253,917.84)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

10. Long-term equity investments (Continued)

2019

Investee	1 January 2019	Changes in the year						31 December 2019	Amount of provision for impairment
		Additional / reductive Investment	Profit or loss under the equity method	Changes in other comprehensive income	Other changes in equity	Cash dividends or profits declared for distribution	Provision for impairment		
Main Luck Pharmaceutical (a)	265,316,653.68	-	87,216,213.59	-	-	(58,063,500.00)	-	294,469,367.27	-
Shanghai Beiji (b)	11,029,918.10	-	987,426.88	-	-	(2,129,400.00)	-	9,887,944.98	-
Shanghai Liyi (c)	955,428.23	-	83,611.65	-	-	-	-	1,039,039.88	-
Shanghai Renbei (d)	-	1,800,000.00	-	-	-	-	-	1,800,000.00	-
Dongyuan Accord (e)	396,638.32	-	-	-	-	-	-	-	(396,638.32)
Guangdong Jienuo (f)	6,802,156.19	1,740,000.00	(2,088,476.23)	-	-	-	-	6,453,679.96	-
Guangdong Jianhui (g)	-	2,000,000.00	(145,352.19)	-	-	-	-	1,854,647.81	-
Zhijun Suzhou (h)	23,379,018.92	-	(21,521,739.40)	-	-	-	(1,857,279.52)	-	(1,857,279.52)
Zhijun Medicine (i)	355,353,196.15	-	106,436,143.29	-	-	(61,210,764.76)	-	400,578,574.68	-
Zhijun Trade (i)	8,730,994.87	-	2,318,103.99	-	-	(773,841.25)	-	10,275,257.61	-
Zhijun Pingshan (i)	86,292,927.33	-	46,881,613.08	-	-	(12,296,521.67)	-	120,878,018.74	-
Shyndec Pharma (i)	1,098,566,852.51	-	111,498,302.56	(133,366.19)	42,022,530.06	(16,714,220.15)	-	1,235,240,098.79	-
Shanghai Dingqun (j)	23,966,640.12	-	(493,944.35)	-	-	(834,914.61)	-	22,637,781.16	-
	<u>1,880,790,424.42</u>	<u>5,540,000.00</u>	<u>331,171,902.87</u>	<u>(133,366.19)</u>	<u>42,022,530.06</u>	<u>(152,023,162.44)</u>	<u>(1,857,279.52)</u>	<u>2,105,114,410.88</u>	<u>(2,253,917.84)</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

10. Long-term equity investments (Continued)

- (a) On 4 July 1990, the Group jointly established Main Luck Pharmaceutical with Mercian Kabushiki Kaisha and Main Life Co., Ltd., subscribing 35.19%, 34.15% and 30.66% of shareholdings, respectively. According to the Articles of Association, the board of directors of Main Luck Pharmaceutical consisted of six directors, of which two were appointed by the Group, accounting for 33.33% of voting rights. Therefore, the Group had significant influence over Main Luck Pharmaceutical, and thus, it was considered as an associate of the Group.
- (b) On 26 July 1994, the Group jointly established Shanghai Beiyi with Shanghai Beiyi (Group) Co., Ltd. and eight natural persons including Fuchun Zhu, with the share percentages being 26%, 26% and 48%, respectively. According to the Articles of Association, the board of directors of Shanghai Beiyi consisted of seven directors, of which two were appointed by the Group, accounting for 28.57% of voting rights. Therefore, the Group had significant influence over Shanghai Beiyi, and thus, it was considered as an associate of the Group.
- (c) On 25 November 2003, the Group jointly established Shanghai Liyi with Shanghai Pudong District Central Hospital and Shanghai Liyi, with the share percentages being 35%, 35% and 30%, respectively. According to the Articles of Association, the board of directors of Shanghai Liyi consisted of five directors, of which two were appointed by the Group, accounting for 40.00% of voting rights. Therefore, the Group had significant influence over Shanghai Liyi, and thus, it was considered as an associate of the Group.
- (d) On 5 March 2019, the Group acquired 30% shares of Shanghai Renbei. According to the Articles of Association, the board of directors of Shanghai Renbei was composed of three directors, one of whom was appointed by the Group, accounting for 33.33% of voting rights. Therefore, the Group has significant influence over Shanghai Renbei, and thus, it is considered as an associate of the Group.
- (e) In 2007, Dongyuan Accord, an associate of the Group, operated in poor conditions and its future operation would be significantly uncertain, so the Group made a full provision for impairment of the long-term equity investment on it.
- (f) On 23 February 2016, the Group jointly established Guangdong Jienuo with Sinopharm Jienuo Medical Treatment Service Co., Ltd. and Guangzhou Jinluo Investment Development Co., Ltd., with the share percentages being 29%, 51% and 20%, respectively. According to the Articles of Association, the board of directors of Guangdong Jienuo was composed of five directors, one of whom was appointed by the Group, accounting for 20% of voting rights. Therefore, the Group has significant influence over Guangdong Jienuo, and thus, it is considered as an associate of the Group. On 25 July 2019, the Group, together with the current shareholders, Sinopharm Jienuo Medical Treatment Service Co., Ltd. and Foshan Jiejianchengfeng Medical Equipment Co., Ltd., increased the capital of Guangdong Jienuo by 29%, 51% and 20% according to the shareholding ratio respectively, and the total amount of the increased capital was RMB6 million.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

10. Long-term equity investments (Continued)

- (g) On 23 November 2018, the Group jointly established Guangdong Jianhui with Guangdong Construction Engineering Group Co., Ltd., Suixi People's Hospital and Guangdong Jianke Architectural Design Institute Co., Ltd., with the share percentages being 10%, 79.90%, 10% and 0.10%, respectively. The registered capital of the company was RMB20,000 thousand. On 22 March 2019, the Group completed the investment of RMB2,000 thousand. According to the Articles of Association, the board of directors of Guangdong Jianhui was composed of five directors, one of whom was appointed by the Group, accounting for 20% of voting rights. Therefore, the Group has significant influence over Guangdong Jianhui, and thus, it is considered as an associate of the Group. On 30 March 2020, the Group made an additional investment of RMB6 million in Guangdong Jianhui according to the shareholding ratio.
- (h) The Group disposed of its 67% equity interest of Zhijun Suzhou in April 2016. After the disposal, the Group held a 33% equity interest of Zhijun Suzhou. According to the Articles of Association, the board of directors of Zhijun Suzhou was composed of five directors, one of whom was appointed by the Group, accounting for 20% of voting rights. As a result, the Group has significant influence over Zhijun Suzhou, and thus, it is considered as an associate of the Group. In 2019, on account of mismanagement, there was significant uncertainty in the future operation of the Group's affiliated enterprise, Zhijun Suzhou. Thus, the Group made full provision for impairment of the long-term equity investment in Zhijun Suzhou.
- (i) The Group subscribed 15.56% of new issued shares of Shyndec Pharma, a related party, by transferring the productive assets in Pingshan base and its 51% equity interest of three pharmaceutical companies (Zhijun Medicines, Zhijun Trade, Zhijun Pingshan) of the Group in 2016, respectively. After the completion of the reorganization, Shyndec Pharma holds a 51% equity interest of each of the three pharmaceutical companies, and the Group holds a 49% equity interest of each of the three pharmaceutical companies, and they have significant influence over the three pharmaceutical companies.

At the same time, after the completion of the reorganization, the Group holds a 15.56% equity interest of Shyndec Pharma. Since Shyndec Pharma acquired the shares of subsidiaries with share-based payment in previous years, as at 31 December 2020, the Group held a 16.28% equity interest of Shyndec Pharma. Shyndec Pharma set up a board of directors that was responsible for the shareholders' meeting, with a total of nine members, among which, one was appointed by the Group. Each director shall represent one vote for resolutions of the board, accounting for 11.11% of the voting rights. The Group has significant influence over Shyndec Pharma. The above three pharmaceutical companies and Shyndec Pharma are considered as associates of the Group.

- (j) On May 2018, the Company jointly established Shanghai Dingqun with Ningbo Meishan Bonded Port Area Qiling Equity Investment Center LP, subscribing 2.53% and 97.47% of shareholdings, respectively. According to the Articles of Association, the board of directors of Shanghai Dingqun consisted of three directors and one of them was appointed by the Company. Each director shall represent one vote on the board's decisions, which shall be adopted if they are voted for by a simple majority of all the members of the board. Therefore, the Group has significant influence over Shanghai Dingqun, and thus, it is considered as an associate of the Group. Guoda Drugstore, a subsidiary of the Group, acquired 100% shares of Shanghai Dingqun Enterprise Management Consulting Co., Ltd. from Ningbo Meishan Bonded Port Area Qiling Equity Investment Center LP and the Company by RMB934,240,000.00. The acquisition was completed on 7 January 2020, and the Company controlled Shanghai Dingqun and formed a business combination not involving enterprises under no common control, which was included in the scope of the Company's consolidation.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

11. Other equity investments

2020

	Accumulated fair value changes recorded in other comprehensive income	Fair value	Dividend income for the current year		Reasons for being designated as fair value through other comprehensive income
			Equity instruments derecognised in the current year	Equity instruments that are still held	
Sinopharm Health Online Co., Ltd.	55,056,227.40	67,056,227.40	-	-	Non-trading equity instrument
Sinopharm Hubei Guoda Pharmacy Co., Ltd.	17,279,788.59	18,279,788.59	-	-	Non-trading equity instrument
Shanghai Guoda Shuguang Pharmacy Co., Ltd	7,971,316.02	8,242,076.02	-	50,000.00	Non-trading equity instrument
Shanghai Guoren Pharmacy Co., Ltd.	5,393,260.45	5,493,260.45	-	590,538.07	Non-trading equity instrument
Hunan Zhongbai Pharmaceutical Investment Co., Ltd.	101,987.82	416,987.82	-	-	Non-trading equity instrument
	<u>85,802,580.28</u>	<u>99,488,340.28</u>	<u>-</u>	<u>640,538.07</u>	

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

11. Other equity instrument investment (Continued)

2019

	Accumulated fair value changes recorded in other comprehensive income	Fair value	Dividend income for the current year		Reasons for being designated as fair value through other comprehensive income
			Equity instruments derecognised in the current year	Equity instruments that are still held	
Sinopharm Health Online Co., Ltd.	84,748,000.00	96,748,000.00	-	-	Non-trading equity instrument
Sinopharm Hubei Guoda Pharmacy Co., Ltd.	3,751,000.00	4,751,000.00	-	-	Non-trading equity instrument
Shanghai Guoda Shuguang Pharmacy Co., Ltd	8,094,240.00	8,365,000.00	-	50,000.00	Non-trading equity instrument
Shanghai Guoren Pharmacy Co., Ltd.	5,604,000.00	5,704,000.00	-	421,386.60	Non-trading equity instrument
Hunan Zhongbai Pharmaceutical Investment Co., Ltd.	138,000.00	453,000.00	-	-	Non-trading equity instrument
	<u>102,335,240.00</u>	<u>116,021,000.00</u>	<u>-</u>	<u>471,386.60</u>	

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

12. Other non-current financial assets

	31 December 2020	31 December 2019
Financial assets at fair value through profit or loss	<u>120,972,350.24</u>	<u>140,000,000.00</u>

As at 31 December 2020, the balance of other non-current financial assets is the fair value of the Sinopharm CICC medical industry fund (“Industry Fund”) that the Company had subscribed. At the 21st Meeting of the 7th board of directors which held on 6 January 2017, the Company deliberated and passed the proposal on investment subscription of the Industry Fund and related party transaction of the company. As a limited partner of Industry Fund, the Company intends to invest and subscribe for the share of Industry Fund amounted to RMB200 million, which shall be paid in 3 instalments. As at 31 December 2019, the Company has made payments accumulated to RMB140 million. The Company received the withdrawal fund of this project’s principal of RMB19,027,649.76 from Ningbo Meishan Bonded Port Area Qirui Equity Investment Center LP on June 2020.

Since the cash flows obtained by the Company from the investment of the Industry Fund includes both the contractual cash flows generated by the underlying assets during the investment period and the cash flows of the disposal of the underlying assets, the contractual cash flows that do not satisfy the financial assets generated on a specific date are only the payment of interest on the basis of the outstanding principal amount, and therefore, the Company classifies the investment of the Industry Fund into financial assets measured at fair value through profit or loss and presents the investment as other non-current financial assets.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

13. Investment properties

Subsequent measurement under the cost model:

2020

	Buildings and constructions	Land use rights	Total
Original cost			
Opening balance	243,610,633.09	22,719,102.03	266,329,735.12
Transfer from fixed assets	200,000.00	-	200,000.00
Transfer to intangible assets	-	(1,730,283.59)	(1,730,283.59)
Transfer to fixed assets	(7,407,446.67)	-	(7,407,446.67)
Disposal or Scrap	(10,757,340.64)	-	(10,757,340.64)
Closing balance	<u>225,645,845.78</u>	<u>20,988,818.44</u>	<u>246,634,664.22</u>
Accumulated depreciation and amortisation			
Opening balance	(117,940,803.43)	(8,188,573.39)	(126,129,376.82)
Provision	(5,838,206.47)	(176,289.33)	(6,014,495.80)
Transfer from fixed assets	(64,379.86)	-	(64,379.86)
Transfer to intangible assets	-	450,957.64	450,957.64
Transfer to fixed assets	4,649,383.55	-	4,649,383.55
Disposal or Scrap	9,217,627.01	-	9,217,627.01
Closing balance	<u>(109,976,379.20)</u>	<u>(7,913,905.08)</u>	<u>(117,890,284.28)</u>
Provision for impairment			
Opening balance	<u>(1,300,000.00)</u>	-	<u>(1,300,000.00)</u>
Closing balance	<u>(1,300,000.00)</u>	-	<u>(1,300,000.00)</u>
Carrying amount			
At end of year	<u>114,369,466.58</u>	<u>13,074,913.36</u>	<u>127,444,379.94</u>
At beginning of year	<u>124,369,829.66</u>	<u>14,530,528.64</u>	<u>138,900,358.30</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

13. Investment properties (Continued)

Subsequent measurement under the cost model (Continued)

2019

	Buildings and constructions	Land use rights	Total
Original cost			
Opening balance	242,555,189.91	22,719,102.03	265,274,291.94
Purchase	-	-	-
Transfer from fixed assets	1,255,443.18	-	1,255,443.18
Transfer to intangible assets	-	-	-
Transfer to fixed assets	(200,000.00)	-	(200,000.00)
Closing balance	<u>243,610,633.09</u>	<u>22,719,102.03</u>	<u>266,329,735.12</u>
Accumulated depreciation and amortisation			
Opening balance	(111,131,166.21)	(7,948,629.76)	(119,079,795.97)
Provision	(6,473,856.29)	(239,943.63)	(6,713,799.92)
Transfer from fixed assets	(395,846.48)	-	(395,846.48)
Transfer to intangible assets	-	-	-
Transfer to fixed assets	60,065.55	-	60,065.55
Closing balance	<u>(117,940,803.43)</u>	<u>(8,188,573.39)</u>	<u>(126,129,376.82)</u>
Provision for impairment			
Opening balance	<u>(1,300,000.00)</u>	-	<u>(1,300,000.00)</u>
Closing balance	<u>(1,300,000.00)</u>	-	<u>(1,300,000.00)</u>
Carrying amount			
At end of year	<u>124,369,829.66</u>	<u>14,530,528.64</u>	<u>138,900,358.30</u>
At beginning of year	<u>130,124,023.70</u>	<u>14,770,472.27</u>	<u>144,894,495.97</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

13. Investment properties (Continued)

During 2020, depreciation and amortisation of investment properties were RMB6,014,495.80 (2019: RMB6,713,799.92).

During 2020, properties with a carrying amount of RMB135,620.14 (original value: RMB200,000.00, accumulated depreciation: RMB64,379.86) were leased out to a third party in the form of operating leases. Since the date of changing the use of properties, the fixed assets were transferred into investment properties.

During 2020, properties with a carrying amount of RMB2,758,063.12 (original value: RMB7,407,446.67, accumulated depreciation: RMB4,649,383.55) were transferred to an owner-occupied property. Since the date of changing the use of properties, the properties were reclassified as fixed assets.

As at 31 December 2020, the Group had no investment properties for which certificates of title have not been obtained.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

14. Fixed assets

	31 December 2020	31 December 2019
Fixed assets	854,191,083.27	708,000,172.63
Disposal of fixed assets	-	-
	<u>854,191,083.27</u>	<u>708,000,172.63</u>

2020

	Buildings and constructions	Machinery and equipment	Motor vehicles	Office equipment	Electronic equipment	Total
Original cost						
Opening balance	603,848,760.59	239,741,250.34	90,023,564.89	322,298,724.55	90,133,289.24	1,346,045,589.61
Purchase	1,301,861.39	69,349,747.46	13,341,082.06	39,992,959.88	36,812,781.74	160,798,432.53
Transfer from construction in progress	1,455,115.63	3,321,029.79	-	20,296.00	-	4,796,441.42
Transfer from investment properties	7,407,446.67	-	-	-	-	7,407,446.67
Business combination not involving enterprises under common control	93,390,680.73	1,975,018.76	3,873,907.17	16,236,211.94	10,210,548.23	125,686,366.83
Transfer to investment properties	(200,000.00)	-	-	-	-	(200,000.00)
Disposal or retirement	(2,564,468.58)	(8,936,383.71)	(10,486,836.65)	(12,905,979.37)	(16,087,635.21)	(50,981,303.52)
Closing balance	<u>704,639,396.43</u>	<u>305,450,662.64</u>	<u>96,751,717.47</u>	<u>365,642,213.00</u>	<u>121,068,984.00</u>	<u>1,593,552,973.54</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

14. Fixed assets (Continued)

2020

	Buildings and constructions	Machinery and equipment	Motor vehicles	Office equipment	Electronic equipment	Total
Accumulated depreciation						
Opening balance	(210,725,255.48)	(114,086,892.23)	(58,060,958.31)	(195,644,163.28)	(59,528,147.68)	(638,045,416.98)
Provision	(24,493,901.95)	(40,831,522.87)	(8,724,407.96)	(29,263,986.69)	(30,393,164.67)	(133,706,984.14)
Transfer from investment properties	(4,649,383.55)	-	-	-	-	(4,649,383.55)
Transfer to investment properties	64,379.86	-	-	-	-	64,379.86
Disposal or retirement	1,380,170.07	6,676,259.86	8,450,094.96	8,340,010.37	12,128,979.28	36,975,514.54
Closing balance	<u>(238,423,991.05)</u>	<u>(148,242,155.24)</u>	<u>(58,335,271.31)</u>	<u>(216,568,139.60)</u>	<u>(77,792,333.07)</u>	<u>(739,361,890.27)</u>
Provision for impairment						
Opening balance	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Carrying amount						
At end of year	<u>466,215,405.38</u>	<u>157,208,507.40</u>	<u>38,416,446.16</u>	<u>149,074,073.40</u>	<u>43,276,650.93</u>	<u>854,191,083.27</u>
At beginning of year	<u>393,123,505.11</u>	<u>125,654,358.11</u>	<u>31,962,606.58</u>	<u>126,654,561.27</u>	<u>30,605,141.56</u>	<u>708,000,172.63</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

14. Fixed assets (Continued)

2019

	Buildings and constructions	Machinery and equipment	Motor vehicles	Office equipment	Electronic equipment	Total
Original cost						
Opening balance	608,461,117.25	186,208,319.61	92,636,715.94	299,947,605.66	68,789,409.65	1,256,043,168.11
Purchase	285,469.52	47,195,352.32	12,707,239.39	27,449,401.75	34,397,180.00	122,034,642.98
Transfer from construction in progress	-	8,769,821.87	-	878,820.54	527,569.85	10,176,212.26
Transfer from investment properties	200,000.00	-	-	-	-	200,000.00
Business combination not involving enterprises under common control	-	196,365.43	365,001.36	322,978.10	608,679.42	1,493,024.31
Transfer to investment properties	(1,255,443.18)	-	-	-	-	(1,255,443.18)
Disposal of subsidiaries	-	-	(305,010.00)	(298,683.01)	(124,535.84)	(728,228.85)
Disposal or retirement	(3,842,383.00)	(2,628,608.89)	(15,380,381.80)	(6,001,398.49)	(14,065,013.84)	(41,917,786.02)
Closing balance	<u>603,848,760.59</u>	<u>239,741,250.34</u>	<u>90,023,564.89</u>	<u>322,298,724.55</u>	<u>90,133,289.24</u>	<u>1,346,045,589.61</u>
Accumulated depreciation						
Opening balance	(187,646,986.94)	(85,707,014.98)	(61,269,176.57)	(175,318,733.63)	(48,947,691.25)	(558,889,603.37)
Provision	(23,596,570.19)	(30,534,710.78)	(8,573,425.40)	(24,908,016.13)	(23,283,070.58)	(110,895,793.08)
Transfer from investment properties	(60,065.55)	-	-	-	-	(60,065.55)
Transfer to investment properties	395,846.48	-	-	-	-	395,846.48
Recovered from disposal of subsidiaries	-	-	298,484.02	136,696.63	52,796.55	487,977.20
Disposal or retirement	182,520.72	2,154,833.53	11,483,159.64	4,445,889.85	12,649,817.60	30,916,221.34
Closing balance	<u>(210,725,255.48)</u>	<u>(114,086,892.23)</u>	<u>(58,060,958.31)</u>	<u>(195,644,163.28)</u>	<u>(59,528,147.68)</u>	<u>(638,045,416.98)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

14. Fixed assets (Continued)

2019 (Continued)

	Buildings and constructions	Machinery and equipment	Motor vehicles	Office equipment	Electronic equipment	Total
Provision for impairment						
Opening balance	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Carrying amount						
At end of year	393,123,505.11	125,654,358.11	31,962,606.58	126,654,561.27	30,605,141.56	708,000,172.63
At beginning of year	420,814,130.31	100,501,304.63	31,367,539.37	124,628,872.03	19,841,718.40	697,153,564.74

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

14. Fixed assets (Continued)

As at 31 December 2020 and 31 December 2019, the Group has not owned any fixed assets for operating leases.

As at 31 December 2020, the fixed assets falling to accomplish certification of title are presented as follows:

	Book value	Reason for not accomplishing certification of title
Buildings and constructions	25,424,260.88	As at 31 December 2020, the Group has not yet obtained the certification of title for No.13 Jingxing North Street, Tiexi District, Shenyang. The transferor, the State-owned Assets Supervision and Administration Commission of Tiexi District, Shenyang, was still processing the case and had provided a relevant notification.
Buildings and constructions	41,290,701.04	As at 31 December 2020, the Group has not yet obtained the certification of title for No.53 Nanshi Zhong Road, Tiexi District, Shenyang. The transferor, the State-owned Assets Supervision and Administration Commission of Tiexi District, Shenyang, was still processing the case and had provided a relevant notification.
Buildings and constructions	656,966.76	As at 31 December 2020, the Group failed to apply the property right certification of the title for No.31 Yihe Road, Kaiyuan, Tieling as the construction area is larger than the approved area but it has been provided a certification of construction completion.
Buildings and constructions	119,844.81	As at 31 December 2020, the Group had built a simple warehouse located at No.2 Baiyu Road, Sujiatun District, Shenyang for self-storage. The Group failed to accomplish the property right certification of the warehouse.

As at 31 December 2020 and 31 December 2019, no fixed assets were temporarily idle.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

15. Construction in progress

	31 December 2020			31 December 2019		
Construction in progress	<u>46,631,190.23</u>			<u>31,582,575.84</u>		
	31 December 2020			31 December 2019		
	Carrying balance	Impairment	Carrying amount	Carrying balance	Impairment	Carrying amount
Warehouse improvement project	2,357,739.84	-	2,357,739.84	1,232,957.94	-	1,232,957.94
New office building project	2,654,403.71	-	2,654,403.71	110,090.53	-	110,090.53
Supply chain extension project	12,248,729.81	-	12,248,729.81	8,081,340.80	-	8,081,340.80
Software project	19,443,779.83	-	19,443,779.83	13,197,683.52	-	13,197,683.52
Other projects	9,926,537.04	-	9,926,537.04	8,960,503.05	-	8,960,503.05
	<u>46,631,190.23</u>	-	<u>46,631,190.23</u>	<u>31,582,575.84</u>	-	<u>31,582,575.84</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

15. Construction in progress (Continued)

Changes of significant items of construction in progress in 2020 are presented as follows:

Project name	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	Transferred to long-term prepaid expense	Other			
Warehouse improvement project	1,232,957.94	6,287,811.88	(2,511,667.25)	-	(2,651,362.73)	-	2,357,739.84	Self-raised funds	93.29
New office building project	110,090.53	2,685,041.41	-	-	(140,728.23)	-	2,654,403.71	Self-raised funds	66.53
Supply chain extension project	8,081,340.80	6,452,163.18	(2,284,774.17)	-	-	-	12,248,729.81	Self-raised funds	57.29
Software project	13,197,683.52	19,443,779.83	-	(13,197,683.52)	-	-	19,443,779.83	Self-raised funds	100.00
Other construction projects	8,960,503.05	3,391,463.10	-	-	(2,425,429.11)	-	9,926,537.04	Self-raised funds	5.97
	<u>31,582,575.84</u>	<u>38,260,259.40</u>	<u>(4,796,441.42)</u>	<u>(13,197,683.52)</u>	<u>(5,217,520.07)</u>	<u>-</u>	<u>46,631,190.23</u>		

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

15. Construction in progress (Continued)

Changes of significant items of construction in progress in 2020 are presented as follows: (Continued)

2020

Project name	Project budget	Project progress (%)	Accumulated amount of borrowings capitalised	Including: borrowings capitalised in the current year	Capitalization rate (%)
Warehouse improvement project	6,910,764.45	93.29	-	-	-
New office building project	4,080,919.77	66.53	-	-	-
Supply chain extension project	29,065,907.09	57.29	-	-	-
Software project	19,443,779.83	100.00	-	-	-
Other construction projects	208,542,337.64	5.97	-	-	-
			-	-	-
			-	-	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

15. Construction in progress (Continued)

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

Project name	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	Transferred to long-term prepaid expense	Other			
Warehouse improvement project	806,272.40	3,859,186.68	(1,143,477.76)	-	(2,289,023.38)	-	1,232,957.94	Self-raised funds	67.37
New office building project	188,251.26	110,090.53	-	-	(188,251.26)	-	110,090.53	Self-raised funds	43.33
Supply chain extension project	12,617,953.89	8,728,170.28	(8,459,732.15)	(4,245,282.90)	-	(559,768.32)	8,081,340.80	Self-raised funds	71.99
Software project	12,930,498.53	13,216,765.17	(45,432.50)	(12,904,147.68)	-	-	13,197,683.52	Self-raised funds	99.98
Other construction projects	13,657,195.15	4,647,151.73	(527,569.85)	-	(8,816,273.98)	-	8,960,503.05	Self-raised funds	8.89
	<u>40,200,171.23</u>	<u>30,561,364.39</u>	<u>(10,176,212.26)</u>	<u>(17,149,430.58)</u>	<u>(11,293,548.62)</u>	<u>(559,768.32)</u>	<u>31,582,575.84</u>		

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

15. Construction in progress (Continued)

Changes of significant items of construction in progress in 2019 are presented as follows: (Continued)

2019

Project name	Project budget	Project progress (%)	Accumulated amount of borrowings capitalised	Including: borrowings capitalised in the current year	Capitalization rate (%)
Warehouse improvement project	7,008,129.53	67.37	-	-	-
New office building project	688,251.26	43.33	-	-	-
Supply chain extension project	30,933,538.69	71.99	-	-	-
Software project	26,151,831.20	99.98	-	-	-
Other construction projects	214,717,560.34	8.89	-	-	-
			-	-	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

16. Right-of-use assets

2020

	Buildings and constructions	Machinery, transport and office equipment	Others	Total
Cost				
Opening balance	2,634,697,656.23	14,470,094.95	2,418,809.35	2,651,586,560.53
Increase	992,942,597.22	98,521.31	-	993,041,118.53
Business combinations involving enterprises not under common control	463,952,931.93	-	-	463,952,931.93
Disposal	(448,866,616.81)	(7,951,563.71)	-	(456,818,180.52)
Closing balance	<u>3,642,726,568.57</u>	<u>6,617,052.55</u>	<u>2,418,809.35</u>	<u>3,651,762,430.47</u>
Accumulated amortisation				
Opening balance	(652,657,513.16)	(4,075,450.60)	(95,734.70)	(656,828,698.46)
Accrual	(863,616,827.21)	(3,712,235.62)	(95,996.99)	(867,425,059.82)
Disposal	226,748,325.54	2,695,395.26	-	229,443,720.80
Closing balance	<u>(1,289,526,014.83)</u>	<u>(5,092,290.96)</u>	<u>(191,731.69)</u>	<u>(1,294,810,037.48)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

16. Right-of-use assets (Continued)

2020 (Continued)

	Buildings and constructions	Machinery, transport and office equipment	Others	Total
Provision for impairment				
Opening balance	-	-	-	-
Closing balance	-	-	-	-
Book value				
The end of the year	<u>2,353,200,553.74</u>	<u>1,524,761.59</u>	<u>2,227,077.66</u>	<u>2,356,952,392.99</u>
The beginning of year	<u>1,982,040,143.07</u>	<u>10,394,644.35</u>	<u>2,323,074.65</u>	<u>1,994,757,862.07</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

16. Right-of-use assets (Continued)

2019

	Buildings and constructions	Machinery, transport and office equipment	Others	Total
Cost				
Opening balance	1,855,407,171.78	14,379,897.19	2,418,809.35	1,872,205,878.32
Increase	828,846,845.51	90,197.76	-	828,937,043.27
Disposal	(49,556,361.06)	-	-	(49,556,361.06)
Closing balance	<u>2,634,697,656.23</u>	<u>14,470,094.95</u>	<u>2,418,809.35</u>	<u>2,651,586,560.53</u>
Accumulated amortisation				
Opening balance	-	-	-	-
Accrual	(663,858,311.28)	(4,075,450.60)	(95,734.70)	(668,029,496.58)
Disposal	11,200,798.12	-	-	11,200,798.12
Closing balance	<u>(652,657,513.16)</u>	<u>(4,075,450.60)</u>	<u>(95,734.70)</u>	<u>(656,828,698.46)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

16. Right-of-use assets (Continued)

2019 (Continued)

	Buildings and constructions	Machinery, transport and office equipment	Others	Total
Provision for impairment				
Opening balance	-	-	-	-
Closing balance	-	-	-	-
Book value				
The end of the year	1,982,040,143.07	10,394,644.35	2,323,074.65	1,994,757,862.07
The beginning of year	1,855,407,171.78	14,379,897.19	2,418,809.35	1,872,205,878.32

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

17. Intangible assets

	31 December 2020					31 December 2019	
	<u>734,345,179.40</u>					<u>374,788,799.48</u>	
2020	Land use rights	Software	Trademarks and brands use rights	Favourable leases	Distribution network	Franchise	Total
Original cost							
Opening balance	62,083,143.97	175,625,594.44	92,349,850.00	127,486,000.00	112,117,142.86	710,000.00	570,371,731.27
Purchase	-	7,672,816.94	-	-	-	-	7,672,816.94
Business combination not involving enterprises under common control	24,880,950.20	2,142,366.10	189,687,075.12	-	171,456,535.38	-	388,166,926.80
Transfer from construction in progress	-	13,197,683.52	-	-	-	-	13,197,683.52
Transfer from investment properties	1,730,283.59	-	-	-	-	-	1,730,283.59
Disposal	-	(340,230.80)	-	-	-	-	(340,230.80)
Closing balance	<u>88,694,377.76</u>	<u>198,298,230.20</u>	<u>282,036,925.12</u>	<u>127,486,000.00</u>	<u>283,573,678.24</u>	<u>710,000.00</u>	<u>980,799,211.32</u>
Accumulated amortisation							
Opening balance	(28,858,577.16)	(88,726,743.09)	(196,850.16)	(30,792,570.91)	(46,298,190.47)	(710,000.00)	(195,582,931.79)
Provision	(1,355,326.17)	(22,774,318.72)	(4,863,933.65)	(7,085,955.88)	(14,680,838.87)	-	(50,760,373.29)
Transfer from investment properties	(450,957.64)	-	-	-	-	-	(450,957.64)
Disposal	-	340,230.80	-	-	-	-	340,230.80
Closing balance	<u>(30,664,860.97)</u>	<u>(111,160,831.01)</u>	<u>(5,060,783.81)</u>	<u>(37,878,526.79)</u>	<u>(60,979,029.34)</u>	<u>(710,000.00)</u>	<u>(246,454,031.92)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

17. Intangible assets (Continued)

2020 (Continued)	Land use rights	Software	Trademarks and brands use rights	Favourable leases	Distribution network	Franchise	Total
Provision for impairment							
Opening balance	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-
Carrying amount							
At end of the year	58,029,516.79	87,137,399.19	276,976,141.31	89,607,473.21	222,594,648.90	-	734,345,179.40
At beginning of the year	33,224,566.81	86,898,851.35	92,152,999.84	96,693,429.09	65,818,952.39	-	374,788,799.48

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

17. Intangible assets (Continued)

2019	Land use rights	Software	Trademarks and brands use rights	Favourable leases	Distribution network	Franchise	Total
Original cost							
Opening balance	62,083,143.97	144,044,859.13	92,349,850.00	127,486,000.00	112,117,142.86	710,000.00	538,790,995.96
Purchase	-	13,542,842.51	-	-	-	-	13,542,842.51
Business combination not involving enterprises under common control	-	888,462.22	-	-	-	-	888,462.22
Transfer from construction in progress	-	17,149,430.58	-	-	-	-	17,149,430.58
Closing balance	<u>62,083,143.97</u>	<u>175,625,594.44</u>	<u>92,349,850.00</u>	<u>127,486,000.00</u>	<u>112,117,142.86</u>	<u>710,000.00</u>	<u>570,371,731.27</u>
Accumulated amortisation							
Opening balance	(27,889,638.96)	(69,651,524.60)	(196,850.16)	(23,349,906.70)	(40,692,333.33)	(710,000.00)	(162,490,253.75)
Provision	(968,938.20)	(19,075,218.49)	-	(7,442,664.21)	(5,605,857.14)	-	(33,092,678.04)
Closing balance	<u>(28,858,577.16)</u>	<u>(88,726,743.09)</u>	<u>(196,850.16)</u>	<u>(30,792,570.91)</u>	<u>(46,298,190.47)</u>	<u>(710,000.00)</u>	<u>(195,582,931.79)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

17. Intangible assets (Continued)

2019 (Continued)	Land use rights	Software	Trademarks and brands use rights	Favourable leases	Distribution network	Franchise	Total
Provision for impairment							
Opening balance	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-
Carrying amount							
At end of the year	<u>33,224,566.81</u>	<u>86,898,851.35</u>	<u>92,152,999.84</u>	<u>96,693,429.09</u>	<u>65,818,952.39</u>	-	<u>374,788,799.48</u>
At beginning of the year	<u>34,193,505.01</u>	<u>74,393,334.53</u>	<u>92,152,999.84</u>	<u>104,136,093.30</u>	<u>71,424,809.53</u>	-	<u>376,300,742.21</u>

As at 31 December 2020 and 31 December 2019, no intangible assets were formed through internal research and development.

As at 31 December 2020 and 31 December 2019, no intangible assets' certificates of title have not been obtained.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

18. Goodwill

2020	Opening balance	Increase		Decrease during the year	Closing balance
		Merger of holdings not under common control	Business combinations not under common control		
Pharmaceutical distribution					
Sinopharm Holding (Jiangmen) Co., Ltd. ("Sinopharm Jiangmen")	27,392,317.73	-	-	-	27,392,317.73
Sinopharm Holding Shenzhen Yanfeng Co., Ltd. ("Sinopharm Yanfeng")	16,868,644.87	-	-	-	16,868,644.87
Sinopharm Holding Zhaoqing Co., Ltd. ("Sinopharm Zhaoqing")	2,594,341.53	-	-	-	2,594,341.53
Sinopharm Holding Shaoguan Co., Ltd. ("Sinopharm Shaoguan")	1,686,496.80	-	-	-	1,686,496.80
Sinopharm Holding Meizhou Co., Ltd. ("Sinopharm Meizhou")	1,610,819.66	-	-	-	1,610,819.66
Sinopharm Holding Huizhou Co., Ltd. ("Sinopharm Huizhou")	923,184.67	-	-	-	923,184.67
Sinopharm Holding Zhanjiang Co., Ltd. ("Sinopharm Zhanjiang")	282,135.55	-	-	-	282,135.55
Sinopharm Holding Dongguan Co., Ltd. ("Sinopharm Dongguan")	1,499.02	-	-	-	1,499.02
South Pharma & Trade	2,755,680.62	-	-	-	2,755,680.62
Foshan Nanhai	88,877,850.51	-	-	-	88,877,850.51
Sinopharm Holding Zhuhai Co., Ltd. ("Sinopharm Zhuhai")	6,772,561.47	-	-	-	6,772,561.47
Sinopharm Holding Maoming Co., Ltd. ("Sinopharm Maoming")	66,417.07	-	-	-	66,417.07
Sinopharm Holding Guoda ForMe Medicines (Shanghai) Co., Ltd. ("ForMe Medicines")	3,033,547.53	-	-	-	3,033,547.53
Pharmaceutical retail					
Sinopharm Hebei Lerentang Pharmacy Chain Store Co., Ltd. ("Hebei Lerentang")	29,482,149.57	-	-	-	29,482,149.57
Xiaoyi Guoda Wanmin Baicaotang Pharmacy Chain Store Co., Ltd. ("Xiaoyi Wanmin")	15,866,680.00	-	-	-	15,866,680.00
Shanxi Guoda Wanmin Pharmacy Chain Store Co., Ltd. ("Shanxi Wanmin")	65,025,000.00	-	-	-	65,025,000.00
Sinopharm Holding Guoda ForMe Pharmacy Chain Store Shanghai Co., Ltd. ("ForMe Pharmacy Chain Store")	19,405,450.23	-	-	-	19,405,450.23
Sinopharm Holding Guoda Pharmacy Chain Store Shanghai Co., Ltd.	5,028,638.00	-	-	-	5,028,638.00
Sinopharm Holding Guoda Yangzhou Dadesheng Pharmacy Chain Store Co., Ltd.	7,979,000.00	-	-	-	7,979,000.00
Zhejiang Guoda Pharmacy Co., Ltd.	3,045,183.85	-	-	-	3,045,183.85
Sinopharm Holding Guoda Nanjing Pharmacy Chain Store Co., Ltd.	11,598,341.12	-	-	-	11,598,341.12

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

18. Goodwill (Continued)

2020 (Continued)	Opening balance	Increase		Decrease	Closing balance
		Merger of holdings not under common control	Business combinations not under common control	during the year	
Pharmaceutical retail (Continued)					
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. ("Guoda Shenyang")	41,047,958.08	-	-	-	41,047,958.08
Liyang Guoda People Pharmacy Chain Store Co., Ltd.	107,275,095.74	-	-	-	107,275,095.74
Sinopharm Holding Hunan Guoda Minshengtang Pharmacy Chain Co., Ltd.	41,165,574.64	-	-	-	41,165,574.64
Quanzhou Guoda Pharmacy Chain Store Co., Ltd. ("Guoda Quanzhou")	41,298,622.59	-	-	-	41,298,622.59
Sinopharm Holding Guoda Henan Pharmacy Chain Store Co., Ltd.	22,666,179.77	-	-	-	22,666,179.77
Guoda Inner Mongolia	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	64,140,124.36	-	-	-	64,140,124.36
Guoda Taishan	26,826,120.55	-	-	-	26,826,120.55
Sinopharm Guoda Taiyuan Tongxinli Pharmacy Co., Ltd. ("Taiyuan Tongxinli")	2,818,647.85	-	-	-	2,818,647.85
Chaoyang Yongxingtang Pharmacy Chain Store Co., Ltd. ("Chaoyang Yongxingtang") stores' acquisition	25,973,399.17	-	-	-	25,973,399.17
Inner Mongolia Tongren Pharmacy Chain Store Co., Ltd. ("Inner Mongolia Tongren") stores' acquisition	13,494,000.00	-	-	-	13,494,000.00
Guoda Pu'er	71,064,684.79	-	-	-	71,064,684.79
Shanghai Pudong New Area Medicine & Medication Co., Ltd. ("Pudong Medicine")	65,978,042.61	-	-	-	65,978,042.61
Shanghai Dingqun	-	520,836,246.17	-	-	520,836,246.17
Chengda Fangyuan Pharmaceutical Group Co., Ltd. ("CDFY")	-	1,182,443,676.11	-	-	1,182,443,676.11
Liaoning Xianzhen Pharmaceutical Chain Co., Ltd. ("Liaoning Xianzhen") stores' acquisition	-	-	34,037,431.66	-	34,037,431.66
	<u>1,035,057,927.17</u>	<u>1,703,279,922.28</u>	<u>34,037,431.66</u>	<u>-</u>	<u>2,772,375,281.11</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

18. Goodwill (Continued)

2019	Opening balance	Increase		Decrease during the year	Closing balance
		Merger of holdings not under common control	Business combinations not under common control		
Pharmaceutical distribution					
Sinopharm Jiangmen	27,392,317.73	-	-	-	27,392,317.73
Sinopharm Yanfeng	16,868,644.87	-	-	-	16,868,644.87
Sinopharm Zhaoqing	2,594,341.53	-	-	-	2,594,341.53
Sinopharm Shaoguan	1,686,496.80	-	-	-	1,686,496.80
Sinopharm Meizhou	1,610,819.66	-	-	-	1,610,819.66
Sinopharm Huizhou	923,184.67	-	-	-	923,184.67
Sinopharm Zhanjiang	282,135.55	-	-	-	282,135.55
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 Zhuhai	6,772,561.47	-	-	-	6,772,561.47
Sinopharm Maoming	66,417.07	-	-	-	66,417.07
ForMe Medicines	3,033,547.53	-	-	-	3,033,547.53
Pharmaceutical retail					
Hebei Lerentang	29,482,149.57	-	-	-	29,482,149.57
Xiaoyi Wanmin	15,866,680.00	-	-	-	15,866,680.00
Shanxi Wanmin	65,025,000.00	-	-	-	65,025,000.00
ForMe Pharmacy Chain Store	19,405,450.23	-	-	-	19,405,450.23
Sinopharm Holding Guoda Pharmacy Chain Store Shanghai Co., Ltd.	5,028,638.00	-	-	-	5,028,638.00
Sinopharm Holding Guoda Yangzhou Dadesheng Pharmacy Chain Store Co., Ltd.	7,979,000.00	-	-	-	7,979,000.00
Zhejiang Guoda Pharmacy Co., Ltd.	3,045,183.85	-	-	-	3,045,183.85
Sinopharm Holding Guoda Nanjing Pharmacy Chain Store Co., Ltd.	11,598,341.12	-	-	-	11,598,341.12
Fujian Guoda Pharmacy Chain Store Co., Ltd.	1,567,250.76	-	-	-	1,567,250.76
Sinopharm Holding Guoda Shandong Pharmacy Chain Store Co., Ltd.	29,110,409.46	-	-	-	29,110,409.46
Guoda Shenyang	41,047,958.08	-	-	-	41,047,958.08
Liyang Guoda People Pharmacy Chain Store Co., Ltd.	107,275,095.74	-	-	-	107,275,095.74
Sinopharm Holding Hunan Guoda Minshengtang Pharmacy Chain Co., Ltd.	41,165,574.64	-	-	-	41,165,574.64
Guoda Quanzhou	41,298,622.59	-	-	-	41,298,622.59
Sinopharm Holding Guoda Henan Pharmacy Chain Store Co., Ltd.	22,666,179.77	-	-	-	22,666,179.77
Guoda Inner Mongolia	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	64,140,124.36	-	-	-	64,140,124.36

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

18. Goodwill (Continued)

2019 (Continued)	Opening balance	Increase		Decrease	Closing balance
		Merger of holdings not under common control	Business combinations not under common control	during the year	
Pharmaceutical retail (Continued)					
Guoda Taishan	26,826,120.55	-	-	-	26,826,120.55
Taiyuan Tongxinli	2,818,647.85	-	-	-	2,818,647.85
Chaoyang Yongxingtang stores' acquisition	-	-	25,973,399.17	-	25,973,399.17
Inner Mongolia Tongren stores' acquisition	-	-	13,494,000.00	-	13,494,000.00
Guoda Pu'er	-	71,064,684.79	-	-	71,064,684.79
Pudong Medicine	65,978,042.61	-	-	-	65,978,042.61
	<u>924,525,843.21</u>	<u>71,064,684.79</u>	<u>39,467,399.17</u>	<u>-</u>	<u>1,035,057,927.17</u>

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

2020	Opening balance	Increase	Decrease	Closing balance
		Provision	Disposal	
Pharmaceutical retail				
Guoda Quanzhou	<u>25,000,000.00</u>	<u>-</u>	<u>-</u>	<u>25,000,000.00</u>
2019	Opening balance	Increase	Decrease	Closing balance
		Provision	Disposal	
Pharmaceutical retail				
Guoda Quanzhou	<u>25,000,000.00</u>	<u>-</u>	<u>-</u>	<u>25,000,000.00</u>

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

	31 December 2020	31 December 2019
Pharmaceutical distribution	152,865,497.03	152,865,497.03
Pharmaceutical retail	<u>2,594,509,784.08</u>	<u>857,192,430.14</u>
	<u>2,747,375,281.11</u>	<u>1,010,057,927.17</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

18. Goodwill (Continued)

The Company's subsidiary, Guoda Drugstore, had acquired 100% equity of CDFY in July 2020, which formed goodwill amounting to RMB1,182,443,676.11. Refer to Note VI (1.2) for more details.

The Company's subsidiary, Guoda Shenyang, had acquired the operation rights of 43 stores and 11 clinics of Liaoning Xianzhen in March 2020, which formed goodwill amounting to RMB34,037,431.66. Refer to Note VI (1.4) for more details.

The Company's subsidiary, Guoda Drugstore, had acquired 100% equity of Shanghai Dingqun in January 2020, which formed goodwill amounting to RMB520,836,246.17. Refer to Note VI (1.5) for more details.

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

Key assumptions were used to calculate the present values of future cash flow projections of the asset group consisting of pharmaceutical distribution and pharmaceutical retail on 31 December 2020. Key assumptions made by the management on projections of cash flows used in goodwill impairment testing are described as follows:

	Pharmaceutical distribution	Pharmaceutical retail
Revenue growth rate in the budget period	1.79%-16.00%	-3.20%-16.43%
Sustainable growth rate	3.00%	3.00%
Gross margin	3.56%-6.40%	12.55%-50.58%
Discount rate	12.40%-15.00%	12.98%-15.00%

The management determined the budgeted gross margin and weight average growth rate based on the historical performance and market development expectation. The discount rates are used as pre-tax discount rates reflecting specific risks of the relevant asset groups and groups of asset groups. The above assumptions are used to analyse the recoverable amount of each asset group and group of asset groups in the business segment.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

19. Long-term prepaid expenses

2020	Opening balance	Increase	Amortisation	Other decrease	Closing balance
Fixed asset improvement expenditure of operating leases	289,508,030.05	152,559,690.26	(103,648,906.24)	(1,523,656.94)	336,895,157.13
Acquisition expenditure to obtain the right to operate	56,532,005.51	61,782,068.03	(22,511,751.59)	-	95,802,321.95
Others	27,487,932.58	7,479,650.45	(9,951,162.18)	(8,623.84)	25,007,797.01
	<u>373,527,968.14</u>	<u>221,821,408.74</u>	<u>(136,111,820.01)</u>	<u>(1,532,280.78)</u>	<u>457,705,276.09</u>
2019	Opening balance	Increase	Amortisation	Other decrease	Closing balance
Fixed asset improvement expenditure of operating leases	249,458,261.87	129,417,883.53	(86,397,660.69)	(2,970,454.66)	289,508,030.05
Acquisition expenditure to obtain the right to operate	57,617,166.63	15,785,422.51	(16,870,583.63)	-	56,532,005.51
Others	4,253,277.96	28,371,430.56	(5,099,503.83)	(37,272.11)	27,487,932.58
	<u>311,328,706.46</u>	<u>173,574,736.60</u>	<u>(108,367,748.15)</u>	<u>(3,007,726.77)</u>	<u>373,527,968.14</u>

20. Deferred tax assets/liabilities

Deferred tax assets and deferred tax liabilities before offsetting are as follows:

	31 December 2020		31 December 2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Provision for impairment of assets	170,577,875.56	40,697,280.41	119,337,381.49	28,279,430.24
Accrued selling expenses	113,445,282.36	26,095,709.73	101,057,882.46	24,536,658.05
Effect of the lease standard	93,685,083.09	22,420,179.23	52,885,419.73	12,482,780.70
Membership award points	59,179,220.98	14,575,814.61	30,048,003.69	7,328,820.57
Accrued payroll	47,280,390.08	11,210,512.95	11,868,705.75	2,454,711.04
Deductible loss	30,798,485.93	7,699,621.49	30,789,517.62	7,536,230.76
Others	21,096,550.78	4,641,850.41	28,617,468.39	6,174,871.53
	<u>536,062,888.78</u>	<u>127,340,968.83</u>	<u>374,604,379.13</u>	<u>88,793,502.89</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

20. Deferred tax assets/liabilities (Continued)

	31 December 2020		31 December 2019	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Fair value adjustment for a business combination not involving enterprises under common control	713,703,864.68	178,425,966.17	354,297,299.88	88,574,324.96
Fixed asset less than RMB5 million which is deducted at once	126,722,799.31	31,679,099.86	77,440,115.98	19,250,299.21
Changes in fair value of financial assets through other comprehensive income	85,802,580.28	21,450,645.07	102,335,240.00	25,583,810.00
Changes in asset valuation due to change in company policy	17,160,546.40	4,290,136.60	20,286,498.64	5,071,624.66
Others	25,205,927.86	5,297,761.98	26,521,667.38	5,487,577.71
	<u>968,595,718.53</u>	<u>241,143,609.68</u>	<u>580,880,821.88</u>	<u>143,967,636.54</u>

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

	31 December 2020		31 December 2019	
	The amount of offset	Deferred tax assets/liabilities -net	The amount of offset	Deferred tax assets/liabilities-net
Deferred tax assets	<u>35,222,201.02</u>	<u>92,118,767.81</u>	<u>25,682,673.77</u>	<u>63,110,829.12</u>
Deferred tax liabilities	<u>35,222,201.02</u>	<u>205,921,408.66</u>	<u>25,682,673.77</u>	<u>118,284,962.77</u>

The deductible temporary differences and deductible losses that were not recognised as deferred tax assets are presented as follows:

	31 December 2020	31 December 2019
Deductible temporary differences	9,435,555.39	3,406,025.94
Deductible losses (1)	<u>61,373,403.25</u>	<u>49,106,535.92</u>
	<u>70,808,958.64</u>	<u>52,512,561.86</u>

- (1) For those loss-making subsidiaries, as it is not considered probable that taxable profits will be available against which the tax losses can be utilised, the Group has not recognised the deferred tax asset for the accumulated losses amounting to RMB61,373,403.25 of the deductible taxable income of those loss-making subsidiaries.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

20. Deferred tax assets/liabilities (Continued)

The deductible losses on unrecognised deferred tax assets will be due in the following years:

	31 December 2020	31 December 2019
2020	-	4,725,707.87
2021	2,563,056.08	2,563,056.08
2022	7,261,117.97	7,261,117.97
2023	11,977,477.56	11,977,477.56
2024	22,579,176.44	22,579,176.44
2025	16,992,575.20	-
	<u>61,373,403.25</u>	<u>49,106,535.92</u>

21. Other non-current assets

	31 December 2020	31 December 2019
Specially approved reserving materials	260,590,932.98	55,550,834.89
Guarantee	114,186,431.57	-
Prepayment for projects and equipment	24,809,091.30	21,713,763.10
Contract assets	6,999,074.72	-
Others	1,611,992.27	90,372.40
	<u>408,197,522.84</u>	<u>77,354,970.39</u>

22. Short-term borrowings

	31 December 2020	31 December 2019
Credit borrowings	1,612,187,020.12	1,388,979,951.89
Discounted notes receivables	-	64,038,348.12
	<u>1,612,187,020.12</u>	<u>1,453,018,300.01</u>

As at 31 December 2020, the weighted average annual interest rate of the above borrowings was 3.49% (31 December 2019: 4.44%).

As at 31 December 2020 and 31 December 2019, no short-term borrowings of the Group have matured but were not yet paid.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

23. Notes payable

	31 December 2020	31 December 2019
Commercial acceptance bills	56,360,197.69	40,343,723.78
Bank acceptance bills	<u>7,463,805,077.00</u>	<u>5,515,353,833.75</u>
	<u>7,520,165,274.69</u>	<u>5,555,697,557.53</u>

At 31 December 2020 and 31 December 2019, no notes payable of the Group have matured but were not yet paid.

24. Accounts payable

Accounts payable are interest-free and will be paid normally between 1 and 6 months.

	31 December 2020	31 December 2019
Payment for goods	<u>7,697,451,142.50</u>	<u>6,703,967,826.54</u>

At 31 December 2020, significant accounts payable aged over one year were analysed below:

	Amount	Reason
Payment for goods	<u>398,772,102.49</u>	Not yet settled

25. Advanced receivables

	31 December 2020	31 December 2019
Advanced lease payment	<u>12,352,466.64</u>	<u>544,372.73</u>

26. Contract liabilities

	31 December 2020	31 December 2019
Contract liabilities	<u>368,600,357.14</u>	<u>302,650,567.97</u>

The ending balance of contract liabilities is the advance payments received by the Group. After the Group receives the advance payments by the customer for the sales of goods, it will generally perform the performance obligation and recognise the revenue within about 6 months.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

27. Employee benefits payable

2020	At beginning of the year	Increase	Decrease	At end of the year
Short-term employee benefits	254,250,943.71	2,659,830,539.44	(2,566,478,507.29)	347,602,975.86
Post-employment benefits (defined contribution plan)	5,057,047.69	122,670,266.27	(118,511,109.47)	9,216,204.49
Termination benefits	332,821.70	1,044,714.24	(984,669.19)	392,866.75
	<u>259,640,813.10</u>	<u>2,783,545,519.95</u>	<u>(2,685,974,285.95)</u>	<u>357,212,047.10</u>
2019	At beginning of the year	Increase	Decrease	At end of the year
Short-term employee benefits	234,513,542.42	2,077,879,749.97	(2,058,142,348.68)	254,250,943.71
Post-employment benefits (defined contribution plan)	5,643,440.87	191,419,979.31	(192,006,372.49)	5,057,047.69
Termination benefits	465,851.14	1,462,273.12	(1,595,302.56)	332,821.70
	<u>240,622,834.43</u>	<u>2,270,762,002.40</u>	<u>(2,251,744,023.73)</u>	<u>259,640,813.10</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

27. Employee benefits payable (Continued)

Short-term employee benefits:

2020	At beginning of year	Increase	Decrease	At end of year
Salaries, bonuses, allowances and grants	240,039,850.54	2,339,888,250.22	(2,249,694,919.15)	330,233,181.61
Staff welfare	1,390,324.53	78,183,745.16	(78,104,688.62)	1,469,381.07
Social security contribution	1,749,787.15	106,178,873.53	(105,734,332.16)	2,194,328.52
Including: Medical insurance	1,488,183.67	97,295,076.61	(97,251,566.33)	1,531,693.95
Work injury insurance	34,813.39	2,594,296.30	(2,544,824.34)	84,285.35
Maternity insurance	226,790.09	6,289,500.62	(5,937,941.49)	578,349.22
Housing funds	1,461,572.85	91,053,848.06	(90,865,027.72)	1,650,393.19
Labor union funds and employee education funds	8,550,047.84	42,259,342.96	(39,625,521.10)	11,183,869.70
Other short-term benefits	<u>1,059,360.80</u>	<u>2,266,479.51</u>	<u>(2,454,018.54)</u>	<u>871,821.77</u>
	<u>254,250,943.71</u>	<u>2,659,830,539.44</u>	<u>(2,566,478,507.29)</u>	<u>347,602,975.86</u>
2019	At beginning of year	Increase	Decrease	At end of year
Salaries, bonuses, allowances and grants	218,723,238.10	1,802,546,687.73	(1,781,230,075.29)	240,039,850.54
Staff welfare	1,750,750.89	65,905,421.68	(66,265,848.04)	1,390,324.53
Social security contribution	1,869,898.84	101,183,713.52	(101,303,825.21)	1,749,787.15
Including: Medical insurance	1,601,616.55	90,504,348.37	(90,617,781.25)	1,488,183.67
Work injury insurance	37,298.33	3,028,282.49	(3,030,767.43)	34,813.39
Maternity insurance	230,983.96	7,651,082.66	(7,655,276.53)	226,790.09
Housing funds	1,133,400.56	74,407,462.56	(74,079,290.27)	1,461,572.85
Labor union funds and employee education funds	10,001,452.12	31,581,582.98	(33,032,987.26)	8,550,047.84
Other short-term benefits	<u>1,034,801.91</u>	<u>2,254,881.50</u>	<u>(2,230,322.61)</u>	<u>1,059,360.80</u>
	<u>234,513,542.42</u>	<u>2,077,879,749.97</u>	<u>(2,058,142,348.68)</u>	<u>254,250,943.71</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

27. Employee benefits payable (Continued)

Defined contribution plan:

2020	At beginning of year	Increase	Decrease	At end of year
Basic pension insurance	1,971,797.54	113,012,198.11	(111,390,615.38)	3,593,380.27
Unemployment insurance	107,237.57	3,832,752.98	(3,833,272.43)	106,718.12
Contribution to a pension fund	<u>2,978,012.58</u>	<u>5,825,315.18</u>	<u>(3,287,221.66)</u>	<u>5,516,106.10</u>
	<u>5,057,047.69</u>	<u>122,670,266.27</u>	<u>(118,511,109.47)</u>	<u>9,216,204.49</u>
2019	At beginning of year	Increase	Decrease	At end of year
Basic pension insurance	2,124,176.27	179,944,134.66	(180,096,513.39)	1,971,797.54
Unemployment insurance	148,628.42	5,453,337.92	(5,494,728.77)	107,237.57
Contribution to a pension fund	<u>3,370,636.18</u>	<u>6,022,506.73</u>	<u>(6,415,130.33)</u>	<u>2,978,012.58</u>
	<u>5,643,440.87</u>	<u>191,419,979.31</u>	<u>(192,006,372.49)</u>	<u>5,057,047.69</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

27. Employee benefits payable (Continued)

Termination benefits:

2020	At beginning of year	Increase	Decrease	At end of year
Retirement benefits payable - within 1 year (Note V (35))	247,866.06	182,000.00	(224,192.41)	205,673.65
Other termination benefits (1)	<u>84,955.64</u>	<u>862,714.24</u>	<u>(760,476.78)</u>	<u>187,193.10</u>
	<u>332,821.70</u>	<u>1,044,714.24</u>	<u>(984,669.19)</u>	<u>392,866.75</u>

Termination benefits:

2019	At beginning of year	Increase	Decrease	At end of year
Retirement benefits payable - within 1 year (Note V (35))	408,057.61	631,005.86	(791,197.41)	247,866.06
Other termination benefits (1)	<u>57,793.53</u>	<u>831,267.26</u>	<u>(804,105.15)</u>	<u>84,955.64</u>
	<u>465,851.14</u>	<u>1,462,273.12</u>	<u>(1,595,302.56)</u>	<u>332,821.70</u>

(1) In 2020, other termination benefits for severing labor relations provided by the Group was RMB862,714.24 and the unpaid balance at the end of the year was RMB187,193.10 (2019: Other termination benefits for severing labor relations was RMB831,267.26, and the unpaid balance at the end of the year was RMB84,955.64).

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

28. Tax payable

	31 December 2020	31 December 2019
Corporate Income taxes	173,016,908.47	127,697,970.77
Value-added tax	102,586,862.95	88,904,599.66
Stamp duty	8,243,076.57	6,089,170.55
City maintenance and construction surtax	6,993,947.17	6,795,877.54
Individual income tax	6,790,402.61	4,532,506.64
Water conservancy fund	5,586,926.64	5,488,930.64
Educational surcharge	5,254,608.43	5,089,214.42
Property tax	664,697.78	532,454.30
Land use tax	54,028.60	11,137.20
Others	7,675,689.94	8,237,662.62
	<u>316,867,149.16</u>	<u>253,379,524.34</u>

29. Other payables

	31 December 2020	31 December 2019
Interest payable	35,572,620.82	23,632,632.90
Dividend payable	6,389,320.96	6,389,320.96
Other payables	1,557,204,939.36	1,792,342,683.76
	<u>1,599,166,881.14</u>	<u>1,822,364,637.62</u>

Interest payable

	31 December 2020	31 December 2019
Factoring interest on accounts receivable	<u>35,572,620.82</u>	<u>23,632,632.90</u>

Dividend payable

	31 December 2020	31 December 2019
Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharm")	4,835,511.58	4,835,511.58
Dividend payable to Zhang Zhenfang	1,389,639.31	1,389,639.31
Meiluo Pharmaceutical Co., Ltd.	164,170.07	164,170.07
	<u>6,389,320.96</u>	<u>6,389,320.96</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

29. Other payables (Continued)

Other payables

	31 December 2020	31 December 2019
Payables for factoring programs	576,523,284.81	849,490,467.87
Deposits	472,800,624.92	425,140,894.94
Accrued expenses	213,950,722.34	129,552,787.78
Payables for rentals	68,417,303.16	26,375,012.00
Payables for construction in progress and equipment	40,898,589.59	56,723,800.74
Equity payable	38,702,372.01	118,216,771.62
Payables to individuals	25,869,320.67	31,939,639.73
Collection of others	19,119,286.19	11,844,558.24
Payables for land transfer payments	12,597,500.00	12,597,500.00
Temporary loans	11,017,981.51	15,800,000.00
Payables to related parties	5,093,263.36	67,028,812.08
Others	72,214,690.80	47,632,438.76
	<u>1,557,204,939.36</u>	<u>1,792,342,683.76</u>

At 31 December 2020, significant other payables outstanding for over 1 year are as follows:

	Amount payable	Reason for outstanding
Equity payable	36,000,000.00	Payment conditions not met
Deposits	23,479,247.53	Payment conditions not met
Accrued expenses	14,404,245.22	Payment conditions not met
Payables for land transfer payments	12,597,500.00	Payment conditions not met
	<u>86,480,992.75</u>	

30. Non-current liabilities due within one year

	31 December 2020	31 December 2019
Long-term borrowings due within 1 year	-	31,638,984.25
Lease liabilities due within 1 year (Note V (33))	748,732,059.89	580,278,863.12
	<u>748,732,059.89</u>	<u>611,917,847.37</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

31. Other current liabilities

	31 December 2020	31 December 2019
VAT collected in advance	24,142,106.09	-
Output VAT to be recognised	644,972.46	749,710.19
	<u>24,787,078.55</u>	<u>749,710.19</u>

32. Long-term borrowings

	31 December 2020	31 December 2019
Entrusted loans	<u>31,637,173.89</u>	<u>-</u>

At 31 December 2020, the balance of entrusted loans was RMB31,637,173.89 (31 December 2019: nil). CNPGC entrusted Sinopharm Group Finance Co., Ltd. to provide the loan.

At 31 December 2020, the weighted average annual interest rate of the entrusted loans was 3.41% (31 December 2019: 4.04%).

33. Lease liabilities

	31 December 2020	31 December 2019
Lease payment	2,217,275,863.33	1,958,724,577.28
Unrecognised financing expenses	(165,489,639.54)	(169,992,684.65)
Less: Lease liabilities due within 1 year (Note V (30))	748,732,059.89	580,278,863.12
	<u>1,303,054,163.90</u>	<u>1,208,453,029.51</u>

34. Long-term payables

	31 December 2020	31 December 2019
Long-term payables	-	-
Payables for specific projects	6,938,189.00	800,000.00
	<u>6,938,189.00</u>	<u>800,000.00</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

34. Long-term payables (Continued)

Payables for specific projects

2020	At beginning of year	Increase	Decrease	At end of year
Special funds granted by the government (1)	800,000.00	-	-	800,000.00
Medical reserve funds (2)	-	6,138,189.00	-	6,138,189.00
	<u>800,000.00</u>	<u>6,138,189.00</u>	<u>-</u>	<u>6,938,189.00</u>
2019	At beginning of year	Increase	Decrease	At end of year
Special funds granted by the government	<u>800,000.00</u>	<u>-</u>	<u>-</u>	<u>800,000.00</u>

(1) The specific payables are research funds allocated by government departments and are accounted for the specific payable account at the time of allocation.

(2) The medical reserve funds were allocated by the Liaoning Province Department of Finance to CDFY which was incorporated into the consolidation in 2020.

35. Long-term employee benefits payable

	31 December 2020	31 December 2019
Net liabilities of defined benefit plans	270,000.00	351,000.00
Long-term termination benefits	<u>1,049,000.00</u>	<u>1,082,000.00</u>
	<u>1,319,000.00</u>	<u>1,433,000.00</u>
	31 December 2020	31 December 2019
Early retirement benefits payable	1,524,673.65	1,680,866.06
Less: Retirement benefits payable within 1 year (Note V (27))	<u>205,673.65</u>	<u>247,866.06</u>
	<u>1,319,000.00</u>	<u>1,433,000.00</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

35. Long-term employee benefits payable (Continued)

Some employees of the Group have enrolled into early retirement. The primary actuarial assumptions adopted at the end of the reporting period are presented as follows:

	31 December 2020	31 December 2019
Discount rate	3.25%	3.25%
Growth rate of wages	6.00%	6.00%

The total post-employment benefits recognised in profit or loss of the current year are shown below:

	2020	2019
Included in administrative expenses	17,000.00	(49,994.14)
Included in finance costs	51,000.00	64,000.00
	<u>68,000.00</u>	<u>14,005.86</u>

36. Accrued liabilities

	At beginning of year	Increase	Decrease	At ending of year
Pending litigation or arbitration (1)	-	68,808,166.79	-	68,808,166.79

- (1) Four companies with Zhang Peng as the actual controller signed several contracts with Shenyang Branch of Bank of Dalian Co., Ltd. ("the Bank") in previous years, which agreed that the above companies would transfer their creditor's rights of accounts receivable of Liaoning Chengda Fangyuan Pharmaceutical Co., Ltd. to the Bank, and the Bank would conduct factoring business for the above companies in accordance with the agreement. As the four companies failed to pay the relevant amount to the Bank, the Bank filed a lawsuit to the People's Court, requesting Liaoning Chengda Fangyuan Pharmaceutical Co., Ltd. and its parent company, CDFY, to assume the corresponding legal responsibilities. Liaoning Chengda Fangyuan Pharmaceutical Co., Ltd. recognised the accrued liabilities of RMB68,663,166.79 in accordance with the progress of the case.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

37. Deferred income

2020	Opening balance	Increase	Decrease	Closing balance
Government grants	<u>88,704,272.88</u>	<u>9,390,663.97</u>	<u>(8,251,353.48)</u>	<u>89,843,583.37</u>
2019	Opening balance	Increase	Decrease	Closing balance
Government grants	<u>91,521,815.10</u>	<u>3,477,445.94</u>	<u>(6,294,988.16)</u>	<u>88,704,272.88</u>

As at 31 December 2020, deferred income from government grants is as follows:

Government grants program	Opening balance	Addition in the year	Amount included in other income in the year	Other changes	Closing balance	Asset-related/ income-related
Resettlement compensation (1)	72,857,032.61	-	-	(2,698,408.56)	70,158,624.05	Asset-related
Logistics project of Nanning Economic Development Zone construction support funds	5,032,972.31	-	(186,406.44)	-	4,846,565.87	Asset-related
Construction fund of the modern supply chain system in the central circulation field in 2018	2,364,075.79	2,651,300.00	(662,356.25)	-	4,353,019.54	Asset-related
Guangzhou logistics standardisation pilot project	2,268,765.71	-	(546,246.84)	-	1,722,518.87	Asset-related
Special funds for industrial transformation and upgrading in dualized integration projects	1,276,698.66	-	(449,040.48)	-	827,658.18	Asset-related
Comprehensive experimental modern service industry subsidies	1,200,000.00	-	(300,000.00)	-	900,000.00	Asset-related
Funds for the logistics information platform project of the pharmaceutical storage centre	952,381.11	-	(142,857.12)	-	809,523.99	Asset-related
Other projects	<u>2,752,346.69</u>	<u>6,739,363.97</u>	<u>(2,971,260.75)</u>	<u>(294,777.04)</u>	<u>6,225,672.87</u>	Asset-related/ income-related
	<u>88,704,272.88</u>	<u>9,390,663.97</u>	<u>(5,258,167.88)</u>	<u>(2,993,185.60)</u>	<u>89,843,583.37</u>	

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

37. Deferred income (Continued)

As at 31 December 2019, deferred income from government grants is as follows:

Government grants program	Opening balance	Addition in the year	Amount included in other income in the year	Other changes	Closing balance	Asset-related/ income-related
Resettlement compensation (1)	75,555,441.17	-	-	(2,698,408.56)	72,857,032.61	Asset-related
Logistics project of Nanning Economic Development Zone construction support funds	5,219,378.75	-	(186,406.44)	-	5,032,972.31	Asset-related
Construction fund of the modern supply chain system in the central circulation field in 2018	-	2,651,300.00	(287,224.21)	-	2,364,075.79	Asset-related
Guangzhou Logistics standardisation pilot project	2,815,012.55	-	(546,246.84)	-	2,268,765.71	Asset-related
Special funds for industrial transformation and upgrading in dualized integration projects	1,687,899.50	-	(411,200.84)	-	1,276,698.66	Asset-related
Comprehensive experimental modern service industry subsidies	1,500,000.00	-	(300,000.00)	-	1,200,000.00	Asset-related
Funds for the logistics information platform project of the pharmaceutical storage centre	1,083,333.47	-	(130,952.36)	-	952,381.11	Asset-related
Other projects	3,660,749.66	826,145.94	(1,734,548.91)	-	2,752,346.69	Asset-related/ income-related
	<u>91,521,815.10</u>	<u>3,477,445.94</u>	<u>(3,596,579.60)</u>	<u>(2,698,408.56)</u>	<u>88,704,272.88</u>	

- (1) 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 a property in construction equal to a value of RMB70,250,000.00. Cash compensation of RMB50,000,000.00 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 recognised as investment properties.

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

38. Other non-current liabilities

	31 December 2020	31 December 2019
Medical reserve funds (1)	711,029,182.37	46,723,743.31
Product promotion accumulative points programme (2)	29,815,911.17	26,478,986.49
Others	17,896.05	53,785.13
	<u>740,862,989.59</u>	<u>73,256,514.93</u>

(1) The medical reserve funds include the Central Medical Reserve Funds, the Provincial Reserve Funds, the Municipal Reserve Funds, and the Emergency Reserve Funds allocated by the Central Ministry of Finance to establish the system of reserve medical supplies for public health emergencies.

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

39. Share capital

2020	At beginning of the year	Increase/decrease during the current year			At end of the year
		Issue of new shares	Others	Subtotal	
Listed shares without restriction of trading:					
-A shares, listed	307,744,355.00	-	59,989,270.00	59,989,270.00	367,733,625.00
-B shares, listed	54,884,475.00	-	-	-	54,884,475.00
Listed shares with restriction of trading:					
-State-owned legal person shares	60,380,743.00	-	(54,874,973.00)	(54,874,973.00)	5,505,770.00
-Legal person registered within China shares	5,114,297.00	-	(5,114,297.00)	(5,114,297.00)	-
-Natural person registered within China shares	3,113.00	-	-	-	3,113.00
	<u>428,126,983.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428,126,983.00</u>
2019	At beginning of the year	Increase/decrease during the current year			At end of the year
		Issue of new shares	Others	Subtotal	
Listed shares without restriction of trading:					
-A shares, listed	307,744,355.00	-	-	-	307,744,355.00
-B shares, listed	54,884,475.00	-	-	-	54,884,475.00
Listed shares with restriction of trading:					
-State-owned legal person shares	60,380,743.00	-	-	-	60,380,743.00
-Legal person registered within China shares	5,114,297.00	-	-	-	5,114,297.00
-Natural person registered within China shares	3,113.00	-	-	-	3,113.00
	<u>428,126,983.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428,126,983.00</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

40. Capital surplus

2020	At beginning of the year	Increase	Decrease	At end of the year
Share premium	2,118,174,787.27	-	-	2,118,174,787.27
Other capital surplus -				
Significant reorganization	1,173,907,763.19	-	-	1,173,907,763.19
Transfer of capital surplus recognised under the previous accounting system	2,650,322.00	-	-	2,650,322.00
Other changes in equity of invested units under the equity method (1)	(52,009,984.28)	-	(393,875.73)	(52,403,860.01)
Business combination under common control (2)	107,759,447.87	-	(97,869,029.99)	9,890,417.88
Others	1,120,284,623.39	-	-	1,120,284,623.39
	<u>4,470,766,959.44</u>	<u>(98,262,905.72)</u>		<u>4,372,504,053.72</u>
2019	At beginning of the year	Increase	Decrease	At end of the year
Share premium	2,118,174,787.27	-	-	2,118,174,787.27
Other capital surplus -				
Significant reorganization	1,173,907,763.19	-	-	1,173,907,763.19
Transfer of capital surplus recognised under the previous accounting system	2,650,322.00	-	-	2,650,322.00
Other changes in equity of invested units under the equity method (1)	(94,032,514.34)	42,022,530.06	-	(52,009,984.28)
Business combination under common control (2)	107,759,447.87	-	-	107,759,447.87
Others	1,120,284,623.39	-	-	1,120,284,623.39
	<u>4,428,744,429.38</u>	<u>42,022,530.06</u>	<u>-</u>	<u>4,470,766,959.44</u>

(1) A decrease of RMB393,875.73 in other changes in equity of the invested entity under the equity method in the current year, which was due to the decrease of other changes in equity of the Group's associate company, Shyndec Pharma, decreased the book value of a long-term equity investment and wrote down the capital reserve of RMB393,875.73.

An increase of RMB42,022,530.06 in other changes in equity of the invested entity under the equity method in 2019, which was due to the increase of other changes in equity of the Group's associate company, Shyndec Pharma, increased the book value of a long-term equity investment and included in capital surplus of RMB42,022,530.06.

(2) The Company's subsidiary, Guoda Drugstore, acquired Pudong Medicine, an enterprise under common control on January 2nd, 2020, which formed a business combination under common control (Note VI (2)). At the beginning of the period, the Company restated and confirmed the capital reserve of RMB107,759,447.87, offsetting the capital reserve of RMB107,759,447.87 at the consolidation date. The capital surplus was recognised at RMB9,890,417.88 on the basis of the difference between the book value of identifiable net assets and the consideration payments at the consolidation date.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

41. Other comprehensive income

Accumulated balance of other comprehensive income attributable to owners of the parent in the consolidated balance sheet:

	1 January 2020	Increase/decrease	31 December 2020
Change in the fair value of other equity investments	46,050,708.96	(7,439,657.92)	38,611,051.04
Other comprehensive income using the equity method that may be reclassified to profit or loss	<u>(133,366.19)</u>	<u>5,332.87</u>	<u>(128,033.32)</u>
	<u>45,917,342.77</u>	<u>(7,434,325.05)</u>	<u>38,483,017.72</u>

The current occurrence amount of other comprehensive income in the consolidated income statement is as follows:

	Occurrence amount before tax	Less: Income tax	Attributable to owners of the parent	Attributable to non-controlling interests
Other comprehensive income that will not be reclassified to profit or loss				
Change in the fair value of other equity investments	(16,532,659.72)	4,133,164.93	(7,439,657.92)	(4,959,836.87)
Other comprehensive income that may be reclassified to profit or loss				
Other comprehensive income using the equity method that may be reclassified to profit or loss	<u>5,332.87</u>	<u>-</u>	<u>5,332.87</u>	<u>-</u>
	<u>(16,527,326.85)</u>	<u>4,133,164.93</u>	<u>(7,434,325.05)</u>	<u>(4,959,836.87)</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

42. Surplus reserves

	31 December 2020	31 December 2019
Statutory surplus reserves	<u>214,063,491.50</u>	<u>214,063,491.50</u>

According to the provisions of the Company Law and the Company's articles of association, the Company appropriates statutory surplus reserves at 10% of the net profit. Where the accumulated amount of surplus reserves reaches 50% or more of the Company's registered capital, additional appropriation is not required. When approved, the discretionary surplus reserves can be used to recover accumulated losses or increase share capital. The accumulated amount of the statutory surplus reserves of the Company has already reached 50% of the registered capital. According to the Company's articles of association, the Company would not continue to appropriate the surplus reserves.

43. Retained earnings

	31 December 2020	31 December 2019
Retained earnings at the end of the prior year before adjustment	7,755,295,537.08	6,655,257,147.27
Adjust: Business combination under common control (1)	<u>(3,029,877.91)</u>	<u>328,013.78</u>
Retained earnings at the end of the prior year after adjustment	7,752,265,659.17	6,655,585,161.05
Add: Net profit attributable to the parent	1,401,892,593.23	1,267,931,291.32
Less: Withdrawal from the surplus reserves	-	-
Cash dividends payable for ordinary shares (2)	256,876,189.80	171,250,793.20
Others	<u>2,136,956.21</u>	<u>-</u>
Retained earnings at end of year	<u>8,895,145,106.39</u>	<u>7,752,265,659.17</u>

(1) Due to the change in the scope of business combination under the common control, the undistributed profit at the beginning of the year was decreased by RMB3,029,877.91 (2019: increased by RMB328,013.78).

(2) Pursuant to the resolution of the General Meeting of shareholders on 15 May 2020, the Company paid a cash dividend of RMB6.00 for every 10 shares to all shareholders. The cash dividend was calculated on the basis of 428,126,983 shares in issue, with an aggregate amount of RMB256,876,189.80.

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V Notes to the consolidated financial statements (Continued)

44. Operating revenue and cost

	2020		2019	
	Revenue	Cost	Revenue	Cost
Principal operations	59,129,559,267.80	52,474,778,734.75	52,403,059,847.05	46,844,290,615.65
Other operations	519,895,744.23	116,988,729.62	383,747,629.23	46,933,689.39
	<u>59,649,455,012.03</u>	<u>52,591,767,464.37</u>	<u>52,786,807,476.28</u>	<u>46,891,224,305.04</u>

Revenue is as follows:

	2020	2019
Revenue from contracts with customers	59,575,293,446.98	52,710,788,688.18
Rentals	74,161,565.05	76,018,788.10
	<u>59,649,455,012.03</u>	<u>52,786,807,476.28</u>

Disaggregation of revenue from contracts with customers is as follows:

	2020	2019
Place of business		
China	<u>59,575,293,446.98</u>	<u>52,710,788,688.18</u>
Types of major activities		
Pharmaceutical distribution	41,771,721,959.60	39,289,565,512.68
Retail pharmacy	17,626,007,757.96	13,327,372,258.48
Others	<u>177,563,729.42</u>	<u>93,850,917.02</u>
	<u>59,575,293,446.98</u>	<u>52,710,788,688.18</u>
Types of major goods		
Pharmaceuticals	54,004,558,520.07	48,911,083,932.45
Medical devices and disposables	4,010,735,060.66	2,756,591,633.83
Diagnostic reagents	947,638,322.63	692,370,435.53
Medical equipment	434,797,814.20	256,891,769.35
Others	<u>177,563,729.42</u>	<u>93,850,917.02</u>
	<u>59,575,293,446.98</u>	<u>52,710,788,688.18</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

44. Operating revenue and cost (Continued)

Disaggregation of revenue from contracts with customers is as follows: (Continued)

	2020	2019
Timing of revenue recognition		
At a point in time		
Sale of goods	59,397,729,717.56	52,616,937,771.16
Over time		
Providing services	68,569,069.02	50,137,787.92
Storage and logistics	108,994,660.40	43,713,129.10
	<u>59,575,293,446.98</u>	<u>52,710,788,688.18</u>

Revenue recognised that was included in contract liabilities at the beginning of the year is as follows:

	2020	2019
Sale of goods	<u>302,650,567.97</u>	<u>255,590,612.37</u>

The Group has recognised contract liabilities in total of RMB368,600,357.14 through the sale of goods and provision of services in the current year. The expected revenue recognition time for the Group's contract obligations above is in year 2021.

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

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

45. Taxes and surcharges

	2020	2019
City maintenance and construction tax	59,276,259.36	52,987,733.40
Educational surcharge	43,510,012.21	38,516,540.15
Stamp duty	39,538,983.99	36,384,850.88
Property tax	7,664,420.10	7,499,320.37
River & embankment maintenance fee	1,949,549.82	778,070.25
Land tax	1,174,966.86	1,034,041.67
Vehicle and vessel use tax	194,779.35	149,680.18
Others	1,322,475.51	249,900.06
	<u>154,631,447.20</u>	<u>137,600,136.96</u>

46. Selling expenses

	2020	2019
Employee benefits	2,043,118,426.77	1,664,788,059.02
Depreciation expenses of right-of-use assets	835,697,733.77	636,332,762.88
Rental expenses	158,482,491.26	129,382,940.25
Technical service fee	131,325,755.99	80,597,774.81
Amortisation of long-term deferred expenses	115,379,262.15	94,818,505.47
Depreciation expenses of fixed assets	97,651,219.31	80,389,019.76
Utilities	78,849,800.64	66,594,129.68
Office expense	66,308,505.21	44,962,674.71
Promotion and marketing expenses	49,558,552.69	50,973,960.56
Storage expenses	36,065,016.61	26,878,397.01
Entertainment expenses	33,444,574.42	32,702,753.92
Property management fee	31,062,038.32	29,632,095.50
Amortisation of intangible assets	27,930,125.84	12,646,048.96
Market development fee	21,647,420.16	6,347,031.83
Repairing fees	20,602,212.23	17,320,783.19
Conference expenses	16,225,584.87	12,097,686.10
Travel allowances	7,965,661.14	9,773,557.45
Others	171,819,714.37	171,769,654.59
	<u>3,943,134,095.75</u>	<u>3,168,007,835.69</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

47. Administrative expenses

	2020	2019
Employee benefits	699,697,917.02	595,179,534.54
Office expense	35,056,907.24	31,008,477.00
Technical service fee	30,879,626.54	21,405,611.44
Depreciation expenses of fixed assets	30,748,526.91	27,925,016.38
Rental expenses	26,955,390.76	16,718,745.74
Depreciation expenses of right-of-use assets	23,903,526.11	24,345,562.98
Amortisation of intangible assets	22,075,334.76	20,047,861.51
Agency service fee	16,719,272.96	15,874,413.01
Amortisation of long-term deferred expenses	16,330,808.19	12,267,769.44
Entertainment expenses	15,641,332.80	16,793,933.15
Promotion and marketing expenses	8,377,538.57	12,495,124.13
Travel allowance	8,372,052.69	11,597,019.38
Vehicle management expenses	8,036,500.07	8,028,553.56
Property management fee	6,252,043.20	5,747,530.40
Repairing fee	5,803,015.00	6,592,921.58
Utilities	5,303,905.41	7,599,178.45
Others	48,025,117.55	37,449,214.93
	<u>1,008,178,815.78</u>	<u>871,076,467.62</u>

48. Finance costs

	2020	2019
Interest expenses	258,189,163.79	276,490,046.68
Less: Interest income	136,455,990.10	139,860,973.14
Cash discount from purchase	41,965,157.97	43,252,757.88
Exchanges gain/(loss)	52,538.86	(390,756.61)
Others	40,034,615.27	33,354,707.49
	<u>119,855,169.85</u>	<u>126,340,266.54</u>

A breakdown for interest income is as follows:

	2020	2019
Cash	<u>136,455,990.10</u>	<u>139,860,973.14</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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V Notes to the consolidated financial statements (Continued)

49. Other income

	2020	2019	Related to asset/income
VAT reduction from small-scale taxpayers	12,478,277.50	6,159,608.34	/
VAT additional deduction	1,754,349.24	1,331,762.26	/
Taxation service charge refund	1,082,430.43	515,187.02	/
Transfer from other deferred income	1,019,634.01	1,427,850.54	Related to asset
Construction fund of the modern supply chain system in the central circulation field in 2018	662,356.25	287,224.21	Related to asset
Guangzhou logistics standardisation pilot project	546,246.84	546,246.84	Related to asset
Industrial transformation and upgrading in dualized integration project	449,040.48	411,200.84	Related to asset
Comprehensive experimental modern service industry subsidies	300,000.00	300,000.00	Related to asset
Job stabilisation grants	23,907,132.61	8,704,495.35	Related to income
Tax return	6,362,566.77	7,944,738.61	Related to income
Government support funding	5,693,338.30	8,074,003.07	Related to income
Subsidies related to COVID-19	4,860,421.11	-	Related to income
Enterprise economy award	4,103,804.00	2,555,293.34	Related to income
Government grants for medicine reserve expenses	3,280,609.72	3,417,500.00	Related to income
Tax preference for self-employed retired soldiers	861,689.99	631,860.00	Related to income
Others	5,001,910.94	2,922,148.28	Related to income
	<u>72,363,808.19</u>	<u>45,229,118.70</u>	

50. Investment income

	2020	2019
Long-term equity investment income under the equity method	354,345,705.65	331,171,902.87
Investment income from non-current financial assets that are held	4,109,881.90	-
Dividend income from other equity investments that are still held	640,538.07	471,386.60
Investment income from disposal of long-term equity investments	-	919,446.05
Investment income from the derecognition of financial assets measured at amortised cost	(76,142,835.36)	(86,377,492.55)
Others	998,665.84	-
	<u>283,951,956.10</u>	<u>246,185,242.97</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

51. Credit impairment losses

	2020	2019
Impairment loss on accounts receivable	21,209,110.01	4,771,468.16
Impairment loss on other receivables	3,286,689.75	48,284,731.96
Impairment loss on notes receivable	1,479,520.32	-
	<u>25,975,320.08</u>	<u>53,056,200.12</u>

52. Impairment losses

	2020	2019
Loss from write-down of inventories	5,079,297.71	1,180,898.16
Loss from impairment of other non-current assets	82,188.73	-
Loss from impairment of contract assets	17,799.31	-
Loss from impairment of long-term equity investments	-	1,857,279.52
	<u>5,179,285.75</u>	<u>3,038,177.68</u>

53. Gain on disposal of assets

	2020	2019
Gain on disposal of right-of-use assets	6,094,970.49	1,862,763.18
Gain on disposal of fixed assets	696,992.01	688,411.84
	<u>6,791,962.50</u>	<u>2,551,175.02</u>

54. Non-operating income

	2020	2019	Included in non-recurring profit or losses in 2020
Government grants irrelevant to daily operation	6,037,572.78	5,015,608.56	6,037,572.78
Gain from writing off the unnecessary payment	4,342,240.20	16,601,380.58	4,342,240.20
Others	7,281,107.60	3,985,362.48	7,281,107.60
	<u>17,660,920.58</u>	<u>25,602,351.62</u>	<u>17,660,920.58</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

54. Non-operating income (Continued)

Government grants are as follows:

	2020	2019	Asset-related/ income-related
Resettlement Compensation of Sinopharm Holding Guoda Nanjing Pharmacy Chain Store Co., Ltd.	3,339,164.22	-	Asset-related
Resettlement Compensation of Guangxi Logistics Guangxi Logistics' ("Water supply, power supply, heating and property management") financial subsidies	2,698,408.56	2,698,408.56	Asset-related
	-	2,317,200.00	Income-related
	<u>6,037,572.78</u>	<u>5,015,608.56</u>	

55. Non-operating expenses

	2020	2019	Included in non-recurring profit or losses in 2020
Lawsuit compensation	16,510,153.06	235,000.00	16,510,153.06
Penalty and late payment expenses	2,218,668.33	1,151,694.82	2,218,668.33
Donation expenses	1,297,427.97	450,000.00	1,297,427.97
Loss on damage in non-current assets needed to be scrapped	1,223,651.40	225,899.84	1,223,651.40
Others	3,015,711.08	2,513,202.26	3,015,711.08
	<u>24,265,611.84</u>	<u>4,575,796.92</u>	<u>24,265,611.84</u>

56. Government grants

The government grants, which are offset against the carrying amounts of the related assets and expenses as set out below, are presented on a net basis.

	2020	2019
Government grants related to income	-	-
Offset against finance costs (1)	2,385,907.71	1,378,372.43
Offset against administrative expenses (2)	59,398.58	-
Offset against selling expenses (2)	36,507.26	-
	<u>2,481,813.55</u>	<u>1,378,372.43</u>

(1) In 2020, the Group received the following large amounts of loan discount funds: RMB1,636,557.33 from the Finance Bureau of Nanning National Economic and Technological Development Zone for the COVID-19 epidemic, RMB130,500.00 from an industrial development fund of Futian Development Service Center of Shenzhen, Guangdong Province and the loan discount fund of medical reserve material of RMB361,800.00 from the Pharmaceutical Reserve Supplies Fund of the Department of Finance of Guangxi Zhuang Autonomous Region. The Group offset the above loan discount funds received in 2020 against financial expenses.

(2) In 2020, the Group received RMB95,905.84 from the Shenzhen Social Insurance Fund Administration for maternity allowance and offset the amount against the administrative expenses and selling expenses.

For details of other government subsidies, please refer to Note V (37 & 49 & 54)

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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V Notes to the consolidated financial statements (Continued)**57. Expenses by nature**

The operating costs, selling expenses and administrative expenses are classified by nature and listed as follows:

	2020	2019
Inventories of finished and work-in-progress goods/cost of inventories	52,575,257,040.80	46,870,965,233.34
Employee benefits	2,768,505,064.02	2,267,715,077.36
Depreciation and amortisation	1,194,018,733.06	927,099,515.77
Technical service fee	162,205,382.53	102,003,386.25
Rental expenses	151,957,389.34	146,101,685.99
Office telecom and internet expenses	101,365,412.45	75,971,151.71
Utilities	90,047,842.72	76,586,878.93
Transportation expenses	83,372,921.46	92,959,071.86
Promotion and marketing expenses	79,583,511.42	69,816,116.52
Entertainment expenses	49,085,907.22	49,496,687.07
Property management fee	37,314,081.52	35,379,625.90
Storage expenses	36,065,016.61	26,878,397.01
Travel allowance	28,019,639.55	30,479,756.64
Repairing fee	26,405,227.23	23,913,704.77
Conference expenses	19,914,839.02	18,364,777.22
Agency service fee	16,719,272.96	15,874,413.01
Others	123,243,093.99	100,703,129.00
	<u>57,543,080,375.90</u>	<u>50,930,308,608.35</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

58. Income tax expenses

	2020	2019
Current tax expenses	444,118,362.45	368,951,752.27
Deferred tax expenses	<u>(8,178,312.39)</u>	<u>2,344,972.51</u>
	<u>435,940,050.06</u>	<u>371,296,724.78</u>

The reconciliation between income tax expenses and profit before income taxes is as follows:

	2020	2019
Profit before income tax expenses	2,157,236,448.78	1,851,456,178.02
Income taxes calculated at applicable tax rates	539,309,112.20	462,864,044.50
Lower tax rates enacted by local authorities	(38,815,678.48)	(28,039,776.17)
Income not subject to tax	(88,586,426.41)	(82,792,975.72)
Expenses not deductible for tax	17,821,245.15	16,422,209.23
Deductible loss on unconfirmed deferred tax assets at end of the year	4,248,143.80	5,691,924.17
Utilization of previously unrecognised tax losses	1,132,158.95	705,689.03
Adjustment of income tax expenses of previous years	<u>831,494.85</u>	<u>(3,554,390.26)</u>
Income tax expenses	<u>435,940,050.06</u>	<u>371,296,724.78</u>

59. Earnings per share

	2020 RMB/share	2019 RMB/share
Basic earnings per share		
Continuing operations	<u>3.27</u>	<u>2.96</u>
Diluted earnings per share		
Continuing operations	<u>3.27</u>	<u>2.96</u>

The basic earnings per share are calculated by dividing the consolidated net profit of the current year attributable to the ordinary shareholders of the Company by the adjusted weighted average number of outstanding ordinary shares.

In year 2020, the Company had no potential dilutive ordinary shares and the diluted earnings per share were the same as the basic earnings per share.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

59. Earnings per share (Continued)

The calculation of basic and diluted earnings per share is as follows:

	2020	2019
Earnings		
Consolidated net profit attributable to the shareholders of the parent	1,401,892,593.23	1,267,931,291.32
Continuing operations	<u>1,401,892,593.23</u>	<u>1,267,931,291.32</u>
Net profit attributable to the calculation of earnings per share	<u>1,401,892,593.23</u>	<u>1,267,931,291.32</u>
Shares		
Adjusted weighted average number of ordinary shares outstanding	<u>428,126,983.00</u>	<u>428,126,983.00</u>
Basic and diluted earnings per share	<u>3.27</u>	<u>2.96</u>

60. Notes to items in the cash flow statement

Other cash receipts relating to operating activities

	2020	2019
Receipts from the emergency medical supplies reserve	784,665,445.45	-
Interest income	136,427,967.70	139,482,955.85
Rent income	74,161,565.05	64,005,908.13
Government grants except tax return	47,708,906.67	33,780,335.30
Others	<u>654,419,910.31</u>	<u>532,291,440.02</u>
	<u>1,697,383,795.18</u>	<u>769,560,639.30</u>

Other cash payments relating to operating activities

	2020	2019
Rental expenses	151,957,389.34	181,612,854.19
Office expenses	101,365,412.45	75,628,350.61
Advertising expenses	79,583,511.42	68,977,606.62
Entertainment expenses	49,085,907.22	48,599,992.71
Bank charges	37,676,127.97	29,123,133.47
Travel expenses	28,019,639.55	30,448,970.18
Conference expenses	19,914,839.02	18,138,447.03
Others	<u>1,203,408,557.10</u>	<u>769,828,162.37</u>
	<u>1,671,011,384.07</u>	<u>1,222,357,517.18</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

60. Notes to items in the cash flow statement (Continued)

Other cash receipts relating to investing activities

	2020	2019
Allocation of cash pool (1)	22,000,000.00	478,800,000.00
Refund of the expense of "Water supply, power supply, heating and property management"	1,992,616.05	-
Receipts of entrusted loan payments of Zhijun Suzhou	-	3,180,035.98
Others	59,058.62	8,444.09
	<u>24,051,674.67</u>	<u>481,988,480.07</u>

(1) Pudong Medicine, a subsidiary of the merger of enterprises under the common control of Guoda Drugstore, received the appropriation from the cash pool of Sinopharm Group, the original parent company of Pudong Medicine in the previous year, and recovered the funds originally collected to the cash pool in the current year.

Other cash payments relating to investing activities

	2020	2019
Payment of long-term deposits	5,000,000.00	-
Payment of cash pool (1)	-	452,800,000.00
Expense payment of "Water supply, power supply, heating and property management"	-	1,093,125.00
Others	2,197.26	1,504,625.74
	<u>5,002,197.26</u>	<u>455,397,750.74</u>

(1) Pudong Medicine, a subsidiary of the merger of enterprises under the common control of Guoda Drugstore, made the collection to the cash pool of Sinopharm Group, the original parent company of Pudong Medicine in the previous year.

Other cash receipts relating to financing activities

	2020	2019
Loan from other related parties received	160,700,000.00	-
Financing restricted monetary funds received	141,308,707.63	134,955,774.35
Loan from Sinopharm Group received	56,000,000.00	-
Factoring payable received	-	114,349,993.77
Others	1,323,768.00	-
	<u>359,332,475.63</u>	<u>249,305,768.12</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

60. Notes to items in the cash flow statement (Continued)

Other cash payments relating to financing activities

	2020	2019
Payment of the lease principal	886,017,712.27	708,869,138.96
Payment of the loan to other related parties	362,303,318.18	-
Payment of the factoring payable	272,967,183.06	-
Investment in Pudong Medicine	163,115,049.98	-
Payment of the loan to Sinopharm Group	114,000,000.00	-
Payment of equity of minority shareholders	67,520,417.11	-
Others	-	9,803,690.92
	<u>1,865,923,680.60</u>	<u>718,672,829.88</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

61. Supplementary information of the cash flow statement

(1) Supplementary information of the cash flow statement

Reconciliation of net profit to cash flows from operating activities

	2020	2019
Net profit	1,721,296,398.72	1,480,159,453.24
Add: Provision for asset impairment	31,154,605.83	56,094,377.80
Depreciation of fixed assets and investment properties	139,721,479.94	117,609,593.00
Depreciation of right-of-use assets	867,425,059.82	668,029,496.58
Amortisation of intangible assets	50,760,373.29	33,092,678.04
Amortisation of long-term prepaid expenses	136,111,820.01	108,367,748.15
Gains on disposal of fixed assets and other long-term assets	(5,568,311.10)	(2,337,678.02)
Finance expenses	211,028,322.66	210,425,050.18
Investment income	(283,951,956.10)	(246,185,242.97)
Increase in deferred tax assets	(8,261,294.12)	(4,332,084.74)
(Decrease)/increase in deferred tax liabilities	(4,050,183.18)	6,677,057.25
Increase in inventories	(406,383,320.25)	(511,440,122.17)
Increase in operating receivables	(2,989,963,280.33)	(793,309,108.86)
Increase in operating payables	2,124,730,859.17	1,009,745,615.25
Increase in restricted operating cash with restriction	<u>(81,303,975.89)</u>	<u>(119,943,642.99)</u>
Net cash flows from operating activities	<u>1,502,746,598.47</u>	<u>2,012,653,189.74</u>
Movement of cash		
	2020	2019
Cash at the end of year	5,405,113,257.99	8,426,071,170.16
Less: Cash at the beginning of year	<u>8,426,071,170.16</u>	<u>7,634,936,037.30</u>
Net (increase)/increase in cash	<u>(3,020,957,912.17)</u>	<u>791,135,132.86</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

61. Supplementary information of the cash flow statement (Continued)

(2) Acquisition and disposal of subsidiaries and other operating units

Acquisition of subsidiaries and other operating units

	2020	2019
Price of acquiring subsidiaries and other operating units	2,839,268,100.00	143,993,800.00
Including: CDFY	1,860,000,000.00	-
Shanghai Dingqun	934,240,000.00	-
Liaoning Xianzhen	45,000,000.00	-
Sinopharm Accord (Yangjiang) Medicine Co., Ltd. ("Yangjiang Medicine")	18,100.00	-
Beijing Golden Elephant Guoxing Pharmaceutical Co., Ltd. ("Golden Elephant Guoxing")	10,000.00	-
Guoda Pu'er.	-	90,000,000.00
Guoda Yongxingtang	-	30,000,000.00
Inner Mongolia Tongren	-	17,320,000.00
Guangzhou Medicine	-	6,660,000.00
Guoda Pharmacy (Chaoyang) Renai Pharmacy Co., Ltd. ("Chaoyang Renai")	-	13,800.00
Cash and cash equivalents paid for acquisitions of subsidiaries and other operating units	2,824,445,549.00	106,262,760.00
Including: CDFY	1,860,000,000.00	-
Shanghai Dingqun	920,603,553.00	-
Liaoning Xianzhen	43,813,896.00	-
Yangjiang Medicine	18,100.00	-
Golden Elephant Guoxing	10,000.00	-
Guoda Pu'er.	-	54,000,000.00
Guoda Yongxingtang	-	30,000,000.00
Inner Mongolia Tongren	-	15,600,000.00
Guangzhou Medicine	-	6,660,000.00
Chaoyang Renai	-	2,760.00

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

61. Supplementary information of the cash flow statement (Continued)

(2) Acquisition and disposal of subsidiaries and other operating units

	2020	2019
Less: Cash and cash equivalents held by subsidiaries and other operating units at the acquisition date	178,407,397.24	8,460,831.84
Including: CDFY	159,681,219.62	-
Shanghai Dingqun	18,639,019.00	-
Yangjiang Medicine	77,158.62	-
Golden Elephant Guoxing	10,000.00	-
Guoda Pu'er	-	3,160,882.96
Guangzhou Medicine	-	4,477,124.50
Chaoyang Renai	-	822,824.38
Net cash outflow/(inflow) on acquisition of the subsidiaries and other operating units (a)	2,646,038,151.76	97,801,928.16

(a) The net cash received from the acquisition of Yangjiang Medicine in the current year was RMB59,058.62. The statement shows the receipt of other cash related to investment activities.

Disposal of subsidiaries and other operating units

	2020	2019
Price of disposing of subsidiaries and other operating units	-	1,530,000.00
Including: Qinhuangdao Guoda Pharmacy Chain Store Co., Ltd.	-	1,530,000.00
Cash and cash equivalents received for disposals of subsidiaries and other operating units	-	1,530,000.00
Less: Cash and cash equivalents held by former subsidiaries and other operating units	-	738,535.24
Including: Qinhuangdao Guoda Pharmacy Chain Store Co., Ltd.	-	738,535.24
Net cash inflow on disposal of the subsidiaries and other operating units	-	791,464.76

(3) Cash and cash equivalents

	2020	2019
Cash on hand	6,707,125.90	5,333,515.38
Bank deposits on demand	5,398,406,132.09	8,420,737,654.78
Cash balance at the end of the year	5,405,113,257.99	8,426,071,170.16

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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V Notes to the consolidated financial statements (Continued)

62. Assets under restricted ownership or right to use

	2020	2019	Note
Cash and cash equivalents	593,091,037.88	442,672,297.43	(1)
Notes receivable and accounts receivables financing that were endorsed	27,939,151.58	-	(2)
Notes receivable that were discounted	-	64,038,348.12	(3)
Receivables financing that were pledged	<u>2,620,000.00</u>	<u>-</u>	(4)
	<u>623,650,189.46</u>	<u>506,710,645.55</u>	

- (1) On 31 December 2020, the Group had deposits of bank acceptance bills, deposits for letters of credit, and fixed deposits for guarantee or notice deposits of RMB593,091,037.88 (31 December 2019: RMB442,672,297.43) (Note V (1)).
- (2) On 31 December 2020, the Group had accounts receivables financing of RMB23,843,867.66 and commercial acceptance bills receivable of RMB4,095,283.92, which were endorsed but not have matured (31 December 2019: nil) (Note V (2) and (4)).
- (3) On 31 December 2020, the Group had commercial acceptance bills receivable of RMB0.00, which were discounted but have not matured (31 December 2019: RMB64,038,348.12) (Note V (2)).
- (4) On 31 December 2020, the Group had pledged financing receivable of RMB2,620,000.00 (31 December 2019: nil) (Note V (4)).

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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VI Changes in the scope of consolidation

1. Business combinations not involving enterprises under common control

1.1 Acquisition of Yangjiang Medicine

Sinopharm Guangzhou, a subsidiary of the Company, acquired a 70% stake of Yangjiang Hecheng Pharmaceutical Co., Ltd. (“Yangjiang Hecheng”) for RMB18,100.00. After the acquisition, Yangjiang Hecheng was renamed as Sinopharm Accord (Yangjiang) Medicine Co., Ltd. The acquisition date is determined as 31 October 2020.

The fair values and carrying amounts of identifiable assets and liabilities of Yangjiang Medicine on the acquisition date are presented as follows:

	31 October 2020 Fair value	31 October 2020 Carrying amount
Cash and bank balances	77,158.62	77,158.62
Accounts receivable	166,050.50	166,050.50
Other receivables	118,594.59	118,594.59
Other current assets	1,464.42	1,464.42
Accounts payable	141,872.00	141,872.00
Other payables	195,437.61	195,437.61
	<u>25,958.52</u>	<u>25,958.52</u>
Net assets	25,958.52	25,958.52
Less: Non-controlling interests	<u>7,787.56</u>	<u>7,787.56</u>
Net assets acquired	<u>18,170.96</u>	<u>18,170.96</u>
Amount exceeding the cost of merger recognised as profit or loss in the current period	<u>70.96</u>	
	<u>18,100.00</u> (1)	

(1) The amount refers to the cash paid by the Group in business combination of RMB18,100.00.

Operating results and cash flows of Yangjiang Medicine for the period from the acquisition date to the end of the year are presented as follows:

	Period from 31 October 2020 to 31 December 2020
Operating revenue	-
Net profit	93,736.52
Net cash flows	18,473,053.22

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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VI Changes in scope of consolidation (Continued)

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

1.2 Acquisition of CDFY

Guoda Drugstore, a subsidiary of the Company, acquired 100% shares of CDFY with cash of RMB1,860,000,000.00. The acquisition date is determined as 31 July 2020.

The fair values and carrying amounts of identifiable assets and liabilities of CDFY on the acquisition date are presented as follows:

	31 July 2020 Fair value	31 July 2020 Carrying amount
Cash and bank balances	332,637,761.94	332,637,761.94
Notes receivable	13,857,023.20	13,857,023.20
Accounts receivable	319,004,312.40	319,004,312.40
Receivables financing	27,777,393.03	27,777,393.03
Advances to suppliers	50,460,269.07	50,460,269.07
Other receivables	14,383,522.69	14,383,522.69
Inventories	462,662,882.69	462,662,882.69
Other current assets	3,208,429.47	3,208,429.47
Fixed assets	118,631,423.38	87,589,485.70
Right-of-use assets	362,835,189.20	362,835,189.20
Intangible assets	150,293,638.90	24,022,089.70
Goodwill	62,575,074.45	62,575,074.45
Long-term prepaid expenses	41,907,706.40	41,907,706.40
Deferred tax assets	10,073,542.85	10,073,542.85
Other non-current assets	9,149,246.11	9,149,246.11
Notes payable	364,029,432.47	364,029,432.47
Accounts payable	375,865,987.88	375,865,987.88
Contract liabilities	28,102,823.30	28,102,823.30
Employee benefits payable	7,356,230.28	7,356,230.28
Tax payable	16,799,858.55	16,799,858.55
Other payables	30,521,512.91	30,521,512.91
Non-current liabilities due within one year	123,672,877.17	123,672,877.17
Lease liabilities	165,766,082.01	165,766,082.01
Long-term payable	6,138,189.00	6,138,189.00
Provision	68,663,166.79	68,663,166.79
Deferred income	1,358,802.42	1,358,802.42
Deferred tax liabilities	39,328,371.72	-
Net assets	<u>751,854,081.28</u>	<u>633,868,966.12</u>
Less: Non-controlling interests	<u>11,722,682.94</u>	<u>11,722,682.94</u>
Net assets acquired	<u>740,131,398.34</u>	<u>622,146,283.18</u>
Goodwill arising from acquisition	<u>1,119,868,601.66</u>	
	<u>1,860,000,000.00</u> (1)	

(1) The amount refers to the cash paid by the Group in business combination of RMB1,860,000,000.00.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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VI Changes in scope of consolidation (Continued)

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

1.2 Acquisition of CDFY (Continued)

Operating results and cash flows of CDFY for the period from the acquisition date to the end of the year are presented as follows:

Period from 31 July 2020 to 31 December 2020

Operating revenue	1,196,961,806.29
Net profit	29,306,736.71
Net cash flows	(136,105,840.06)

1.3 Acquisition of Golden Elephant Guoxing

Beijing Golden Elephant Pharmacy Medicine Chain Co., Ltd., a subsidiary of the Company, obtained a 100% stake of Golden Elephant Guoxing with cash of RMB10,000.00. The acquisition date is determined as 2 April 2020.

The fair values and carrying amounts of identifiable assets and liabilities of Golden Elephant Guoxing on the acquisition date are presented as follows:

	4 April 2020 Fair value	4 April 2020 Carrying amount
Cash and bank balances	<u>10,000.00</u>	<u>10,000.00</u>
Net assets	<u>10,000.00</u>	<u>10,000.00</u>
Net assets acquired	<u>10,000.00</u>	<u>10,000.00</u>
Goodwill arising from acquisition	<u>-</u>	
	<u>10,000.00</u> (1)	

(1) The amount refers to the cash paid by the Group in business combination of RMB10,000.00.

Operating results and cash flows of Golden Elephant Guoxing for the period from the acquisition date to the end of the year are presented as follows:

Period from 2 April 2020 to 31 December 2020

Operating revenue	48,005,507.34
Net profit	552,478.81
Net cash flows	3,433,330.36

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VI Changes in scope of consolidation (Continued)

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

1.4 Acquisition of the management right of 11 clinics and 43 directly-managed stores of Liaoning Xianzhen

Guoda Shenyang, a subsidiary of the Company, obtained the management right of 11 clinics and 43 directly-managed stores of Liaoning Xianzhen with cash of RMB45,000,000.00. The acquisition date is determined as 30 March 2020.

The fair values and carrying amounts of identifiable assets and liabilities of the management right of 11 clinics and 43 directly-managed stores of Liaoning Xianzhen on the acquisition date are presented as follows:

	30 March 2020 Fair value	30 March 2020 Carrying amount
Inventories	10,000,000.00	10,000,000.00
Fixed assets	962,568.34	962,568.34
Net assets	10,962,568.34	10,962,568.34
Net assets acquired	10,962,568.34	10,962,568.34
Goodwill arising from acquisition	34,037,431.66	
	45,000,000.00	(1)

(1) The amount refers to the cash paid by the Group in business combination of RMB45,000,000.00.

Operating results and cash flows of the management right of 11 clinics and 43 directly-managed stores of Liaoning Xianzhen for the period from the acquisition date to the end of the year are presented as follows:

Period from 30 March 2020 to 31 December 2020

Operating revenue	71,687,429.49
Net profit	2,502,690.30
Net cash flows	184,736.66

1.5 Acquisition of Shanghai Dingqun

Guoda Drugstore, a subsidiary of the Company, acquired 100% equity of Shanghai Dingqun from Ningbo Meishan Bonded Port Area Qiling Equity Investment Center LP and the Company with RMB934,240,800.00. The acquisition date is determined as 7 January 2020.

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VI Changes in scope of consolidation (Continued)

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

1.5 Acquisition of Shanghai Dingqun (Continued)

The fair values and carrying amounts of identifiable assets and liabilities of Shanghai Dingqun on the acquisition date are presented as follows:

	7 January 2020 Fair value	7 January 2020 Carrying amount
Cash and bank balances	56,055,948.87	56,055,948.87
Accounts receivable	753,590,278.82	753,590,278.82
Receivables financing	19,457,255.29	19,457,255.29
Advances to suppliers	42,432,641.61	42,432,641.61
Other receivables	37,527,663.99	37,527,663.99
Inventories	346,785,462.21	346,785,462.21
Other current asset	6,040,985.16	6,040,985.16
Fixed assets	6,092,375.11	6,092,375.11
Right-of-use asset	101,117,742.73	101,117,742.73
Intangible asset	237,873,287.90	1,873,287.90
Long-term prepaid expenses	2,797,065.29	2,797,065.29
Deferred tax asset	20,212,628.97	20,212,628.97
Other non-current asset	98,900,000.00	98,900,000.00
Short-term borrowings	250,000,000.00	250,000,000.00
Notes payable	164,882,176.00	164,882,176.00
Accounts payable	224,639,145.65	224,639,145.65
Contract liabilities	1,344,985.26	1,344,985.26
Employee benefits payable	7,519,225.65	7,519,225.65
Tax payable	32,667,189.01	32,667,189.01
Dividend payable	38,823,529.41	38,823,529.41
Other payables	377,198,007.61	377,198,007.61
Non-current liabilities due within one year	24,715,341.58	24,715,341.58
Lease liabilities	55,614,900.64	55,614,900.64
Deferred tax liabilities	61,897,784.60	2,897,784.60
Net assets	<u>489,581,050.54</u>	<u>312,581,050.54</u>
Less: Non-controlling interests	<u>76,177,296.71</u>	<u>49,627,296.71</u>
Net assets acquired	<u>413,403,753.83</u>	<u>262,953,753.83</u>
Goodwill arising from acquisition	<u>520,836,246.17</u>	
	<u>934,240,000.00</u> (1)	

(1) The amount refers to the cash paid by the Group in business combination of RMB934,240,000.00.

Operating results and cash flows of Shanghai Dingqun for the period from the acquisition date to the end of the year are presented as follows:

Period from 7 January 2020 to 31 December 2020

Operating revenue	2,032,228,329.32
Net profit	46,488,717.62
Net cash flows	11,762,634.99

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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VI Changes in scope of consolidation (Continued)

2. Business combinations involve enterprises under common control

Guoda Drugstore, a subsidiary of the Company, acquired 75% equity of Pudong Medicine from Sinopharm Group with RMB163,115,049.98.

As both parties before and after the merger are controlled by Sinopharm Group and such control is not temporary, the merger is a business combination under common control and the merger date is determined as 2 January 2020.

Operating results and cash flows of Pudong Medicine for the period from the beginning of the current year to the merger date and the previous accounting period are presented as follows:

	Period from 1 January 2020 to 2 January 2020	2019
Operating revenue	-	765,705,805.60
Net profit	-	(4,059,241.89)
Net cash flows	-	575,388.15

The carrying amounts of assets and liabilities of Pudong Medicine on the merger date and the balance sheet date of the previous accounting period are presented as follows:

	2 January 2020	31 December 2019
Cash and bank balances	3,394,404.68	3,394,404.68
Accounts receivable	100,459,214.59	100,459,214.59
Advances to suppliers	4,946,238.30	4,946,238.30
Other receivables	23,970,596.45	23,970,596.45
Inventories	115,849,551.73	115,849,551.73
Other current asset	8,933.82	8,933.82
Fixed assets	95,400,228.52	95,400,228.52
Right-of-use asset	39,296,729.06	39,296,729.06
Intangible asset	54,842,072.44	54,842,072.44
Long-term prepaid expenses	7,065,829.13	7,065,829.13
Deferred tax asset	2,479,813.13	2,479,813.13
Goodwill	65,978,042.61	65,978,042.61
Accounts payable	155,320,266.34	155,320,266.34
Contract liability	544,372.73	544,372.73
Employee benefits payable	3,813,091.44	3,813,091.44
Tax payable	3,261,136.20	3,261,136.20
Other payables	65,506,176.60	65,506,176.60
Non-current liabilities due within one year	10,490,753.75	10,490,753.75
Lease liabilities	26,045,944.43	26,045,944.43
Deferred tax liabilities	34,567,476.49	34,567,476.49
Net assets	<u>214,142,436.48</u>	<u>214,142,436.48</u>
Less: Non-controlling interests	<u>39,593,153.20</u>	<u>39,593,153.20</u>
Net assets acquired	<u>174,549,283.28</u>	<u>174,549,283.28</u>
The difference included in equity	<u>11,434,233.30</u>	
Consideration	<u>163,115,049.98</u>	

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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VI Changes in scope of consolidation (Continued)

3. Establishment of subsidiaries

	31 December 2020 Net assets	2020 Net profit
Guoda Wanmin Huimin Kangwei Pharmacy Lvliang Co., Ltd. (a)	-	-
Sinopharm Holding Guoda Jianfeng (Jiangmen) Pharmaceutical Chain Co., Ltd. (b)	73.55	73.55
Liaoning Huludao Guoda Pharmacy Co., Ltd. (c)	-	-
Liaoning Guoda Pharmacy Chain Co., Ltd. (d)	22,661,064.13	2,661,064.13
Jinzhong Yuci Guoda Wanmin Clinic Co., Ltd. (e)	-	-
Guoda Pharmacy (Rizhao) Co., Ltd. (f)	1,500,810.31	810.31
Liaoning Guoda Health Pharmacy Co., Ltd. (g)	7,653,438.02	2,653,438.02

- (a) On 28 December 2020, the Group and Wenshui Weikang Trading Co., Ltd. accumulatively invested RMB16,320.00 thousand and RMB15,680.00 thousand to set up Guoda Wanmin Huimin Kangwei Pharmacy Lvliang Co., Ltd., respectively. After the establishment, the Group held 51% of equity interest in the company. As at the end of 2020, payment has not been completed yet.
- (b) On 26 December 2020, the Group and Jiangmen Xinhui District Jianfeng Pharmaceutical Co., Ltd. accumulatively invested RMB6,385.10 thousand and RMB6,134.70 thousand to set up Guoda Jianfeng (Jiangmen) Pharmaceutical Chain Co., Ltd., respectively. After the establishment, the Group held 51% of equity interest in the company. As at the end of 2020, payment has not been completed yet.
- (c) On 14 December 2020, the Group invested RMB1,000.00 thousand to establish Liaoning Huludao Guoda Pharmacy Co., Ltd. As at the end of 2020, payment has not been completed yet.
- (d) On 3 August 2020, the Group invested RMB20,000.00 thousand to establish Liaoning Guoda Pharmacy Co., Ltd. On 13 September 2020, the company was renamed as Liaoning Guoda Pharmacy Chain Co., Ltd. As at the end of 2020, payment has been completed.
- (e) On 6 July 2020, the Group invested RMB100.00 thousand to establish Jinzhong Yuci Guoda Wanmin Clinic Co., Ltd. As at the end of 2020, payment has not been completed yet.
- (f) On 3 June 2020, the Group invested RMB1,500.00 thousand to establish Guoda Pharmacy (Rizhao) Co., Ltd. As at the end of 2020, payment has been completed.
- (g) On 13 March 2020, the Group invested RMB5,000.00 thousand to establish Liaoning Guoda Health Pharmacy Co., Ltd. As at the end of 2020, payment has been completed.

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VII Interests in other entities

1. Interests in subsidiaries

The subsidiaries of the Group

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding		Voting proportion	Ways of acquisition
					Direct	Indirect		
Sinopharm Guilin	Guilin	Guilin	Commercial	2,000.00	-	100.00%	100.00%	Establishment
Sinopharm Baise	Baise	Baise	Commercial	3,500.00	-	100.00%	100.00%	Establishment
Sinopharm Holding Zhongshan Co., Ltd.	Zhongshan	Zhongshan	Commercial	3,000.00	-	100.00%	100.00%	Establishment
Sinopharm Guigang	Guigang	Guigang	Commercial	2,000.00	-	100.00%	100.00%	Establishment
Sinopharm Beihai	Beihai	Beihai	Commercial	1,500.00	-	100.00%	100.00%	Establishment
Sinopharm Holding Guangzhou Medical Treatment Co., Ltd.	Guangzhou	Guangzhou	Commercial	2,000.00	-	51.00%	51.00%	Establishment
Sinopharm Holding Shenzhen Jianmin Pharmaceutical Co., Ltd. ("Sinopharm Jianmin")	Shenzhen	Shenzhen	Commercial	2,000.00	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	1,500.00	100.00%	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Shenzhen Logistics Co., Ltd. ("Shenzhen Logistics")	Shenzhen	Shenzhen	Services	500.00	100.00%	-	100.00%	Business combinations involving entities under common control
Sinopharm Guangzhou	Guangzhou	Guangzhou	Commercial	355,325.00	100.00%	-	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guangdong Hengxing Co., Ltd.	Guangzhou	Guangzhou	Commercial	9,600.00	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Yulin	Yulin	Yulin	Commercial	1,000.00	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Liuzhou	Liuzhou	Liuzhou	Commercial	2,053.06	-	51.00%	51.00%	Business combinations involving entities under common control
Guangdong Huixin Investment Co., Ltd.	Guangzhou	Guangzhou	Services	500.00	-	100.00%	100.00%	Business combinations involving entities under common control

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VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0.000)	Shareholding		Voting proportion	Ways of acquisition
					Direct	Indirect		
Sinopharm Holding Foshan Co., Ltd.	Foshan	Foshan	Commercial	4,100.00	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guangdong Yuexing Co., Ltd. ("Sinopharm Yuexing")	Guangzhou	Guangzhou	Commercial	23,000.00	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guangdong Logistics Co., Ltd.	Guangzhou	Guangzhou	Services	1,300.00	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Guangxi	Nanning	Nanning	Commercial	52,141.00	100.00%	-	100.00%	Business combinations involving entities under common control
Guangxi Logistic	Nanning	Nanning	Services	71,007.00	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Wuzhou	Wuzhou	Wuzhou	Commercial	1,000.00	-	99.90%	99.90%	Business combinations involving entities under common control
Sinopharm Dongguan	Dongguan	Dongguan	Commercial	7,300.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Sinopharm Zhanjiang	Zhanjiang	Zhanjiang	Commercial	13,100.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Sinopharm Yanfeng	Shenzhen	Shenzhen	Commercial	3,000.00	51.00%	-	51.00%	Business combinations involving entities not under common control
Sinopharm Meizhou	Meizhou	Meizhou	Commercial	4,800.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Sinopharm Huizhou	Huizhou	Huizhou	Commercial	3,800.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Sinopharm Zhaoqing	Zhaoqing	Zhaoqing	Commercial	4,000.00	-	100.00%	100.00%	Business combinations involving entities not under common control

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VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding		Voting proportion	Ways of acquisition
					Direct	Indirect		
Sinopharm Jiangmen	Jiangmen	Jiangmen	Commercial	6,000.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Sinopharm Shaoguan	Shaoguan	Shaoguan	Commercial	360.00	-	70.00%	70.00%	Business combinations involving entities not under common control
Sinopharm Holding Shantou Co., Ltd.	Shantou	Shantou	Commercial	2,100.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Foshan Nanhai	Foshan	Foshan	Commercial	7,000.00	-	100.00%	100.00%	Business combinations involving entities under common control
Foshan Nanhai Uptodate & Special Medicines Co., Ltd.	Foshan	Foshan	Commercial	4,000.00	-	100.00%	100.00%	Business combinations involving entities under common control
Foshan Nanhai Medicine Co., Ltd.	Foshan	Foshan	Commercial	4,000.00	-	100.00%	100.00%	Business combinations involving entities under common control
Guangdong Uptodate & Special Medicines	Guangzhou	Guangzhou	Commercial	5,000.00	-	100.00%	100.00%	Business combinations involving entities under common control
South Pharma & Trade	Guangzhou	Guangzhou	Commercial	3,000.00	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Zhuhai Sinopharm Holding Guangzhou Medical Technology Co., Ltd.	Zhuhai	Zhuhai	Commercial	3,000.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Sinopharm Holding Guangzhou Medical Supply Chain Service Co., Ltd.	Guangzhou	Guangzhou	Commercial	588.00	-	51.00%	51.00%	Establishment
Sinopharm Holding Heyuan Co., Ltd.	Heyuan	Heyuan	Commercial	2,000.00	-	51.00%	51.00%	Establishment Business combinations involving entities not under common control
Sinopharm Holding Heyuan Co., Ltd.	Heyuan	Heyuan	Commercial	1,340.00	-	70.00%	70.00%	Business combinations involving entities not under common control
Guoda Drugstore	Shanghai	Shanghai	Commercial	168,333.00	60.00%	-	60.00%	Business combinations involving entities under common control

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Year ended 31 December 2020

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VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding		Voting proportion	Ways of acquisition
					Direct	Indirect		
Sinopharm Holding Guoda Pharmacy Shanghai Chain Co., Ltd.	Shanghai	Shanghai	Commercial	3,000.00	-	100.00%	100.00%	Business combinations involving entities under common control
Beijing Guoda Pharmacy Chain Store Co., Ltd.	Beijing	Beijing	Commercial	1,000.00	-	100.00%	100.00%	Business combinations involving entities under common control
Tianjin Guoda Pharmacy Chain Store Co., Ltd.	Tianjin	Tianjin	Commercial	1,000.00	-	80.00%	80.00%	Business combinations involving entities under common control
Guangxi Guoda Pharmaceutical Consulting Chain Co., Ltd.	Nanning	Nanning	Commercial	300.00	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Guangdong Co., Ltd.	Shenzhen	Shenzhen	Commercial	5,000.00	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Guoda Pharmacy Guangxi Chain Co., Ltd.	Liuzhou	Liuzhou	Commercial	200.00	-	100.00%	100.00%	Business combinations involving entities under common control
Zhejiang Guoda Pharmacy Co., Ltd.	Hangzhou	Hangzhou	Commercial	1,500.00	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Yangzhou Dadesheng Pharmacy Chain Store Co., Ltd.	Yangzhou	Yangzhou	Commercial	4,400.00	-	93.68%	93.68%	Business combinations involving entities under common control
Ningxia Guoda Pharmacy Chain Store Co., Ltd.	Yinchuan	Yinchuan	Commercial	7,000.00	-	70.00%	70.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Nanjing Pharmacy Chain Store Co., Ltd.	Nanjing	Nanjing	Commercial	800.00	-	60.00%	60.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Shandong Pharmacy Co., Ltd.	Linyi	Linyi	Commercial	2,900.00	-	55.00%	55.00%	Business combinations involving entities under common control
Guoda Shenyang	Shenyang	Shenyang	Commercial	5,000.00	-	51.00%	51.00%	Business combinations involving entities under common control

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding		Voting proportion	Ways of acquisition
					Direct	Indirect		
Fujian Guoda Pharmacy Chain Store Co., Ltd.	Xiamen	Xiamen	Commercial	3,750.00	-	100.00%	100.00%	Business combinations involving entities under common control
Anhui Guoda Pharmacy Chain Store Co., Ltd.	Hefei	Hefei	Commercial	1,000.00	-	60.00%	60.00%	Business combinations involving entities under common control
Guoda Quanzhou	Quanzhou	Quanzhou	Commercial	2,000.00	-	51.00%	51.00%	Business combinations involving entities under common control
Shanxi Wanmin Sinopharm Holding Hunan Guoda Minshengtang Pharmacy Chain Co., Ltd.	Taiyuan Hengyang	Taiyuan Hengyang	Commercial Commercial	2,000.00 2,000.00	- -	85.00% 51.00%	85.00% 51.00%	Business combinations involving entities under common control
Liyang Guoda People's Pharmacy Chain Store Co., Ltd.	Liyang	Liyang	Commercial	2,500.00	-	80.00%	80.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Henan Pharmacy Chain Store Co., Ltd.	Pingdingshan	Pingdingshan	Commercial	1,500.00	-	60.00%	60.00%	Business combinations involving entities under common control
Guoda Inner Mongolia	Hohhot	Hohhot	Commercial	5,000.00	-	96.70%	96.70%	Business combinations involving entities under common control
Hebei Lerentang	Shijiazhuang	Shijiazhuang	Commercial	3,500.00	-	60.00%	60.00%	Business combinations involving entities under common control
Sinopharm Guoda Pharmacy Jiangmen Chain Co., Ltd.	Jiangmen	Jiangmen	Commercial	2,400.00	-	65.00%	65.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Shanxi Yiyuan Pharmacy Chain Store Co., Ltd.	Taiyuan	Taiyuan	Commercial	1,000.00	-	80.00%	80.00%	Business combinations involving entities under common control
Xinjiang New & Special Medicines	Urumqi	Urumqi	Commercial	612.24	-	51.00%	51.00%	Business combinations involving entities under common control

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding		Voting proportion	Ways of acquisition
					Direct	Indirect		
ForMe Medicines	Shanghai	Shanghai	Commercial	6,655.00	-	97.00%	97.00%	Business combinations involving entities under common control
ForMe Pharmacy Chain Store	Shanghai	Shanghai	Commercial	5,000.00	-	99.76%	99.76%	Business combinations involving entities under common control
Beijing Golden Elephant Pharmacy Chain Co., Ltd.	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	500.00	-	100.00%	100.00%	Business combinations involving entities under common control
Changzhi Guoda Wanmin Pharmacy Chain Store Co., Ltd.	Changzhi	Changzhi	Commercial	320.00	-	51.00%	51.00%	Business combinations involving entities under common control
Shanxi Guoda Wanmin Clinic Management Chain Co., Ltd.	Taiyuan	Taiyuan	Medical services	120.00	-	100.00%	100.00%	Business combinations involving entities under common control
Shanghai Guoda Shanghong Qibao Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	100.00	-	51.00%	51.00%	Business combinations involving entities under common control
Zhejiang Sinopharm Pharmacy Dongshan Drug Store Co., Ltd.	Hangzhou	Hangzhou	Commercial	50.00	-	51.00%	51.00%	Business combinations involving entities under common control
Shanghai Guoda Dongsheng Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	50.00	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Guoda Drug Store (Shenzhen) Chain Co., Ltd.	Shenzhen	Shenzhen	Commercial	1,080.00	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Guangzhou Chain Co., Ltd.	Guangzhou	Guangzhou	Commercial	200.00	-	100.00%	100.00%	Business combinations involving entities under common control
Shanghai Guodong Chinese Traditional Medicine Clinic Co., Ltd.	Shanghai	Shanghai	Medical clinic	20.00	-	100.00%	100.00%	Business combinations involving entities under common control
Shanghai Guoda Dongxin Pharmacy Chain Store Co., Ltd.	Shanghai	Shanghai	Commercial	30.00	-	100.00%	100.00%	Business combinations involving entities under common control

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	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	100.00	-	100.00%	100.00%	Business combinations involving entities under common control
Sanhe Liyang Golden Elephant Pharmacy Co., Ltd.	Langfang	Langfang	Commercial	1.00	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Hulun Buir Co., Ltd.	Hulun Buir	Hulun Buir	Commercial	1000.00	-	51.00%	51.00%	Business combinations involving entities under common control
Shanghai ForMe Xuhui Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	25.00	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Holding Ulanqab Co., Ltd.	Ulanqab	Ulanqab	Commercial	500.00	-	60.00%	60.00%	Establishment Business combinations involving entities under common control
Guoda Taishan Sinopharm Lerentang Shijiazhuang Pharmaceutical Co., Ltd.	Taishan	Taishan	Commercial	990.00	-	70.00%	70.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Drug Store Manchuria Co., Ltd.	Shijiazhuang	Shijiazhuang	Commercial	200.00	-	100.00%	100.00%	Business combinations involving entities under common control
Sinopharm Holding Guoda Drug Store Manchuria Co., Ltd.	Manchuria	Manchuria	Commercial	50.00	-	51.00%	51.00%	Establishment
Sinopharm Guoda Anshan Chain Co., Ltd.	Anshan	Anshan	Commercial	600.00	-	51.00%	51.00%	Establishment
Sinopharm Holding Guoda Yongsheng Drug Store (Shanghai) Co., Ltd.	Shanghai	Shanghai	Commercial	80.00	-	55.00%	55.00%	Establishment
Sinopharm Holding Foshan Medical Consumables Supply Chain Co., Ltd.	Foshan	Foshan	Commercial	800.00	-	70.00%	70.00%	Establishment
Sinopharm Holding Medical Supply Chain Service (Guangxi) Co., Ltd.	Nanning	Nanning	Commercial	2000.00	-	30.60%	60.00%	Establishment
Shanghai Guoda Haohai Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	80.00	-	51.00%	51.00%	Establishment
Sinopharm Holding Baiyi Pharmacy Guangxi Co., Ltd.	Nanning	Nanning	Commercial	200.00	-	51.00%	51.00%	Establishment

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding		Voting proportion	Ways of acquisition
					Direct	Indirect		
Sinopharm Holding Hezhou Co., Ltd.	Hezhou	Hezhou	Commercial	1000.00	-	100.00%	100.00%	Establishment
Sinopharm Holding Guoda Pharmacy Zhengzhou Chain Store Co., Ltd.	Zhengzhou	Zhengzhou	Commercial	2000.00	-	60.00%	60.00%	Establishment
Shanghai Guoda Ruijing Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	80.00	-	55.00%	55.00%	Establishment
Fujian Guoda Pharmaceutical Co., Ltd.	Xiamen	Xiamen	Commercial	1500.00	-	100.00%	100.00%	Establishment
Sinopharm Holding Qinzhou Co., Ltd.	Qinzhou	Qinzhou	Commercial	1000.00	-	100.00%	100.00%	Establishment
Sinopharm Holding Hechi Co., Ltd.	Hechi	Hechi	Commercial	1000.00	-	100.00%	100.00%	Establishment
Sinopharm Holding Guangzhou Huadu Co., Ltd.	Guangzhou	Guangzhou	Commercial	1000.00	-	70.00%	70.00%	Business combinations involving entities not under common control
Sinopharm Holding Guoda Shanxi Pharmaceutical Co., Ltd.	Taiyuan	Taiyuan	Commercial	1000.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Taiyuan Tongxinli Sinopharm Holding Guoda Pharmacy Bayannur Co., Ltd.	Bayannur	Bayannur	Commercial	2,000.00	-	80.00%	80.00%	Establishment
Inner Mongolia Guoda Pharmaceutical Co., Ltd.	Hohhot	Hohhot	Commercial	2,000.00	-	100.00%	100.00%	Establishment
Guoda Yongxingtang.	Chaoyang	Chaoyang	Commercial	3,800.00	-	51.00%	51.00%	Establishment
Sinopharm Accord Medical Supply Chain (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	Commercial	3,333.00	60.00%	-	60.00%	Establishment
Liaoning Guoda Pharmaceutical Co., Ltd.	Shenyang	Shenyang	Commercial	2,000.00	-	100.00%	100.00%	Establishment
Sinopharm Holding Guangyi Health Management (Zhanjiang) Co., Ltd.	Zhanjiang	Zhanjiang	Commercial	50.00	-	60.00%	60.00%	Establishment
Guangzhou Medicine	Guangzhou	Guangzhou	Commercial	200.00	-	70.00%	70.00%	Business combinations involving entities not under common control
Chaoyang Renai	Chaoyang	Chaoyang	Commercial	50.00	-	51.00%	51.00%	Business combinations involving entities not under common control

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding		Voting proportion	Ways of acquisition
					Direct	Indirect		
Guoda Pu'er Guoda Wanmin Huimin Kangwei Pharmacy Lvliang Co., Ltd. (a)	Pu'er	Pu'er	Commercial	500.00	-	60.00%	60.00%	Business combinations involving entities not under common control
Guoda Jianfeng (Jiangmen) Pharmaceutical Chain Co., Ltd. (b)	Lvliang	Lvliang	Commercial	3,200.00	-	51.00%	51.00%	Establishment
Liaoning Huludao Guoda Pharmacy Co., Ltd. (c)	Jiangmen	Jiangmen	Commercial	1,251.97	-	51.00%	51.00%	Establishment
Yangjiang Medicine (d) Liaoning Guoda Pharmacy Chain Co., Ltd. (e)	Huludao	Huludao	Commercial	100.00	-	100.00%	100.00%	Establishment Business combinations involving entities not under common control
	Yangjiang	Yangjiang	Commercial	1,000.00	-	70.00%	70.00%	common control
	Dalian	Dalian	Commercial	2,000.00	-	100.00%	100.00%	Establishment Business combinations involving entities not under common control
CDFY (f)	Shenyang	Shenyang	Commercial	23,000.00	-	100.00%	100.00%	common control
Shandong Chengda Fangyuan Pharmaceutical Chain Co., Ltd.	Qingdao	Qingdao	Commercial	5,000.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Liaoning Chengda Fangyuan Pharmacy Chains Co., Ltd.	Shenyang	Shenyang	Commercial	8,000.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Liaoning Zhicheng Xingda Advertising Media Co., Ltd.	Benxi	Benxi	services	500.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Chengda Fangyuan (Liaoning) New and Special Drugs Chain Co., Ltd.	Shenyang	Shenyang	Commercial	5,000.00	-	80.00%	80.00%	Business combinations involving entities not under common control
Liaoning Chengda Fangyuan Vocational and Technical Training School	Shenyang	Shenyang	services	200.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Liaoning Chengda Fangyuan Medicine Co., Ltd.	Shenyang	Shenyang	Commercial	5,000.00	-	100.00%	100.00%	Business combinations involving entities not under common control

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding		Voting proportion	Ways of acquisition
					Direct	Indirect		
Dalian Zhengda Pharmaceutical Co., Ltd.	Dalian	Dalian	Commercial	500.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Hebei Chengda Fangyuan Pharmaceutical Chain Co., Ltd.	Qinghuangdao	Qinghuangdao	Commercial	2,000.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Liaoning Chengda Fangyuan Pharmaceutical Logistics Co., Ltd.	Shenyang	Shenyang	services	1,500.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Liaoning Chengda Fangyuan Logistics Co., Ltd.	Shenyang	Shenyang	services	200.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Jilin Chengda Fangyuan Pharmaceutical Co., Ltd.	Changchun	Changchun	Commercial	1,000.00	-	80.00%	80.00%	Business combinations involving entities not under common control
Jilin Chengda Fangyuan Pharmaceutical Chain Co., Ltd.	Changchun	Changchun	Commercial	500.00	-	99.00%	99.00%	Business combinations involving entities not under common control
Inner Mongolia Chengda Fangyuan Medicine Co., Ltd.	Chifeng	Chifeng	Commercial	400.00	-	70.00%	70.00%	Business combinations involving entities not under common control
Inner Mongolia Chengda Fangyuan Pharmaceutical Chain Co., Ltd.	Chifeng	Chifeng	Commercial	200.00	-	99.00%	99.00%	Business combinations involving entities not under common control
Sinopharm Holdings Guozhi Pharmacy Chain (Heyuan) Co., Ltd. (g)	Heyuan	Heyuan	Commercial	500.00	-	70.00%	70.00%	Establishment
Jinzhong Yuci Guoda Wanmin Clinic Co., Ltd. (h)	Jinzhong	Jinzhong	Commercial	10.00	-	100.00%	100.00%	Establishment Business combinations involving entities not under common control
Sinopharm Maoming (i)	Maoming	Maoming	Commercial	6,000.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Guoda Pharmacy (Rizhao) Co., Ltd. (j)	Rizhao	Rizhao	Commercial	150.00	-	100.00%	100.00%	Establishment Business combinations involving entities not under common control
Xiaoyi Wanmin (k)	Xiaoyi	Xiaoyi	Commercial	622.22	-	70.00%	70.00%	Business combinations involving entities not under common control
Golden Elephant Guoxing (l)	Beijing	Beijing	Commercial	50.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Liaoning Guoda Health Pharmacy Co., Ltd. (m)	Shenyang	Shenyang	Commercial	500.00	-	100.00%	100.00%	Establishment

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding		Voting proportion	Ways of acquisition
					Direct	Indirect		
Shanghai Dingqun (n)	Shanghai	Shanghai	services	79,050.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Sinopharm Holding Tianhe Jilin Pharmaceutical Co., Ltd.	Changchun	Changchun	Commercial	2,155.67	-	85.00%	85.00%	Business combinations involving entities not under common control
Jilin Yihe Drug Store Co., Ltd.	Changchun	Changchun	Commercial	500.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Jilin Donglong Pharmaceutical Logistics Co., Ltd.	Changchun	Changchun	Commercial	500.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Yushu City Dinghe Medical Pharmaceutical Technology Co., Ltd.	Changchun	Changchun	Commercial	500.00	-	51.00%	51.00%	Business combinations involving entities not under common control
Guoda Pharmacy Jilin Co., Ltd	Changchun	Changchun	Commercial	500.00	-	100.00%	100.00%	Business combinations involving entities not under common control
Yanji City Xianghe Pharmaceutical Co., Ltd	Yanji	Yanji	Commercial	1,000.00	-	51.00%	51.00%	Business combinations involving entities not under common control
Pudong Medicine (o) Shanghai Yanghetang Pharmaceutical Chain Management Co., Ltd.	Shanghai	Shanghai	Commercial	1,389.55	-	75.00%	75.00%	Business combinations involving entities under common control
Shanghai Pudong Yanghetang Chinese Medicine Clinic Co., Ltd.	Shanghai	Shanghai	Commercial	50.00	-	100.00%	100.00%	Business combinations involving entities under common control

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

The subsidiaries of the Group (Continued)

- (a) On 28 December 2020, the Group and Wenshui Weikang Trading Co., Ltd. accumulatively invested RMB16,320.00 thousand and RMB15,680.00 thousand to set up Guoda Wanmin Huimin Kangwei Pharmacy Lvliang Co., Ltd., respectively. After the establishment, the Group held 51% of equity in the company. As at the end of 2020, payment has not been completed yet.
- (b) On 26 December 2020, the Group and Jiangmen Xinhui District Jianfeng Pharmaceutical Co., Ltd. accumulatively invested RMB6,385.10 thousand and RMB6,134.70 thousand to set up Guoda Jianfeng (Jiangmen) Pharmaceutical Chain Co., Ltd., respectively. After the establishment, the Group held 51% of equity interest in the company. As at the end of 2020, payment has not been completed yet.
- (c) On 14 December 2020, the Group invested RMB1,000.00 thousand to set up Liaoning Huludao Guoda Pharmacy Co., Ltd. As at the end of 2020, payment has not been completed yet.
- (d) On 31 October 2020, the Group acquired 70% equity of Yangjiang Medicine from Zhang Haiyan and Huang Zhiqiang for RMB18.10 thousand, which formed a business combination not involving enterprises under common control. The acquisition was completed on 31 October 2020 and was included in the scope of consolidation.
- (e) On 3 August 2020, the Group invested RMB20,000.00 thousand to set up Liaoning Guoda Pharmacy Co., Ltd. On 13 September 2020, Liaoning Guoda Pharmacy Co., Ltd. was renamed as "Liaoning Guoda Pharmacy Chain Co., Ltd." As at the end of 2020, payment has been completed.
- (f) On 31 July 2020, the Group acquired 100% equity in CDFY Pharmaceutical Chain Investment Co., Ltd. from Liaoning Chengda Co., Ltd. for RMB1,860,000.00 thousand, which formed a business combination not involving enterprises under common control. The acquisition was completed on 31 July 2020 and was included in the scope of consolidation.
- (g) On 9 July 2020, Sinopharm Holdings Guozhi Pharmacy (Heyuan) Co., Ltd. was renamed as "Sinopharm Holdings Guozhi Pharmacy Chain (Heyuan) Co., Ltd."
- (h) On 6 July 2020, the Group invested RMB100.00 thousand to set up Jinzhong Yuci Guoda Wanmin Clinic Co., Ltd. As at the end of 2020, payment has not been completed yet.
- (i) On 22 June 2020, the registered capital of Sinopharm Maoming was changed from RMB2,000.00 thousand to RMB60,000.00 thousand. After the change, the Group subscribed RMB60,000.00 thousand of registered capital. As at the end of 2020, payment has been completed.
- (j) On 3 June 2020, the Group invested RMB1,500.00 thousand to set up Guoda Pharmacy (Rizhao) Co., Ltd. As at the end of 2020, payment has been completed.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

The subsidiaries of the Group (Continued)

- (k) On 12 May 2020, Xiaoyi City Guoda Wanmin Baicaotang Pharmacy Co., Ltd. was renamed as “Xiaoyi City Guoda Wanmin Baicaotang Pharmacy Chain Store Co., Ltd.”
- (l) On 2 April 2020, the Group acquired 100% equity in Golden Elephant Guoxing from Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd. for RMB10.00 thousand, which formed a business combination not involving enterprises under common control. The acquisition was completed on 2 April 2020 and was included in the scope of consolidation.
- (m) On 13 March 2020, the Group invested RMB5,000.00 thousand to set up Liaoning Guoda Health Pharmacy Co., Ltd. As at the end of 2020, payment has been completed.
- (n) On 7 January 2020, Guoda Drugstore, a subsidiary of the Group, acquired 97.47% equity from Ningbo Meishan Bonded Port Area Qiling Equity Investment Center LP and 2.53% equity from the Company. The total consideration paid was RMB934,240.00 thousand, which formed a business combination not involving enterprises under common control and included in the scope of consolidation of the Company. The registered capital of Shanghai Dingqun is RMB790,500 thousand, and the Company has made retroactive payment of RMB395,250 thousand this year. As at the end of 2020, the capital contribution has been completed.
- (o) On 2 January 2020, the Group acquired 75% equity in Pudong Medicine from Sinopharm Group for RMB163,115 thousand to control Pudong Medicine, which formed a business combination not involving enterprises under common control. The acquisition was completed on 2 January 2020 and was included in the scope of consolidation.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

2020

	Percentage of equity interest held by non-controlling interests	Profit for this year attributable to non-controlling interests	Dividend paid to non-controlling interests	Accumulated balances of non-controlling interests at the date of the balance sheet
Guoda Drugstore	40.00%	136,490,577.03	56,663,076.06	1,948,921,041.02

The major financial information of the subsidiaries in the table above is stated below. These amounts are before elimination:

	Guoda Drugstore
2020	
Current assets	8,886,545,970.79
Non-current assets	<u>6,570,327,751.04</u>
Total assets	<u>15,456,873,721.83</u>
Current liabilities	8,541,421,518.15
Non-current liabilities	<u>1,375,989,559.14</u>
Total liabilities	<u>9,917,411,077.29</u>
Operating revenue	19,437,660,100.65
Net profit	476,588,088.95
Total comprehensive income	<u>464,188,594.16</u>
Net cash flows from operating activities	<u>2,002,315,496.43</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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VII Interests in other entities (Continued)

2. Interests in associates

	Principal place of business	Place of incorporation	Nature of business	Shareholding (%)		Accounting
				Direct	Indirect	
Associates						
Main Luck Pharmaceutical	Shenzhen	Shenzhen	Manufacturing	35.19	-	Equity
Zhijun Suzhou	Suzhou	Suzhou	Manufacturing	33.00	-	Equity
Zhijun Medicine	Shenzhen	Shenzhen	Manufacturing	49.00	-	Equity
Zhijun Trade	Shenzhen	Shenzhen	Commercial	49.00	-	Equity
Zhijun Pingshan	Shenzhen	Shenzhen	Manufacturing	49.00	-	Equity
Shyndec Pharma	Shanghai	Shanghai	Manufacturing	16.28	-	Equity
Shanghai Beiyi	Shanghai	Shanghai	Commercial	-	26.00	Equity
Shanghai Liyi	Shanghai	Shanghai	Commercial	-	35.00	Equity
Guangdong Jienuo	Guangzhou	Guangzhou	Commercial	-	29.00	Equity
Dongyuan Accord	Heyuan	Heyuan	Commercial	-	45.00	Equity
Shanghai Renbei	Shanghai	Shanghai	Commercial	-	30.00	Equity
Guangdong Jianhui	Zhanjiang	Zhanjiang	Commercial	-	10.00	Equity

Shyndec Pharma and Zhijun Medicine are important associates of the Group and are engaged in the production as well as sale of pharmaceutical products. The Group adopted the equity method for Shyndec Pharma, Main Luck Pharmaceutical and Zhijun Medicine.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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VII Interests in other entities (Continued)

2. Interests in associates (Continued)

The following table illustrates the summarised financial information in respect of Shyndec Pharma:

	2020	2019
Current assets	10,162,475,190.65	9,676,372,530.32
Non-current assets	<u>8,087,979,595.07</u>	<u>7,962,091,231.68</u>
Total assets	<u>18,250,454,785.72</u>	<u>17,638,463,762.00</u>
Current liabilities	6,194,362,158.11	6,491,804,082.54
Non-current liabilities	<u>2,236,726,740.99</u>	<u>1,943,465,618.97</u>
Total liabilities	<u>8,431,088,899.10</u>	<u>8,435,269,701.51</u>
Non-controlling interests	1,688,157,191.81	1,615,724,166.23
Shareholders' equity attributable to shareholders of the parent company	<u>8,131,208,694.81</u>	<u>7,587,469,894.26</u>
Group's share of net assets by proportion of ownership interests	<u>1,323,760,775.52</u>	<u>1,235,240,098.79</u>
Carrying amount of the investment	<u><u>1,323,760,775.52</u></u>	<u><u>1,235,240,098.79</u></u>
Operating revenue	12,556,281,595.67	12,199,106,725.48
Income taxes	141,079,935.05	144,388,214.81
Net profit	900,046,866.22	928,467,067.03
Total comprehensive income	900,079,623.42	927,647,864.36
Dividend received	<u>16,714,220.20</u>	<u>16,714,220.15</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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VII Interests in other entities (Continued)

2. Interests in associates (Continued)

The following table illustrates the summarised financial information in respect of Main Luck Pharmaceutical:

	2020	2019
Current assets	1,076,146,345.00	1,133,984,032.16
Non-current assets	<u>124,495,504.04</u>	<u>133,620,370.43</u>
Total assets	<u>1,200,641,849.04</u>	<u>1,267,604,402.59</u>
Current liabilities	275,509,215.17	424,300,988.22
Non-current liabilities	<u>8,120,000.00</u>	<u>6,504,985.11</u>
Total liabilities	<u>283,629,215.17</u>	<u>430,805,973.33</u>
Shareholders' equity attributable to shareholders of the parent company	<u>917,012,633.87</u>	<u>836,798,429.26</u>
Group's share of net assets by proportion of ownership interests	<u>322,696,745.87</u>	<u>294,469,367.27</u>
Carrying amount of the investment	<u><u>322,696,745.87</u></u>	<u><u>294,469,367.27</u></u>
Operating revenue	1,044,631,857.57	1,530,343,275.53
Income taxes	44,375,861.78	43,327,280.21
Net profit	260,214,204.60	250,509,854.41
Total comprehensive income	260,214,204.60	250,509,854.41
Dividend received	<u><u>63,342,000.00</u></u>	<u><u>58,063,500.00</u></u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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VII Interests in other entities (Continued)

2. Interests in associates (Continued)

The following table illustrates the summarised financial information in respect of Zhijun Medicine:

	2020	2019
Current assets	1,176,812,039.37	1,295,003,085.13
Non-current assets	<u>238,613,242.87</u>	<u>273,684,959.60</u>
Total assets	<u>1,415,425,282.24</u>	<u>1,568,688,044.73</u>
Current liabilities	541,117,019.88	734,280,688.66
Non-current liabilities	<u>5,822,904.95</u>	<u>16,900,060.78</u>
Total liabilities	<u>546,939,924.83</u>	<u>751,180,749.44</u>
Shareholders' equity attributable to shareholders of the parent company	<u>868,485,357.41</u>	<u>817,507,295.29</u>
Group's share of net assets by proportion of ownership interests	<u>425,557,825.11</u>	<u>400,578,574.68</u>
Carrying amount of the investment	<u>425,557,825.11</u>	<u>400,578,574.68</u>
Operating revenue	1,364,530,022.63	1,888,143,854.90
Income taxes	20,277,618.43	34,538,098.81
Net profit	159,586,371.60	217,216,618.96
Total comprehensive income	159,586,371.60	217,216,618.96
Dividend received	<u>53,218,071.65</u>	<u>61,210,764.76</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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VIII Risks related to financial instruments

1. Classification of financial instruments

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

2020

Financial assets	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income		Total
	Mandatorily required		Mandatorily required	Designated	
Cash and cash equivalents	-	5,998,204,295.87	-	-	5,998,204,295.87
Notes receivable	-	622,115,477.04	-	-	622,115,477.04
Accounts receivable	-	13,799,971,014.22	-	-	13,799,971,014.22
Receivables financing	-	-	1,404,987,700.38	-	1,404,987,700.38
Other receivables	-	535,228,747.69	-	-	535,228,747.69
Other non-current financial assets	120,972,350.24	-	-	-	120,972,350.24
Other equity instrument investment	-	-	-	99,488,340.28	99,488,340.28
	<u>120,972,350.24</u>	<u>20,955,519,534.82</u>	<u>1,404,987,700.38</u>	<u>99,488,340.28</u>	<u>22,580,967,925.72</u>
Financial liabilities				Financial liabilities at amortised cost	
Short-term borrowings				1,612,187,020.12	
Notes payable				7,520,165,274.69	
Accounts payable				7,697,451,142.50	
Other payables				1,599,166,881.14	
Non-current liabilities due within 1 year				748,732,059.89	
Lease liabilities				1,303,054,163.90	
Long-term borrowings				31,637,173.89	
				<u>20,512,393,716.13</u>	

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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VIII Risks related to financial instruments (Continued)

1. Classification of financial instruments (Continued)

2019

Financial assets	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income		Total
	Mandatorily required		Mandatorily required	Designated	
Cash and cash equivalents	-	8,885,729,250.47	-	-	8,885,729,250.47
Notes receivable	-	793,301,688.64	-	-	793,301,688.64
Accounts receivable	-	10,712,983,544.18	-	-	10,712,983,544.18
Receivables financing	-	-	446,342,588.46	-	446,342,588.46
Other receivables	-	501,958,841.43	-	-	501,958,841.43
Other non-current financial assets	140,000,000.00	-	-	-	140,000,000.00
Other equity instrument investment	-	-	-	116,021,000.00	116,021,000.00
	<u>140,000,000.00</u>	<u>20,893,973,324.72</u>	<u>446,342,588.46</u>	<u>116,021,000.00</u>	<u>21,596,336,913.18</u>
Financial liabilities				Financial liabilities at amortised cost	
Short-term borrowings					1,453,018,300.01
Notes payable					5,555,697,557.53
Accounts payable					6,703,967,826.54
Other payables					1,822,364,637.62
Non-current liabilities due within 1 year					611,917,847.37
Lease liabilities					1,208,453,029.51
					<u>17,355,419,198.58</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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VIII Risks related to financial instruments (Continued)

2. Transfers of financial assets

Transferred financial assets that are not derecognised in their entirety

As at 31 December 2020, the Group had endorsed commercial acceptance bills (the "Endorsed Bills") with a carrying amount of RMB4,095,283.92 (31 December 2019: nil) to certain of its suppliers to settle accounts payable due to such suppliers and the Group had endorsed bank acceptance bills with a carrying amount of RMB23,843,867.66 (31 December 2019: nil) to certain of its suppliers to settle accounts payable due to such suppliers. As at 31 December 2020, the Group had discounted commercial acceptance bills (the "Discounted Bills") with a carrying amount of RMB0.00 (31 December 2019: RMB64,038,348.12) to banks. In the opinion of the Group, the Group has retained substantially all the risks and rewards, which include default risks relating to such Endorsed Bills and Discounted Bills. Accordingly, it continued to recognise the full carrying amounts of those Bills and the associated accounts payable settled. Subsequent to the Endorsement and Discount, the Group did not retain any rights on the use of those Bills, including the sale, transfer or pledge of those Bills to any other third parties.

As at 31 December 2020, the total carrying value of accounts payable settled by the Group was RMB27,939,151.58 (31 December 2019: RMB64,038,348.12).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

VIII Risks related to financial instruments (Continued)

2. Transfers of financial assets (Continued)

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

As at 31 December 2020, the Group had endorsed bank acceptance bills (the "Endorsed Bills") with a carrying amount of RMB1,283,369,787.75 (31 December 2019: RMB867,007,837.74) to certain of its suppliers to settle accounts payable due to such suppliers. As at 31 December 2020, the Group had discounted bank acceptance bills (the "Discounted Bills") with a carrying amount of RMB330,472,883.05 (31 December 2019: RMB1,413,116,120.20) to banks. As at 31 December 2020, those Bills had a maturity of 1 to 12 months at the end of the reporting period. In accordance with the *Law of Negotiable Instruments*, the holders of the derecognised bills have a right of recourse against the Group if the accepting banks default (the "Continuing Involvement"). In the opinion of the Group, the Group has transferred substantially all risks and rewards relating to those Bills. Accordingly, it has derecognised the full carrying amounts of those Bills and the associated accounts payable. The maximum exposure to loss from the Group's Continuing Involvement in the derecognised bills and the undiscounted cash flows to repurchase these derecognised bills is equal to their carrying amounts. In the opinion of the Group, the fair values of the Group's Continuing Involvement in the derecognised bills are not significant.

During 2020, the Group has not recognised any gain or loss on the date of transfer. The Group has no income or expense recognised in the current year and accumulated due to Continuing Involvement in the derecognised financial assets. The endorsement has been made evenly throughout the year.

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

As part of its normal business, the Group entered into an accounts receivable factoring without recourse with banks and transferred certain accounts receivable to banks. In the opinion of the Group, the Group has transferred substantially all risks and rewards under the arrangement. Accordingly, it has derecognised the full carrying amounts of the associated accounts receivable. The original carrying value of the derecognised accounts receivable transferred under the arrangement that have not been settled as at 31 December 2020 amounted to RMB1,409,768,709.18 (31 December 2019: RMB1,525,687,080.99).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

VIII Risks related to financial instruments (Continued)

3. Risks of financial instruments

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

The Company's board of directors is responsible for planning and establishing the risk management framework of the Group, formulating risk management policies and related guidelines of the Group and supervising the implementation of risk management measures. The Group has already developed risk management policies to identify and analyse the risks faced by the Group, which have clearly identified specific risks, covering numerous aspects such as market risk, credit risk and liquidity risk management, etc. The Group regularly assesses the market environment and changes in the Group's business activities to determine whether or not to update the risk management policies and systems. The risk management of the Group shall be conducted by the working group led by the management of the Company in accordance with the risk management policies of SASAC, CNPGC and Sinopharm Group, through close collaboration with other business units of the Group to identify, evaluate and avoid related risks.

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

Credit risk

The Group only trades with recognised and creditworthy third parties. In accordance with the Group's policy, credit review is required for all customers requiring credit transactions. In addition, the Group continuously monitors the balance of accounts receivable to ensure that the Group is not exposed to significant bad debt risk. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the special approval of the credit control department of the Group.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

VIII Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Credit risk (Continued)

Determination of significant increase in credit risk

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

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

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

Definition of credit-impaired financial assets

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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VIII Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Credit risk (Continued)

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

Parameter of the expected credit loss model

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

Definitions:

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

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

As at 31 December 2020, the Group had no significant overdue receivables (31 December 2019: nil).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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VIII Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Liquidity risk

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

	31 December 2020				Total
	Within 1 year	1 to 2 years	2 to 5 years	Above 5 years	
Short-term borrowings	1,630,237,831.47	-	-	-	1,630,237,831.47
Long-term borrowings	-	1,216,600.00	32,313,062.78	-	33,529,662.78
Notes payable	7,520,165,274.69	-	-	-	7,520,165,274.69
Accounts payable	7,697,451,142.50	-	-	-	7,697,451,142.50
Other payables	1,599,166,881.14	-	-	-	1,599,166,881.14
Non-current liabilities due within 1 year	866,553,230.12	-	-	-	866,553,230.12
Lease liabilities	-	607,074,838.58	682,420,061.05	86,860,654.77	1,376,355,554.40
	<u>19,313,574,359.92</u>	<u>608,291,438.58</u>	<u>714,733,123.83</u>	<u>86,860,654.77</u>	<u>20,723,459,577.10</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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VIII Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Liquidity risk (Continued)

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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VIII Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Market risk

Interest rate risk

The Group's interest rate risk arises from long-term borrowings from banks. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2020, if the floating interest rates of the long-term interest-bearing borrowings increased or decreased by 50 base points, while other factors did not change, the Group's net income would decrease or increase by RMB97,072.60 (31 December 2019: if the floating interest rates of the long-term interest-bearing borrowings increased or decreased by 50 base points, while other factors did not change, the Group's net income would increase or decrease by RMB40,471.31).

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

For the year ended 31 December 2020, the Group had long-term interest-bearing borrowings with floating interest rates amounting to RMB31,600,000.00 (31 December 2019: RMB31,600,000.00).

Currency risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities as well as future transactions (denominated in foreign currencies, primarily with respect to USD and HKD). The Group's finance department at its headquarters is responsible for monitoring the amounts of assets and liabilities, and transactions denominated in foreign currencies, where the department aims at mitigating the potential foreign exchange risk to a large extent.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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VIII Risks related to financial instruments (Continued)

4. Capital management

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

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

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

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

	2020	2019
Gearing ratio	<u>57.35%</u>	<u>54.23%</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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IX Disclosure of fair value

1. Assets and liabilities at fair value

2020

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
Continuous measurement of fair value				
Receivables financing	-	1,404,987,700.38	-	1,404,987,700.38
Other investment in equity instruments	-	99,488,340.28	-	99,488,340.28
Other non-current financial assets	-	-	120,972,350.24	120,972,350.24
	-	1,504,476,040.66	120,972,350.24	1,625,448,390.90

2019

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
Continuous measurement of fair value				
Receivables financing	-	446,342,588.46	-	446,342,588.46
Other investment in equity instruments	-	116,021,000.00	-	116,021,000.00
Other non-current financial assets	-	-	140,000,000.00	140,000,000.00
	-	562,363,588.46	140,000,000.00	702,363,588.46

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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IX Disclosure of fair value (Continued)

2. Assets and liabilities disclosed at fair value

2020

	Input applied in the measurement of fair value			Total		
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3			
	Long-term borrowings	-	31,637,173.89		-	31,637,173.89

3. Estimation of fair value

The following are the book value and fair value of financial instruments of the Group, excluding those that have immaterial difference in book value and fair value:

	Carrying amount		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial liabilities	-	-	-	-
Long-term borrowings	31,637,173.89	-	31,637,173.89	-

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

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

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

The fair values of short-term and long-term borrowings, and long-term payables have been calculated by discounting the expected future cash flows using market rates of return currently available for other financial instruments with similar terms, credit risk and remaining maturities. As at 31 December 2020, the Group's own non-performance risk for short-term and long-term borrowings was assessed to be insignificant.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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IX Disclosure of fair value (Continued)

4. Unobservable inputs

Other non-current financial assets were the fund shares of Ningbo Meishan Bonded Port Area Qiling Equity Investment Center LP subscribed by the Company. For the determination of the fair value of the investment, after referring to the net assets of Ningbo Meishan Bonded Port Area Qiling Equity Investment Center LP on 31 December 2020, which has implemented the new financial instrument standards, the result was calculated and determined according to the fund share proportion owned by the Company.

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

5. Transfers between levels of fair value measurement

During the year, there were no transfers of fair value measurements between Level 1 and Level 2.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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IX Disclosure of fair value (Continued)

X Related party relationships and transactions

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, asset reorganization, distribution and retail of medicines and pharmaceutical products, etc.	312,065.62	56.06%	56.06%

The ultimate controlling party of the Company is CNPGC.

2. Subsidiaries

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

3. Associates

Refer to Note VII (2) for details of associates.

4. Other related parties

Related party relationships

Sinopharm Foreign Trade (Beijing) Co., Ltd.	Controlled by CNPGC
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	Controlled by CNPGC
Chengdu Rongsheng Pharmacy Co., Ltd.	Controlled by CNPGC
Chengdu Institute of Biological Products Co., Ltd.	Controlled by CNPGC
Foshan Chengnan Fengliaoqing Medical Hospital Co., Ltd.	Controlled by CNPGC
Foshan Winteam Pharmaceutical Group Ltd.	Controlled by CNPGC
Fujian Chentian Jinling Pharmaceutical Co., Ltd.	Controlled by CNPGC
Guangdong Yifang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Guangxi Yifang Tianjiang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Fortune Way Company	Controlled by CNPGC
Sinopharm Beijing Huamiao Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Group Financial Co., Ltd.	Controlled by CNPGC
Sinopharm Group Chengdu Xinlibang Biological Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm ChuanKang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Dezhong (Foshan) Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Fengliaoqing (Foshan) Pharmaceutical Drugs Co., Ltd.	Controlled by CNPGC
Sinopharm Fengliaoqing (Foshan) Medicines Co., Ltd.	Controlled by CNPGC
Sinopharm Group Fengliaoqing Pharmacy (Foshan) Co., Ltd.	Controlled by CNPGC

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

4. Other related parties (Continued)

	<u>Related party relationships</u>
Sinopharm Group Fengliaoxing Medical Hospital (Foshan Nanhai) Co., Ltd.	Controlled by CNPGC
Sinopharm Fengliaoxing Medical Hospital Co., Ltd.	Controlled by CNPGC
China National Pharmaceutical Industry Co., Ltd.	Controlled by CNPGC
Sinopharm Guangdong Global Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Group Guizhou Blood Products Co., Ltd.	Controlled by CNPGC
Sinopharm (Anhui) Jingfang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Luya (Shandong) Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Sanyi Medicine (Wuhu) Co., Ltd.	Controlled by CNPGC
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Tongjitang (Guizhou) Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Weiqida Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Wuhan Blood Products Co., Ltd.	Controlled by CNPGC
Sinopharm Wuhan Zhonglian Siyao Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	Controlled by CNPGC
Sinopharm Zhonglian Pharmaceutical Group Co., Ltd.	Controlled by CNPGC
China Medicine Group Chongqing Medicine Design Institute	Controlled by CNPGC
Sinopharm Yixin Pharmaceutical Co., Ltd.	Controlled by CNPGC
Hubei Sinopharm Zhonglian Medicine Co., Ltd.	Controlled by CNPGC
Huayi Pharmaceutical Co., Ltd.	Controlled by CNPGC
Lanzhou Biotechnology Development Co., Ltd.	Controlled by CNPGC
Qinhai Pulante Pharmaceutical Co., Ltd.	Controlled by CNPGC
Shantou Jinshi Powder Injection Co., Ltd.	Controlled by CNPGC
Shanghai Zeno Biotechnology Co., Ltd.	Controlled by CNPGC
Shanghai Shangsheng 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
Sichuan Jiangyou Zhongba Aconiti Science and Technology Development Co., Ltd.	Controlled by CNPGC
Yunnan Tianjiang Yifang Pharmaceutical Co., Ltd.	Controlled by CNPGC
China Sinopharm International Corporation	Controlled by CNPGC
China National Pharmaceutical Foreign Trade Corporation	Controlled by CNPGC
China National of Traditional & Herbal Medicine Co., Ltd.	Controlled by CNPGC

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Related party relationships

Sinopharm Industry Investment Co., Ltd.	Controlled by CNPGC
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	Associate of CNPGC
SINO-TCM Shanghai Medicine & Medicinal Materials Co., Ltd.	Associate of CNPGC
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	Associate of CNPGC
China Otsuka Pharmaceutical Co., Ltd.	Associate of CNPGC
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	Controlled by Sinopharm Group
Guorun Medical Supply Chain Service (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm (Dalian) Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm (Nanping) Medical Instrument Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Guanai Jikun Pharmacy (Haikou) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Guanai Yuankang Pharmacy (Haikou) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Huixinqinyuan (Beijing) Technology Development Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Guangdong Medicine Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Guangdong Medical Examination Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Guangdong Medicine Device Supply Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Guangxi Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guizhou (Zunyi) Medical Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Guorui Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Hebei Medical Instrument Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Hunan Prov. Medical Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm United Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Liaoning Medical Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Linfen Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanxi Medical Devices Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanghai Medicine Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanghai Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Shenzhen Medicine Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Southwest Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Advanced (Shanghai) Medical Device 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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Related party relationships

China National Medicines Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Medical Management Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Medicine Logistic Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Medicine Logistic Co., Ltd. Guangzhou Branch	Controlled by Sinopharm Group
China National Scientific Instruments & Materials I&E Shenzhen Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Zhuhai Medical Instrument Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Jiankun (Beijing) Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding (Hubei) Hankou Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding (Hubei) Base Pharmaceutical 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 Anhui Huaning Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anhui Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anhui Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Anhui Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anshun Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anshan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Bayannur Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Baotou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holdings 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 Changxing Professional Pharmacy (Haikou) 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 Chengdu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chifeng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chuxiong Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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X Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Related party relationships

Sinopharm Holding Dalian Hecheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dalian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Deyang 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 Ordos 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 Medical Devices Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Fuzhou 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 Medical Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guizhou Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guizhou Yitong Medicine 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
Sinopharm Holding Henan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Heilongjiang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hengyang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Honghe Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hongrun Medical Business Service (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hulun Buir Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hubei Bokang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hubei Guoda Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hubei Hongyuan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hubei Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	Controlled by Sinopharm Group
Sinopharm Holding Hunan Pharmaceutical Development Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Related party relationships

Sinopharm Holding Hunan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Huaideju (Xiamen) Pharmacy 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 Jilin Chain Store 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 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 Jinzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Kunming Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Lianyungang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Liaocheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Linfen Ningle Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Linyi Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Lingshang Hospital Management Services (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Longyan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Luzhou Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Lunan 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 Pu'er Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Qianxi'nan 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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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X Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Related party relationships

Sinopharm Holding Xiamen Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shandong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Dajiuzhou Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Hejin Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Jincheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Jinzhong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Lvliang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Mingdikang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Runhe Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Zhongjian Medical Device Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shangqiu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanghai Biomedicine 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 Holding Shiyan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Sichuan Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Siping 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 Tonghua Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tongliao Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tongren Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wenzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ulanqab Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wuxi Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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X Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Related party relationships

Sinopharm Holding Wuhu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wuhan Hongshen Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinjiang Xinte Shenrong Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Special Drugs Shihezi Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinye (Hubei) Medicine 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 Yancheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yangzhou Biological Products Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yangzhou Medical Treatment Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yangzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Pharmacy (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Med-Tech 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 Changsha Gaoxin Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changsha Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhejiang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhenjiang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhihuiminsheng (Tianjin) Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chongqing Taimin Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chongqing Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhuanye Pharmacy (Dongfang) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zunyi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang (Langfang) Pharmaceutical Trade Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Baoding Hongkang Pharmaceutical Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Baoding Trading Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Baoding Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Cangzhou Pharmaceutical Trading Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Cangzhou Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Chengde Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Handan Medicine Co., Ltd.	Controlled by Sinopharm Group

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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X Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Related party relationships

Sinopharm Holding Lerentang Hebei Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Hebei Medical Device Supply Chain Management Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Hengshui Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Healthcare Shijiazhuang Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Langfang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Langfang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Qinhuangdao Pharmaceutical Trading Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Shijiazhuang Medical Management Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Xingtai Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Xintai Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Zhangjiakou Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Ruixinxiang (Beijing) Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Medical Instrument (Foshan) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Device (Guangdong) Medical Technology Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Medical Instrument (Hainan) Co., Ltd.	Controlled by Sinopharm Group
China National Medical Device (Hui Zhou) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Baise Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Medical Instrument Guizhou Qiannan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Prospect Dentech (Beijing) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Pharmaceutical Logistics Co., Ltd.	Controlled by Sinopharm Group
Handan Sinopharm Lerentang Pharmacy Chain Co., Ltd.	Controlled by Sinopharm Group
Liaoning Pilot Free Trade Zone China Medical Device Technology Co., Ltd.	Controlled by Sinopharm Group
Shanghai International Pharmaceutical Trade Co., Ltd.	Controlled by Sinopharm Group
Shanghai Merro Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Shanghai Shengxin Pharmacy 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
Yuxi Sinopharm Medicine Co., Ltd.	Controlled by Sinopharm Group
Yunnan Sinopharm Holding Dongchang Medicine Co., Ltd.	Controlled by Sinopharm Group
China Medical Equipment Shandong Co., Ltd.	Controlled by Sinopharm Group
China National Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Nutraceuticals (Shanghai) Co., Ltd.	Associate of Sinopharm Group
Sinopharm Health Online Co., Ltd.	Associate of Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Related party relationships

Sinopharm SteriGuard Medical Service Co., Ltd.	Associate of Sinopharm Group
Sinopharm Holding (China) Financing Lease Co., Ltd.	Associate of Sinopharm Group
Sinopharm Holding Chuangke Medical Technology (Guangxi) Co., Ltd.	Associate of Sinopharm Group
Sinopharm Holding Chuangke Yuanzhe Medical Technology (Shanghai) Co., Ltd.	Associate of Sinopharm Group
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	Associate of Sinopharm Group
Guoyaotang Pharmacy (Shanghai) Co., Ltd.	Associate of Sinopharm Group
Nanchang Sinopharm Holding Guoyaotang Pharmacy Co., Ltd.	Associate of Sinopharm Group
Shanghai Guoda Lingyun Pharmacy Co., Ltd.	Associate of Sinopharm Group
Yichang Humanwell Pharmaceutical Co., Ltd.	Associate of Sinopharm Group
Shenzhen Wanwei Medicine Trading Co., Ltd.	Subsidiary of Main Luck Pharmaceutical
Chengdu List Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Foshan Chancheng Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Foshan Chancheng District Shiwan Town Chengnan Community Health Service Center	Subsidiary of Fosun Pharm
Foshan Chancheng Central Hospital Co., Ltd.	Subsidiary of Fosun Pharm
Foshan Chanyixing Medicine Development Co., Ltd.	Subsidiary of Fosun Pharm
Guilin Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Hunan Dongting Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
GlaxoSmithKline Pharmaceuticals (Suzhou) Co., Ltd.	Subsidiary of Fosun Pharm
Fosun Pharmaceutical Distribution Jiangsu 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
Jiangxi Erye Medicine Marketing Co., Ltd.	Subsidiary of Fosun Pharm
Jinzhou Avanc Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Jinzhou Avanc Medicine Co., Ltd.	Subsidiary of Fosun Pharm
Chindex Shanghai International Trading Co., Ltd.	Subsidiary of Fosun Pharm
Shanghai Chaohui Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Shanghai Henlius Biopharmaceuticals Co., Ltd.	Subsidiary of Fosun Pharm
Shanghai Compound Technology Medical Devices Co., Ltd.	Subsidiary of Fosun Pharm
Shanghai Transfusion Technology Co., Ltd.	Subsidiary of Fosun Pharm
Shenzhen Hengsheng Hospital	Subsidiary of Fosun Pharm
Shenzhen Chindex Medical Beauty Clinic	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
Tibet Yaoyou Medicines Co., Ltd.	Subsidiary of Fosun Pharm
Chongqing Haisiman Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Chongqing Yaoyou Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Chindex Shanghai International Trading Co., Ltd.	Subsidiary of Fosun Pharm

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

4. Other related parties (Continued)

	<u>Related party relationships</u>
Beijing Huafang Investment Co., Ltd.	Minority shareholders of a subsidiary
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Minority shareholders of a subsidiary
Gu Haiqun	Minority shareholders of a subsidiary
Guangdong Jiyuantang Development Co., Ltd.	Minority shareholders of a subsidiary
Hangzhou Xihu District Commercial Co., Ltd.	Minority shareholders of a subsidiary
Henan Wanxitang Pharmacy Co., Ltd.	Minority shareholders of a subsidiary
Hunan Minshengtang Investment Co., Ltd.	Minority shareholders of a subsidiary
Jiangmen Xinhui District Jianfeng Pharmaceutical Co., Ltd.	Minority shareholders of a subsidiary
Lerentang Investment Group Co., Ltd.	Minority shareholders of a subsidiary
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	Minority shareholders of a subsidiary
Pu'er Songmao Medicine Group Co., Ltd.	Minority shareholders of a subsidiary
Shanghai Baizhong Business Development (Group) Co., Ltd.	Minority shareholders of a subsidiary
Shenzhen Jiufeng Investment Co., Ltd.	Minority shareholders of a subsidiary
Shenzhen Ketai Pharmaceutical Technology Co., Ltd.	Minority shareholders of a subsidiary
Shenyang Shengdiou Trading Co., Ltd.	Minority shareholders of a subsidiary
Shenyang Pharmaceutical Co., Ltd.	Minority shareholders of a subsidiary
Taishan Qunkang Pharmacy Co., Ltd.	Minority shareholders of a subsidiary
Xiong Xinyuan	Minority shareholders of a subsidiary
Zhang Haiyan	Minority shareholders of a subsidiary
Zhang Zhenfang	Minority shareholders of a subsidiary
Linyi Pharmaceutical Group Co., Ltd.	Minority shareholders of a subsidiary
Du Longfeng	Minority shareholders of a subsidiary
Li Huichun	Minority shareholders of a subsidiary
Jilin Province Yihe Investment Consulting Co., Ltd.	Minority shareholders of a subsidiary
Ningbo Meishan Bonded Port Area Qiling Equity Investment Center LP	Companies with directors, supervisors and senior executives serving as key management personnel
Nanjing Yuanguang Trading Co., Ltd.	Companies owned by minority shareholders of a subsidiary
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	Companies owned by minority shareholders of a subsidiary
Taishan Xiangranhui Trade Co., Ltd.	Companies owned by minority shareholders of a subsidiary
Jilin Ronghe Real Estate Development Co., Ltd.	Companies with subsidiary directors, supervisors and senior executives serving as key management personnel
Gu Jinhua	The actual controller of minority shareholders of a subsidiary
Wang Yang	Family members of the actual controller of minority shareholders of a subsidiary
Li Fang	The actual controller of minority shareholders of a subsidiary
Zhang Yechuan	Family members of key management personnel of a subsidiary

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Holding Sub Marketing Center Co., Ltd.	116,475.39	124,021.06
China National Medicines Co., Ltd.	69,306.11	57,311.47
Sinopharm Holding Shanxi Co., Ltd.	56,979.32	41,636.50
Sinopharm Lerentang Medicine Co., Ltd.	36,319.31	16,472.43
Sinopharm Holding Shanxi Co., Ltd.	34,396.29	26,368.40
Sinopharm Holding Shenyang Co., Ltd.	24,967.28	14,095.03
Sinopharm Group	24,867.54	22,144.85
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	21,735.03	17,941.86
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	17,009.44	10,419.25
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	13,607.70	11,023.65
Lanzhou Biotechnology Development Co., Ltd.	9,978.06	11,345.94
Sinopharm Holding Yangzhou Co., Ltd.	8,083.31	5,874.74
Sinopharm Holding Inner Mongolia Co., Ltd.	7,990.70	6,740.08
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	7,148.02	2,572.82
Sinopharm Holding Hubei Co., Ltd.	6,392.07	5,006.89
Sinopharm Holding Lunan Co., Ltd.	5,572.89	5,350.49
Chongqing Yaoyou Pharmaceutical Co., Ltd.	5,565.85	5,552.61
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	5,518.30	655.09
Sinopharm Yixin Pharmaceutical Co., Ltd.	5,173.14	1,701.08
Sinopharm Holding Beijing Co., Ltd.	4,903.26	4,803.76
China National Pharmaceutical Foreign Trade Corporation	4,861.79	1,172.51
Sinopharm Holding Henan Co., Ltd.	4,649.57	3,209.58
Sinopharm Holding Fujian Co., Ltd.	4,357.63	3,544.64
Main Luck Pharmaceutical	3,656.32	3,598.25
Sinopharm Holding Lerentang Hebei Pharmaceutical Co., Ltd.	3,576.92	2,864.87
Foshan Winteam Pharmaceutical Group Ltd.	3,266.37	3,841.10
Tibet Yaoyou Medicines Co., Ltd.	2,996.61	4,374.73

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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)

	2020	2019
	(RMB'0,000)	(RMB'0,000)
Sinopharm Holding Jiangsu Co., Ltd.	2,903.20	2,694.29
Sinopharm Holding Pingdingshan Co., Ltd.	2,873.45	2,799.59
Sinopharm Holding Jilin Co., Ltd.	2,766.59	1.32
Zhijun Pingshan	2,577.30	3,014.17
Zhijun Medicine	2,509.83	4,085.19
Chengdu Rongsheng Pharmacy Co., Ltd.	2,223.69	2,557.70
Sinopharm Holding Changzhou Co., Ltd.	2,179.64	1,488.55
Jinzhou Avanc Pharmaceutical Co., Ltd.	2,100.06	4,750.43
Shyndec Pharma	2,092.34	2,186.24
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	2,058.27	1,685.38
Sinopharm Holding Shandong Co., Ltd.	2,026.98	1,419.51
Sinopharm Holding Ningxia Co., Ltd.	1,984.45	1,417.91
Yichang Humanwell Pharmaceutical Co., Ltd.	1,951.36	1,612.15
Sinopharm Holding Hunan Co., Ltd.	1,838.47	1,175.61
Shenzhen Wanwei Medicine Trading Co., Ltd.	1,716.39	2,288.99
Sinopharm Holding Xiamen Co., Ltd.	1,697.94	2,192.31
Sinopharm Holding Tongliao Co., Ltd.	1,680.74	607.65
Sinopharm Health Online Co., Ltd.	1,680.69	1,404.59
Sinopharm Group Guorui Medicine Co., Ltd.	1,576.65	600.73
Sinopharm Group Medicine Logistic Co., Ltd.	1,571.15	1,644.78
China Otsuka Pharmaceutical Co., Ltd.	1,567.48	1,483.80
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	1,422.37	1,455.99
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	1,346.72	542.01
Sinopharm Holding Shanxi Zhongjian Medical Device Chain Co., Ltd.	1,332.95	-
Jiangxi Erye Medicine Marketing Co., Ltd.	1,291.91	3,504.34
Sinopharm Holding Wuxi Co., Ltd.	1,062.30	684.26
Shanghai Chaohui Pharmaceutical Co., Ltd.	1,036.58	617.30

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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)

	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Group Shanxi Medical Devices Co., Ltd.	1,034.85	(10.59)
Sinopharm Holding Shanxi Dajuzhou Medicine Co., Ltd.	908.37	151.95
Sinopharm Holding Jinzhou Co., Ltd.	898.18	458.60
Sinopharm Advanced (Shanghai) Medical Device Co., Ltd.	856.06	-
Shanghai International Pharmaceutical Trade Co., Ltd.	802.81	104.78
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	801.63	-
Jinzhou Avanc Medicine Co., Ltd.	795.28	18.99
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	734.88	672.74
Sinopharm Wuhan Blood Products Co., Ltd.	709.11	76.80
GlaxoSmithKline Pharmaceuticals (Suzhou) Co., Ltd.	657.03	-
Sinopharm Holding Xinjiang Xinte Shenrong Pharmaceutical Co., Ltd.	635.08	-
Sinopharm Holding Huaideju (Xiamen) Pharmacy Co., Ltd.	628.78	-
Sinopharm Holding Jinan Co., Ltd.	616.52	543.59
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	596.39	1,127.60
Sinopharm Foreign Trade (Beijing) Co., Ltd.	593.03	-
Sinopharm Holding Tianjin Co., Ltd.	589.61	173.87
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	585.58	537.94
Sinopharm Holding Zhihuiminsheng (Tianjin) Pharmaceutical Co., Ltd.	580.83	310.35
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	570.69	360.87
Sinopharm Jiankun (Beijing) Medicine Co., Ltd.	567.27	-
Shanghai Henlius Biopharmaceuticals Co., Ltd.	563.37	-
Sinopharm Luya (Shandong) Pharmaceutical Co., Ltd.	540.12	19.48
Sinopharm Fengliaoxing (Foshan) Pharmaceutical Drugs Co., Ltd.	533.64	341.21
Sichuan Hexin Pharmaceutical Co., Ltd.	492.08	1,074.53
Sinopharm Holding Heilongjiang Co., Ltd.	476.53	492.73
Sinopharm Tongjitang (Guizhou) Pharmaceutical Co., Ltd.	473.14	445.40
Sinopharm Holding Fuzhou Co., Ltd.	469.79	477.04

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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)

	2020	2019
	(RMB'0,000)	(RMB'0,000)
Sinopharm Shenzhen Medicine Device Co., Ltd.	468.95	-
Shanghai Shangsheng Biological Products Co., Ltd.	445.47	1,190.60
Shanghai Zeno Biotechnology Co., Ltd.	442.48	-
Sinopharm Liaoning Medical Equipment Co., Ltd.	435.68	11.50
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	414.76	630.84
Sinopharm Holding Anshan Co., Ltd.	402.69	-
Fosun Pharmaceutical Distribution Jiangsu Co., Ltd.	387.09	362.48
Suzhou Erye Pharmaceutical Limited Company	383.55	1,134.34
Sinopharm Holding Hubei Guoda Pharmacy Co., Ltd.	374.92	298.06
China National Scientific Instruments & Materials I&E Shenzhen Co., Ltd.	371.98	-
Yunnan Sinopharm Holding Dongchang Medicine Co., Ltd.	360.27	39.91
China National Pharmaceutical Industry Co., Ltd.	358.00	224.74
Hunan Dongting Pharmaceutical Co., Ltd.	356.83	266.01
Sinopharm ChuanKang Pharmaceutical Co., Ltd.	336.98	823.16
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	328.28	4,394.45
Sinopharm Holdings Beijing Huahong co., Ltd.	325.33	356.68
Sinopharm Holding Chongqing Co., Ltd.	310.62	-
Sinopharm Holding Hulun Buir Co., Ltd.	302.77	177.50
Sinopharm Zhonglian Pharmaceutical Group Co., Ltd.	302.56	123.00
Sinopharm Holding Yancheng Co., Ltd.	298.37	280.58
Sinopharm Holding Dalian Co., Ltd.	282.55	158.66
Sinopharm Holding Quanzhou Co., Ltd.	279.53	80.05
China National Medical Device Co., Ltd.	272.34	-
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	269.68	372.99
Sinopharm Holding Anhui Huaning Medicine Co., Ltd.	251.08	293.73
Sinopharm Huixinqinyuan (Beijing) Technology Development Co., Ltd.	246.52	281.25
Sinopharm Holding Anhui Co., Ltd.	244.99	108.09
Sinopharm Medical Instrument (Hainan) Co., Ltd.	210.97	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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)

	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Holding Changsha Co., Ltd.	202.34	169.02
Shanghai Tongyu Information Technology Co., Ltd.	201.52	189.92
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	190.04	387.77
Sinopharm Holding Yangzhou Medical Treatment Equipment Co., Ltd.	185.51	71.46
Sinopharm Weiqida Pharmaceutical Co., Ltd.	164.00	266.12
Sinopharm Group Guangxi Medical Device Co., Ltd.	163.72	-
Shanghai Merro Pharmaceutical Co., Ltd.	143.83	177.85
Sinopharm Holding Wuhan Hongshen Medicine Co., Ltd.	141.59	-
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	139.55	758.69
Chengdu Institute of Biological Products Co., Ltd.	137.27	183.22
Sinopharm United Medical Device Co., Ltd.	132.80	-
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	132.54	103.81
Shantou Jinshi Powder Injection Co., Ltd.	128.40	566.36
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	122.61	163.79
Sinopharm Holding Linfen Ningle Pharmaceutical Co., Ltd.	120.37	-
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	114.10	173.96
Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	108.17	144.75
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	101.91	193.12
Shanghai Transfusion Technology Co., Ltd.	97.93	80.09
Sinopharm Group Southwest Medicine Co., Ltd.	96.63	249.68
Sinopharm (Dalian) Medical Device Co., Ltd.	96.20	-
Sinopharm Holding Bayannur Co., Ltd.	92.15	48.83
Sinopharm (Anhui) Jingfang Pharmaceutical Co., Ltd.	91.42	126.38
Sinopharm Holding Putian Co., Ltd.	81.92	138.62
Sinopharm Holding Chuangke Medical Technology (Guangxi) Co., Ltd.	79.65	-
Sinopharm Holding Special Drugs Shihezi Pharmaceutical Co., Ltd.	79.39	-
Huayi Pharmaceutical Co., Ltd.	78.20	(12.24)
Guilin Pharmaceutical Co., Ltd.	77.62	82.38
Sinopharm Holding Pu'er Co., Ltd.	71.28	3.98
Yunnan Tianjiang Yifang Pharmaceutical Co., Ltd.	69.17	-
Sinopharm Holding Chuangke Yuanzhe Medical Technology (Shanghai) Co., Ltd.	67.26	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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)

	2020	2019
	(RMB'0,000)	(RMB'0,000)
Sinopharm Lerentang Qinhuangdao Pharmaceutical Trading Co., Ltd.	65.08	-
Sinopharm Group Linfen Co., Ltd.	63.46	1.28
Sinopharm Holding Linyi Medical Device Co., Ltd.	63.38	-
Sinopharm Hebei Medical Instrument Co., Ltd.	60.74	-
Sinopharm Guangdong Global Pharmaceutical Co., Ltd.	60.50	167.27
Shenyang Hongqi Pharmaceutical Co., Ltd.	58.10	224.12
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	58.04	50.64
Sinopharm Holding Shanghai Biomedicine Co., Ltd.	57.35	89.63
Pu'er Songmao Medicine Group Co., Ltd.	53.81	-
Sinopharm Holding Shanxi Jinzhong Co., Ltd.	47.94	-
Sinopharm Holding Zhejiang Co., Ltd.	44.11	30.09
Sinopharm Holding Yunnan Co., Ltd.	39.87	-
Sinopharm Holding Chifeng Co., Ltd.	39.74	-
Sinopharm Group Shanghai Medicine Device Co., Ltd.	32.72	-
Sinopharm Holding Rizhao Co., Ltd.	30.08	2.20
Sinopharm Wuhan Zhonglian Siyao Pharmaceutical Co., Ltd.	28.30	3.54
Sinopharm Holding Nanping Newforce Co., Ltd.	27.21	-
Liaoning Pilot Free Trade Zone China Medical Device Technology Co., Ltd.	26.02	-
Sinopharm Holding Changde Co., Ltd.	25.05	18.04
Sinopharm Holding Hunan Pharmaceutical Development Co., Ltd.	23.20	24.49
Chengdu List Pharmaceutical Co., Ltd.	20.48	(174.98)
Sinopharm Holding Yangzhou Biological Products Co., Ltd.	19.11	40.26
Fujian Chentian Jinling Pharmaceutical Co., Ltd.	18.01	87.34
Sinopharm Holding Longyan Co., Ltd.	17.32	-
Sinopharm Holding Baotou Co., Ltd.	16.08	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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)

	2020	2019
	(RMB'0,000)	(RMB'0,000)
Sinopharm Sichuan Pharmaceutical Co., Ltd.	14.46	-
Sinopharm Device (Guangdong) Medical Technology Co., Ltd.	13.33	-
Sinopharm Holding Hainan Co., Ltd.	11.86	55.64
Sinopharm Holding Dezhou Co., Ltd.	10.87	25.26
Sinopharm Pharmaceutical Logistics Co., Ltd.	9.36	16.63
Sinopharm Holding Shanxi Runhe Medicine Co., Ltd.	9.32	3.65
Sinopharm Group Med-Tech Co., Ltd.	9.29	-
Sinopharm Group Shanxi Co., Ltd.	8.58	11.19
Sinopharm Holding Xinye (Hubei) Medicine Co., Ltd.	8.48	-
Sinopharm Holding Zhangzhou Co., Ltd.	7.97	(0.41)
Sinopharm Dezhong (Foshan) Pharmaceutical Co., Ltd.	7.16	14.19
Sinopharm Holding Dalian Hecheng Co., Ltd.	6.65	30.60
Sinopharm Holding Shanxi Mingdikang Medicine Co., Ltd.	6.60	7.50
Sinopharm Holding Changsha Gaoxin Medicine Co., Ltd.	5.63	-
Sinopharm Holding Taizhou Co., Ltd.	5.56	8.89
Sinopharm Group Lingshang Hospital Management Services (Shanghai) Co., Ltd.	5.30	159.95
Sinopharm Sanyi Medicine (Wuhu) Co., Ltd.	5.17	6.17
Guorun Medical Supply Chain Service (Shanghai) Co., Ltd.	4.91	0.16
Sinopharm Holding Jiangxi Co., Ltd.	2.82	3.80
Sinopharm Holding Hengyang Co., Ltd.	2.53	-
Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	2.26	1.70
Sinopharm Holding Hainan Hongyi Co., Ltd.	1.70	-
Sinopharm Medical Instrument (Foshan) Co., Ltd.	1.63	-
China Medical Equipment Shandong Co., Ltd.	1.44	34.06

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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)

	2020	2019
	(RMB'0,000)	(RMB'0,000)
Chongqing Haisiman Pharmaceutical Co., Ltd.	1.28	-
Sinopharm Holding Chengdu Co., Ltd.	1.13	-
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	0.48	-
Sinopharm Holding Shiyan Co., Ltd.	0.21	-
Sinopharm Holding Ulanqab Co., Ltd.	0.20	2.91
China National Medical Device (Hui Zhou) Co., Ltd.	0.08	-
Sinopharm Holding Shanxi Jincheng Co., Ltd.	0.02	1.32
Sinopharm Holding Shanxi Lvliang Co., Ltd.	-	436.90
Shanghai Beiyi	-	227.23
Sinopharm Group Medical Management Co., Ltd.	-	167.58
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	-	145.69
Sinopharm Group Guizhou Blood Products Co., Ltd.	-	104.57
Sinopharm Holding Suzhou Co., Ltd.	-	82.16
Qin Hai Pulante Pharmaceutical Co., Ltd.	-	25.86
Jiangsu Huanghe Pharmaceutical Co., Ltd.	-	19.94
Sinopharm Holding (Hubei) Base Pharmaceutical Co., Ltd.	-	15.20
SINO-TCM Shanghai Medicine & Medicinal Materials Co., Ltd.	-	8.57
Sinopharm Holding Fuzhou Medical Devices Co., Ltd.	-	4.07
Sichuan Jiangyou Zhongba Aconiti Science and Technology Development Co., Ltd.	-	2.91
Sinopharm Lerentang Xintai Medicine Co., Ltd.	-	2.64
Sinopharm Lerentang Hebei Medical Device Supply Chain Management Co., Ltd.	-	1.60
Sinopharm Holding Luzhou Pharmaceutical Co., Ltd.	-	1.01
Sinopharm Holding Tonghua Co., Ltd.	-	0.37
Sinopharm Beijing Huamiao Pharmaceutical Co., Ltd.	-	0.10
Sinopharm Holding Yongzhou Co., Ltd.	-	(0.01)

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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)

	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Prospect Dentech (Beijing) Co., Ltd.	-	(0.19)
Sinopharm Group Chengdu Xinlibang Biological Pharmaceutical Co., Ltd.	-	(0.95)
Sinopharm Fengliaoqing (Foshan) Medicines Co., Ltd.	(0.06)	-
Sinopharm Holding Lianyungang Co., Ltd.	(1.46)	143.93
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	(19.18)	326.60
	<u>592,449.98</u>	<u>487,475.44</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Group	24,734.75	23,301.91
Sinopharm Holding Hainan Co., Ltd.	12,961.48	10,176.88
Shanghai Beiyi	12,490.44	11,534.81
Foshan Chancheng Pharmaceutical Co., Ltd.	10,915.86	11,126.10
Sinopharm Holding Fujian Co., Ltd.	5,874.55	376.37
Sinopharm Lerentang Medicine Co., Ltd.	4,950.04	1,772.13
Sinopharm Holding Hainan Hongyi Co., Ltd.	3,268.53	3,239.54
Sinopharm Holding Beijing Co., Ltd.	3,168.71	2,202.63
Sinopharm Holding Wenzhou Co., Ltd.	3,055.11	2,806.78
Sinopharm Holding Hubei Co., Ltd.	2,444.36	1,141.98
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	2,424.69	2,582.26
Shenzhen Hengsheng Hospital	2,413.30	2,231.25
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	2,084.80	2,279.09
Sinopharm Holding Henan Co., Ltd.	1,974.34	1,868.25
Sinopharm Lerentang Xingtai Pharmaceutical Co., Ltd.	1,792.10	-
Foshan Chancheng Central Hospital Co., Ltd.	1,716.46	1,191.82
Sinopharm Holding Nantong Co., Ltd.	1,551.25	1,555.67
Sinopharm Holding Shandong Co., Ltd.	1,462.22	1,431.16
Sinopharm Holding Sub Marketing Center Co., Ltd.	1,281.24	1,912.48
Sinopharm Holdings Beijing Huahong co., Ltd.	1,234.14	2,824.47
China National Medicines Co., Ltd.	1,181.02	1,203.24
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	1,081.34	1,459.24
Sinopharm Sichuan Pharmaceutical Co., Ltd.	959.21	1,257.31
Foshan Chanyixing Medicine Development Co Ltd.	893.27	679.73
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	764.13	752.36
Sinopharm Holding Shanxi Co., Ltd.	752.39	556.62
Sinopharm Zhuhai Medical Instrument Co., Ltd.	744.62	1.39
Sinopharm Holding Yangzhou Co., Ltd.	711.82	871.14
Shanghai Merro Pharmaceutical Co., Ltd.	652.08	701.12
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	608.95	265.68
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	593.43	744.15
Sinopharm Group Medicine Logistic Co., Ltd.	548.23	63.81
Sinopharm Shenzhen Medicine Device Co., Ltd.	538.94	-

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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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 (Continued)

	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Holding Shanxi Co., Ltd.	522.51	840.82
Sinopharm Lerentang Baoding Hongkang Pharmaceutical Chain Co., Ltd.	508.53	10.99
Sinopharm Holding Jinzhou Co., Ltd.	443.29	507.86
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	424.06	290.65
Sinopharm Holding Anhui Co., Ltd.	412.03	616.25
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	402.75	472.19
Sinopharm Advanced (Shanghai) Medical Device Co., Ltd.	397.70	-
Sinopharm Holding Hunan Co., Ltd.	391.44	293.58
Sinopharm Holding Tianjin Co., Ltd.	345.76	436.58
Shanghai Shengxin Pharmacy Co., Ltd.	341.33	45.10
Handan Sinopharm Lerentang Pharmacy Chain Co., Ltd.	319.70	-
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	318.05	-
Sinopharm Group Southwest Medicine Co., Ltd.	312.32	290.33
Sinopharm Holding Yunnan Co., Ltd.	303.64	569.20
China Sinopharm International Corporation	300.14	-
Sinopharm Holding Xuzhou Co., Ltd.	281.24	559.72
Zhijun Medicine	273.28	263.83
Shanghai Liyi	270.43	321.81
Sinopharm Holding Jilin Co., Ltd.	267.75	388.85
Sinopharm Holding Zunyi Co., Ltd.	266.50	17.76
Shanghai Guoda Lingyun Pharmacy Co., Ltd.	255.97	53.62
Sinopharm Holding Dalian Co., Ltd.	242.76	264.99
Sinopharm Holding Anhui Pharmaceutical Co., Ltd.	238.28	284.08
Chindex Shanghai International Trading Co., Ltd.	234.37	-
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	212.30	-
Sinopharm Lerentang Qinhuangdao Pharmaceutical Trading Co., Ltd.	210.24	-
Sinopharm Lerentang (Langfang) Pharmaceutical Trade Co., Ltd.	185.55	-
Sinopharm Lerentang Hengshui Medicine Co., Ltd.	180.87	-
Sinopharm Lerentang Baoding Trading Co., Ltd.	174.02	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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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 (Continued)

	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Holding Guizhou Co., Ltd.	155.16	47.90
Sinopharm Holding Guizhou Medical Device Co., Ltd.	154.82	21.31
Sinopharm Holding Jiangsu Co., Ltd.	148.99	36.65
Sinopharm Holding Gansu Co., Ltd.	147.13	119.62
Sinopharm Holding Jiangxi Co., Ltd.	135.52	97.36
Sinopharm Holding Guizhou (Zunyi) Medical Equipment Co., Ltd.	124.54	-
Sinopharm Holding Lerentang Hebei Pharmaceutical Co., Ltd.	119.50	-
Sinopharm Holding Shangqiu Co., Ltd.	112.63	-
Sinopharm Holding Anshun Co., Ltd.	110.17	8.77
Sinopharm Holding Wuxi Co., Ltd.	108.70	79.86
Sinopharm Holding Ningxia Co., Ltd.	108.03	132.74
Sinopharm Holding Wuhu Co., Ltd.	101.92	113.26
Sinopharm Lerentang Cangzhou Pharmaceutical Trading Co., Ltd.	100.27	-
Sinopharm Holding Inner Mongolia Co., Ltd.	96.62	64.87
Sinopharm Holding Quanzhou Co., Ltd.	95.96	2.06
Sinopharm Holding Chongqing Co., Ltd.	90.10	26.53
Sinopharm Holding Honghe Co., Ltd.	84.17	85.55
Sinopharm Holding Yancheng Co., Ltd.	81.78	125.78
Sinopharm Holding Anshan Co., Ltd.	71.89	-
Sinopharm Holding Shanghai Biomedicine Co., Ltd.	61.57	50.51
Jiangmen Xinhui District Jianfeng Pharmaceutical Co., Ltd.	60.69	-
Sinopharm Holding Tongren Co., Ltd.	59.06	61.49
Sinopharm Group Shanxi Co., Ltd.	57.25	81.90
Foshan Chancheng District Shiwan Town Chengnan Community Health Service Center	54.56	-
Dongyuan accord	53.99	6.62
Zhijun Pingshan	52.94	18.55
Sinopharm Holding Chongqing Taimin Pharmaceutical Co., Ltd.	50.63	23.35
Sinopharm Holding Tianjin North Medicine Co., Ltd.	48.29	63.64
Zhijun Trade	46.43	57.14
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	45.26	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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 (Continued)

	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Holding Qinghai Co., Ltd.	44.40	57.04
Sinopharm Lerentang Xintai Medicine Co., Ltd.	41.19	-
Sinopharm Guangdong Medical Examination Co., Ltd.	37.63	15.59
Sinopharm Fengliaoqing (Foshan) Pharmaceutical Drugs Co., Ltd.	36.20	0.87
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	35.59	-
Shenzhen Chindex Medical Beauty Clinic	33.97	61.44
Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	32.41	-
Sinopharm Holding Chuxiong Co., Ltd.	32.29	8.51
Sinopharm Group Guangxi Medical Device Co., Ltd.	31.08	15.54
Sinopharm Baise Device Co., Ltd.	29.59	-
Sinopharm Holding Hubei Hongyuan Co., Ltd.	27.28	24.17
Sinopharm Holding Chengdu Co., Ltd.	26.95	69.53
Sinopharm Holding Jiaozuo Co., Ltd.	25.50	70.26
Sinopharm Lerentang Baoding Medicine Co., Ltd.	25.28	-
Sinopharm Lerentang Chengde Medicine Co., Ltd.	24.83	-
Sinopharm Holding Fuzhou Co., Ltd.	24.02	30.12
Sinopharm Lerentang Shijiazhuang Medical Management Co., Ltd.	22.79	0.27
Sinopharm Holding Xinye (Hubei) Medicine Co., Ltd.	22.78	-
Yuxi Sinopharm Medicine Co., Ltd.	22.61	153.82
Sinopharm Lerentang Langfang Pharmaceutical Co., Ltd.	21.33	-
Sinopharm Guangdong Medicine Device Supply Chain Co., Ltd.	19.64	13.91
Sinopharm Holding Changzhou Co., Ltd.	18.75	28.41
Foshan Chengnan Fengliaoqing Medical Hospital Co., Ltd.	18.21	17.34
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	16.99	8.55
China National Pharmaceutical Foreign Trade Corporation	16.44	10.27
Sinopharm Fengliaoqing Medical Hospital Co., Ltd.	15.37	17.57
Sinopharm Holding Pharmacy (Shanghai) Co., Ltd.	15.18	0.09
Sinopharm Lerentang Zhangjiakou Medicine Co., Ltd.	14.27	-
Sinopharm Hunan Prov. Medical Equipment Co., Ltd.	14.23	-
Sinopharm Holding Dalian Hecheng Co., Ltd.	12.41	182.43

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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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 (Continued)

	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Holding Putian Co., Ltd.	10.60	1.97
Sinopharm Holding Longyan Co., Ltd.	9.75	10.11
Sinopharm Holding Taizhou Co., Ltd.	9.16	25.38
Sinopharm Lerentang Cangzhou Medicine Co., Ltd.	8.69	-
Sinopharm Holding Qianxi'nan Co., Ltd.	7.09	2.02
Sinopharm Lerentang Healthcare Shijiazhuang Pharmacy Co., Ltd.	6.83	4.85
Sinopharm Holding Pingdingshan Co., Ltd.	6.05	-
Sinopharm Holding Ningde Co., Ltd.	5.94	(2.04)
Sinopharm Group Guangdong Medicine Device Co., Ltd.	5.88	52.21
China National Scientific Instruments & Materials I&E Shenzhen Co., Ltd.	4.92	1.05
Sinopharm Holding Huaideju (Xiamen) Pharmacy Co., Ltd.	4.91	-
Sinopharm Huixinqinyuan (Beijing) Technology Development Co., Ltd.	4.89	-
Sinopharm Guanai Yuankang Pharmacy (Haikou) Co., Ltd.	4.60	7.68
Sinopharm Holding Fuzhou Medical Devices Co., Ltd.	4.07	-
Sinopharm Holding Shenyang Co., Ltd.	3.82	302.88
Sinopharm Holding Fuzhou Co., Ltd.	3.69	0.46
Sinopharm Lerentang Handan Medicine Co., Ltd.	3.50	-
Guangdong Yifang Pharmaceutical Co., Ltd.	2.71	-
Sinopharm Holding Kunming Pharmacy Co., Ltd.	2.67	-
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	2.53	-
Sinopharm Guanai Jikun Pharmacy (Haikou) Co., Ltd.	2.45	0.09
Sinopharm Fortune Way Company	2.38	-
Sinopharm Holding Changxing Professional Pharmacy (Haikou) Co., Ltd.	2.25	0.51
Sinopharm Holding Zhuanye Pharmacy (Dongfang) Co., Ltd.	1.87	-
Sinopharm Holding Hongrun Medical Business Service (Shanghai) Co., Ltd.	1.81	28.72
Sinopharm Medical Instrument Guizhou Qiannan Co., Ltd.	1.63	15.47
China Otsuka Pharmaceutical Co., Ltd.	1.61	2.07
Sinopharm Lerentang Langfang Medicine Co., Ltd.	0.73	-
Main Luck Pharmaceutical	0.66	-
Sinopharm Holding Xiamen Co., Ltd.	0.59	-
Sinopharm Holding Zhenjiang Co., Ltd.	0.56	0.84

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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 (Continued)

	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Group Fengliaoxing Medical Hospital (Foshan Nanhai) Co., Ltd.	0.51	1.01
Guangdong Jienuo	0.27	0.36
Sinopharm Medical Instrument (Hainan) Co., Ltd.	0.18	-
Sinopharm Holding Shanxi Zhongjian Medical Device Chain Co., Ltd.	0.17	-
Sinopharm Holding Guizhou Medical Chain Co., Ltd.	0.13	-
Sinopharm Holding Shanxi Hejin Pharmaceutical Co., Ltd.	0.12	-
Shenzhen Ketai Pharmaceutical Technology Co., Ltd.	-	511.68
Sinopharm Holding Lianyungang Co., Ltd.	-	115.23
Sinopharm Ruixinxiang (Beijing) Medical Device Co., Ltd.	-	28.78
Nanchang Sinopharm Holding Guoyaotang Pharmacy Co., Ltd.	-	25.50
Sinopharm Holding (Hubei) Hankou Pharmacy Co., Ltd.	-	19.53
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	-	18.50
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	-	8.67
Shanghai Compound Technology Medical Devices Co., Ltd.	-	7.98
Sinopharm Medical Instrument (Foshan) Co., Ltd.	-	7.94
Sinopharm Holding Liaocheng Co., Ltd.	-	3.72
Sinopharm Holding Deyang Co., Ltd.	-	3.68
Sinopharm SteriGuard Medical Service Co., Ltd.	-	3.50
Sinopharm (Nanping) Medical Instrument Co., Ltd.	-	2.00
Sinopharm Holding Shanxi Jincheng Co., Ltd.	-	1.51
Sinopharm Holding Siping Co., Ltd.	-	1.00
Sinopharm Holding Huaian Co., Ltd.	-	0.71
Guoyaotang Pharmacy (Shanghai) Co., Ltd.	-	0.37
Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	-	0.28
Sinopharm Holding Changsha Co., Ltd.	-	(2.20)
Sinopharm Holding Ulanqab Co., Ltd.	(0.06)	14.51
Sinopharm Holding Jilin Chain Store Co., Ltd.	(1.66)	14.03
Sinopharm Group Fengliaoxing Pharmacy (Foshan) Co., Ltd.	(2.65)	16.26
	<u>124,488.24</u>	<u>104,009.59</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

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

(2) Related party asset trusteeship

2020

	Type of an asset under trusteeship	Pricing basis for trusteeship income	Trusteeship income recognised (RMB'0,000)
Ningbo Meishan Bonded Port Area Qiling Equity Investment Center LP	Other asset under trusteeship	Trusteeship agreement	96.15

(3) Related party transactions - leases

As the lessor

	Type of assets under leases	Income from leases in 2020 (RMB'0,000)	Income from leases in 2019 (RMB'0,000)
Zhijun Medicine	Building	191.43	191.43
Zhijun Trade	Building	46.43	57.14
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited.	Building	19.69	18.50
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Building	13.33	-
China National Medicines Co., Ltd.	Building	6.07	4.80
		<u>276.95</u>	<u>271.87</u>

As the lessee

	Type of assets under leases	Expenses from leases in 2020 (RMB'0,000)	Expenses from leases in 2019 (RMB'0,000)
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Building	1,059.25	1,011.23
Sinopharm Group Medicine Logistic Co., Ltd.	Equipment	750.00	750.00
Shenyang Pharmaceutical Co., Ltd.	Building	714.29	47.62
Sinopharm Group Medicine Logistic Co., Ltd.	Building	708.00	708.00
Sinopharm Group Shanghai Co., Ltd.	Building	700.54	719.72
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Building	691.31	723.73
Lerentang Investment Group Co., Ltd.	Building	638.89	644.81
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	Building	464.17	479.06
Sinopharm Holding (China) Financing Lease Co., Ltd.	Equipment	397.21	-
Sinopharm Holding Yangzhou Co., Ltd.	Building	391.20	372.57
Hunan Minshengtang Investment Co., Ltd.	Building	245.73	53.12
Pu'er Songmao Medicine Group Co., Ltd.	Building	202.21	198.48
Nanjing Yuanguang Trading Co., Ltd.	Building	200.43	149.91

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

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

(3) Related party transactions – leases (continued)

As the lessee (continued)

	Type of assets under leases	Expenses from leases in 2020 (RMB'0,000)	Expenses from leases in 2019 (RMB'0,000)
Guangdong Jiyuantang Development Co., Ltd.	Building	190.97	189.75
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	Building	98.28	97.47
Taishan Xiangranhui Trade Co., Ltd.	Building	82.15	81.76
Zhang Zhenfang	Building	80.50	80.50
Zhang Yechuan	Building	73.87	-
Wang Yang	Building	59.42	52.57
Li Fang	Building	54.48	-
Sinopharm Holding Beijing Co., Ltd.	Building	48.79	49.52
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	Building	47.41	46.13
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	Building	41.01	48.54
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	Building	36.74	38.86
Gu Jinhua	Building	36.06	35.76
Guangxi Yifang Tianjiang Pharmaceutical Co., Ltd.	Building	25.74	-
Beijing Huafang Investment Co., Ltd.	Building	24.19	-
Shenzhen Jiufeng Investment Co., Ltd.	Building	20.00	20.00
Gu Haiqun	Building	18.48	19.04
Sinopharm Group Medicine Logistic Co., Ltd. Guangzhou Branch	Equipment	17.71	-
Zhang Haiyan	Building	17.14	-
Taishan Qunkang Pharmacy Co., Ltd.	Equipment	13.50	13.74
China National Medicines Co., Ltd.	Building	11.58	28.57
Zhijun Pingshan	Building	10.18	4.24
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	Building	6.94	31.54
Sinopharm Holding (China) Financing Lease Co., Ltd.	Building	-	638.56
Linyi Pharmaceutical Group Co., Ltd.	Building	-	184.81
Hangzhou Xihu District Commercial Co., Ltd.	Building	-	27.89
Sinopharm Holding Rizhao Co., Ltd.	Building	-	20.00
Sinopharm Holding Fujian Co., Ltd.	Building	-	1.30
		8,178.37	7,568.80

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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X Related party relationships and transactions (Continued)

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

(4) Related party transactions - guarantees

The Group had no related party guarantees not yet fulfilled this year and in 2019.

(5) Related party transactions – borrowings and lendings

Borrowings

2020	Category	Amount (RMB'0,000)	Inception	Maturity
Sinopharm Group Financial Co., Ltd.	Short-term borrowings	75,052.21	21 February 2020-18 September 2020	1 July 2020-30 January 2021
Sinopharm Group Financial Co., Ltd.	Discount on bank acceptance bills	60,820.88	30 March 2020-25 September 2020	25 May 2020-24 June 2021
Jilin Ronghe Real Estate Development Co., Ltd.	Short-term borrowings	10,400.00	4 January 2020-20 February 2020	21 January 2020-1 May 2020
Jilin Province Yihe Investment Consulting Co., Ltd.	Short-term borrowings	5,670.00	16 May 2020-23 November 2020	23 January 2021-22 June 2021
Sinopharm Group	Short-term borrowings	5,600.00	1 January 2020-1 February 2020	31 March 2020-30 April 2020
CNPGC	Long-term borrowings	<u>3,160.00</u>	30 July 2020	30 July 2023
		<u>160,703.09</u>		
2019	Category	Amount (RMB'0,000)	Inception	Maturity
Sinopharm Group Finance Co., Ltd.	Discount on commercial acceptance bills	38,966.99	24 January 2019-23 July 2019	28 February 2019-30 November 2019
Sinopharm Group Finance Co., Ltd.	Short-term borrowings	11,750.24	17 April 2019-24 December 2019	17 July 2019-24 June 2020
Sinopharm Group	Short-term borrowings	8,800.00	1 February 2019-4 June 2019	22 May 2019-22 May 2020
Sinopharm Group Finance Co., Ltd.	Discount on bank acceptance bills	4,394.67	14 August 2019-21 November 2019	24 December 2019-30 March 2020
CNPGC	Long-term borrowings	<u>3,160.00</u>	24 May 2017	24 May 2020
		<u>67,071.90</u>		

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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X Related party relationships and transactions (Continued)

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

(6) Related party asset transfer

	Types of transaction	2020 (RMB'0,000)	2019 (RMB'0,000)
Shanghai Tongyu Information Technology Co., Ltd.	Purchase of an intangible asset	165.48	67.33
Shanghai Tongyu Information Technology Co., Ltd.	Purchase of a fixed asset	27.98	-
Sinopharm Group	Purchase of an intangible asset	-	233.64
Sinopharm Holding (Tianjin Binhai) Pharmaceutical Co., Ltd.	Purchase of a fixed asset	-	43.94
Sinopharm Holding Tianjing Co., Ltd.	Purchase of a fixed asset	-	4.11
		<u>193.46</u>	<u>349.02</u>

(7) Other related party transactions

Remuneration for key management personnel

	2020 (RMB'0,000)	2019 (RMB'0,000)
	<u>1,656.25</u>	<u>1,733.89</u>

Interest expense

	Category	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Group Financial Co., Ltd.	Payment of loan interest	788.29	144.38
Sinopharm Group Financial Co., Ltd.	Payment of discount interest on notes	632.17	359.52
Jilin Ronghe Real Estate Development Co., Ltd.	Payment of entrusted loan interest	335.84	-
CNPGC	Payment of entrusted loan interest	103.77	129.36
Sinopharm Group	Payment of interest on loans to related parties	103.60	178.86
Jilin Province Yihe Investment Consulting Co., Ltd.	Payment of entrusted loan interest	49.92	-
		<u>2,013.59</u>	<u>812.12</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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X Related party relationships and transactions (Continued)

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

(7) Other related party transactions (Continued)

Interest income

	Category	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Group Finance Co., Ltd.	Deposit interest income	9.11	17.92
Zhijun Suzhou	Entrusted loan interest income	-	341.43
		<u>9.11</u>	<u>359.35</u>

Accounts receivable factoring without recourse

	2020 (RMB'0,000)		2019 (RMB'0,000)	
	Accounts receivable factoring	Terminated recognition loss	Accounts receivable factoring	Terminated recognition loss
Sinopharm Holding (China) Finance Leasing Co., Ltd.	-	-	5,407.82	128.67
Sinopharm Group Finance Co., Ltd.	-	-	3,888.97	53.12
	<u>-</u>	<u>-</u>	<u>9,296.79</u>	<u>181.79</u>

(8) Other investment matters

On 2 January 2020, Guoda Drugstore, a subsidiary of the Company, acquired 75% of the shares of Pudong Medicine from Sinopharm Group for RMB163,115,000, forming a business combination under the common control. The above transaction constituted the Company's related transactions.

On 7 January 2020, Guoda Drugstore, a subsidiary of the Company, acquired 100% equity of Shanghai Dingqun from its related parties, Ningbo Meishan Bonded Port Area Qiling Equity Investment Center LP and the Company for RMB934,240,000, forming a business combination not under the common control. The above transaction constituted the Company's related transactions.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

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

Notes (Expressed in RMB'0,000):

(1) Related party transactions - sale of goods and rendering of services

- (a) During the current year, the Group purchased goods from related parties at the market price amounting to RMB588,714.37 (2019: RMB485,356.17).
- (b) During the current year, the related parties rendered services to the Group at the market price amounting to RMB3,735.61 (2019: RMB2,119.27).
- (c) During the current year, the Group sold goods to related parties at the market price amounting to RMB122,451.32 (2019: RMB102,777.11).
- (d) During the current year, the Group rendered services to related parties at the market price amounting to RMB2,036.92 (2019: RMB1,232.48).

(2) Asset trusteeship

During the current year, Ningbo Meishan Bonded Port Area Qiling Equity Investment Center LP entrusted part of its right of daily operation for the Group in the target Company, Jilin Tianhe Pharmaceutical Technology Co., Ltd. The Group confirmed the trusteeship income of RMB96.15 according to the trusteeship agreement (2019: nil).

(3) Related party transactions - leases

- (a) During the current year, the Group leased buildings and equipment to related parties and recognised income of RMB276.95 (2019: RMB271.87) according to the agreements.
- (b) During the current year, the Group leased buildings and equipment from related parties and an expense of RMB8,178.37 (2019: RMB7,568.80) was incurred according to the lease.

(4) Related party transactions - guarantees

- (a) The Group had no related party guarantees that are not yet completed in the current year as well as in 2019.

(5) Related party transactions - borrowings

- (a) During the current year, the Group borrowed RMB160,703.09 at annual interest rates ranging from 2.40% to 4.79% from related parties (2019: RMB67,071.90 at rates ranging from 3.00% to 4.57%).
- (b) During the current year, the Group has not lent capital to related parties (2019: nil).

(6) Related party transactions - asset transfer

- (a) During the current year, the Group purchased long-term assets from related parties at a negotiated price amounting to RMB193.46 (2019: RMB349.02).
- (b) During the current year, the Group has not sold any long-term assets to related parties (2019: nil).

(7) Other major related party transactions

- (a) During the current year, the Group incurred emoluments (including those paid in cash, in kind and in other forms) for key management personnel with an amount of RMB1,656.25 (2019: RMB1,733.89).
- (b) During the current year, the Group has paid borrowing interest, entrusted loan interest, etc. to related parties in the amount of RMB2,013.59 (2019: RMB812.12).
- (c) During the current year, the Group has received deposit interest from related parties in the amount of RMB9.11 (2019: RMB359.35).
- (d) During the current year, the Group factored a portion of accounts receivable at amortised cost to related parties. The amount of accounts receivable derecognised was nil (2019: RMB9,296.79), and the amount of the loss recognised through Investment income was nil (2019: RMB181.79).

(8) Other investment matters

- (a) In the current year, Guoda Drugstore, a subsidiary of the company, acquired 75% of Pudong Medicine from Sinopharm Group for RMB16,311.50.
- (b) In the current year, Guoda Drugstore, a subsidiary of the Company, acquired 100% equity of Shanghai Dingqun from its related parties, Ningbo Meishan Bonded Port Area Qiling Equity Investment Center LP and the Company for RMB93,424.00.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

6. Commitments between the Group and related parties

As lessee

	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Holding Yangzhou Co., Ltd.	1,956.00	-
Lerentang Investment Group Co., Ltd.	1,017.87	-
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	771.72	-
Zhang Yechuan	577.72	-
Guangxi Yifang Tianjiang Pharmaceutical Co., Ltd.	397.49	-
Guangdong Jiyuantang Development Co., Ltd.	318.01	-
Shenyang Pharmaceutical Co., Ltd.	297.62	-
Li Fang	217.92	-
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	162.86	-
Hunan Minshengtang Investment Co., Ltd.	109.76	-
Sinopharm Holding (China) Financing Lease Co., Ltd.	87.06	-
Taishan Xiangranhui Trade Co., Ltd.	84.39	-
Zhang Zhenfang	80.50	-
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	77.71	-
Nanjing Yuanguang Trading Co., Ltd.	57.15	-
Zhang Haiyan	53.72	-
Gu Haiqun	44.69	-
Gu Jinhua	37.86	-
Zhijun Pingshan	36.49	-
Beijing Huafang Investment Co., Ltd.	34.59	31.10
Shenzhen Jiufeng Investment Co., Ltd.	16.67	-
Sinopharm Holding Beijing Co., Ltd.	12.38	-
Pu'er Songmao Medicine Group Co., Ltd.	3.73	-
Taishan Qunkang Pharmacy Co., Ltd.	1.13	-
Sinopharm Group Shanghai Co., Ltd.	-	753.01
	<u>6,455.04</u>	<u>784.11</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

6. Commitments between the Group and related parties (Continued)

As lessor

	2020 (RMB'0,000)	2019 (RMB'0,000)
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	26.67	-
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	18.72	36.43
Zhijun Medicine	-	111.67
Zhijun Trade	-	28.57
China National Medicines Co., Ltd.	-	5.04
	<u>45.39</u>	<u>181.71</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

7. Amounts due from related parties

Accounts receivable

	2020 (RMB'0,000)		2019 (RMB'0,000)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Sinopharm Group	5,104.47	-	4,607.65	-
Foshan Chancheng Pharmaceutical Co., Ltd.	5,045.71	33.12	4,259.62	25.95
Shanghai Beiyi	2,606.65	-	2,719.44	-
Sinopharm Lerentang Medicine Co., Ltd.	1,133.99	-	407.77	-
Sinopharm Holding Beijing Co., Ltd.	932.92	-	295.06	-
Sinopharm Holding Hainan Co., Ltd.	926.32	-	591.60	0.01
Foshan Chancheng Central Hospital Co., Ltd.	619.99	3.90	369.18	2.32
Sinopharm Health Online Co., Ltd.	596.16	-	389.02	-
Shenzhen Hengsheng Hospital	537.70	-	333.52	-
Sinopharm Holding Hainan Hongyi Co., Ltd.	534.71	-	346.42	-
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	439.73	-	806.41	-
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	438.06	-	394.97	-
Sinopharm Lerentang Baoding Hongkang Pharmaceutical Chain Co., Ltd.	346.42	-	-	-
Foshan Chanyixing Medicine Development Co., Ltd.	344.57	1.80	198.36	0.58
Sinopharm Holding Wenzhou Co., Ltd.	314.26	-	69.96	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	223.71	-	184.95	-
Sinopharm Holding Henan Co., Ltd.	214.42	-	119.01	-
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	205.00	-	208.53	-
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	181.45	-	-	-
Sinopharm Holdings Beijing Huahong co., Ltd.	181.11	-	287.61	-
Shanghai Merro Pharmaceutical Co., Ltd.	164.80	-	97.06	-
Sinopharm Lerentang Baoding Trading Co., Ltd.	164.53	-	-	-
Sinopharm Sichuan Pharmaceutical Co., Ltd.	143.77	-	155.84	-
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	138.51	-	88.77	-
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	133.71	-	92.93	-
Sinopharm Lerentang (Langfang) Pharmaceutical Trade Co., Ltd.	129.43	-	-	-
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	125.75	-	79.76	-
Sinopharm Holding Hubei Co., Ltd.	125.29	-	156.04	-
Sinopharm Lerentang Hengshui Medicine Co., Ltd.	119.76	-	-	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Accounts receivable (continued)

	2020 (RMB'0,000)		2019 (RMB'0,000)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Sinopharm Holding Yangzhou Co., Ltd.	109.24	-	84.19	-
Sinopharm Lerentang Qinhuangdao Pharmaceutical Trading Co., Ltd.	106.80	-	-	-
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	99.73	-	1.68	-
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	94.35	-	134.91	-
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	92.15	-	-	-
Handan Sinopharm Lerentang Pharmacy Chain Co., Ltd.	83.24	-	-	-
Sinopharm Holding Shanxi Co., Ltd.	77.18	-	63.27	-
Shanghai Guoda Lingyun Pharmacy Co., Ltd.	66.48	-	24.99	-
Sinopharm Holding Dalian Co., Ltd.	65.79	-	26.64	-
Sinopharm Holding Jinzhou Co., Ltd.	58.72	-	-	-
Sinopharm Holding Tianjin Co., Ltd.	56.87	-	57.49	-
Sinopharm Holding Hunan Co., Ltd.	47.63	-	28.14	-
Sinopharm Lerentang Cangzhou Pharmaceutical Trading Co., Ltd.	47.07	-	-	-
China National Medicines Co., Ltd.	33.36	-	98.51	-
China National Pharmaceutical Foreign Trade Corporation	29.94	-	-	-
Sinopharm Holding Fujian Co., Ltd.	25.83	-	-	-
Shanghai Liyi	23.77	-	5.89	-
Sinopharm Holding Xuzhou Co., Ltd.	22.74	-	25.26	-
Sinopharm Holding Anhui Pharmaceutical Co., Ltd.	22.54	-	6.68	-
Shanghai Shengxin Pharmacy Co., Ltd.	21.75	-	-	-
Sinopharm Holding Jilin Co., Ltd.	20.86	-	60.01	-
Sinopharm Group Southwest Medicine Co., Ltd.	19.29	-	34.19	-
Sinopharm Holding Shanghai Biomedicine Co., Ltd.	16.91	-	12.80	-
Foshan Chancheng District Shiwan Town Chengnan Community Health Service Center	16.03	0.04	-	-
Sinopharm Holding Yunnan Co., Ltd.	13.91	-	29.88	-
Sinopharm Holding Jiangsu Co., Ltd.	13.80	-	3.50	-
Sinopharm Holding Wuxi Co., Ltd.	12.99	-	-	-
Sinopharm Holding Lerentang Hebei Pharmaceutical Co., Ltd.	12.01	-	-	-
Sinopharm Holding Jiangxi Co., Ltd.	11.47	-	3.84	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Accounts receivable (continued)

	2020 (RMB'0,000)		2019 (RMB'0,000)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Sinopharm Lerentang Langfang Pharmaceutical Co., Ltd.	10.24	-	-	-
Sinopharm Group Shanxi Co., Ltd.	9.49	-	-	-
Sinopharm Lerentang Xingtai Pharmaceutical Co., Ltd.	8.22	-	-	-
Sinopharm Holding Anshan Co., Ltd.	8.11	-	-	-
Sinopharm Holding Guizhou Co., Ltd.	7.96	-	-	-
Sinopharm Holding Shandong Co., Ltd.	7.61	-	53.33	-
Sinopharm Holding Anhui Co., Ltd.	7.45	-	-	-
Sinopharm Lerentang Shijiazhuang Medical Management Co., Ltd.	7.44	-	0.11	-
Sinopharm Holding Tianjin North Medicine Co., Ltd.	6.82	-	5.20	-
Sinopharm Holding Yancheng Co., Ltd.	6.56	-	-	-
Sinopharm Holding Shanxi Co., Ltd.	6.34	-	33.02	-
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	6.24	-	-	-
Sinopharm Holding Nantong Co., Ltd.	6.22	-	2.46	-
Sinopharm Holding Qinghai Co., Ltd.	5.73	-	8.80	-
Sinopharm Holding Ningxia Co., Ltd.	5.04	-	-	-
Zhijun Medicine	4.15	-	0.15	-
Sinopharm Lerentang Cangzhou Medicine Co., Ltd.	3.91	-	-	-
Foshan Chengnan Fengliaoqing Medical Hospital Co., Ltd.	3.72	-	4.26	-
Sinopharm Lerentang Xintai Medicine Co., Ltd.	3.42	-	-	-
Sinopharm Holding Chengdu Co., Ltd.	3.41	-	5.00	-
Sinopharm Holding Anshun Co., Ltd.	2.07	-	-	-
Sinopharm Holding Dalian Hecheng Co., Ltd.	1.68	-	15.65	-
Sinopharm Fengliaoqing Medical Hospital Co., Ltd.	1.55	0.01	0.45	-
Sinopharm Holding Changzhou Co., Ltd.	1.50	-	6.69	-
Sinopharm Holding Gansu Co., Ltd.	1.45	-	-	-
Sinopharm Lerentang Baoding Medicine Co., Ltd.	1.31	-	-	-
Sinopharm Lerentang Handan Medicine Co., Ltd.	1.10	-	-	-
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	1.03	-	-	-
Sinopharm Holding Hongrun Medical Business Service (Shanghai) Co., Ltd.	0.56	-	4.54	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Accounts receivable (continued)

	2020 (RMB'0,000)		2019 (RMB'0,000)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Jiangmen Xinhui District Jianfeng Pharmaceutical Co., Ltd.	0.37	-	-	-
Sinopharm Holding Zhuanye Pharmacy (Dongfang) Co., Ltd.	0.36	-	-	-
Sinopharm Fengliaoqing (Foshan) Pharmaceutical Drugs Co., Ltd.	0.35	-	0.95	-
Sinopharm Guanai Yuankang Pharmacy (Haikou) Co., Ltd.	0.23	-	-	-
Sinopharm Lerentang Healthcare Shijiazhuang Pharmacy Co., Ltd.	0.15	-	0.59	-
Sinopharm Group Fengliaoqing Medical Hospital (Foshan Nanhai) Co., Ltd.	0.09	-	0.05	-
Sinopharm Holding Shenyang Co., Ltd.	0.04	-	-	-
Sinopharm Holding Fuzhou Co., Ltd.	0.01	-	6.36	-
Yuxi Sinopharm Medicine Co., Ltd.	-	-	25.55	-
Sinopharm Holding Inner Mongolia Co., Ltd.	-	-	13.52	-
Sinopharm Lerentang Chengde Medicine Co., Ltd.	-	-	8.06	-
Sinopharm Holding Ulanqab Co., Ltd.	-	-	6.39	-
Sinopharm Holding Ningde Co., Ltd.	-	-	0.76	-
Sinopharm Holding Honghe Co., Ltd.	-	-	0.61	-
Sinopharm Holding Zunyi Co., Ltd.	-	-	0.31	-
Guoyaochang Pharmacy (Shanghai) Co., Ltd.	-	-	0.21	-
	<u>23,637.28</u>	<u>38.87</u>	<u>18,164.37</u>	<u>28.86</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Notes receivable (Including receivables financing)

	2020 (RMB'0,000)		2019 (RMB'0,000)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Sinopharm Holding Hainan Co., Ltd.	4,854.93	-	2,373.10	-
Sinopharm Holding Hainan Hongyi Co., Ltd.	944.57	-	190.14	-
Sinopharm Holding Beijing Co., Ltd.	279.54	-	-	-
Sinopharm Holding Shandong Co., Ltd.	135.51	-	175.46	-
Sinopharm Lerentang Medicine Co., Ltd.	90.95	-	8.86	-
Sinopharm Holding Zunyi Co., Ltd.	80.30	-	-	-
Sinopharm Holding Shanxi Co., Ltd.	65.04	-	61.78	-
Sinopharm Holding Guizhou Yitong Medicine Co., Ltd.	35.75	-	143.28	-
Sinopharm Holding Anshan Co., Ltd.	31.35	-	-	-
Sinopharm Holding Jinzhou Co., Ltd.	30.00	-	-	-
Sinopharm Holding Gansu Co., Ltd.	17.53	-	-	-
Sinopharm Holding Guizhou Co., Ltd.	15.83	-	-	-
Sinopharm Holding Anhui Co., Ltd.	14.09	-	-	-
Sinopharm Holding Henan Co., Ltd.	-	-	198.39	-
Sinopharm Holding Nantong Co., Ltd.	-	-	161.00	-
Zhijun Suzhou	-	-	97.39	-
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	-	-	50.00	-
Sinopharm Holding Yunnan Co., Ltd.	-	-	19.22	-
Sinopharm Holding Hubei Bokang Co., Ltd.	-	-	18.35	-
Sinopharm Holding Yancheng Co., Ltd.	-	-	13.42	-
Sinopharm Group Shanxi Co., Ltd.	-	-	11.47	-
	<u>6,595.39</u>	<u>-</u>	<u>3,521.86</u>	<u>-</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Other receivables

	2020 (RMB'0,000)		2019 (RMB'0,000)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Zhijun Suzhou	4,633.42	4,633.42	4,536.03	4,536.03
Sinopharm Group Medicine Logistic Co., Ltd.	255.98	-	173.71	-
Du Longfeng	205.73	-	-	-
Li Huichun	205.73	-	-	-
Sinopharm Holding Fujian Co., Ltd.	115.83	-	276.08	-
Shyndec Pharma	98.39	-	98.39	-
Sinopharm Holding (China) Financing Lease Co., Ltd.	57.00	-	2.87	-
Sinopharm Holding Shanghai Biomedicine Co., Ltd.	40.00	-	-	-
Sinopharm Holding Inner Mongolia Co., Ltd.	25.65	-	-	-
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	22.00	-	-	-
Zhijun Medicine	20.44	-	22.27	0.06
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	4.85	-	4.85	-
Zhang Haiyan	3.00	-	-	-
Zhijun Pingshan	1.85	-	1.85	-
Sinopharm Guangdong Medicine Device Supply Chain Co., Ltd.	1.74	-	2.31	-
Zhijun Trade	1.08	-	2.54	-
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	0.72	-	-	-
Sinopharm Zhonglian Pharmaceutical Group Co., Ltd.	0.50	0.10	0.50	0.10
Xinjiang Baitong Property Service Co., Ltd.	0.13	-	-	-
Sinopharm Group Guangdong Medicine Device Co., Ltd.	0.01	-	-	-
Sinopharm Group	-	-	2,200.00	-
Pu'er Songmao Medicine Group Co., Ltd.	-	-	688.68	-
Henan Wanxitang Pharmacy Co., Ltd.	-	-	104.31	-
Shanghai Dingqun	-	-	83.49	-
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	-	-	10.00	-
	<u>5,694.05</u>	<u>4,633.52</u>	<u>8,207.88</u>	<u>4,536.19</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Advances to suppliers

	2020 (RMB'0,000)		2019 (RMB'0,000)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Sinopharm Holding Shanxi Co., Ltd.	1,774.71	-	334.72	-
Sinopharm Group Guangxi Medical Device Co., Ltd.	185.00	-	-	-
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	47.57	-	-	-
Chongqing Yaoyou Pharmaceutical Co., Ltd.	40.90	-	74.25	-
Sinopharm Group Guorui Medicine Co., Ltd.	30.78	-	39.96	-
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	26.08	-	-	-
Chengdu Rongsheng Pharmacy Co., Ltd.	21.71	-	55.54	-
Lanzhou Biotechnology Development Co., Ltd.	18.00	-	0.06	-
Hunan Dongting Pharmaceutical Co., Ltd.	17.63	-	-	-
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	13.73	-	59.98	-
Suzhou Erye Pharmaceutical Limited Company	12.17	-	3.31	-
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	7.93	-	-	-
Guilin Pharmaceutical Co., Ltd.	7.46	-	5.42	-
Sinopharm Group	5.96	-	148.66	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	4.47	-	120.47	-
Zhijun Medicine	4.19	-	2.98	-
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	2.88	-	-	-
Sinopharm Holding Beijing Co., Ltd.	1.49	-	13.00	-
Hubei Sinopharm Zhonglian Medicine Co., Ltd.	1.35	-	-	-
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	1.24	-	-	-
Sinopharm Holdings Beijing Huahong co., Ltd.	1.10	-	-	-
Sinopharm Tongjitang (Guizhou) Pharmaceutical Co., Ltd.	0.90	-	6.58	-
Jinzhou Avanc Pharmaceutical Co., Ltd.	0.84	-	0.02	-
Sinopharm Holding Changsha Co., Ltd.	0.45	-	-	-
Sinopharm Device (Guangdong) Medical Technology Co., Ltd.	0.40	-	-	-
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	0.14	-	8.25	-
Sinopharm Holding Yancheng Co., Ltd.	0.07	-	-	-
Shyndec Pharma	0.01	-	75.85	-
Fosun Pharmaceutical Distribution Jiangsu Co., Ltd.	0.01	-	49.97	-
Jiangxi Erye Medicine Marketing Co., Ltd.	-	-	278.64	-
China National Medicines Co., Ltd.	-	-	20.49	-
Shantou Jinshi Powder Injection Co., Ltd.	-	-	13.80	-
Sinopharm (Anhui) Jingfang Pharmaceutical Co., Ltd.	-	-	10.22	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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X Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Advances to suppliers (continued)

	2020 (RMB'0,000)		2019 (RMB'0,000)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Chengdu Institute of Biological Products Co., Ltd.	-	-	9.75	-
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	-	-	9.53	-
China National Pharmaceutical Foreign Trade Corporation	-	-	7.20	-
Shanghai Tongyu Information Technology Co., Ltd.	-	-	2.35	-
Sinopharm Holding Hunan Co., Ltd.	-	-	1.70	-
Foshan Winteam Pharmaceutical Group Ltd.	-	-	1.40	-
Sinopharm Holding Chengdu Co., Ltd.	-	-	1.32	-
Xinjiang Baitong Property Service Co., Ltd.	-	-	1.31	-
Sinopharm Luya (Shandong) Pharmaceutical Co., Ltd.	-	-	1.14	-
China National Pharmaceutical Industry Co., Ltd.	-	-	0.55	-
Sinopharm Holding Hubei Co., Ltd.	-	-	0.47	-
Sinopharm Holding Yangzhou Co., Ltd.	-	-	0.13	-
	<u>2,229.17</u>	<u>-</u>	<u>1,359.02</u>	<u>-</u>

Amounts due from related parties are interest-free and unsecured with no fixed term on repayment, except that notes receivable from related parties have fixed terms of repayment, and entrusted loans from related parties have fixed terms of repayment with interest.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

8. Amounts due to related parties

Accounts payable

	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Holding Sub Marketing Center Co., Ltd.	10,059.79	6,680.85
China National Medicines Co., Ltd.	5,351.01	4,042.60
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	4,496.74	1,716.24
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	3,137.29	3,172.37
Sinopharm Group	3,016.91	2,541.17
Sinopharm Holding Shenyang Co., Ltd.	1,704.48	225.70
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	1,429.96	2,401.57
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	1,321.16	327.92
Sinopharm Holding Lerentang Hebei Pharmaceutical Co., Ltd.	1,191.78	818.88
Sinopharm Holding Shanxi Co., Ltd.	870.63	853.24
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	692.61	197.89
Sinopharm Holding Jiangsu Co., Ltd.	621.12	485.71
Sinopharm Group Shanxi Medical Devices Co., Ltd.	610.59	-
Sinopharm Holding Yangzhou Co., Ltd.	605.68	645.32
Tibet Yaoyou Medicines Co., Ltd.	559.97	99.85
Main Luck Pharmaceutical	558.62	528.48
Sinopharm Holding Fujian Co., Ltd.	530.65	343.43
Sinopharm Yixin Pharmaceutical Co., Ltd.	522.37	99.82
Foshan Winteam Pharmaceutical Group Ltd.	503.23	431.46
Jinzhou Avanc Pharmaceutical Co., Ltd.	497.72	388.56
Sinopharm Holding Shanxi Zhongjian Medical Device Chain Co., Ltd.	487.37	-
Sinopharm Holding Jilin Co., Ltd.	477.47	-
Sinopharm Holding Changzhou Co., Ltd.	406.12	320.14
Zhijun Pingshan	385.42	661.86
Sinopharm Holding Xinjiang Xinte Shenrong Pharmaceutical Co., Ltd.	375.32	-
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	358.88	386.97
Shanghai Henlius Biopharmaceuticals Co., Ltd.	348.94	-
Chongqing Yaoyou Pharmaceutical Co., Ltd.	331.98	600.41
Sinopharm Holding Henan Co., Ltd.	320.69	297.06
Sinopharm Holding Pingdingshan Co., Ltd.	311.02	531.68
Sinopharm Holding Inner Mongolia Co., Ltd.	276.13	399.74
China Otsuka Pharmaceutical Co., Ltd.	267.79	259.84
Sinopharm Holding Ningxia Co., Ltd.	241.45	235.44
Sinopharm Holding Beijing Co., Ltd.	239.19	339.70
Jinzhou Avanc Medicine Co., Ltd.	225.15	21.46

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Accounts payable (continued)	2020 (RMB'0,000)	2019 (RMB'0,000)
Zhijun Medicine	220.49	619.90
Shanghai International Pharmaceutical Trade Co., Ltd.	214.08	127.87
Sinopharm Fengliaoqing (Foshan) Pharmaceutical Drugs Co., Ltd.	202.93	84.89
Sinopharm Luya (Shandong) Pharmaceutical Co., Ltd.	172.83	5.28
Yunnan Sinopharm Holding Dongchang Medicine Co., Ltd.	166.05	81.10
Sinopharm Group Guangxi Medical Device Co., Ltd.	163.72	-
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	149.57	21.99
Fosun Pharmaceutical Distribution Jiangsu Co., Ltd.	140.45	102.14
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	140.26	595.17
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	134.58	234.13
Sinopharm Huixinqinyuan (Beijing) Technology Development Co., Ltd.	131.59	156.56
China National Pharmaceutical Foreign Trade Corporation	126.42	0.09
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	119.90	0.01
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	117.94	144.73
Sinopharm Holding Jinzhou Co., Ltd.	117.69	82.23
Sichuan Hexin Pharmaceutical Co., Ltd.	116.47	180.11
Sinopharm Group Guorui Medicine Co., Ltd.	102.96	66.14
Shanghai Chaohui Pharmaceutical Co., Ltd.	102.07	80.74
Shenzhen Wanwei Medicine Trading Co., Ltd.	88.40	280.99
Sinopharm Holding Hulun Buir Co., Ltd.	86.27	42.89
Sinopharm Holding Wuxi Co., Ltd.	83.97	123.56
Sinopharm Holding Heilongjiang Co., Ltd.	81.13	71.19
Sinopharm Holding Tongliao Co., Ltd.	80.23	54.07
Sinopharm Liaoning Medical Equipment Co., Ltd.	80.12	11.99
Sinopharm Holding Shandong Co., Ltd.	79.34	20.77
Yunnan Tianjiang Yifang Pharmaceutical Co., Ltd.	79.27	-
Sinopharm Holding Zhihuiminsheng (Tianjin) Pharmaceutical Co., Ltd.	76.39	0.39
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	71.46	140.07
Sinopharm Holding Hubei Co., Ltd.	70.65	1,384.40
Yichang Humanwell Pharmaceutical Co., Ltd.	70.24	125.17
Sinopharm Holding Shanxi Co., Ltd.	69.89	1.27
Hunan Dongting Pharmaceutical Co., Ltd.	66.74	77.36
Sinopharm Holding Xinjiang Special Drugs Karamay Pharmaceutical Co., Ltd.	65.96	50.24
Sinopharm Holding Fuzhou Co., Ltd.	65.50	80.22
Fujian Chentian Jinling Pharmaceutical Co., Ltd.	63.99	63.97

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Accounts payable (continued)

	2020 (RMB'0,000)	2019 (RMB'0,000)
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	62.61	112.39
China National Pharmaceutical Industry Co., Ltd.	61.49	73.60
Sinopharm Tongjitang (Guizhou) Pharmaceutical Co., Ltd.	56.01	37.96
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	55.37	71.11
Sinopharm Holding Xiamen Co., Ltd.	55.16	140.81
Sinopharm Zhonglian Pharmaceutical Group Co., Ltd.	45.05	83.70
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	41.24	46.41
Sinopharm Holding Hunan Co., Ltd.	40.71	-
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	39.03	13.25
Chengdu Institute of Biological Products Co., Ltd.	37.44	56.16
Sinopharm Holding Dalian Co., Ltd.	37.30	13.72
Sinopharm Lerentang Qinhuangdao Pharmaceutical Trading Co., Ltd.	35.57	-
Suzhou Erye Pharmaceutical Limited Company	35.04	62.30
Sinopharm Holding Yangzhou Medical Treatment Equipment Co., Ltd.	34.77	13.17
Sinopharm Holding Shanxi Jinzhong Co., Ltd.	30.45	-
Shanghai Transfusion Technology Co., Ltd.	30.18	39.66
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	28.64	46.18
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	27.56	49.04
Sinopharm Holding Anhui Huaning Medicine Co., Ltd.	24.87	119.03
Sinopharm Jiankun (Beijing) Medicine Co., Ltd.	23.60	-
Jiangsu Huanghe Pharmaceutical Co., Ltd.	22.99	43.37
Sinopharm ChuanKang Pharmaceutical Co., Ltd.	22.81	73.57
Sinopharm Holding Putian Co., Ltd.	22.46	22.54
Sinopharm Holding Anshan Co., Ltd.	21.05	-
Sinopharm Holding Shanxi Dajiuzhou Medicine Co., Ltd.	20.62	86.55
Sinopharm Holding Quanzhou Co., Ltd.	20.33	1.60
Shanghai Merro Pharmaceutical Co., Ltd.	19.67	42.60
Shanghai Shangsheng Biological Products Co., Ltd.	19.44	-
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	18.96	28.59
Sinopharm Holding Shanghai Biomedicine Co., Ltd.	18.22	21.60
Shenyang Hongqi Pharmaceutical Co., Ltd.	16.60	31.51

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Accounts payable (continued)

	2020 (RMB'0,000)	2019 (RMB'0,000)
GlaxoSmithKline Pharmaceuticals (Suzhou) Co., Ltd.	15.70	-
Sinopharm Holding Yangzhou Biological Products Co., Ltd.	14.92	11.62
Sinopharm Wuhan Zhonglian Siyao Pharmaceutical Co., Ltd.	14.72	9.22
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	13.60	22.48
Jiangxi Erye Medicine Marketing Co., Ltd.	13.43	-
Sinopharm Beijing Huamiao Pharmaceutical Co., Ltd.	13.18	3.10
Sinopharm Holding Yunnan Co., Ltd.	12.81	-
Sinopharm Holding Special Drugs Shihezi Pharmaceutical Co., Ltd.	12.70	-
Sinopharm Holding Pu'er Co., Ltd.	12.65	17.98
Huayi Pharmaceutical Co., Ltd.	11.02	22.41
Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	10.69	2.32
Sinopharm Holding Hunan Pharmaceutical Development Co., Ltd.	10.54	11.85
Chengdu Rongsheng Pharmacy Co., Ltd.	10.00	20.30
Sinopharm Holding Tianjin Co., Ltd.	9.51	1.20
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	9.48	-
Sinopharm Device (Guangdong) Medical Technology Co., Ltd.	7.61	-
Shantou Jinshi Powder Injection Co., Ltd.	7.26	12.45
Sinopharm Holding Bayannur Co., Ltd.	6.99	16.95
Sinopharm Holdings Beijing Huahong co., Ltd.	6.83	36.10
Sinopharm (Anhui) Jingfang Pharmaceutical Co., Ltd.	5.98	33.47
Sinopharm Holding Shanxi Mingdikang Medicine Co., Ltd.	4.80	5.31
Sinopharm Holding Dezhou Co., Ltd.	4.58	17.22
Sinopharm Holding Ulanqab Co., Ltd.	3.61	3.38
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	3.29	16.45
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	3.10	3.10
Sinopharm Holding Zhejiang Co., Ltd.	3.03	-
China Medical Equipment Shandong Co., Ltd.	2.98	21.62
Sinopharm Guangdong Global Pharmaceutical Co., Ltd.	2.85	26.04
Sinopharm Sanyi Medicine (Wuhu) Co., Ltd.	2.66	3.31
Chongqing Haisiman Pharmaceutical Co., Ltd.	1.85	0.01
Sinopharm Holding Taizhou Co., Ltd.	1.76	5.55
Sinopharm Holding Baotou Co., Ltd.	1.64	-
Sinopharm Holding Changsha Gaoxin Medicine Co., Ltd.	1.29	-
Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	1.09	3.48
Sinopharm Holding Linfen Ningle Pharmaceutical Co., Ltd.	0.74	-
Sinopharm Dezhong (Foshan) Pharmaceutical Co., Ltd.	0.55	7.38

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Accounts payable (continued)

	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Holding Jinan Co., Ltd.	0.50	5.82
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	0.38	0.30
Sinopharm Holding Dalian Hecheng Co., Ltd.	0.32	1.61
Sinopharm Holding Shanxi Jincheng Co., Ltd.	0.22	0.21
Sinopharm Holding Huaideju Pharmaceutical (Xiamen) Co., Ltd.	0.22	0.11
Sinopharm Holding Zhangzhou Co., Ltd.	0.21	0.10
Sinopharm Holding Ordos Co., Ltd.	0.18	0.18
Chengdu List Pharmaceutical Co., Ltd.	0.18	17.89
Sinopharm Nutraceuticals (Shanghai) Co., Ltd.	0.15	-
China National Medical Device (Hui Zhou) Co., Ltd.	0.08	-
Guilin Pharmaceutical Co., Ltd.	0.06	0.12
Shyndec Pharma	0.06	105.98
Sinopharm Advanced (Shanghai) Medical Device Co., Ltd.	0.05	-
Sinopharm Group Shanghai Medicine Device Co., Ltd.	0.02	1.65
Sinopharm Holding Liaocheng Co., Ltd.	0.02	0.02
Sinopharm Fengliaoqing (Foshan) Medicines Co., Ltd.	0.01	0.07
Sinopharm Holding Huaideju (Xiamen) Pharmacy Co., Ltd.	0.01	-
Sinopharm Holding Hubei Guoda Pharmacy Co., Ltd.	-	149.40
Sinopharm Holding Yancheng Co., Ltd.	-	68.89
Sinopharm Holding Changsha Co., Ltd.	-	28.83
Sinopharm Holding Lianyungang Co., Ltd.	-	15.62
Sinopharm Holding Anhui Co., Ltd.	-	14.98
Sinopharm Holding Shanxi Runhe Medicine Co., Ltd.	-	4.03
Sinopharm Holding Jiangxi Co., Ltd.	-	3.80
Sinopharm Holding Suzhou Co., Ltd.	-	1.37
Sinopharm Wuhan Blood Products Co., Ltd.	-	1.16
Sinopharm Industry Investment Co., Ltd.	-	1.13
Sinopharm Hebei Medical Instrument Co., Ltd.	-	1.05
Sinopharm Holding Lunan Co., Ltd.	-	0.76
Sinopharm Holding Rizhao Co., Ltd.	-	0.63
Sinopharm Anhui Medical Device Co., Ltd.	-	0.52
Sinopharm Holding Tonghua Co., Ltd.	-	0.42
Sinopharm Lerentang Medicine Co., Ltd.	-	0.12
Zhijun Trade	-	0.05
	<u>48,542.13</u>	<u>37,258.53</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Notes payable

	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Holding Shanxi Co., Ltd.	14,748.48	8,709.55
Sinopharm Holding Sub Marketing Center Co., Ltd.	14,500.77	14,738.71
Sinopharm Lerentang Medicine Co., Ltd.	13,351.31	8,149.93
Sinopharm Holding Shanxi Co., Ltd.	9,647.58	2,620.38
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	4,248.18	3,110.02
Lanzhou Biotechnology Development Co., Ltd.	3,492.00	1,794.00
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	3,490.46	4,165.56
Sinopharm Holding Shenyang Co., Ltd.	2,366.63	9,431.86
China National Medicines Co., Ltd.	2,124.05	4,009.35
Sinopharm Holding Inner Mongolia Co., Ltd.	2,042.98	2,990.22
Sinopharm Group	1,566.58	-
Sinopharm Holding Fujian Co., Ltd.	1,560.70	1,208.06
Sinopharm Yixin Pharmaceutical Co., Ltd.	1,441.63	10.75
Chengdu Rongsheng Pharmacy Co., Ltd.	1,036.88	202.50
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	568.10	26.74
Sinopharm Holding Huaideju (Xiamen) Pharmacy Co., Ltd.	475.58	-
Sinopharm Holding Lunan Co., Ltd.	450.00	1,065.84
Sinopharm Holding Yangzhou Co., Ltd.	430.00	-
Sinopharm Holding Xiamen Co., Ltd.	317.32	578.10
Sinopharm Holding Pingdingshan Co., Ltd.	300.00	-
Sinopharm Lerentang Shijiazhuang Medicine Co., Ltd.	294.62	559.81
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	284.04	-
Chongqing Yaoyou Pharmaceutical Co., Ltd.	269.34	437.16
Sinopharm Holding Tianjin Co., Ltd.	236.55	-
China Otsuka Pharmaceutical Co., Ltd.	232.17	-
Sinopharm Holding Ningxia Co., Ltd.	213.96	150.00
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	197.82	67.87
Sinopharm Jiankun (Beijing) Medicine Co., Ltd.	191.17	-
Sinopharm Holding Lerentang Hebei Pharmaceutical Co., Ltd.	177.77	704.76
China National Medical Device Co., Ltd.	174.34	-
Sinopharm Group Shanxi Medical Devices Co., Ltd.	143.10	-
Sinopharm Holding Quanzhou Co., Ltd.	134.73	4.51

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Notes payable (Continued)

	2020 (RMB'0,000)	2019 (RMB'0,000)
Main Luck Pharmaceutical	127.41	236.09
Sinopharm Holding Dalian Co., Ltd.	126.93	99.20
Sinopharm Holding Jinzhou Co., Ltd.	122.21	231.53
Foshan Winteam Pharmaceutical Group Ltd.	104.77	-
Sinopharm Holding Yancheng Co., Ltd.	96.73	54.43
Sinopharm Holding Hunan Co., Ltd.	76.97	340.61
Fosun Pharmaceutical Distribution Jiangsu Co., Ltd.	75.41	32.05
Sinopharm Fengliaoxing (Foshan) Pharmaceutical Drugs Co., Ltd.	71.52	11.90
Jinzhou Avanc Medicine Co., Ltd.	65.51	-
Sinopharm Holding Jinan Co., Ltd.	65.00	95.00
Zhijun Medicine	63.62	108.71
Shenzhen Wanwei Medicine Trading Co., Ltd.	59.78	514.88
Sinopharm Holding Linfen Ningle Pharmaceutical Co., Ltd.	56.41	-
Sinopharm Holding Shanxi Dajiuzhou Medicine Co., Ltd.	53.72	-
Sinopharm Holding Jilin Co., Ltd.	43.01	-
Sinopharm Wuhan Blood Products Co., Ltd.	42.00	19.64
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	27.86	16.92
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	26.75	-
Shanghai Transfusion Technology Co., Ltd.	25.15	31.19
Sinopharm Zhonglian Pharmaceutical Group Co., Ltd.	11.67	-
Sinopharm Holding Shanxi Jinzhong Co., Ltd.	10.22	-
Sinopharm Holding Nanping Newforce Co., Ltd.	10.06	-
Fujian Chentian Jinling Pharmaceutical Co., Ltd.	7.12	-
Sinopharm Holding Anshan Co., Ltd.	6.34	-
Sinopharm Holding Changsha Co., Ltd.	2.98	17.16
Sinopharm Holding Changzhou Co., Ltd.	-	202.00
Yichang Humanwell Pharmaceutical Co., Ltd.	-	131.34
Sinopharm Huixinqinyuan (Beijing) Technology Development Co., Ltd.	-	103.36
Sinopharm Tongjitang (Guizhou) Pharmaceutical Co., Ltd.	-	83.30
Zhijun Pingshan	-	52.97
Sinopharm Guangdong Global Pharmaceutical Co., Ltd.	-	42.88
Sinopharm (Anhui) Jingfang Pharmaceutical Co., Ltd.	-	34.95

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Notes payable (continued)

	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	-	21.90
Shenyang Hongqi Pharmaceutical Co., Ltd.	-	21.13
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	-	14.04
Sinopharm Dezhong (Foshan) Pharmaceutical Co., Ltd.	-	10.84
Sinopharm Holding Heilongjiang Co., Ltd.	-	4.66
Sinopharm Lerentang Hebei Medical Device Supply Chain Management Co., Ltd.	-	0.82
	<u>82,087.99</u>	<u>67,269.18</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

X Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Other payables

	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Group	414.65	6,249.76
Zhang Zhenfang	392.00	311.50
Sinopharm Group Shanghai Co., Ltd.	361.95	166.04
Sinopharm Group Medicine Logistic Co., Ltd.	282.57	575.57
China National of Traditional & Herbal Medicine Co., Ltd.	130.00	130.00
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	51.59	-
Sinopharm Holding Yangzhou Co., Ltd.	37.26	372.57
Shanghai Beiyi	36.49	35.79
Shanghai Tongyu Information Technology Co., Ltd.	24.99	-
Sinopharm Health Online Co., Ltd.	18.60	300.83
Sinopharm Holding Zhihuiminsheng (Tianjin) Pharmaceutical Co., Ltd.	16.59	-
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	10.46	10.22
Fujian Chentian Jinling Pharmaceutical Co., Ltd.	5.00	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	3.79	3.82
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	2.24	-
Zhang Haiyan	0.14	-
Chengdu Institute of Biological Products Co., Ltd.	0.03	-
Sinopharm Guangdong Global Pharmaceutical Co., Ltd.	0.01	-
Shenzhen Wanwei Medicine Trading Co., Ltd.	0.01	-
Shanghai Dingqun	-	1,000.00
China Medicine Group Chongqing Medicine Design Institute	-	517.32
Foshan Chancheng Central Hospital Co., Ltd.	-	26.50
Sinopharm Holding (Tianjin Binhai) Pharmaceutical Co., Ltd.	-	24.18
Sinopharm Pharmaceutical Logistics Co., Ltd.	-	2.08
Sinopharm Group Medicine Logistic Co., Ltd. Guangzhou Branch	-	2.00
Sinopharm Luya (Shandong) Pharmaceutical Co., Ltd.	-	1.00
Gu Jinhua	-	0.21
	<u>1,788.37</u>	<u>9,729.39</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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X Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Contract liabilities

	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Holding Nantong Co., Ltd.	107.45	32.00
Chindex Shanghai International Trading Co., Ltd.	78.36	-
Sinopharm Holding Yunnan Co., Ltd.	18.67	10.52
Sinopharm Holding Anhui Co., Ltd.	15.49	-
Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	9.89	-
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	9.76	-
Sinopharm Holding Shenyang Co., Ltd.	6.44	-
Sinopharm Lerentang Medicine Co., Ltd.	4.04	-
Sinopharm Holding Wuhu Co., Ltd.	3.04	-
Sinopharm Lerentang Cangzhou Medicine Co., Ltd.	2.57	-
Sinopharm Holding Jilin Co., Ltd.	2.30	-
Sinopharm Holding Gansu Co., Ltd.	2.20	2.25
Sinopharm Holding Hulun Buir Co., Ltd.	2.12	2.12
Sinopharm Group Shanxi Co., Ltd.	1.48	-
Sinopharm Lerentang Chengde Medicine Co., Ltd.	1.10	-
Sinopharm Lerentang Hengshui Medicine Co., Ltd.	1.03	-
Sinopharm Holding Taizhou Co., Ltd.	0.66	-
Sinopharm Holding Chongqing Co., Ltd.	0.35	0.08
Sinopharm Holding Guizhou Medical Device Co., Ltd.	0.11	0.06
Dongyuan accord	0.09	-
Sinopharm Holding Jiangxi Co., Ltd.	0.02	-
Sinopharm Holding Inner Mongolia Co., Ltd.	0.01	0.01
Sinopharm Holding Wenzhou Co., Ltd.	-	5.78
Sinopharm Holding Guizhou Co., Ltd.	-	4.70
Sinopharm Holding Hubei Hongyuan Co., Ltd.	-	2.52
Sinopharm Holding Quanzhou Co., Ltd.	-	1.91
Sinopharm Group Guangdong Medicine Device Co., Ltd.	-	1.04
Sinopharm Holding Hunan Co., Ltd.	-	0.83
Sinopharm Group Guangxi Medical Device Co., Ltd.	-	0.54
China National Pharmaceutical Foreign Trade Corporation	-	0.12
Sinopharm Holding Chengdu Co., Ltd.	-	0.09
Sinopharm Guangdong Medical Examination Co., Ltd.	-	0.06
	<u>267.18</u>	<u>64.63</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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X Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

	2020 (RMB'0,000)	2019 (RMB'0,000)
Entrusted borrowings		
CNPGC (1)	3,163.72	3,163.90
Jilin Province Yihe Investment Consulting Co., Ltd. (2)	<u>5,670.00</u>	<u>-</u>
	<u>8,833.72</u>	<u>3,163.90</u>

(1) CNPGC entrusted Sinopharm Group Finance Co., Ltd. with this borrowing to the Group. The entrusted borrowing includes the principal of RMB31,600.00 thousand and the outstanding interest receivable of RMB37.20 thousand.

(2) Jilin Province Yihe Investment Consulting Co., Ltd. entrusted Changchun Branch of China Everbright Bank Co., Ltd. with this borrowing to the Group.

Short-term borrowings

Sinopharm Group Finance Co., Ltd.	<u>1,433.87</u>	<u>3,999.39</u>
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Other non-current liabilities

Sinopharm Group	<u>3,506.17</u>	<u>3,506.17</u>
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CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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X Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Lease liabilities

	2020		2019	
	Amount (RMB'0,000)	Include: within 1 year (RMB'0,000)	Amount (RMB'0,000)	Include: within 1 year (RMB'0,000)
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	662.88	75.92	55.28	55.28
Lerentang Investment Group Co., Ltd.	611.25	611.25	1,242.27	607.73
Zhang Yechuan	520.19	57.48	-	-
Guangxi Yifang Tianjiang Pharmaceutical Co., Ltd.	343.45	44.80	-	-
Guangdong Jiyuantang Development Co., Ltd.	308.59	206.06	493.39	184.80
Xiong Xinyuan	287.33	23.65	-	-
Shenyang Shengdiou Trading Co., Ltd.	146.86	34.46	-	-
Zhang Haiyan	50.35	15.34	-	-
Gu Haiqun	42.79	19.52	60.51	17.71
Sinopharm Holding (China) Financing Lease Co., Ltd.	38.88	46.95	386.17	234.82
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	37.90	37.90	74.19	36.29
Zhijun Pingshan	33.88	8.94	42.44	8.56
Beijing Huafang Investment Co., Ltd.	33.66	24.21	-	-
Shanghai Baizhong Business Development (Group) Co., Ltd.	30.01	30.01	-	-
Sinopharm Group	17.23	17.23	67.47	50.24
Sinopharm Holding Beijing Co., Ltd.	13.09	13.09	63.37	50.28
Pu'er Songmao Medicine Group Co., Ltd.	3.73	3.73	1,724.74	131.26
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	-	-	4,166.45	859.66
Linyi Pharmaceutical Group Co., Ltd.	-	-	634.73	155.06
Sinopharm Holding Yangzhou Co., Ltd.	-	-	366.61	366.61
Taishan Xiangranhui Trade Co., Ltd.	-	-	217.40	40.55
Gu Jinhua	-	-	195.64	35.70
Shenyang Pharmaceutical Co., Ltd.	-	-	148.19	28.29
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	-	-	35.70	43.77
Sinopharm Holding Rizhao Co., Ltd.	-	-	29.51	28.11
China National Medicines Co., Ltd.	-	-	28.11	19.58
Shenzhen Jiufeng Investment Co., Ltd.	-	-	19.29	19.29
	<u>3,182.07</u>	<u>1,270.54</u>	<u>10,051.46</u>	<u>2,973.59</u>

Other payables are interest-free and unsecured with no fixed term on repayment, expects the related party borrowings, long-term payables, lease liabilities with fixed terms of repayment with interest, and notes payable to related parties have fixed terms of repayment.

9. Cash deposit with a related party

	2020 (RMB'0,000)	2019 (RMB'0,000)
Sinopharm Group Finance Co., Ltd.	<u>10,177.99</u>	<u>54.90</u>

In year 2020, the annual interest rates of the above deposits are 0.35% to 1.89%. (In year 2019, the annual interest rates of the above deposits are 0.35% to 1.15%.)

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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XI Commitments and contingencies

1. Commitments

(1) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the balance sheet are analysed as follows:

	31 December 2020 (RMB'0,000)	31 December 2019 (RMB'0,000)
Capital commitments	42.16	42.16
Investment commitments	-	6,000.00
	<u>42.16</u>	<u>6,042.16</u>

2. Contingencies

As of the balance sheet date, no contingencies of the Group were required to disclose.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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XII Events after the balance sheet date

Pursuant to the resolution of the General Meeting of the Shareholders on 31 March 2021, the Company paid a cash dividend of RMB8.00 for every 10 shares to all shareholders, which is calculated on the basis of 428,126,983 shares in issue, with an aggregate amount of RMB342,501,586.40. This resolution had yet to be approved by the shareholders' meeting.

XIII Other significant events

1. Segment reporting

Operating segments

For management purposes, the Group is organised into business units based on its products and services and has three reportable operating segments as follows:

- (1) The Head Office, which is mainly engaged in the investment and management of businesses;
- (2) Pharmaceutical distribution segment, which is mainly engaged in the distribution of medicine and pharmaceutical products to customers;
- (3) Retail pharmacy segment, which is the management of the operation of Guoda Drugstore.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is measured consistently with the Group's profit before tax.

Inter-segment sales and transfers are transacted with reference to the selling prices used in the transactions carried out with third parties at the then prevailing market prices.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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XIII Other significant events (Continued)

1. Segment reporting (Continued)

Operating segments (Continued)

2020

	Head Office	Pharmaceutical distribution	Pharmaceutical retail	Elimination between segments	Total
Operating revenue	9,487,841.49	41,069,771,850.60	19,437,660,100.65	(867,464,780.71)	59,649,455,012.03
Including: Revenue from external customers	7,791,167.36	40,204,472,088.75	19,437,191,755.92	-	59,649,455,012.03
Revenue from inter-segment transactions	1,696,674.13	865,299,761.85	468,344.73	(867,464,780.71)	-
Interest income	136,746,373.87	47,776,232.42	73,451,556.94	(121,518,173.13)	136,455,990.10
Interest expense	(38,837,835.94)	(244,755,374.81)	(96,280,488.16)	121,684,535.12	(258,189,163.79)
Income from investments in associates	353,352,207.87	(1,082,757.65)	2,076,255.43	-	354,345,705.65
Impairment losses	-	(4,929,690.18)	(249,595.57)	-	(5,179,285.75)
Credit impairment losses	(998,033.21)	(20,532,463.36)	(4,444,823.51)	-	(25,975,320.08)
Depreciation and amortisation	(1,791,874.52)	(167,013,527.37)	(1,025,213,331.17)	-	(1,194,018,733.06)
Gross profit	1,010,471,435.72	1,113,461,641.94	643,880,019.14	(610,576,648.02)	2,157,236,448.78
Income taxes	(10,594,497.17)	(258,053,622.70)	(167,291,930.19)	-	(435,940,050.06)
Net profit	999,876,938.55	855,408,019.24	476,588,088.95	(610,576,648.02)	1,721,296,398.72
Total assets	14,507,966,007.38	22,611,218,131.54	15,456,873,721.83	(12,981,524,389.10)	39,594,533,471.65
Total liabilities	(3,662,674,685.95)	(16,513,139,037.74)	(9,917,411,077.29)	7,387,318,648.85	(22,705,906,152.13)
Long-term equity investments in associates	2,258,990,817.58	13,225,570.12	14,803,240.29	-	2,287,019,627.99
Accrual of other non-current assets except long-term equity investments	(17,191,786.48)	252,812,325.09	2,782,979,773.37	(1,281,010.92)	3,017,319,301.06

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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XIII Other significant events (Continued)

1. Segment reporting (Continued)

Operating segments (Continued)

2019

	Head Office	Pharmaceutical distribution	Pharmaceutical Retail	Elimination between segments	Total
Operating revenue	9,665,928.48	40,013,926,107.78	13,494,651,831.77	(731,436,391.75)	52,786,807,476.28
Including: Revenue from external customers	8,006,007.92	39,285,482,715.53	13,493,318,752.83		52,786,807,476.28
Revenue from inter-segment transactions	1,659,920.56	728,443,392.25	1,333,078.94	(731,436,391.75)	-
Interest income	108,928,333.91	39,346,397.17	87,158,813.17	(95,572,571.11)	139,860,973.14
Interest expense	(26,665,774.48)	(274,477,177.66)	(70,970,166.24)	95,623,071.70	(276,490,046.68)
Investment income	332,334,692.76	(2,233,828.42)	1,071,038.53	-	331,171,902.87
Impairment losses	(1,857,279.52)	332,209.46	(1,513,107.62)	-	(3,038,177.68)
Credit impairment losses	(45,382,201.36)	(5,137,165.27)	(2,536,833.49)	-	(53,056,200.12)
Depreciation and amortisation	(1,519,764.30)	(143,163,527.20)	(782,416,224.27)	-	(927,099,515.77)
Gross profit	1,134,658,290.00	1,110,966,580.04	417,720,085.51	(811,888,777.53)	1,851,456,178.02
Income taxes	3,069,276.24	(264,494,788.78)	(109,871,212.24)	-	(371,296,724.78)
Net profit	1,137,727,566.24	846,471,791.26	307,848,873.27	(811,888,777.53)	1,480,159,453.24
Total assets	12,874,025,306.77	20,332,642,113.61	11,681,991,688.47	(10,859,815,894.65)	34,028,843,214.20
Total liabilities	(2,822,975,182.11)	(14,417,324,193.49)	(6,474,839,491.71)	5,260,275,929.82	(18,454,862,937.49)
Long-term equity investments in associates	2,084,079,098.25	8,308,327.77	12,726,984.86	-	2,105,114,410.88
Accrual of other non-current assets except long-term equity investments	6,535,138.34	251,618,667.14	1,983,635,745.30	(1,116,517.76)	2,240,673,033.02

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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XIII Other significant events (Continued)

2. Leases

(1) As lessor

The Group has entered into operating leases on some of its houses and buildings, and the lease term is 1 year to 10 years. All leases include a clause to enable revision of the rental charge on an annual basis according to prevailing market conditions. In 2020, the rental income recognised by the Group on those houses and buildings was RMB74,161,565.05 (2019: RMB76,018,788.10), for details of which, please refer to Note V (44). Details of the leased houses and buildings are disclosed in Note V (13) Investment properties.

Operating leases

The profit or loss relating to operating leases is as follows:

	2020	2019
Lease income	74,161,565.05	76,018,788.10
Including: Income relating to variable lease payments not included in the lease receivable	-	-

The future minimum lease receivables due under the signed irrevocable operating lease contracts are summarised as follows:

	2020	2019
Within 1 year, inclusive	63,220,587.31	46,302,375.09
1 to 2 years, inclusive	31,911,202.23	26,381,198.72
2 to 3 years, inclusive	23,381,199.28	18,340,448.75
3 to 4 years, inclusive	15,814,769.84	15,209,886.01
4 to 5 years, inclusive	14,032,816.35	11,051,502.87
Over 5 years	34,581,707.82	32,191,270.04
	182,942,282.83	149,476,681.48

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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XIII Other significant events (Continued)

2. Leases (Continued)

(2) As lessee

	2020	2019
Interest expense on lease liabilities	85,172,959.79	76,192,008.38
Expenses relating to short-term leases accounted for applying practical expedients	149,964,881.54	144,926,198.55
Expenses relating to leases of low-value assets accounted for applying practical expedients (other than short-term leases)	1,665,822.79	324,213.61
Variable lease payments not included in the measurement of lease liabilities	326,685.01	851,273.83
Income from subleasing right-of-use assets	39,592,830.17	34,838,940.81
Total cash outflow for leases	1,135,337,845.71	881,100,658.01

The Group has lease contracts for various items of houses and buildings, machinery, vehicles and other equipment used in its operations. Leases of houses and buildings and machinery generally have lease terms of 1 year to 6 years, while those of vehicles and other equipment generally have lease terms of 1 year to 2 years. There are several lease contracts that include extension and termination options and variable lease payments. Refer to “Potential future cash outflows not included in the measurement of lease liabilities” for the impact of clauses relating to variable lease payments on future potential cash outflows.

Potential future cash outflows not included in the measurement of lease liabilities

The potential future cash outflows that the Group does not include in the measurement of lease liabilities mainly arise from variable lease payments, extension and termination options in lease contracts, residual value guarantees, and risk exposures such as leases that have been promised but not yet commenced.

Variable lease payments

Some of the property leases within the Group contain variable lease payment clauses that are linked to sales generated from the underlying store. These clauses are used, when possible, in order to match lease payments with stores generating higher cash flows.

In 2020, the real estate lease of the Group is as follows:

	Stores	Fixed payments	Variable payments	Total payments
Fixed payments only	8,233	1,127,987,562.15	-	1,127,987,562.15
Variable payments	7	1,219,261.25	326,685.01	1,545,946.26

A 20% increase in sales across all stores in the Group would be expected to increase total lease payments by approximately 0.03%.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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XIII Other significant events (Continued)

2. Leases (Continued)

(2) As lessee (Continued)

In 2019, the real estate lease of the Group is as follows:

	Stores	Fixed payments	Variable payments	Total payments
Fixed payments only	4,662	762,662,439.18	-	762,662,439.18
Variable payments	8	1,513,349.01	851,273.83	2,364,622.84

A 20% increase in sales across all stores in the Group would be expected to increase total lease payments by approximately 0.06%.

Leases that have been promised but not yet commenced

The leases that the Group has promised but have not yet commenced are expected to have future cash outflows as follows:

	2020	2019
Within 1 year, inclusive	10,999,774.97	29,127,042.16
1 to 2 years, inclusive	9,064,124.03	19,572,477.03
2 to 3 years, inclusive	7,953,910.54	12,051,712.29
Over 3 years	9,528,398.65	12,969,470.09
	<u>37,546,208.19</u>	<u>73,720,701.57</u>

Other information relating to leases

For right-of-use assets, refer to Note V (16); for practical expedients of short-term leases and leases of low-value assets, refer to Note III (29); and for lease liabilities, refer to Note V (32).

3. Comparison of data

As noted in Note VI (2), the Group acquired 75% equity of Pudong Medicine through business combinations involving entities under common control during the year. When the Group compiling the comparative financial statements of the 2020 consolidated financial statements, it is deemed that the parties involved in the consolidation existed in their current state before the ultimate controlling party began to exercise control, and the Group adjusted the previous comparative financial statements. Correspondingly, certain data from previous years have been adjusted, and certain comparative data have been reclassified and restated. The consolidated shareholders' equity at the beginning of 2020 increased by RMB214,142,436.48 due to the business merger under the common control mentioned above, of which the equity attributable to the parent company increased by RMB104,729,569.96, and minority shareholders' equity increased by RMB109,412,866.52.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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XIV Notes to key items of the company financial statements

1. Notes receivable

	31 December 2020	31 December 2019
Commercial acceptance bills	<u>30,984,449.44</u>	<u>14,900,068.42</u>

As at 31 December 2020 and 31 December 2019, no notes receivable were pledged.

As at 31 December 2020 and 31 December 2019, no notes receivable were endorsed or discounted by the Group to other parties which were not yet due at the balance sheet date.

As at 31 December 2020 and 31 December 2019, no notes receivable were converted into accounts receivable due to the drawer's inability to settle the notes on the maturity date.

2. Accounts receivable

The credit period for accounts receivable normally ranges from 0 to 90 days. Accounts receivable are interest-free.

The aging of accounts receivable and the related provision for bad debts are analysed below:

	31 December 2020	31 December 2019
Within 1 year	609,575,301.13	571,867,829.15
1 to 2 years	323,044.50	11,250.20
2 to 3 years	<u>11,250.20</u>	<u>-</u>
Less: Provision for bad debts	<u>334,294.70</u>	<u>334,294.70</u>
	<u>609,575,301.13</u>	<u>571,544,784.65</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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

2. Accounts receivable (Continued)

The carrying amount of accounts receivable that affected the changes in provision this year is as follows:

	31 December 2020				
	Carrying amount		Bad debt provisions		Book Value
	Amount	Proportion	Amount	Proportion	
Items for which provision for bad debts is recognised individually	18,549,524.82	3.04%	(334,294.70)	1.80%	18,215,230.12
Items for which provision for bad debts is recognised by group (credit risk characteristics)	591,360,071.01	96.96%	-	-	591,360,071.01
	<u>609,909,595.83</u>	<u>100.00%</u>	<u>(334,294.70)</u>	<u>0.05%</u>	<u>609,575,301.13</u>
	31 December 2019				
	Carrying amount		Bad debt provisions		Book Value
	Amount	Proportion	Amount	Proportion	
Items for which provision for bad debts is recognised individually	10,352,439.53	1.81%	(334,294.70)	3.23%	10,018,144.83
Items for which provision for bad debts is recognised by group (credit risk characteristics)	561,526,639.82	98.19%	-	-	561,526,639.82
	<u>571,879,079.35</u>	<u>100.00%</u>	<u>(334,294.70)</u>	<u>0.06%</u>	<u>571,544,784.65</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

2. Accounts receivable (Continued)

As at 31 December 2020, accounts receivable that are individually assessed for provisions are as follows:

	Carrying amount	Bad debt provision	Expected credit loss rate	Assessment for impairment
Receivables from subsidiaries of the Group	18,215,230.12	-	-	Internal related parties, with lower-tier recovery risk.
Client A	323,044.50	(323,044.50)	100.00%	The debtor had mismanagement, subjected to severe financial difficulties, with lower-tier recoverability.
Client B	11,250.20	(11,250.20)	100.00%	The debtor had mismanagement, subjected to severe financial difficulties, with lower-tier recoverability.
	<u>18,549,524.82</u>	<u>(334,294.70)</u>		

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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

2. Accounts receivable (Continued)

As at 31 December 2019, accounts receivable that are individually assessed for provisions are as follows:

	Carrying amount	Bad debt provision	Expected credit loss rate	Assessment for impairment
Receivables from subsidiaries of the Group	10,018,144.83	-	-	Internal related parties, with lower-tier recovery risk.
Client A	323,044.50	(323,044.50)	100.00%	The debtor had mismanagement, subjected to severe financial difficulties, with lower-tier recoverability.
Client B	11,250.20	(11,250.20)	100.00%	The debtor had mismanagement, subjected to severe financial difficulties, with lower-tier recoverability.
	<u>10,352,439.53</u>	<u>(334,294.70)</u>		

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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

2. Accounts receivable (Continued)

The accounts receivable for which the Company recognised provision for bad debts using the aging analysis method are presented as follows:

	31 December 2020			31 December 2019		
	Estimated default amount	Expected credit loss rate	Expected credit loss in entire lifetime	Estimated default amount	Expected credit loss rate	Expected credit loss in entire lifetime
Within 1 year	591,360,071.01	-	-	561,526,639.82	-	-

Changes in provision for bad debts are presented as follows:

	Opening balance	Increases in the year	Written off in the year	Closing balance
2020	334,294.70	-	-	334,294.70
2019	-	334,294.70	-	334,294.70

The write-off amount of accounts receivable in 2020 was nil (2019: nil).

In 2020, the Company factored a portion of accounts receivable at amortised cost to financial institutions. The amount of accounts receivable derecognised was RMB220,416,953.64 (2019: RMB463,579,520.41), and the amount of the loss recognised through investment income was RMB1,796,917.66 (2019: RMB4,379,465.57).

As at 31 December 2020, the top five accounts receivable by customer are as follows:

	Amount	Bad debt provision amount	% of the total accounts receivable
Top 1 Account receivable	46,764,250.67	-	7.67%
Top 2 Account receivable	37,228,662.30	-	6.10%
Top 3 Account receivable	32,827,136.08	-	5.38%
Top 4 Account receivable	31,808,768.35	-	5.22%
Top 5 Account receivable	24,876,276.35	-	4.08%
	173,505,093.75	-	28.45%

As at 31 December 2019, the top five accounts receivable by customer are as follows:

	Amount	Bad debt provision amount	% of the total accounts receivable
Top 1 Account receivable	27,056,423.78	-	4.73%
Top 2 Account receivable	21,481,852.34	-	3.76%
Top 3 Account receivable	20,318,623.30	-	3.55%
Top 4 Account receivable	18,059,973.06	-	3.16%
Top 5 Account receivable	16,434,645.35	-	2.87%
	103,351,517.83	-	18.07%

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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

3. Receivables financing

	31 December 2020	31 December 2019
Bank acceptance bills	<u>30,248,631.32</u>	<u>30,194,682.11</u>

As at 31 December 2020 and 31 December 2019, no receivables financing were pledged.

Receivables financing endorsed or discounted by the Company to other parties which were not yet due at 31 December 2020 and 31 December 2019 is as follows:

	31 December 2020		31 December 2019	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance bills	<u>46,423,327.83</u>	<u>-</u>	<u>47,476,793.43</u>	<u>-</u>

As at 31 December 2020 and 31 December 2019, no receivables financing were converted into accounts receivable due to the drawer's inability to settle the notes on the maturity date.

4. Other receivables

	31 December 2020	31 December 2019
Dividend receivable	-	834,914.61
Other receivables	<u>3,562,309,346.07</u>	<u>1,928,106,680.77</u>
	<u>3,562,309,346.07</u>	<u>1,928,941,595.38</u>

Dividend receivable

	31 December 2020	31 December 2019
Shanghai Dingqun	<u>-</u>	<u>834,914.61</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

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

4. Other receivables (Continued)

Other receivables

The aging of other receivables is analysed below:

	31 December 2020	31 December 2019
Within 1 year	3,561,693,028.43	1,927,753,257.85
1 to 2 years	1,589,947.19	44,499,674.36
2 to 3 years	44,416,956.36	1,177,951.87
Over 3 years	9,980,030.83	9,080,643.69
	<u>55,370,616.74</u>	<u>54,404,847.00</u>
Less: Provision for bad debts	<u>55,370,616.74</u>	<u>54,404,847.00</u>
	<u><u>3,562,309,346.07</u></u>	<u><u>1,928,106,680.77</u></u>

The other receivables by category are listed below:

	31 December 2020	31 December 2019
Amounts due from subsidiaries	3,539,822,609.73	1,913,299,778.33
Receivables from equity transactions	8,980,000.00	8,980,000.00
Deposit	343,834.42	840,318.90
Others	68,533,518.66	59,391,430.54
	<u>55,370,616.74</u>	<u>54,404,847.00</u>
Less: Provision for bad debts	<u>55,370,616.74</u>	<u>54,404,847.00</u>
	<u><u>3,562,309,346.07</u></u>	<u><u>1,928,106,680.77</u></u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

4. Other receivables (Continued)

Changes in bad debt provision for the 12-month expected credit losses and lifetime expected credit losses on other receivables are as follows:

	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Balance at 1 January 2020	-	64,513.65	54,340,333.35	54,404,847.00
Balance at 1 January 2020 during the period	-	-	-	-
--Transfer to Stage 2	-	-	-	-
--Transfer to Stage 3	-	-	-	-
--Reverse to Stage 2	-	-	-	-
--Reverse to Stage 1	-	-	-	-
Provisions during the period	-	25,474.70	973,888.89	999,363.59
Reversal during the period	-	(33,593.85)	-	(33,593.85)
Write-back during the period	-	-	-	-
Write-off during the period	-	-	-	-
Other	-	-	-	-
Balance at 31 December 2020	-	56,394.50	55,314,222.24	55,370,616.74
	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Balance at 1 January 2019	-	30,301.58	8,980,000.00	9,010,301.58
Balance at 1 January 2019 during the period	-	-	-	-
--Transfer to Stage 2	-	-	-	-
--Transfer to Stage 3	-	-	-	-
--Reverse to Stage 2	-	-	-	-
--Reverse to Stage 1	-	-	-	-
Provisions during the period	-	35,375.27	45,360,333.35	45,395,708.62
Reversal during the period	-	(1,163.20)	-	(1,163.20)
Write-back during the period	-	-	-	-
Write-off during the period	-	-	-	-
Other	-	-	-	-
Balance at 31 December 2019	-	64,513.65	54,340,333.35	54,404,847.00

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

4. Other receivables (Continued)

The bad debt provision amount for other receivables in 2020 was RMB999,363.59 (2019: RMB45,395,708.62), with the recovered or reversed amount of RMB33,593.85 (2019: RMB1,163.20).

The write-off amount of other receivables in 2020 was nil (2019: nil).

As at 31 December 2020, the accumulated top five other receivables are analysed below:

	Nature	Amount	Aging	% of the total other receivable	Bad debt provision
Sinopharm Guangzhou	Entrusted loans	1,581,943,383.47	Within 1 year	43.73%	-
Sinopharm Guangxi	Entrusted loans	627,704,462.92	Within 1 year	17.35%	-
Sinopharm Dongguan	Entrusted loans	161,185,177.07	Within 1 year	4.46%	-
Sinopharm Yuexing	Entrusted loans	143,816,758.49	Within 1 year	3.98%	-
Sinopharm Zhanjiang	Entrusted loans	117,129,057.54	Within 1 year	3.24%	-
		<u>2,631,778,839.49</u>		<u>72.76%</u>	<u>-</u>

As at 31 December 2019, the accumulated top five other receivables are analysed below:

	Nature	Amount	Aging	% of the total other receivables	Bad debt provision
Sinopharm Guangzhou	Entrusted loans	450,000,000.00	Within 1 year	22.70%	-
Sinopharm Guangxi	Entrusted loans	356,000,000.00	Within 1 year	17.96%	-
Sinopharm Dongguan	Entrusted loans	161,000,000.00	Within 1 year	8.12%	-
Sinopharm Zhangjiang	Entrusted loans	117,000,000.00	Within 1 year	5.90%	-
Sinopharm Meizhou	Entrusted loans	76,700,000.00	Within 1 year	3.87%	-
		<u>1,160,700,000.00</u>		<u>58.55%</u>	<u>-</u>

5. Long-term equity investments

	31 December 2020	31 December 2019
Investments in subsidiaries (1)	5,614,677,427.58	5,614,677,427.58
Investments in associates (2)	<u>2,298,920,817.58</u>	<u>2,124,009,098.25</u>
	<u>7,913,598,245.16</u>	<u>7,738,686,525.83</u>
Less: Provision for impairment of long-term equity investments	<u>39,930,000.00</u>	<u>39,930,000.00</u>
	<u>7,873,668,245.16</u>	<u>7,698,756,525.83</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

5. Long-term equity investments (Continued)

(1) Subsidiaries

	Original investment cost	1 January 2020	Increase /(decrease) in investment cost	31 December 2020	Equity interest held (%)	Voting rights held (%)
Sinopharm Jianmin	45,054,911.04	60,054,911.04	-	60,054,911.04	100.00	100.00
Sinopharm Shenzhen Material	5,400,000.00	15,450,875.93	-	15,450,875.93	100.00	100.00
Shenzhen Logistics	900,000.00	5,019,062.68	-	5,019,062.68	100.00	100.00
Sinopharm Guangzhou	58,283,114.68	3,588,689,716.80	-	3,588,689,716.80	100.00	100.00
Sinopharm Guangxi	33,048,985.28	525,456,951.07	-	525,456,951.07	100.00	100.00
Sinopharm Yanfeng	38,207,800.00	38,207,800.00	-	38,207,800.00	51.00	51.00
Guoda Drugstore	1,361,800,110.06	1,361,800,110.06	-	1,361,800,110.06	60.00	60.00
Sinopharm Accord Medical Supply Chain (Shenzhen) Co., Ltd.	19,998,000.00	19,998,000.00	-	19,998,000.00	60.00	60.00
		<u>5,614,677,427.58</u>	<u>-</u>	<u>5,614,677,427.58</u>		

(2) Associates

	At beginning of the year (Carrying amount)	Changes in the year					At end of the year (Book value)	Amount of provision for impairment
		Investment	Profit or loss under the equity method	Other comprehensive income	Other changes in equity	Cash dividend or profits declared		
Main Luck Pharmaceutical	294,469,367.27	-	91,569,378.60	-	-	(63,342,000.00)	322,696,745.87	-
Zhijun Suzhou	39,930,000.00	-	-	-	-	-	-	(39,930,000.00)
Zhijun Medicine	400,578,574.68	-	78,197,322.08	-	-	(53,218,071.65)	425,557,825.11	-
Zhijun Trade	10,275,257.61	-	1,176,564.36	-	-	(1,043,146.79)	10,408,675.18	-
Zhijun Pingshan	120,878,018.74	-	76,785,503.04	-	-	(21,096,725.88)	176,566,795.90	-
Shyndec Pharma	1,235,240,098.79	-	105,623,439.79	5,332.87	(393,875.73)	(16,714,220.20)	1,323,760,775.52	-
Shanghai Dingqun	22,637,781.16	(22,637,781.16)	-	-	-	-	-	-
	<u>2,124,009,098.25</u>	<u>(22,637,781.16)</u>	<u>353,352,207.87</u>	<u>5,332.87</u>	<u>(393,875.73)</u>	<u>(155,414,164.52)</u>	<u>2,258,990,817.58</u>	<u>(39,930,000.00)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

6. Operating revenue and cost

	2020		2019	
	Revenue	Cost	Revenue	Cost
Principal operations	3,804,104,902.73	3,653,114,484.10	4,084,112,471.45	3,901,326,725.78
Other operations	<u>49,554,098.39</u>	<u>21,758,477.24</u>	<u>24,286,547.89</u>	<u>14,708,846.74</u>
	<u><u>3,853,659,001.12</u></u>	<u><u>3,674,872,961.34</u></u>	<u><u>4,108,399,019.34</u></u>	<u><u>3,916,035,572.52</u></u>

Revenue is as follows:

	2020	2019
Revenue from contracts with customers	3,844,963,018.49	4,098,679,263.40
Rentals	<u>8,695,982.63</u>	<u>9,719,755.94</u>
	<u><u>3,853,659,001.12</u></u>	<u><u>4,108,399,019.34</u></u>

Disaggregation of revenue from contracts with customers is as follows:

	2020	2019
Place of business		
China	<u>3,844,963,018.49</u>	<u>4,098,679,263.40</u>
Types of major activities		
Pharmaceutical distribution	3,804,104,902.73	4,084,112,471.45
Others	<u>40,858,115.76</u>	<u>14,566,791.95</u>
	<u><u>3,844,963,018.49</u></u>	<u><u>4,098,679,263.40</u></u>
Types of major goods		
Pharmaceuticals	3,539,964,107.30	3,936,812,220.01
Medical devices and disposables	254,850,921.90	129,344,291.79
Diagnostic reagents	9,285,448.75	17,704,322.48
Medical equipment	4,424.78	251,637.17
Others	<u>40,858,115.76</u>	<u>14,566,791.95</u>
	<u><u>3,844,963,018.49</u></u>	<u><u>4,098,679,263.40</u></u>
Timing of revenue recognition		
At a point in time		
Sale of goods	3,804,104,902.73	4,084,112,471.45
Over time		
Providing services	<u>40,858,115.76</u>	<u>14,566,791.95</u>
	<u><u>3,844,963,018.49</u></u>	<u><u>4,098,679,263.40</u></u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

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

6. Operating revenue and cost (Continued)

Revenue recognised that was included in contract liabilities at the beginning of the year is as follows:

	2020	2019
Sale of goods	<u>7,293,184.46</u>	<u>4,182,083.40</u>

The Company has recognised contract liabilities in total of RMB1,807,562.61 through the sale of goods and provision of services in the current year. The expected revenue recognition time for the Company's contract obligations above is in year 2021.

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

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

7. Investment income

	2020	2019
Gain on long-term equity investments under the cost method	612,502,685.91	809,260,600.24
Gain on long-term equity investments under the equity method	353,352,207.87	353,856,432.16
Dividends from other financial assets	4,109,881.90	-
Income from the derecognition of financial assets measured at amortised cost	(1,796,917.66)	(4,379,465.57)
Others	<u>998,665.84</u>	<u>-</u>
	<u>969,166,523.86</u>	<u>1,158,737,566.83</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS

Year ended 31 December 2020

Expressed in Renminbi Yuan

Supplementary information to financial statements

1. Schedule of non-recurring profit or loss

	Amount for 2020
Gains and losses on disposal of non-current assets, including write-off of an accrued asset impairment	5,969,522.10
Government grants recognised in the 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	65,568,137.35
The investment cost of an enterprise to acquire a subsidiary, an associate and a joint venture, which is less than profits derived from the fair value of the identifiable net assets of the invested unit when investing	70.96
Reversal of bad debt provision for accounts receivable that were tested for impairment individually	578,362.65
Custody fee income from entrusted operations	961,488.75
Non-operating income and expenses other than the aforesaid items	(11,819,894.60)
Other	3,835,445.51
	<u>65,093,132.72</u>
Impact on income tax	<u>(16,223,813.42)</u>
Impact on non-controlling interests after tax	<u>(16,628,761.57)</u>
	<u><u>32,240,557.73</u></u>

The Group's recognition of non-recurring profit or loss items is in accordance with the provisions of Explanatory announcement No.1 on information disclosure by companies offering securities to the public - non-recurring profit or loss (CSRC Announcement [2008] No.43).

SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2020

Expressed in Renminbi Yuan

Supplementary information to financial statements (Continued)

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

2020

	Weighted average ROE (%)	Basic EPS (1)
Net profit attributable to the ordinary shareholders of the parent	10.49	3.27
Net profit after deducting non-recurring profit or loss attributable to the ordinary shareholders of the parent	10.25	3.20

2019

	Weighted average ROE (%)	Basic EPS (1)
Net profit attributable to the ordinary shareholders of the parent	10.31	2.96
Net profit after deducting non-recurring profit or loss attributable to the ordinary shareholders of the parent	10.06	2.87

The above-mentioned return on net assets and earnings per share was 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 CSRC.

(1) There were no potential dilutive ordinary shares for year 2020 (2019: nil), and hence, no presentation of diluted EPS was provided.

Section XIII. Documents Available for Reference

1. Accounting Statements carried with the signature and seals of legal representative, chief financial officer and person in charge of accounting;
2. The original audit report bearing the seal of accounting firm and the original audit report signed and seal by the CPA;
3. Original text of all documents of the Company as well as manuscript of the announcement disclosed in reporting period on *Securities Times*, *China Securities Journal* and *Hong Kong Commercial Daily* appointed by the CSRC;
4. Text of the Annual Report bearing the signature of the legal representative;
5. Where documents are placed: Office of Secretariat of the Board of Directors, Accord Pharm Bldg., No. 15, Ba Gua Si Road, Futian District, Shenzhen

China National Accord Medicines Corporation Ltd.
Legal Representative: Lin Zhaoxiong
2 April 2021