

China National Accord Medicines Corporation Ltd.

Annual Report 2015

March 2016

Section I. Important Notice, Contents and Paraphrase

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

Lin Zhaoxiong, Principal of the Company, Wei Pingxiao, person in charger of accounting works and Zhou Feifei, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2015 Annual Report is authentic, accurate and complete.

All directors are attended the Board Meeting for report deliberation.

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

The profit distribution plan that deliberated and approved by the Board is: based on total stock issued 362, 631, 943 shares, distributed 3.00 Yuan (tax included) bonus in cash for every 10-share hold by all shareholders, 0shares bonus issued (tax included) and no capitalizing of common reserves carried out.

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Paraphrase

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

Section II Company Profile and Main Financial Indexes

I. Company information

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	INVESTOR@SZACCORD.COM.CN		

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Chen Changbing	
Contact add.	Accord Pharm. Bldg., No. 15, Ba Gua Si Road, Futian District, Shenzhen, Guangdong Province	
Tel.	+(86)755 25875195	
Fax.	+(86)755 25195435	
E-mail	0028@SZACCORD.COM.CN; 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>
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	19218626-7
Changes of main business since listing (if applicable)	No change.
Previous changes for controlling	No change.

shareholders (if applicable)	
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V. Other relevant information

CPA engaged by the Company

Name of CPA	Pricewaterhouse Zhongtian Certified Public Accountants Co., Ltd. (LLP)
Offices add. for CPA	11/Floor,PWC Center, Building 2#, Corporate Avenue, No.202 Hubin Rd., Luwan District, Shanghai, P.R.C
Signing Accountants	Chen Yuntao, Tang Pianpian

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

Applicable Not applicable

Name of the sponsor	Offices add. for the sponsor	Name of sponsor representative	Continuous supervision period
China International Capital Corporation Limited	27/F-28/F, Building 2, International Trade Mansion, No.1 Jianguomen Outer Street, Beijing	Chen Jie, Zhang Lei	2014 -2016

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 for accounting policy changed and accounting error correction or not

Yes No

	2015	2014	Changes over last year	2013
Operating income (RMB)	25,993,139,277.84	23,954,331,028.05	8.51%	21,199,466,399.21
Net profit attributable to shareholders of the listed company(RMB)	761,312,261.06	652,497,176.03	16.68%	520,488,198.80
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	715,212,681.54	611,245,652.69	17.01%	505,828,794.23
Net cash flow arising from operating activities(RMB)	1,047,979,102.98	-796,697,032.43	231.54%	465,028,099.83
Basic earnings per share (RMB/Share)	2.10	1.90	10.53%	1.81
Diluted earnings per share (RMB/Share)	2.10	1.90	10.53%	1.81
Return on Equity	14.94%	16.41%	-1.47%	26.00%
	End of 2015	End of 2014	Changes over end of last year	End of 2013
Total assets (RMB)	13,218,349,735.31	12,828,941,540.90	3.04%	11,057,896,941.31
Net assets attributable to shareholder of listed company (RMB)	5,453,393,694.55	4,764,607,822.09	14.46%	2,244,757,658.03

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 income	6,261,714,700.23	6,552,088,466.54	6,866,003,376.77	6,313,332,734.30
Net profit attributable to shareholders of the listed company	197,026,237.82	190,293,014.51	186,753,078.44	187,239,930.29
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	192,315,542.07	181,343,611.72	183,019,662.66	158,533,865.09
Net cash flow arising from operating activities	182,179,606.70	266,059,972.13	-40,080,428.91	639,819,953.06

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	2015	2014	2013	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	5,863,107.27	2,262,989.96	3,029,150.67	Mainly for the acquisition compensation income of the subsidiary Sinopharm Liuzhou disposal of investment real estate.
Governmental subsidy reckoned into current gains/losses (not including the	34,025,749.62	31,534,869.05	23,465,438.42	Mainly for receiving of all

subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)				kinds of special subsidies and fiscal interest discount in the period.
Switch back of provision for depreciation of account receivable which was singly taken depreciation test	7,421,904.86	3,518,118.71	1,672,973.37	Mainly for in the period the recovery separate provision of Tibet Naqu Company accounts receivable bad debt of last year
Consigning fee received for consigned operation	750,000.00	750,000.00	333,333.33	Mainly for Sinopharm Holding and China National Pharmaceutical Foreign Trade Company to provide hosting services.
Other non-operating income and expenditure except for the aforementioned items	19,155,803.67	16,116,561.38	-9,876,088.28	Mainly because the subsidiary Sinopharm Liuzhou obtained the relocation award and business placement compensation for the demolition
Less: Impact on income tax	11,848,624.93	11,767,755.13	3,851,467.99	
Impact on minority shareholders' equity (post-tax)	9,268,360.97	1,163,260.63	113,934.95	
Total	46,099,579.52	41,251,523.34	14,659,404.57	--

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 main business of China National Accord Medicines includes pharmaceutical distribution and pharmaceutical industry; the company adheres to the joint development of technical research and development, industrial manufacturing and marketing and trade, and commits to become a provider for pharmaceutical and healthcare products and services with international competitiveness.

(I) In the pharmaceutical distribution field, the company continues to integrate the distribution and logistics business, deeply penetrates into the end markets, improves the multistep distribution network, creates intelligent supply chain, and devotes to become a provider for pharmaceutical and healthcare 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, and accelerated the integration of three-level companies in 2014, and realized the entire network operations in 2015.

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

vaccine, instrument, and e-commerce industries based on the full integration of resources.

(II) In the pharmaceutical industry field, the company continues to integrate the research & development and marketing and take the technological innovation as a guide so as to become a provider for pharmaceutical and healthcare products and services with quality leadership, core competitiveness, transverse diversification, complete lengthways industry chain and brand influence in the domestic and international markets

1. The company has obtained the international certification in pharmaceutical industry, integrated export and product resources, explored the mainstream markets in Europe and America, and realized internationalization in technical cooperation, intellectual property protection, talent introduction, and joint venture and cooperation and so on.

2. The Company has continued to develop cephalosporin series products and upgrade products of bulk pharmaceutical chemicals, gradually introduced cardiovascular, digestive, and respiratory system series products, taken bulk pharmaceutical chemicals and chemical agents as core business and strategic business, and traditional Chinese medicine and massive health as emerging business.

II. Major changes in main assets

1. Major changes in main assets

Major assets	Note of major changes
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Equity assets	No major changes.
Fixed assets	Increasing RMB 333,854,600 than the beginning of balance, with growth rate of 44.78%, mainly because Construction in progress transferred in the fixed assets.
Intangible assets	No major changes.
Construction in progress	Decreasing RMB 154,121,900 than the beginning of balance, with growth rate of 46.67%, mainly because Construction in progress transferred in the fixed assets.

2. Main overseas assets

Applicable Not applicable

III. Core Competitiveness Analysis

1. Perfect distribution network

The Company owns an integrated distribution networks for pharmaceutical in Guangdong and Guangxi province, and completely covers second grade class-A or above medical institutions and major chain drugstores in the above two provinces. Furthermore, the Company offering medicine delivery services for the third terminal, represented by many monomer drugstores, community health service network, clinic and new rural cooperative medical system. Sinopharm Accord fully explore advantages of distribution network, provides customers with value-added services and creating client value.

2. Leading edge intelligent supply chain

Distribution of the Company core with an intelligent supply chain, by means of promoting the jointly managed inventory and intellectualized inventory management in hospital pharmacy, supply chain services extends effectively with resources sharing and effective coordination in upstream-and-downstream achieved

3. High-efficiency management & control integration

The Company continues to promoted an integrated operation system in Guangdong and Guangxi province in aspect of medicine distribution, focus on promoting integration both in procurement and foundation operation in Guangdong and Guangxi province; accelerate the move towards collaboration in business of apparatus, consumables, vaccine etc. within Guangdong and Guangxi, realized a synchronous of management in areas of Guangdong and Guangxi. Firmly committed to the guidelines of delivering, specialization and integration in aspect of pharmaceutical industry, optimize the platform structure of “three centers and three bases”, the integrated operational standards for industry improved constantly.

4. Rich product resources

In aspect of pharmaceutical distribution, the Company building an extensive cooperation with thousands of vendors and commercial enterprise in China, establishing a stable business relationship with hundreds of importers and joint venture companies, owns variety resources of products. In aspect of pharmaceutical industry, the Company take more eyes on pharmacy of anti-infection, respiratory system, digestive system and angiopathy as well as massive health, and possess an international-standards-qualify modern pharmaceutical R&D manufacturing base, established many production lines (E.U.-certified) for powder-injection and oral solid dosage forms and the production line of active ingredient. By means of building a strictly mechanism for quality management and controlling, the Company has created multiple brands that takes top place in market shares.

5. 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 by the Management Team

1. Introduction

2015 is the last year of "the 12th Five-Year Plan". In the past year, the company has always faced the challenges beyond imagination and changeable environment, the pressure of macro economy downturn was increasing, the financial field was unordered and turbulent, and the changes of various policies including clinical drug verification, new versions of GMP / pharmacopeia, unannounced inspection, electronic supervision code, and decrease of bid price make us have no time for them.

In face of the harsh environment and unfavorable situation, the company has ensured the performance growth, the managers at all levels and staff have assumed responsibilities and responded actively, the company's annual sales has exceeded 30 billion yuan in the joint efforts of all staff, the net profit has continued a steady and rapid growth, and the cash flow has got the best level. At the same time, in the company's published major asset restructuring programs, the company has been determined to engage in the distribution business in Guangdong and Guangxi, create the unique national retail platform of China National Pharmaceutical Group, and participate in pharmaceutical industry. All these depend on the support of shareholders, the endeavor of team, and the hard work of all staff; our market position has established the company's scale, and our efforts have supported our values.

In 2015, the Company realized operating income of RMB 25.993 billion, representing a year-on-year increase of 8.51%; net profit attributable to shareholders of listed company of RMB 761 million, representing a year-on-year increase of 16.68%. The Company has continued to keep growth.

As for distribution segment, operating income was RMB 24.325 billion, representing a year-on-year increase of 9.10%; net profit of RMB 439 million, representing a year-on-year increase of 24.16%.

As for pharmaceutical segment, operating income was RMB 1.677 billion, representing a year-on-year decrease of 0.30%; net profit of RMB 254 million, representing a year-on-year increase of 12.51%.

The major works done throughout the year:

1. Innovate management ideas, promote quality and efficiency

Based on the firstly determined company - business division two-stage management and control mode, the company has continued to carry out the projects for management improvement and benchmarking management, promoted the innovative practice and leadership promotion projects, implemented the management innovation to business development for boosting the advance of quality and efficiency.

Distribution segment: from the initial integration strategy to the pioneering intelligent supply chain mode, the overall expense ratio of distribution in 2015 has decline 0.4% percent compared with the same period of last year;

Industry segment: continue to practice the lean manufacturing management philosophy. In 2015, Zhijun Pharmaceutical has completed the upgrading and reconstruction for rear-end automation of 3 production lines for powder injection, and entirely realized the rear-end automation.

2. Optimize industry structure, and product mix becomes more reasonable

Distribution segment: in 2015, the direct selling accounted for 74%, the sales of domestic products reached 52.2%, the market shares of distribution hospitals surpassed competitors and established a leading position; in 2015, total 27 regions ranked top three in Guangdong and Guangxi;

Industry segment: the sales of oral solid dosage forms in 2015 accounted for 58%, and the product structure has been further optimized.

3. Speed up the distribution network sink to form complete network coverage

Up to 2015, the company has established a four-layer logistics center of hierarchical distribution system, including 5 large logistics centers, and 17 small and medium sized distribution centers; combined the strategic logistics outsourcing, the distribution covered the commercial and medical institutions, retail outlets, Guangdong and Guangxi business, , retail outlets, essential drugs, narcotics, cold chain, and apparatus.

4. New distribution business has significantly enhanced and formed new scale contributions

New distribution business has continued to innovate in business development, channel extension, medicine e-commerce, and professional services. Up to 2015,

the company has signed the contracts for 21 medical cooperation projects, opened 14 DTC pharmacies in Guangdong and Guangxi (6 in Guangdong and 8 in Guangxi); the customer on website reached 634 in 2015 and achieved the annual sales of 4 billion, meanwhile, the company has established the chain management system to explore the comprehensive O2O development mode of retail business.

5. Promote the construction of industrial base and expand the space for industrial development

In 2015, Zhijun Pingshan has got the new GMP certificate and formally put into operation, Zhijun Guanlan cephalosporin powder injection workshop II III lines have been prequalified by WHO.

6. Establish an international brand, and strengthen the competitive advantages of domestic species

The company has a rapid growth in industry internationalization and has actively explored the mainstream market business, the sales of independent products has exceeded a hundred million in 2015.

International biddings:

UK: Consecutively won the bidding of the British National Health Service Bureau from 2011 to 2015, and became the first Chinese supplier of powder injection;

Sweden: Won the bidding of the public hospitals in Sweden during 2014--2015;

Germany: Won the bidding of the public hospitals of German government during 2014--2015;

Hong Kong: Zhijun Guanlan has been winning the bidding for 8 years since 2007;

Spain: Cefuroxime axetil tablets have been successfully exported to Spain in 2015.

International registrations:

From 2011 to 2015, the company has obtained 13 self-owned brand products in 20 countries and regions, a total of 101 registered approvals.

7. Focus on the strategy of large variety, and drive the industrial transformation

The company has carried out the strategy of large variety for pharmacy, successfully cultivated Cefixime Granules (DaLiFen) and Cefuroxime Axetil Tablets (DaLiXin) by increasing the production and sales of oral solid dosage forms, and 7 varieties have exceeded a hundred million at the end of 2015.

II. Main business analysis

1. Introduction

See the “I-Introduction” in “Discussion and Analysis by the Management Team”

2. Revenue and cost

(1) Constitute of operation revenue

In RMB

	2015		2014		Increase/decrease y-0-y
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total of operation revenue	25,993,139,277.84	100%	23,954,331,028.05	100%	8.51%
According to industries					
Pharmaceutical manufacturing	24,230,858,388.18	93.22%	22,195,808,452.75	92.66%	9.17%
Medicine	1,628,474,289.30	6.27%	1,641,881,896.69	6.86%	-0.82%

commerce					
Logistic & storage service	29,492,120.37	0.11%	32,110,291.44	0.13%	-8.15%
Income from leasing& training service	104,314,479.99	0.40%	84,530,387.17	0.35%	23.40%
According to products					
Drug	25,326,566,581.31	97.44%	23,402,900,115.08	97.70%	8.22%
Instrument	538,085,402.20	2.07%	438,686,557.85	1.83%	22.66%
Other	128,487,294.33	0.49%	112,744,355.12	0.47%	13.96%
According to region					
Domestic revenue	25,917,340,319.29	99.71%	23,868,171,044.87	99.64%	8.59%
Foreign revenue	75,798,958.55	0.29%	86,159,983.18	0.36%	-12.03%

(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 business	24,230,858,388.18	22,964,838,971.38	5.22%	9.17%	9.32%	-0.13%
According to products						
Drug	25,326,566,581.31	23,419,531,346.43	7.53%	8.22%	8.63%	-0.35%
According to region						
Domestic revenue	25,917,340,319.29	23,912,429,054.88	7.74%	8.59%	9.01%	-0.36%

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

Industries	Item	Unit	2015	2014	Increase/decrease y-o-y
Chemical agent (Zhijun + Zhijun Suzhou)	Sales volume	10 thousand branches/box	42,914	39,714	8.06%
	Output	10 thousand branches/box	44,324	44,389	-0.15%
	Storage	10 thousand branches/box	9,543	9,109	4.76%
Chemical Raw Medicine	Sales volume	KG	132,211	212,233	-37.70%
	Output	KG	163,622	248,726	-24.61%
	Storage	KG	45,981	42,046	9.36%
Chinese patent drugs	Sales volume	10 thousand branches/box	1,208	1,207	0.05%
	Output	10 thousand branches/box	1,378	1,247	10.47%
	Storage	10 thousand branches/box	318.44	175.98	80.95%
Massive health	Sales volume	10 thousand	8.36	4.57	83.02%

		branches/box			
	Output	10 thousand branches/box	8.84	13.63	-35.13%
	Storage	10 thousand branches/box	3.88	4.19	-7.50%
International trade	Sales volume	10 thousand branches/box	2,207	2,632	-16.16%
	Output	10 thousand branches/box	2,161	2,854	-24.28%
	Storage	10 thousand branches/box	241	290	-16.75%

Reasons for y-o-y relevant data with over 30% changes

Applicable Not applicable

Sales of Chemical Raw Medicine: affected by the EIA, the partial products have shut down.

Inventory of Chinese patent drugs: relocation of Beguiling factory, some products need to stock up.

Sales of Massive health: the new business module is small base and growing rapidly.

Production of Massive health: affected by sales structure adjustment, focusing on coenzyme Q10 and mask products, other products production decreased.

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

Applicable Not applicable

(5) Constitute of operation cost

Industry classification

In RMB

Industries	Item	2015		2014		Increase/decrease y-o-y
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Wholesale and retail of Pharmaceutical	Sales cost	22,964,838,971.38	95.80%	21,007,553,553.67	95.48%	9.32%
Pharmaceutical manufacturing	Sales cost	951,255,881.90	3.97%	952,511,232.92	4.33%	-0.13%
Logistic & storage service	Transportation & storage cost	21,625,831.36	0.09%	24,999,668.41	0.11%	-13.50%
Leasing & other income	Service cost	34,321,923.28	0.14%	17,564,314.91	0.08%	95.41%

Explanation

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

Yes No

(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)	1,280,553,288.75
Proportion in total annual sales volume for top five clients	4.95%

Information of top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	First	398,923,994.35	1.54%
2	Second	227,803,217.03	0.88%
3	Third	227,064,631.77	0.88%
4	Fourth	216,462,019.65	0.84%
5	Fifth	210,299,425.95	0.81%
Total	--	1,280,553,288.75	4.95%

Other situation of main clients

Applicable Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	4,176,504,599.53
Proportion in total annual purchase amount for top five suppliers	13.19%

Information of top five suppliers of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	First	972,629,193.33	3.07%
2	Second	911,707,279.26	2.88%
3	Third	881,824,147.48	2.78%
4	Fourth	723,802,343.51	2.29%
5	Fifth	686,541,635.95	2.17%
Total	--	4,176,504,599.53	13.19%

Other notes of main suppliers of the Company

Applicable Not applicable

3. Expenses

In RMB

	2015	2014	Increase/decrease y-o-y	Note of major changes
Sales expense	533,791,055.46	522,383,083.15	2.18%	No major change.
Management expense	459,218,208.55	474,317,573.25	-3.18%	No major change.
Financial expense	91,282,085.47	123,129,102.91	-25.86%	No major change.

4. R&D expenses

Applicable Not applicable

1. Purpose: carry out new product development, and improve the enterprise's capacity for sustainable development; start the consistency evaluation for generic drug, strengthen the technical supports for products on the market, and improve the market competitiveness; strengthen the management of intellectual property rights, and improve the core technology content of products.

2. The progress of the project and the objectives to be achieved:

(1) In 2015, 8 projects have been declared and registered (of which 7 for production and 1 for clinic); 6 projects have obtained the approved documents (of which 1 for production and 5 for clinic).

(2) Four industrial projects: the research and development of cefoxitin sodium, cefixime, nizatidine, and raw materials of cefuroxime sodium has achieved stage results, thereinto, which cefoxitin sodium, cefixime, and nizatidine have achieved the goal of industrialization.

(3) The consistency evaluation for generic drug has been launched and being implemented.

(4) Applied for 5 patents for invention this year, and 4 patents for invention have been authorized.

3. The impact on the future development of the company:

(1) Provide new profit growth points for enterprise development through new product development so as to increase the enterprise's capacity for sustainable development.

(2) Improve the market competitiveness of existing varieties by giving technical innovation and supports to the current products, as well as the consistency evaluation, so as to improve enterprise profitability.

(3) Enhance the core technical content of products through the management of intellectual property rights, and facilitate the product bidding at the same time.

R&D investment of the Company

	2015	2014	Change ratio
Number of R&D (people)	94	95	-1.05%
Ratio of number of R&D	2.02%	2.14%	-0.12%
R&D investment (Yuan)	73,150,395.26	81,216,093.52	-9.93%
R&D investment accounted for R&D income	0.28%	0.34%	-0.06%
R&D investment capitalization (Yuan)	0.00	0.00	0.00%
Capitalization R&D investment accounted for R&D investment	0.00%	0.00%	0.00%

The reason of great changes in the proportion of total R&D investment accounted for operation income than last year

Applicable Not applicable

Reason for the great change in R&D investment capitalization rate and rational description

Applicable Not applicable

5. Cash flow

In RMB

Item	2015	2014	Y-o-y changes
Subtotal of cash in-flow from operation activity	29,260,366,119.30	24,692,507,689.55	18.50%
Subtotal of cash out-flow from operation activity	28,212,387,016.32	25,489,204,721.98	10.68%
Net cash flow from operation activity	1,047,979,102.98	-796,697,032.43	231.54%
Subtotal of cash in-flow from investment activity	64,676,605.21	29,525,701.57	119.05%
Subtotal of cash out-flow from investment activity	199,814,031.68	344,881,221.02	-42.06%
Net cash flow from investment activity	-135,137,426.47	-315,355,519.45	57.15%
Subtotal of cash in-flow from financing activity	210,787,436.91	2,495,098,201.62	-91.55%
Subtotal of cash out-flow from financing activity	408,614,815.90	1,626,787,835.56	-74.88%
Net cash flow from financing activity	-197,827,378.99	868,310,366.06	-122.78%
Net increased amount of	715,014,297.52	-243,736,347.61	393.36%

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

Applicable Not applicable

(1) Net cash flow generated by operating activities: a year-on-year growth of 231.54%, mainly because the sales volume of current period has increased and the accounts receivables have been taken back in time, so that the operational cash inflow has increased on a year-on-year basis;

(2) Subtotal of cash inflow generated by investing activities: a year-on-year growth of 119.05%, mainly because the earnest money for selling the shares of subsidiaries has been received in the current period, which made the investment cash inflows increase on a year-on-year basis;

(3) Subtotal of cash outflow generated by investing activities: a year-on-year decline of 42.06%, mainly because the investment to Pingshan base project in the current period has been decreased compared with the previous period, which made investment cash outflows decline on a year-on-year basis;

(4) Net cash flow generated by investing activities: a year-on-year growth of 57.15%, mainly because the investment to Pingshan base project in the current period has been decreased compared with the previous period, which made investment cash outflows decline on a year-on-year basis;

(5) Subtotal of cash inflow from financial activities: a year-on-year decline of 91.55%, mainly because funds for private placement have been received in the previous period, while there is no such business in the current period;

(6) Subtotal of cash outflows from financial activities: a year-on-year decline of 74.88%, mainly because funds for private placement have been received in the previous period, so the company has enough funds used for structural deposits, while there is no such business in the current period;

(7) Net cash flow generated by financial activities: a year-on-year decline of 122.78%, mainly because funds for private placement have been received in the previous period, while there is no such business in the current period;

(8) Net increase in cash and cash equivalents: a year-on-year growth of 393.36%, mainly because the net cash flow provided by operating activities has increased by 231.54% on a year-on-year basis and the net cash flow from financial activities has decreased by 122.78% on a year-on-year basis.

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

Applicable Not applicable

During the reporting period, the company generated net cash flow from operating activities RMB 1,047,979,102.98, net profit RMB787,347,909.22, there was big difference mainly because **return of accounts receivable proceeded faster and made the y-o-y increase of operating cash inflow.**

III. Analysis of the non-main business

Applicable Not applicable

IV. Assets and liability

1. Major changes of assets composition

In RMB

	End of 2015		End of 2014		Ratio changes	Notes of major changes
	Amount	Ratio in	Amount	Ratio in		

		total assets		total assets		
Monetary fund	1,570,706,970.51	11.88%	867,562,115.54	6.76%	5.12%	No major change.
Account receivable	6,153,830,882.75	46.56%	7,018,312,673.19	54.71%	-8.15%	No major change.
Inventory	2,533,160,758.28	19.16%	2,322,333,262.87	18.10%	1.06%	No major change.
Investment property	145,102,318.77	1.10%	73,836,850.51	0.58%	0.52%	No major change.
Long-term equity investment	180,831,714.55	1.37%	157,604,846.85	1.23%	0.14%	No major change.
Fix assets	1,079,412,437.53	8.17%	745,557,829.35	5.81%	2.36%	No major change.
Construction in process	176,096,786.58	1.33%	330,218,696.56	2.57%	-1.24%	No major change.
Short-term loans	1,212,959,267.74	9.18%	1,517,954,528.88	11.83%	-2.65%	No major change.
Long-term loans	72,495,172.30	0.55%	39,695,448.00	0.31%	0.24%	No major change.

2. Assets and liability measured by fair value

Applicable Not applicable

V. Investment

1. Overall situation

Applicable Not applicable

Investment in the reporting (RMB)	Investment in the same period of last year (RMB)	Changes
1,002,980.00	7,490,000.00	-86.61%

2. The major equity investment obtained in the reporting period

Applicable Not applicable

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

Applicable Not applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

The company had no securities investment in the reporting period.

(2) Derivative investment

Applicable Not applicable

The Company has no derivatives investment in the Period

5. Application of raised proceeds

Applicable Not applicable

(1) Overall application of raised proceeds

Applicable Not applicable

In 10 thousand Yuan

Year	Way	Total raised capitals	Total raised capital used in Period	Total accumulative raised capitals used	Total raised capital has purpose of uses changed in Period	Cumulative raised capitals has purpose of uses changed in total	Ratio of cumulative raised capitals has purpose of uses changed	Total accumulative raised capitals unused	Usage of the retained raised capitals and what is expected to invested with those capitals	Raised capitals idle for more than two years
2014	Private placement	194,175.99	14.27	194,175.99	0	0	0.00%	0	Not applicable	0
Total	--	194,175.99	14.27	194,175.99	0	0	0.00%	0	--	0
Explanation on General usage of raised capital										
More details of the use of raised capitals can be seen in "Special report on the storage and the actual use of raised capitals of the Company" disclosed on 21 March 2015. (Index of disclosure Juchao Website and No.: 2015-05)										

(2) Situation of committed project 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)	Predicted useable date of project	Realized interests in Period	Reach the predicted interest or not	Project feasibility was changed hugely or not
Committed investment projects										
Loans payment to Bank	No	143,405.92	143,405.92	0.00	143,405.92	100.00%		0	否	否
Current capital supplementation	No	49,500.62	49,500.62	6.83	49,500.62	100.00%		0	否	否
Issue expense payment	No	1,269.45	1,269.45	7.45	1,269.45	100.00%		0	否	否

Subtotal of committed investment projects	--	194,175.99	194,175.99	14.28	194,175.99	--	--	0	--	--
Capital invested in areas with fund raising out of the plan										
Not applicable										
Total	--	194,175.99	194,175.99	14.28	194,175.99	--	--	0	--	--
Situation about not coming up to schemed progress or expected revenue and the reason(In specific project)	Fund raised are invested on scheme									
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	<p>Applicable</p> <p>Till end of 20th March 2014, the pre-invested self-owned fund have been replaced by the fund raised for returning the bank loans RMB 1,109,059,245.49 for the Company and its subsidiaries (“the Group”), which was deliberated and approved by the “proposal of pre-invested self-owned fund replaced by the fund raised” in 2nd extraordinary meeting of 6th session of the Board Meeting 2014. The above mentioned self-owned fund invested in advance for purpose of fund raised has been verified by Pricewaterhouse Zhongtian Certified Public Accountants Co., Ltd. (LLP) with verification report Pricewaterhouse Zhongtian Te Shen Zi (2014) No. 855 verified.</p> <p>From 21 March 2014 to 31 December 2014, the Company used the fund raised for returning the bank loans, supplying circulating fund s and paying the cost of issuance etc. of RMB 832,557,917.77. As of 31 December 2014, the Company used the fund raised in 2014 of RMB 1,941,617,163.26, the cumulative use of funds raised a total of RMB 1,941,617,163.26, raise funds balance has not yet been used to of RMB 142,732.75 (including raise funds balance can be used to supply circulating fund of RMB 68,250.21 and issue reimbursed expenses has not settled of RMB 74,482.54); The difference in the balance of the special account with the unused funds raised of RMB 1,091,068.12 was bank interest received.The above mentioned the storage and actual usage of fund raised has been verified by Pricewaterhouse Zhongtian Certified Public Accountants Co., Ltd. (LLP) with verification report Pricewaterhouse Zhongtian Te Shen Zi (2015) No. 568 verified.</p>									
Temporarily supplement for the	Not applicable									

current capitals with idle raised capitals	
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	Not applicable
Issues or other conditions found in use of fund raised and disclosure	Use of the fund raised are strictly execute in line with the “tri-party supervision agreement for fund raised”, 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 had no sales of major assets in the reporting period.

2. Sales of major equity

Applicable Not applicable

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

Applicable Not applicable

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

In RMB

Company name	Type	Main business	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
China National Zhijun (Shenzhen) Pharmaceutical Co.,	Subsidiary	Production for raw medicine of chemical products, processing	200,000,000.00	1,219,558,965.65	571,726,285.52	1,390,510,624.23	290,687,139.93	263,706,547.77

Ltd.		for Chinese traditional patent medicine, production of chemical material of medicine; Import and export trade are treated by authorized certificates.						
Sinopharm Holding Guangzhou Co., Ltd.	Subsidiary	Chinese traditional patent medicine, chemical preparations, antibiotics, bio-chemical medicine, biological medicine, diagnosis medicine, biological medicine with features of treatment and diagnosis, shaped packing food, chemical products, and various commodity and technique hold by self-support and agency as well as import & export of technology	1,000,000,000.00	5,311,312,318.90	1,245,966,674.59	14,405,931,091.17	201,324,360.19	151,420,135.45
Sinopharm Holding Guangxi	Subsidiary	The drugs, medical equipment,	500,000,000.00	1,787,906,121.35	642,847,530.84	3,465,239,741.22	100,801,527.92	100,494,438.25

Co., Ltd.		goods transportation, warehousing, loading and unloading, glass apparatus, cosmetics, daily general merchandise sales, other business services, other professional consulting, self-support and agent all kinds of goods and technology import and export, rental housing						
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Particular about subsidiaries obtained or disposed in report period

Applicable Not applicable

Company Name	The method of obtaining and handling subsidiaries during the report period	The influence to the whole production and performance
Sinopharm Holding Guangzhou Medical Management Co., Ltd.	New established	No significant impact on the performance of the Company

Notes of holding and shareholding companies

No special condition need to explain

VIII. Structured vehicle controlled by the Company

Applicable Not applicable

IX. Future Development Prospects

Priorities of the company's distribution division in 2016

In 2016, the distribution division will accelerate the transformation from traditional service thinking to service industry thinking, continue to innovate the series products and services, face the patients instead of the hospital terminal, and provide direct services for patients.

(I) Supply chain integration

Further promote the construction of the supply chain integration, build a whole visual and information networking operating system, and support the efficient development of business with strong management services. In 2016, the company shall focus on improving the integrated management system of distribution and enhancing the integrated management efficiency.

(II) Three business brands

1. Strengthen OTC terminal marketing brands: give play to the advantages of whole network operation, and improve the OTC terminal platform operations in the whole province based on Hengxing Company.

2. Create medical service brands: change the service marketing of traditional services from focusing on sales orders to focusing on inventory management and logistics, and innovation services focus on services of undertaking pharmaceutical affairs.

3. Establish DTC retail brands: improve DTC network layout, promote self-paying pharmacies in hospital and 5 + X pharmacy mode, introduce the network hospital mode, promote drug delivery service, and comprehensively promote retail O2O strategy.

(III) Improve quality and efficiency

1. Enhance the sales proportion of high-quality customers, strengthen the product development of variety with high gross margin, strengthen the variety and quality analysis, establish exit accountability mechanisms, and enhance profitability by optimizing structure.

2. Adhere to the profit orientation, build a more steady and sustainable operating system, give full play to operational financial management and control function, save resources and funds and resource utilization, strengthen the capital ratio, and improve economies of scale.

3. Establish a management system to optimize the equipment sales and purchase, develop new products, complete product mix of equipments, improve production quality management system for prepared herbal medicine in small pieces ready for decoction, improve the management qualifications of all regions, and vigorously promote the development of prepared herbal medicine in small pieces ready for decoction; accelerate to develop new business of vaccines, improve the variety management structure, develop the cold chain distribution, temperature control systems and other innovative models and products, and enhance the CDC mode supply capacity.

(IV) Management service backstage

1. Fast market reaction speed: from background to foreground, contact with first line and the customers;

2. Strong decision-making management ability: To forward planning, based on the establishment of various formats to adapt to the development of an integrated platform for managed services model.

3. One platform (integrated platform), two systems (intelligent supply chain system, internet marketing system), three big brands (terminal marketing,

medical services, DTC chain), four major elements (platform, human power, information, logistics)

Priorities of pharmaceutical division in 2016

In 2016, the pharmaceutical division shall focus on the establishment of actual and efficient management background system: foreground- focus on building a product marketing system suitable for market changes; background - focus on establishing strict and efficient management service background.

(I) Optimize system

Optimize the management and control system of business division, dig the internal growth potential, increase the investment attraction, take full advantage of spare production capacity of Zhijun Pingshan, strive to complete the annual budget targets, and achieve the expected profits.

(II) Marketing

Continue to promote marketing compliance management, subdivide the tendering and non-tendering markets for non-essential drugs and essential drugs, focus on oral solid preparation, pay attention to women and children and low-cost medicine specialist hanging varieties, use big data to comprehensively promote the refined marketing management, and enhance the product market share.

(III) Research and development

1. Research and develop the follow-up promotion work of varieties withdrawn investigation, transfer the focus of work to production and management of

current period, strengthen management efforts in the ongoing projects and current technical support projects, and promote the consistency evaluation to large varieties such as cefuroxime axetil tablets, cefixime granules, etc.

2. Provide supports for the variety bidding by digging variety technology and patent advantages.

(IV) Internationalization

1. Promote citalopram international certification program of Zhijun Pingshan as planned;

2. Zhijun Guanlan completes the EU authentication for solid workshop II, line 2/line 3 of powder workshop I;

3. Complete export orders for independent products of over a hundred million yuan in the whole year.

(V) Production

Production centers arrange and deploy resources, deepen lean production, and build production platforms of quality and efficiency.

1, Zhijun Pingshan: complete the overall relocation of Shenzhen Traditional Chinese Medicine, and new GMP certification of the second phase. Focus on the improvement of production efficiency and the overall cost decreasing and benefit increasing;

2, Zhijun Guanlan: deepen lean management, TPM project management, and promote team building.

X. Reception of research, communication and interview

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

√Applicable □ Not applicable

Time	Way	Type	Basic situation index of investigation
2015-04-24	Field research	Institute	Knew the influence of medical reform policy to the development of the industry. No material provided.
Reception (times)			1
Number of hospitality			5
Number of individual reception			6
Number of other reception			82
Disclosed, released or let out major undisclosed information		No disclosed, released or let out major undisclosed information	

2. from the end of reporting period to the disclosure date, reception of research, communication and interview

√Applicable □ Not applicable

Time	Way	Type	Basic situation index of investigation
2016-01-13	Field research	Institute	Knew the progress of major assets restructuring and continue suspension reason of the Company. No material provided.
Reception (times)			1
Number of hospitality			46
Number of individual reception			72
Number of other reception			25
Disclosed, released or let out major undisclosed information		No	

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 25 April 2015, the profit distribution plan for year of 2014 was deliberated and approved by annual general meeting of 2014, that is taking total 362,631,943 shares as the radix, distributed RMB 2.00 (tax included) for each 10 shares in cash. The announcement of 2014 interest distribution implementation was released on 16 May 2015 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 2014 was completed, and dividend for public shares was distributed to the account of shareholders dated 22 May 2015 (A-share) and 26 May 2015 (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 2013

Taking total 362,631,943 shares as of 31 December 2013 as the radix, cash bonus of RMB 1.8 (before tax) each 10 shares will be distributed to whole shareholders. This profit distribution did not convert capital reserve into share capital.

(2) Profit distribution plan for year of 2014

Taking the total 362,631,943 shares as of 31 December 2014 as the radix, cash bonus of RMB 2.00 (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 2015

Taking the total 362,631,943 shares as of 31 December 2015 as the radix, cash bonus of RMB 3.00 (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)	Net profit attributable to	Ratio in net profit attributable to	Amount for cash bonus by other	Proportion for cash bonus by

	included)	common stock shareholders of listed company in consolidation statement for bonus year	common stock shareholders of listed company contained in consolidation statement	ways	other ways
2015	108,789,582.90	761,312,261.06	14.29%	0.00	0.00%
2014	72,526,388.60	652,497,176.03	11.12%	0.00	0.00%
2013	65,273,749.74	520,488,198.80	12.54%	0.00	0.00%

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
Dividends for every 10-share (RMB) (Tax included)	3.00
Shares transferred from every 10 shares (Share)	0
Equity base of distribution plan (Share)	362,631,943
Total cash dividend(RMB) (Tax included)	108,789,582.90
Distributable profits (RMB)	2,160,557,903.68
Ratio of cash dividend in total profit distribution	100.00%
Cash dividend policy:	
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 on profit distribution or capitalization from capital public reserve	

III. Implementation of commitment

1. Commitments that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

Applicable Not applicable

Commitments	Promise	Type of commitments	Content of commitments	Commitment date	Commitment term	Implementation
Commitments for Share Merger Reform						
Commitments in report of acquisition or equity change	Sinopharm Holding	Commitment of shareholders	As a large pharmaceutical commercial enterprise whose business involves pharmaceutical wholesale and retail, Sinopharm Holding may overlap with the Company in geographical segmentation during its future business development. To avoid the potential peer competition brought by such geographical overlap, Sinopharm Holding undertakes that, upon the transfer	2005-06-21	Long-term effective	Normally implement

			of shares of Sinopharm Holding Guangzhou it held to Accord Pharma, “1. it will not newly-establish or broaden within Guangdong any business operation that actually compete with that of Accord Pharma, or set up any new subsidiaries or subordinate enterprises who engage in such business. 2. It will enter into business delineation with Accord Pharma and Sinopharm Holding Guangzhou, thereby giving the three parties clear geographical areas to carry out pharmaceutical wholesale and retail businesses, so as to avoid potential peer competition. Apart from above, Sinopharm Holding will no longer newly-establish any enterprise that may compete with Accord Pharma in the production and R&D of pharmaceutical products.”			
Commitments in assets reorganization						
Commitments make in initial public offering or re-financing	Sinopharm Holding	Commitment of shareholders	Sinopharm Holding has undertaken in the Letter of Undertaking from Sinopharm Group Co. Ltd. on Avoiding Peer Competition that, “I. the Company and the enterprises it wholly-owns, controls or has de facto control over (excluding Sinopharm Accord and its controlled enterprises, similarly hereinafter) do not exist any business or operation that would constitute substantive peer competition with Sinopharm Accord and its controlled enterprises. II. the Company and the enterprises it wholly-owns, controls or has de facto control over will not engage in, participate in or carry out in Guangdong and Guangxi any business or activities that would constitute substantive competition with the pharmaceutical commercial businesses of Sinopharm Accord. III. The Company and the enterprises it wholly-owns, controls or has de facto control over will not engage in, participate in or carry out any business or activities that would constitute substantive competition with the pharmaceutical industrial	2013-09-05	Long-term effective	Controlling shareholder is implement in real earnest, Sinopharm Accord will actively urged the controlling shareholder and actual controller to fulfill commitments

			businesses of Sinopharm Accord. IV. The Company will not make use of its control over Sinopharm Accord to damage the legal interests of Sinopharm Accord and other shareholders (especially minority shareholders). The Letter of Undertaking takes effect since the date of issue and will remain effective during the entire period when the Company has been the controlling shareholder or connected party of Sinopharm Accord. During the validity of the Undertaking, the Company will indemnify in time Sinopharm Accord from any loss which may arise out of the Company's violation of the Undertaking.”			
	Sinopharm Holding	Commitment of shareholders	Sinopharm Holding has undertaken in the Letter of Undertaking from Sinopharm Group Co. Ltd. on Standardization of the Connected Transactions with China National Accord Medicines Corporation Ltd. that, “I. during the period when the Company takes control over Sinopharm Accord, the Company and the companies or enterprises it directly or indirectly controls (hereinafter referred to as “Connected Party”) will strictly standardize the connected transactions with Sinopharm Accord and its controlled enterprises. II. for those connected transactions beyond avoidance or out of reasonable causes, the Company and Connected Party will enter into standardized connected transaction agreement with Sinopharm Accord according to law. Sinopharm Accord will perform approval procedure according to relevant laws, rules and regulations, other standardization documents and its constitutional documents, and fulfill its obligation to disclose information on connected transactions. III. For those connected transactions beyond avoidance or out of reasonable causes, the Company and Connected Party will determine the prices of connected transactions based on the prices of same or similar transactions entered into by independent third	2013-09-05	Long-term effective	Controlling shareholder is implement in real earnest, Sinopharm Accord will actively urged the controlling shareholder and actual controller to fulfill commitments

			<p>parties of no connection while following the principles of open, fair and just to ensure the fairness. IV. when the board or shareholders' meeting of Sinopharm Accord votes on the relevant connected transactions involving the Company and other enterprises it controls, the Company will perform obligations including that necessary interested directors and shareholders shall be abstained from voting according to relevant regulations, and follow the legal procedures for approval of connected transactions and fulfill its information disclosure obligation. V. the Company guarantees to attend shareholders' meeting according to the constitutional documents of Sinopharm Accord, exercise its corresponding rights and assumed its corresponding obligations in an equitable manner, not to take advantage of its standing as controlling shareholder to seek unjust interests, or to use connected transactions to illegally transfer capital or profit out of Sinopharm Accord, or to prejudice the legal interests of Sinopharm Accord and other shareholders (especially minority shareholders). VI. The Letter of Undertaking takes effect since the date of issue and will remain effective during the entire period when the Company has been the controlling shareholder or connected party of Sinopharm Accord. During the validity of the Undertaking, the Company will indemnify in time Sinopharm Accord from any loss that may arise out of the Company's violation of the Undertaking."</p>			
	Sinopharm Group	Commitment of actual controller	<p>"Sinopharm Group has undertaken in the Letter of Undertaking from China National Pharmaceutical Group Corporation on Avoiding the Peer Competition with China National Accord Medicines Corporation Ltd. that, "I. in the coming five years, Sinopharm Group intends to take appropriate measures including replacement or acquisition of assets or equity</p>	2013-10-16	Long-term effective	Controlling shareholder is implement in real earnest, Sinopharm Accord will actively urged the

			reorganization to solve the problem of peer competition between Weiqida and Sinopharm Accord. II. apart from the matters disclosed in the past and in the Letter of Undertaking, the Company and the enterprises it wholly-owns, controls or has de facto control over (excluding Sinopharm Accord and its controlled enterprises, similarly hereinafter) do not directly engage in, participate in or carry out within the PRC any business or activities that would constitute substantive competition with the production and operation of Sinopharm Accord. The relative undertakings in respect of avoiding peer competition given by the Company in the past remain valid. III. The Company will not take advantage of its control over Sinopharm Accord to damage the legal interests of Sinopharm Accord and other shareholders (especially minority shareholders). IV. The Letter of Undertaking takes effect since the date of issue and will remain effective during the entire period when the Company has been the de facto controller or connected party of Sinopharm Accord.”			controlling shareholder and actual controller to fulfill commitments
	Sinopharm Group	Commitment of actual controller	Sinopharm Group has undertaken in the Letter of Undertaking from China National Pharmaceutical Group Corporation on Standardization of the Connected Transactions with China National Accord Medicines Corporation Ltd that, “I. during the period when the Company takes control over Sinopharm Accord, the Company and the companies or enterprises it directly or indirectly controls (hereinafter referred to as “Connected Party”) will strictly standardize the connected transactions with Sinopharm Accord and its controlled enterprises. II. for those connected transactions beyond avoidance or out of reasonable causes, the Company and Connected Party will enter into standardized connected transaction agreement with Sinopharm Accord according to law. Sinopharm Accord will perform approval	2013-09-22	Long-term effective	Controlling shareholder is implement in real earnest, Sinopharm Accord will actively urged the controlling shareholder and actual controller to fulfill commitments

			<p>procedure according to relevant laws, rules and regulations, other standardization documents and its constitutional documents, and fulfill its obligation to disclose information on connected transactions. III. For those connected transactions beyond avoidance or out of reasonable causes, the Company and Connected Party will determine the prices of connected transactions based on the prices of same or similar transactions entered into by independent third parties of no connection while following the principles of open, fair and just to ensure the fairness. IV. when the board or shareholders' meeting of Sinopharm Accord votes on the relevant connected transactions involving the Company and other enterprises it controls, the Company will perform obligations including that necessary interested directors and shareholders shall be abstained from voting according to relevant regulations, and follow the legal procedures for approval of connected transactions and fulfill its information disclosure obligation. V. the Company guarantees not to take advantage of its standing as actual controller to seek unjust interests, or to use connected transactions to illegally transfer capital or profit out of Sinopharm Accord, or to prejudice the legal interests of Sinopharm Accord and other shareholders (especially minority shareholders). VI. The Letter of Undertaking takes effect since the date of issue and will remain effective during the entire period when the Company has been the actual controller or connected party of Sinopharm Accord.</p>			
Equity incentive commitment						
Other commitments for medium and small shareholders						
Completed on time(Y/N)	Y					

2. Concerning assts 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

No particulars about the changes in aspect of accounting policy, estimates or calculation method in Period.

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

New established subsidiary: Sinopharm Holding Guangzhou Medical Management Co., Ltd.

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

Accounting firm appointed

Name of domestic accounting firm	Pricewaterhouse Zhongtian Certified Public Accountants Co., Ltd. (LLP)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	225(Without internal control audit costs)
Continuous life of auditing service for domestic accounting firm	6
Name of domestic CPA	Tang Zhenfeng, Tang Pianpian
Name of foreign accounting firm (if applicable)	N/A
Remuneration for foreign accounting firm (10 thousand Yuan) (if applicable)	0
Continuous life of auditing service for foreign accounting firm (if applicable)	0
Name of foreign CPA (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

The Company engaged Pricewaterhouse Coopers Zhongtian LLP as the audit body for internal control, and auditing charge for internal control amounting as RMB 0.35 million.

X. Particular about suspended and 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 lawsuits and arbitrations of the Company

Applicable Not applicable

No significant lawsuits and arbitrations 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

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

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

(2) The related transactions are settled by cash and notes, disclosed on 22 March 2015, and disclosure on Juchao Website with Notice No.: 2015-09;

(3) According with the Notice of Routine Related Transactions of the Company and subordinate enterprise for year of 2015, deliberated and approved by the Board dated 20 March 2015, during the reporting period, the affiliated company sales representing 88.16% of the total predicted amount, affiliated company procurement representing 88.86% of the total predicted amount, the interest expenditure of affiliated company loans representing 10.12% of the predicted amount, the interest expenditure of buyer discount for affiliated company notes representing 17.53% of the predicted

amount, the income of house leasing from affiliated company representing 99.84% of the predicted amount, expenditure of the house equipment leasing by affiliated company representing 96.32% of the predicted amount, the income of service providing from affiliated company representing 92.10% of the predicted amount and expenditure of the service received by affiliated company representing 112.31% of the predicted amount.

2. Related transactions by assets acquisition and sold

Applicable Not applicable

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

3. 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

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

Yes No

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

5. Other related transactions

Applicable Not applicable

The company had no other significant related transactions in reporting period.

XVII. Significant contract and implementations

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

Explanation on trust

1. As subordinate companies of majority shareholder, Foshan Nanhai Medicine Co., Ltd. and Guangdong Dong Fang Uptodate & Special Medicines Co., Ltd. both operate pharmaceutical distribution business within Guangdong, which partially overlaps with the pharmaceutical distribution business and geographical location of the Company and constitutes peer competition. In July 2013, to solve the problem of peer competition, majority shareholder entrusted Sinopharm Accord and Sinopharm Accord agreed to take over the management of the above two companies.

2. As a subordinate enterprise of the de facto controller, Guangdong South Pharmaceutical Foreign Trade Co., Ltd. operates pharmaceutical distribution business within Guangdong, which partially overlaps with the pharmaceutical distribution business and geographical location of the Company and constitutes peer competition. In September 2013, to solve the problem of peer competition, the actual controller Sinopharm Group entrusted Sinopharm Accord and Sinopharm Accord agreed to take over the management of the above company.

Items generated over 10% gains/losses in total profit in reporting period for the Company

Applicable Not applicable

The Company had no trust items generated over 10% gains/losses in total profit in reporting period

(2) Contract

Applicable Not applicable

No contract for the Company in reporting period

(3) Leasing

Applicable Not applicable

No leasing for the Company in reporting period

2. Major guarantees

Applicable Not applicable

(1) Guarantees

In 10 thousand Yuan

Particulars about the external guarantee of the Company (Barring the guarantee for subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
China National Accord Medicines Corporation Ltd.	2013-08-20	20,000.00	2014-04-04	4,089.52	General assurance	2014.4.4-2022.4.3	No	Yes
China National Accord Medicines Corporation Ltd.	2015-03-21	20,000.00	2015-05-28	6,630.00	General assurance	2015.5.28-2016.2.15	No	Yes
China National Accord Medicines Corporation Ltd.	2014-03-22	40,000.00	2014-07-17	348.78	General assurance	2014.7.17-2020.7.17	No	Yes
China National Accord Medicines Corporation Ltd.	2015-03-21	30,000.00	2015-05-15	2,000.00	General assurance	2015.5.15-2016.5.14	No	Yes
China National Accord Medicines Corporation Ltd.	2015-03-21	25,000.00	2015-06-18	13,363.68	General assurance	2015.6.18-2016.6.15	No	Yes
Total approving external guarantee in report period (A1)		75,000.00		Total actual occurred external guarantee in report period (A2)		86,184.29		
Total approved external guarantee at the end of report period (A3)		135,000.00		Total actual balance of external guarantee at the end of report period (A4)		26,431.97		
Guarantee of the Company for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Sinopharm Holding Guangxi Co., Ltd.	2015-03-21	5,000.00	2015-10-23	2,005.90	General assurance	2015.10.23-2016.10.23	No	Yes
Sinopharm Holding Guangxi Co., Ltd.	2015-03-21	20,000.00	2015-07-30	13,120.71	General assurance	2015.7.30-2016.7.30	No	Yes
Sinopharm Holding Guangxi Co., Ltd.	2015-03-21	25,000.00	2015-09-08	16,010.25	General assurance	2015.9.8-2016.9.7	No	Yes
Sinopharm Holding Guangxi Co., Ltd.	2015-03-21	20,000.00	2015-09-23	813.70	General assurance	2015.9.23-2016.9.23	No	Yes
Sinopharm Holding Guangxi Co., Ltd.	2015-03-21	10,000.00	2015-08-21	0	General assurance	2015.8.21-2016.8.20	No	Yes
Sinopharm Holding Guangxi Co., Ltd.	2015-03-21	10,000.00	2015-05-29	0	General assurance	2015.5.29-2016.5.29	No	Yes
Sinopharm Holding Guangxi Co., Ltd.	2015-08-20	15,000.00	2015-09-25	6,573.66	General assurance	2015.9.25-2016.8.6	No	Yes

Sinopharm Holding Guangzhou Co., Ltd.	2015-03-21	35,000.00	2015-05-20	6,839.50	General assurance	2015.5.20-2016.5.20	No	Yes
Sinopharm Holding Guangzhou Co., Ltd.	2015-03-21	10,000.00	2015-08-21	4,160.03	General assurance	2015.8.21-2016.8.20	No	Yes
Sinopharm Holding Guangzhou Co., Ltd.	2015-03-21	5,000.00	2015-12-25	1,606.75	General assurance	2015.12.25-2016.10.30	No	Yes
Sinopharm Holding Guangzhou Co., Ltd.	2015-08-20	20,000.00	2015-12-21	2,168.52	General assurance	2015.12.21-2016.12.20	No	Yes
Sinopharm Holding Guangzhou Co., Ltd.	2015-03-21	40,000.00	2015-09-17	28,031.67	General assurance	2015.9.17-2016.6.29	No	Yes
Sinopharm Holding Guangzhou Co., Ltd.	2015-03-21	40,000.00	2015-09-20	17,592.06	General assurance	2015.9.20-2016.9.19	No	Yes
Sinopharm Holding Guangzhou Co., Ltd.	2015-03-21	35,000.00	2015-09-08	31,820.36	General assurance	2015.9.8-2016.9.7	No	Yes
Sinopharm Holding Guangzhou Co., Ltd.	2015-03-21	30,000.00	2015-06-23	18,262.20	General assurance	2015.6.23-2016.4.30	No	Yes
Sinopharm Holding Guangzhou Co., Ltd.	2015-03-21	35,000.00	2015-05-06	27,946.03	General assurance	2015.5.6-2016.5.6	No	Yes
Sinopharm Holding Guangzhou Co., Ltd.	2015-03-21	10,000.00	2015-10-23	2,682.52	General assurance	2015.10.23-2016.7.31	No	Yes
Sinopharm Holding Guangzhou Co., Ltd.	2015-04-24	121,600.00	2015-05-15	27,276.01	General assurance	2015.5.15-2016.5.14	No	Yes
Sinopharm Holding Guangdong Yuexing Co., Ltd.	2015-03-21	3,500.00	2015-05-20	3,133.13	General assurance	2015.5.20-2016.5.20	No	Yes
Sinopharm Holding Guangdong Yuexing Co., Ltd.	2015-03-21	3,000.00	2015-05-15	0	General assurance	2015.5.15-2016.5.14	No	Yes
Sinopharm Holding Guangdong Yuexing Co., Ltd.	2015-03-21	5,000.00	2015-09-08	1,758.57	General assurance	2015.9.8-2016.9.7	No	Yes
Sinopharm Holding Liuzhou Co., Ltd.	2015-03-21	9,000.00	2015-09-08	8,999.09	General assurance	2015.9.8-2016.9.7	No	Yes
Sinopharm Holding Liuzhou Co., Ltd.	2014-08-16	5,000.00	2015-03-20	2,894.98	General assurance	2015.3.20-2016.3.19	No	Yes
Sinopharm Holding Liuzhou Co., Ltd.	2015-08-20	6,000.00	2015-11-24	2,047.76	General assurance	2015.11.24-2016.11.23	No	Yes
Sinopharm Holding Shaoguang Co., Ltd.	2015-03-21	1,000.00	2015-09-08	999.71	General assurance	2015.9.8-2016.9.7	No	Yes
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2015-03-21	2,000.00	2015-12-17	1,935.38	General assurance	2015.12.17-2016.12.16	No	Yes
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2015-03-21	7,000.00	2015-09-08	4,513.88	General assurance	2015.9.8-2016.9.7	No	Yes
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2015-03-21	2,000.00	2015-05-28	1,700.00	General assurance	2015.5.28-2016.2.15	No	Yes

Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	2015-03-21	3,000.00	2015-05-15	2,245.35	General assurance	2015.5.15-2016.5.14	No	Yes
China National Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	2015-03-21	20,000.00	2015-09-10	6,892.73	General assurance	2015.9.10-2016.9.10	No	Yes
China National Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	2015-03-21	5,000.00	2015-09-08	4,563.26	General assurance	2015.9.8-2016.9.7	No	Yes
China National Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	2014-08-16	4,000.00	2015-04-10	500.00	General assurance	2015.4.10-2018.4.9	No	Yes
China National Zhijun (Suzhou) Pharmaceutical Co., Ltd.	2015-03-21	4,000.00	2015-10-20	1,929.17	General assurance	2015.8.21-2016.8.20	No	Yes
China National Zhijun (Suzhou) Pharmaceutical Co., Ltd.	2014-03-22	3,000.00	2015-01-04	979.88	General assurance	2015.1.4-2015.10.24	No	Yes
China National Zhijun (Suzhou) Pharmaceutical Co., Ltd.	2015-03-21	3,000.00	2015-09-08	0	General assurance	2015.9.8-2016.9.7	No	Yes
Sinopharm Holding Jiangmen Renren Co., Ltd.	2015-03-21	3,000.00	2015-09-08	986.46	General assurance	2015.9.8-2016.9.7	No	Yes
Sinopharm Holding Shenzhen Medicine Co., Ltd.	2015-03-21	1,000.00	2015-09-08	456.95	General assurance	2015.9.8-2016.9.7	No	Yes
Total amount of approving guarantee for subsidiaries in report period (B1)			564,100.00		Total amount of actual occurred guarantee for subsidiaries in report period (B2)			923,626.71
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)			576,100.00		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)			253,446.17
Guarantee of the Company for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Total amount of guarantee of the Company(total of three abovementioned guarantee)								
Total amount of approving guarantee in report period (A1+B1+C1)			639,100.00		Total amount of actual occurred guarantee in report period (A2+B2+C2)			1,009,811.00
Total amount of approved guarantee at the end of report period (A3+B3+C3)			711,100.00		Total balance of actual guarantee at the end of report period (A4+B4+C4)			279,878.14
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4+C4)								51.32%
Including:								

Amount of guarantee for shareholders, actual controller and its related parties(d)	0
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(e)	202,509.01
Proportion of total amount of guarantee in net assets of the Company exceed 50%(f)	7,208.46
Total amount of the aforesaid three guarantees(D+E+F)	209,717.47
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)	N/A
Explanations on external guarantee against regulated procedures (if applicable)	N/A

Explanation on guarantee with 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. Other material contracts

Applicable Not applicable

No other material contracts for the Company in reporting period

XVIII. Explanation on other significant events

Applicable Not applicable

The Company's actual controllers, China National Pharmaceutical Group Corporation and the controlling shareholder - Sinopharm Group Co. Ltd., are planning and preparing the major event related to the Company's operations which constitutes the major asset restructuring of the Company, followed by the company's application, the company's stock (securities for short: Sinopharm

Accord, Accord B, stock codes: 000028, 200028) has been suspended on October 21, 2015 after opening. Up to now.....

In the reporting period, according to the unified arrangements of actual control Sinopharm Accord, the Company issued “Notice of Major asset restructuring suspension” on 28 October 2015, and issued “Related transactions plan and sales of assets, issue of shares, payment of cash to purchase assets and raising matching funds of China National Accord Medicines Corporation Ltd.” on 10 March 2016, as of the date of the report issued, the major asset restructuring matters are steadily advancing.

XIX. Significant event of subsidiary of the Company

Applicable Not applicable

XX. Social responsibility

Applicable Not applicable

“Social Responsibility Report of Sinopharm Accord in 2015” can be seen in Juchao website dated 26 March 2016 ([HTTP://WWW.CNINFO.COM.CN](http://www.cninfo.com.cn)) .

The listed company and subsidiaries is in the range of heavy pollution industry that regulated by State environment protection departments

Yes No Not applicable

Whether the social responsibility report released

Yes No

CSR report					
Nature of the corporate	Whether contained the environment information	Whether contained the social information	Whether contained the corporate governance information	Disclosure standards	
				Domestic standards	Foreign standards
State-owned enterprise	Yes	Yes	Yes	Yes	

Note

1. Whether the company has the Environment Management System Certification (ISO14001)	Yes
2. Amount the company annually invested and paid for environmental protection (Yuan)	1,430
3. The company’s emission reduction performance of waste gas, waste water, and waste residue	Zhijun Guanlan: technical innovation has generated economic benefits of 1.5 million yuan. Zhijun Suzhou

	has generated economic benefits of 1.36 million yuan. Zhijun Pingshan: signed an agreement with Shenzhen Hazardous Waste Treatment Station Co., Ltd. to handle the spent liquor inspection, sewage and sludge treatment.
4. Investment the company made for enhancing the employees' individual knowledge and skills so as to improve employees' career development ability (Yuan)	307.06
5. Amount of the company's social charitable donations (funds, goods and materials, free professional services) (Yuan)	5.64

XXI. Issuance of corporate bonds

Whether the company has corporate bonds that have been publicly issued and listed on the stock exchange, and not yet due or due but not fully cashed on the approval date of annual report

No

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	74,484,531	20.54%						74,484,531	20.54%
2. State-owned legal person's shares	74,482,543	20.54%						74,482,543	20.54%
3. Other domestic shareholding	1,988	0.00%						1,988	0.00%
Including: Domestic nature person shares	1,988	0.00%						1,988	0.00%
II. Unrestricted shares	288,147,412	79.46%						288,147,412	79.46%
1. RMB Ordinary shares	233,261,812	64.32%						233,261,812	64.32%
2. Domestically listed foreign shares	54,885,600	15.14%						54,885,600	15.14%
III. Total shares	362,631,943	100.00%						362,631,943	100.00%

Reasons for share changed

Applicable Not applicable

Approval of share changed

Applicable Not applicable

Ownership transfer of share changes

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 or need to disclosed under requirement from security regulators

Applicable Not applicable

2. Changes of restricted shares

Applicable Not applicable

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. Existing 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

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 restricted shares held	Amount of unrestricted shares held	Number of share pledged/frozen	
							State of share	Amount
Sinopharm Holding Co., Ltd.	State-owned Corporation	51.00%	184,942,291		74,482,543	110,459,748		
National Council for Social Security Fund-116	Domestic non state-owned Corporation	2.29%	8,300,000					
China Securities Finance Co., Ltd.	Domestic non state-owned Corporation	2.12%	7,704,972					
National Council for Social Security Fund-106	Domestic non state-owned Corporation	2.01%	7,298,555					
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	Foreign Corporation	1.94%	7,032,720					
VALUE PARTNERS CLASSIC FUND	Foreign Corporation	1.58%	5,737,088					
CITIC Securities Co., Ltd.	Domestic non state-owned	1.38%	5,009,037					

	Corporation							
New China Life Insurance Co., Ltd. – Bonus – Individual bonuses - -018L-FH002 Shen	Domestic non state-owned Corporation	1.16%	4,199,772					
Central Huijin Investment Ltd.	State-owned Corporation	1.05%	3,804,400					
China Life Insurance Co., Ltd. – tradition – general insurance products -005L-CT001 Shen	Domestic non state-owned Corporation	1.03%	3,750,090					
Explanation on associated relationship among the aforesaid shareholders	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 shareholders with un-restrict shares held								
Shareholders' name	Amount of un-restrict shares held at Period-end	Type of shares						
		Type	Amount					
Sinopharm Holding Co., Ltd.	110,459,748	RMB common shares	110,459,748					
National Council for Social Security Fund-116	8,300,000	RMB common shares	8,300,000					
China Securities Finance Co., Ltd.	7,704,972	RMB common shares	7,704,972					
National Council for Social Security Fund-106	7,298,555	RMB common shares	7,298,555					
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	7,032,720	Domestically listed foreign shares	7,032,720					
VALUE PARTNERS CLASSIC FUND	5,737,088	Domestically listed foreign shares	5,737,088					
CITIC Securities Co., Ltd.	5,009,037	RMB common shares	5,009,037					
New China Life Insurance Co., Ltd. – Bonus – Individual bonuses - -018L-FH002 Shen	4,199,772	RMB common shares	4,199,772					
Central Huijin Investment Ltd.	3,804,400	RMB common shares	3,804,400					
China Life Insurance Co., Ltd. – tradition –general insurance products -005L-CT001 Shen	3,750,090	RMB common shares	3,750,090					
Explanation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	It is unknown that there exists no associated relationship or belongs to the consistent actionist among the other tradable shareholders regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Companies.							

Whether top ten common stock shareholders or top ten common stock shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

Yes No

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

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 Holding Co., Ltd.	Wei Yulin	2003-01-08	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, Peptide hormone and medical equipment. III: injection puncture instruments, hygienic materials & dressings, medical polymer materials and products, categories II: medical X-ray ancillary equipment and components; food marketing management (non-physical way), and domestic trade (other than special licensing), logistics and other consulting services, cosmetics, stationeries and related consulting services, operating various types of goods and import and export of technology (not attached directory of import and export commodities), but excluded the import and export of goods and technology the State limits or prohibit the company. [In right of exequatur to run if refers to permission operation]
Equity of other	Sinopharm Group Co., Ltd. hold 44.01 percent equity of China National Medicines			

domestic/oversea listed company control by controlling shareholder as well as stock-joint in report period	Corporation Ltd (Stock code: 600511) up to the end of Period
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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

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	She Lulin	1987-03-26	10000588-8	Entrusted management and assets reorganization of pharmaceutical enterprises, consultant service of medicine industry investment project, holding exhibition and fair of surgical appliance, the wholesale of Chinese medicine, Chinese patent medicines, Chinese medicine herb in pieces, chemical material medicine, a chemical agent, antibiotics, biochemical, biological(operation period runs in right of exequatur).

Equity of domestic/over listed company control actual controller in report period	Name	Name of listed company with shares held	Total shareholders (10 thousand shares)	Ratio
	China National Pharmaceutical Group Corporation	Jianmin Group	132.35	0.86%
	China National Pharmaceutical Group Corporation	Sinopharm Holding	272.84	0.10%
	Sinopharm Holding Industrial Investment Co., Ltd.	Sinopharm Holding	157,155.60	56.79%
	Sinopharm Holding	Sinopharm	21,070.15	44.01%
	Sinopharm Holding	Sinopharm Accord	18,494.23	51%
	Sinopharm	JLPC	321.93	2.12%
	Shanghai Institute of Pharmaceutical Industry	Modern Pharmaceutical	11,975.63	41.62%

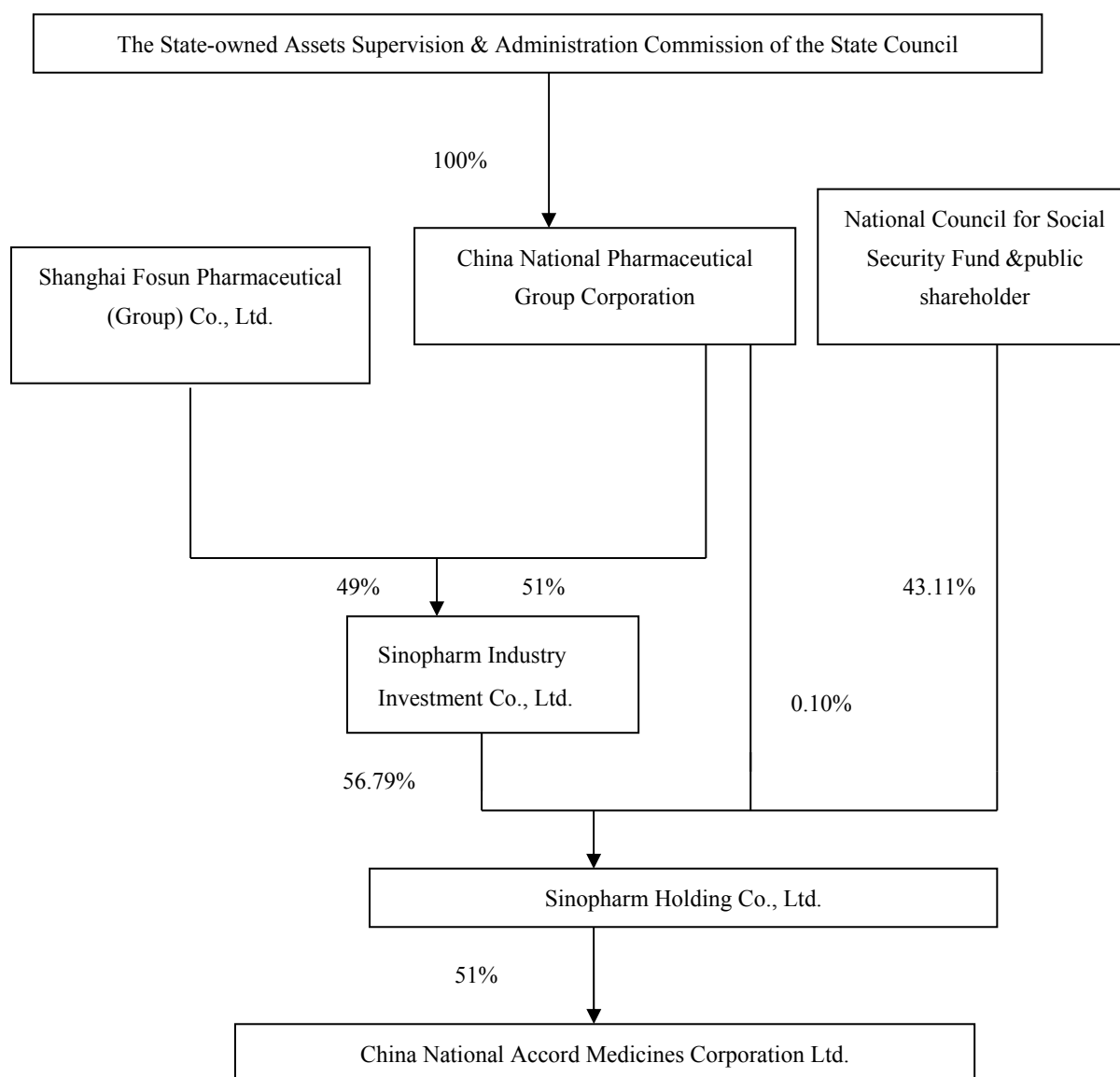
	Chinese Medicine Industry Co., Ltd.	Hengrui Medicine	9,454.90	4.83%	
	Chinese Medicine Industry Co., Ltd.	Tianrun Holding	306.50	2.59%	
	Sinopharm TCM	Jianmin Group	0	0	
	Sinopharm TCM	UGC	686.24	3.07%	
	Biosino	Tiantan Biological	27,472.50	53.30%	
	Sinopharm Group H.K. Co., Ltd.	China TCM	161,431.36	36.01%	

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. 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 increase d in this period (Share)	Amount of shares decrease d in this period (Share)	Other changes (share)	Shares held at period-end (Share)
Chen Changbing	Secretary of the Board	Currentl y in office	M	48	2015-01-13		2,651	0	0		2,651
Total	--	--	--	--	--	--	2,651	0	0		2,651

II. Changes of directors, supervisors and senior executives

Name	Title	Type	Date	Reasons
Yan Zhigang	Director, GM	Appointment and dismissal	2016-03-09	He resigned the position from the board of directors and special committee; in accordance with the work arrangements by the board of directors, Mr. Yan Zhigang no longer served as GM of the Company, and appointed Mr. Yan Zhigang as Deputy GM of the Company.
Lin Zhaoxiong	Vice GM	Appointment and dismissal		In accordance with the work arrangements, the board of directors appointed Mr. Lin Zhaoxiong as GM of the Company (legal representative) .

III. Post-holding

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

1. Members of the Board

Chairman – Mr. Li Zhiming, college graduation, a senior economist, and he served as the follow post in latest 5 years: chairman, GM and party secretary of Sinopharm Group Xinjiang Pharmaceutical Co., Ltd. from February 2009 to May 2013; deputy president of Sinopharm Group Co., Ltd. from May 2020 to November 2013; he hold a concurrent post of General Counsel of Sinopharm Group Co., Ltd. from October 2012 to January 2014; a deputy party secretary, discipline inspection commission secretary and labor union chairman of Sinopharm Group Co., Ltd. from November 2012 to November 2013; president of Sinopharm Group Co., Ltd. since November 2013; meanwhile, served as Chairman of China National Medicines Corporation Ltd from August 2010 to October 2011; chairman of Sinopharm Holding Tianjin Co., Ltd. from August 2010 to December 2013; chairman of Sinopharm Holding Heilongjiang Co., Ltd. from November 2010 to April 2013;

chairman of Sinopharm Holding Shenyang Co., Ltd. from October 2011 to April 2013; chairman of Sinopharm Holding Jilin Co., Ltd. from October 2011 to April 2013; chairman of Sinopharm Holding Inner Mongolia Co., Ltd. from March 2011 to December 2013; serves as chairman of Sinopharm Holding Ningxia Co., Ltd. since June 2011; chairman of Sinopharm Holding Shaanxi Co., Ltd. since October 2011; chairman of Sinopharm Holding Gansu Co., Ltd. since October 2011; he had a concurrent post of chairman of Sinopharm Holding Shanxi Co., Ltd. from October 2011 to December 2013; serves as chairman of Sinopharm Holding Qinghai Co., Ltd. since October 2011; he took post of chairman of Sinopharm Holding Mudan River Co., Ltd. from October 2011 to April 2013; serves as chairman of Sinopharm Group Shanxi Co., Ltd. since March 2012; chairman and party secretary of Sinopharm Group Xinjiang Pharmaceutical Co., Ltd. since May 2013; president of Sinopharm Group Co., Ltd. since November 2013; Director of Sinopharm Group Hong Kong Co., Ltd. since January 2014 and chairman of China National Medicines Corporation Ltd since February 2014; he serves as executive director of Sinopharm Holding Sub Marketing Center Co., Ltd. since January 2014 and serves as chairman of 6th and 7th session of the Board for the Company since February 2014.

Deputy Chairman--- Ms. Cui Dieling, MBA, an engineer. She served as the follow post in latest 5 years: GM of Business Division of Shanghai Parma Group Antibiotic, GM of Shanghai Asia Pioneer pharmacy Co., Ltd. and Chairman of Shanghai Xinya Pharmacy Co., Ltd. from December 2008 to December 2010; Chairman of HSDRUG from December 2010 to March 2011; Chief of Industrial Development and Management Center of Sinopharm Group Co., Ltd. from March 2011 to December 2013; assistant president of Sinopharm Group Co., Ltd. since December 2012; Chairman of Sinopharm A-THINK Pharmaceutical Co., Ltd. since October 2011; Chairman of Xingsha Pharmaceuticals (Xiamen) Co., Ltd. since December 2011; she served as Chairman of 6th Session of Supervisory Committee for the Company from October 2011 to August 2012; Director of 6th session of the Board since August 2012, Chairman of Sinopharm Group Sanyi Pharmaceutical (Wuhu) Co., Ltd. since July 2012; had current post of chairman of Sinopharm Group Chemical Reagent Co., Ltd. since December 2013 and deputy chairman of 6th and 7th session of the Board for the Company since February 2014.

Chairman—Mr. WeiYulin, MBA, a senior economist, Licensed **Pharmacist**, pharmacist-in-charge and CCOM; he served as the follow post in latest 5 years: he serves as President and Party Secretary of Sinopharm Group Co., Ltd. since December 2009; Chairman of Beijing Tianxing Puxin Biological Medical Co., Ltd from April 2010 to November 2011; Chairman of Yujia Medical

Consultancy Co., Ltd. from September 2010 to November 2011; serves as Chairman of Sinopharm Holding H.K. Co., Ltd since January 2011; Chairman of Sinopharm Le-Ren-Tang Medicine Co., Ltd. from April 2011 to June 2013 and deputy chairman of Sinopharm Le-Ren-Tang Medicine Co., Ltd. since June 2013; Chairman of Sinopharm Group Chemical Reagent Co., Ltd. from December 2011 to December 2013 and Chairman of the 6th Session of the Board of the Company from October 2011 to February 2014; He Serves as Director of Sinopharm Holding Guoda Pharmacy Co., Ltd since August 2012; Chairman and Party Secretary of Sinopharm Group Co., Ltd. since November 2013 and Director of 6th and 7th session of the Board for the Company since February 2014.

Director——Mr. Ma Wanjun, EMBA. He served as the follow post in latest 5 years: deputy GM of Operation Center of Sinopharm Group Co., Ltd. from December 2009 to September 2010; Director of Sinopharm Holding Shenyang Co., Ltd from January 2010 to November 2011; he serves as Chairman of Guangdong Dong Fang Uptodate & Special Medicines Co., Ltd. since March 2010; Director of Sinopharm Holding Suzhou Co., Ltd from May 2010 to November 2011; Chairman of Sinopharm Holding Jiangsu Co., Ltd from May 2010 to November 2011; Director of Wenzhou Biomedicine-Appliances Supplies Co., Ltd. from July 2010 to November 2011; deputy President of Sinopharm Group Co., Ltd. since September 2010; Chairman of Sinopharm Holding Henan Co., Ltd from October 2010 to January 2013; Director of Sinopharm Holding Changzhou Co., Ltd from December 2010 to November 2011; Director of Shanghai Bionuo Enterprise Management Co., Ltd. from December 2010 to November 2011; general counsel of Sinopharm Group Co., Ltd. from May 2011 to October 2012; he serves as Director of Sinopharm Le-Ren-Tang Medicine Co., Ltd. since April 2011; Director of Sinopharm Group Shaanxi Co., Ltd. from April 2011 to September 2011; Director of China National Medicines Corporation Ltd since October 2011; Director of Yujia Medicine Service Co., Ltd. since November 2011; Chairman of Sinopharm Health Industry (Shanghai) Co., Ltd. since November 2011; Director of 6th and 7th Session of the Board for the Company since March 2011; Chairman of Sinopharm Holding Health Development (Shanghai) Co., ltd since May 2012; Chairman of Sinopharm Holding Fujian Co., Ltd and Sinopharm Holding Fuzhou Co., Ltd since August 2012; he serves as executive Director of Sinopharm Holding Henan Co., Ltd. since January 2013 and executive Director of Shanghai Tongyu Information Technology Co., Ltd. since April 2013.

Director – Mr. Jiang Xiuchang, a university background, senior economists and senior accountant. He served as the follow post in latest 5 years: CFO of Sinopharm Group Co., Ltd. since May 2010;

he acts as deputy President of Sinopharm Group Co., Ltd. since July 2013 and hold concurrent post of Supervisor of Sinopharm Holding Guoda Pharmacy Co., Ltd since June 2010; Supervisor of Yujia Medicine Co., Ltd. since September 2010; Director of China National Medicines Corporation Ltd since February 2011; Director of Sinopharm Le-Ren-Tang Medicine Co., Ltd since April 2011; Director of Sinopharm Holding H.K. Co., Ltd since November 2011; Director of Sinopharm Group Financial Co., Ltd since November 2011; Director of Sinopharm Group Shaanxi Co., Ltd. from April 2011 to September 2011; Supervisor of Sinopharm Sub Marketing Center Co., Ltd. since April 2011; Supervisor of Sinopharm Holding Beijing Co., Ltd. and Director of Sinopharm Group Financial Co., Ltd since November 2011; he serves as Director of 6th and 7th session of the Board for the Company since March 2011, Chairman of Sinopharm Holding Jiangxi Co., Ltd. since June 2013; Chairman of Sinopharm Holding Shanxi Co., Ltd., deputy Chairman of Sinopharm Group Shanxi Co., Ltd., Chairman of Sinopharm Holding Tianjin Co., Ltd. and Chairman of Sinopharm Holding Inner Mongolia Co., Ltd. since December 2013.

Director—Mr. Yan Zhigang, MBA, senior engineers and Licensed **Pharmacist**. He served as the follow post in latest 5 years: Deputy GM of the Company from January 2005 to December 2008; GM of the Company since December 2008; Director of the 5th, 6th and 7th session of the Board since February 2009; he acts Director of Sinopharm A-THINK Pharmaceutical Co., Ltd. since June 2010; and took executive director of Sinopharm Holding Guangzhou Co., Ltd. since February 2014.

Mr. Yan Zhigang, MBA, senior engineers and Licensed Pharmacist. He served as the follow post in latest 5 years: Deputy GM of the Company from January 2005 to December 2008; GM of the Company since December 2008; Director of the 5th, 6th and 7th session of the Board since February 2009; he acts Director of Sinopharm A-THINK Pharmaceutical Co., Ltd. since June 2010; took executive director of Sinopharm Holding Guangzhou Co., Ltd. since February 2014, and took vice GM of the Company since 9 March 2016.

Independent Director --- Mr. He Zhiyi, Doctor Degree of Fudan University, Post doctorate of Beijing University, Professor and PH.D adviser. Currently, he works as the vice Dean of New Huadu Business School. He acted as vice Dean of Antai College of Economics & Business Administration of SJTU; the professor, PH.D adviser and Dean Assistant of Guanghua Administration College of Beijing University and Office Director of Administration Case Research of Beijing University; He use to took advance study and visiting scholar in Sweden IMD, GM

school of Management and Kellogg school of Management, Northwestern University of USA. He also worked as the deputy dean of Development& Research of Poverty-zone of Beijing University, executive director of Chinese Enterprise Research Center of Beijing University, executive editor of Business Comments of Beijing University magazine, vice-chairman and secretary of the Chinese Federation for Corporate Social Responsibility, vice-chairman and secretary of CNEMA and Director of IFSAM etc. Mr. He Zhiyi owes rich experience, and also served as position in government, GM in State-owned enterprises, Chairman of joint-stock enterprises, President of Beijing University Xiaochang Business Co., Ltd and Director of Office of Industrial Management, funded by school. He serves as Independent Director of the Board for the Company since June 2010.

Independent Director --- Mr.Xiong Chuxiong, a doctor degree, professor and a CPA. He graduated from Accounting Dept. of Southwestern University of Finance & Economics and Accounting Dept. of Xiamen University successively. After obtained the PhD. Economics in Xiamen University in 1992, he was assigned to teach in accounting majors of Shenzhen University. He used to be a visiting scholar in University of Manchester, U.K. currently; he works as professor in Shenzhen University. He serves as Independent Director of the 6th and 7th Session of the Board for the Company since April 2011.

Independent Director - Mr. Xiao Shengfang, civil and commercial law graduate in Renmin University of China, MBA of Jinan University, and lawyer. He acts as director of Sino-Win Law Firm, whose social functions include vice director of Labor and Social Security Law Committee of All China Lawyers Association, vice president of Guangdong Lawyers Association, vice president of Social Law Institute of Guangdong Province Law Society, vice president of Labor Relations Research Institute of Guangdong Province Law Society, vice president of Guangzhou Lawyer Organization, legal consultant of the People`s Government of Guangzhou Municipality, counselor of CPPCC Guangzhou Committee, legal consultant of the People`s Government of Guangzhou Baiyun District, adjunct professor at Lawyer College of Renmin University of China, adjunct professor at School of Law of South China Normal University, executive vice president of MBA sodality in Ji`nan University, arbitrator at South China International Economic and Trade Arbitration Commission, arbitrator at Guangzhou Arbitration Commission, and mediation expert at South China International Economic and Trade Arbitration Commission. He has acted as the independent director for the Company`s sixth and seventh board of director since April 2011.

2. Members of supervisors:

Chairman of Supervisory Committee--- Mr. Feng Yifeng, University background, a CPA and ACCA. He served as a senior manager of PWC Zhongtian CPA from July 2002 to June 2010; and

he serves as director of financial manage dept. of Sinopharm Holding Co., Ltd. since June 2010, and during the period, serves as Director of Sinopharm Holding Fujian Co., Ltd., subordinate of Sinopharm Holding, Sinopharm A-THINK Pharmaceutical Co., Ltd. and Sinopharm Holding Hainan Co., Ltd.; serves as supervisor of Sinopharm Group Chemical Reagent Co., Ltd. , Sinopharm Holding Henan Co., Ltd., Sinopharm Holding Changzhou Co., Ltd., Sinopharm Holding Wuxi Co., Ltd., Sinopharm Holding Gansu Co., Ltd. and Sinopharm Group Sanyi Pharmaceutical (Wuhu) Co., Ltd. He serves as chairman of the 6th and 7th session of supervisory committee of the Company since August 2012.

Supervisor——Ms. Guan Xiaohui, Master of Accounting, Certified Public Accountant and Economist. She serves as vice CFO of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. since November 2004; she now serves as vice president and chief accountant of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. and serves as supervisor of 5th, 6th and 7th Session of Supervisory Committee of the Company since September 2007.

Employee Supervisor——Mr. Wang Huaiqin, 3-years regular college graduate, political commissar, assistant accountant. He served as the Chairman of First Union since September 2005 to March 2009; member of Party Committee, deputy secretary of discipline & inspection committee and chairman of Union of the Company since September 2008; serves as employee supervisor of 5th, 6th and 7th Session of Supervisory Committee of the Company since September 2007.

3. Senior executives:

General Manger——Mr. Lin Zhaoxiong, senior MBA, Pharmacist-in-charge. He worked in Sinopharm Holding Guangzhou Co., Ltd. with successively taking the posts of deputy general manger and manager of Pharmacy Department, and manger of Pharmaceutical Company and majordomo of Operation Management Department from Jan. 1999 to Dec. 2003; deputy general manager of Sinopharm Holding Guangzhou Co., Ltd from Jan. 2004 to Dec. 2006; he serves as GM of Sinopharm Holding Guangzhou Co., Ltd. since December 2006 and deputy GM of the Company since from December 2008 to 9 March 2016, and serves as GM of the Company since 9 March 2016.

Deputy General Manager-- Mr. Yan Zhigang, referring to the aforesaid introduction of members of directors for details

Deputy General Manger——Mr. Lin Min, senior MBA, Pharmaceutical **Engineer**, Licensed **Pharmacist**, worked in **China National** Pharmaceutical Group Guangzhou Corporation with successively taking the posts of assistant to manager, deputy general manger of Pharmacy Department and deputy general manger of purchasing in Pharmaceutical Company from Jan. 2001 to Nov. 2003; supervisor of Guangzhou pharmacy sales of Sinopharm Holding Guangzhou Co., Ltd from Nov. 2003 to Jan. 2005; general manager of Sinopharm Holding Liuzhou Co., Ltd from March 2006 to Nov. 2007; took deputy general manager of Sinopharm Holding Guangzhou Co., Ltd from Jan. 2005 to Dec. 2008; serves as deputy GM of the Company since December 2008.

Deputy General Manger——Mr. Lin Xinyang, MBA, Licensed **Pharmacist**, he took the turns of deputy GM of Nanfang Pharm. Co., deputy GM of China Medicine 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.

Deputy General Manger——Mr. Deng Baojun, an MBA, senior engineer and Licensed **Pharmacist**, he took the position of deputy general manager of Shenzhen Zhijun Pharmaceutical Co., Ltd. from August 2003 to December 2008; took the position as General Manager of Shenzhen Zhijun Pharmaceutical Co., Ltd. since December 2008; serves as general manager of pharmaceutical business department of China National Accord Medicines Corporation Ltd. since December 2010 and took deputy GM of the Company.

Deputy General Manger—— Mr. Pan Rangren, a postgraduate, IFM and assistant accountant. He serves as vice secretary of the Party general branch, deputy GM, standing deputy GM and labor union chairman of Shenzhen Zhijun Pharmaceutical Co., Ltd. from November 2005 to April 2011; he serves as deputy GM of pharmaceutical division under the name of China National Accord Medicines Corporation Ltd. since December 2010; took Party secretary and standing deputy GM of Shenzhen Zhijun Pharmaceutical Co., Ltd. from April 2011 to December 2013; he serves as GM of China National Zhijun (Suzhou) Pharmaceutical Co., Ltd. since August 2013; serves as Party secretary of Shenzhen Zhijun Pharmaceutical Co., Ltd. since January 2014, serves as GM of Shenzhen Zhijun Pharmaceutical Co., Ltd. since January 2014 and deputy GM of the Company since December 2014.

Chief Financial Officer——Mr. Wei Pingxiao, MBA, an accountant, took the turns of Financial department of State-owned Beijing Electronic Tube Plant, Modern Electronic Shenzhen Industrial Company, China Electronic Industrial Headquarter since August 1985; and took the turns of deputy section chief of financial department of China Electronic Information Industry Group, financial director of AMOI, section chief of planning financial department of China Electronic Finance Leasing Company, Deputy GM of AMOI Beijing branch, financial charger of AMOI and director of its subsidiary since April 1993; and he hold the post of CFO of the Company since December 2004.

Secretary of the Board——Mr. Chen Changbing, Master Degree. He served as secretary of the Board of 3rd and 4th Session of the Board for the Company since December 2000; and serves as Chief of Planning Investment Management Dept. and Secretary of the Board of 5th, 6th and 7th Session of the Board for the Company since September 2007.

Post-holding in shareholder's unit

√Applicable □ Not applicable

Name	Name of shareholder's unit	Position in shareholder's unit n	Start dated of office term	End date of office term	Received remuneration from shareholder's unit (Y/N)
Wei Yulin	Sinopharm Group Co., Ltd.	President Executive director CPC secretary	2013-11-01	2016-11-01	Y
Li Zhiming	Sinopharm Group Co., Ltd.	President	2013-11-01	2016-11-01	Y
Ma Wanjun	Sinopharm Group Co., Ltd.	Deputy president General counsel Secretary of the Board	2011-05-01		Y
Jiang Xiuchang	Sinopharm Group Co., Ltd.	CFO	2010-06-01		Y
Cui Dieling	Sinopharm Group Co., Ltd.	Assistant president director of Industry development & management center	2011-03-01		Y
Feng Yifeng	Sinopharm Group Co., Ltd.	Financial management dept.	2010-06-01		Y

Post-holding in other unit

√Applicable □ Not applicable

Name	Name of other units	Position in other unit n	Start dated of office term	End date of office term	Received remuneration from other unit
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					(Y/N)
Wei Yulin	Sinopharm Holding H.K. Co., Ltd	Chairman	2011-01-01		N
Wei Yulin	Sinopharm Group Chemical Reagent Co., Ltd.	Chairman	2011-12-01		N
Wei Yulin	Sinopharm Le-Ren-Tang Medicine Co., Ltd.	Chairman	2011-04-01		N
Wei Yulin	Sinopharm Holding Guoda Pharmacy Co., Ltd	Director	2012-08-01		N
Li Zhiming	Sinopharm Group Xinjiang Pharmaceutical Co., Ltd.	Chairman	2013-05-01		N
Li Zhiming	Sinopharm Holding Ningxia Co., Ltd	Chairman	2011-06-01		N
Li Zhiming	Sinopharm Holding Shaanxi Co., Ltd.	Chairman	2011-10-01		N
Li Zhiming	Sinopharm Holding Gansu Co., Ltd.	Chairman	2011-10-01		N
Li Zhiming	Sinopharm Holding Qinghai Co., Ltd.	Chairman	2011-10-01		N
Li Zhiming	China National Medicines Corporation Ltd	Chairman	2011-10-01		N
Li Zhiming	Sinopharm Holding H.K. Co., Ltd	Director	2014-01-01		N
Li Zhiming	Sinopharm Holding Sub Marketing Center Co., Ltd.	Executive Director	2014-01-01		N
Ma Wanjun	Guangdong Dong Fang Uptodate & Special Medicines Co., Ltd.	Chairman	2010-03-01		N
Ma Wanjun	Sinopharm Holding Henan Co., Ltd	Chairman	2010-10-01		N
Ma Wanjun	Sinopharm Holding Henan Co., Ltd	Executive Director	2013-01-01		N
Ma Wanjun	Sinopharm Holding Changzhou Co., Ltd	Director	2010-12-01		N
Ma Wanjun	Shanghai Bionuo Enterprise Management Co., Ltd.	Director	2010-12-01		N
Ma Wanjun	Sinopharm Le-Ren-Tang Medicine Co., Ltd.	Director	2011-04-01		N
Ma Wanjun	Sinopharm Group Shanxi Co., Ltd.	Director	2011-04-01		N
Ma Wanjun	China National Medicines Corporation Ltd	Director	2011-10-01		N
Ma Wanjun	Yujia Medicine Service Co., Ltd.	Director	2011-11-01		N
Ma Wanjun	Sinopharm Health Industry (Shanghai) Co., Ltd.	Chairman	2011-11-01		N
Ma Wanjun	Sinopharm Holding Health Development (Shanghai) Co., Ltd.	Chairman	2012-05-01		N
Ma Wanjun	Sinopharm Holding Fujian Co., Ltd	Chairman	2012-08-01		N
Ma Wanjun	Sinopharm Holding Fuzhou Co., Ltd	Chairman	2012-08-01		N
Jiang Xiuchang	Sinopharm Holding Guoda Pharmacy Co., Ltd	Supervisor	2010-06-01		N
Jiang Xiuchang	Yujia Medicine Service Co., Ltd.	Supervisor	2010-09-01		N
Jiang Xiuchang	China National Medicines Corporation Ltd	Director	2011-02-01		N
Jiang Xiuchang	Sinopharm Le-Ren-Tang Medicine Co., Ltd.	Director	2011-04-01		N
Jiang Xiuchang	Sinopharm Holding H.K. Co., Ltd	Director	2011-11-01		N
Jiang Xiuchang	Sinopharm Group Financial Co., Ltd	Director	2011-11-01		N
Jiang Xiuchang	Sinopharm Group Shanxi Co., Ltd.	Director	2011-04-01		N
Jiang Xiuchang	Sinopharm Holding Sub Marketing Center Co., Ltd.	Supervisor	2011-04-01		N
Jiang Xiuchang	Sinopharm Holding Beijing Co., Ltd	Supervisor	2011-11-01		N
Cui Dieling	Sinopharm A-THINK Pharmaceutical	Chairman	2011-10-01		N

	Co., Ltd.				
Cui Dieling	Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	Chairman	2011-12-01		N
Cui Dieling	Sinopharm Group Sanyi Pharmaceutical (Wuhu) Co., Ltd.	Chairman	2012-07-01		N
Cui Dieling	China National Medicines Corporation Ltd	Chairman of Supervisory Committee	2011-12-01		N
Feng Yifeng	Sinopharm Holding Fujian Co., Ltd	Director	2012-04-01		N
Feng Yifeng	Sinopharm A-THINK Pharmaceutical Co., Ltd.	Director	2012-05-01		N
Feng Yifeng	Sinopharm Holding Hainan Co., Ltd	Director	2012-05-01		N
Feng Yifeng	Sinopharm Group Chemical Reagent Co., Ltd.	Supervisor	2012-05-01		N
Feng Yifeng	Sinopharm Holding Henan Co., Ltd	Supervisor	2012-06-01		N
Feng Yifeng	Sinopharm Holding Changzhou Co., Ltd	Supervisor	2010-12-01		N
Feng Yifeng	Sinopharm Holding Wuxi Co., Ltd	Supervisor	2012-12-01		N
Feng Yifeng	Sinopharm Holding Gansu Co., Ltd.	Supervisor	2012-05-01		N
Feng Yifeng	Sinopharm Holding Health Development (Shanghai) Co., Ltd.	Supervisor	2012-05-01		N
Feng Yifeng	Sinopharm Group Sanyi Pharmaceutical (Wuhu) Co., Ltd.	Supervisor	2012-07-01		N
Yan Zhigang	Shenzhen Main Luck Pharmaceuticals Inc.	Chairman	2010-05-01		N
Yan Zhigang	Sinopharm A-THINK Pharmaceutical Co., Ltd.	Director	2010-06-01		N
He Zhiyi	Newhuadu Business School	Vice dean	2009-01-01		Y
Xiong Chuxiong	Shenzhen University	Professor			Y
Xiong Chuxiong	Shenzhen Zhongjin Lingnan Nonferrous Co., Ltd.	Independent Director	2011-04-01		Y
Xiong Chuxiong	Shenzhen International Enterprise Co., Ltd.	Independent Director	2010-07-01		Y
Xiong Chuxiong	Hytera Communications Co., Ltd.	Independent Director	2010-01-01		Y
Xiao Shengfang	Guangdong Shenglun Law Firms	Director			Y

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 2015 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	Age	Post-holding status	Total remuneration before tax obtained from the Company	Whether remuneration obtained from related party of the Company
Li Zhiming	Chairman	M	52	Currently in office	0	Y
Cui Dieling	Deputy Chairman	F	50	Currently in office	0	Y
Wei Yulin	Director	M	58	Currently in office	0	Y
Ma Wanjun	Director	M	46	Currently in office	0	Y
Jiang Xiuchang	Director	M	52	Currently in office	0	Y
Yan Zhigang	Director, GM	M	56	Appointed	190	N
He Zhiyi	Independent Director	M	60	Currently in office	8	N
Xiong Chuxiong	Independent Director	M	60	Currently in office	8	N
Xiao Shengfang	Independent Director	M	46	Currently in office	8	N
Feng Yifeng	Chairman of Supervisory Committee	M	37	Currently in office	0	Y
Guan Xiaohui	Supervisor	F	45	Currently in office	0	Y
Wang Huiqin	Supervisor	M	58	Currently in office	59.6	N
Lin Zhaoxiong	Deputy GM	M	48	Currently in office	152	N
Lin Min	Deputy GM	M	51	Currently in office	133	N
Lin Xinyang	Deputy GM	M	51	Currently in office	133	N
Deng Baojun	Deputy GM	M	54	Currently in office	152	N
Pan Rangren	Deputy GM	M	51	Currently in office	133	N
Wei Pingxiao	CFO	M	52	Currently in office	133	N
Chen	Secretary of the	M	48	Currently in	80	N

Changbing	Board			office		
Total	--	--	--	--	1189.6	--

Delegated equity incentive for directors, supervisors 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)	95
The number of current employees of main subsidiaries (people)	4,215
Total number of current employees (people)	4,310
The total number of current employees to receive pay (people)	4,310
The total number of retired staff and workers that the parent company and main subsidiaries need to bear the costs (people)	746
Professional composition	
Category of professional composition	Number of professional composition (people)
Production staff	893
Salesman	1,320
Technical staff	94
Financial staff	203
Administrative staff	1,096
Logistics Staff	704
Total	4,310
Education background	
Category of education	Number (people)
Above graduate	178
Undergraduate	1,447
Junior college	1,123
Secondary technical school and below	1,562
Total	4,310

2. Remuneration policy

Sinopharm Accord and subordinate enterprises provided perfect salary and benefits, salary level and organization (artificial total, compensation strategy, and position value), staff (development ability, performance results), and market (market level, the competition for talent) closely combined for employees. Every year through the sort of responsibilities, job evaluation, target compensation interval mapping, and annual employee job performance and ability evaluation, the ability staff with contribution raised the salary, at the same time, performance bonuses and performance are closely linked, achieved win-win interests of the company and employee.

3. Training programs

For more efficient training for employees, and gradually build and improve the company's training management system. First, the construction of the training system, the implementation of staff training management system, staff continuing education management system, the intern management system, internal trainer management system and etc. Second, the organization of the training, arranged by the leadership of the company, set up professional positions in the human resources department, and assisted managers at all levels to carry out the training of staff. Third, classes and courses of the training, according to different training object features and training needs of the management, core business backbone and frontline employees, established various targeted training in different levels, categories and region; curriculum including management courses, general quality courses and vocational skills course, also vigorously promote internal course development and Instructor Certification. Fourth, the examination of the training, that set different levels of assessment methods to ensure the staff training effect.

4. Labor outsourcing

√Applicable Not applicable

Total number of working hours of labor outsourcing (HR)	119,799
Total remuneration paid of labor outsourcing (RMB)	32,781,469.30

Section IX. Corporate Governance

I. Corporate governance of the Company

Articles of Association are formulated at governance level. In compliance with requirements of Articles, rules of procedures for shareholders' meeting, board and board of supervisors, working system of strategy committee, nomination committee, internal risk control and audit committee, remuneration and evaluation committee, general manager and secretary to board, corporate governance system regarding information disclosure, connected transactions, fund raising, performance of social responsibilities, inside information and informant management, investor relation management, engagement of accounting firm and prevention of occupation by major shareholders and connected parties of capital of listing companies are also established.

During the Reporting Period, the Article of Association and Rules of Procedure of Shareholders Meeting have been revised according to regulatory requirements and governance needs. The effective implementation of corporate governance system ensures the effective performance of duties and responsibilities of respective committees, thereby facilitating the board of supervisors to play a supervisory role and offering help for the board to make scientific decisions.

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. Independency 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	As subordinate companies of majority shareholder, Foshan Nanhai Medicine Co., Ltd. and Guangdong Dong Fang Uptodate & Special Medicines Co., Ltd. both operate pharmaceutical distribution business within Guangdong, which partially overlaps with the pharmaceutical distribution business and geographical location of the Company and constitutes peer competition.	In July 2013, to solve the problem of peer competition, majority shareholder entrusted Sinopharm Accord and Sinopharm Accord agreed to take over the management of the above two companies.	Normally performing
Horizontal competition	Sinopharm Group	SASAC	As a subordinate enterprise of the actual controller, Guangdong South Pharmaceutical Foreign Trade Co., Ltd. operates pharmaceutical distribution business within Guangdong, which partially overlaps with the pharmaceutical distribution business and geographical location of the Company and constitutes peer competition.	In September 2013, to solve the problem of peer competition, the actual controller entrusted Sinopharm Accord and Sinopharm Accord agreed to take over the management of the above company.	Normally performing
Horizontal competition	Sinopharm Group	SASAC	As a subordinate pharmaceutical enterprise of the actual controller, the primary business of Sinopharm Group	To solve the peer competition, Sinopharm Group issued in October 2013 the Letter of Undertaking from China National	Normally performing

			<p>Weiqida Pharmaceutical Co., Ltd. is similar to the pharmaceutical industrial products of the Company, which constitutes peer competition.</p>	<p>Pharmaceutical Group Corporation on Avoiding the Peer Competition with China National Accord Medicines Corporation Ltd. and undertook that, in the coming five years, Sinopharm Group intends to take appropriate measures (including the disposal of assets, equity injection and stoppage of production etc.) to solve the problem of peer competition between Weiqida and Sinopharm Accord.</p>	
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IV. In the report period, the Company held annual shareholders’ general meeting and extraordinary shareholders’ general meeting

1. Annual Shareholders’ General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
Annual general meeting 2014	Annual general meeting	63.05%	2015-04-24	2015-04-25	Juchao Website—(http://www.cninfo.com.cn) “Resolution Notice of Annual General Meeting 2014” No.: 2015-19
First extraordinary general meeting of 2015	First extraordinary general meeting	57.39%	2015-05-15	2015-05-16	Juchao Website—(http://www.cninfo.com.cn) “Resolution Notice of First extraordinary general meeting of 2015” No.: 2015-22
Second extraordinary general meeting of 2015	First extraordinary general meeting	54.16%	2015-09-11	2015-09-11	Juchao Website—(http://www.cninfo.com.cn) “Resolution Notice of Second extraordinary general meeting of 2015” No.: 2015-36

Institutional investor

Name	Number of directors	Times of participant in the general meeting
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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 general meeting

The attending of independent directors to Board Meeting						
Name of 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)
He Zhiyi	10	1	9	0	0	N
Xiong Chuxiong	10	1	9	0	0	N
Xiao Shengfang	10	1	9	0	0	N
Times for attending general meeting from independent directors		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 has 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 3 independent non-executive directors and 3 directors, including the convener (professional accountant) is an independent director. 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 2015, approved proposal of financial accounting report, summary report of annual audit work of CPA and rehiring PWC Zhongtian CPA 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 is 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 3 directors, including 2 independent directors; convener is He Zhiyi, 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 2015, the remuneration and appraisal committee carried out the performance evaluation of executives according to the 2014 Annual operation standard and performance.
2. It proposed the "2016 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 2015 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 2015 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	2016-03-26
Disclosure index of full internal control evaluation report	Juchao Website: (http://www.cninfo.com.cn); "Self-evaluation Report of Internal Control of China National Accord Medicines Corporation Ltd for year of 2015"
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 deficiencies are mainly judged by the impact and the likelihood of occurrence of financial reporting misstatements caused by deficiencies. (1) Major deficiencies: A combination of one or multiple internal control deficiencies that exists in internal control and may cause the material misstatements in financial statements cannot be prevented, found or corrected in time; (2) Significant deficiencies: A combination of one or multiple internal control deficiencies that exists in internal control and has severity level lower than major deficiencies but still should be concerned by the superintendents of enterprise financial report; (3) Common deficiencies: Other deficiencies except for major and significant deficiencies.</p>	<p>Non-financial report deficiencies are mainly judged by the impact of deficiencies to the validity of business process and the likelihood of occurrence. (1) Major deficiencies: A combination of one or multiple internal control deficiencies that may cause the enterprise's serious deviation to internal control objectives; (2) Significant deficiencies: A combination of one or multiple internal control deficiencies whose severity level and economic consequences are lower than major deficiencies but still may cause the enterprise's deviation to internal control objectives; (3) Common deficiencies: Other deficiencies except for major and significant deficiencies.</p>
Quantitative standard	<p>Quantitative criteria: 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. (1) Major deficiencies: equal to or greater than 5% of profit before tax (2) Significant deficiencies: between 1% and 5% of profit before tax; (3) Common deficiencies: less than or equal to 1% of profit before tax.</p>	<p>Quantitative criteria: A quantitative criterion determines the degree of importance of a company's deficiencies based on the amount of direct loss and the degree of significant impact to the company. (1) Major deficiencies: 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; (2) Significant deficiencies: 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;(3) Common deficiencies: 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 Internal Control Audit Report	
Sinopharm Accord, in line with Basic Norms of Enterprises Internal Control and relevant regulations, shows an effectiveness internal control of financial report in all major aspects dated 31 December 2015.	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	2016-03-26
Index of audit report of internal control (full-text)	Juchao Website: (http://www.cninfo.com.cn); "Audit Report of Internal Control of China National Accord Medicines Corporation Ltd."
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 X Financial Report

[English Translation for Reference Only]

Report of the Auditors

PwC ZT Shen Zi (2016) No. 10007
(Page 1 of 2)

To the Shareholders of China National Accord Medicines Co., Ltd.

We have audited the accompanying financial statements of China National Accord Medicines Co., Ltd. (hereinafter the "Company"), which comprise the consolidated and company balance sheets as at 31 December 2015, and the consolidated and company income statements, the consolidated and company statements of changes in shareholder's equity and the consolidated and company cash flow statements for the year then ended, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

Management of National Accord is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company and of the Company and its subsidiaries(the "Group") as at 31 December 2015, and their financial performance and cash flows of the Company and the Group for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People's Republic of China

24 March2016

CHINA NATIONAL ACCORD MEDICINESCO., LTD.
Consolidated and company balance sheets
For the year ended 31 December 2015
(All amounts in Renminbi “RMB” unless otherwise stated)

ASSETS	Note	31 December 2015 Consolidated	31 December 2014 Consolidated	31 December 2015 Company	31 December 2014 Company
Current assets					
Cash at bank and on hand	IV(1)	1,570,706,970.51	867,562,115.54	429,437,078.35	257,173,314.81
Notes receivable	IV(2)	820,125,807.67	618,995,440.09	43,896,287.87	47,389,669.59
Accounts receivable	IV(3)、XV(1)	6,153,830,882.75	7,018,312,673.19	381,093,808.53	513,791,982.48
Advances to suppliers	IV(4)	72,041,261.84	96,043,154.40	5,452,046.55	5,047,755.80
Other receivables	IV(5)、XV(2)	38,175,884.46	28,574,927.90	1,613,862,656.17	1,111,423,809.76
interest receivable		-	-	2,053,659.27	1,890,165.10
Inventories	IV(6)	2,533,160,758.28	2,322,333,262.87	182,659,794.51	184,880,147.05
Other current assets	IV(7)	19,456,915.58	40,308,591.47	39,482.38	2,560,096.51
Divided into holding assets for sale	IV(8)	2,456,876.83	-	-	-
Total current assets		11,209,955,357.92	10,992,130,165.46	2,658,494,813.63	2,124,156,941.10
Non-current assets					
Long-term equity investments	IV(9)、XV(3)	180,831,714.55	157,604,846.85	2,795,231,208.93	2,772,004,341.23
Investment properties	IV(10)	145,102,318.77	73,836,850.51	4,379,786.84	5,272,980.96
Fixed assets	IV(11)	1,079,412,437.53	745,557,829.35	391,937,393.50	17,175,509.65
Construction in progress	IV(12)	176,096,786.58	330,218,696.56	129,851,067.29	299,290,846.13
Intangible assets	IV(13)	137,720,156.55	144,383,753.87	35,678,610.77	36,923,545.12
Development costs	IV(13)	5,619,315.47	5,619,315.47	-	-
Goodwill	IV(14)	79,378,833.15	79,378,833.15	-	-
Long-term prepaid expenses	IV(15)	40,464,563.93	39,154,232.03	7,417,691.74	5,681,186.10
Deferred income tax assets	IV(16)	88,210,062.44	85,146,479.50	2,906,189.80	2,800,803.02
Other non-current assets	IV(18)	75,558,188.42	175,910,538.15	34,856,698.50	68,103,087.93
Total non-current assets		2,008,394,377.39	1,836,811,375.44	3,402,258,647.37	3,207,252,300.14
TOTAL ASSETS		13,218,349,735.31	12,828,941,540.90	6,060,753,461.00	5,331,409,241.24

CHINA NATIONAL ACCORD MEDICINESCO., LTD.
Consolidated and company balance sheets (continued)
For the year ended 31 December 2015
(All amounts in Renminbi “RMB” unless otherwise stated)

LIABILITIES AND OWNER'S EQUITY	Note	31 December 2015 Consolidated	31 December 2014 Consolidated	31 December 2015 Company	31 December 2014 Company
Current liabilities					
Short-term borrowings	IV(19)	1,212,959,267.74	1,517,954,528.88	106,000,000.00	202,000,000.00
Notes payable	IV(20)	1,301,594,416.81	1,468,166,640.64	285,394,838.22	274,584,574.89
Accounts payable	IV(21)	4,036,910,159.14	3,988,878,234.03	292,794,309.39	314,477,971.19
Advances from customers	IV(22)	56,943,167.40	40,339,905.63	5,841,769.74	322,008.81
Employee benefits payable	IV(23)	164,315,934.17	171,958,142.88	22,441,125.24	20,339,767.52
Taxes payable	IV(24)	72,863,480.20	77,445,669.46	10,770,924.28	13,695,533.72
Interests payable	IV(25)	6,544,067.19	6,666,712.19	354,492.17	86,831.07
Other payables	IV(26)	468,450,153.85	412,347,201.51	680,741,770.79	447,928,781.45
Current portion of long-term Borrowings	IV(27)	5,444,858.84	4,000,000.00	-	-
Total current liabilities		7,326,025,505.34	7,687,757,035.22	1,404,339,229.83	1,273,435,468.65
Non-current liabilities					
Long-term borrowings	IV(28)	72,495,172.30	39,695,448.00	72,495,172.30	39,695,448.00
Long-term payables	IV(29)	8,394,559.05	-	-	-
Payables for specific projects	IV(30)	1,287,000.00	1,287,000.00	800,000.00	800,000.00
Deferred Income	IV(31)	173,099,023.98	176,366,201.15	5,074,999.99	5,000,000.00
Long-term employee benefits payable	IV(32)	2,499,100.00	2,896,000.00	72,000.00	226,000.00
Deferred income tax liabilities	IV(16)	22,647,074.06	24,297,076.57	3,773,319.00	3,773,319.00
Other non-current liabilities	IV(33)	45,427,343.31	45,427,343.31	-	-
Total non-current liabilities		325,849,272.70	289,969,069.03	82,215,491.29	49,494,767.00
Total liabilities		7,651,874,778.04	7,977,726,104.25	1,486,554,721.12	1,322,930,235.65
OWNERS' EQUITY					
Share capital	IV(34)	362,631,943.00	362,631,943.00	362,631,943.00	362,631,943.00
Capital surplus	IV(35)	1,863,894,533.34	1,863,894,533.34	1,869,692,921.70	1,869,692,921.70
Surplus reserve	IV(36)	181,315,971.50	181,315,971.50	181,315,971.50	181,315,971.50
Undistributed profits	IV(37)	3,045,551,246.71	2,356,765,374.25	2,160,557,903.68	1,594,838,169.39
Total equity attributable to equity holders of the Company		5,453,393,694.55	4,764,607,822.09	4,574,198,739.88	4,008,479,005.59
Minority interest	IV(38)	113,081,262.72	86,607,614.56	-	-
Total owners' equity		5,566,474,957.27	4,851,215,436.65	4,574,198,739.88	4,008,479,005.59
TOTAL LIABILITIES AND OWNERS' EQUITY		13,218,349,735.31	12,828,941,540.90	6,060,753,461.00	5,331,409,241.24

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

Legal representative:

Principal in charge of accounting :

Head of accounting department:

CHINA NATIONAL ACCORD MEDICINES CO., LTD.
Consolidated and company income statements
For the year ended 31 December 2015
(All amounts in Renminbi “RMB” unless otherwise stated)

Item	Note	2015	2014	2015	2014
		Consolidated	Consolidated	Company	Company
I Sales	IV(39)、XV(4)	25,993,139,277.84	23,954,331,028.05	2,863,660,401.47	2,778,958,470.32
Less: Cost of sales	IV(39)、IV(44)	(23,972,042,607.92)	(22,002,628,769.91)	(2,737,910,097.84)	(2,661,191,051.06)
Taxes and surcharges	XV(4)	(50,508,357.41)	(46,741,611.03)	(6,075,183.19)	(7,884,152.19)
Selling and distribution expenses	IV(40)				
Administration expenses	IV(41)、IV(44)	(533,791,055.46)	(522,383,083.15)	(46,270,636.71)	(50,541,074.90)
Financial expenses/(income)	IV(42)、IV(44)	(459,218,208.55)	(474,317,573.25)	(55,216,452.28)	(56,548,260.89)
– net			(123,129,102.91)		
Asset impairment losses	IV(43)	(91,282,085.47)		66,168,235.86	86,040,210.41
Investment income	IV(45)	(37,117,607.82)	(54,059,556.00)	(487,293.37)	(121,866,804.17)
Add: Including: Share of profits of associates	IV(46)、XV(5)	57,413,887.70	50,415,836.33	571,927,007.23	527,284,955.64
		57,413,887.70	50,415,836.33	57,413,887.70	50,415,836.33
II Operating profit		906,593,242.91	781,487,168.13	655,795,981.17	494,252,293.16
Add: Non-operating income	IV(47)	55,403,408.06	49,881,058.60	6,114,684.26	3,720,411.34
Less: Non-operating expenses	IV(48)	(688,795.85)	(2,084,788.43)	-	(73,227.94)
Including: Loss on disposal non-current assets		(452,401.24)	(541,470.69)	-	(23,227.86)
III Total profit		961,307,855.12	829,283,438.30	661,910,665.43	497,899,476.56
Less: Income taxes expenses	IV(49)	(173,959,945.90)	(159,442,270.43)	(23,664,542.54)	(690,557.22)
IV Net profit		787,347,909.22	669,841,167.87	638,246,122.89	474,226,166.14
Attributable to equity holders of the Company		761,312,261.06	652,497,176.03	638,246,122.89	474,226,166.14
Minority interest		26,035,648.16	17,343,991.84	-	-
V Other comprehensive income		-	-	-	-
VI Total comprehensive income		787,347,909.22	669,841,167.87	638,246,122.89	474,226,166.14
Attributable to equity holders of the Company		761,312,261.06	652,497,176.03	638,246,122.89	474,226,166.14
Minority interest		26,035,648.16	17,343,991.84	-	-
VII Earnings per share	IV(50)				
Basic earnings per share		2.10	1.90	N/A	N/A
Diluted earnings per share		2.10	1.90	N/A	N/A

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

Legal representative:

Principal in charge of accounting :

Head of accounting department:

CHINA NATIONAL ACCORD MEDICINES CO., LTD.
Consolidated and company cash flows statements
For the year ended 31 December 2015
(All amounts in Renminbi (RMB) unless otherwise stated)

Item	Note	2015 Consolidated	2014 Consolidated	2015 Company	2014 Company
I. Cash flows from operating activities:					
Cash received from sales of goods or rendering of services		29,149,610,033.67	24,589,100,077.05	3,285,822,755.42	2,920,233,286.18
Refund of taxes and surcharges		8,448,126.90	7,684,100.85	-	-
Cash received relating to other operating activities	IV(51)(a)	102,307,958.73	95,723,511.65	22,129,617.81	23,134,788.02
Sub-total of cash inflows		29,260,366,119.30	24,692,507,689.55	3,307,952,373.23	2,943,368,074.20
Cash paid for goods and services		(26,653,647,201.64)	(24,004,157,438.02)	(3,192,267,206.67)	(2,890,702,190.08)
Cash paid to and on behalf of employees		(615,094,469.83)	(561,974,921.45)	(54,576,026.24)	(51,493,616.14)
Payments of taxes and surcharges		(595,199,714.55)	(532,911,240.08)	(47,163,193.25)	(34,440,144.29)
Cash paid relating to other operating activities	IV(51)(b)	(348,445,630.30)	(390,161,122.43)	(26,759,541.81)	(27,519,021.28)
Sub-total of cash outflows		(28,212,387,016.32)	(25,489,204,721.98)	(3,320,765,967.97)	(3,004,154,971.79)
Net cash flows from operating activities	IV(52)(a)	1,047,979,102.98	(796,697,032.43)	(12,813,594.74)	(60,786,897.59)
II. Cash flows from investing activities					
Cash received from returns on investments		35,190,000.00	28,152,000.00	616,517,083.38	590,255,378.22
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		9,486,605.21	1,373,701.57	-	8,220.00
Cash received from disposal of subsidiaries and other business units	IV(51)(c)	20,000,000.00	-	2,604,319,315.47	4,665,051,089.73
Sub-total of cash inflows		64,676,605.21	29,525,701.57	3,220,836,398.85	5,255,314,687.95
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(190,362,031.68)	(342,669,442.11)	(145,095,042.98)	(255,285,127.72)
Cash paid to acquire Investments		-	-	-	(1,264,910,000.00)
Net cash paid to acquire subsidiaries and other business units	IV(52)(b)	(9,452,000.00)	(2,211,778.91)	(9,452,000.00)	(6,761,000.00)
Cash paid relating to other investing activities		-	-	(3,081,753,248.70)	(4,619,057,191.29)
Sub-total of cash outflows		(199,814,031.68)	(344,881,221.02)	(3,236,300,291.68)	(6,146,013,319.01)
Net cash flows from investing activities		(135,137,426.47)	(315,355,519.45)	(15,463,892.83)	(890,698,631.06)

CHINA NATIONAL ACCORD MEDICINES CO., LTD.
Consolidated and company cash flows statements(continued)
For the year ended 31 December 2015
(All amounts in Renminbi (RMB) unless otherwise stated)

Item	Note	2015 Consolidated	2014 Consolidated	2015 Company	2014 Company
III. Cash flows from financing activities					
Cash received from investments		1,470,000.00	1,929,626,737.77	-	1,929,626,737.77
- Cash received by subsidiary from investment of minority shareholders		1,470,000.00	-	-	-
Cash received from borrowings		203,077,436.91	533,871,463.85	112,799,724.30	238,095,448.00
Cash received relating to other financing Activities	IV(51)(d)	6,240,000.00	31,600,000.00	220,661,123.28	186,549,748.34
Sub-total of cash inflows		210,787,436.91	2,495,098,201.62	333,460,847.58	2,354,271,934.11
Cash repayments of borrowings		(223,745,105.38)	(914,343,511.67)	(10,000,000.00)	(725,000,000.00)
Cash payments for interest expenses and distribution of dividends or profits		(179,532,502.29)	(216,492,634.80)	(85,759,595.29)	(92,901,347.13)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		(1,032,000.00)	(5,825,783.82)	-	-
Cash payments relating to other financing activities	IV(51)(e)	(5,337,208.23)	(495,951,689.09)	(37,160,001.18)	(546,054,690.55)
Sub-total of cash outflows		(408,614,815.90)	(1,626,787,835.56)	(132,919,596.47)	(1,363,956,037.68)
Net cash flows from financing activities		(197,827,378.99)	868,310,366.06	200,541,251.11	990,315,896.43
IV. Effect of foreign exchange rate changes on cash		-	5,838.21	-	-
V. Net (decrease)/increase in cash		715,014,297.52	(243,736,347.61)	172,263,763.54	38,830,367.78
Add: Cash at beginning of year		854,212,006.84	1,097,948,354.45	257,173,314.81	218,342,947.03
VI. Cash at end of year	IV(52)(c)	1,569,226,304.36	854,212,006.84	429,437,078.35	257,173,314.81

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

Legal
representative:

Principal in charge
of accounting :

Head of accounting
department:

CHINA NATIONAL ACCORD MEDICINES CO., LTD.
Consolidated statement of changes in owners' equity
For the year ended 31 December 2015
(All amounts Renminbi (RMB) unless otherwise stated)

Items	Notes	Attributable to the shareholders of the Company				Minority interest	Total owners' equity
		Paid-in capital	Capital surplus	Surplus reserves	Undistributed profits		
Balance at 1 January 2014		288,149,400.00	5,750,338.57	144,855,634.40	1,806,002,285.06	71,879,406.54	2,316,637,064.57
Movements for the year ended 31 December 2014							
Comprehensive income		-	-	-	652,497,176.03	17,343,991.84	669,841,167.87
- Net profit		-	-	-	652,497,176.03	17,343,991.84	669,841,167.87
- Other comprehensive income		-	-	-	-	-	-
Capital contribution and withdrawals by owners							
- Capital contribution by owners		74,482,543.00	1,855,144,194.77	-	-	-	1,929,626,737.77
- Increase due to acquisition of a subsidiary		-	-	-	-	3,210,000.00	3,210,000.00
- Others		-	3,000,000.00	-	-	-	3,000,000.00
Profit distribution							
- Appropriation to surplus reserves	IV(36)	-	-	36,460,337.10	(36,460,337.10)	-	-
- Profit distribution to equity owners	IV(37)	-	-	-	(65,273,749.74)	(5,825,783.82)	(71,099,533.56)
Balance at 31 December 2014		362,631,943.00	1,863,894,533.34	181,315,971.50	2,356,765,374.25	86,607,614.56	4,851,215,436.65

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

CHINA NATIONAL ACCORD MEDICINES CO., LTD.
Consolidated statement of changes in owners' equity(continued)
For the year ended 31 December 2015
(All amounts Renminbi (RMB) unless otherwise stated)

Items	Notes	Attributable to the shareholders of the Company				Minority interest	Total owners' equity
		Paid-in capital	Capital surplus	Surplus reserves	Undistributed profits		
Balance at 1 January 2015		362,631,943.00	1,863,894,533.34	181,315,971.50	2,356,765,374.25	86,607,614.56	4,851,215,436.65
Movements for the year ended 31 December 2015							
Comprehensive income		-	-	-	761,312,261.06	26,035,648.16	787,347,909.22
- Net profit		-	-	-	761,312,261.06	26,035,648.16	787,347,909.22
- Other comprehensive income		-	-	-	-	-	-
Capital contribution and withdrawals by owners							
- Capital contribution by owners	IV(34)	-	-	-	-	1,470,000.00	1,470,000.00
Profit distribution							
- Profit distribution to equity owners	IV(37)	-	-	-	(72,526,388.60)	(1,032,000.00)	(73,558,388.60)
Balance at 31 December 2015		362,631,943.00	1,863,894,533.34	181,315,971.50	3,045,551,246.71	113,081,262.72	5,566,474,957.27

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

Legal representative:

Principal in charge of accounting :

Head of accounting department:

CHINA NATIONAL ACCORD MEDICINES CO., LTD.
Company statement of changes in owners' equity
For the year ended 31 December 2015
(All amounts Renminbi (RMB) unless otherwise stated)

Items	Notes	Paid-in capital	Capital surplus	Surplus reserves	Undistributed profits	Total owners' equity
Balance at 1 January 2014		288,149,400.00	14,548,726.93	144,855,634.40	1,222,346,090.09	1,669,899,851.42
Movements for the year ended 31 December 2014						
Comprehensive income		-	-	-	474,226,166.14	474,226,166.14
- Net profit		-	-	-	474,226,166.14	474,226,166.14
- Other comprehensive income		-	-	-	-	-
Capital contribution and withdrawals by owners						
- Contribution of Paid-in capital		74,482,543.00	1,855,144,194.77	-	-	1,929,626,737.77
Profit distribution						
- Appropriation to surplus reserves	IV(36)	-	-	36,460,337.10	(36,460,337.10)	-
- Profit distribution to equity owners	IV(37)	-	-	-	(65,273,749.74)	(65,273,749.74)
Balance at 31 December 2014		362,631,943.00	1,869,692,921.70	181,315,971.50	1,594,838,169.39	4,008,479,005.59

CHINA NATIONAL ACCORD MEDICINES CO., LTD.
Company statement of changes in owners' equity(continued)
For the year ended 31 December 2015
(All amounts Renminbi (RMB) unless otherwise stated)

Items	Notes	Paid-in capital	Capital surplus	Surplus reserves	Undistributed profits	Total owners' equity
Balance at 1 January 2015		362,631,943.00	1,869,692,921.70	181,315,971.50	1,594,838,169.39	4,008,479,005.59
Movements for the year ended 31 December 2015						
Comprehensive income		-	-	-	638,246,122.89	638,246,122.89
- Net profit		-	-	-	638,246,122.89	638,246,122.89
- Other comprehensive income		-	-	-	-	-
Profit distribution						
- Profit distribution to equity owners	IV(37)	-	-	-	(72,526,388.60)	(72,526,388.60)
Balance at 31 December 2015		362,631,943.00	1,869,692,921.70	181,315,971.50	2,160,557,903.68	4,574,198,739.88

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

Legal
representative:

Principal in charge
of accounting :

Head of accounting
department:

CHINA NATIONAL ACCORD MEDICINES CO., LTD.

Notes to financial statements

For the year ended 31 December 2015

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

I Profile of company

(1) Historical development and basic information

China National Accord Medicines Co., Ltd. (hereinafter referred to as the “the Company”), formerly known as Shenzhen Health Mineral Water Co., Ltd., was approved by the People’s Government of Shenzhen with SFBF (1993) No.356 document to establish on 1 February 1993 through stock restructure as a company limited by shares. In March 1993, with the approval from the Shenzhen Branch of the People’s Bank of China, the Company issued 30 million A-shares (including 16.5 million public shares, 3.5 million employee shares and 10 million corporation shares) and 20 million B-shares. After this issuance, the Company’s share capital was RMB105 million. Through transfer of capital surplus to share capital and bonus issues for years, the share capital of the Company increased to RMB362,631,900. up to 31 December 2015.

In November 2000, the Company entered into an Assets Exchange Agreement with Shenzhen Investment Management Company, the original main 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. On December 29, 2000, the above assets exchange proposal was approved by shareholder’s voting in the second extraordinary general meeting in 2000. The transaction was completed on 8 January 2001.

On 18 February 2004, the Company’s original main 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 GZCQ (2004) No.525 document from the State-owned Assets Supervision and Administration Commission of the State Council and ZJGSZ (2004) No.94 document from the China Securities Regulatory Commission, the nature of these shares was transferred from state-owned stock to state-owned legal entity stock and Sinopharm Group became the top 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-share holders which went public on the same day. After this bonus issue, the total number of shares of the Company remained unchanged with corresponding changes in the composition of shareholdings.

On March 14, 2014, the company issued 74,482,543 ordinary shares (A shares) through the non public offering. Par value per share is RMB 1 yuan. The shares shall not be transferred within 36 months since the issued day. Total shares of the Company was 362,631,943 since the issuance date.

As of 31 December, 2015, the total share capital was 362,631,943.

The Company is registered with Shenzhen Administration for Industry & Commerce. Its business license number is 440301103040048 and the serial number of the license is N24657. The operation period of the Company is from 2 August 1986 to the long term. The registered capital of the Company is RMB362,631,900. The legal representative of the Company is Lin Zhaoxiang.

CHINA NATIONAL ACCORD MEDICINES CO., LTD.
Notes to financial statements
For the year ended 31 December 2015
(All amounts in Renminbi (RMB) unless otherwise stated)

I Profile of company(continued)

(1) Historical development and basic information(continued)

The approved scope of business of the Company and its subsidiaries (together “the Group”) includes wholesale of traditional Chinese medicine preparations, bulk pharmaceutical drugs, chemical preparations, bulk antibiotic drugs, antibiotic preparations, biochemical drugs, biological products (including vaccines and in vitro diagnostic reagents), psychotropic drugs and preparations, narcotic drugs, toxic drugs for medical use, protein assimilation preparation and peptide hormones; trade of dietary supplement; research, development and consultation services of pharmaceutical packaging materials and pharmaceutical industry products; industrial investment holding; domestic trade (other than special licensing), sale of ambulances; trade of second-class and third- class medical equipments; project investment; property management and lease of self-owned properties; pharmacovigilance and medical information consulting; parking operation; logistics and related services; package agency business; logistic design; operating various types of goods and import and export of technology (not attached directory of import and export commodities), but excluded the import and export of goods and technology the State limits or prohibit the company.

(2) Change in consolidation scope and the significant reorganization plan in progress for the current year

Subsidiaries consolidated in the statement this year are listed in Note V. New subsidiary scoped in for the year 2015 was Sinopharm Holding Guangzhou Medical Management Co., Ltd(“Guangzhou Medical”).

On 31 December 2015, with the approval of the Board, the Company publicly list for sale of the holding 67% of the total equity of Zhijun(Suzhou), with base price of RMB155.3 million. Up to the report date, the Company reached agreement with an independent third party, and the price is a bit higher than the base price. The relevant procedures are in progress.

On 9March 2016, the Board of the Company approved the reorganization plan regarding the commercial and manufacturing business with related parties, including:

1) The company purchases 100% of the equity of Sinopharm Holding Guoda Drugstore Co., Ltd(“Guoda Drugstore”), Foshan Nanhai Medicine Group Co., Ltd.(“Foshan Nanhai”), Guangdong Dongfang Uptodate & Special Medicines Co., Ltd(“Guangdong Dongfang”) and 51% of the equity of Guangdong Nanfang Foreign Trade Co., Ltd(“Nanfang Trade”) from the Parent company Sinopharm Holding and the related party China National Pharmaceutical Foreign Trade Co., Ltd(“Sinopharm Trade”) respectively, with consideration of non-public issuance of A-share. Meanwhile, the Company purchases 49% of the equity Nanfang Trade from 11 natural person minority shareholders with cash.

2) The company sells Pingshan Pharmaceutical Research & Development Manufacturing Base and 51% of the equity 3 subsidiaries including Sinopharm Group Zhijun(Shenzhen) Pharmaceutical Co., Ltd.(“Zhijun Medicine”), Zhijun Pharmaceutical Trade Co., Ltd.(“Zhijun Trade”), and Sinopharm Group Zhijun(Shenzhen) Pingshan Pharmaceutical Co., Ltd.(“Pingshan Medicine”) and subscribe the new shares of Shanghai Shyndec Pharmaceutical Co.,Ltd..

(3) These financial statements were authorised for issue by the board of directors of the Company on 24 March 2016.

CHINA NATIONAL ACCORD MEDICINES CO., LTD.
Notes to financial statements
For the year ended 31 December 2015
(All amounts in Renminbi (RMB) unless otherwise stated)

II Summary of significant accounting policies and accounting estimates

(1) Basis of preparation

The group determines the specific accounting policies and accounting estimates according to the production management characteristics, shown mainly on the bad debt provision withdrawing method for account receivable(Note II(11)), measurement of inventory(Note II(12)), depreciation for PP&E and amortization for intangible asset(Note II(16), (19)), judgement basis for capitalization of development expenditure(Note II(19)),impairment of long-term assets(Note II(22)), recognition timing of revenue(Note II(25)).

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

This financial statement is prepared on the basis of going concern.

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

The financial statements of the Company for the year ended 31 December 2015 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Group and the Company as of 31 December 2015 and the operating results, cash flows and other information of the Group and the Company for the year then ended.

(3) Accounting year

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

(4) Functional currency

The functional currency is Renminbi (RMB).

(5) Business combinations

(a) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at the carrying amount. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

CHINA NATIONAL ACCORD MEDICINES CO., LTD.
Notes to financial statements
For the year ended 31 December 2015
(All amounts in Renminbi (RMB) unless otherwise stated)

II Summary of significant accounting policies and accounting estimates(continued)

(5) Business combinations(continued)

(b) Business combinations involving enterprises not under common control

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

(6) Preparation of consolidated financial statements

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

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

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

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

(7) Acquisition of minority interest in controlled subsidiaries

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

CHINA NATIONAL ACCORD MEDICINES CO., LTD.
Notes to financial statements
For the year ended 31 December 2015
(All amounts in Renminbi (RMB) unless otherwise stated)

II Summary of significant accounting policies and accounting estimates(continued)

(8) Cash and cash equivalent

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

(9) Foreign currency translation

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

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

(10) Financial Instruments

(a) Financial assets

(i) Classification of financial assets

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

(ii) Recognition and measurement

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

CHINA NATIONAL ACCORD MEDICINES CO., LTD.
Notes to financial statements
For the year ended 31 December 2015
(All amounts in Renminbi (RMB) unless otherwise stated)

II Summary of significant accounting policies and accounting estimates (continued)

(10) Financial Instruments(continued)

- (a) Financial assets(continued)
- (iii) Impairment of financial assets

The Group assesses the carrying amounts of receivables other than those at fair value through profit or loss at each balance sheet date. If there is objective evidence that a financial asset is impaired, an impairment loss is provided for. The objective evidence are matters occur after the financial assets been recognised, affect its estimated future cash flow and could be measured accurately by the Group. When an impairment loss on a financial asset carried at amortised cost has occurred, the amount of loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

- (iv) Derecognition of financial assets

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

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

- (b) Financial liabilities

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

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

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

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

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

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II Summary of significant accounting policies and accounting estimates (continued)

(11) Receivables

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

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

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

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

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

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

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

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

	Provision ratios used for accounts receivables	Provision ratios used for other receivables
Within 1 year	-	-
1 to 2 years	5%	5%
2 to 3 years	10%	10%
More than 3 years	20%	20%

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

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

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

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

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II Summary of significant accounting policies and accounting estimates (continued)

(12) Inventories

(a) Classification

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

(b) Costing of inventories

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

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

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

(d) The Group adopts the perpetual inventory system.

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

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

(13) Assets classified as held for sale

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

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

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

II Summary of significant accounting policies and accounting estimates (continued)

(14) Long-term equity investments

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

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

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

(a) Determination of investment cost

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

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

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

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

For long-term equity investments accounted for using the equity method, the Group recognizes the investment income according to its share of net profit or loss of the investee. The Group discontinues recognizing its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognizing the investment losses and the provisions. For changes in owners' equity of the investee other than those arising from its net profit or loss, other comprehensive income, and profit distribution, the Group adjusts the book value of the investment and records capital surplus accordingly. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealized profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses are recognized. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealized loss is not eliminated.

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II Summary of significant accounting policies and accounting estimates (continued)

(14) Long-term equity investments(continued)

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

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

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

(d) Impairment of long-term equity investments

The carrying amount of long-term equity investments in subsidiaries and associates is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (Note II (22)).

(15) Investment properties

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

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

	Estimated useful lives	Estimated residual value	Annualdepreciation (amortization) rates
Buildings	20-35 years	5%	2.71% to 4.75%
Land use rights	30-50 years	-	2.00% to 3.33%

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

The investment property's estimated useful life, net residual value and depreciation (amortization) method applied are reviewed and adjusted as appropriate at each year-end.

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

The carrying amount of an investment property is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note II (22)).

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II Summary of significant accounting policies and accounting estimates (continued)

(16) **Fixed assets**

(a) Recognition and initial measurement of fixed assets

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

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

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

(b) Depreciation methods of fixed assets

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

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

	Estimated useful lives	Estimated residual value	Annual depreciation rates
Buildings	20-35 years	5%	2.71% to 4.75%
Machinery and equipment	10-14 years	5%	6.79% to 19.00%
Motor vehicles	5-10 years	5%	9.50% to 19.00%
Other equipment	5-10 years	5%	9.50% to 31.67%
Leasehold improvements	Within 5 years	-	Above 20.00%

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

(c) The carrying amount of fixed assets is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (Note II (22)).

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

Financing leases are leases with the whole risks and rewards related to the asset substantially transferred. Financing leased fixed assets are recognized with the smaller value among the fair value and minimum lease payments. Difference between the booking value and the minimum lease payments should be recognized as unrecognized financing charges(Note II (28(b))).

Financing leased fixed assets adopt depreciation policies aligned with those fixed assets owned by the company. For those leased assets that can ascertain the ownership of the assets by the expiration date, the assets should be depreciated within estimated useful lives. Otherwise, the assets should be depreciated within the shorter period among the leasing period and estimated useful lives.

II Summary of significant accounting policies and accounting estimates (continued)

(16) Fixed assets(continued)

(e) Disposal of fixed assets

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

(17) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (Note II (22)).

(18) Borrowing costs

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

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

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

(19) Intangible assets

Intangible assets include land use rights, computer softwares, technology patents,trademarks and distribution network, which initially recognized at cost. Intangible assets contributed by state-owned shareholders during the company reorganization were recorded based on the valuation amount approved by the state-owned assets supervision and management department.

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II Summary of significant accounting policies and accounting estimates (continued)

(19) Intangible assets(continued)

(a) Land use rights

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

(b) Computer softwares

Computer softwares purchased by the Group are initially measured at cost, which are amortized on the straight-line basis over their approved useful period of 3 to 5 years.

(c) Trademarks and Technology Patents

Trademarks are amortized on the straight-line basis over their effective periods as stipulated by law of 5 to 10 years. Technology Patents are amortized on the straight-line basis over their effective useful period of 5 years.

(d) Distribution network

Distribution network includes customer relationships and distribution channels, which is amortized on the straight-line basis over its approved useful lives of 20 years.

(e) Periodical review of useful life and amortization method

For an intangible asset with a finite useful life, review of its useful life and amortization method is performed at each year-end, with adjustment made as appropriate.

For an intangible asset without a definite useful life, review of its useful life are performed at each year-end.

(f) Research and development

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

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

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

II Summary of significant accounting policies and accounting estimates (continued)

(19) Intangible assets(continued)

(f) Research and development(continued)

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

(g) Impairment of intangible assets

The carrying amount of intangible assets is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (Note II (22)).

(20) Long-term prepaid expenses

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

(21) Governmental medical reserve funds and specially approved reserving materials

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

II Summary of significant accounting policies and accounting estimates (continued)

(22) Impairment of long-term assets

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

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

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

II Summary of significant accounting policies and accounting estimates (continued)

(23) 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 labour relation.

(a) Short-term employee benefits

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

(b) Post-employment benefits

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

Basic pensions

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

(c) Termination benefits

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

II Summary of significant accounting policies and accounting estimates (continued)

(23) Employee benefits(continued)

(c) Termination benefits(continued)

Retirement benefits

The group provides retirement benefits to employees who accept the internal retirement arrangements. Retirement benefits refer to the salary and social security contributions provided to those staff who voluntarily quit the job with approval from the management team, before the retirement age. The group offers retirement benefits from the date when the arrangement begins, to the date when the staff reaches the retirement age. The group accounts the retirement benefits referring to the accounting treatment for the termination benefits. Liability including salary and social security contributions is recognized when conditions of termination benefits recognition meet, regarding to the period from the staff leaves the position to the normal retirement date. Difference arising from the changes in actuarial assumptions for retirement benefits and adjustments in welfare standard, will be accounted in the current profits and losses.

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

(24) Dividend distribution

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

(25) Revenue recognition

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

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

(a) Sale of goods

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

(b) Rendering of services

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

II Summary of significant accounting policies and accounting estimates (continued)

(25) Revenue recognition(continued)

(c) Customer Loyalty Programme

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

(26) Government grants

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

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

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

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

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

(27) Deferred tax assets and deferred tax liabilities

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

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II Summary of significant accounting policies and accounting estimates (continued)

(27) Deferred tax assets and deferred tax liabilities(continued)

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

Deferred tax assets and liabilities are offset when:

the deferred taxes are related to the same tax payer within the Group and the same taxation authority; and,

that tax payer has a legally enforceable right to offset current tax assets against current tax liabilities.

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

(28) Leases

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

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

(a) Operating leases

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

(b) Financing leases

Financing leased fixed assets are recognized with the smaller value among the fair value and present value of the minimum lease payments. Difference between the booking value and the minimum lease payments should be recognized as unrecognized financing charges, to be amortized within the leasing period. The minimum lease payments net off the unrecognized financing charges should be classified as long-term payables.

(29) Segment information

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

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

II Summary of significant accounting policies and accounting estimates (continued)

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(30) **Critical accounting estimates**

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

(a) Critical accounting estimates and key assumptions

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

(i) Accounting estimates on impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amount of asset groups and groups of asset groups is the present value of the future cash flows expected to be derived from them. These calculations require use of estimates (Note IV (14)).

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

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

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

(ii) Accounting estimates on impairment of accounts receivable

In accordance with the Group's accounting policy (Note II (11)), the Group's management tests annually whether receivables have suffered any impairment. Impairment of receivables has been assessed by taking into account the customers' credit history and financial position together with the current market conditions. Even if the Group's management has made bad debt provision for the expected loss at its best estimate, there is a possibility that changes in customers' financial position or market conditions will alter the result.

(iii) Accounting estimates on impairment of inventories

In accordance with the Group's accounting policy (Note II (12) (c)), the Group's management estimates the net realizable value of the inventory. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes. Even if the Group's management has made stock provision for the expected impairment at its best estimate, there is a possibility that changes in market conditions will alter the result.

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III Taxation

(1) The types and rates of taxes applicable to the Group are set out below:

Type	Taxable base	Tax rate
Enterprise income tax("EIT")	Taxable income	15%、20% or 25%
Value added tax ("VAT")(a)	Taxable value added amount (Tax payable is calculated using the taxable sales amount multiplied by the effective tax rate less deductible VAT input of current period)	0%、3%、6%、11%、13% or 17%
Business tax	Rental income, interest income and etc.	5%
City maintenance and construction tax	VAT and business tax	7%
Extra charges of education funds	VAT and business tax	3%
Local extra charges of education funds	VAT and business tax	2%

(2) Tax preferences

- (a) In 2014, Zhijun Medicine got the Certificate of High-Tech Corporation issued by Shenzhen Bureau of Technology & Information, Bureau of Finance, National Tax Bureau and Local Tax Bureau. The Certificate is valid from 2014 to 2016.

According to the 28th rule of the Corporation Income Tax Law of People's Republic of China, corporations which get the Certificate of High-Tech Corporation can get a tax deduction and pay tax at a 15% tax rate. The tax rate that is applicable to Zhijun Medicine is 15% (2014: 15%).

- (b) In 2014, 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 15% rate.

From May to December of 2015, subsidiaries in Guangxi Province, including Sinopharm Holding Guangxi Co., Ltd("Sinopharm Guangxi"), Sinopharm Holding Liuzhou Co., Ltd ("Sinopharm Liuzhou") , Sinopharm Holding Beihai Co., Ltd ("Sinopharm Beihai"), Sinopharm Holding Guilin Co., Ltd ("Sinopharm Guilin"), Sinopharm Holding Guigang Co., Ltd ("Sinopharm Guigang"), Sinopharm Holding Yulin Co., Ltd ("Sinopharm Yulin"), Sinopharm Holding Baise Co., Ltd ("Sinopharm Baise")and Sinopharm Holding Wuzhou Co., Ltd ("Sinopharm Wuzhou")were all approved by the Guangxi Local Tax Bureau to enjoy a tax discount applicable to corporations in the region of Western Development. Applicable period for Sinopharm Guangxi, Sinopharm Liuzhou and Sinopharm Beihai is 1 January 2014 to 31 December 2020, and the other 5 subsidiaries is 1 January 2015 to 31 December 2020.

- (c) Pingshan Medicine got the Certificate of High-Tech Corporation issued by Shenzhen Bureau of Technology & Information, Bureau of Finance, National Tax Bureau and Local Tax Bureau in 2012, which is valid for 3 years. Since the company didn't get the Certificate in 2015, it paid tax at a 25% rate, compared with the tax rate of 15% in 2014.
- (d) Guangzhou Medical is regarded as Small Enterprise. The company enjoys a 50% tax discount and pays tax at a 20% rate.

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IV Notes to the consolidated financial statements

(1) Cash at bank and on hand

	31 December 2015	31 December 2014
Cash on hand	109,096.17	41,627.16
Cash at bank	1,569,117,208.19	854,170,379.68
Other cash balances	1,480,666.15	13,350,108.70
- deposits for bank acceptance notes	500,000.00	10,177,108.70
- deposits for letter of credit	980,666.15	3,173,000.00
	<u>1,570,706,970.51</u>	<u>867,562,115.54</u>

As at 31 December 2015, there is no foreign cash at bank (31 December 2014: there is no foreign cash at bank)

(2) Notes receivable

	31 December 2015	31 December 2014
Trade acceptance notes	341,720,929.72	358,010,908.78
Bank acceptance notes	478,404,877.95	260,984,531.31
	<u>820,125,807.67</u>	<u>618,995,440.09</u>

(a) As at 31 December 2015, pledged notes receivable of the group are as below:

	31 December 2015
Bank acceptance notes	<u>5,490,279.00</u>

The pledged notes receivables are used as guarantee for issuance of bank acceptance notes.

(b) As at 31 December 2015, the endorsed or the discounted undue notes receivables of the group are analyzed as below:

	Recognition terminated	Recognition not terminated
Trade acceptance notes	-	88,924,715.00
Bank acceptance notes	951,708,187.92	-
	<u>951,708,187.92</u>	<u>88,924,715.00</u>

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IV Notes to the consolidated financial statements (continued)

(3) Accounts receivable

	31 December 2015	31 December 2014
Accounts receivable	6,193,832,382.24	7,043,152,204.29
Less: provision for bad debts	<u>(40,001,499.49)</u>	<u>(24,839,531.10)</u>
	<u>6,153,830,882.75</u>	<u>7,018,312,673.19</u>

(a) The aging of accounts receivable and related provision for bad debts are analyzed below:

	31 December 2015		31 December 2014	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Within 1 year	6,142,465,488.92	(2,469,091.87)	7,015,198,063.08	(4,613,627.07)
1 to 2 years	31,247,931.93	(18,695,123.79)	7,309,007.23	(2,184,567.35)
2 to 3 years	1,704,989.18	(1,663,743.69)	4,971,803.29	(2,666,614.67)
Over 3 years	<u>18,413,972.21</u>	<u>(17,173,540.14)</u>	<u>15,673,330.69</u>	<u>(15,374,722.01)</u>
	<u>6,193,832,382.24</u>	<u>(40,001,499.49)</u>	<u>7,043,152,204.29</u>	<u>(24,839,531.10)</u>

(b) The accounts receivable and related provision for bad debts by category are analyzed below:

	31 December 2015				31 December 2014			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	amount	% of total balance	amount	rate	amount	% of total balance	amount	rate
individually significant are subject to separate impairment assessment	26,080,873.29	0.42%	(26,080,873.29)	100.00%	27,306,785.00	0.39%	(17,714,727.50)	64.87%
receivable accounts within similar credit risk group	6,143,707,981.16	99.19%	(634,109.87)	0.01%	7,001,130,510.38	99.40%	(368,802.84)	0.01%
individually not significant but individually evaluated for impairment	<u>24,043,527.79</u>	<u>0.39%</u>	<u>(13,286,516.33)</u>	<u>55.26%</u>	<u>14,714,908.91</u>	<u>0.21%</u>	<u>(6,756,000.76)</u>	<u>45.91%</u>
	<u>6,193,832,382.24</u>	<u>100.00%</u>	<u>(40,001,499.49)</u>	<u>0.65%</u>	<u>7,043,152,204.29</u>	<u>100.00%</u>	<u>(24,839,531.10)</u>	<u>0.35%</u>

(c) As at 31 December 2015, impairment provision for accounts receivable individually significant are analysed as below:

	Carrying amount	Bad debt provision	Rate	Assessment for impairment
Guangdong Liyuan Pharmaceutical Co., Ltd.	14,517,375.00	(14,517,375.00)	100.00%	Disputed receivable with higher risk of recoverability which has filed a lawsuit
Hubei Xianning Pharmaceutical Co., Ltd.	<u>11,563,498.29</u>	<u>(11,563,498.29)</u>	100.00%	Disputed receivable with higher risk of recoverability which has filed a lawsuit
	<u>26,080,873.29</u>	<u>(26,080,873.29)</u>		

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IV Notes to the consolidated financial statements (continued)

(3) Accounts receivable (continued)

(d) Provisions for impairment of the receivables which have a similar risk level are analyzed below:

	31 December 2015			31 December 2014		
	Carrying amount	Bad debt provision		Carrying amount	Bad debt provision	
	amount	amount	rate	amount	amount	rate
Within 1 year	6,131,033,106.96	-	-	6,994,884,844.28	-	-
1 to 2 years	12,667,551.00	(633,377.55)	5.00%	5,345,460.81	(267,276.09)	5.00%
2 to 3 years	7,323.20	(732.32)	10.00%	785,143.09	(78,514.31)	10.00%
Over 3 years	-	-	-	115,062.20	(23,012.44)	20.00%
	<u>6,143,707,981.16</u>	<u>(634,109.87)</u>	<u>0.01%</u>	<u>7,001,130,510.38</u>	<u>(368,802.84)</u>	<u>0.01%</u>

(e) Bad debt provision in this year is RMB22,300,209.93. Recovered or reversed bad debt amount adds up to RMB7,129,437.78. Important recovered or reversed bad debt items are listed below:

	Reason for recoverability or reversal	Original assessment for providing impairment	Recovered or reversed amount	Way of recovery
Tibet naqu Kang Hui pharmaceutical Co., Ltd	Amount received	Uncertainty in recovery	3,197,352.50	Amount received
Beihai Hepu Psychiatric Hospital	Amount received	Uncertainty in recovery	857,874.76	Amount received
Qinzhou Secondary People's Hospital	Amount received	Uncertainty in recovery	500,000.00	Amount received
Ruikang Hospital of Guangxi University of Chinese Medicine	Amount received	Uncertainty in recovery	350,000.00	Amount received
Chinese Medical Hospital of Hechi City	Amount received	Uncertainty in recovery	300,000.00	Amount received
Xinhua Hospital of Guangzhou City Huadu District	Amount received	Uncertainty in recovery	191,597.75	Amount received
Health Centre of Guangzhou City Huadu District Tanbu Town	Amount received	Uncertainty in recovery	172,722.58	Amount received
Affiliated Hospital of Youjiang Medical College	Amount received	Uncertainty in recovery	160,000.00	Amount received
Health Centre of Guangzhou City Zengcheng District Yongning Street		Uncertainty in recovery	147,088.08	Amount received
Zhongxin Hospital of Guangzhou City Zengcheng District	Partial amount received	Uncertainty in recovery	128,327.74	Amount received
Mental Hospital of Yuancheng District	Amount received	Uncertainty in recovery	103,938.40	Amount received
Others	Amount received	Uncertainty in recovery	<u>686,535.77</u>	Amount received
			<u>6,795,437.58</u>	

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IV Notes to the consolidated financial statements (continued)

(3) Accounts receivable (continued)

(f) Accounts receivable written off in current year are analysed as below:

	Nature of the receivable	Amount	Reason	Related party transaction or not
Beijing Huayuan Renji pharmaceutical Co., Ltd(i)	Account receivable	31,691.36	Disputes won but client has no property to implement	No
Others(i)	Account receivable	<u>5,490.00</u>	Recoverability in significant doubt due to long age	No
		<u>37,181.36</u>		

(i)The above account receivables were assessed by relevant business department and legal department that the recovery possibility would be quite low. They were written off in this year after being reviewed by the financial department and approved by the board of directors.

(g) As at 31 December 2015, the top five accounts receivable by customer are summarised as below:

	Amount	Bad debt provision amount	% of the total accounts receivable
Total amount of the top five accounts receivables	<u>467,591,195.08</u>	-	7.55%

(h) Analysis of account receivables that are terminated recognition due to financial asset transfer is as below:

In 2015, accounts receivable of RMB605,173,250.60 has been factored to financial institute(2014: RMB1,285,503,122.45).

(4) Advances to suppliers

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

	31 December 2015		31 December 2014	
	amount	% of total balance	amount	% of total balance
Within 1 year	71,740,255.84	99.58%	95,744,012.90	99.69%
1 to 2 years	285,290.00	0.40%	66,286.50	0.07%
2 to 3 years	6,001.48	0.01%	213,144.00	0.22%
Above 3 years	<u>9,714.52</u>	<u>0.01%</u>	<u>19,711.00</u>	<u>0.02%</u>
	<u>72,041,261.84</u>	<u>100.00%</u>	<u>96,043,154.40</u>	<u>100.00%</u>

(b) As at 31 December 2015, the top five advances to suppliers by customer are summarized as below:

	Amount	Proportion of total balance
Total amount of top five advances to suppliers	<u>26,998,335.52</u>	<u>37.48%</u>

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IV Notes to the consolidated financial statements (continued)

(5) Other receivables

	31 December 2015	31 December 2014
Deposit	20,157,099.69	11,871,118.11
Receivable of equity transaction(Note (c))	8,980,000.00	8,980,000.00
Petty cash advance to employees	7,254,354.65	6,131,979.57
Receivable due from related party	1,715,000.00	1,899,766.89
Others	10,881,252.59	11,504,228.47
	<u>48,987,706.93</u>	<u>40,387,093.04</u>
Less: provision for bad debts	<u>(10,811,822.47)</u>	<u>(11,812,165.14)</u>
	<u>38,175,884.46</u>	<u>28,574,927.90</u>

(a) The ageing of other receivables and related provision for bad debts are analyzed below:

	31 December 2015	31 December 2014
Within 1 year	32,337,679.75	24,857,054.91
1 to 2 years	2,262,872.92	1,183,560.15
2 to 3 years	297,736.15	463,325.73
Over 3 years	14,089,418.11	13,883,152.25
	<u>48,987,706.93</u>	<u>40,387,093.04</u>

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

	31 December 2015				31 December 2014			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	amount	% of total amount	amount	rate	amount	% of total amount	amount	rate
Individually significant are subject to separate impairment assessment	8,980,000.00	18.33%	(8,980,000.00)	100.00%	8,980,000.00	22.23%	(8,980,000.00)	100.00%
Receivable accounts within similar credit risk group	34,544,946.39	70.52%	(268,381.89)	0.78%	25,447,187.91	63.01%	(219,614.23)	0.86%
Individually not significant but individually evaluated for impairment	5,462,760.54	11.15%	(1,563,440.58)	28.62%	5,959,905.13	14.76%	(2,612,550.91)	43.84%
	<u>48,987,706.93</u>	<u>100.00%</u>	<u>(10,811,822.47)</u>	<u>22.07%</u>	<u>40,387,093.04</u>	<u>100.00%</u>	<u>(11,812,165.14)</u>	<u>29.25%</u>

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IV Notes to the consolidated financial statements (continued)

(5) Other receivables(continued)

(c) As at 31 December 2015, impairment provision for other receivables individually significant are analyzed as below:

	Amount	Bad debt provision	Rate	Assessment for impairment
Shenzhen Yinghai Technology Investment Co., Ltd.	8,980,000.00	(8,980,000.00)	100.00%	Uncertainty in recoverability

(d) Provisions for impairment of the receivables which have a similar risk group are analyzed below:

	31 December 2015			31 December 2014		
	Carrying amount	Bad debt provision		Carrying amount	Bad debt provision	
	amount	amount	rate	amount	amount	rate
Within 1 year	32,062,651.19	-	-	23,496,588.96	-	-
1 to 2 years	1,365,607.80	(68,280.39)	5.00%	926,047.22	(46,302.36)	5.00%
2 to 3 years	232,359.80	(23,235.98)	10.00%	315,984.73	(31,598.47)	10.00%
Over 3 years	884,327.60	(176,865.52)	20.00%	708,567.00	(141,713.40)	20.00%
	<u>34,544,946.39</u>	<u>(268,381.89)</u>	<u>0.78%</u>	<u>25,447,187.91</u>	<u>(219,614.23)</u>	<u>0.86%</u>

(e) Bad debt provision of Other receivables this year is RMB176,868.12, with the recovered or reversed amount to be RMB646,562.07. Important recovered or reversed items are listed below:

	Reason for recoverability	Assessment for impairment	Recovered or reversed bad debt provisions	Way of recovery
Guangxi Donglong Century Pharmaceutical Co., Ltd	Amount received	Uncertainty in recoverability	244,191.88	Amount received
Hebei kingdoms Pharmaceutical Co., Ltd	Amount received	Uncertainty in recoverability	75,997.10	Amount received
Shanghai Pharmaceutical Distribution Holding Co., Ltd	Amount received	Uncertainty in recoverability	35,085.39	Amount received
Others	Amount received	Uncertainty in recoverability	<u>271,192.91</u>	Amount received
			<u>626,467.28</u>	

(f) Other receivables written off in current year are RMB550,648.72.

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IV Notes to the consolidated financial statements (continued)

(5) Other Receivables(Continued)

(g) As at 31 December of 2015, the top 5 parties that owe the largest amounts of other receivable balances are analyst as below:

	Nature	Balance	Aging	% of total amount	Provision of bad debt
Shenzhen Yinghai Technology Investment Co., Ltd.	Receivable of equity transaction	8,980,000.00	Over 5 years	18.33%	(8,980,000.00)
People's Court of Guangzhou Yuexiu District	Retention fee for lawsuit filed as plaintiff	5,388,080.00	Within 1 year	11.00%	-
People's Court of Guangzhou Tianhe District	Retention fee for lawsuit filed as plaintiff	2,473,179.00	Within 1 year	5.05%	-
Guangxi Autonomous Region Housing Reformed System Finance Department	Collective housing repair funds	1,943,997.04	Over 5 years	3.97%	-
Shanghai Maikang Biotechnology Co., Ltd.	Warehousing service charge	1,787,740.00	Within 1 year	3.65%	-
		<u>20,572,996.04</u>		<u>42.00%</u>	<u>(8,980,000.00)</u>

(6) Inventories

(a) Inventories by category are analyzed as below:

	31 December 2015			31 December 2014		
	Book value	Provision	Net book value	Book value	Provision	Net book value
Raw materials	119,787,461.99	(2,825,858.08)	116,961,603.91	144,596,922.64	(3,596,085.79)	141,000,836.85
Consigned processing materials	1,959,239.89	-	1,959,239.89	1,288,334.79	-	1,288,334.79
Finished goods	2,416,024,602.74	(23,469,246.48)	2,392,555,356.26	2,174,537,205.97	(14,519,470.94)	2,160,017,735.03
Work in progress	23,461,516.85	(6,773,872.30)	16,687,644.55	25,031,852.48	(6,537,971.20)	18,493,881.28
Low cost consumables	5,019,915.55	(23,001.88)	4,996,913.67	1,551,729.58	(19,254.66)	1,532,474.92
	<u>2,566,252,737.02</u>	<u>(33,091,978.74)</u>	<u>2,533,160,758.28</u>	<u>2,347,006,045.46</u>	<u>(24,672,782.59)</u>	<u>2,322,333,262.87</u>

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

	31 December 2014	Increases	Decreases		31 December 2015
			Reversal	Written Off	
Raw materials	3,596,085.79	648,943.01	(57,403.07)	(1,361,767.65)	2,825,858.08
Finished goods	14,519,470.94	24,024,635.77	(3,992,584.23)	(11,082,276.00)	23,469,246.48
Work in progress	6,537,971.20	654,047.39	(418,146.29)	-	6,773,872.30
Low cost consumables	19,254.66	21,919.76	(5,770.71)	(12,401.83)	23,001.88
	<u>24,672,782.59</u>	<u>25,349,545.93</u>	<u>(4,473,904.30)</u>	<u>(12,456,445.48)</u>	<u>33,091,978.74</u>

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

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IV Notes to the consolidated financial statements (continued)

(7) Other Current Asset

	31 December of 2015	31 December of 2014
VAT to be deducted	16,623,377.34	39,475,078.08
Corporate income tax to be deducted	2,540,076.52	808,216.55
Other	293,461.72	25,296.84
	<u>19,456,915.58</u>	<u>40,308,591.47</u>

(8) Assets classified as held for sale

	31 December of 2015	
	book value	fair value
Investment property	2,426,744.64	7,667,470.67
Fixed assets	<u>30,132.19</u>	<u>304,200.51</u>
	<u>2,456,876.83</u>	<u>7,971,671.18</u>

As at 6 November of 2015, Guangxi Logistics signed an agreement with the government sector, which in charge of the dismantlement. The agreement indicated that the company was honored with compensation of RMB9,040,935.51 based on the valuation of the land and above ground structures owned by the company initially but transferred to the government. As at 31st December of 2015, the land and above ground structures, which were transferred to the government as mentioned above, met the definition of the assets classified as held for sale and presented independently as current asset in the Balance Sheet. Meanwhile, the company has already received the prepaid compensation of RMB 7,334,926.94, which shown as advance from customers in the Balance Sheet.

The company has completed the transference and delivery process of the assets in January 2016.

(9) Long-term equity investments

	31 December of 2015	31 December of 2014
Associates - Without quoted price (a)	<u>180,831,714.55</u>	<u>157,604,846.85</u>

The Group has no liquidity restriction on its long-term equity investments.

(a) Associates

	Increases/(Decreases)				31 December 2015	Equity interest held (%)	Voting rights held (%)	Explanation for the inconsistency between equity interest held and voting rights held
	31 December 2014	Investment	Adjusted net profit or loss based on equity method NoteIV(46)	Cash dividends declared by associate				
ShenzhenWanle Medical Co., Ltd. ("Wanle Medical")	157,604,846.85	-	57,152,672.28	(35,190,000.00)	179,567,519.13	35.19%	33.33%	Board of the directors is the highest decision making organization, which is formed by 3 shareholders of Wanle Medical evenly, each shareholder appoints 2 directors set up the board
Sinopharm Holding Zhuhai Co., Ltd.(Sinopharm Zhuhai)(i)	-	1,002,980.00	261,215.42	-	1,264,195.42	10.00%	10.00%	N/A
	<u>157,604,846.85</u>	<u>1,002,980.00</u>	<u>57,413,887.70</u>	<u>(35,190,000.00)</u>	<u>180,831,714.55</u>			

(i) The highest authority of Sinopharm Zhuhai is the shareholders' committee, and the shareholders exercise their voting rights according to their investment proportion. Meanwhile, Sinopharm Zhuhai set up the board of directors and be responsible for the shareholders, with 3 members in total, and the Company delegates 1 member. One member has 1 voting right, and all of the resolutions should be passed by half of the directors.

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IV Notes to the consolidated financial statements (continued)

(10) Investment Properties

	31 December 2014	Increase in Current year	Decrease in Current year	31 December 2015
Cost	169,863,406.19	82,662,736.11	(10,574,714.04)	241,951,428.26
Buildings	148,033,589.95	81,528,872.75	(7,728,617.91)	221,833,844.79
Land use rights	21,829,816.24	1,133,863.36	(2,846,096.13)	20,117,583.47
Accumulated depreciation/ amortization	(94,726,555.68)	(5,956,442.53)	5,133,888.72	(95,549,109.49)
Buildings	(91,404,525.86)	(5,619,701.75)	4,984,995.43	(92,039,232.18)
Land use rights	(3,322,029.82)	(336,740.78)	148,893.29	(3,509,877.31)
Net book value	75,136,850.51			146,402,318.77
Buildings	56,629,064.09			129,794,612.61
Land use rights	18,507,786.42			16,607,706.16
Provision for impairment loss	(1,300,000.00)	-	-	(1,300,000.00)
Buildings	(1,300,000.00)	-	-	(1,300,000.00)
Land use rights	-	-	-	-
Carrying amount	73,836,850.51			145,102,318.77
Buildings	55,329,064.09			128,494,612.61
Land use rights	18,507,786.42			16,607,706.16

In 2015, the amount of depreciation and amortization were RMB5,211,378.79 (2014: RMB5,396,642.17).

In 2015, the Group changed the use of buildings with a carrying amount of RMB10,826,513.57(Cost: RMB11,443,052.75, accumulated depreciation:RMB616,539.18) and the use of land use right with a carrying amount of RMB1,005,338.80 (Cost:1,133,863.36, accumulated depreciation:RMB128,524.56) into leasing. The relative fixed assets and intangible assets were respectively transferred into investment properties at the date of change in use.

The properties of Guangxi Logistics (the subsidiary) that held for built and valued as RMB 70,250,000.00 has been initially validated as other non-current assets in the balance sheet(Note IV(18)). In December 2015, the properties have been constructed completely and delivered. Guangxi Logistics planned to rent it out, so since the date of reception, RMB 70,085,820.00 was added to the original value of investment property. Area difference of between the contracted and actual was compensated by RMB164,180.00 cash. As of 31 December 2015, the property ownership certificate of the properties were in the progress.

In 2015. The group transferred a rented property with book value RMB2,068,077.85(Cost: RMB 3,959,294.92, accumulated depreciation: RMB1,891,217.07) and a rented land use right with book value RMB 946,002.84(Original cost: 1,094,896.13, accumulated depreciation: 148,893.29) into private use. Since the date of transference, the group has respectively transferred the value into fixed asset and intangible asset.

In 2015, one of the investment properties, of which the net value is RMB2,426,744.64(original cost: RMB5,520,523.00, accumulated depreciation: RMB 3,093,778.36) and is about to be taken over by government due to the renovation of aged town, has been transferred and presented as the assets classified as held for sale by the Group.(Notes IV(8)).

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IV Notes to the consolidated financial statements (continued)

(11) Fixed Assets

	31 December 2014	Transfer from Construction in Progress	Transfer from investment properties	Current year other additions	Transfer to investment properties	Current year disposals	31 December 2015
Cost	1,326,619,561.63	410,669,898.55	3,959,294.92	29,276,008.13	(11,443,052.75)	(43,396,349.62)	1,715,685,360.86
Buildings	542,206,947.63	306,488,589.42	3,959,294.92	9,064,450.98	(11,443,052.75)	(350,509.54)	849,925,720.66
Machinery and equipment	490,373,556.86	87,318,472.81	-	9,446,799.20	-	(30,091,100.25)	557,047,728.62
Motor vehicles	56,105,467.78	-	-	3,694,259.89	-	(5,713,769.16)	54,085,958.51
Other	207,135,443.61	8,376,267.94	-	6,051,275.27	-	(4,339,845.56)	217,223,141.26
Leasehold improvements	30,798,145.75	8,486,568.38	-	1,019,222.79	-	(2,901,125.11)	37,402,811.81
Accumulated depreciation	(557,745,245.38)	-	(1,891,217.07)	(93,079,772.83)	616,539.18	31,242,779.72	(620,856,916.38)
Buildings	(142,633,804.31)	-	(1,891,217.07)	(22,715,210.02)	616,539.18	233,484.39	(166,390,207.83)
Machinery and equipment	(235,009,650.93)	-	-	(39,881,033.49)	-	19,299,236.47	(255,591,447.95)
Motor vehicles	(33,060,080.55)	-	-	(5,153,455.53)	-	4,784,230.14	(33,429,305.94)
Other	(128,375,890.50)	-	-	(20,603,109.49)	-	4,113,117.07	(144,865,882.92)
Leasehold improvements	(18,665,819.09)	-	-	(4,726,964.30)	-	2,812,711.65	(20,580,071.74)
Net book value	768,874,316.25						1,094,828,444.48
Buildings	399,573,143.32						683,535,512.83
Machinery and equipment	255,363,905.93						301,456,280.67
Motor vehicles	23,045,387.23						20,656,652.57
Other	78,759,553.11						72,357,258.34
Leasehold improvements	12,132,326.66						16,822,740.07
Provision for diminution in value	(23,316,486.90)	-	-	(1,540,887.99)	-	9,441,367.94	(15,416,006.95)
Buildings	(2,449,969.17)	-	-	(81,588.55)	-	82,058.96	(2,449,498.76)
Machinery and equipment	(20,855,885.66)	-	-	(994,108.56)	-	9,356,435.55	(12,493,558.67)
Motor vehicles	-	-	-	-	-	-	-
Other	(2,873.43)	-	-	(106,511.27)	-	2,873.43	(106,511.27)
Leasehold improvements	(7,758.64)	-	-	(358,679.61)	-	-	(366,438.25)
Carrying amount	745,557,829.35						1,079,412,437.53
Buildings	397,123,174.15						681,086,014.07
Machinery and equipment	234,508,020.27						288,962,722.00
Motor vehicles	23,045,387.23						20,656,652.57
Other	78,756,679.68						72,250,747.07
Leasehold improvements	12,124,568.02						16,456,301.82

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IV Notes to the consolidated financial statements (continued)

(11) Fixed Assets(Continued)

In 2015, details of the depreciation are charged as below:

	31 December 2015	31 December 2014
Cost of goods sold	45,641,657.05	48,414,103.15
Selling expenses	6,167,719.99	5,308,133.70
General and administrative expenses	33,865,273.26	32,653,670.24
Research and development expenses	7,405,122.53	5,386,581.56
	<u>93,079,772.83</u>	<u>91,762,488.65</u>

As of 31 December 2015, machinery and equipments with a cost of RMB39,567,661.85, accumulated depreciation of RMB23,158,149.16 were left temporarily idle and expectedly no longer in use due to the strategic adjustments of productions. The management assumed a provision of impairment of RMB 15,416,006.95 for the machinery and equipments.

As of 31 December 2015, buildings with carrying amount of RMB30,132.19 (Cost: RMB201,334.00, accumulated depreciation: RMB171,201.81) is disclosed as assets classified as held for sale current assets (Note IV(8)) due to expected impose for urban reconstruction.

(a) Financing lease of fixed assets

As of 31 December 2015, fixed assets with carrying amount of RMB7,215,410.60 was financing leased (As of December 2014: Nil) (Note VII).

(b) Fixed assets without official property right certificates

	Carrying amount	Reason for outstanding property right certificates
Buildings	<u>443,279,922.43</u>	Pending project final accounts

(12) Construction in progress

	31 December 2015	31 December 2014
Pingshan Pharmaceutical Research & Development Manufacturing Base	129,597,181.05	298,665,439.18
Supply chain extension Project	12,620,204.41	-
Zhijun Production Workshop Technological Transformation Project	12,468,050.72	14,214,138.81
Zhijun(Suzhou) Production Workshop Technological Transformation Project	5,388,239.70	-
Warehouse improvement project	5,341,796.63	224,000.00
Other projects	12,181,314.07	18,615,118.57
	<u>177,596,786.58</u>	<u>331,718,696.56</u>
Less:		
Provision of impairment – Peinan Project	<u>(1,500,000.00)</u>	<u>(1,500,000.00)</u>
	<u>176,096,786.58</u>	<u>330,218,696.56</u>

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IV Notes to the consolidated financial statements (continued)

(12) **Construction in progress(continued)**

(a) Significant changes of construction in progress

Name of project	Budget of project	31 December 2014	Current year additions	Transfer out during current year	31 December 2015	Cost up to date out of budget (%)	Construction in progress (%)	Accumulated capitalized borrowing cost	Borrowing cost capitalized in 2015	Weighted average interest rate (%)	Financed by
Pingshan Pharmaceutical Research & Development Manufacturing Base	881,370,000.00	298,665,439.18	209,425,992.51	(378,494,250.64)	129,597,181.05	57.65%	85.00%	19,785,547.23	11,321,691.09	5.64%	Working capital and borrowings
Supply chain extension Project	21,063,732.60	-	19,884,311.60	(7,264,107.19)	12,620,204.41	94.76%	94.76%	-	-	-	Working capital
Zhijun Production Workshop Technological Transformation Project	105,810,000.00	14,214,138.81	15,462,849.61	(17,208,937.70)	12,468,050.72	46.66%	59.49%	-	-	-	Working capital
Zhijun(Suzhou) Production Workshop Technological Transformation Project	49,938,000.00	-	6,035,537.55	(647,297.85)	5,388,239.70	12.09%	11.00%	29,774.20	29,774.20	4.42%	Working capital and borrowings
Warehouse improvement project	19,787,622.53	224,000.00	8,008,392.47	(2,890,595.84)	5,341,796.63	41.60%	41.60%	-	-	-	Working capital
Other projects	-	18,615,118.57	3,551,210.71	(9,985,015.21)	12,181,314.07	-	-	-	-	-	Working capital
	<u>1,077,969,355.13</u>	<u>331,718,696.56</u>	<u>262,368,294.45</u>	<u>(416,490,204.43)</u>	<u>177,596,786.58</u>						

In 2015, the amounts that construction in progress transferred into fixed asset and long term prepaid expense were RMB410,669,898.55 and RMB5,820,305.88 respectively.

(b) Financing lease of Construction in progress

As of 31 December 2015, construction in progress with carrying amount of RMB4,231,000.00 was financing leased(As of December 2014: Nil)(Note VII).

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IV Notes to the consolidated financial statements (continued)

(13) **Intangible asset**

	31December 2014	Current year additions	Current year decreases	31December 2015
Cost	255,590,952.55	2,435,961.20	(1,133,863.36)	256,893,050.39
Land use rights	143,702,078.73	1,094,896.13	(1,133,863.36)	143,663,111.50
Computer software	24,133,676.24	1,341,065.07	-	25,474,741.31
Proprietary technology	53,901,204.72	-	-	53,901,204.72
Trademarks	196,850.00	-	-	196,850.00
Sales network	33,657,142.86	-	-	33,657,142.86
Accumulated amortization	(107,942,246.49)	(8,094,219.72)	128,524.56	(115,907,941.65)
Land use rights	(36,737,160.08)	(3,377,759.36)	128,524.56	(39,986,394.88)
Computer software	(16,678,752.94)	(2,710,145.74)	-	(19,388,898.68)
Proprietary technology	(49,952,578.71)	(323,457.48)	-	(50,276,036.19)
Trademarks	(196,850.00)	-	-	(196,850.00)
Sales network	(4,376,904.76)	(1,682,857.14)	-	(6,059,761.90)
Net book value	147,648,706.06			140,985,108.74
Land use rights	106,964,918.65			103,676,716.62
Computer software	7,454,923.30			6,085,842.63
Proprietary technology	3,948,626.01			3,625,168.53
Trademarks	-			-
Sales network	29,280,238.10			27,597,380.96
Provision for impairment loss	(3,264,952.19)	-	-	(3,264,952.19)
Land use rights	-	-	-	-
Computer software	(264,952.19)	-	-	(264,952.19)
Proprietary technology	(3,000,000.00)	-	-	(3,000,000.00)
Trademarks	-	-	-	-
Sales network	-	-	-	-
Carrying amount	144,383,753.87			137,720,156.55
Land use rights	106,964,918.65			103,676,716.62
Computer software	7,189,971.11			5,820,890.44
Proprietary technology	948,626.01			625,168.53
Trademarks	-			-
Sales network	29,280,238.10			27,597,380.96

Amortization amount of intangible asset for 2015 is RMB7,945,326.43(2014: RMB7,618,134.62).

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IV Notes to the consolidated financial statements (continued)

(13) Intangible asset(Continued)

Expenditures on research and development incurred in 2015 are listed by projects as below:

	31 December 2014	Current year additions	Current year decreases	31 December 2015
Projects of antibiotics preparation and powder injection projects subtotal	-	19,254,969.71	(19,254,969.71)	-
Projects of cardiovascular and cerebrovascular diseases treatment subtotal	-	17,994,927.58	(17,994,927.58)	-
Projects of Dajiankang related products	-	6,767,534.31	(6,767,534.31)	-
Projects of digestive system diseases treatment etc.	-	3,496,648.92	(3,496,648.92)	-
Projects of respiratory system diseases treatment subtotal	18,117.29	3,413,291.67	(3,413,291.67)	18,117.29
Projects of chinese patent medicine	-	3,182,594.31	(3,182,594.31)	-
Projects of antibiotics crude drugs etc.	5,357,691.17	1,859,965.14	(1,859,965.14)	5,357,691.17
Other projects	243,507.01	17,180,463.62	(17,180,463.62)	243,507.01
	<u>5,619,315.47</u>	<u>73,150,395.26</u>	<u>(73,150,395.26)</u>	<u>5,619,315.47</u>

Expenditures on research and development incurred in 2015 amount to RMB73,150,395.26 (2014: RMB81,216,093.52),the total amount is recognized in profit or loss for the current period, (2014: RMB81,216,093.52 was recognized in loss and as development cost respectively). No research and development costs are capitalized as intangible assets.

(14) Goodwill

	31 December 2015	31 December 2014
Goodwill	85,228,833.15	85,228,833.15
Minus: Provision of impairment loss – Sinopharm Group Zhijun(Suzhou) Pharmaceutical Co.,Ltd. (Note a)	<u>(5,850,000.00)</u>	<u>(5,850,000.00)</u>
	<u>79,378,833.15</u>	<u>79,378,833.15</u>

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IV Notes to the consolidated financial statements (continued)

(14) **Goodwill(Continued)**

(a) **Impairment**

The goodwill allocated to the asset groups and combinations of asset groups are summarized by operating segments as follows:

	31December 2015	31 December 2014
Pharmaceutical distribution(i)-		
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
Pharmaceutical manufacturing (ii)-		
Suzhou Zhijun	28,019,393.32	28,019,393.32
	<u>79,378,833.15</u>	<u>79,378,833.15</u>

(i) Goodwill of Pharmaceutical distribution segment

The recoverable amount of an asset group or a collection of asset groups is based on five-year budget approval from the management, using the cash flow forecast method. The cash flow over the five-year period is calculated with reference to the inflation rate.

The Management expects budgeted gross margin to be 6% basing on the historical experience and the forecast of market development, and expects the discount rate after tax to be 15%, which can reflect risk of the relevant asset group or combination of group assets. The above assumptions are used to analyze the recoverable amount of each asset group and the combination of group assets.

(ii) Goodwill of Pharmaceutical manufacturing segment

On 31 December 2015, with the approval of the Board, the Company publicly list for sale of the holding 67% of the total equity of Zhijun(Suzhou), with base price of RMB155.3 million. Up to the report date, the Company has reached agreement with an independent third party, and the price is a bit higher than the base price. The relevant procedures are in progress.

As of 31 December 2015, the company estimates the recoverable amount according to the expected selling price of the equity held for sale, deducted by the relevant expenses. The estimation reveals no further impairment of the goodwill.

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IV Notes to the consolidated financial statements (continued)

(15) Long term prepaid expense

	31 December 2014	Current year additions	Current year amortization	31 December 2015
Leasehold improvements	37,049,985.15	8,523,910.80	(8,010,714.74)	37,563,181.21
Others	2,104,246.88	1,957,661.00	(1,160,525.16)	2,901,382.72
	<u>39,154,232.03</u>	<u>10,481,571.80</u>	<u>(9,171,239.90)</u>	<u>40,464,563.93</u>

(16) Deferred income tax assets and deferred income tax liabilities

(a) Deferred income tax assets

	31 December 2015		31 December 2014	
	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences
Provision for impairment of assets	22,863,042.74	99,537,981.41	20,930,880.12	85,594,942.59
Accrued expenses	15,675,447.65	82,861,800.83	9,771,547.36	56,704,614.52
Accrued payroll	11,505,001.96	49,498,383.60	13,595,697.03	59,051,247.05
Deferred revenue	11,391,871.99	71,716,109.84	13,634,799.37	82,178,700.44
Deductible losses	25,836,889.79	106,551,451.67	23,331,434.22	96,865,385.40
Others	1,214,415.80	5,613,633.90	3,882,121.40	15,528,485.56
	<u>88,486,669.93</u>	<u>415,779,361.25</u>	<u>85,146,479.50</u>	<u>395,923,375.56</u>
Including:				
Amount that expected to be reversed in 1 year(including 1 year)	57,826,556.57		47,112,561.57	
Amount that expected to be reversed over 1 year	<u>30,660,113.36</u>		<u>38,033,917.93</u>	
	<u>88,486,669.93</u>		<u>85,146,479.50</u>	

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IV Notes to the consolidated financial statements (continued)

(16) Deferred income tax assets and deferred income tax liabilities(Continued)

(b) Deferred income tax liabilities

	31 December 2015		31 December 2014	
	Deferred income tax liabilities	Deductible temporary differences	Deferred income tax liabilities	Deductible temporary differences
Changes in fair value Business combination involving entities not under common control	9,733,983.44	40,156,878.68	10,821,134.82	43,284,539.27
Others	9,109,411.46	36,437,645.85	9,657,520.81	38,630,083.24
	4,080,286.65	16,321,146.59	3,818,420.94	15,273,683.76
	<u>22,923,681.55</u>	<u>92,915,671.12</u>	<u>24,297,076.57</u>	<u>97,188,306.27</u>
Including:				
Amount that expected to be reversed in 1 year(including 1 year)	1,373,395.01		1,359,533.75	
Amount that expected to be reversed over 1 year	21,550,286.54		22,937,542.82	
	<u>22,923,681.55</u>		<u>24,297,076.57</u>	

(c) The Group has not recognized deferred tax assets in respect of deductible losses and other deductible temporary differences are listed as below.

	31 December 2015	31 December 2014
Deductible losses(Note(i))	<u>5,099,846.63</u>	<u>1,627,172.87</u>

(i)For those loss-making subsidiaries, as the large uncertainty of being able to gain enough taxable income to utilize the deductible losses in the future, the Group does not recognize deferred tax assets arising from accumulated losses amounting to RMB5,099,846.63tax deductible under the tax law.

The unrecognised deferred tax assets in respect of deductible losses will be expired as following:

	31 December 2015	31 December 2014
Year 2020	<u>5,099,846.63</u>	-

(d) Deferred income tax assets and deferred income tax liabilities set-off amount

	31 December 2015	31 December 2014
Deferred income tax assets/liabilities	<u>276,607.49</u>	-

Net amount after deferred income tax assets and deferred income tax liabilities set-off

	31 December 2015		31 December 2014	
	Deferred income tax assets/liabilities-Net	Temporary differences after set-off	Deferred income tax assets/liabilities-Net	Temporary differences after set-off
Deferred income tax assets	88,210,062.44	414,672,931.26	85,146,479.50	395,923,375.56
Deferred income tax liabilities	<u>22,647,074.06</u>	<u>91,809,241.16</u>	<u>24,297,076.57</u>	<u>97,188,306.27</u>

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IV Notes to the consolidated financial statements (continued)

(17) Provision of asset impairment

	31 December 2014	Reversal of written off amount in previous periods	Current year increases	Current year decreases		31 December 2015
				Reversal	Written off	
Bad debt provision	36,651,696.24	48,377.60	22,477,078.05	(7,775,999.85)	(587,830.08)	50,813,321.96
Including:						
Provision for accounts receivable	24,839,531.10	28,377.60	22,300,209.93	(7,129,437.78)	(37,181.36)	40,001,499.49
Provision for other receivables	11,812,165.14	20,000.00	176,868.12	(646,562.07)	(550,648.72)	10,811,822.47
Provision for declines in value of inventories	24,672,782.59	-	25,349,545.93	(4,473,904.30)	(12,456,445.48)	33,091,978.74
Provision for fixed assets	23,316,486.90	-	1,540,887.99	-	(9,441,367.94)	15,416,006.95
Provision for investment property impairment	1,300,000.00	-	-	-	-	1,300,000.00
Provision for construction in progress impairment	1,500,000.00	-	-	-	-	1,500,000.00
Provision for intangible assets impairment	3,264,952.19	-	-	-	-	3,264,952.19
Provision for goodwill impairment	5,850,000.00	-	-	-	-	5,850,000.00
	<u>96,555,917.92</u>	<u>48,377.60</u>	<u>49,367,511.97</u>	<u>(12,249,904.15)</u>	<u>(22,485,643.50)</u>	<u>111,236,259.84</u>

(18) Other non-current assets

	31 December 2015	31 December 2014
Medical reserve fund	42,855,240.33	42,039,659.05
Prepayment for project and equipment	32,702,948.09	63,620,879.10
Non-monetary compensation of resettlement (Note IV(31))	-	70,250,000.00
	<u>75,558,188.42</u>	<u>175,910,538.15</u>

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IV Notes to the consolidated financial statements (continued)

(19) Short term borrowings

	31 December 2015	31 December 2014
Unsecured borrowings (Note(a))	837,769,852.39	966,752,021.57
Guaranteed borrowings (Note(b))	286,264,700.35	459,757,465.32
Discounted notes (Note (c))	88,924,715.00	91,445,041.99
	<u>1,212,959,267.74</u>	<u>1,517,954,528.88</u>

- (a) On 31 December 2015, unsecured borrowings of RMB767,769,852.39 are guaranteed by the Company and its subsidiaries. (31 December 2014: unsecured borrowings of RMB966,752,021.57 are guaranteed by the Company and its subsidiaries. RMB70,000,000.00 was borrowed from Sinopharm Group Finance Co., Ltd("Group Financial Co.").
- (b) On 31 December 2015, bank borrowings of RMB286,264,700.35 (31 December 2014: RMB459,757,465.32) are guaranteed by Sinopharm Group.
- (c) As of 31 December 2015, commercial acceptance bills that had discounted but not terminated amounted to RMB88,924,715.00(2014:RMB91,445,041.99)
- (d) On 31 December 2015, the weighted average interest rate of short-term borrowings is 4.48% per annum (31 December 2014: 5.50%).

(20) Notes payable

	31 December 2015	31 December 2014
Trade acceptance notes	216,141,770.19	380,502,886.42
Bank acceptance notes	1,085,452,646.62	1,087,663,754.22
	<u>1,301,594,416.81</u>	<u>1,468,166,640.64</u>

(21) Accounts payable

	31 December 2015	31 December 2014
Trade payable	<u>4,036,910,159.14</u>	<u>3,988,878,234.03</u>

- (a) As at 31 December 2015, accounts payable of RMB125,941,754.29(31 December 2014: RMB98,102,397.18) were aged over 1 year. Such long aged accounts payable have not been settled because the transactions were not closed yet.

(22) Advances from customers

	31 December 2015	31 December 2014
Sales received in advance	<u>56,943,167.40</u>	<u>40,339,905.63</u>

As at 31 December 2015, advances from customers of RMB1,845,243.48 (31 December 2014: RMB1,483,286.56) were aged over 1 year. Before the financial statement is approved, no such long aged advance has been settled.

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(23) Employee benefits payable

	31 December 2015	31 December 2014
Shortterm employee benefits payable	160,934,496.69	168,068,439.41
Defined contribution plans payable	2,407,982.07	2,166,584.27
Termination benefits payable	973,455.41	1,723,119.20
	<u>164,315,934.17</u>	<u>171,958,142.88</u>

(a) Short term employee benefits payable

	31 December 2014	Current year additions	Current year reductions	31 December 2015
Wages and salaries, bonuses, allowances and subsidies	150,384,510.97	469,461,111.75	(480,385,818.71)	139,459,804.01
Staff welfare	973,559.02	30,095,037.60	(29,076,131.18)	1,992,465.44
Social security contributions	355,247.78	22,039,815.67	(22,020,107.54)	374,955.91
Including:				
Medical insurance	300,176.39	18,292,413.71	(18,260,107.01)	332,483.09
Work injury insurance	28,672.53	1,584,032.99	(1,579,744.85)	32,960.67
Maternity insurance	26,398.86	2,163,368.97	(2,180,255.68)	9,512.15
Housing funds	542,776.75	23,265,951.68	(23,316,206.93)	492,521.50
Labor union funds and employee education funds	14,939,701.87	15,707,990.08	(12,904,763.89)	17,742,928.06
Others	872,643.02	1,556,670.64	(1,557,491.89)	871,821.77
	<u>168,068,439.41</u>	<u>562,126,577.42</u>	<u>(569,260,520.14)</u>	<u>160,934,496.69</u>

(b) Defined contribution plans payable

	31 December 2014	Current year additions	Current year reductions	31 December 2015
Basic pensions	421,293.14	42,993,094.19	(43,048,605.08)	365,782.25
Supplementary pensions	1,700,871.21	4,549,936.03	(4,237,058.71)	2,013,748.53
Unemployment insurance	44,419.92	2,474,717.42	(2,490,686.05)	28,451.29
	<u>2,166,584.27</u>	<u>50,017,747.64</u>	<u>(49,776,349.84)</u>	<u>2,407,982.07</u>

(c) Termination benefits payable

	31 December 2015	31 December 2014
Retirement benefits payable – within 1 year (NoteIV(32))	873,455.41	1,115,000.00
Other dismissal benefits(Note i)	100,000.00	608,119.20
	<u>973,455.41</u>	<u>1,723,119.20</u>

(i)For year 2015, the amount that the group provided other termination benefits for severing labor relations was RMB651,382.79.(2014:Other termination benefits for severing labor relations: RMB223,425.95).

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IV Notes to the consolidated financial statements (continued)

(24) **Tax payable**

	31 December 2015	31 December 2014
Enterprise income tax payable	39,167,388.57	52,868,801.89
Value-added-tax payable	19,957,187.35	10,022,374.90
Water conservancy fund payable	5,881,784.79	7,950,610.72
Individual income tax payable	1,609,121.36	1,514,928.86
City maintenance and construction tax payable	1,544,705.46	787,872.30
Stamp duty tax payable	1,290,342.40	1,198,400.07
Educational surcharge payable	1,113,244.42	571,654.75
Business tax payable	1,025,850.75	943,302.08
Real estate tax payable	834,900.64	923,420.99
Land use tax payable	211,481.61	426,390.62
Other tax payables	227,472.85	237,912.28
	<u>72,863,480.20</u>	<u>77,445,669.46</u>

(25) **Interest payable**

	31 December 2015	31 December 2014
Interest payable		
- Short term borrowing interests payable	6,486,284.75	6,610,192.22
- Long term borrowing interests payable	57,782.44	56,519.97
	<u>6,544,067.19</u>	<u>6,666,712.19</u>

(26) **Other payable**

	31 December 2015	31 December 2014
Accrued selling and distribution expenses	167,570,277.31	187,784,029.00
Payables for construction in progress and equipment	108,438,287.53	70,267,980.15
Amount collected on behalf of third party	57,273,890.13	44,057,463.73
Deposit	39,558,840.49	19,495,588.90
Others	95,608,858.39	90,742,139.73
	<u>468,450,153.85</u>	<u>412,347,201.51</u>

(a) As at 31 December 2015, other payables of RMB80,787,084.94(31 December 2014: RMB77,105,050.07) were aged over 1 year, which were mainly for deposits that the project quality margin and other deposits were about to be returned.

(27) **Current portion of long-term borrowings**

	31 December 2015	31 December 2014
Promotion rewards program		
- due within one year	3,510,000.00	4,000,000.00
Financing lease payables(Note IV(29))	1,934,858.84	-
	<u>5,444,858.84</u>	<u>4,000,000.00</u>

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IV Notes to the consolidated financial statements (continued)

(28) **Long-term borrowings**

	31 December 2015	31 December 2014
Unsecured borrowings	40,895,172.30	8,095,448.00
Entrusted borrowings(Note a)	31,600,000.00	31,600,000.00
	<u>72,495,172.30</u>	<u>39,695,448.00</u>

- (a) As at 31 December 2015, the entrusted borrowings of RMB31,600,000.00 was lent by Sinopharm Group through Group Financial Co.(31 December 2014: RMB31,600,000.00).

As at 31 December 2015, the weighted average interest rate of long-term borrowings is 4.82%per annum (31 December 2014: 5.62%).

(29) **Long-term payables**

	31 December 2015	31 December 2014
Financing lease payables(Note VIII(6))	10,329,417.89	-
Less: due within one year(Note IV(27))	(1,934,858.84)	-
	<u>8,394,559.05</u>	<u>-</u>

(30) **Payables for specific projects**

	31 December 2015	31 December 2014
Special funds granted by government	852,000.00	852,000.00
Government grants for ERP system construction	435,000.00	435,000.00
	<u>1,287,000.00</u>	<u>1,287,000.00</u>

(31) **Deferred income**

	31 December 2014	Current year additions	Current year reductions	31 December 2015
Government grants (Note a)	153,119,166.83	15,416,000.00	(12,598,725.19)	155,936,441.64
Promotion Rewards Program	27,247,034.32	3,510,000.00	(10,084,451.98)	20,672,582.34
	<u>180,366,201.15</u>			<u>176,609,023.98</u>
Less:Product promotion points matured within one year (Note IV(27))	(4,000,000.00)			(3,510,000.00)
	<u>176,366,201.15</u>			<u>173,099,023.98</u>

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IV Notes to the consolidated financial statements (continued)

(31) Deferred income(continued)

(a) Government grants

Government grants program	31 December 2014	Current year additions	Amount recognized as non-operating income for 2014	31 December 2015	Related to income/assets
Resettlement Compensation(i)	86,349,075.41		(2,698,408.56)	83,650,666.85	Related to assets
Cephalosporin Solid Preparations Development Project	13,845,923.14	-	(2,103,543.89)	11,742,379.25	Related to assets
Cardiovascular system targeted drug development programs	3,000,000.00	7,500,000.00	(107,466.67)	10,392,533.33	Related to assets
Guangxi Logistics Project	8,084,052.18	300,000.00	(441,406.40)	7,942,645.78	Related to assets
Stomach medicine domestic clinical research and development project	5,000,000.00	-	-	5,000,000.00	Related to assets
Pingshan pharmaceutical R & D base engineering	5,000,000.00		(125,000.01)	4,874,999.99	Related to assets
Logistics standardization project	-	4,500,000.00	(199,999.98)	4,300,000.02	Related to assets
Cephalosporin Powder Injection Passing EU-GMP Authentication	4,505,783.82	-	(689,991.48)	3,815,792.34	Related to assets
Medical R&D Center II (in progress)	3,877,620.85	-	(821,319.96)	3,056,300.89	Related to assets
New Cephalosporin R&D Project	3,962,385.17	-	(916,044.60)	3,046,340.57	Related to assets
Enteric coated pellets industry research and development project	2,508,837.40	-	(72,800.30)	2,436,037.10	Related to assets
A comprehensive experimental modern service industry subsidies	2,700,000.00	-	(300,000.00)	2,400,000.00	Related to assets
Cefpirome Sulfate R&D Project	2,386,456.55	-	(532,495.60)	1,853,960.95	Related to assets
The laval shaaban raw materials and tablets project	-	1,500,000.00	-	1,500,000.00	Related to assets
New Cephalosporin R&D Project	1,219,393.90	-	(610,493.52)	608,900.38	Related to assets
Shared Logistics Center(completed)	1,225,468.70	-	(818,035.17)	407,433.53	Related to assets
Other Projects(in progress)	9,454,169.71	1,616,000.00	(2,161,719.05)	8,908,450.66	Related to income/assets
	<u>153,119,166.83</u>	<u>15,416,000.00</u>	<u>(12,598,725.19)</u>	<u>155,936,441.64</u>	

(i) Due to implementation of urban planning for old town reconstruction in Nanning, the operating office 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 value of RMB70,250,000.00 constructing properties. In year 2015, constructing properties with value of RMB70,250,000.00 was built and delivered, and had been recognized as Investment property(Note IV(10)).

Due to the reconstruction of new operating office in another place, capital expenditure of RMB93.32 million was recognized as differed revenue, which was to be amortized within the expected useful lives using the straight line method(to the account Non-operating income)(Note IV(47)), and the other cash compensation was recognized in the income statement this year.

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IV Notes to the consolidated financial statements (continued)

(32) Long term employee benefits

	31 December 2015	31 December 2014
Early retirement benefits payable	3,372,555.41	4,011,000.00
Less: early retirement benefits payable within 1 year(Note IV(32)(c))	(873,455.41)	(1,115,000.00)
	<u>2,499,100.00</u>	<u>2,896,000.00</u>

Numbers of employees processed early retirement in the Group, as at the balance sheet day, the accordingly actuarial assumptions that the Group calculate the early retirement employee benefits are shown as following:

	31 December 2015	31 December 2014
Discount rate	3.00%	3.75%
The growth rate of wages	4.00%-6.00%	4.00%-6.00%

The amount that early retirement employee benefits recognized into/(Reversed into) current profit and loss are shown as following:

	Year 2015	Year 2014
General and Administrative expense	539,516.07	215,000.00
Financial expense	133,000.00	199,000.00
	<u>672,516.07</u>	<u>414,000.00</u>

(33) Other non-current liabilities

	31 December 2015	31 December 2014
Medical reserve funds	<u>45,427,343.31</u>	<u>45,427,343.31</u>

Certain medical reserves funds were received by the Group from the PRC government for it to purchase medical products (including medicines) required to respond to major disasters, epidemics and other emergencies

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IV Notes to the consolidated financial statements (continued)

(34) **Share Capital**

	31 December 2015	31 December 2014
Listed shares without restriction of trading:		
A shares, listed	233,261,812.00	233,261,812.00
B shares, listed	54,885,600.00	54,885,600.00
Listed shares with restriction of trading:		
State owned legal person shares	74,482,543.00	74,482,543.00
Natural person shares	1,988.00	1,988.00
	<u>362,631,943.00</u>	<u>362,631,943.00</u>

(35) **Capital reserve**

	31 December 2015	31 December 2014
Capital surplus	1,855,144,194.77	1,855,144,194.77
Other Capital reserve-		
Transition reserves from investment in associates reclassified from capital surplus to other comprehensive income	2,380,016.57	2,380,016.57
Transfer of capital surplus recognized under the previous accounting system	2,650,322.00	2,650,322.00
Others	3,720,000.00	3,720,000.00
	<u>1,863,894,533.34</u>	<u>1,863,894,533.34</u>

(36) **Surplus reserve**

	31 December 2014	Current year addition	31 December 2015
Statutory surplus reserve	<u>181,315,971.50</u>	-	<u>181,315,971.50</u>
	31 December 2013	Current year addition	31 December 2014
Statutory surplus reserve	<u>144,855,634.40</u>	36,460,337.10	<u>181,315,971.50</u>

Based on "Company law of the People's Republic of China" and the articles of association, the Group extracted 10% of net profit as statutory surplus reserve. It is optional to extract or not when the accumulated amount was up to 50% of registered capital. The statutory surplus reserver could be used to cover the deficit or enhance the share capital after permission. Approved by the board of director, the Group extracted RMB0.00 in 2015(2014: extracted 10% of net profit as RMB36,460,337.10).As of 31 December 2015, the accumulated amount of statutory surplus reserve of the Group has already reached 50% of registered capital.

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IV Notes to the consolidated financial statements (continued)

(37) Undistributed profits

	Year 2015 amount	Year 2014 amount
Undistributed profits at the beginning of year	2,356,765,374.25	1,806,002,285.06
Add: net profit attributable to the shareholders of the company	761,312,261.06	652,497,176.03
Less: Appropriation of statutory surplus reserve (Note IV(36))	-	(36,460,337.10)
Dividend (Note a)	(72,526,388.60)	(65,273,749.74)
Ending balance of undistributed profits	3,045,551,246.71	2,356,765,374.25

(a) Pursuant to the resolution of General Meeting on 24 April 2015, cash dividends of RMB72,526,388.60 (RMB2.0 per 10 shares) was paid based on the issued shares of 362,631,943.

(b) Pursuant to the resolution of board of directors of the company on 24 March 2016, cash dividends of RMB108,789,582.90 (RMB3.00 per 10 shares) was proposed based on the issued shares of 362,631,943 after non-public offering. This proposed dividend is subject to the approval of General Meeting (Note XI(1)(a)).

(38) Minority Interest

Minority interests are analyzed as below:

	31 December 2015	31 December 2014
Sinopharm Yanfeng	31,734,359.03	24,504,402.61
Sinopharm Liuzhou	70,503,148.99	52,661,317.92
Sinopharm Shaoguan	5,872,494.43	6,231,349.17
Sinopharm Shantou	3,485,886.00	3,202,338.73
Guangzhou Medical	1,475,443.73	-
Sinopharm Wuzhou	9,930.54	8,206.13
	113,081,262.72	86,607,614.56

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IV Notes to the consolidated financial statements (continued)

(39) Sales and cost of sales

	Year 2015	Year 2014
Revenue of main operations	25,900,905,208.74	23,881,210,621.67
Other operating income	92,234,069.10	73,120,406.38
	<u>25,993,139,277.84</u>	<u>23,954,331,028.05</u>
	Year 2015	Year 2014
Cost of main operations	23,942,246,043.68	21,988,653,461.63
Other operating expenses	29,796,564.24	13,975,308.28
	<u>23,972,042,607.92</u>	<u>22,002,628,769.91</u>

(a) Revenue and cost of main operations

Revenue and cost of main operations analyzed by industries are set out below::

	Year 2015		Year 2014	
	Revenue of main operations	Cost of main operations	Revenue of main operations	Cost of main operations
Pharmaceutical distribution	24,230,858,388.18	22,964,838,971.38	22,195,808,452.75	21,007,553,553.67
Pharmaceutical manufacturing	1,628,474,289.30	951,255,881.90	1,641,881,896.69	952,511,232.92
Logistics and freights	29,492,120.37	21,625,831.36	32,110,291.44	24,999,668.41
Rental and other income	12,080,410.89	4,525,359.04	11,409,980.79	3,589,006.63
	<u>25,900,905,208.74</u>	<u>23,942,246,043.68</u>	<u>23,881,210,621.67</u>	<u>21,988,653,461.63</u>

(b) Other operating income and expenses

	Year 2015		Year 2014	
	Other operating income	Other operating cost	Other operating income	Other operating cost
Sales of raw materials	24,957,643.99	24,443,931.50	6,285,125.39	7,608,893.71
Rental income	21,420,573.25	1,667,748.06	20,198,026.58	1,787,750.50
Rendering of services	41,525,803.51	3,684,884.68	44,375,462.81	4,435,022.69
The income of disposal the investment real estate	4,330,048.35	-	2,261,791.60	143,641.38
	<u>92,234,069.10</u>	<u>29,796,564.24</u>	<u>73,120,406.38</u>	<u>13,975,308.28</u>

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IV Notes to the consolidated financial statements (continued)

(40) **Tax and surcharges**

	Year 2015	Year 2014
City maintenance and construction tax	24,011,580.28	20,747,432.79
Educational surcharge	17,151,427.86	14,937,712.27
Business tax	6,299,406.88	7,812,532.51
Others	3,045,942.39	3,243,933.46
	<u>50,508,357.41</u>	<u>46,741,611.03</u>

(41) **Selling and distribution expenses**

	Year 2015	Year 2014
Employees payroll and welfare benefits	248,161,092.49	226,903,462.21
Transportation charges	68,011,820.90	63,762,955.95
Rental expenses	32,031,734.82	32,756,117.66
Promotion and marketing expenses	28,394,900.30	47,447,305.94
Entertainment expenses	28,037,182.72	25,351,649.94
Travel allowances	22,081,084.84	30,121,257.98
Conference expenses	12,821,913.32	14,135,165.64
Advertising expenses	9,972,310.43	10,121,312.49
Utility fees	9,425,165.22	8,011,402.48
Medical cooperation projects fees	9,239,249.51	608,742.50
Storage expenses	7,868,000.00	7,636,810.16
Office allowances	6,764,076.67	5,023,632.28
Depreciation expenses	6,167,719.99	5,308,133.70
Others	44,814,804.25	45,195,134.22
	<u>533,791,055.46</u>	<u>522,383,083.15</u>

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IV Notes to the consolidated financial statements (continued)

(42) **General and administrative expense**

	Year 2015	Year 2014
Employees payroll and welfare benefits	231,446,364.24	221,628,037.88
Research and development expenses	73,150,395.26	81,216,093.52
Depreciation expenses	33,865,273.26	32,653,670.24
Taxations	22,950,859.66	27,583,272.86
Entertainment expenses	9,197,343.86	10,878,456.42
Amortisation of intangible assets	7,945,326.43	7,618,134.62
Rental expenses	7,926,070.56	6,931,607.76
Utilities	5,509,697.15	5,571,319.82
Vehicle management expenses	5,466,637.10	8,144,306.69
Office allowances	5,331,601.85	5,502,356.50
Maintenance and other charges	4,109,313.29	4,159,734.88
Travel allowances	3,751,497.35	5,219,523.53
Others	48,567,828.54	57,211,058.53
	<u>459,218,208.55</u>	<u>474,317,573.25</u>

(43) **Financial expense- net**

	Year 2015	Year 2014
Interest expenses	119,430,614.48	153,286,381.82
Less: interest income	(5,644,752.22)	(9,118,766.24)
discount in cash	(30,990,733.00)	(33,986,833.30)
Gain and loss from exchanges	(1,322,400.11)	115,730.39
Others	9,809,356.32	12,832,590.24
	<u>91,282,085.47</u>	<u>123,129,102.91</u>

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(44) Expense by nature

The cost of operations, selling and distribution expenses, general and administrative expenses are classified by nature and listed as following:

	Year 2015	Year 2014
Inventories of finished and work-in process goods	23,012,980,576.27	21,003,079,328.16
Consumed raw materials and low value consumables, etc	704,885,478.94	739,232,331.96
Employee benefits	613,335,223.92	588,455,999.79
Depreciation and amortization expenses	108,002,595.42	107,602,167.58
Research and development expense	73,150,395.26	81,216,093.52
Transportation charges	71,295,353.54	63,843,529.68
Utilities	46,621,397.91	47,009,899.30
Rental	43,452,738.03	39,687,725.42
Entertainment expenses	37,234,526.58	36,230,106.36
Market development expenses	28,394,900.30	47,447,305.94
Travel allowance	25,873,768.69	35,388,022.61
taxation	22,950,859.66	27,583,272.86
Conference expenses	13,412,495.76	15,692,407.95
Office expenses	12,124,566.07	10,583,292.62
Advertisement expenses	9,972,310.43	10,214,102.10
Machine material expenses	9,263,716.46	10,118,628.22
Medical cooperation projects fees	9,239,249.51	608,742.50
Vehicles management expenses	8,166,838.71	12,869,932.56
Other expense	114,694,880.47	122,466,537.18
	<u>24,965,051,871.93</u>	<u>22,999,329,426.31</u>

(45) Asset impairment loss

	Year 2015	Year 2014
Declines in values of inventories	20,875,641.63	21,835,944.20
Bad debt	14,701,078.20	5,463,831.88
Impairment in fixed assets	1,540,887.99	19,144,827.73
Impairment in goodwill	-	5,850,000.00
Impairment in construction in progress	-	1,500,000.00
Impairment in intangible assets	-	264,952.19
	<u>37,117,607.82</u>	<u>54,059,556.00</u>

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IV Notes to the consolidated financial statements (continued)

(46) Gain from investment

	Year 2015	Year 2014
Share of profit of investees under equity method (Note a)	<u>57,413,887.70</u>	<u>50,415,836.33</u>

- (a) The investment income from long-term investment under equity method represented the profit from Wanle Medical and Sinopharm Zhuhai. The increase was due to improved business performance of that associate.

There is no significant restriction on the remittance of investment income to the Group.

(47) Non-operating income

	Year 2015	Year 2014
Government grants (Note a)	34,025,749.62	31,534,869.05
Write off payments	8,260,141.75	3,279,992.55
Gain on disposal of fixed assets	1,985,460.16	686,310.43
Others	<u>11,132,056.53</u>	<u>14,379,886.57</u>
	<u>55,403,408.06</u>	<u>49,881,058.60</u>

Non-operating income is wholly classified as non-recurring profit in 2015.

(a) Government grants

	Year 2015	Year 2014	Note
<i>- Government grants related to assets</i>			
Resettlement compensation-amortization of assets	2,698,408.56	2,698,408.56	Transfer from deferred amortization income
Others	<u>9,900,316.63</u>	<u>11,527,164.79</u>	Transfer from deferred amortization income
	<u>12,598,725.19</u>	<u>14,225,573.35</u>	
<i>- Government grants related to income</i>			
Tax return	7,001,400.00	6,060,187.00	Tax return
Government grants for medicine reserve expenses	3,000,000.00	3,000,000.00	Fiscal interest discount
Government-funded interest discount	1,773,795.84	549,200.00	Subsidy for medical reserve
Economic contribution award	2,654,400.00	-	Economic contribution award
Others	<u>6,997,428.59</u>	<u>7,699,908.70</u>	Subsidy for contribution, etc.
	<u>21,427,024.43</u>	<u>17,309,295.70</u>	
	<u>34,025,749.62</u>	<u>31,534,869.05</u>	

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IV Notes to the consolidated financial statements (continued)

(48) **Non-operating expenses**

	Year 2015	Year 2014
Losses on disposal of fixed assets	452,401.24	541,470.69
Others	236,394.61	1,543,317.74
	<u>688,795.85</u>	<u>2,084,788.43</u>

Non-operating cost is wholly classified as non-recurring and loss in 2015.

(49) **Income taxes expenses**

	Year 2015	Year 2014
Current income tax	178,673,531.35	175,545,757.34
Deferred income tax	(4,713,585.45)	(16,103,486.91)
	<u>173,959,945.90</u>	<u>159,442,270.43</u>

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

	Year 2015	Year 2014
Total profit	<u>961,307,855.12</u>	<u>829,283,438.30</u>
Income tax expenses calculated at applicable tax rates	240,326,963.78	207,320,859.57
Differences in preferential tax rates of certain companies	(45,183,919.59)	(30,924,519.22)
Income not subject to tax	(14,758,233.20)	(13,305,636.21)
Expenses not deductible for tax purposes	7,827,593.07	5,020,267.39
Deductible losses unrecognized as deferred tax assets	1,274,961.66	-
Utilization of previously unrecognized tax losses	(406,793.22)	-
Super deduction for development cost	(5,865,441.09)	(4,431,741.60)
Gain from the changes of tax rate	(9,255,185.51)	(4,236,959.50)
Income tax	<u>173,959,945.90</u>	<u>159,442,270.43</u>

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IV Notes to the consolidated financial statements (continued)

(50) **Earnings per share**

(a) Basic earnings per share

Basic earnings per share is calculated by consolidated net profit attributable to shareholders of the Company dividing by the weighted average number of ordinary shares in issue:

	Year 2015	Year 2014
Consolidated net profit attributable to shareholders of the Company	761,312,261.06	652,497,176.03
Weighted average number of ordinary shares in issue	362,631,943.00	344,011,307.25
Basic earnings per share	<u>2.10</u>	<u>1.90</u>
Including:		
Basic earnings per share on going	<u>2.10</u>	<u>1.90</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the consolidated net profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue, which both should be adjusted for the effects of all potential dilutive factors. In Year 2015, the Company has no potential outstanding ordinary shares (2014: N/A), the diluted earnings per share equals the basic earnings per share.

(51) Notes to cash flow statements

(a) Cash received relating to other operating activities

	Year 2015	Year 2014
Government grants except tax return	15,485,624.43	27,117,108.70
Rent income	21,420,573.25	20,198,026.58
Operational restricted bank deposits received	11,869,442.55	2,263,748.50
Interest income	5,634,187.79	9,118,766.24
Others	47,898,130.71	37,025,861.63
	<u>102,307,958.73</u>	<u>95,723,511.65</u>

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IV Notes to the consolidated financial statements (continued)

(51) Notes to cash flow statements(Continued)

(b) Cash paid relating to other operating activities

	Year 2015	Year 2014
Rental expenses	43,452,738.03	39,687,725.42
Entertainment expenses	37,234,526.58	36,230,106.36
Research and development expenses	28,240,236.01	38,583,648.88
Travel expenses	25,873,768.69	35,340,781.51
Conference expenses	13,412,495.76	15,692,407.95
Office expenses	12,124,566.07	10,525,988.78
Advertising expenses	9,972,310.43	10,121,312.49
Bank charges	9,683,427.14	11,412,570.41
Other	168,451,561.59	192,566,580.63
	<u>348,445,630.30</u>	<u>390,161,122.43</u>

(c) Cash received relating to other investing activities

	Year 2015	Year 2014
Retention	<u>20,000,000.00</u>	-

(d) Cash received relating to other financing activities

	Year 2015	Year 2014
Entrusted borrowings borrowed from Sinopharm Group	-	31,600,000.00
Others	6,240,000.00	-
	<u>6,240,000.00</u>	<u>31,600,000.00</u>

(e) Cash payments relating to other financing activities

	Year 2015	Year 2014
Repayment of entrusted borrowings lent by Sinopharm Group	-	400,000,000.00
Others	5,337,208.23	95,951,689.09
	<u>5,337,208.23</u>	<u>495,951,689.09</u>

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IV Notes to the consolidated financial statements (continued)

(52) **Supplementary information of cash flow statements**

(a) Supplementary information of cash flow statements

Reconciliation of net profit to cash flows from operating activities

	Year 2015	Year 2014
Net profit	787,347,909.22	669,841,167.87
Add: Provision for assets impairment	37,117,607.82	54,059,556.00
Depreciation of fixed assets and investment properties	98,291,151.62	97,159,130.82
Amortization of intangible assets	7,945,326.43	7,618,134.62
Amortization of long-term prepaid expenses	9,171,239.90	8,211,483.70
Gains on disposal of fixed assets, and other non-current assets	(354,906.30)	(2,262,989.96)
Financial expenses	120,492,558.50	156,492,141.57
Investment income	(57,413,887.70)	(50,415,836.33)
Increase of deferred tax assets	(3,063,582.94)	(16,250,541.25)
Decrease of deferred tax liabilities	(1,650,002.51)	(347,811.19)
Increase of inventory	(232,518,718.32)	(510,869,762.46)
Decrease/(Increase) in operating receivables	653,032,108.13	(1,310,290,857.24)
(Decrease)/Increase in operating payables	(382,287,143.42)	98,095,402.92
Decrease in operating cash with restriction	11,869,442.55	2,263,748.50
Net cash generated from/(used in) operating activities	<u>1,047,979,102.98</u>	<u>(796,697,032.43)</u>

Significant non-cash investing activities

	Year 2015	Year 2014
Properties constructed with endorsed notes receivables	<u>16,981,204.57</u>	<u>40,126,168.08</u>

Movement of cash

	Year 2015	Year 2014
Cash at end of year	1,569,226,304.36	854,212,006.84
Less: cash at beginning of year	<u>(854,212,006.84)</u>	<u>(1,097,948,354.45)</u>
Net (decrease)/increase in cash	<u>715,014,297.52</u>	<u>(243,736,347.61)</u>

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IV Notes to the consolidated financial statements (continued)

(52) **Supplementary information of cash flow statements(Continued)**

(b) Acquisition of subsidiaries and operating unit

	Year 2015	Year 2014
Cash invested in associate in current year	252,000.00	-
-Sinopharm Zhuhai	252,000.00	-
The consideration of acquisition	-	5,243,000.00
Including: Sinophram Shantou	-	5,243,000.00
Less: Cash held by subsidiaries at the acquisition date	-	(5,116,827.09)
Including: Sinophram Shantou	-	(5,116,827.09)
Add: Consideration of previous acquisition paid in current period	9,200,000.00	2,085,606.00
Including: Sinopharm Zhaoqing	-	1,518,000.00
Sinopharm Wuzhou	-	567,606.00
Sinopharm Jiangmen	9,200,000.00	-
	-	-
Net cash outflow on acquisition of the subsidiaries and business	9,452,000.00	2,211,778.91

(c) Cash

	31 December 2015	31 December 2014
Cash on hand	109,096.17	41,627.16
Call deposits with banks	1,569,117,208.19	854,170,379.68
Cash	1,569,226,304.36	854,212,006.84

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V Shares and rights in other companies

(1) Subsidiaries

(a) The composition of the Group

Company name	Place of operation	Place of registration	Nature of business	Equity interest held (%)		Mode of acquisition
				Direct	Indirect	
Sinopharm Guilin	Guilin	Guilin	Commercial	-	100.00%	Set up
Sinopharm Baise	Baise	Baise	Commercial	-	100.00%	Set up
Sinopharm Holding Zhongshan Co., Ltd. ("Sinopharm Zhongshan")	Zhongshan	Zhongshan	Commercial	100.00%	-	Set up
Sinopharm Guigang	Guigang	Guigang	Commercial	-	100.00%	Set up
Sinopharm Beihai	Beihai	Beihai	Commercial	-	100.00%	Set up
Guangzhou Medical	Guangzhou	Guangzhou	Commercial	-	51.00%	Set up
Zhijun Medicine	Shenzhen	Shenzhen	Manufacturing	100.00%	-	Business combinations involving enterprises under common control
Sinopharm Holding JianminCo., Ltd. ("Sinopharm Jianming")	Shenzhen	Shenzhen	Commercial	100.00%	-	Business combinations involving enterprises under common control
Sinopharm Holding Material Co., Ltd. ("Sinopharm Material")	Shenzhen	Shenzhen	Commercial	100.00%	-	Business combinations involving enterprises under common control
Zhijun Trade	Shenzhen	Shenzhen	Commercial	100.00%	-	Business combinations involving enterprises under common control
Sinopharm Holding Shenzhen Logistics Co., Ltd. ("Shenzhen Logistics")	Shenzhen	Shenzhen	Service	100.00%	-	Business combinations involving enterprises under common control
Sinopharm Holding Guangzhou Co., Ltd. ("Sinopharm Guangzhou")	Guangzhou	Guangzhou	Commercial	100.00%	-	Business combinations involving enterprises under common control

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V Shares and rights in other companies(Continued)

(1) Subsidiaries(Continued)

(a) The composition of the Group(Continued)

Company name	Place of operation	Place of registration	Nature of business	Equity interest held (%)		Mode of acquisition
				Direct	Indirect	
Sinopharm Holding Guangdong Hengxing Pharmaceutical Co., Ltd. ("Sinopharm Hengxing")	Guangzhou	Guangzhou	Commercial	100.00%	-	Business combinations involving enterprises under common control
Sinopharm Yulin	Yulin	Yulin	Commercial	-	100.00%	Business combinations involving enterprises under common control
Sinopharm Liuzhou	Liuzhou	Liuzhou	Commercial	51.00%	-	Business combinations involving enterprises under common control
Guangxi Chinese Herbal Pieces	Liuzhou	Liuzhou	Manufacturing	-	51.00%	Business combinations involving enterprises under common control
Guangdong Huixin Investment Co., Ltd. ("Huixin Investment")	Guangzhou	Guangzhou	Service	100.00%	-	Business combinations involving enterprises under common control
Sinopharm Holding Foshan Co., Ltd. ("Sinopharm Foshan")	Foshan	Foshan	Commercial	100.00%	-	Business combinations involving enterprises under common control
Sinopharm Holding Guangdong Yuexing Co., Ltd. ("Sinopharm Yuexing")	Guangzhou	Guangzhou	Commercial	100.00%	-	Business combinations involving enterprises under common control
Sinopharm Holding Guangdong Logistics Co., Ltd. ("Guangdong Logistics")	Guangzhou	Guangzhou	Service	100.00%	-	Business combinations involving enterprises under common control
Sinopharm Guangxi	Nanning	Nanning	Commercial	100.00%	-	Business combinations involving enterprises under common control
Guangxi Logistics	Nanning	Nanning	Service	-	100.00%	Business combinations involving enterprises under common control
Pingshan Medicine	Shenzhen	Shenzhen	Manufacturing	100.00%	-	Business combinations involving enterprises under common control
Sinopharm Wuzhou	Wuzhou	Wuzhou	Commercial	-	99.90%	Business combinations involving enterprises under common control

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V Shares and rights in other companies(Continued)

(1) **Subsidiaries (continued)**

(a) The composition of the Group(continued)

Company name	Place of operation	Place of registration	Nature of business	Equity interest held (%)		Mode of acquisition
				Direct	Indirect	
Sinopharm Group Zhijun (Suzhou) Pharmaceutical Co. Ltd.("Zhijun Suzhou")	Suzhou	Suzhou	Manufacturing	100.00%	-	Business combinations involving enterprises not under common control
Sinopharm holding Dongguan Co., Ltd.(“Sinopharm Dongguan”)	Dongguan	Dongguan	Commercial	100.00%	-	Business combinations involving enterprises not under common control
Sinopharm Holding Zhanjiang Co., Ltd.(“Sinopharm Zhanjiang”)	Zhanjiang	Zhanjiang	Commercial	100.00%	-	Business combinations involving enterprises not under common control
Sinopharm holding Shenzhen Yanfeng Co.,Ltd(“Sinopharm Yanfeng”)	Shenzhen	Shenzhen	Commercial	51.00%	-	Business combinations involving enterprises not under common control
Sinopharm Holding Meizhou Co., Ltd.(“Sinopharm Meizhou”)	Meizhou	Meizhou	Commercial	100.00%	-	Business combinations involving enterprises not under common control
Sinopharm Holding Huizhou Co., Ltd.(“Sinopharm Huizhou”)	Huizhou	Huizhou	Commercial	100.00%	-	Business combinations involving enterprises not under common control
Sinopharm Holding Zhaoqing Co., Ltd.(“Sinopharm Zhaoqing”)	Zhaoqing	Zhaoqing	Commercial	100.00%	-	Business combinations involving enterprises not under common control
Sinopharm Holding Jiangmen Co., Ltd.(“Sinopharm Jiangmen”)	Jiangmen	Jiangmen	Commercial	100.00%	-	Business combinations involving enterprises not under common control
Sinopharm Holding Shaoguan Co., Ltd. (“Sinopharm shaoguan”)	Shaoguan	Shaoguan	Commercial	70.00%	-	Business combinations involving enterprises not under common control
Sinopharm Holding Shantou Co., Ltd. (“Sinopharm Shantou”)	Shantou	Shantou	Commercial	70.00%	-	Business combinations involving enterprises not under common control

(b) There is no subsidiary of significant minority interest in the Group.

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VI Segment information

The reportable segments of the Group are the business units that provide different products or service. Different businesses require different technologies and marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

The Group identified 3 reportable segments as follows:

- The Group, which is mainly engaged in investing and managing business;
- Pharmaceutical distribution, which is mainly engaged in distribution of medicine and pharmaceutical products to customers;
- Pharmaceutical manufacturing, which is mainly engaged in the manufacture medicine.

Inter-segment transfers are measured by reference to sales to third parties.

The assets and liabilities are allocated based on the operations of the segment.

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VI Segment information (continued)

(a) Segment information as at and for the year ended 31 December 2015 is as follows:

	The Group	Pharmaceutical distribution	Pharmaceutical manufacturing	Elimination	Total
Revenue from external customers	7,243,599.26	24,324,922,164.84	1,660,973,513.74	-	25,993,139,277.84
Inter-segment revenue	5,072,971.94	137,267.26	16,343,903.48	(21,554,142.68)	-
Interest income	80,709,236.38	4,365,919.34	1,866,561.42	(81,296,964.92)	5,644,752.22
Interest expense	(7,814,558.58)	(180,595,893.78)	(12,317,127.04)	81,296,964.92	(119,430,614.48)
Share of profit of subsidiaries	514,513,119.53	-	-	(514,513,119.53)	-
Share of profit of associates	57,413,887.70	-	-	-	57,413,887.70
Impairment	(743.90)	(29,824,897.07)	(7,291,966.85)	-	(37,117,607.82)
Depreciation and amortizations	(3,340,915.24)	(40,922,104.06)	(71,144,698.65)	-	(115,407,717.95)
Gross profit	621,786,776.69	561,227,805.87	292,806,392.09	(514,513,119.53)	961,307,855.12
Income taxes	(13,299,365.55)	(122,190,610.25)	(38,469,970.10)	-	(173,959,945.90)
Net profit	608,487,411.14	439,037,195.62	254,336,421.99	(514,513,119.53)	787,347,909.22
Total assets	4,946,455,986.64	8,173,854,085.59	2,329,671,348.37	(2,231,631,685.29)	13,218,349,735.31
Total liabilities	(829,482,043.08)	(7,684,776,339.79)	(1,188,416,365.91)	2,050,799,970.74	(7,651,874,778.04)
Long-term equity investment in associates	180,831,714.55	-	-	-	180,831,714.55
Capital Expenditure	923,459.43	44,997,613.41	247,773,272.61	-	293,694,345.45

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VI Segment information (continued)

(b) Segment information as at and for the year ended 31 December 2014 is as follows:

	The Group	Pharmaceutical distribution	Pharmaceutical manufacturing	Elimination	Total
Revenue from external customers	5,364,516.62	22,294,891,231.68	1,654,075,279.75	-	23,954,331,028.05
Inter-segment revenue	2,609,400.00	469,251.11	18,259,142.62	(21,337,793.73)	-
Interest income	109,586,272.11	3,131,361.49	2,128,404.26	(105,727,271.62)	9,118,766.24
Interest expense	(7,523,455.19)	(242,161,105.59)	(9,329,092.66)	105,727,271.62	(153,286,381.82)
Share of profit of subsidiaries	476,869,119.31	-	-	(476,869,119.31)	-
Share of profit of associates	50,415,836.33	-	-	-	50,415,836.33
Impairment	(121,038,941.30)	(8,422,995.39)	(39,747,619.31)	115,150,000.00	(54,059,556.00)
Depreciation and amortizations	(5,977,874.35)	(36,826,711.14)	(70,184,163.65)	-	(112,988,749.14)
Gross profit	467,781,043.87	471,246,928.35	251,974,585.39	(361,719,119.31)	829,283,438.30
Income taxes	(15,881,020.71)	(117,652,091.12)	(25,909,158.60)	-	(159,442,270.43)
Net profit	451,900,023.16	353,594,837.23	226,065,426.79	(361,719,119.31)	669,841,167.87
Total assets	4,629,689,645.10	7,725,031,105.57	1,814,239,438.38	(1,340,018,648.15)	12,828,941,540.90
Total liabilities	(531,149,514.89)	(7,551,059,313.25)	(1,077,931,077.41)	1,182,413,801.30	(7,977,726,104.25)
Long-term equity investment in associates	157,604,846.85	-	-	-	157,604,846.85
Capital Expenditure	246,333,402.90	19,028,382.38	42,449,925.32	-	307,811,710.60

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VII Lease

(1) Financing lease assets

	Fixed asset	Construction in progress	Total
Cost and Net value			
31 December 2015	<u>7,215,410.60</u>	<u>4,231,000.00</u>	<u>11,446,410.60</u>
31 December 2014	<u>-</u>	<u>-</u>	<u>-</u>

(2) Minimum lease payments

The Group leases assets through financing lease, the future minimum lease payments are as follows:

	31 December 2015	31 December 2014
Within 1 year	2,833,548.88	-
1 to 2 years	2,833,548.88	-
2 to 3 years	2,833,548.88	-
Over 3 years	<u>4,250,579.73</u>	<u>-</u>
	<u>12,751,226.37</u>	<u>-</u>

As of 31 December 2015, unrecognized financing charges amounted to RMB2,421,808.48(As of 31 December 2014:Nil).

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VIII Related party relationships and significant related party transactions

(1) The parent company

(a) General information of the parent company:

	Enterprise Type	Place of registration	Legal representative	Principal business
Sinopharm Group	Company limited by shares	Shanghai	Wei Yulin	Industrial Investment Holding, Trustee of pharmaceutical enterprise, Assets Reorganization, Distribution and retail of medicines and pharmaceutical products, etc

The Company's ultimate controlling equity holder is CNPGC.

(b) Registered capital and changes in registered capital of the parent company

	31 December 2015 and 31 December 2014 (RMB'0,000)
Sinopharm Group	<u>276,709.51</u>

(c) The proportions of equity interests and voting rights in the Company held by the parent company:

	31 December 2015	
	% interest held	% voting rights
Sinopharm Group	<u>51.00</u>	<u>51.00</u>

(2) Subsidiaries of the Company

The general background and other related information of the subsidiaries is set out in Note V.

(3) Associates

	Enterprise Type	Place of Registration	Legal Representative	Principal business	Register capital	% interest held	% voting rights
Wanle Medical Sinopharm Zhuhai	Foreign capital Company limited	Shenzhen Zhuhai	Yan Zhigang Li Xianjiang	Medicine manufacture Commercial	USD19,544,550 RMB3,100,000	35.19% 10.00%	33.33% 10.00%

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VIII Related party relationships and significant related party transactions (continued)

(4) Other related parties

	<u>Relationship with the Company</u>
Sino-Swed Pharmaceutical Corp.Ltd.	Associate of CNPGC
China Otsuka Pharmaceutical Co., Ltd.	Associate of CNPGC
Shanghai Sailun Biological Technology Co., Ltd.	Associate of CNPGC
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	Associate of CNPGC
Shenzhen Wanwei Medicine trading Co., Ltd.	Subsidiary of Wanle Medica
Sichuan Kang Daxin Pharmaceutical Co., Ltd	Associate of Sinopharm Group
Shanghai Wanli Medical Beauty Clinic Limited	Associate of Sinopharm Group
Yichang Humanwell Pharmaceutical Co., Ltd.	Associate of Sinopharm Group
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.("Fosun Pharm")	Shareholders have significant influence on Sinopharm Group
Foshan Chancheng Pharmaceutical Co., Ltd	Subsidiary of Fosun Pharm
Chongqing Yaoyou Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Foshan Chancheng District Central Hospital	Subsidiary of Fosun Pharm
Foshan Chanyixing Medicine Development Co Ltd	Subsidiary of Fosun Pharm
NanJing Iron & Steel Co., Ltd.	Subsidiary of Fosun Pharm
Nanjing Iron & Steel Group International Trade Co., Ltd	Subsidiary of Fosun Pharm
Sichuan Hexin Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	Subsidiary of Fosun Pharm
Chongqing Haisiman Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Guilin South pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Shenyang Hongqi Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Hunan Dongting Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Handan Pharmaceutical Co., Ltd	Subsidiary of Fosun Pharm
Suzhou Erye Pharmaceutical Limited Company	Subsidiary of Fosun Pharm
Shanghai Chaohui Pharmecurical Co., Ltd.	Subsidiary of Fosun Pharm
Jiangsu Huanghe Pharmaceutical Co., Ltd	Subsidiary of Fosun Pharm
China Sinopharm International Corporation	Controlled by CNPGC
Sinopharm Group Guangdong Medicine Device Co., Ltd.	Controlled by CNPGC
China National Scientific Instruments & Materials Imp/Exp Shenzhen Co., Ltd	Controlled by CNPGC
Qinghai Medical Pharmaceutical Material Co., Ltd.	Controlled by CNPGC
Guang dong South Pharmaceutical Foreign Trade Co., Ltd.	Controlled by CNPGC
Beijing Fusheng Tiandi Property Management Ltd.	Controlled by CNPGC
Heilongjiang Sinopharm Medical Herbs Co., Ltd.	Controlled by CNPGC
Sinopharm Fortuneway Company	Controlled by CNPGC
Sinopharm (Shanghai) E-Health Co.,Ltd.	Controlled by CNPGC
China National Pharmaceutical Foreign Trade Co., Ltd.	Controlled by CNPGC
Sinopharm United Engineering Corporation	Controlled by CNPGC
Huayi Pharmaceutical Co., Ltd	Controlled by CNPGC
Sinopharm Chongqing Pharmaceutical and Medical Industry Design Institute	Controlled by CNPGC
Chinese Science Equipment Co., Ltd	Controlled by CNPGC
Shanghai Institute of Pharmaceutical Industry	Controlled by CNPGC
Reed Sinopharm Exhibitions Co., Ltd.	Controlled by CNPGC
Shanghai Xinshengyuan Pharmaceutical Co., Ltd.	Controlled by CNPGC
Wuhan Institute of Biological Products Co., Ltd.	Controlled by CNPGC
Chengdu Rongsheng Pharmacy Co., Ltd.	Controlled by CNPGC
Winteam Pharmaceutical Group Ltd.	Controlled by CNPGC
Group Financial Co	Controlled by CNPGC
Qinghai Pharmaceutical Factory Co., Ltd.	Controlled by CNPGC
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	Controlled by CNPGC
Lanzhou Institute of Biological Products Co., Ltd.	Controlled by CNPGC
Anhui Jingfang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	Controlled by CNPGC
Guizhou Tongjitang Pharmaceutical Co., Ltd.	Controlled by CNPGC

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VIII Related party relationships and significant related party transactions (continued)

(4) Other related parties (continued)

	<u>Relationship with the Company</u>
Shanghai Shyndec Pharmaceutical Co., Ltd.	Controlled by CNPGC
Foshan Dezhong Pharmaceutical Co., Ltd.	Controlled by CNPGC
Foshan Fengliaoqing Pharmaceutical Co., Ltd.	Controlled by CNPGC
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	Controlled by CNPGC
Qinghai Pharmaceutical(group) Co., Ltd.	Controlled by CNPGC
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	Controlled by CNPGC
Shandong Lu Ya Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm United Medical Device Co., Ltd.	Controlled by CNPGC
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	Controlled by CNPGC
Guangdong Medi-World Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Group Shanghai Medicine Device Co., Ltd.	Controlled by CNPGC
Foshan Fengliaoqing Pharmaceutical Co., Ltd.	Controlled by CNPGC
The Fourth Pharmaceutical Co., Ltd. of Zhonglian Group	Controlled by CNPGC
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	Controlled by CNPGC
Guizhou Longlife Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Group Beijing Medical equipment Co., Ltd.	Controlled by CNPGC
Sinopharm Group Weiqida Medicine Co., Ltd.	Controlled by CNPGC
China State Institute of Pharmaceutical Industry	Controlled by CNPGC
China Traditional Chinese Medicine Co.	Controlled by CNPGC
China National Pharmaceutical Industry Co., Ltd.	Controlled by CNPGC
Sinopharm Guangdong Medical Examination Co., Ltd.	Controlled by CNPGC
Sinopharm Industrial Medicine Trading Co., Ltd.	Controlled by CNPGC
Sichuan Jiangyouzhongbafuzi Technology Development Co., Ltd.	Controlled by Sinopharm Group
Foshan Nanhai Uptodate & Special Medicines Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hunan Co., Ltd.	Controlled by Sinopharm Group
Foshan Nanhai Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shandong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Sichuan Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guoda Drug Store Guangdong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hainan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Le -Ren-Tang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hubei Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Huahong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ningxia Co., Ltd.	Controlled by Sinopharm Group
Guangdong Dong Fang Uptodate & Special Medicines Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Guoda Drug Store Guangxi Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Sub Marketing Center Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wenzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Southwest Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tianjin Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hainan Hongyi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nantong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yunnan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jinzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Henan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Fuzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shenyang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanxi Co., Ltd.	Controlled by Sinopharm Group

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VIII Related party relationships and significant related party transactions (continued)

(4) Other related parties (continued)

	<u>Relationship with the Company</u>
Sinopharm Holding Zhejiang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guizhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Guoda Drug Store Jiangmen Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yangzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chengdu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Heilongjiang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Fujian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Gansu Co., Ltd.	Controlled by Sinopharm Group
China National Medicines Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Qinghai Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jilin Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yancheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Lunan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wuxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xuzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Suzhou Kangmin Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Taizhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guoda Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Qingdao Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dalian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Inner Mongolia Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Quanzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chongqing Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Longyan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ningde Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tianjin North Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Putian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changzhou Medical logistics center Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Sanming Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiangsu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anhui Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changde Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiangxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yantai Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hongkong International Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Suzhou Co., Ltd.	Controlled by Sinopharm Group
Hetian Region Ankang Chain Drugstore Co., Ltd.	Controlled by Sinopharm Group
Shanghai Merro Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Shanghai Donghong Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Medicine Logistic Co., Ltd.	Controlled by Sinopharm Group
Shanxi Guoyi Drug Store Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wuhu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anqing Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anyang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding ChiFeng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhangzhou Co., Ltd.	Controlled by Sinopharm Group

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VIII Related party relationships and significant related party transactions (continued)

(4) Other related parties (continued)

	<u>Relationship with the Company</u>
Sinopharm Holding Zhoukou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Luoyang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Yixin Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiling Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zunyi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Qianxinan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dezhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding (Yangzhou) Chinese Western Medicine Branch Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinyu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shangqiu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Benzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Linfen Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinxiang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Puyang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding HongKong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Huaian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jinan Co., Ltd.	Controlled by Sinopharm Group
Sichuan Zhongwei Pharmaceutical Co. Ltd.	Controlled by Sinopharm Group
Guoda Shenyang Tianyitang Pharmacy Chain Store Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Xinjiang Korla Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Kaifeng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dandong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nanping Co., Ltd.	Controlled by Sinopharm Group
Shanghai Nutraceuticals (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Shanghai Tongyu Information Technology Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jingmen Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhejiang Biological Product Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tongliao Co., Ltd.	Controlled by Sinopharm Group
Shanghai Yunnuo Marketing Consulting Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Financing Lease Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guoda Drug Store Guangzhou Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Chemical Reagent Co., Ltd.	Controlled by Sinopharm Group
Beijing Tongyu Information Technology Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Chemical Reagent Suzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hunan Guoda Minshengtang Drug Store Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tianjin Binhai Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Fuyang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Huainan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Shanghai Nutraceuticals (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Guorui Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Lerentang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Liaocheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Guoda Drug Store (Shenzhen) Chain Co., Ltd.	Controlled by Sinopharm Group

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VIII Related party relationships and significant related party transactions (continued)

(4) Other related parties (continued)

	<u>Relationship with the Company</u>
Sinopharm Holding Macheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nanping Newforce Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiayun Trading Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Huaideju Pharmaceutical (Xiamen)Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Sanyi Medicine(Wuhu) Co., Ltd.	Controlled by Sinopharm Group
China National Pharmaceutical Group Shanghai Co., Ltd.	Controlled by Sinopharm Group
Foshan Nanhai Medicine Group Co., Ltd.	Controlled by Sinopharm Group
Wang Yang	Family member of minority interest of subsidiary
Jiang Meng Renren Medical instrument Co., Ltd.	Controlled by subsidiary's key management
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	Controlled by minority interest of subsidiary

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VIII Related party relationships and significant related party transactions (continued)

(5) Related party transactions

(a) Purchase of goods

Related party	Pricing policies	2015		2014	
		Amount (RMB'0,000)	% of same transaction	Amount (RMB'0,000)	% of same transaction
Sinopharm Holding Sub Marketing Center Co., Ltd.	Market price	94,434.72	2.98%	86,483.65	4.33%
Sinopharm Group	Market price	51,204.61	1.62%	52,042.45	2.60%
China National Medicines Co., Ltd.	Market price	38,117.92	1.20%	31,797.67	1.59%
Sino-Swed Pharmaceutical Corp.Ltd.	Market price	8,779.94	0.28%	7,987.68	0.40%
Guang dong South Pharmaceutical Foreign Trade Co., Ltd.	Market price	7,670.37	0.24%	5,517.77	0.28%
Foshan Nanhai Uptodate & Special Medicines Co., Ltd.	Market price	6,279.89	0.20%	868.67	0.04%
Shenzhen Wanwei Medicine trading Co., Ltd.	Market price	5,687.86	0.18%	6,963.97	0.35%
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	Market price	4,833.08	0.15%	3,559.06	0.18%
Chongqing Yaoyou Pharmaceutical Co., Ltd.	Market price	2,790.61	0.09%	1,681.69	0.08%
Lanzhou Institute of Biological Products Co., Ltd.	Market price	2,476.90	0.08%	1,401.60	0.07%
Winteam Pharmaceutical Group Ltd.	Market price	2,357.30	0.07%	2,946.34	0.15%
Guangdong Dong Fang Uptodate & Special Medicines Co., Ltd.	Market price	2,277.95	0.07%	555.59	0.03%
Sinopharm Holding Guizhou Co., Ltd.	Market price	1,791.32	0.06%	1,549.58	0.08%
Wanle Medical	Market price	1,686.05	0.05%	1,521.59	0.08%
Sinopharm Group Weiqida Medicine Co., Ltd.	Market price	1,589.74	0.05%	226.19	0.01%
Chengdu Rongsheng Pharmacy Co., Ltd.	Market price	1,495.16	0.05%	2,541.94	0.13%
Wuhan Institute of Biological Products Co., Ltd.	Market price	964.42	0.03%	908.17	0.05%
Foshan Nanhai Medicine Co., Ltd.	Market price	874.59	0.03%	76.58	0.00%
Qinghai Pharmaceutical Factory Co., Ltd.	Market price	451.44	0.01%	465.61	0.02%
Chongqing Haisiman Pharmaceutical Co., Ltd.	Market price	357.29	0.01%	909.82	0.05%
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	Market price	312.25	0.01%	-	0.00%
Guizhou Tongjitang Pharmaceutical Co., Ltd.	Market price	309.47	0.01%	315.33	0.02%
Sinopharm Holding Hunan Co., Ltd.	Market price	287.69	0.01%	1,008.98	0.05%
Sinopharm Holding Beijing Huahong Co., Ltd.	Market price	276.20	0.01%	165.29	0.01%
Sinopharm Holding Hubei Co., Ltd.	Market price	252.29	0.01%	3,245.47	0.16%
Sichuan Hexin Pharmaceutical Co., Ltd.	Market price	247.82	0.01%	-	0.00%
China National Scientific Instruments & Materials Imp/Exp Shenzhen Co., Ltd	Market price	216.09	0.01%	-	0.00%
Sinopharm Holding Beijing Co., Ltd.	Market price	212.24	0.01%	356.62	0.02%
Shanghai Shyndec Pharmaceutical Co., Ltd.	Market price	133.55	0.00%	152.89	0.01%
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	Market price	131.08	0.00%	101.35	0.01%
China Otsuka Pharmaceutical Co., Ltd.	Market price	126.48	0.00%	81.19	0.00%
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	Market price	116.59	0.00%	269.29	0.01%
Anhui Jingfang Pharmaceutical Co., Ltd.	Market price	104.67	0.00%	91.19	0.00%
Sinopharm Holding Lerentang Pharmaceutical Co., Ltd	Market price	93.61	0.00%	-	0.00%
Sinopharm Holding Chengdu Co., Ltd	Market price	88.82	0.00%	-	0.00%
Foshan Fengliaoqing Pharmaceutical Co., Ltd.	Market price	82.70	0.00%	47.90	0.00%
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd	Market price	80.02	0.00%	-	0.00%
To next page		239,192.73	7.53%	215,841.12	10.81%

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VIII Related party relationships and significant related party transactions (continued)

(5) Related party transactions (continued)

(a) Purchase of goods (continued)

Related party	Pricing policies	2015		2014	
		Amount (RMB'0,000)	% of same transaction	Amount (RMB'0,000)	% of same transaction
continued		239,192.73	7.53%	215,841.12	10.81%
Shanghai Sailun Biological Technology Co., Ltd.	Market price	77.00	0.00%	-	0.00%
Sinopharm Group Chemical Reagent Co., Ltd.	Market price	76.59	0.00%	85.02	0.00%
China Sinopharm International Corporation	Market price	68.44	0.00%	-	0.00%
Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	Market price	66.14	0.00%	38.04	0.00%
China National Pharmaceutical Foreign Trade Co., Ltd.	Market price	63.30	0.00%	113.37	0.01%
Yichang Humanwell Pharmaceutical Co., Ltd.	Market price	53.11	0.00%	3.73	0.00%
Guilin South pharmaceutical Co., Ltd.	Market price	46.55	0.00%	48.34	0.00%
Sinopharm Zhuhai	Market price	39.52	0.00%	-	0.00%
Shenyang Hongqi Pharmaceutical Co., Ltd.	Market price	31.13	0.00%	23.43	0.00%
Sinopharm Group Southwest Medicine Co., Ltd.	Market price	30.51	0.00%	93.07	0.00%
Sinopharm Group Guorui Medicine Co., Ltd.	Market price	23.42	0.00%	37.23	0.00%
Handan Pharmaceutical Co., Ltd.	Market price	19.46	0.00%	27.62	0.00%
Sinopharm Group Chemical Reagent Suzhou Co., Ltd.	Market price	17.87	0.00%	19.46	0.00%
Sinopharm Holding Fujian Co., Ltd.	Market price	14.56	0.00%	53.29	0.00%
Sinopharm Group Shanghai Medicine Device Co., Ltd.	Market price	14.10	0.00%	5.53	0.00%
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	Market price	13.81	0.00%	15.67	0.00%
Sichuan Jiang You Zhong Ba Science and Technology Development Co., Ltd.	Market price	12.74	0.00%	3.72	0.00%
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	Market price	10.87	0.00%	18.68	0.00%
Hunan Dongting Pharmaceutical Co., Ltd.	Market price	10.86	0.00%	6.97	0.00%
Sinopharm Holding Luoyang Co., Ltd.	Market price	9.71	0.00%	6.51	0.00%
Suzhou Erye Pharmaceutical Limited Company	Market price	9.54	0.00%	13.29	0.00%
Sinopharm Holding Suzhou Co., Ltd.	Market price	8.22	0.00%	(1.16)	0.00%
Sinopharm Holding Hainan Co., Ltd.	Market price	4.44	0.00%	17.82	0.00%
Sinopharm Guoda Drug Store(Shenzhen) Chain Co., Ltd.	Market price	3.99	0.00%	3.88	0.00%
Sinopharm Holding Fuzhou Co., Ltd.	Market price	2.92	0.00%	-	0.00%
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Market price	2.86	0.00%	-	0.00%
Sinopharm Holding Dalian Co., Ltd.	Market price	1.41	0.00%	-	0.00%
Sinopharm Holding Hainan Hongyi Co., Ltd.	Market price	0.59	0.00%	1.65	0.00%
Sinopharm Holding Shaanxi Co., Ltd.	Market price	0.52	0.00%	0.61	0.00%
Sinopharm Guangdong Medical Experiment Co., Ltd.	Market price	0.06	0.00%	-	0.00%
Sinopharm Holding Shanxi Co., Ltd.	Market price	-	0.00%	114.76	0.01%
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	Market price	-	0.00%	102.52	0.01%
China National Pharmaceutical Industry Co., Ltd.	Market price	-	0.00%	36.59	0.00%
Sinopharm Holding Heilongjiang Co., Ltd.	Market price	-	0.00%	13.19	0.00%
Sinopharm Holding Inner Mongolia Co., Ltd.	Market price	-	0.00%	6.68	0.00%
Sinopharm Yixin Medicine Co., Ltd.	Market price	-	0.00%	6.11	0.00%
Sinopharm Holding Henan Co., Ltd.	Market price	-	0.00%	2.08	0.00%
Sinopharm Holding Dezhou Co., Ltd.	Market price	-	0.00%	1.10	0.00%
Sinopharm Holding Shandong Co., Ltd.	Market price	-	0.00%	0.67	0.00%
Jiangsu Huanghe Pharmaceutical Co., Ltd.	Market price	-	0.00%	0.49	0.00%
Sinopharm Holding Ningxia Co., Ltd.	Market price	-	0.00%	0.26	0.00%
Guizhou Longlife Pharmaceutical Co., Ltd.	Market price	-	0.00%	(0.77)	0.00%
Sinopharm Holding Macheng Co., Ltd.	Market price	(0.02)	0.00%	602.58	0.03%
Guangdong Medi-World Pharmaceutical Co., Ltd.	Market price	(0.04)	0.00%	(0.03)	0.00%
Shandong Lu Ya Pharmaceutical Co., Ltd.	Market price	(0.06)	0.00%	34.91	0.00%
Sinopharm Holding Sanyi Medicine(Wuhu) Co., Ltd.	Market price	(0.11)	0.00%	-	0.00%
Sinopharm Holding Jiangsu Co., Ltd.	Market price	(1.94)	0.00%	3.23	0.00%
Total		239,924.80	7.53%	217,401.26	10.87%

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VIII Related party relationships and significant related party transactions (continued)

(5) Related party transactions (continued)

(b) Sales of goods

Related party	Pricing policies	2015		2014	
		Amount (RMB'0,000)	% of same transaction	Amount (RMB'0,000)	% of same transaction
Foshan Nanhai Uptodate & Special Medicines Co., Ltd.	Market price	14,703.37	0.57%	14,721.88	0.62%
Sinopharm Holding Hunan Co., Ltd.	Market price	13,394.25	0.52%	14,592.53	0.61%
Foshan Nanhai Medicine Co., Ltd.	Market price	10,821.93	0.42%	6,995.23	0.29%
Sinopharm Holding Shandong Co., Ltd.	Market price	9,288.90	0.36%	6,360.19	0.27%
Sinopharm Sichuan Pharmaceutical Co., Ltd.	Market price	8,660.33	0.33%	3,271.61	0.14%
Sinopharm Holding Beijing Co., Ltd.	Market price	8,418.03	0.33%	7,288.30	0.31%
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	Market price	7,815.74	0.30%	5,397.07	0.23%
Sinopharm Holding Guoda Drug Store Guangdong Co., Ltd.	Market price	7,251.97	0.28%	6,559.60	0.27%
Sinopharm Holding Hainan Co., Ltd.	Market price	6,937.47	0.27%	7,756.87	0.32%
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Market price	6,222.85	0.24%	5,840.71	0.24%
Sinopharm Le -Ren-Tang Medicine Co., Ltd.	Market price	6,009.13	0.23%	6,965.02	0.29%
Sinopharm Holding Hubei Co., Ltd.	Market price	5,682.20	0.22%	9,950.42	0.42%
Sinopharm Holding Beijing Huahong Co., Ltd.	Market price	4,848.83	0.19%	5,979.32	0.25%
Sinopharm Holding Ningxia Co., Ltd.	Market price	4,409.05	0.17%	4,216.48	0.18%
Guangdong Dong Fang Uptodate & Special Medicines Co., Ltd.	Market price	3,765.71	0.15%	1,709.62	0.07%
Sinopharm Guoda Drug Store Guangxi Chain Co., Ltd.	Market price	3,120.69	0.12%	3,149.68	0.13%
Sinopharm Holding Sub Marketing Center Co., Ltd.	Market price	3,034.21	0.12%	4,514.20	0.19%
Sinopharm Holding Wenzhou Co., Ltd.	Market price	2,902.64	0.11%	2,868.69	0.12%
Sinopharm Group Southwest Medicine Co., Ltd.	Market price	2,894.13	0.11%	2,875.67	0.12%
Sinopharm Holding Tianjin Co., Ltd.	Market price	2,662.59	0.10%	2,483.16	0.10%
Sinopharm Holding Hainan Hongyi Co., Ltd.	Market price	2,659.25	0.10%	2,263.41	0.09%
Sinopharm Holding Nantong Co., Ltd.	Market price	2,517.77	0.10%	2,628.01	0.11%
Sinopharm Group	Market price	2,321.13	0.09%	2,633.35	0.11%
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	Market price	2,259.65	0.09%	2,481.00	0.10%
Foshan Chancheng Pharmaceutical Co., Ltd.	Market price	2,185.30	0.08%	-	0.00%
Sinopharm Holding Yunnan Co., Ltd.	Market price	1,925.99	0.07%	1,430.90	0.06%
Sinopharm Holding Jinzhou Co., Ltd.	Market price	1,766.68	0.07%	1,739.20	0.07%
Sinopharm Holding Henan Co., Ltd.	Market price	1,629.17	0.06%	1,321.87	0.06%
Sinopharm Holding Fuzhou Co., Ltd.	Market price	1,565.59	0.06%	1,634.12	0.07%
Sinopharm Holding Shenyang Co., Ltd.	Market price	1,324.94	0.05%	1,415.97	0.06%
Sinopharm Holding Shanxi Co., Ltd.	Market price	1,198.12	0.05%	1,022.16	0.04%
Sinopharm Holding Zhejiang Co., Ltd.	Market price	1,188.61	0.05%	4,199.83	0.18%
Sinopharm Holding Shanxi Co., Ltd.	Market price	997.43	0.04%	900.33	0.04%
Sinopharm Holding Guizhou Co., Ltd.	Market price	947.88	0.04%	812.84	0.03%
Sinopharm Guoda Drug Store Jiangmen Chain Co., Ltd.	Market price	876.79	0.03%	818.22	0.03%
Sinopharm Holding Yangzhou Co., Ltd.	Market price	761.82	0.03%	939.62	0.04%
Sinopharm Holding Chengdu Co., Ltd.	Market price	749.80	0.03%	6.36	0.00%
Sinopharm Holding Heilongjiang Co., Ltd.	Market price	646.18	0.02%	816.18	0.03%
Sinopharm Holding Fujian Co., Ltd.	Market price	529.41	0.02%	706.91	0.03%
Sinopharm Holding Gansu Co., Ltd.	Market price	495.90	0.02%	348.14	0.01%
China National Medicines Co., Ltd.	Market price	491.07	0.02%	514.98	0.02%
Foshan Chancheng District Central Hospital	Market price	399.81	0.02%	971.42	0.04%
Sinopharm Holding Yancheng Co., Ltd.	Market price	383.77	0.01%	319.84	0.01%
Sinopharm Holding Qinghai Co., Ltd.	Market price	380.15	0.01%	303.66	0.01%
Sinopharm Holding Jilin Co., Ltd.	Market price	359.22	0.01%	313.31	0.01%
Sinopharm Holding Lunan Co., Ltd.	Market price	308.64	0.01%	115.35	0.00%
Sinopharm Holding Wuxi Co., Ltd.	Market price	294.55	0.01%	364.26	0.02%
To next page		164,008.64	6.33%	154,517.49	6.44%

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VIII Related party relationships and significant related party transactions (continued)

(5) Related party transactions (continued)

(b) Sales of goods (continued)

Related party	Pricing policies	2015		2014	
		Amount (RMB'0,000)	% of same transaction	Amount (RMB'0,000)	% of same transaction
continued		164,008.64	6.33%	154,517.49	6.44%
Sinopharm Holding Xuzhou Co., Ltd.	Market price	261.08	0.01%	598.05	0.03%
Sinopharm Holding Taizhou Co., Ltd.	Market price	224.62	0.01%	177.78	0.01%
Sinopharm Holding Suzhou Kangmin Pharmaceutical Co., Ltd	Market price	221.66	0.01%	-	0.00%
Sinopharm Holding Guoda Pharmacy Co., Ltd.	Market price	196.49	0.01%	204.77	0.01%
Sinopharm Holding Qingdao Co., Ltd.	Market price	195.87	0.01%	388.02	0.02%
Sinopharm Holding Dalian Co., Ltd.	Market price	175.86	0.01%	165.83	0.01%
Sinopharm Holding Inner Mongolia Co., Ltd.	Market price	171.94	0.01%	257.60	0.01%
Sinopharm Holding Quanzhou Co., Ltd.	Market price	160.75	0.01%	163.54	0.01%
Sinopharm Zhuhai	Market price	143.93	0.01%	-	0.00%
China Sinopharm International Corporation	Market price	140.75	0.01%	520.32	0.02%
Sinopharm Holding Chongqing Co., Ltd.	Market price	135.58	0.01%	858.13	0.04%
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	Market price	133.20	0.01%	198.90	0.01%
Sinopharm Holding Longyan Co., Ltd.	Market price	126.10	0.00%	117.99	0.00%
Suzhou Erye Pharmaceutical Limited Company	Market price	117.39	0.00%	-	0.00%
Sinopharm Group Guangdong Medicine Device Co., Ltd.	Market price	100.94	0.00%	-	0.00%
Sinopharm Holding Shaanxi Co., Ltd.	Market price	89.71	0.00%	99.23	0.00%
Chongqing Yaoyou Pharmaceutical Co., Ltd.	Market price	79.49	0.00%	1,553.21	0.07%
Sinopharm Holding Ningde Co., Ltd.	Market price	79.35	0.00%	98.06	0.00%
Sinopharm Holding Tianjin North Medicine Co., Ltd.	Market price	78.43	0.00%	234.31	0.01%
Sinopharm Holding Putian Co., Ltd.	Market price	76.29	0.00%	80.36	0.00%
Sinopharm Holding Changzhou Medical logistics center Co., Ltd.	Market price	66.29	0.00%	60.35	0.00%
Sinopharm Holding Sanming Co., Ltd.	Market price	56.73	0.00%	31.69	0.00%
Sinopharm Holding Jiangsu Co., Ltd.	Market price	49.78	0.00%	46.81	0.00%
Sinopharm Holding Anqing Co., Ltd.	Market price	46.58	0.00%	81.18	0.00%
Sinopharm Holding Anhui Co., Ltd.	Market price	35.16	0.00%	31.24	0.00%
Jiang Meng Renren Medical instrument Co., Ltd.	Market price	34.95	0.00%	8.55	0.00%
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	Market price	34.51	0.00%	27.73	0.00%
Sinopharm Holding Changde Co., Ltd.	Market price	33.61	0.00%	61.24	0.00%
Sinopharm Holding Jiangxi Co., Ltd.	Market price	30.87	0.00%	12.70	0.00%
Sinopharm Holding Yantai Co., Ltd.	Market price	28.14	0.00%	46.53	0.00%
China National Scientific Instruments & Materials Imp/Exp Shenzhen Co., Ltd	Market price	24.37	0.00%	20.33	0.00%
Foshan Chanyixing Medicine Development Co Ltd	Market price	15.86	0.00%	21.48	0.00%
Qinghai Medical Pharmaceutical Material Co., Ltd.	Market price	14.33	0.00%	15.09	0.00%
Sinopharm Group Guorui Medicine Co., Ltd.	Market price	13.46	0.00%	-	0.00%
Sinopharm Holding Hongkong International Co., Ltd	Market price	11.94	0.00%	-	0.00%
Sinopharm Holding Suzhou Co., Ltd.	Market price	11.40	0.00%	46.14	0.00%
Guang dong South Pharmaceutical Foreign Trade Co., Ltd.	Market price	11.38	0.00%	510.12	0.02%
Hetian Region Ankang Chain Drugstore Co., Ltd.	Market price	9.22	0.00%	-	0.00%
Shanghai Merro Pharmaceutical Co., Ltd.	Market price	7.77	0.00%	68.61	0.00%
Beijing Fusheng Tiandi Property Management Ltd.	Market price	6.44	0.00%	4.58	0.00%
Shanghai Donghong Medicine Co., Ltd.	Market price	6.35	0.00%	116.65	0.00%
Sinopharm Group Medicine Logistic Co., Ltd.	Market price	5.77	0.00%	-	0.00%
Shanxi Guoyi Drug Store Co., Ltd.	Market price	5.42	0.00%	4.36	0.00%
Sinopharm Holding Wuhu Co., Ltd.	Market price	5.13	0.00%	0.92	0.00%
Wanle Medical	Market price	5.13	0.00%	-	0.00%
Sichuan Kang Daxin Pharmaceutical Co., Ltd	Market price	4.15	0.00%	-	0.00%
Sinopharm Holding Zhangzhou Co., Ltd.	Market price	3.85	0.00%	2.24	0.00%
Sinopharm Holding Anyang Co., Ltd.	Market price	2.98	0.00%	2.09	0.00%
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	Market price	2.79	0.00%	2.16	0.00%
To next page		167,502.43	6.45%	161,456.38	6.71%

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VIII Related party relationships and significant related party transactions (continued)

(5) Related party transactions (continued)

(b) Sales of goods (continued)

Related party	Pricing policies	2015		2014	
		Amount (RMB'0,000)	% of same transaction	Amount (RMB'0,000)	% of same transaction
continued		167,502.43	6.45%	161,456.38	6.71%
Sinopharm Holding ChiFeng Co., Ltd.	Market price	2.60	0.00%	10.39	0.00%
Sinopharm Holding Zhoukou Co., Ltd.	Market price	2.01	0.00%	1.51	0.00%
Sinopharm Holding Jiling Co., Ltd.	Market price	1.74	0.00%	2.15	0.00%
Sinopharm Holding Zunyi Co., Ltd.	Market price	1.58	0.00%	-	0.00%
Sinopharm Holding Qianxinan Co., Ltd.	Market price	1.44	0.00%	0.40	0.00%
Heilongjiang Sinopharm Medical Herbs Co., Ltd.	Market price	1.36	0.00%	1.77	0.00%
Sinopharm Holding Dezhou Co., Ltd.	Market price	1.29	0.00%	1.44	0.00%
Sinopharm Holding Changzhou Co., Ltd.	Market price	1.11	0.00%	3.94	0.00%
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	Market price	1.08	0.00%	39.16	0.00%
Sinopharm Holding (Yangzhou) Chinese Western Medicine Branch Co., Ltd.	Market price	1.07	0.00%	5.86	0.00%
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	Market price	1.06	0.00%	106.25	0.00%
Sinopharm Holding Xinyu Co., Ltd.	Market price	0.65	0.00%	-	0.00%
Sinopharm Holding Shangqiu Co., Ltd.	Market price	0.65	0.00%	-	0.00%
Sinopharm Holding Benzhou Co., Ltd.	Market price	0.37	0.00%	0.47	0.00%
Sinopharm Holding Nanping New Force Co., Ltd.	Market price	0.37	0.00%	-	0.00%
Sinopharm Jiayun International Trading Co., Ltd.	Market price	0.32	0.00%	-	0.00%
Sinopharm Holding Shanxi Linfen Co., Ltd.	Market price	0.19	0.00%	-	0.00%
Sinopharm (Shanghai) E-Health Co., Ltd.	Market price	0.18	0.00%	0.20	0.00%
Sinopharm Holding Xinxiang Co., Ltd.	Market price	0.09	0.00%	0.27	0.00%
Sinopharm Holding Puyang Co., Ltd.	Market price	0.03	0.00%	5.00	0.00%
Sinopharm Holding Hongkong Co., Ltd.	Market price	-	0.00%	18.27	0.00%
Sinopharm Holding Huaian Co., Ltd.	Market price	-	0.00%	8.89	0.00%
Sinopharm Holding Jinan Co., Ltd.	Market price	-	0.00%	7.62	0.00%
Guoda Shenyang Tianyitang Pharmacy Chain Store Co., Ltd.	Market price	-	0.00%	5.54	0.00%
China National Pharmaceutical Foreign Trade Co., Ltd.	Market price	-	0.00%	2.56	0.00%
Sinopharm United Engineering Corporation	Market price	-	0.00%	2.05	0.00%
Sinopharm Xinjiang Korla Pharmaceutical Co., Ltd.	Market price	-	0.00%	1.43	0.00%
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	Market price	-	0.00%	0.96	0.00%
Huayi Pharmaceutical Co., Ltd.	Market price	-	0.00%	0.75	0.00%
Sinopharm Holding Kaifeng Co., Ltd.	Market price	-	0.00%	0.64	0.00%
Group Financial Co.	Market price	-	0.00%	0.60	0.00%
Sinopharm Holding Dandong Co., Ltd.	Market price	-	0.00%	0.54	0.00%
Sinopharm Holding Nanping Co., Ltd.	Market price	-	0.00%	0.45	0.00%
Shanghai Wanli Medical Beauty Clinic Limited	Market price	-	0.00%	0.44	0.00%
Shanghai Nutraceuticals (Shanghai) Co., Ltd.	Market price	-	0.00%	0.33	0.00%
Shanghai Tongyu Information Technology Co., Ltd.	Market price	-	0.00%	0.26	0.00%
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	Market price	-	0.00%	0.13	0.00%
Sinopharm Holding Jingmen Co., Ltd.	Market price	-	0.00%	0.12	0.00%
Sinopharm Holding Zhejiang Biological Product Co., Ltd.	Market price	-	0.00%	0.04	0.00%
Sinopharm Holding Tongliao Co., Ltd.	Market price	(0.08)	0.00%	0.86	0.00%
Shanghai Yunnuo Marketing Consulting Co., Ltd.	Market price	(15.60)	0.00%	0.08	0.00%
Total		167,505.94	6.45%	161,687.75	6.71%

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VIII Related party relationships and significant related party transactions (continued)

(5) Related party transactions (continued)

(c) Lease

The Group as leaser:

Lessees	Type of assets use for	Rental income in Year 2015 (RMB'0,000)	Rental income in Year 2014 (RMB'0,000)
Sinopharm Guoda Drug Store Guangxi Chain Co., Ltd.	Building	235.62	226.99
Sinopharm Guoda Drug Store(Shenzhen) Chain Co., Ltd.	Building	53.26	72.30
Sinopharm Holding Guoda Drug Store Guangzhou Chain Co., Ltd.	Building	26.97	9.75
Sinopharm Group Guangdong Medicine Device Co., Ltd.	Building	26.02	27.03
China National Medicines Co., Ltd.	Building	4.32	4.32
Sinopharm Holding Sub Marketing Center Co., Ltd.	Building	3.24	-
Sinopharm Group Industrial Drug Marketing Co., Ltd	Building	-	4.32
		<u>349.43</u>	<u>344.71</u>

Rental income received from related parties is negotiated by both parties involved in the lease and by making reference to the market price.

The Group as lessee:

Leasers	Type of assets use for	Rentalexpenditures in Year 2015 (RMB'0,000)	Rentalexpenditures in Year 2014 (RMB'0,000)
Sinopharm Group Medicine Logistic Co., Ltd.	Equipment	750.00	750.00
Sinopharm Group Medicine Logistic Co., Ltd.	Building	708.00	708.00
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	Building	97.72	88.68
Wang Yang	Building	55.20	55.20
Foshan Nanhai Medicine Group Co., Ltd.	Building	26.50	22.18
		<u>1,637.42</u>	<u>1,624.06</u>

Lease charges paid to related parties are negotiated by both parties involved in the lease and by making reference to the market price.

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VIII Related party relationships and significant related party transactions (continued)

(5) Related party transactions (continued)

(d) Guarantees provided

Guarantor	Guarantee	Amount (RMB'0,000)	Beginning date of guarantee contract	Maturity date of guarantee contract	Guarantee obligation expired
Guarantees between the Group and the related parties-					
Sinopharm Group	Sinopharm Guangzhou	<u>28,626.47</u>	03 June 2015	03 June 2016	No
Guarantees between the Company and the subsidiaries-					
The Company	Sinopharm Guangzhou	31,820.36	08 September 2015	07 September 2016	No
The Company	Sinopharm Guangzhou	28,031.67	17 September 2015	29 June 2016	No
The Company	Sinopharm Guangzhou	27,946.03	06 May 2015	06 May 2016	No
The Company	Sinopharm Guangzhou	27,276.01	15 May 2015	14 May 2016	No
The Company	Sinopharm Guangzhou	18,262.20	23 June 2015	30 April 2016	No
The Company	Sinopharm Guangzhou	17,592.06	20 September 2015	19 September 2016	No
The Company	Sinopharm Guangxi	16,010.25	8 September 2015	07 September 2016	No
Zhijun Medicine	The Company	13,363.68	18 June 2015	15 June 2016	No
The Company	Sinopharm Guangxi	13,120.71	30 July 2015	30 July 2016	No
The Company	Sinopharm Liuzhou	8,999.09	8 September 2015	07 September 2016	No
The Company	Zhijun Medicine	6,892.73	10 September 2015	10 September 2016	No
The Company	Sinopharm Guangzhou	6,839.50	20 May 2015	20 May 2016	No
Zhijun Medicine	The Company	6,630.00	28 May 2015	15 February 2016	No
The Company	Sinopharm Guangxi	6,573.66	25 September 2015	6 August 2016	No
The Company	Zhijun Medicine	4,563.26	08 September 2015	07 September 2016	No
The Company	Sinopharm Yanfeng	4,513.88	08 September 2015	07 September 2016	No
The Company	Sinopharm Guangzhou	4,160.03	21 August 2015	20 August 2016	No
Zhijun Medicine	The Company	4,089.52	04 April 2014	03 April 2022	No
The Company	Sinopharm Yuexing	3,133.13	20 May 2015	20 May 2016	No
The Company	Sinopharm Liuzhou	2,894.98	20 March 2015	19 March 2016	No
The Company	Sinopharm Guangzhou	2,682.52	23 October 2015	31 July 2016	No
The Company	Sinopharm Yanfeng	2,245.35	15 May 2015	14 May 2016	No
The Company	Sinopharm Guangzhou	2,168.52	21 December 2015	20 December 2016	No
The Company	Sinopharm Liuzhou	2,047.76	24 November 2015	23 November 2016	No
The Company	Sinopharm Guangxi	2,005.90	23 October 2015	23 October 2016	No
Zhijun Medicine	The Company	2,000.00	15 May 2015	14 May 2016	No
The Company	Sinopharm Yanfeng	1,935.38	17 December 2015	16 December 2016	No
The Company	Suzhou Zhijun	1,929.17	21 August 2015	20 August 2016	No
The Company	Sinopharm Yuexing	1,758.57	08 September 2015	07 September 2016	No
The Company	Sinopharm Yanfeng	1,700.00	28 May 2015	15 February 2016	No
The Company	Sinopharm Guangzhou	1,606.75	25 December 2015	30 October 2016	No
The Company	Sinopharm Shaoguan	999.71	08 September 2015	07 September 2016	No
The Company	Sinopharm Jiangmen	986.46	08 September 2015	07 September 2016	No
The Company	Suzhou Zhijun	979.88	04 January 2015	24 October 2015	No
The Company	Sinopharm Guangxi	813.70	23 September 2015	23 September 2016	No
The Company	Zhijun Medicine	500.00	10 April 2015	09 April 2018	No
	Sinopharm Shenzhen Medicine	456.95	08 September 2015	07 September 2016	No
The Company Zhijun Medicine	The Company	<u>348.78</u>	17 July 2014	17 July 2020	No
	Sub total	<u>279,878.15</u>			
	Total	<u>308,504.62</u>			

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VIII Related party relationships and significant related party transactions (continued)

(5) Related party transactions (continued)

(e) Financing

	Category	Amount (RMB'0,000)	Effective date	Maturity date
2015				
Borrowed from-				
Group Financial Co.	Short-term borrowings	4,000.00	28 February 2015	28 February 2016
Group Financial Co.	Short-term borrowings	3,000.00	17 August 2015	17 August 2016
Group Financial Co.	Discount on commercial acceptance notes	1,132.00	30 October 2015	09 January 2016
Group Financial Co.	Discount on commercial acceptance notes	1,070.60	30 October 2015	09 February 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	29 January 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	29 January 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	17 February 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	17 February 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	17 February 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	17 February 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	17 February 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	17 February 2016
Group Financial Co.	Discount on bank acceptance notes	67.79	15 December 2015	17 February 2016
Group Financial Co.	Discount on bank acceptance notes	170.00	15 December 2015	24 March 2016
Group Financial Co.	Discount on bank acceptance notes	100.00	15 December 2015	28 February 2016
Group Financial Co.	Discount on bank acceptance notes	100.00	15 December 2015	28 February 2016
Group Financial Co.	Discount on bank acceptance notes	100.00	15 December 2015	28 February 2016
Group Financial Co.	Discount on bank acceptance notes	100.00	15 December 2015	28 February 2016
Group Financial Co.	Discount on bank acceptance notes	100.00	15 December 2015	28 February 2016
Group Financial Co.	Discount on bank acceptance notes	88.46	15 December 2015	28 February 2016
Group Financial Co.	Discount on bank acceptance notes	210.87	15 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	200.00	15 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	200.00	15 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	200.00	15 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	200.00	15 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	15 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	103.24	15 December 2015	02 June 2016
Group Financial Co.	Discount on bank acceptance notes	300.00	17 December 2015	01 March 2016
Group Financial Co.	Discount on bank acceptance notes	300.00	17 December 2015	01 March 2016
Group Financial Co.	Discount on bank acceptance notes	200.00	17 December 2015	22 January 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	17 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	17 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	17 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	17 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	17 December 2015	30 May 2016
Group Financial Co.	Discount on bank acceptance notes	50.00	17 December 2015	30 May 2016
		<u>13,192.96</u>		

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VIII Related party relationships and significant related party transactions (continued)

(5) Related party transactions (continued)

(e) Financing(continued)

	Category	Amount (RMB'0,000)	Effective date	Maturity date
2014				
Borrowed from-				
Group Financial Co(i)	Short-term borrowings	13,000.00	03 November 2014	03 May 2015
Group Financial Co(i)	Short-term borrowings	3,000.00	03 November 2014	03 May 2015
Group Financial Co(i)	Short-term borrowings	2,000.00	03 November 2014	03 May 2015
Sinopharm Group	Entrust loans	3,160.00	07 May 2014	07 May 2017
Group Financial Co	Short-term borrowings	2,000.00	25 February 2014	28 February 2014
Group Financial Co	Discount on bank acceptance notes	200.00	24 March 2014	17 June 2014
Group Financial Co	Discount on bank acceptance notes	150.00	24 March 2014	21 May 2014
Group Financial Co	Discount on bank acceptance notes	78.62	24 March 2014	24 May 2014
Group Financial Co	Discount on bank acceptance notes	50.00	24 March 2014	24 May 2014
Group Financial Co	Discount on bank acceptance notes	50.00	24 March 2014	24 May 2014
Group Financial Co	Discount on bank acceptance notes	40.00	24 March 2014	24 August 2014
Group Financial Co	Discount on bank acceptance notes	37.94	24 March 2014	19 May 2014
Group Financial Co	Discount on bank acceptance notes	37.91	24 March 2014	24 August 2014
Group Financial Co	Discount on bank acceptance notes	30.00	24 March 2014	19 June 2014
Group Financial Co	Discount on bank acceptance notes	30.00	24 March 2014	19 May 2014
Group Financial Co	Discount on bank acceptance notes	30.00	24 March 2014	19 May 2014
Group Financial Co	Discount on bank acceptance notes	20.00	24 March 2014	22 April 2014
Group Financial Co	Discount on bank acceptance notes	20.00	24 March 2014	22 April 2014
Group Financial Co	Discount on bank acceptance notes	14.59	24 March 2014	23 May 2014
Group Financial Co	Discount on bank acceptance notes	14.00	24 March 2014	12 August 2014
Group Financial Co	Discount on bank acceptance notes	100.00	24 March 2014	13 August 2014
Group Financial Co	Discount on bank acceptance notes	20.00	24 March 2014	17 June 2014
Group Financial Co	Discount on bank acceptance notes	10.00	24 March 2014	14 July 2014
Group Financial Co	Discount on bank acceptance notes	40.01	24 March 2014	17 April 2014
Group Financial Co	Discount on bank acceptance notes	44.99	24 March 2014	17 April 2014
Group Financial Co	Discount on bank acceptance notes	61.80	24 March 2014	27 August 2014
Group Financial Co	Discount on bank acceptance notes	100.00	24 March 2014	27 August 2014
Group Financial Co	Discount on bank acceptance notes	43.23	24 March 2014	28 May 2014
Group Financial Co	Discount on bank acceptance notes	124.58	24 March 2014	07 June 2014
Group Financial Co	Discount on bank acceptance notes	50.00	29 May 2014	26 June 2014
Group Financial Co	Discount on bank acceptance notes	50.00	29 May 2014	26 June 2014
Group Financial Co	Discount on bank acceptance notes	50.00	29 May 2014	26 June 2014
Group Financial Co	Discount on bank acceptance notes	17.71	29 May 2014	26 June 2014
Group Financial Co	Discount on bank acceptance notes	10.53	29 May 2014	20 June 2014
Group Financial Co	Discount on bank acceptance notes	50.00	29 May 2014	29 June 2014
Group Financial Co	Discount on bank acceptance notes	34.00	29 May 2014	18 June 2014
Group Financial Co	Discount on bank acceptance notes	48.54	29 May 2014	28 June 2014
Group Financial Co	Discount on bank acceptance notes	20.00	29 May 2014	25 June 2014
Group Financial Co	Discount on bank acceptance notes	28.48	29 May 2014	17 October 2014
Group Financial Co	Discount on bank acceptance notes	20.00	29 May 2014	25 July 2014
Group Financial Co	Discount on bank acceptance notes	14.70	29 May 2014	24 July 2014
Group Financial Co	Discount on bank acceptance notes	11.00	29 May 2014	23 October 2014
Group Financial Co	Discount on bank acceptance notes	165.00	29 May 2014	26 September 2014
Group Financial Co	Discount on bank acceptance notes	20.00	29 May 2014	28 July 2014
To next page		<u>25,097.63</u>		

CHINA NATIONAL ACCORD MEDICINES CO., LTD.
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VIII Related party relationships and significant related party transactions (continued)

(5) Related party transactions (continued)

(e) Financing(continued)

	Category	Amount (RMB'0,000)	Effective date	Maturity date
2014				
Borrowed from-				
continued		25,097.63		
Group Financial Co	Discount on bank acceptance notes	20.00	29 May 2014	27 July 2014
Group Financial Co	Discount on bank acceptance notes	20.00	29 May 2014	27 July 2014
Group Financial Co	Discount on bank acceptance notes	12.50	29 May 2014	17 October 2014
Group Financial Co	Discount on bank acceptance notes	58.85	29 May 2014	24 July 2014
Group Financial Co	Discount on bank acceptance notes	48.53	29 May 2014	20 June 2014
Group Financial Co	Discount on bank acceptance notes	20.00	29 May 2014	14 October 2014
Group Financial Co	Discount on bank acceptance notes	30.00	29 May 2014	22 October 2014
Group Financial Co	Discount on bank acceptance notes	50.00	29 May 2014	22 October 2014
Group Financial Co	Discount on bank acceptance notes	50.00	29 May 2014	22 October 2014
Group Financial Co	Discount on bank acceptance notes	31.68	29 May 2014	24 July 2014
Group Financial Co	Discount on bank acceptance notes	20.19	29 May 2014	14 July 2014
Group Financial Co	Discount on bank acceptance notes	19.00	29 May 2014	23 October 2014
Group Financial Co	Discount on bank acceptance notes	20.00	29 May 2014	20 August 2014
Group Financial Co	Discount on bank acceptance notes	20.00	29 May 2014	20 August 2014
Group Financial Co	Discount on bank acceptance notes	20.00	29 May 2014	20 August 2014
Group Financial Co	Discount on bank acceptance notes	25.22	29 May 2014	20 August 2014
Group Financial Co	Discount on bank acceptance notes	10.00	30 June 2014	17 October 2014
Group Financial Co	Discount on bank acceptance notes	20.43	30 June 2014	19 August 2014
Group Financial Co	Discount on bank acceptance notes	20.00	30 June 2014	22 October 2014
Group Financial Co	Discount on bank acceptance notes	100.00	30 June 2014	17 October 2014
Group Financial Co	Discount on bank acceptance notes	42.00	30 June 2014	23 October 2014
Group Financial Co	Discount on bank acceptance notes	50.00	30 June 2014	16 November 2014
Group Financial Co	Discount on bank acceptance notes	20.00	30 June 2014	27 August 2014
Group Financial Co	Discount on bank acceptance notes	20.00	30 June 2014	27 August 2014
Group Financial Co	Discount on bank acceptance notes	20.00	30 June 2014	27 August 2014
Group Financial Co	Discount on bank acceptance notes	12.08	30 June 2014	27 August 2014
Group Financial Co	Discount on bank acceptance notes	20.00	30 June 2014	27 August 2014
Group Financial Co	Discount on bank acceptance notes	20.00	30 June 2014	27 August 2014
Group Financial Co	Discount on bank acceptance notes	10.00	30 June 2014	27 August 2014
Group Financial Co	Discount on bank acceptance notes	20.00	30 June 2014	29 November 2014
Group Financial Co	Discount on bank acceptance notes	27.63	30 June 2014	29 November 2014
Group Financial Co	Discount on bank acceptance notes	10.00	30 June 2014	28 August 2014
Group Financial Co	Discount on bank acceptance notes	10.00	30 June 2014	28 August 2014
Group Financial Co	Discount on bank acceptance notes	10.00	30 June 2014	28 August 2014
Group Financial Co	Discount on bank acceptance notes	30.00	30 June 2014	29 August 2014
Group Financial Co	Discount on bank acceptance notes	21.76	30 June 2014	29 August 2014
Group Financial Co	Discount on bank acceptance notes	47.24	30 June 2014	30 August 2014
Group Financial Co	Discount on bank acceptance notes	10.06	30 June 2014	15 August 2014
		<u>26,114.80</u>		

CHINA NATIONAL ACCORD MEDICINES CO., LTD.
Notes to financial statements
For the year ended 31 December 2015
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VIII Related party relationships and significant related party transactions (continued)

(5) Related party transactions (continued)

(e) Financing(continued)

	Category	Amount (RMB'0,000)	Effective date	Maturity date
2014				
Borrowed from-		26,114.80		
Group Financial Co.	Discount on bank acceptance notes	34.18	30 June 2014	30 August 2014
Group Financial Co.	Discount on bank acceptance notes	20.00	30 June 2014	15 November 2014
Group Financial Co.	Discount on bank acceptance notes	10.00	30 June 2014	19 November 2014
Group Financial Co.	Discount on bank acceptance notes	15.89	30 June 2014	30 July 2014
Group Financial Co.	Discount on bank acceptance notes	12.00	30 June 2014	27 November 2014
Group Financial Co.	Discount on bank acceptance notes	20.00	30 June 2014	10 October 2014
Group Financial Co.	Discount on bank acceptance notes	20.00	30 June 2014	13 November 2014
Group Financial Co.	Discount on bank acceptance notes	10.00	30 June 2014	15 October 2014
Group Financial Co.	Discount on bank acceptance notes	14.00	30 June 2014	9 September 2014
Group Financial Co.	Discount on bank acceptance notes	500.00	24 December 2014	26 February 2015
Group Financial Co.	Discount on bank acceptance notes	500.00	24 December 2014	26 February 2015
Group Financial Co.	Discount on bank acceptance notes	401.22	24 December 2014	26 February 2015
Group Financial Co.	Discount on bank acceptance notes	221.16	24 December 2014	25 May 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	27 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	27 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	27 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	27 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	27 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	27 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	27 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	27 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	27 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	27 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	27 February 2015
Group Financial Co.	Discount on bank acceptance notes	178.25	24 December 2014	27 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	28 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	28 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	28 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	28 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	28 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	28 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	28 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	28 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	28 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	28 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	28 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	28 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	28 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	28 February 2015
Group Financial Co.	Discount on bank acceptance notes	100.00	24 December 2014	28 February 2015
Group Financial Co.	Discount on bank acceptance notes	133.29	24 December 2014	09 March 2015
		<u>30,154.79</u>		

(i) The borrowing was pre-paid in 2014 in advance.

(f) Remuneration of key management

	2015(RMB'0,000)	2014(RMB'0,000)
Remuneration of key management	<u>1,106.00</u>	<u>1,215.00</u>

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VIII Related party relationships and significant related party transactions (continued)

(5) Related party transactions (continued)

(g) Interest expenses

Related party	Type of transaction	2015 (RMB'0,000)	2014 (RMB'0,000)
Group Financial Co.	Payment of borrowing interest	215.36	445.28
Sinopharm Group	Payment of borrowing interest	161.10	113.29
Group Financial Co.	Payment of notes discount interest	65.79	86.42
Sinopharm Group	Payment of buyer notes discount interest	61.08	66.50
Sinopharm Holding Sub Marketing Center Co., Ltd.	Payment of buyer notes discount interest	44.11	261.70
Sinopharm Holding Financing Lease Co., Ltd	Payment of financing lease interest	29.98	-
Sinopharm Group	Payment of borrowing interest	-	572.44
		<u>577.42</u>	<u>1,545.63</u>

(h) Interest income

Related party	Type of transaction	2015 (RMB'0,000)	2014 (RMB'0,000)
Group Financial Co.	Deposit interest	<u>3.46</u>	<u>77.07</u>

(i) Purchase of fixed assets and intangible assets

Related party	2015		2014	
	Amount (RMB'0,000)	% of same transaction	Amount (RMB'0,000)	% of same transaction
Sinopharm Holding Financing Lease Co., Ltd	1,144.64	3.91%	-	0.00%
Sinopharm Holding Tianjin Binhai Pharmaceutical Co., Ltd	206.63	0.71%	-	0.00%
Sinopharm Chemical Reagent Suzhou Co., Ltd	98.06	0.33%	-	0.00%
Sinopharm Chongqing Pharmaceutical Design institute	24.98	0.09%	-	0.00%
	<u>1,474.31</u>	<u>5.04%</u>	<u>-</u>	<u>0.00%</u>

CHINA NATIONAL ACCORD MEDICINES CO., LTD.
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VIII Related party relationships and significant related party transactions (continued)

(5) Related party transactions (continued)

(j) Rendering of service

Related party	Type of transaction	2015 (RMB'0,000)	2014 (RMB'0,000)
China National Medicines Co., Ltd.	Transportation and warehousing charges	618.84	447.89
Sinopharm Holding Guoda Drug Store Guangdong Co., Ltd.	Transportation and warehousing charges	469.71	420.17
Foshan Nanhai Uptodate & Special Medicines Co., Ltd.	Transportation and warehousing charges	380.92	336.33
Sinopharm Group Medicine Logistic Co., Ltd.	Transportation and warehousing charges	365.55	1,065.24
Foshan Nanhai Medicine Co., Ltd.	Transportation and warehousing charges	328.94	435.37
China National Medicines Co., Ltd.	Dispatching and transportation charges	111.02	104.93
Sinopharm Group	Entrusted revenue	50.00	50.00
China National Pharmaceutical Foreign Trade Co., Ltd.	entrusted revenue	25.00	25.00
Shenzhen Wanwei Medicine trading Co., Ltd.	Consultation revenue	18.37	31.57
Guizhou Tongjitang Pharmaceutical Co., Ltd.	Consultation revenue	4.99	-
Sinopharm Holding Guoda Drug Store Guangzhou Chain Co., Ltd.	Parking fees	1.75	1.20
Anhui Jingfang Pharmaceutical Co., Ltd.	Consultation revenue	1.05	-
Wanle Medical	Consultation revenue	-	5.22
Winteam Pharmaceutical Group Ltd.	Consultation revenue	-	0.63
		<u>2,376.14</u>	<u>2,923.55</u>

(k) Purchase of service

Related party	Type of transaction	2015 (RMB'0,000)	2014 (RMB'0,000)
Sinopharm Chongqing Pharmaceutical and Medical Industry Design Institute	Pinshan management fees	8,154.15	462.32
Sinopharm Group	Franchise fee	372.51	29.40
Sinopharm Group Medicine Logistic Co., Ltd.	Dispatching and transportation charges	227.05	228.78
Shanghai Tongyu Information Technology Co., Ltd.	CMS system maintenance	113.33	166.12
Sinopharm Group Medicine Logistic Co., Ltd.	Information system maintenance	95.66	20.19
Sinopharm Chongqing Pharmaceutical and Medical Industry Design Institute	Designing fee	81.45	398.15
Wanle Medical	Research and development expenses	66.17	-
Shanghai Institute of Pharmaceutical Industry	Research and development expenses	34.06	648.15
China National Pharmaceutical Foreign Trade Co., Ltd.	Consulting services fee	33.02	-
Chinese Science Equipment Co., Ltd	Research and development fee	19.25	-
Reed Sinopharm Exhibitions Co., Ltd.	Exhibition expenses	8.15	9.59
Sinopharm Group Chemical Reagent Co., Ltd.	Repairment expenses	2.73	-
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	Research and development fee	1.41	-
Beijing Tongyu Information Technology Co., Ltd	Business systems use fee	0.50	-
Sinopharm Group Chemical Reagent Suzhou Co., Ltd.	Research and development expenses	0.16	0.90
Shanghai Xinchengyuan Pharmaceutical Co., Ltd.	Research and development expenses	-	226.42
Sinopharm Holding Shenyang Co., Ltd.	Dispatching and transportation charges	-	73.57
		<u>9,209.76</u>	<u>2,263.59</u>

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VIII Related party relationships and significant related party transactions (continued)

(6) Accounts receivable from and payables to related parties

	31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Notes receivable		
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	1,856.71	-
Sinopharm Holding Hubei Co., Ltd.	794.13	37.80
Sinopharm Holding Shandong Co., Ltd.	675.01	20.00
Sinopharm Guoda Drug Store Guangxi Chain Co., Ltd.	561.55	337.98
Sinopharm Holding Beijing Co., Ltd.	544.57	-
Sinopharm Le -Ren-Tang Medicine Co., Ltd.	523.37	8.45
Sinopharm Holding Hainan Co., Ltd.	481.37	332.61
Sinopharm Holding Sub Marketing Center Co., Ltd.	458.90	-
Sinopharm Sichuan Pharmaceutical Co., Ltd.	450.68	-
Sinopharm Holding Tianjin Co., Ltd.	375.89	23.38
Sinopharm Holding Hunan Co., Ltd.	323.57	394.05
Sinopharm Holding Nantong Co., Ltd.	283.00	-
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	240.00	-
Guangdong Dong Fang Uptodate & Special Medicines Co., Ltd.	237.51	-
Sinopharm Holding Guoda Drug Store Guangdong Co., Ltd.	141.06	98.94
Sinopharm Holding Jinzhou Co., Ltd.	140.88	-
Sinopharm Holding Shenyang Co., Ltd.	131.72	53.90
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	100.00	-
Sinopharm Holding Fuzhou Co., Ltd.	88.31	-
Sinopharm Holding Gansu Co., Ltd.	58.14	-
China National Medicines Co., Ltd.	47.78	-
Sinopharm Holding Chongqing Co., Ltd.	37.36	36.60
Sinopharm Holding Yancheng Co., Ltd.	34.20	18.36
Sinopharm Holding Suzhou Kangmin Pharmaceutical Co., Ltd.	20.00	-
Sinopharm Holding Beijing Huahong Co., Ltd.	16.89	-
Sinopharm Holding Wuxi Co., Ltd.	15.00	-
Sinopharm Holding Chengdu Co., Ltd.	13.27	-
Sinopharm Holding Heilongjiang Co., Ltd.	10.33	-
Sinopharm Holding Qingdao Co., Ltd.	10.00	-
Sinopharm Holding Zhejiang Co., Ltd.	8.23	22.31
Sinopharm Holding Changde Co., Ltd.	6.00	-
Sinopharm Holding Changzhou Medical logistics center Co., Ltd.	3.00	-
Sinopharm Holding Hainan Hongyi Co., Ltd.	-	248.78
Chongqing Yaoyou Pharmaceutical Co., Ltd.	-	166.11
NanJing Iron & Steel Co., Ltd.	-	20.00
Sinopharm Holding Hunan Guoda Minshengtang Drug Store Chain Co., Ltd.	-	18.40
Sinopharm Holding Shaanxi Co., Ltd.	-	14.89
Sinopharm Holding Ningde Co., Ltd.	-	11.90
Sinopharm Holding Anyang Co., Ltd.	-	10.00
Sinopharm Holding Fuyang Co., Ltd.	-	10.00
Nanjing Iron & Steel Group International Trade Co., Ltd.	-	10.00
Sinopharm Holding Huainan Co., Ltd.	-	4.22
Sinopharm Holding Lunan Co., Ltd.	-	3.91
Sinopharm Holding Yantai Co., Ltd.	-	3.65
China National Pharmaceutical Foreign Trade Co., Ltd.	-	3.00
Sinopharm Holding Taizhou Co., Ltd.	-	1.28
	<u>8,688.43</u>	<u>1,910.52</u>

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VIII Related party relationships and significant related party transactions (continued)

(6) Accounts receivable from and payables to related parties (continued)

	31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Accounts receivable		
Foshan Nanhai Uptodate & Special Medicines Co., Ltd.	1,666.78	2,375.69
Sinopharm Sichuan Pharmaceutical Co., Ltd.	1,259.66	1,249.48
Sinopharm Holding Hunan Co., Ltd.	1,180.08	2,560.01
Foshan Chancheng Pharmaceutical Co., Ltd.	1,045.65	-
Foshan Nanhai Medicine Co., Ltd.	855.54	1,197.98
Sinopharm Holding Hainan Co., Ltd.	834.08	1,591.68
Sinopharm Holding Ningxia Co., Ltd.	762.35	590.46
Sinopharm Le -Ren-Tang Medicine Co., Ltd.	727.64	1,423.48
Sinopharm Group Southwest Medicine Co., Ltd.	589.91	685.94
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	490.38	1,490.16
Sinopharm Holding Beijing Co., Ltd.	488.91	1,289.21
Sinopharm Holding Hainan Hongyi Co., Ltd.	479.88	260.49
Sinopharm Holding Wenzhou Co., Ltd.	449.70	526.85
Sinopharm Holding Beijing Huahong Co., Ltd.	429.43	789.07
Sinopharm Holding Tianjin Co., Ltd.	418.24	622.00
Sinopharm Holding Shandong Co., Ltd.	280.62	1,021.65
Sinopharm Holding Henan Co., Ltd.	262.25	276.24
Sinopharm Holding Shanxi Co., Ltd.	223.20	182.66
China National Medicines Co., Ltd.	219.31	238.89
Sinopharm Holding Guoda Drug Store Guangdong Co., Ltd.	213.42	970.47
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	208.73	377.03
Sinopharm Holding Shenyang Co., Ltd.	207.86	135.85
Sinopharm Holding Shanxi Co., Ltd.	182.30	185.47
Sinopharm Holding Guizhou Co., Ltd.	157.89	89.68
Sinopharm Holding Yancheng Co., Ltd.	156.06	56.30
Sinopharm Holding Jinzhou Co., Ltd.	152.10	284.71
Suzhou Erye Pharmaceutical Limited Company	137.35	-
Sinopharm Holding Hubei Co., Ltd.	136.31	2,094.77
Sinopharm Holding Xuzhou Co., Ltd.	116.76	82.54
Sinopharm Group	104.93	534.74
Sinopharm Holding Suzhou Kangmin Pharmaceutical Co., Ltd.	99.26	-
Sinopharm Guoda Drug Store Guangxi Chain Co., Ltd.	96.23	658.91
Foshan Chancheng District Central Hospital	93.03	452.21
Sinopharm Holding Taizhou Co., Ltd.	91.59	24.14
Sinopharm Holding Lunan Co., Ltd.	85.84	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	72.44	459.21
Sinopharm Holding Fujian Co., Ltd.	71.10	86.47
Sinopharm Holding Jilin Co., Ltd.	67.36	49.44
Sinopharm Holding Yangzhou Co., Ltd.	66.19	147.67
Sinopharm Holding Wuxi Co., Ltd.	63.74	78.66
Sinopharm Holding Heilongjiang Co., Ltd.	63.52	164.27
Sinopharm Group Medicine Logistic Co., Ltd.	47.22	352.12
Sinopharm Holding Fuzhou Co., Ltd.	41.11	123.94
China Sinopharm International Corporation	37.78	-
Sinopharm Holding Guoda Pharmacy Co., Ltd.	33.00	59.81
Sinopharm Holding Qinghai Co., Ltd.	32.41	34.47
Sinopharm Holding Chongqing Co., Ltd.	28.54	224.90
Sinopharm Holding Chengdu Co., Ltd.	23.97	3.87
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VIII Related party relationships and significant related party transactions (continued)

(6) Accounts receivable from and payables to related parties (continued)

	31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Accounts receivable continued	15,551.65	26,103.59
Sinopharm Holding Putian Co., Ltd.	23.80	-
Sinopharm Holding Nantong Co., Ltd.	22.28	292.45
Sinopharm Holding Dalian Co., Ltd.	22.01	53.63
Sinopharm Holding Longyan Co., Ltd.	20.50	23.11
Sinopharm Guoda Drug Store Jiangmen Chain Co., Ltd.	19.58	125.19
Sinopharm Holding Zhejiang Co., Ltd.	18.23	675.65
Sinopharm Holding Changzhou Medical logistics center Co., Ltd.	17.39	24.61
Sinopharm Holding Quanzhou Co., Ltd.	13.94	17.96
Sinopharm Holding Gansu Co., Ltd.	11.20	56.83
Sinopharm Holding Ningde Co., Ltd.	10.24	7.04
Sinopharm Holding Qingdao Co., Ltd.	9.07	56.60
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	8.74	32.85
Foshan Chanyixing Medicine Development Co Ltd.	6.71	3.28
Sinopharm Holding Jiangsu Co., Ltd.	6.06	20.82
Sinopharm Holding Shaanxi Co., Ltd.	5.91	8.49
Sinopharm Holding Yantai Co., Ltd.	5.59	8.05
Guangdong Dong Fang Uptodate & Special Medicines Co., Ltd.	5.10	235.01
Jiang Meng Renren Medical instrument Co., Ltd.	4.92	3.90
Sinopharm Holding Anhui Co., Ltd.	3.13	42.61
Sinopharm Holding Jiangxi Co., Ltd.	2.35	4.58
Sinopharm Holding Changde Co., Ltd.	1.88	16.03
Sinopharm Holding Zunyi Co., Ltd.	1.55	-
Sinopharm Holding Suzhou Co., Ltd.	1.35	17.71
Sinopharm Zhuhai	1.31	-
Sinopharm Holding Anqing Co., Ltd.	1.05	19.79
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	1.01	748.43
Sinopharm Holding Tianjin North Medicine Co., Ltd.	0.81	55.97
Sinopharm Holding Sanming Co., Ltd.	0.63	0.86
Sinopharm Holding Yunnan Co., Ltd.	0.26	150.59
Sinopharm Holding Puyang Co., Ltd.	0.04	4.58
Sinopharm Holding Inner Mongolia Co., Ltd.	-	32.73
Shanghai Donghong Medicine Co., Ltd.	-	22.46
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	-	12.83
Shanghai Yunnuo Marketing Consulting Co., Ltd.	-	10.00
Sinopharm Holding HongKong Co., Ltd.	-	6.30
Sinopharm Holding (Yangzhou) Chinese Western Medicine Branch Co., Ltd.	-	4.43
Guang dong South Pharmaceutical Foreign Trade Co., Ltd.	-	3.93
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	-	3.07
Sinopharm Holding Changzhou Co., Ltd.	-	2.76
Qinghai Medical Pharmaceutical Material Co., Ltd.	-	2.55
Shanxi Guoyi Drug Store Co., Ltd.	-	1.51
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	-	0.77
Sinopharm Holding Zhoukou Co., Ltd.	-	0.58
Shanghai Tongyu Information Technology Co., Ltd.	-	0.30
Shanghai Nutraceuticals (Shanghai) Co., Ltd.	-	0.23
Sinopharm Holding Shangqiu Co., Ltd.	-	0.22
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	-	0.17
Shenzhen Wanwei Medicine trading Co., Ltd.	-	0.12
Total	15,798.29	28,915.17

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VIII Related party relationships and significant related party transactions (continued)

(6) Accounts receivable from and payables to related parties (continued)

		31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Other receivables	Sinopharm Group Medicine Logistic Co., Ltd.	121.50	121.50
	Sinopharm Group(a)	25.00	25.00
	China National Pharmaceutical Foreign Trade Corporation(a)	25.00	25.00
	China National Medicines Co., Ltd.	-	18.47
		<u>171.50</u>	<u>189.97</u>

(a) Balance of other receivables is caused by hosting service from the Company to the Sinopharm Group and China National Pharmaceutical Foreign Trade Corporation. According to the contract, total balance will be received in 2 months since the fiscal year ends.

		31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Advances to suppliers	Sichuan Hexin Pharmaceutical Co., Ltd	346.59	-
	Sinopharm Chongqing Pharmaceutical and Medical Industry Design Institute	265.22	1,661.22
	Wuhan Institute of Biological Products Co., Ltd.	49.32	31.04
	Chengdu Rongsheng Pharmacy Co., Ltd.	42.43	11.86
	Sinopharm Holding Guizhou Co., Ltd.	17.71	0.04
	Sinopharm Group Guorui Medicine Co., Ltd.	14.00	0.10
	Sinopharm Holding Sub Marketing Center Co., Ltd.	7.28	-
	China National Medicines Co., Ltd.	3.63	0.86
	Foshan Nanhai Uptodate & Special Medicines Co., Ltd.	2.30	0.07
	Sinopharm Group Chemical Reagent Co., Ltd.	1.58	2.73
	Guang dong South Pharmaceutical Foreign Trade Co., Ltd.	1.16	-
	Winteam Pharmaceutical Group Ltd.	0.47	-
	Sinopharm Holding Beijing Co., Ltd.	0.16	-
	Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	0.01	-
	Qinghai Pharmaceutical Factory Co., Ltd.	-	513.87
	China National Scientific Instruments & Materials Imp/Exp Shenzhen Co., Ltd	-	180.61
	Wanle Medical	-	4.56
	Sinopharm Holding Suzhou Co., Ltd.	-	1.16
	Sinopharm Holding Fujian Co., Ltd.	-	0.44
	Sinopharm Holding Hunan Co., Ltd.	-	0.15
	Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	-	0.04
		<u>751.86</u>	<u>2,408.75</u>

Management consider that there is no recoverability risk in related to receivables due from other related party. Therefore, no provision has been made.

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VIII Related party relationships and significant related party transactions (continued)

(6) Accounts receivable from and payables to related parties (continued)

		31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Notes payable	Sinopharm Group	8,645.27	7,284.35
	Sinopharm Holding Sub Marketing Center Co., Ltd.	1,606.75	14,080.94
	China National Medicines Co., Ltd.	830.86	1,059.12
	Winteam Pharmaceutical Group Ltd.	618.02	-
	Chongqing Yaoyou Pharmaceutical Co., Ltd.	289.95	91.88
	Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	214.32	201.32
	Lanzhou Institute of Biological Products Co., Ltd.	180.00	60.00
	Shenzhen Main Luck Pharmaceuticals Inc	112.79	-
	Shenzhen Wanwei Medicine trading Co., Ltd.	76.13	129.19
	Anhui Jingfang Pharmaceutical Co., Ltd.	66.02	47.72
	Chongqing Haisiman Pharmaceutical Co., Ltd.	44.20	207.19
	Guizhou Tongjitang Pharmaceutical Co., Ltd.	36.35	122.87
	Shanghai Shyndec Pharmaceutical Marketing Co., Ltd	26.98	-
	Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	10.20	30.84
	Guilin South pharmaceutical Co., Ltd.	9.63	-
	Shenyang Hongqi Pharmaceutical Co., Ltd.	9.57	-
	Hunan Dongting Pharmaceutical Co., Ltd.	2.40	-
	Shanghai Shyndec Pharmaceutical Co., Ltd.	-	22.34
	Sinopharm Holding Beijing Co., Ltd.	-	21.24
	Sinopharm Group Chemical Reagent Suzhou Co., Ltd.	-	4.51
		<u>12,779.44</u>	<u>23,363.51</u>
		31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Accounts payable	Sinopharm Holding Sub Marketing Center Co., Ltd.	20,922.86	16,885.53
	Sinopharm Group	6,759.95	6,811.41
	China National Medicines Co., Ltd.	4,144.76	4,096.51
	Guang dong South Pharmaceutical Foreign Trade Co., Ltd.	2,365.95	800.01
	Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	876.99	551.17
	Sino-Swed Pharmaceutical Corp.Ltd.	779.51	745.27
	Foshan Dezhong Pharmaceutical Co., Ltd.	768.81	5.83
	Chongqing Yaoyou Pharmaceutical Co., Ltd.	712.89	224.27
	Shenzhen Main Luck Pharmaceuticals Inc	708.56	0.43
	Lanzhou Institute of Biological Products Co., Ltd.	558.00	336.00
	Shenzhen Wanwei Medicine trading Co., Ltd.	438.65	1,205.87
	Foshan Nanhai Uptodate & Special Medicines Co., Ltd.	246.34	177.60
	Foshan Nanhai Medicine Co., Ltd.	219.20	6.28
	Sichuan Hexin Pharmaceutical Co., Ltd	203.68	-
	Winteam Pharmaceutical Group Ltd.	108.45	278.27
	Sinopharm Group Medicine Logistic Co., Ltd.	102.09	70.85
	Foshan Fengliaoqing Pharmaceutical Co., Ltd.	72.00	43.79
	Sinopharm Holding Lerentang Pharmaceutical Co., Ltd	67.08	-
	Guangdong Dong Fang Uptodate & Special Medicines Co., Ltd.	54.74	66.19
	Shanghai Shyndec Pharmaceutical Co., Ltd.	40.00	22.09
	Sinopharm Holding Beijing Huahong Co., Ltd.	30.98	31.02
	Chongqing Haisiman Pharmaceutical Co., Ltd.	25.24	146.25
	Handan Pharmaceutical Co., Ltd	23.02	26.38
	Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	22.96	7.90
	Sinopharm Holding Hunan Co., Ltd.	22.40	0.02
	China Otsuka Pharmaceutical Co., Ltd.	21.45	19.64
	Shanghai Shyndec Pharmaceutical Marketing Co., Ltd	20.26	-
	Guizhou Tongjitang Pharmaceutical Co., Ltd.	18.58	28.27
	Yichang Humanwell Pharmaceutical Co., Ltd.	18.40	1.58
	Qinghai Pharmaceutical(group) Co., Ltd	13.85	-
	To next page	<u>40,367.65</u>	<u>32,588.43</u>

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VIII Related party relationships and significant related party transactions (continued)

(6) Accounts receivable from and payables to related parties (continued)

		31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Accounts payable	continued	40,367.65	32,588.43
	Wuhan Zhonglian Pharmaceutical Group Co., Ltd.	10.69	17.68
	Sinopharm Zhuhai	9.33	5.35
	Shandong Lu Ya Pharmaceutical Co., Ltd.	5.28	-
	Anhui Jingfang Pharmaceutical Co., Ltd.	4.54	3.15
	Sinopharm Holding Hainan Co., Ltd.	4.44	-
	Sinopharm Holding Suzhou Co., Ltd.	3.54	-
	Guilin South pharmaceutical Co., Ltd.	3.52	9.65
	Sinopharm United Medical Device Co., Ltd	3.47	-
	Sinopharm Holding Fuzhou Co., Ltd.	3.42	-
	Shanghai Modern Hasen (Shangqiu) Pharmacertical Co., Ltd.	3.07	2.98
	Guangdong Medi-World Pharmacertical Co., Ltd.	2.99	3.06
	Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	2.78	3.92
	Suzhou Erye Pharmaceutical Limited Company	2.72	9.26
	Sinopharm Holding Guizhou Co., Ltd.	1.79	-
	Hunan Dongting Pharmaceutical Co., Ltd.	1.77	4.76
	Sinopharm Group Chemical Reagent Co., Ltd.	1.66	44.37
	Sinopharm Group Shanghai Medicine Device Co., Ltd.	1.66	1.66
	Sinopharm Holding Liaocheng Co., Ltd.	1.62	1.62
	Sinopharm Holding Guoda Pharmacy Co., Ltd.	1.21	-
	Sinopharm Guoda Drug Store(Shenzhen) Chain Co., Ltd.	0.87	2.38
	Shanghai Chaohui Pharmecurical Co., Ltd.	0.75	0.75
	Sinopharm Group Chemical Reagent Suzhou Co., Ltd.	0.53	5.80
	Sinopharm Holding Jiangsu Co., Ltd.	0.51	2.78
	Sinopharm Holding Dezhou Co., Ltd.	0.43	0.43
	Foshan Fengliaoqing Pharmaceutical Co., Ltd.	0.39	0.39
	Shanghai Sailun Biological Technology Co., Ltd.	0.29	0.29
	Sinopharm Holding Sanyi Medicine(Wuhu) Co., Ltd.	0.26	2.24
	Jiangsu Huanghe Pharmaceutical Co., Ltd	0.24	0.28
	Shenyang Hongqi Pharmaceutical Co., Ltd.	0.21	9.78
	Sinopharm Holding Huaideju Pharmaceutical (Xiamen) Co., Ltd.	0.11	0.11
	China National Pharmaceutical Foreign Trade Co., Ltd.	0.09	36.79
	Chengdu Rongsheng Pharmacy Co., Ltd.	0.08	0.08
	Sinopharm Wuhanzhonglian Forth Pharmaceutical Co., Ltd	0.08	0.08
	Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	0.06	0.06
	Sinopharm Holding Fujian Co., Ltd.	0.01	-
	Sinopharm Holding Hubei Co., Ltd.	-	3,523.87
	Sinopharm Holding Beijing Co., Ltd.	-	38.87
	Sinopharm Group Southwest Medicine Co., Ltd.	-	22.22
	Sinopharm Holding Inner Mongolia Co., Ltd.	-	7.81
	Guizhou Longlife Pharmacertical Co., Ltd.	-	2.69
	Changchun Changsheng Gene Pharmaceutical Co., Ltd.	-	1.79
	Sinopharm Group Beijing Medical equipment Co., Ltd.	-	0.88
	Sinopharm Group Weiqida Medicine Co., Ltd.	-	0.02
		<u>40,442.06</u>	<u>36,356.28</u>

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VIII Related party relationships and significant related party transactions (continued)

(6) Accounts receivable from and payables to related parties (continued)

		31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Other payables	China State Institute of Pharmaceutical Industry	1,369.00	15.00
	Sinopharm Group	453.07	433.07
	China National Pharmaceutical Group Shanghai Co., Ltd.	166.04	166.04
	China Traditional Chinese Medicine Co.	130.00	130.00
	Shenzhen Main Luck Pharmaceuticals Inc	50.00	-
	Sinopharm Group Medicine Logistic Co., Ltd.	48.34	1.41
	Sinopharm Group Chemical Reagent Suzhou Co., Ltd.	30.00	-
	Sinopharm Group Chemical Reagent Co., Ltd.	22.00	22.00
	Sinopharm Guoda Drug Store(Shenzhen) Chain Co., Ltd.	7.20	-
	Sinopharm Guoda Drug Store Guangxi Chain Co., Ltd.	5.53	-
	Sinopharm Holding Guoda Drug Store Guangzhou Chain Co., Ltd.	4.60	-
	Sinopharm Holding Tianjin Binhai Pharmaceutical Co., Ltd	2.49	-
	Sinopharm Holding Hainan Hongyi Co., Ltd.	2.00	2.00
	Sinopharm Holding Shanxi Co., Ltd.	1.00	1.50
	Sinopharm Holding Tianjin Co., Ltd.	1.00	1.00
	Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	1.00	1.00
	Sinopharm Group Southwest Medicine Co., Ltd.	0.50	0.50
	Sinopharm Holding Hubei Co., Ltd.	0.50	0.50
	Sinopharm Holding Sub Marketing Center Co., Ltd.	0.50	0.50
	Sinopharm Holding Wuxi Co., Ltd.	0.50	0.50
	Sinopharm Le -Ren-Tang Medicine Co., Ltd.	0.50	0.50
	Sinopharm Holding (Yangzhou) Chinese Western Medicine Branch Co., Ltd.	0.50	0.50
	Sinopharm Holding Suzhou Kangmin Pharmaceutical Co., Ltd	0.50	-
	Foshan Nanhai Medicine Co., Ltd.	0.47	-
	Sinopharm Zhuhai	0.30	-
Sinopharm Chongqing Pharmaceutical and Medical Industry Design Institute	-	173.00	
Sinopharm Group	-	90.00	
Sinopharm Group Shanghai Medicine Device Co., Ltd.	-	4.40	
	<u>2,297.54</u>	<u>1,043.42</u>	
	31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)	
Advances from customers	Sinopharm Holding Yunnan Co., Ltd.	14.44	-
	Sinopharm Zhuhai	1.68	-
	Sinopharm Holding Jiangsu Co., Ltd.	0.80	0.48
	Sinopharm Holding Xuzhou Co., Ltd.	0.57	1.15
	Sichuan Kang Daxin Pharmaceutical Co., Ltd	0.49	-
	Sinopharm Holding Dezhou Co., Ltd.	0.47	-
	Sinopharm Holding Suzhou Kangmin Pharmaceutical Co., Ltd	0.32	-
	Sinopharm Group Southwest Medicine Co., Ltd.	0.28	-
	Sinopharm Holding Gansu Co., Ltd.	0.20	1.10
	Sinopharm Holding Chengdu Co., Ltd	0.15	0.18
	Sinopharm Holding Wenzhou Co., Ltd.	0.13	3.40
	Winteam Pharmaceutical Group Ltd.	0.12	-
	Sinopharm Holding Chongqing Co., Ltd.	0.08	0.08
	Sinopharm Holding Zhejiang Biological Product Co., Ltd.	0.05	0.05
	Sinopharm Sichuan Pharmaceutical Co., Ltd.	0.01	0.01
	Sinopharm Holding Hongkong International Co., Ltd	0.01	-
	Sinopharm Le -Ren-Tang Medicine Co., Ltd.	-	32.91
	Guang dong South Pharmaceutical Foreign Trade Co., Ltd.	-	29.22
	To next page	<u>19.80</u>	<u>68.58</u>

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VIII Related party relationships and significant related party transactions (continued)

(6) Accounts receivable from and payables to related parties (continued)

		31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Advances from customers	continued	19.80	68.58
	Guangdong Dong Fang Uptodate & Special Medicines Co., Ltd.	-	18.72
	Sinopharm Holding Yangzhou Co., Ltd.	-	13.33
	Sinopharm Holding Guoda Pharmacy Co., Ltd.	-	12.92
	Sinopharm Guoda Drug Store Guangxi Chain Co., Ltd.	-	9.47
	Sinopharm Holding Beijing Co., Ltd.	-	9.18
	Hetian Region Ankang Chain Drugstore Co., Ltd.	-	6.31
	Sinopharm Holding Longyan Co., Ltd.	-	5.95
	Sinopharm Holding Anhui Co., Ltd.	-	4.43
	Sinopharm Holding Shanxi Co., Ltd.	-	3.83
	Sinopharm Holding Suzhou Co., Ltd.	-	3.22
	Sinopharm Holding ChiFeng Co., Ltd.	-	3.04
	Sinopharm Holding Sub Marketing Center Co., Ltd.	-	2.47
	Sinopharm Holding Jilin Co., Ltd.	-	1.65
	Sinopharm Holding Shandong Co., Ltd.	-	1.63
	Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	-	1.26
	Sinopharm Holding Zhejiang Co., Ltd.	-	1.17
	Sinopharm Holding Tianjin Co., Ltd.	-	0.86
	Sinopharm Holding Heilongjiang Co., Ltd.	-	0.19
		<u>19.80</u>	<u>168.21</u>
		31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Interests payable	Group Financial Co.	10.15	-
	CNPGC	5.02	5.21
		<u>15.17</u>	<u>5.21</u>
		31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Entrusted loans	CNPGC	<u>3,160.00</u>	<u>3,160.00</u>
		31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Other non-current liabilities	Sinopharm Group	<u>3,506.18</u>	<u>3,506.18</u>
		31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Short-term loans	Group Financial Co.	<u>7,000.00</u>	-
		31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Cash at related party	Group Financial Co.	<u>21.53</u>	<u>22.84</u>
		31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Financing lease payables			
Non-current liability due within 1 year	Sinopharm Holding Financing Lease Co., Ltd.	193.49	-
Long term payable	Sinopharm Holding Financing Lease Co., Ltd.	839.45	-
		<u>1,032.94</u>	<u>-</u>

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VIII Related party relationships and significant related party transactions (continued)

(7) Commitment with related parties

Undertaking contracted for at the balance sheet date but not recognised in balance sheet are analysed as follows:

	31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Lease		
-As a lessee		
Shaoguan Wujiang District Muyang Consulting Co., Ltd.	457.01	640.52
Wang Yang	220.80	-
Foshan Nanhai Medicine Co., Ltd.	4.56	3.70
	<u>682.37</u>	<u>644.22</u>

	31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Lease		
-As a leaser		
Sinopharm Guoda Drug Store(Shenzhen) Chain Co., Ltd.	82.62	10.25
Sinopharm Guoda Drug Store Guangxi Chain Co., Ltd.	33.18	275.25
Sinopharm Holding Guoda Drug Store Guangzhou Chain Co., Ltd.	28.30	54.03
Sinopharm Group Guangdong Medicine Device Co., Ltd.	-	28.38
	<u>144.10</u>	<u>367.91</u>

Guarantee		
- Guaranteed by related party		
Sinopharm Group	27,373.53	10,024.25
	<u>27,373.53</u>	<u>10,024.25</u>

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IX Contingencies

As at 31 December 2015, the Group has no contingency.

X Commitments

(1) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in balance sheet are analysed as follows:

	31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Buildings, machinery and equipment	4,346.58	14,228.32

(2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	31 December 2015 (RMB'0,000)	31 December 2014 (RMB'0,000)
Within one year	3,294.71	2,446.33
Between 1 and 2 years	3,101.17	2,407.97
Between 2 and 3 years	2,977.18	2,364.04
Over 3 years	22,560.29	16,372.28
	<u>31,933.35</u>	<u>23,590.62</u>

XI Subsequent events after the balance sheet date

(1) Profit appropriation after the balance sheet date

	Amount
Proposed dividends (Note a)	108,789,582.90

(a) In accordance with the resolution at the Board of Directors' meeting dated on 24 March 2016, Board of Directors proposed a dividend in the amount of RMB108,789,582.90 to the shareholders, which is not recorded as liability in the financial statements for the current year (Note IV(37)(b)).

(2) On 31 December 2015, with the approval of the Board, the Company publicly list for sale of the holding 67% of the total equity of Zhijun(Suzhou), with base price of RMB155.3 million. Up to the report date, the Company has reached agreement with an independent third party, and the price is a bit higher than the base price. The relevant procedures are in progress.

(3) On 9 March 2016, the Board of the Company passed the asset reorganization plan regarding the commercial and manufacturing business with related parties (Note I).

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XII Financial instrument and risk

The Group's activities expose it to a variety of financial risks: market risk (primarily foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(1) **Market risk**

(a) Foreign exchange 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, and future transactions denominated in foreign currencies, primarily with respect to US dollars. The Group's finance department at its headquarters is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies. The Group may consider entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk. During 2015 and 2014, the Group did not enter into any forward exchange contracts or currency swap contracts.

The following table presents the structure analysis of the Group's financial assets and financial liabilities by currencies as at 31 December 2015 and 31 December 2014.

	31 December 2015		
	USD	Others	Total
Financial assets denominated in foreign currency - Accounts receivables	25,797,592.27	303,391.81	26,100,984.08
Financial assets denominated in foreign currency - Accounts payables	2,010,808.18	-	2,010,808.18
	31 December 2014		
	USD	Others	Total
Financial assets denominated in foreign currency - Accounts receivables	29,407,863.98	2,225,703.43	31,633,567.41
Financial assets denominated in foreign currency - Accounts payables	9,628,124.12	-	9,628,124.12

As at 31 December 2015, if the currency had weakened/strengthened by 5 % against the USD while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB1,189,278.15(2014: RMB741,740.24) lower/higher for various financial assets and liabilities denominated in USD.

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XII Financial instrument and risk (continued)

(1) Market risk (continued)

(b) Interest rate risk

The Group's interest rate risk arises from long-term borrowings from bank. 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 2015, the Group's long-term interest bearing borrowings are mainly denominated in RMB with floating interest rate in amount of RMB72,495,172.30(31 December 2014: RMB39,695,448.00).

Increases in interest rates will increase the cost of new borrowing 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 finance department at its headquarters continuously monitors the interest rate position of the Group and makes decisions with reference to the latest market conditions. The Group may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. During 2015 and 2014, the Group did not enter into any interest rate swap agreements.

For the year ended 31 December 2015, if interest rates on the floating rate long-term borrowings had been 5% higher/lower while all other variables had been held constant, the Group's net profit will decrease/increase RMB271,856.90(2014: RMB148,857.93).

(2) Credit risk

Credit risk is managed on a Group basis. Credit risk mainly arises from cash at bank and on hand, accounts receivable, other receivables, notes receivable etc.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on accounts receivable, other receivables and notes receivable. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The Group will confirm with its client for the accounts receivable semi-annually, and assess the recoverability of each account receivable, by using individual evaluation and similar credit risk group method. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

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XII Financial instrument and risk (continued)

(3) Liquidity risk (continued)

The financial liabilities of the Group at the balance sheet date are analyzed by their maturity date below at their undiscounted contractual cash flows :

	31 December 2015				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term loans	1,221,692,562.72	-	-	-	1,221,692,562.72
Notes payable	1,301,594,416.81	-	-	-	1,301,594,416.81
Accounts payable	4,036,910,159.14	-	-	-	4,036,910,159.14
Interests payable	6,544,067.19	-	-	-	6,544,067.19
Non-current liability due within 1 year	2,833,548.88	-	-	-	2,833,548.88
Long term payable	-	2,833,548.88	7,084,128.61	-	9,917,677.49
Other payables	468,450,153.85	-	-	-	468,450,153.85
Long-term loans	3,490,767.13	34,084,860.13	5,907,681.40	43,345,766.07	86,829,074.73
	<u>7,041,515,675.72</u>	<u>36,918,409.01</u>	<u>12,991,810.01</u>	<u>43,345,766.07</u>	<u>7,134,771,660.81</u>
	31 December 2014				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term loans	1,551,280,483.49	-	-	-	1,551,280,483.49
Notes payable	1,468,166,640.64	-	-	-	1,468,166,640.64
Accounts payable	3,988,878,234.03	-	-	-	3,988,878,234.03
Interests payable	6,666,712.19	-	-	-	6,666,712.19
Other payables	412,347,201.51	-	-	-	412,347,201.51
Long-term loans	2,146,681.36	2,146,681.36	33,861,821.86	9,379,925.75	47,535,110.33
	<u>7,429,485,953.22</u>	<u>2,146,681.36</u>	<u>33,861,821.86</u>	<u>9,379,925.75</u>	<u>7,474,874,382.19</u>

XIII Estimation of Fair Value

Financial assets and liabilities not measured at fair value mainly represent receivables, short-term loans, payables and long-term loans. The carrying amount of financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

XIV Capital management

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

Management is adjusting the capital structure through adjusting dividend payments to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Company's total capital is the total owners' equity in balance sheet. The Company does not adopt assets ratio as a compulsory factor to govern capital investment.

Assets ratio as at 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015	31 December 2014
Assets ratio	<u>57.89%</u>	<u>62.19%</u>

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XV Notes to the main items of financial statement of the Company

(1) **Accounts receivable**

	31 December 2015	31 December 2014
Accounts receivable	381,211,129.23	513,791,982.48
Less: provision for bad debts	(117,320.70)	-
	<u>381,093,808.53</u>	<u>513,791,982.48</u>

(a) The ageing of accounts receivable is analyzed below:

	31 December 2015	31 December 2014
Within 1 year	381,211,129.23	513,791,982.48

(b) The accounts receivable and related provision for bad debts by category are analyzed below:

	31 December 2015				31 December 2014			
	Carrying amount		Bad debt provisions		Carrying amount		Bad debt provisions	
	amount	% of total balance	amount	rate	amount	% of total balance	amount	rate
Receivable accounts within similar credit risk group	381,093,808.53	99.97%	-	-	513,791,982.48	100.00%	-	-
Individually not significant but individually evaluated for impairment	117,320.70	0.03%	(117,320.70)	100.00%	-	-	-	-
	<u>381,211,129.23</u>	<u>100.00%</u>	<u>(117,320.70)</u>	<u>0.03%</u>	<u>513,791,982.48</u>	<u>100.00%</u>	<u>-</u>	<u>-</u>

(c) As at 31 December 2015, there is no accounts receivable individually not significant but individually evaluated for impairment.

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XV Notes to the main items of financial statement of the Company (continued)

(1) **Accounts receivable (continued)**

(d) As at 31 December 2015, the accumulated top five accounts receivable by customer are analysed as below:

	Amount	Ageing	% of the total accounts receivable
Accumulated top five accounts receivable	<u>85,190,822.59</u>	-	<u>22.35%</u>

(e) In 2015, accounts receivable of RMB80,000,587.29 are derecognized given that irrevocable factoring contracts agreed with financial institute (2014: RMB238,547,898.31).

(2) **Other receivables**

	31 December 2015	31 December 2014
Amounts due from subsidiaries	1,609,726,719.07	1,107,496,851.78
Receivable from equity transaction	8,980,000.00	8,980,000.00
Deposit	2,024,119.45	1,371,849.80
Others	<u>3,310,395.05</u>	<u>3,754,429.48</u>
	1,624,041,233.57	1,121,603,131.06
Less: provision for bad debts	<u>(10,178,577.40)</u>	<u>(10,179,321.30)</u>
	<u>1,613,862,656.17</u>	<u>1,111,423,809.76</u>

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XV Notes to the main items of financial statement of the Company (continued)

(2) Other receivables (continued)

(a) The aging of other receivables is analyzed as follows:

	31 December 2015	31 December 2014
Within 1 year	1,613,089,025.61	1,110,636,045.00
1 to 2 years	814,347.96	829,226.06
Over 3 years	10,137,860.00	10,137,860.00
	<u>1,624,041,233.57</u>	<u>1,121,603,131.06</u>

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

	31 December 2015				31 December 2014			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	amount	% of total amount	amount	rate	amount	% of total amount	amount	rate
Individually significant are subject to separate impairment assessment	8,980,000.00	0.55%	(8,980,000.00)	100.00%	8,980,000.00	0.80%	(8,980,000.00)	100.00%
Receivable accounts within similar credit risk group	1,613,903,373.57	99.38%	(40,717.40)	0.00%	1,111,465,271.06	99.10%	(41,461.30)	0.00%
Individually not significant but individually evaluated for impairment	1,157,860.00	0.07%	(1,157,860.00)	100.00%	1,157,860.00	0.10%	(1,157,860.00)	100.00%
	<u>1,624,041,233.57</u>	<u>100.00%</u>	<u>(10,178,577.40)</u>	<u>0.63%</u>	<u>1,121,603,131.06</u>	<u>100.00%</u>	<u>(10,179,321.30)</u>	<u>0.91%</u>

(c) As at 31 December 2015, impairment provision for other receivables individually significant is analyzed as below.

	Amount	Bad debt provision	Rate	Assessment for impairment
Shenzhen Yinghai Technology Investment Co., Ltd.	<u>8,980,000.00</u>	<u>(8,980,000.00)</u>	<u>100.00%</u>	Uncertainty in recoverability

(d) Provisions for impairment of the receivables which have a similar risk group are analyzed below:

	31 December 2015			31 December 2014		
	Carrying amount	Bad debt provision		Carrying amount	Bad debt provision	
	amount	amount	rate	amount	amount	rate
Within 1 year	1,613,089,025.61	-	-	1,110,636,045.00	-	-
1 to 2 years	814,347.96	(40,717.40)	5.00%	829,226.06	(41,461.30)	5.00%
	<u>1,613,903,373.57</u>	<u>(40,717.40)</u>	<u>0.00%</u>	<u>1,111,465,271.06</u>	<u>(41,461.30)</u>	<u>0.00%</u>

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XV Notes to the main items of financial statement of the Company (continued)

(2) Other receivables (continued)

(e) As at 31 December 2015, the accumulated top five other receivables by customer are analysed as below:

	Nature	Amount	Aging	% of the total other receivable	Bad debt provision
Sinopharm Guangzhou	Entrusted borrowings	340,010,536.19	Within 1 year	20.94%	-
Sinopharm Yuexing	Entrusted borrowings	209,700,000.00	Within 1 year	12.91%	-
Suzhou Zhijun	Entrusted borrowings	177,949,000.00	Within 1 year	10.96%	-
Sinopharm Zhanjiang	Entrusted borrowings	138,000,000.00	Within 1 year	8.50%	-
Sinopharm Dongguan	Entrusted borrowings	86,000,000.00	Within 1 year	5.30%	-
		<u>951,659,536.19</u>		<u>58.61%</u>	<u>-</u>

(3) Long-term equity investments

	31 December 2015	31 December 2014
Investments in subsidiaries (Note a)	2,735,399,494.38	2,735,399,494.38
Investments in associates (Note b)	180,831,714.55	157,604,846.85
	<u>2,916,231,208.93</u>	<u>2,893,004,341.23</u>
Less: provision for impairment of long-term equity investments	(121,000,000.00)	(121,000,000.00)
	<u>2,795,231,208.93</u>	<u>2,772,004,341.23</u>

The long-term equity investments of the Company are not subject to restriction on conversion into cash.

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XV Notes to the main items of financial statement of the Company (continued)

(3) Long-term equity investments(continued)

(a) Subsidiaries

	Original investment cost	31 December 2014	Increases in investment cost	Provision for impairment	31 December 2015	Impairment	Equity interest held (%)	Voting rights held (%)
Zhijun Medicine	73,903,284.87	204,903,284.87	(536,351.78)	-	204,366,933.09	-	100	100
Sinopharm Jianming	45,054,911.04	60,054,911.04	-	-	60,054,911.04	-	100	100
Sinopharm Shenzhen Material	5,400,000.00	15,450,875.93	-	-	15,450,875.93	-	100	100
Shenzhen Logistics	900,000.00	5,019,062.68	-	-	5,019,062.68	-	100	100
Sinopharm Guangzhou	58,283,114.68	1,035,440,323.63	-	-	1,035,440,323.63	-	100	100
Zhijun Medicine	3,006,866.42	11,116,866.42	-	-	11,116,866.42	-	100	100
Sinopharm Hengxing	8,421,544.08	45,763,288.00	-	-	45,763,288.00	-	100	100
Sinopharm Liuzhou	21,407,965.79	21,407,965.79	-	-	21,407,965.79	-	51	51
Sinopharm Dongguan	2,742,000.00	17,942,000.00	-	-	17,942,000.00	-	100	100
Huixin Investment	109,416,937.72	64,416,937.72	-	-	64,416,937.72	-	100	100
Guangdong Logistics	1,269,502.30	10,596,006.21	-	-	10,596,006.21	-	100	100
Sinopharm Yuexing	16,459,326.27	113,459,326.27	-	-	113,459,326.27	-	100	100
Sinopharm Foshan	6,995,065.51	19,995,065.51	-	-	19,995,065.51	-	100	100
Suzhou Zhijun	134,250,000.00	144,900,000.00	-	-	144,900,000.00	(121,000,000.00)	100	100
Sinopharm Guangxi	33,048,985.28	504,048,985.28	-	-	504,048,985.28	-	100	100
Sinopharm Zhanjiang	1,369,864.65	70,769,864.65	-	-	70,769,864.65	-	100	100
Sinopharm Yanfeng	38,207,800.00	38,207,800.00	-	-	38,207,800.00	-	51	51
Sinopharm Meizhou	4,481,900.00	21,281,900.00	-	-	21,281,900.00	-	100	100
Pingshan Medicine	37,850,830.38	37,850,830.38	536,351.78	-	38,387,182.16	-	100	100
Sinopharm Huizhou	20,939,177.19	16,644,200.00	-	-	16,644,200.00	-	100	100
Sinopharm Zhaoqing	5,060,000.00	18,060,000.00	-	-	18,060,000.00	-	100	100
Sinopharm Jiangmen	56,000,000.00	106,000,000.00	-	-	106,000,000.00	-	100	100
Sinopharm Zhongshan	10,000,000.00	10,000,000.00	-	-	10,000,000.00	-	100	100
Sinopharm Shaoguan	13,580,000.00	13,580,000.00	-	-	13,580,000.00	-	70	70
Sinopharm Shantou	7,490,000.00	7,490,000.00	-	-	7,490,000.00	-	70	70
		<u>2,614,399,494.38</u>	<u>-</u>	<u>-</u>	<u>2,614,399,494.38</u>	<u>(121,000,000.00)</u>		

- (i) In order to integrate the resources of the pharmaceutical subsidiaries and take advantages, Zhijun Medicine transfer the equipment, professionals and raw materials regarding the cephalosporins("asset package") to Pingshan Medicine for free. Since Zhijun Medicine and Pingshan Medicine are wholly owned subsidiaries of the Company, the Company adjusts the cost of long-term equity investment in Zhijun Medicine and Pingshan Medicine according to the percentage of the net book value of the asset package to the net asset value.

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XV Notes to the main items of financial statement of the Company (continued)

(3) Long-term equity investments (continued)

(b) Associates

	31 December 2014	Movement			31 December 2015	Equity interest held (%)	Voting rights held (%)	Explanation for the inconsistency between equity interest held and voting rights held
		Investment	Share of profit or loss (Note IV(46))	Dividend declared				
Wanle Medical	157,604,846.85	-	57,152,672.28	(35,190,000.00)	179,567,519.13	35.19%	33.33%	Board of the directors is the highest decision making organization, which is formed by 2 shareholders of Wanle Medical evenly
Sinopharm Zhuhai	-	1,002,980.00	261,215.42	-	1,264,195.42	10.00%	10.00%	N/A
	<u>157,604,846.85</u>	<u>1,002,980.00</u>	<u>57,413,887.70</u>	<u>(35,190,000.00)</u>	<u>180,831,714.55</u>			

- (i) The highest authority of Sinopharm Zhuhai is the shareholders' committee, and the shareholders exercise their voting rights according to their investment proportion. Meanwhile, Sinopharm Zhuhai set up the board of directors and be responsible for the shareholders, with 3 members in total, and the Company delegates 1 member. One member has 1 voting right, and all of the resolutions should be passed by half of the directors.

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XV Notes to the main items of financial statement of the Company (continued)

(4) Sales and cost of sales

	Year 2015	Year 2014
Revenue of main operations	2,848,396,914.05	2,768,601,035.27
Other operating income	15,263,487.42	10,357,435.05
	<u>2,863,660,401.47</u>	<u>2,778,958,470.32</u>
	Year 2015	Year 2014
Cost of main operations	2,728,942,557.82	(2,656,710,908.84)
Other operating expenses	8,967,540.02	(4,480,142.22)
	<u>2,737,910,097.84</u>	<u>(2,661,191,051.06)</u>

(a) Other operating income and expenses

	Year 2015		Year 2014	
	Other operating income	Other operating expenses	Other operating income	Other operating expenses
Rental income	9,790,090.30	4,398,831.68	6,538,716.62	1,787,750.50
Rendering of services	5,473,397.12	4,568,708.34	3,818,718.43	2,692,391.72
	<u>15,263,487.42</u>	<u>8,967,540.02</u>	<u>10,357,435.05</u>	<u>4,480,142.22</u>

(5) Investment income

	Year 2015	Year 2014
Gain on long-term equity investment under cost method	514,513,119.53	476,869,119.31
Gain on long-term equity investment under equity method (Note XV(3(b)))	57,413,887.70	50,415,836.33
	<u>571,927,007.23</u>	<u>527,284,955.64</u>

There is no major restriction on the collection of the gain on investment.

I Non-routine items

	Year 2015	Year 2014
Gains on disposal of non-current assets	5,863,107.27	2,262,989.96
Government grants related to income	34,025,749.62	31,534,869.05
Receivables impairment reversal by individual assessment	7,421,904.86	3,518,118.71
Non-operating income recognised due to reversal of outstanding legal issue	-	11,786,275.78
Entrusted management custody fee income	750,000.00	750,000.00
Other non-operating income	19,155,803.67	4,330,285.60
	<u>67,216,565.42</u>	<u>54,182,539.10</u>
Tax impact of above non-routine items	(11,848,624.93)	(11,767,755.13)
Share of minority interests of above non-routine items after tax	<u>(9,268,360.97)</u>	<u>(1,163,260.63)</u>
	<u>46,099,579.52</u>	<u>41,251,523.34</u>

Basis of preparation for non-routine items

According to the “Information Disclosures Requirement Interpretation for Listed Companies No.1 - non-routine gain and loss[2008]”, non-routine gain and loss represent those gain or loss that are not related to the daily operation of the Group or even if being related to the daily operation, separate disclosure of these items will help a better understanding of results and profitability of the Group’s operation by considering their nature and frequency.

II Return on equity and earnings per share

	Weighted average return on equity (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	Year 2015	Year 2014	Year 2015	Year 2014	Year 2015	Year 2014
Consolidated net profit attributable to the shareholders of the Company	14.94%	16.41%	2.10	1.90	2.10	1.90
Consolidated net profit attributable to the shareholders of the Company, excluding non-routine items	<u>14.10%</u>	<u>15.45%</u>	<u>1.97</u>	<u>1.78</u>	<u>1.97</u>	<u>1.78</u>

Section XI. Documents available for Reference

1. Accounting Statement carrying the signatures and seals of the legal representative, financial chief and person in charge of accounting;
2. Original of Auditors' Report carrying the seals of Certified Public Accountants, and signatures and seals of the CPAs;
3. Originals of all the documents and notifications of the Company ever disclosed in the report period in *Securities Times*, *China Securities Journal* and *Hong Kong Commercial Daily* designated by CSRC;
4. Original of the Annual Report carrying the signature of the Chairman of the Board.
5. The Place Where the document placed: Office of Secretariat of the Board of Directors, Accord Pharm Bldg., No. 15, Ba Gua Si Road, Futian District, Shenzhen.