

China National Accord Medicines Corporation Ltd.

Annual Report 2021

March 2022

Section I. Important Notice, Contents and Interpretation

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

Lin Zhaoxiong, Principal of the Company, Gu Guolin, person in charger of accounting works and Wang Ying, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2021 Annual Report is authentic, accurate and complete.

All directors are attended the Board Meeting for report deliberation.

The profit distribution plan that deliberated and approved by the Board is: based on total stock issued 428,126,983 shares, distributed 6.00Yuan (tax included) bonus in cash for every 10-share hold by all shareholders, 0 shares bonus issued (tax included) and no capitalizing of common reserves carried out.

Contents

Section I Important Notice, Contents and Interpretation.....	1
Section II Company Profile and Main Financial Indexes.....	5
Section III Management Discussion and Analysis.....	10
Section IV Corporate Governance.....	错误！未定义书签。
Section V Enviornmental and Social Responsibility.....	错误！未定义书签。
Section VI Important Events	83
Section VII Changes in shares and particular about shareholders.....	错误！未定义书签。 9
Section VIII Preferred Stock.....	错误！未定义书签。 9
Section IX Bonds.....	错误！未定义书签。 0
Section X Financial Report.....	错误！未定义书签。 1

Documents Available for Reference

I.The financial statements carried with the signature and seals of the person in charge of the Company, person in charger of accounting works and person in charge of accounting organ(accounting supervisor);

II.The original audit report bearing the seal of accounting firm and the original audit report signed and seal by the CPA;

III.Original text of all documents of the Company as well as the manuscript of the announcement disclosed on the website designated by CSRC.

Interpretation

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

Section II Company Profile and Main Financial Indexes

I. Company 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		
Historical changes in the registration address	No changes		
Offices add.	Accord Pharm. Bldg, No. 15, Ba Gua Si Road, Futian District, Shenzhen, Guangdong Province		
Codes for office add.	518029		
Company's Internet Web Site	http://www.szaccord.com.cn		
E-mail	gyyz0028@sinopharm.com		

II. Person/Way to contact

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

III. Information disclosure and preparation place

Website of the Stock Exchange where the annual report of the Company disclosed	<i>Securities Times, China Securities Journal, Hong Kong Commercial Daily</i>
Media and Website where the annual report of the	http://www.szse.cn ; http://www.cninfo.com.cn

Company disclosed	
Preparation place for annual report	Secretariat of the Board of Directors

IV. Registration changes of the Company

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

V. Other relevant information

CPA engaged by the Company

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

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

Applicable Not applicable

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

Applicable Not applicable

VI. Main accounting data and financial indexes

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

Yes No

	2021	2020	Changes in the current year over the previous year (+,-)	2019
Operating revenue (RMB)	68,357,809,571.99	59,649,455,012.03	14.60%	52,786,807,476.28
Net profit attributable to shareholders of the listed Company (RMB)(Note 1)	1,336,427,752.22	1,401,892,593.23	-4.67%	1,267,931,291.32
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (RMB)	1,286,305,975.28	1,369,652,035.50	-6.09%	1,226,765,271.97
Net cash flow arising from operating activities (RMB)	1,655,180,976.87	1,502,746,598.47	10.14%	2,012,653,189.74

Basic earnings per share (RMB/Share) (Note 1)	3.12	3.27	-4.59%	2.96
Diluted earnings per share (RMB/Share)	3.12	3.27	-4.59%	2.96
Weighted average ROE (Note 1)	9.29%	10.49%	1.20 percentage points down	10.31%
	Year-end of 2021	Year-end of 2020	Changes at end of the current year compared with the end of previous year (+,-)	Year-end of 2019
Total assets (RMB)	42,783,682,431.81	39,594,533,471.65	8.05%	34,028,843,214.20
Net assets attributable to shareholder of listed company (RMB)	14,924,938,052.50	13,948,322,652.33	7.00%	12,911,140,435.88

Note 1: Net profit attributable to shareholders of the listed Company has 4.67% declined from a year earlier, basic EPS drop 4.59% correspondingly, weighted average ROE decreased by 1.20 percentage points, mainly because according to the results of impairment tests on goodwill and intangible assets for the year, follow the principle of prudence, the goodwill and intangible assets (brand rights and sales network) from subordinate subsidiary- Shanghai Dingqun Enterprise Management Consulting Co., Ltd (and the Sinopharm Holding Tianhe Pharmaceutical Co., Ltd) are being accrued by the Company, found more in *Notice on Assets Impairment Provision by China National Accord Medicines Corporation Ltd.* (Notice No.: 2022-03). Meanwhile, there are 1155 new director-operated stores opened in 2021 in the retail sector, with the large initial investment and non benefits generated temporary and multiple influences as industry policies and epidemic, the profit space shrinks.

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

Yes No

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

Yes No

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

VIII. Quarterly main financial index

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	16,049,966,325.75	17,113,125,561.64	17,046,925,131.18	18,147,792,553.42
Net profit attributable to shareholders of the listed company	328,800,560.24	412,644,453.01	332,710,261.54	262,272,477.43
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	321,593,612.98	399,360,795.24	323,929,049.31	241,422,517.75
Net cash flow arising from operating activities	-306,748,999.24	1,536,122,282.81	190,693,254.22	235,114,439.08

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	2021	2020	2019	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	2,819,900.34	5,969,522.10	2,340,925.97	The gains on disposal of right-to-use assets arising from off-lease in the period
Governmental subsidy reckoned into current gains/losses (while closely related with the	75,900,940.54	65,568,137.35	49,299,242.48	Mainly for receiving of all kinds of special subsidies

normal business of the Company, the government subsidy that accord with the provision of national policies and are continuously enjoyed in line with a certain standard quota or quantity are excluded)				etc. in the period
Investment costs while acquiring subsidiaries, joint ventures and associated enterprise, less than fair value of the identifiable net assets from invested enterprise which should be enjoined	219,279.00	70.96	14.65	Negative goodwill from subsidiary acquisition.
Current net gain/losses of the subsidiary merger under the same control from beginning of the period to combination date			-4,059,241.89	
Switch back of provision for depreciation of account receivable that individually tested for impairment	1,491,750.76	578,362.65	1,310,345.38	
Gains and losses from external entrusted loans			3,460,037.16	
Consigning fee received for consigned operation		961,488.75		
Other non-operating income and expenditure except for the aforementioned items	20,642,938.09	-11,819,894.60	17,179,002.78	The non-operating income arising from the written off amount that does not need to be paid during the period
Other gains/losses satisfy a definition of extraordinary gains/losses	3,891,236.81	3,835,445.51	508,168.93	
Less: Impact on income tax	24,001,469.59	16,223,813.42	17,317,723.70	
Impact on minority shareholders' equity (post-tax)	30,842,799.01	16,628,761.57	11,554,752.41	
Total	50,121,776.94	32,240,557.73	41,166,019.35	--

Details of other gains/losses satisfy a definition of extraordinary gains/losses :

Applicable Not applicable

There are no other gains/losses items that satisfy the definition of extraordinary gains/losses in the Company.

Explain the items defined as extraordinary 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*

Applicable Not applicable

There are no items defined as extraordinary 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 Management Discussion and Analysis

I. Industry the Company operates during the reporting period

The Company shall comply with the relevant disclosure requirement for retailing industries of *Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No.3 - Disclosure of Industry Information*

(1) Macro environment of the industry

2021 is the first year of China's 14th Five-Year Plan, macro environment continues to changes. Under the epidemic background, China's economy continues to recover with steady growth in GDP and high-quality in development; with frequently introduction of the medical reform policy, the country's implementation of Healthy China Strategy has promoted the balanced distribution of high-quality medical resources; The aggravating trend of aging population and universal three-child policy made the market demand of health industry, sanatoria service industry combining medical care & health care and pediatric drugs getting higher. With the release of *Outline Development Plan for the Guangdong-Hong Kong- Macao Greater Bay Area* and introduction of several polices, the construction of Greater Bay Area in terms of health care earns a new profit.

(2) Basic information, development stages and periodic features of the industry

In 2021, the pharmaceutical industry embrace greater challenges and opportunities due to the continues soaring of pharmaceutical market, sustainable deepening of medical insurance, hospital and drug industry co-reformation and intensive introduction of medical industry.

1. Development of pharmaceutical terminal market

In 2021, terminal market of the pharmaceutical starting warming up. However, affected by the numerous spread of epidemic and acceleration of the centralized procurement, development of pharmaceutical terminal market continues to be under pressure.

According to the statistics of the PDB (data released by PHIIC) domestic sample hospitals market, the market size of sample hospitals in the first three quarters of 2021 rebounded by 10.24% compared to the same period of 2020. However, due to the lower base number in 2020 and affected by factors as epidemic and centralized procurement, the growth of hospital market month-on-month continues to slow down. The third quarter of 2021 only has 1.86% up from the second quarter, the sales from hospital market in the whole year of 2021 have a certain gap with that of 2019.

According to the drug retails from China Monitor Health(CMH), sales volume of the retail pharmacies increased by 3.0% nationwide in the first three quarters of 2021. In the second half of the year, under the influence of recurrence of epidemic in local areas of the country, the epidemic prevention & control measures of retail pharmacies in some areas are becoming stricter. Ban on the sale of epidemic drugs and affected by the centralized procurement of medical institutions, some patients returned to the hospitals and primary medical institutions, the customer flow from retail pharmacies has been challenged with just 0.3% up month-to-month in the third quarter.

2. Pharmaceutical industry polices and influences

The medical industry polices intensively introduced, and co-reformation of medical insurance, hospital and drug industry are continued deepening in 2021. In terms of medicine, mainly involves the policies as drug registration & approval, bulk drugs, drug patent, drug vigilance, TCM and formula granule development; In terms of medical insurance, policies as volume-based procurement, adjustment & negotiation of medical insurance catalogue, medical insurance “dual channel”, DRG/DIP payment and medical insurance for urban & rural residents are included; and in terms of medical treatment, mainly includes long-term prescriptions, reforms at public hospitals, hierarchical medical, reformation of medical health care services and experience of Sanming’s medical reformation in promoting.

(1) Normalization & institutionalization of volume-based procurement and gradual expansion of coverage have a great impact on pharmaceutical industry

Six batches of centralized procurement for drugs are organized by the state, 234 kinds of drugs procured in total, and the market amount accounts for around 30% of the chemical and biological drugs procured by public medical institutions. Special procurement of insulin was carried out in 2021, expanding the centralized procurement from chemical drugs to biological drugs for the first time. Centralized procurement of high-value medical consumables are focus on cardiology and orthopedics, the two most concerned areas to the general public. The concentrated purchase of heart stent has been running for a year smoothly, and 1.69 million selected stents being used, nearly 1.6 times of the annual agreed procurement quantity. In 2021, the concentrated purchase of joint prosthesis are organized by the state against orthopedic consumables which is more complicate to further expand the coverage of reforms.

Impact of volume-based procurement on pharmaceutical business: squeezed sales revenue and gross margin have a great impact on the revenue growth and profit space of the commercial enterprises; soaring distribution costs, higher demanding of delivery frequency for centralized procurement varieties, especially the primary care institutions newly operates, the single purchasing quantity is small and frequency of delivery is high, which increases the distribution costs significantly; the distance had been enlarged between medical commercial enterprises, and the increment of centralized procurement varieties brings challenges and opportunities to the commercial enterprises: due to the factors as scaling, collectivization, informatizaion and capital chain, the puny commercial enterprises have been unable to sustain and undertake

the burden of volume-based procurement; Instead, the large pharmaceutical commercial enterprises owns numerous variety of reserves, abundance in capital, fast delivery capability and wide range of hospital accounts, which provides convenient conditions for enterprises. Although the overall gross profit from distribution decreased, the industry status will be further consolidated as part of the costs digested by size effect of volume-based procurement.

Impact of volume-based procurement on pharmacy retail: Winning varieties are selected by cutting prices, and the prices hang upside down among varieties operated in drug store, facing pressure to reduce the prices. even though participate in centralized procurement and solve the channel problems, we still facing price pressure; monomer pharmacies have lost the competitive advantages under the trend of centralized procurement when the speed of mergers & acquisition accelerated, the rate of chain for drug stores improve one more step as the acceleration of pharmacy mergers & acquisition; speeding up the online layout and reducing the drug prices, the drug store gradually develops online business as the operation costs goes up.

(2) Promoting establishment of hierarchic care and medical partnerships, the grassroots market is gradually being opened up

On November 4, 2021, the National Health Commission printed and issued the 1,000 Counties Projects - Work Plan of the Comprehensive Capacity Improvement for County-level Hospitals (2021-2025) , to meet the needs of peoples in county ares for medical services as the starting point, consolidated and expended the effective connection between the achievements in poverty alleviation and rural revitalization, speeding up and improve the hierarchic care system, promoting the county-level hospitals to a high-quality development stage. And strive for 5 years of hard working, 1000 county-level hospitals at least across the country have reached the medical service standard of third-class hospitals, laying a solid foundation for achieving the solution of general diseases in cities and counties.

On 22 November 2021, the general office of National Health Commission printed and issued the Notice on Promotion of Sanming's Experience in Hierarchic Medical and Establishment of Medical Partnership, it is proposed to build a hierarchic medical pattern with primary diagnosis construction, two-way referral and upper & lower linkage, focus on promoting high-quality development of public hospitals, and advancing 8 key tasks of hierarchic medical and construction of medical partnership.

The hierarchic medical and construction of medical partnership will force the hospital joint procurement and medical insurance - priced to the ground. Firstly, unify the catalog. The minimum threshold for drugs in catalog will be price; expending the promotion areas, once in the procurement catalog, it means the products have access to multiple hospitals within the medical partnership, the huge-crowd strategy in the past that running to the hospital for drugs is expected to reduce costs. Secondly, unify the distribution. The initiative of medical

institutions to upstream distribution business and pharmaceutical enterprises has been improved greatly, whether second bargaining or distribution, payment collection, the trend of medical institution suppress upper-and-midstream industry & commerce is harder to reverse. Finally, volume-based procurement. Quantity and pricing connected and reducing price by quantity, on the basis of centralized procurement, every single medical partnership further bargaining on volume-based pricing with a second bargaining resulted.

(3) The “dual channel” help the implementation of medicines with negotiated prices and beneficial to the retail business development

The dual channel policy accelerated the prescription circulation and separation of dispensing from prescription (SDP), some of the function of original in-hospital management of drugs are transferring to the outside of the hospital, to ensure equal rules of payment by medical insurance for compliant institutions both in and out of the hospital; relevant national meeting also indicated that the supervision for medical insurance fund will be strengthened by enhancing the prescription circulation center as the core. In the future, under the background of policy guidance, compliance and increasing requirements for professionalism, the competitiveness of pharmaceutical leading enterprises will be enhanced and the industry concentration will further improved.

II. Main business of the Company during the reporting period

The Company shall comply with the relevant disclosure requirement for retailing industries of Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No.3 - Disclosure of Industry Information

(i) Main business of the Company includes pharmaceutical distribution and pharmaceutical retail, specifically as follows:

1. In the field of pharmaceutical distribution, the Company mainly based in Guangdong & Guangxi, leading in the scale of pharmaceutical distribution in the two regions.

As of 31 December 2021, there were 1,092 secondary & tertiary medical institutions; 7,870 grass-roots medical clients and 6,414 retail terminal customers (chain pharmacies, single stores, and self-pay pharmacy in hospitals). In terms of distribution, Guangdong and Guangxi regions have subdivided the format markets, pharmaceutical distribution and apparatus consumables, retail direct sales and retail diagnosis and treatment, medical instrument linkage, retail development, and the entire industry business maintains a relatively leading position in the industry; innovative business continues to develop new customer cooperation models and become a medical supply chain management solution and service providers; improve national logistics planning and construction, provide third-party logistics professional services, and create leading logistics and supply chain service capabilities. Through continuous integration of distribution and logistics, deep penetration into the terminal market and improving the stepwise distribution network. To build an intelligent supply chain, committed to become the pharmaceutical and health products & service provider with the most influential, the highest shares, the most comprehensive variety, the best service and the fastest distribution in South China.

2. In the pharmaceutical retail field, Guoda Drugstore is a leading pharmaceutical retailer in sales scale throughout the country

By the end of 2021, Guoda Drugstore has operated 8,798 stores, covering 20 provinces, autonomous regions and municipalities, which has formed a drugstore networks covering eastern and northern China, southern coastal cities, and gradually expanded into northeast, central plains and inland cities, the sales scale of which has exceeded 22 billions, maintain the leading sales within industry; Guoda drugstore, the business of which were mainly relying on social retail drugstores, has been putting great attention on the development of professional service system with medical resources as core competitiveness, building a group of stores with professional commercial activities, which are able to provide retails and therapy services that integrating medical service and health-care products sales and cooperate with hospitals; at the same time, the Company has been vigorously developing new business, exploring and expanding new sales channels, improving professional services, being dedicated to transit from a traditional medical retail into an innovative service enterprise. By means of conventional products retail management, improving major brands and exploring business cooperation with supplier, accelerating the establishment and improvement of DTP business and continuation of health care service system, Guoda has built industry-leading professional service ability.

(ii) Business models

1. Business of distribution

(1) Procurement model

In terms of procurement, the company has established a procurement mechanism of "front end -- back end" division of labor and cooperation, which effectively reduces the procurement cost. The "front end" is the purchasing department, which, according to business needs, looks for supply of goods, establishes first-run varieties, compares prices and conducts business negotiations on product quality requirements, lead time, supply price and payment terms, in addition, effectively manages suppliers, including supplier qualification, service quality, integrity degree, etc., establishes supplier files, and organizes supplier evaluations. The "back end" is the supply chain department, which is responsible for integrating supply chain resources, grasping supply chain information as a whole, realizing professional division of labor, promoting integrated management, creating integrated service background, assisting the "front end" business, and completing daily purchase contracts and orders.

(2) Sales model

In terms of sales model, the company has carried out transformation and innovation according to the "one body and two wings" strategy of distribution sector.

For traditional business, the distribution implements the business model of "network submersion" in southern China, and is the main channel supplier of drugs in Guangdong and Guangxi, and has achieved full coverage of the national pharmaceutical market. At the same time, we will build special businesses such as equipment, medical beauty, medical care and health, TCM decoction pieces and import, and vigorously expand the end markets such as basic-level medical institutions and private hospitals to improve product supply guarantee and basic-level network coverage capability.

The retail direct selling business undertakes the company's "integration of wholesale and retail" strategy, promotes the national retail terminal layout, and deeply develops in southern China and radiated across the country based on the national top one hundred + professional DTP drugstores, project centralized procurement, the third terminal agents and other distribution networks;

At the same time, the company provides customers with one-stop overall solutions and diversified value-added services and innovative services; 1) Promote the implementation of medical service innovation model through hospital supply chain project, equipment SPD, regional distribution, regional medical services (inspection, disinfection), and outsourcing and acceptance of prescriptions prescription dispensing and undertaking, etc.. The subsidiaries Sinopharm Holding Guangzhou Medical Technology Co., Ltd., Sinopharm Holding Guangzhou Medical Management Co., Ltd., and Sinopharm Holding Guangzhou Medical Supply Chain Service Co., Ltd. have carried out effective business expansion and practice on professional service products such as medical equipment life cycle management, reagent consumables and disinfection business. 2) In terms of third-party logistics business, we undertake the warehousing, distribution and other value-added services for third-party customers such as pharmaceutical equipment manufacturers, pharmaceutical equipment business, centers for disease control, vaccine manufacturers, etc., and provide professional third-party logistics solutions for integrated businesses such as third-party bonded logistics to national warehousing, distribution and logistics services.

(3) Logistics and distribution model

After long-term development and accumulation, the logistics center has established a complete modern pharmaceutical logistics service system, and integrated warehousing and distribution and intelligent supply chain service abilities. The logistics center has more than 180,000 square meters of warehouse space and more than 260 self-operated transport vehicles in Guangdong and Guangxi. The served customers include upstream and downstream clients of distribution and operation headquarters, third-party logistics customers include innovative pharmaceutical companies, disease control customers, pharmaceutical equipment manufacturers and commercial companies, vaccine manufacturers, etc. The distribution scope covers the whole country. Distribution terminals include direct selling customers of hospitals, basic-level medical customers, small social medical customers, commercial customers, retail direct selling customers, centers for disease control, individuals, etc. Relying on the national logistics resources of Sinopharm Holding and combined with the resources of carriers, the logistics center has achieved full coverage of national urban and rural medical logistics. The company's logistics products mainly include warehousing inspection services, storage services, delivery services, insurance and supply chain optimization and other value-added services; as well as delivery services in medial transportation cities, special car services for medicines, medial express delivery services, supply chain optimization and other value-added services.

2. Retail business

(1) Procurement model

The procurement model of Guoda Drugstore is divided into centralized procurement and local procurement. The procurement model of centralized procurement can be divided into unified signing separate purchasing and

unified signing unified purchasing. For unified signing separate purchasing, the headquarters uniformly signs tripartite contract (headquarters, regional company and supplier), and the regional company directly purchases from supplier. For unified signing unified purchasing, the headquarters and supplier sign the contracts, the headquarters centralizedly gathers the goods and then distributes to regional company for sales. The procurement model of local procurement is that the regional company directly signs contracts with supplier, and purchases and sells by itself. In 2021, the sales of centralized procurement accounted for 44%, while the sales of local procurement accounted for 56%.

(2) Sales model

The retail business of Guoda Drugstore is mainly carried out in the form of chain operation, including company-owned stores and franchised stores. By The end of December 2021, there were 8,798 store in total, including 7,257 directly owned stores, 1,541 franchised stores, covering 20 provincial-level markets; the main business is Chinese patent drugs and generic medicines, traditional Chinese medicine decoction pieces, medical equipment, health food, healthy food and supplies, etc.. In terms of business model, it actively promotes online to offline Internet + medicine, and explores "5+X" retail and diagnosis and treatment innovative stores combining traditional Chinese medicine, Western medicine, rehabilitation and physiotherapy services. At the same time, it continuously optimizes the slow disease diagnosis and treatment and member management new model, now there are nearly 24 million active members, establishes health records for customers with chronic disease, follow up and pay close attention in a long term, and cooperates with top ranked suppliers at home and abroad, constantly enhances professional pharmaceutical affairs service ability, provide quality health products and services for the majority of the people, and fulfills the social responsibility of a state-owned enterprise.

(3) Logistics and distribution model

The logistics and warehousing management model of the headquarters and subsidiaries of Guoda Drugstore has two main types, the first is self-operated logistics model, namely the subsidiaries rent warehouses for the warehousing and distribution services of stores and external customers, the second is the model to entrust state control system for logistics distribution, namely the subsidiaries entrust the local state control system for storage and transportation based on factors such as cost or resource sharing. At present, entrusted distribution accounts for 27%. There are three modes of transportation, i.e. self-operated distribution, entrusting a third party for transportation, and mixed transportation management - self-operated + entrusted mode.

(iii) The company's 2021 annual performance and main work

The year 2021 was a significant moment of the hundredth anniversary of the communist party of China and a key node in the history intersection of the "two one hundred years", pandemic prevention and control and socio-economic development were under pressure at home, Sinopharm Accord adhered to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implemented the spirits of the the 19th National Congress of the CPC and all the previous plenary sessions of the 19th Central Committee of the C.P.C., fully implemented the general requirements of party building and the party's organizational principle in the new era,

earnestly implemented the deployment requirements of SINOPHARM and Sinopharm Holding, focused on the strategic policy of "technology energized, service upgrade, wholesale and retail integration, and industry - finance dual drive", and continued to promote the "14th Five-Year" strategic planning of Sinopharm Accord's "1-2-6", i.e. one core dual networks and six platforms. Under the annual working idea of "building a new development pattern and sustaining high-quality development", 40,000 employees of Sinopharm Accord made concerted efforts and achieved the goal of opening a new situation, responding to the changing situation and stabilizing the overall situation at the first year of the "14th Five-year Plan".

Operation in 2021

In the year of 2021, under the influence of COVID-19 and policies as centralized procurement of drugs, in the face of pressure, multiple measures were taken by Sinopharm Accord to star the year with vigor. Cumulative operation revenue reached 68,358 million yuan for the year, a 14.60% increased on a y-o-y basis; operation profit has 1,952 million yuan, declined by 9.77% from a year earlier and the net profit attributable to shareholder of listed company amounted to 1336 million yuan with 4.67% down on a y-o-y basis. The main reason for declined in profit is according to the results of impairment tests on goodwill and intangible assets for the year, follow the principle of prudence, the goodwill and intangible assets (brand rights and sales network) from subordinate subsidiary- Shanghai Dingqun Enterprise Management Consulting Co., Ltd (and the Sinopharm Holding Tianhe Pharmaceutical Co., Ltd) are being accrued by the Company. Meanwhile, there are 1155 new director-operated stores opened in 2021 in the retail sector, with the large initial investment and non benefits generated temporary and multiple influences as industry policies and epidemic, the profit space shrinks.

In 2021, Sinopharm Accord achieved a total operating revenue of 46,833 million yuan in distribution business, a y-o-y increase of 14.03%; net profit achieved 947 million yuan, a y-o-y growth of 10.74%, of which: revenue from traditional medical direct-sales of 31,900 million yuan, a y-o-y increase of 15%; retail direct sales revenue of 6,200 million yuan, 1% up from a year earlier; retail diagnosis and treatment revenue of 2,000 million yuan, 19% up on a y-o-y basis and commercial distribution revenue of 5,200 million yuan, 19% growth on a y-o-y basis.

In 2021, Guoda Drugstore completed an operating revenue of 22,478 million yuan in total, a y-o-y growth of 15.64%, the net profit amounted as 184 million yuan, 61.38% down from a year earlier. The net profit attributable to parent company was 65 million yuan, a y-o-y decline of 80.88%, of which: retail (direct operation stores and franchised stores included) revenue of 17,990 million yuan, 16.3% up from a year earlier; revenue from terminal distribution of 4,100 million yuan, a y-o-y increase of 15%.

The accumulative investment income from associates was 333 million yuan for the year of 2021, a y-o-y decrease of 5.91%.

1. Central enterprise takes the responsibility to fight against the epidemic

As of December 2021, subsidiaries of Sinopharm Accord have obtained 67 (including 2 central medical reserve qualifications; 12 provincial & municipal -level qualifications; 25 reserves of direct fund allocation from central; 28 qualifications for government epidemic prevention & control and special procurement) qualifications for medicine and anti-epidemic supplies reserves, and completed emergency distribution of supplies to many epidemic areas in Guangdong and Guangxi successively.

Undertaking the warehousing & distribution operation for disease control & prevention vaccine in vary areas within the Guangdong and Guangxi, setting up a special command group/operation team for vaccines with rapid response on duty 24 hours a day. Nearly 2,000 square meters of cold storage has been contributed and 120 refrigerated trucks on duty, undertaking 60% of the warehousing & distribution services for COVID-19 in Guangdong Province, 40 disease control centers have been contracted and covering 1,700 vaccination sites approximately. The Company assisted in the delivery of more than 3.4 million doses of COVID-19 vaccines in Guangxi Province and covering more than 130 vaccination sites.

In the closed environment of the pandemic outbreak quarantine zone, Guoda Drugstore and the distribution professional pharmacies, Sinopharm Accord's subordinates, provided emergency medicine services, responded to pandemic prevention and control requirements of the local government, launched online emergency mode of "enterprise WeChat group customer service guide + store order receiving, logistics special vehicle distribution", opened normally, and provided professional consultation and delivery services for patients with chronic diseases in the quarantine areas. We assisted hospitals in opening Internet prescription circulation channels to meet the needs of patients in quarantine areas for online further consultation and drug use. A number of subsidiaries of the company have won anti-epidemic awards from the government and industry associations. The meritorious deeds of the company in fighting against COVID-19 pandemic have been included in the briefing on study and education of party history carried out by the state-owned assets system of Guangdong Province and in the Guangdong Youth League News of the Guangdong Communist Youth League.

2. Distribution business of Sinopharm Accord: consolidated traditional business, developed innovative business, and constantly improved market competitiveness

(1) Traditional business:

The traditional business further stimulated vitality, became stronger and bigger, and led the industry. The distribution business of Sinopharm Accord has actively seized the opportunity of the centralized procurement policy and fully obtained the distribution rights of the centralized procurement varieties, and the annual distribution rate of all national and provincial centralized procurement points in Guangdong and Guangxi exceeded 95%, and the point distribution rate ranked at the top. At the same time, we actively seized the dual-channel market opportunity and strived for the right to distribute dual-channel products. The entrusted distribution rate of products exceeded 80%. The linkage of purchase and sales accelerated the ice breaking of upstream and downstream, and the market share continued to increase; promoted marketing transformation, built a professional marketing team in the field of tumours and chronic diseases, and carried out in-depth CSO cooperation model; strengthened the development and introduction of new potential suppliers, and continued to optimize the level-to-

level management of suppliers, the institutionalization promoted the development of supplier cooperation projects, and introduced 700 new products through multiple channels.

The gain rate of TCM decoction pieces in hospitals increased, and the market expansion of refined decoction pieces achieved initial results, with a year-on-year increase of 45% in overall business; and the medical beauty has launched a C-end marketing model.

(2) Retail direct selling:

Promoted the national top 100 chain projects, increased the depth of cooperation, and improved product introduction. Accelerated the network layout of member stores, the total number of member stores has reached 1,313, and the sales increased by 66% on a year-on-year basis. Continued to give full play to the B2B advantages, optimized online platform services, increased online marketable product specifications, and made sales promotion for targeted product specifications to increase the customers' online ordering frequency.

(3) Retail diagnosis and treatment:

Continued to accelerate the layout of retail diagnosis and treatment stores in Guangdong and Guangxi. There were 120 drug stores (a net increase of 20 stores throughout the year) of Sinopharm Holding in Guangdong and Guangxi, including 91 stores in Guangdong and 29 stores in Guangxi. 35 stores have obtained the "two-channel" qualification, and continued to give full play to the brand advantages of "medical insurance + commercial insurance", with a steady growth trend in sales. There were 31 prescription circulation projects, the total circulation volume increased by 124%.

(4) Equipment consumables business:

Actively expanded and built business platforms with upstream manufacturers, set up a medical device experience center, explored the marketing model of home medical devices, formed a clinical service team, realized the extension of the service function of commercial platform, explored the cooperation model of large access to medical devices, and developed the provincial integration of medical devices.

(5) Innovative business:

Actively promoted service transformation, and developed the in-hospital to C logistics/services, home and community medical care and health care, medical union/medical community primary medical services, retail diagnosis and treatment/retail direct selling and other directions. Integrated resources, promoted the professional and platform-based construction of innovative business, and set up industry benchmark. For example, the prescription circulation project of the First Affiliated Hospital of Sun Yat-sen University and the medical consumables SPD project of Shenzhen Second People's Hospital won the top ten demonstration cases of pharmaceutical supply chain service innovation. The medical supplies SPD management service project of Affiliated Hospital of Youjiang Medical University for Nationalities, the whole process traceability system of TCM decoction pieces and the intelligent allocation scheme (TSD+ scheme) were awarded as excellent cases of pharmaceutical supply chain.

(6) Third-party logistics:

Vigorously developed third-party logistics services, added Sinopharm Holding Guangzhou Shanghai equipment warehouse, Sinopharm Holding Guangzhou public bonded warehouse. Disease control business had a year-on-year growth of 197%, innovative pharmaceutical business had a year-on-year growth of 201%, pharmaceutical equipment business had a year-on-year growth of 15%. The vaccine business maintained its leading position in the regional market.

3. Business of Guoda Drugstore: focused on strategy, improved quality and efficiency, consolidated the stock business scale, and explored innovative business development

(1) Accelerated the network layout of the whole network and promote the expansion and submersion of stores

By the end of 2021, Guoda Drugstore had a total of 8,798 stores, an increase of 1,138 stores compared with the beginning of the year, among which, newly opened 1,155 direct-sale stores and closed 347 stores, a net increase of 808 stores, and a net increase of 93 franchised stores. The growth rate of newly opened stores hit a record high. 244 stores involved in the investment and acquisition project, 7 stores were transferred. Further sank the network layout, expanded the county market, has established 58 county stores. Accelerated the development of franchise business, set up the franchise management department, integrated the brand advantages and resource advantages of Guoda, unified the standard process, and formed a standardized management mode.

(2) Focused on building self-operated e-commerce platforms and continuously promoted online and offline integration

Focused on the development and construction of self-supporting platforms, which have been launched at more than 6,000 stores in 26 regional companies. Built the we-media platform of Guoda Drugstore, so far 14 regional subsidiaries have opened 28 WeChat video accounts. Improved the O2O operation quality of third-parties, the number of online stores increased to 7,000, and the operating varieties increased to 2,000 SKU/stores. O2O gross margin kept increasing, and O2O drug sales at night introduced traffic platforms such as Ping An Good Doctor. The annual sales of e-commerce business (including B2C) reached 2230 million, an increase of 99.6% on a year-on-year basis.

(3) Continued to innovate business models and create new pharmaceutical retail

1) Actively carried out the prescription outflow project and built internet hospitals: in response to the "two-channel" policy of medical insurance, newly increased 13 medical insurance stores throughout the year; cooperated with 16 internet hospital platforms, launched prescription outflow projects in Shenzhen, Inner Mongolia, Xinjiang, Jilin and Shenyang, created one-stop service of "internet diagnosis and treatment + online prescription circulation + home delivery of drugs". Jointly and newly established Jiaren Medical and Health (Hainan) Co., Ltd., and has obtained the license of internet hospital and completed system connection.

2) Created a new retail model and promoted service upgrading: created the first new concept store integrating SPS+ big health, and the store design won the "Top Ten Drugstore Retail Model Innovation Award"; 340 stores

were open 24 hours a day to provide drug purchase services at night; set up 217 panda self-service medicine vending machines to provide intelligent service for self-service medicine purchasing.

3) Explored the construction of digital intelligence unattended pharmacy: actively explored digital shelves + machine vision + multi-sensor fusion technology to realize the non-inductive payment, artificial intelligence assisting in-store customers and tracking of purchased drugs, and other digital application scenarios, piloted "non-inductive payment" at Shenzhen Guoda Drugstore, and piloted "two-dimensional barcode payment" at Shanghai Longhua East Road store.

(4) Continued to pay attention to the improvement of gross profit, and set up a project team for the improvement of gross profit (procurement, commodities, private brands, marketing and operation), focusing on the adjustment of sales structure and the control of gross profit margin of commodities. The main indicator of gross profit margin basically reached the annual target.

(5) Vigorously promoted the systematic development of private brands

Promoted the business systematic construction of private brands, OEM business of private brands and "Guozhi" products increased by 115% on a year-on-year basis. Created new models and new growth points, and created the sales model of trend-setting product "Jie Bao Nuo" cotton pads and the innovative development model of industrial and commercial cooperation of Sinopharm system.

(6) Continued to build a professional pharmaceutical service system

Carried out drug and information platform training, covering 31,863 shop assistants and management personnel nationwide, focusing on five modules: professional basis, patient education, practical application, chronic disease commodities and related commodities. Organized the training of licensed pharmacists, and 476 employees obtained the qualification of licensed pharmacists. Provided health management services, provided professional services for more than 7 million chronic disease members through health detection, member filing, health education and medication guidance and other means. Improved the membership stickiness, Guoda Drugstore has cooperated with the third-party Yiyouhui to build the membership platform, and has carried out 7 cooperation projects with Novartis, Merck, Huizhi, Celebex, Weigu and other manufacturers.

4. Improved quality, increased efficiency and sought benefits

Regularly promoted the special work of improving quality and efficiency. Increased the capital concentration, enjoyed the tax preference, revitalized resources and saved costs. The human resources input and business maintained good coordination, and the personnel scale continued to be dynamically optimized. The growth rate of the team scale was much lower than the growth rate of the revenue scale. Accelerated the continuous optimization of the company's business structure, and continued to carry out the reduction in "accounts receivable and inventory". Adopted one enterprise one policy for subordinate loss-making enterprises, refined the measures to stop losses, and increased the intensity of special assessment.

5. Continued to promote comprehensive digital transformation

Promoted integrated management of information and continuously optimized management processes and business links with digital projects. Strengthened basic management of information, established a stable and efficient support system for infrastructure equipment, carried out database inspection and optimization, and completed the construction of Guangzhou-Shenzhen disaster recovery platform. Promoted the implementation of digital projects of management platform and business system, improved the financial sharing platform, Guodu Drugstore switched to NC unified financial platform, and piloted the launch of financial robots. Distribution centered on the strategic deployment of "one body and two wings", and carried out the connection of automation special projects for supply chain, micro mall, dual channel, prescription circulation, etc.. Guodu Drugstore has promoted the establishment of a number of digital transformation projects such as unmanned intelligent pharmacy, optimized business system, promoted the online use of the unified DTP system, and optimized and constructed the online mall system and OMS system.

6. Technology energized, optimized the efficiency of the supply chain

Continued to promote the logistics network planning, at present, the company has 61 self-operated + entrusted logistics centers, with a total area of 370,000 square meters, which have established the indicator system for supply chain logistics monitoring throughout the country, carried out the national logistics planning and B2B2C planning for the integration of wholesale and retail, broke the scattered layout of "one place one warehouse", improved the efficiency of warehouse network. Made overall arrangements for logistics and wholesale and zero integration, joint supply, joint inventory, and joint network.

Promoted the digital intelligence transformation of logistics warehouses, created the 3A smart logistics solution (AS/RS+AMR+AI), used OCR+AI visual identification system, Sinopharm Group Guangdong Logistics introduced mechanical arm, AGV intelligent vehicle and other intelligent equipment to open up logistics management system, the warehousing density increased by 10%, overall efficiency increased by 25%. AGV unmanned warehouse realized its own FYWMS system docking AGV scheduling, realized multi-floor intelligent equipment scheduling, and effectively improved supply chain efficiency.

7. Continued to promote the core strategy of integrating wholesale and retailing

Explored the connotation and value of "integrating wholesale and retail" and promoted the extension of resources to the upstream and downstream of the industrial chain. Launched the expansion of the pilot area for the integration of wholesale and retail, and added 10 regions including Shanxi and Inner Mongolia for promotion in a total of 15 regions. Based on the principle of "one place, one policy", the pilot project continued to be promoted dynamically and relied on the operation characteristics of each region to output effective business models and profit models. The coordinated sales of wholesale and retail in Guangdong Province reached 1030 million.

Operation of the retail stores during the reporting period:

1. By the end of 2021, Guoda Drugstore has 7,257 direct-sale stores, sales revenue amounted to 16,640 million yuan; and has 1,541 franchised stores, the distribution revenue amounted as 1,340 million yuan.

Region	Direct-sale store		Franchised outlet	
	Numbers	Sales revenue (in 10 thousand Yuan)	Numbers	Distribution revenue (in 10 thousand Yuan)
North	4,627	1,034,759	669	61,877
East China	1,086	261,094	603	57,809
South China	555	157,400	117	7,390
Central China	312	56,665	147	6,397
Northwest	346	105,873	5	108
Southwest	331	48,492	0	0
Total	7,257	1,664,283	1,541	133,581

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

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

South China: Guangdong, Guangxi;

Central China: Henan, Hunan;

Northwest: Ningxia, Xinjiang;

Southwest: Yunnan

(1) There were 1,155 new direct-sale stores opened and 347 closed in 2021, a net increase of 808 stores.

Region	Direct-sale store	
	Number of store increased	Total area (square meters)
North	748	77,154
East China	170	19,529
South China	99	11,382
Central China	32	3,212
Northwest	61	6,539
Southwest	45	5,248
Total	1155	123,064

(2) Medical insurance qualification of the stores

As of December 31, 2021, the Company has 7,257 chain stores with directly selling, and 6,338 pharmacy stores obtained the qualification of “Designated retail pharmacies of medical insurance”, representing 87% of the total pharmacies of the Company.

Region	Number of stores	Stores obtained the qualification of	Ratio in total pharmacies in
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		“Designated retail pharmacies of medical insurance”	regions
North	4,627	4,170	90%
East China	1,086	855	79%
South China	555	458	83%
Central China	312	250	80%
Northwest	346	295	85%
Southwest	331	310	94%
Total	7,257	6,338	87%

2.Change of main selling index

Year	Per customer transaction (RMB)	Proportion of prescription drugs	Proportion of medical insurance sales in direct-sale stores	Proportion of the direct member sales	Proportion of transaction times of direct members
2020	90	52%	41%	67%	59%
2021	90	54%	41%	70%	64%

(1) Classify according to region

Region	Amount of sales growth (tax-free, in 10 thousand yuan)	Gross margin	Net profit ratio
North	209,211	23%	3%
East China	-4,176	21%	0%
South China	-2,431	24%	1%
Central China	-5,148	26%	1%
Northwest	24,064	20%	2%
Southwest	29,828	41%	8%

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

Region	Number of stores	Operating area of the stores (square meters)	Daily average efficiency (tax-included, Yuan/Square Meters)	Rental efficiency (tax-included, annual sales volume/rental)
North	4627	575,992	48	15
East China	1086	136,491	52	14
South China	555	64,102	65	15
Central China	312	36,301	43	14
Northwest	346	41,115	71	28
Southwest	331	40,200	33	11

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

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

Rental efficiency=Annual sales volume/Yearly rental

3.Top 10 stores in terms of operating revenue

The cumulative operating revenue from top 10 stores takes 6.4% in Guoda Drugstore's overall operating revenue.

Name of the store	Address地址	Date of opening	Building area (m ²)	Operation mode	Property ownership
Head store of Lerentang	1/F, No.57 Qingyuan Street	2010/9/16	1206	Directly operated	Rental properties
Head store	(1/F,2/F) No.65 Tongdao North Street, Huimin District, Hohhot	2003/3/18	1290.35	Directly operated	Rental properties
Yi Yuan Zongli Store	Opposite the outpatient department of Shanda First Hospital, No.88 Jiefang South Road	2002/9/27	821.8	Directly operated	Rental properties
Yi Yuan Er Yuan Store	Opposite the Shanda Second Hospital, No.232 Wuyi Road, Xinghualing District, Taiyuan, Shanxi Province	2011/2/14	629.9	Directly operated	Rental properties
Xidan Golden Elephant	No.114 Xidan North Street, Xicheng District, Beijing	1997/5/3	783.66	Directly operated	Rental properties
Showroom	North 1/F, No.816 Building, Sungang Storage District, Bao'an North Road	2006/12/23	260	Directly operated	Rental properties
Yangzhou Baiyulan Pharmacy Mall	No.511 Wenchang Middle Road	1991/9/1	840	Directly operated	Rental properties
Bu Xin village	No.101, 1/F Podium Xilong Liyuan, Beili South Road, Luohu District, Shenzhen	2017/4/1	337	Directly operated	Rental properties
Xiamen New Special Drugstore	No.14 Shop, Zhenhai Garden, No.97 Zhenhai Road, Siming District	2005/3/30	133	Directly operated	Rental properties
Lianhua North	Lianhua Building, Lianhua Second Village, Hongli West Road, Futian District,	2003/12/1	120.33	Directly operated	Rental properties

	Shenzhen				
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4. Structure of the category at retail terminal

Category	2021	2020
Rx Drug	54.40%	52.11%
OTC	25.60%	25.83%
Household health products	5.30%	4.29%
Health care products	4.60%	5.03%
TCM	4.00%	1.25%
Proportion of other categories	3.80%	3.00%
Personal care	1.20%	0.34%
Convenience food	0.90%	0.84%
Home convenience	0.20%	7.33%
Total	100%	100%

5. Purchasing and supplies

Goods suppliers of Guoda Drugstore are mainly external suppliers and assist affiliated enterprise of SINOPHARM and private brands. Top five suppliers for year of 2021:

Ranking	Purchase amount (tax included) (10 thousand yuan)	Procurement ratio
No.1	82,276.79	3.9%
No.2	65,267.62	3.1%
No.3	56,673.88	2.7%
No.4	56,620.11	2.7%
No.5	50,971.50	2.4%

6. Member management and service business

In 2021, the membership sales accounted for 67% with no change in the shares from 2020. At the same time, the number of member transactions in 2021 has increased by 25% from a year earlier. The proportion of member transactions in total transactions increased from 56% in 2018 to 64% in 2021. The number of member transactions has maintained a steady annual growth during the continuous improvement of sales in the past three years, which played a key supporting role in the steady improvement of the company's performance.

The Company has improved its operating efficiency by optimizing the product structure. In 2021, the per customer transaction from members was 108 yuan while 82 yuan from non-members. The main difference

between members and non-members lies in the degree of brand recognition and the differentiation of the types of goods purchased.

7. Warehousing and logistics during the reporting period

By the end of 2021, Guoda Drugstore has a total of 33 logistic centers/distribution centers in 20 provinces (including 9 commissioned logistics and 24 owned logistics) and owns warehousing of 190,000 square meters nationwide; of which, 1463 square meters for cold storage with 3880 cubic meters in volume, which are used for storage and circulation of normal temperature, shady and cool, and refrigerated products, guaranteed the commodity distribution for all customers; owns 173 logistic vehicles in the country and 20 vehicles for refrigeration; Number of the logistics workforce nationwide from Guoda was 1387; the annual throughput have 20,490,000 pieces throughout the country and annual orders were 98,860,000 pieces.

8. On-line sales during the reporting period

In 2021, on-line sales have a growth of 56% from a year earlier, including 33% up from self-operated platform, the third-party O2O business increased by 93% on a y-o-y basis and 8% up from B2C business. O2O network layout covering more than 7,000 stores in 23 provinces nationwide.

9. Undertake prescription outflow and chronic disease management

With the continuous deepening of the national pharmaceutical reform, the basis of the model of realizing the high added value of medicine with doctors' labor has been collapsed through policies such as volume-based procurement, centralized bidding, and dual-channel, and prescription outflow has gradually become a trend. In 2021, the overall prescription sales of Guoda Drugstore was 9,980 million (including DTP), a year-on-year increase of 21.3%. Took Xinjiang region as an example, the sales of prescription drugs in 2021 was 720 million (including DTP), a year-on-year increase of 60%. The sales of prescription drugs have had a major impact on chain drugstores.

In order to better undertake the prescription outflow, it is necessary to strengthen professional service capacity and establish chronic disease management team. In 2021, Guoda Drugstore organized weekly online learning for diabetes specialists and hypertension specialists, covering 26 regions, and trained 2,593 diabetes specialists and 2,568 hypertension specialists. A total of 1.01 million members of diabetes and 970,000 members of hypertension have been recorded, and the sales of diabetes and hypertension products increased by 11.7% and 14.2% on a year-on-year basis.

10. Development of innovative business

In 2021, the innovative business of Guoda Drugstore was driven by the business model of doctor+ medicine + insurance. In November 2021, Jialong Health Co., Ltd., in which Guoda Drugstore holds stakes, obtained the qualification of Hainan Internet Hospital, laying a foundation for Guoda Drugstore to realize online services and

medical treatment. In terms of commercial insurance, the sales increased by 159% on a year-on-year basis in 2021, involving multi-faceted business attempts such as fund insurance, serious diseases and chronic diseases. The e-commerce business continued to maintain rapid growth in the construction of self-operated platforms and O2O. The self-operated platforms realized employee commission model, introduced some big health products for online distribution, in 2021, Guoda Drugstore achieved breakthroughs in the self-media and live broadcast business, completed more than 340 live broadcasts, worked with Meituan, Ele.me and other cooperative brands to create short videos and other publicity, and enhanced the overall brand image of the company. Meanwhile, the self-service drug purchase machine business, which had been piloted and explored since 2019, achieved a good breakthrough in 2021. By the end of 2021, a total of 217 self-service drug purchase machines were installed in airports, stations, hospitals, enterprises, parks, pharmacies and other channels.

III. Core competitiveness analysis

1. Strong network coverage and layout

Relying on the perfect distribution network and variety resources, Sinopharm Accord has unified the wholesale and retail resources. The Company owns complete drug distribution network, sales of all forms have achieved a steady growth.

(1) There were 27 prefecture-level cities in Guangdong and Guangdong fully cover medical institutions at all levels, small social medical institutions, and retail chain single-store terminals; in terms of retail diagnosis and treatment, DTP and hospital-side pharmacies (Sinopharm Holding Drugstore) reaching 120;

(2) Guoda Drugstore has 8,798 retail stores and chain network spans 20 provinces and autonomous regions, covering more than 150 cities in China.

2. Abundant variety resources

After years of hard work, the Company's distribution business has accumulated rich variety resources in pharmaceuticals, consumables and other fields, and established extensive cooperative relations with thousands of domestic manufacturers and commercial enterprises, and established stable business relationships with hundreds of import and joint ventures, the overall operating product regulations exceed 60,000.

Guoda Drugstore operates nearly 180,000 merchandises. With its relatively comprehensive purchasing network and years of experience in commodity management, Guoda Drugstore has established a merchandise system with wide coverage, high professionalization, and rich varieties.

3. Complete logistics and distribution system

In terms of distribution, warehousing and transportation network, the logistics center has more than 180,000 square meters of warehouse space in Guangdong and Guangxi; 5 logistics centers, 23 distribution centers, and 1

transfer station have formed a stepped logistics distribution network. Relying on Sinopharm Holding's national logistics resources and combined with the carrier resources, we have achieved full coverage of national urban and rural medical logistics. In terms of informatization and automation, it has a modern logistics management system, including WMS warehouse management system, TMS intelligent dispatching system, logistics visualization system, AGV goods-to-person system, mechanical arm and five-sided scanning code instrument, to realize the digitalization and intelligentization of logistics, and continuously improve the efficiency and quality of logistics services. In terms of operation management, it has implemented unified standardized operation norms and management, and implemented integrated quality management system, integrated information management, integrated operation management. It has implemented unified planning, unified deployment, and unified management for logistics resources management.

Guoda Drugstore owns a nationwide modern logistics and distribution system, and the logistics warehouses are located in 20 provinces, has 33 large-and-small logistics warehouses, covering an area of about 190,000 square meters in total. The headquarters logistics management is responsible for the logistics warehouses management of all the subsidiary in the country, makes planning and construction for the logistics network, and collects and analyzes the information of each warehouse, it is the highest logistics management organization. The headquarters logistics provides the main line distribution of the collectively purchased commodities to each warehouse, and the subsidiaries' logistics of each region provides all commodity distribution to local stores and external customers. The companies with wholesale qualifications can also do wholesale distribution between warehouses.

4. Advantages of stores with medical insurance resources and dual channel

In terms of distribution and retail, by the end of 2021, 37 pharmacies in 24 cities in Guangdong and Guangxi have obtained the qualification of "dual-channel" pharmacy. Among them, 25 stores in 14 cities in Guangdong province have obtained the qualification of "dual-channel" pharmacy, serving more than 100,000 of the insured in total, their professional and meticulous services have been approved by the local insured, medical insurance, hospitals and industry associations.

In terms of the development of pharmaceutical retail, the subsidiaries of Guoda Drugstore generally have a higher ability to obtain medical insurance resources, with a relatively high proportion of medical insurance sales and stable operation. By the end of 2021, there were 6,338 medical insurance stores, and the sales of directly-operated medical insurance stores, including tax, reached 16.69 billion yuan, rose by 17% on a year-on-year basis. The sales of directly-operated medical insurance cards, including tax, amounted to 7.4 billion yuan, rose by 26% on a year-on-year basis. There were 102 dual-channel stores with cumulative sales of 2.8 billion yuan.

5. The advantages of Compliance

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

6. The Sinopharm brand with unique influential

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.

IV. Main business analysis

1. Overview

Found more in “II. Main business of the Company during the reporting period” in Section III Management Discussion and Analysis”

2. Revenue and cost

(1) Constitute of operation revenue

In RMB

	2021		2020		Increase/decrease y-o-y (+,-)
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operation revenue	68,357,809,571.99	100%	59,649,455,012.03	100%	14.60%
According to industries					
Pharmaceutical distribution	47,415,894,164.79	69.36%	41,771,721,959.60	70.03%	13.51%
Retail pharmacy	20,546,784,164.42	30.06%	17,626,007,757.96	29.55%	16.57%
Other	395,131,242.78	0.58%	251,725,294.47	0.42%	56.97%
According to products					
Pharmaceuticals	60,694,809,091.70	88.79%	54,004,558,520.07	90.54%	12.39%
Medical devices and disposables	5,831,199,233.19	8.53%	4,010,735,060.66	6.72%	45.39%
Diagnostic reagents	994,724,313.55	1.46%	947,638,322.63	1.59%	4.97%
Medical equipment	441,945,690.77	0.65%	434,797,814.20	0.73%	1.64%
Other	395,131,242.78	0.57%	251,725,294.47	0.42%	56.97%
According to region					
China	68,357,809,571.99	100.00%	59,649,455,012.03	100.00%	14.60%
According to sales model					
Direct sales	38,830,595,892.43	56.80%	34,359,157,282.46	57.60%	13.01%
Direct operated	20,185,616,638.57	29.53%	17,322,376,918.91	29.04%	16.53%
Distribution	8,585,298,272.36	12.56%	7,412,564,677.14	12.43%	15.82%
Franchise	361,167,525.85	0.53%	303,630,839.05	0.51%	18.95%

Other	395,131,242.78	0.58%	251,725,294.47	0.42%	56.97%
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(2) About the industries, products, regions and sales model accounting for over 10% of the company's operating income or operating profit

Applicable Not applicable

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						
Pharmaceutical distribution	47,415,894,164.79	44,666,346,065.22	5.80%	13.51%	13.93%	-0.34%
Retail pharmacy	20,546,784,164.42	15,429,302,517.26	24.91%	16.57%	16.31%	0.17%
According to products						
Pharmaceuticals	60,694,809,091.70	53,331,853,978.64	12.13%	12.39%	12.48%	-0.07%
According to region						
China	68,357,809,571.99	60,339,298,052.24	11.73%	14.60%	14.73%	-0.10%
According to sales model						
Direct sales	38,830,595,892.43	36,407,984,196.22	6.24%	13.01%	13.40%	-0.31%
Direct operated	20,185,616,638.57	15,419,114,595.98	23.61%	16.53%	16.34%	0.12%
Distribution	8,585,298,272.36	8,258,361,869.00	3.81%	15.82%	16.33%	-0.42%

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

Industry	Item	Unit	2021	2020	Increase/decrease y-o-y (+,-)
Medicine circulation	Sales	Yuan	67,962,678,329.21	59,397,729,717.56	14.42%
	Inventory	Yuan	7,632,642,537.46	6,298,008,008.81	21.19%

Explanation on reasons for the y-o-y change of more than 30% in relevant data

Applicable Not applicable

(4) Fulfillment of the significant sales contracts or significant procurement contract signed by the Company up to the reporting period

Applicable Not applicable

(5) Constitute of operation cost

According to industry

In RMB

Industries	Item	2021		2020		Increase/decrease y-o-y (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Pharmaceutical distribution	Sales cost	44,666,346,065.22	74.03%	39,206,149,975.93	74.55%	13.93%
Retail pharmacy	Sales cost	15,429,302,517.26	25.57%	13,265,264,981.82	25.22%	16.31%
Other	Other cost	243,649,469.76	0.40%	120,352,506.62	0.23%	102.45%

Note

N/A

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

Yes No

Details of the changes in the scope of consolidation in reporting Period found more in Note VI of Section X. Financial Report.

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

Applicable Not applicable

(8) Major sales and main suppliers

Major sales client of the Company

Total top five clients in sales (RMB)	3,290,310,903.48
Proportion in total annual sales volume for top five clients	4.80%
Ratio of related parties in annual total sales among the top five clients	0.00%

Information of top five clients of the Company

Serial	Name	Sales amount (RMB)	Proportion in total annual sales
1	No. 1	986,633,581.55	1.44%
2	No. 2	693,712,842.71	1.01%
3	No. 3	569,811,978.70	0.83%
4	No. 4	542,410,122.37	0.79%
5	No. 5	497,742,378.15	0.73%
Total	--	3,290,310,903.48	4.80%

Other situation of main clients

Applicable Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	7,149,354,710.42
Proportion in total annual purchase amount for top five suppliers	11.24%
Ratio of related parties in annual total sales among the top five suppliers	1.44%

Information of top five suppliers of the Company

Serial	Suppliers	Purchase amount (RMB)	Proportion in total annual purchases
1	No. 1	4,198,796,922.26	6.60%
2	No. 2	913,988,957.83	1.44%
3	No. 3	707,108,393.82	1.11%
4	No. 4	676,680,463.56	1.06%
5	No. 5	652,779,972.95	1.03%
Total	--	7,149,354,710.42	11.24%

Other notes of main suppliers of the Company

Applicable Not applicable

3. Expenses

In RMB

	2021	2020	Increase/decrease y-o-y (+,-)	Note of major changes
Selling expenses	4,752,862,965.09	3,943,134,095.75	20.54%	Mainly due to the incremental impact brought by acquisition, as well as increase in the y-o-y growth of labor costs, depreciation of right-to-use assets and rental fees from company expansion, a larger increase in current sales expenses resulted compared with the same period of last year
Administrative expenses	1,045,635,601.17	1,008,178,815.78	3.72%	No major changes occurred
Finance costs	212,482,801.90	119,855,169.85	77.28%	Mainly due to the large-scale acquisition in 2020, and corresponding consideration for the acquisition are paid in succession, the interest from deposit declined correspondingly for the decrease of bank deposit.

4. R&D expenses

Applicable Not applicable

5. Cash flow

In RMB

Item	2021	2020	Increase/decrease y-o-y (+,-)
Total cash inflows from operating activities	72,335,807,374.26	63,412,452,004.15	14.07%
Total cash outflows from operating activities	70,680,626,397.39	61,909,705,405.68	14.17%
Net cash flows from operating activities	1,655,180,976.87	1,502,746,598.47	10.14%
Total cash inflows from investing activities	173,179,559.74	211,813,981.71	-18.24%
Total cash outflows from investing activities	628,711,629.74	2,995,043,135.68	-79.01%
Net cash flows from investing activities	-455,532,070.00	-2,783,229,153.97	83.63%
Net cash flows from investing activities	1,055,771,929.93	1,166,552,513.20	-9.50%
Total cash outflows from financing activities	2,927,412,453.05	2,906,975,331.01	0.70%

Net cash flows from financing activities	-1,871,640,523.12	-1,740,422,817.81	-7.54%
Net decreased amount of cash and cash equivalent	-671,601,035.64	-3,020,957,912.17	77.77%

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

Applicable Not applicable

(1) Total cash outflows from investing activities has 79.01% down from a year earlier, mainly because the payment for subsidiary acquisition in current period by Guoda Drugstore decreased compared with the same period of previous year;

(2) Net cash flows from investing: has 83.63% up from a year earlier, mainly because the payment for subsidiary acquisition in current period by Guoda Drugstore decreased compared with the same period of previous year;

(3) Net decreased amount of cash and cash equivalent: has 77.77% up from a year earlier, mainly because the payment for subsidiary acquisition in current period by Guoda Drugstore decreased compared with the same period of previous year; and the cash received from sales and proving labor service increased with the soaring operation revenue in the period.

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

Applicable Not applicable

V. Analysis of the non-main business

Applicable Not applicable

VI. Analysis of assets and liabilities

1. Major changes of assets composition

In RMB

	Year-end of 2021		Year-begin of 2021		Ratio changes (+,-)	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Cash and bank balances	5,126,159,080.94	11.98%	5,998,204,295.87	15.15%	-3.17%	No major changes occurred
Account receivable	15,964,603,345.91	37.31%	13,799,971,014.22	34.85%	2.46%	No major changes occurred
Contract assets	29,061,159.52	0.07%	15,177,731.64	0.04%	0.03%	No major changes occurred
Inventories	7,621,541,595.08	17.81%	6,285,010,674.46	15.87%	1.94%	No major changes occurred
Investment properties	113,981,497.23	0.27%	127,444,379.94	0.32%	-0.05%	No major changes occurred

Long-term equity investments	2,459,832,546.74	5.75%	2,287,019,627.99	5.78%	-0.03%	No major changes occurred
Fix assets	868,626,258.43	2.03%	854,191,083.27	2.16%	-0.13%	No major changes occurred
Construction in progress	49,849,506.70	0.12%	46,631,190.23	0.12%	0.00%	No major changes occurred
Right-to-use assets	2,575,240,340.00	6.02%	2,356,952,392.99	5.95%	0.07%	No major changes occurred
Short-term borrowings	1,930,467,146.38	4.51%	1,612,187,020.12	4.07%	0.44%	No major changes occurred
Contract liabilities	431,303,231.37	1.01%	368,600,357.14	0.93%	0.08%	No major changes occurred
Long-term borrowings	71,637,173.89	0.17%	31,637,173.89	0.08%	0.09%	No major changes occurred
Lease liabilities	1,375,427,877.28	3.21%	1,303,054,163.90	3.29%	-0.08%	No major changes occurred

Foreign assets account for a high proportion

Applicable Not applicable

2. Assets and liability measured by fair value

Applicable Not applicable

In RMB

1. Assets and liabilities at fair value

2021

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
Continuous measurement of fair value				
Receivables financing	-	1,027,226,940.21	-	1,027,226,940.21
Other investment in equity instruments	-	62,488,312.99	-	62,488,312.99
Other non-current financial assets	-	-	135,974,908.51	135,974,908.51
	-	1,089,715,253.20	135,974,908.51	1,225,690,161.71

2020

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
Continuous measurement of fair value				
Receivables financing	-	1,404,987,700.38	-	1,404,987,700.38
Other investment in equity instruments	-	99,488,340.28	-	99,488,340.28
Other non-current financial assets	-	-	120,972,350.24	120,972,350.24
	-	1,504,476,040.66	120,972,350.24	1,625,448,390.90

2. Assets and liabilities disclosed at fair value

2021

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
Long-term borrowings	-	71,637,173.89	-	71,637,173.89

2020

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

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

Yes No

3. Assets right restriction till end of reporting period

	2021	2020	Note
Cash and cash equivalents	392,646,858.59	593,091,037.88	(1)
Notes receivable that were endorsed	31,886,681.19	4,095,283.92	(2)
Receivables financing that were pledged	-	2,620,000.00	(3)
	<u>424,533,539.78</u>	<u>599,806,321.80</u>	

(1) As at 31 December 2021, the Group had deposits of bank acceptance bills, Medical reserve funds, and other restricted cash of RMB392,646,858.59 (31 December 2020: RMB593,091,037.88) (Annotation V-1 in Section X. Financial Report)

(2) As at 31 December 2021, the Group had notes receivable of RMB31,886,681.19 (31 December 2020: notes receivable of RMB4,095,283.92), which were endorsed but not have matured (Annotation V-2 in Section X. Financial Report)

(3) As at 31 December 2021, the Group had no pledged receivables financing (31 December 2020: 2,620,000.00) (Annotation V-4 in Section X. Financial Report)

VII. Investment analysis

1. Overall situation

Applicable Not applicable

(1) During the reporting period, the Company acquired the two enterprises in cash with combined under the different control, including Yunnan Guoda Disheng Pharmaceutical Co., Ltd. (70% equity) and Yunnan Guoda Disheng Pharmacy Chain Co., Ltd. (70% equity). New subsidiaries are established by the Company, including Guoda Drugstore (Heze) Co., Ltd. (51% equity), Sinopharm Holding Guigang Pharmacy Co., Ltd. (100% equity) and Hunan Guoda Drugstore Medicine Co., Ltd. (100% equity).

(2) During the reporting period, the Company completed the capital contribution for Guoda Wanmin Huimin Kangwei Pharmacy Lvliang Co., Ltd and Sinopharm Holding Guoda Jianfeng (Jiangmen) Medicine Chain Co., Ltd, -the new enterprises established in 2020, and part of the capital contribution for Liaoning Huludao Guoda Drugstore Co., Ltd-the new enterprise established in 2020.

(3) During the reporting period, the Company completed the capital increase to Shanghai Pudong Pharmaceutical and Herbal Materials Co., Ltd(75% equity) and Shanghai Yanghetang Pharmaceutical Chain Operation Co., Ltd.(100% equity), after capital increase, the shareholding ratio remained unchanged.

(4) During the reporting period, the Company acquired the assets of 15 direct operated stores under Sinopharm Holding Nantong Puji Pharmacy Chain Co., Ltd and 32 direct operated stores under Shanxi Huimin Kangwei

Drugstore Chain Co., Ltd in cash.

(5) During the reporting period, the Company takes 25% equity of Jialong (Hainan) Health Management Group Co., Ltd.

(6) The Company subscribes the Sinopharm Zhongjin Medical Industry Fund (phase II) during the reporting period. Initial capital contribution has been paid.

Found more in Annotation V-(12), Annotation VI and Annotation VII in Section X. Financial Report.

2. The major equity investment obtained in the reporting period

Applicable Not applicable

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

Applicable Not applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

The company had no securities investment in the reporting period.

(2) Derivative investment

Applicable Not applicable

The company had no derivative investment in the reporting period.

5. Application of raised proceeds

Applicable Not applicable

The Company had no application of raised proceeds in the reporting period.

VIII. Sales of major assets and equity

1. Sales of major assets

Applicable Not applicable

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

2. Sales of major equity

Applicable Not applicable

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

Applicable Not applicable

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

In RMB

Company name	Type	Main business	Register capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Sinopharm Holding Guangzhou Co., Ltd.	Subsidiary	Sales of drugs, medical apparatus and instruments, freight transportation, storage, loading and unloading, glass wares, cosmetics and daily merchandise; other business services; other professional consultation, various goods agency and for self-operation, import & export of technology, houses leasing	3,553,249,393.17	18,509,814,495.03	4,863,231,359.84	35,615,183,095.63	916,466,812.83	681,500,987.20
Sinopharm Holding Guoda Drugstore Co., Ltd. (note 1)	Subsidiary	Chinese traditional patent medicine, chemical preparations, antibiotics, bio-chemical medicine, biological medicine, diagnosis medicine, biological medicine with features of treatment and diagnosis, shaped packing food, chemical products, and various commodity and technique hold by self-support and agency as well as import & export of technology	1,683,333,333.00	15,983,835,238.55	5,682,312,476.11	22,477,630,028.55	296,932,584.24	184,049,100.87

Sinopharm Holding Guangxi Co., Ltd.	Subsidiary	Retail and distribution in respect of pharmaceutical products and medical apparatus and instruments, wholesale and retails of health products	521,407,965.79	4,942,831,190.03	1,228,470,399.97	6,547,103,824.95	198,578,757.26	174,291,465.30
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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
Yunnan Guoda Disheng Pharmaceutical Co., Ltd.	Acquisition	Expand the business layout of medicine distribution in local area, and without major influence on performance of the Company
Yunnan Guoda Disheng Pharmacy Chain Co., Ltd.	Acquisition	Expand the business layout of medicine retail in local area, and without major influence on performance of the Company
Guoda Drugstore (Heze) Co., Ltd.	Establishment	Expand the business layout of medicine retail in local area, and without major influence on performance of the Company
Sinopharm Holding Guigang Pharmacy Co., Ltd	Establishment	Expand the business layout of medicine retail in local area, and without major influence on performance of the Company
Hunan Guoda Drugstore Medicine Co., Ltd.	Establishment	Expand the business layout of medicine distribution in local area, and without major influence on performance of the Company

Explanation on main holding and stock-jointly enterprise

Note 1: The net profit of Guoda Drugstore, a subsidiary of the Company, decreased by 61.38% compared with the same period of last year, which was mainly due to the results of the impairment test on goodwill and intangible assets this year. Following the principle of prudence, Guoda Drugstore made provision for impairment of goodwill and intangible assets (brand use rights and sales network) of its subsidiaries, Shanghai Dingqun Enterprise Management Consulting Co., Ltd. (and Sinopharm Holding Tianhe Jilin Pharmaceutical Co., Ltd.), please see details in the Notice on Provisions for Impairment of China National Accord Medicines Corporation Ltd. (No. : 2022-03). At the same time, there were 1155 newly opened direct-operated stores in 2021, of which the initial investment was large and the benefits have not yet appeared. Due to multiple influences such as industry policies and the pandemic, the profit space shrank.

X. Structured vehicle controlled by the Company

Applicable Not applicable

XI. Future Development Prospects

(i) Industry pattern and trend

(1) As the concentration of the pharmaceutical industry increases, the business model will be reconstructed. According to the Guiding Opinions on Promoting High-quality Development of Drug Circulation Industry in the "14th Five-year Plan" Period issued by the Ministry of Commerce, the overall goal by 2025 is to cultivate 1-3 large-scale digital and comprehensive drug circulation enterprises of over 500 billion yuan and 5-10 large-scale digital and comprehensive drug circulation enterprises of over 100 billion yuan, and the drug retail chain rate is close to 70%. It can be seen that the state supports and encourages the formation of a national and regional leading pattern, whether the upstream original drug manufacturers, generic drug manufacturers, or the midstream distribution enterprises, will accelerate the rise of market concentration, while the small and medium size circulation enterprises with weak comprehensive strength will be eliminated, the business model of the circulation industry will be reconstructed.

(2) With the acceleration and expansion of centralized procurement, the gross profit margin is further reduced. The scope of volume-based centralized procurement will continue to expand, drug prices will further decrease, and gross profit margin will be further reduced. Chemical medicine, Chinese patent medicine and biological medicine will carry out volume-based centralized procurement in an all-round way, and high-value medical consumables will focus on orthopedic consumables, drug balloons, dental implants and other varieties. At the same time, cross-regional alliance volume-based procurement with quantity will gradually become a trend; while more and more varieties of Chinese patent medicine and biological agents will be included in the centralized procurement. With the further expansion of centralized procurement, the gross margin of pharmaceutical consumables will further decline.

(3) The innovation, transformation and upgrading of the pharmaceutical market has accelerated the reshuffle of the industry. As the medical reform enters the deep end, the medical ecology has changed greatly due to volume-based procurement and medical insurance negotiation. Policies encourage innovation. In the face of the new pattern, traditional pharmaceutical enterprises seek transformation in marketing models, research and development strategies, overseas layouts and other aspects to cope with or lead the development of the industry trends. According to the national policy orientation and the increasingly fierce competition among circulation enterprises, circulation enterprises will constantly promote business model innovation and service innovation, and improve business performance while steadily developing the scale.

(4) The increase in market demand for pharmaceutical consumption and diversified payment funds will jointly support the scale of the pharmaceutical retail market. According to the forecast of MENET.COM.CN, by 2029, the market size of retail drugstore terminal alone will reach 1.15 trillion yuan.

(5) Innovative drugs, traditional Chinese medicine and other categories will become the main force driving the pharmaceutical retail market in China. According to the "14th Five-Year Plan" for Pharmaceutical Industry Development jointly issued by the nine government departments on January 2022, an innovation-driven development pattern will be fully formed, with more original innovative drugs and "leading" products, China will become an important source of global pharmaceutical innovation. According to the forecast of IQVIA, in the next five years, driven by the increase in the number and consumption of innovative drugs on the market, China's pharmaceutical expenditure will grow at a 3.8% CAGR, and the growth will be mainly driven by the innovator brand drugs, with a CAGR of 10.4% from 2022 to 2026. Retail pharmacies will enjoy this wave of out-of-hospital market dividend of these innovative drugs through the "dual channel" qualification.

(6) With the reform of "linkage of medical services, medical insurance, and medicine", the drug prices have dropped comprehensively, the retail pharmacies need to accelerate the development and transformation driven by innovative services and cultivate new revenue growth points. Compared with the transformation and innovation ideas of the world-class enterprises, such as the innovative medical and health service strategy of Walgreens Boots Alliance, and vigorously develops health care clinic services such as VillageMD, and Health Corner.

(ii) Possible risks

1. The COVID-19 pandemic continues to affect. Although the COVID-19 pandemic has been effectively brought under control in China, there are still sporadic outbreaks. In case of an outbreak within the company's business area, the decline of outpatient visits and outpatient drug consumption will still have a significant impact on the company's business within the current strict prevention and control measures.

2. Policy risks: National policies have direct guidance and influence on the development of pharmaceutical retail industry. Under the premise of controlling the cost of medical insurance, the centralized and volume-based procurement of drugs have become normalized and institutionalized, and the prices of drugs have dropped in an all-round way. In addition to full-scale increase in the variety and quantity of drugs by centralized procurement, drug price linkage mechanism has also been successively implemented in some regions. The supply chain ability and profitability of retail drugstores are facing challenges. At the same time, the supervision of medical insurance fund is becoming stricter. The informatization construction of medical insurance will be accelerated comprehensively, and a national unified medical insurance information platform will be built. In the future, the national unified medical insurance information platform will be vertically and horizontally connected, internally and externally interconnected, and ecologically integrated, and the medical insurance information will be comprehensively transparent. The supervision of medical insurance fund will be upgraded comprehensively, with higher requirements on compliance operation of pharmacies, the compliance costs of pharmacies will increase.

Policies on rules of Internet diagnosis and treatment have been issued, and strict restrictions have been imposed on issuing prescriptions for the first visit and on the statistics of medication information. Business operations of drugstores such as online diagnosis and treatment and pharmaceutical e-commerce also face greater compliance requirements.

3. Market changes and market competition risks: The pharmaceutical retail industry has entered a stage of high-quality development, the growth rate of market size has slowed down, while the overall number of stores is still increasing. In this environment, the competition in the industry intensifies, all major chain stores are seizing the opportunity to expand their store volume by means of self-opening, franchising, and mergers and acquisitions, and the industry concentration continues to increase. The uptrend of customer flow in offline drugstores is blocked, which is not only squeezed by online channels, but also affected by the return of some patients to hospitals caused by centralized procurement. Retail pharmacies face challenges from horizontal competition, online channel competition, and competition from medical institutions, especially primary medical institutions. As a scale-leading chain drugstore enterprise in the industry, Guoda Drugstore has a store network covering 20 provinces and cities across the country. Backed by Sinopharm Group and Sinopharm Accord, it has competitive advantages in supply chain capabilities, hospital channel resources, brand value, and logistics capabilities. However, as the industry competition intensifies, there are still challenges to maintain the industry's leading position, scale and competitive advantage.

4. Public opinion risks: The popularity of the Internet has led to the rapid spread of network information. With the continuous expansion of online social networks, the spread of information is not only through traditional media, but also through the dynamics of social account sharing, so public opinion has become a more important risk.

5. Compliance risks: In recent years, drug management has become stricter and GSP regulations have become more stringent. For example, the appearance inconformity of Traditional Chinese Medicine decoction pieces and the mold and moth-eaten drugs are all treated as counterfeit and inferior medicines. Penalties for violations have been increased. In addition to exposure and gradually rising fines, penalties such as revocation of medical insurance qualifications have also occurred from time to time. The implementation of the new edition of the "Drug Administration Law" means that we will face the most severe punishment under the strongest supervision. Government market management activities such as monitoring, inspection and punishment in cooperation with pandemic management are also becoming more frequent.

6. The risk of goodwill impairments: On 31 December 2021, the book value of goodwill in consolidate financial statement listed as 2,776 million Yuan, and distributed to the assets group of distribution division and retail division. In accordance with the Accounting Standards for Business Enterprises, the Company carried out annual impairment test for the goodwill. Impairment of goodwill will released on the Note III.-17 and 33, Note V-18 listed under the Section X. Financial Report

(iii) The company's business plan

In 2022, Sinopharm Accord will continue to comprehensively strengthen the leadership of the party, accurately grasp the new development stage, thoroughly implement the new development concept, and accelerate the construction of a new development pattern. Taking high-quality development as the main line goal, guided by the "14th Five-Year Plan" strategic plan, focusing on customer value, and taking "technological empowerment, service upgrade, wholesale and retail integration, and industry-finance dual drive" as the core development measures, we will build a "1-2-6" digital medical and healthcare service system based on omni-channel, full-category, and full-life cycle., pay close attention to the development, changes and trends of the national medical reform policy, strengthen the research and judgment of industry policy trends, coordinate efforts to ensure steady growth, make structural adjustments, promote innovation, strengthen science and technology, and guard against risks, and "seek change in stability" and "increase stability in change" to achieve high-quality development.

1. Put the emphasis on development of both internal growth and external expansion, and maintain a leading position in the industry

Strengthen the guidance of strategic planning, while steadily developing traditional businesses, we will do a good job in internal innovation and development and external M&A expansion to continuously increase market shares. Strengthen the distribution segment and consolidate the leading position; expand the retail segment and improve profitability.

2. Compare with first-class management improvement and enhance enterprise competitiveness

Make up for weakness, deepen organizational reform and management innovation, promote the modernization of management capabilities and management systems, and improve support for strategy implementation and business transformation. Focus on human resource efficiency and benefit goals, optimize the development of management, talents, and organizations, and maintain a high matching rate and a high supply rate among talents, strategies, and business. Customer-oriented, insist on management improvement and value creation. Focusing on customer needs and combined with business scenarios to accelerate the application of big data, artificial intelligence and other technologies, strengthen the promotion of digital transformation projects, and drive innovative services and supply chain upgrades with digitization.

3. Adjust the structure to promote transformation and build a new value-driven business model

Grasp the changes in demand in the upstream and downstream of the industrial chain, focus on customer value orientation, build an omni-channel, full-industry-chain, and full-life-cycle service system, and win development opportunities in the innovative service track.

4. Distribution of Sinopharm Accord focuses on the strategy of "one body and two wings", and continues the transformation, innovation and development

Strengthen strategic goal orientation, face changes, focus on share, and improve efficiency. Continue to develop retail business, improve network, enrich varieties, coordinate wholesale and retail, and make characteristic development, so as to strengthen and upgrade competitive advantages. Establish a marketing service system, integrate wholesale and retail network resources, expand CSO product projects, promote marketing system and team building, and improve the marketing service capabilities of medical institutions and end consumers.

Continue to promote business transformation and innovation, integrate digital transformation and supply chain optimization into the business, and achieve model breakthrough and scale improvement of innovative business. Provide comprehensive 4D overall service solutions to enhance integrated service capabilities; continue to expand the leading advantages of SPD business, promote the upgrade of service platforms and operation and maintenance capabilities; continue to promote the upgrade of value-added services of third-party logistics, and explore and build warehouse distribution + cold chain + SPD+2C+ logistics service capability.

5. Guoda Drugstore quickly expands its scale, and digs deep into the market to improve efficiency

Strengthen strategic guidance, further increase regional business integration and accelerate the mergers and acquisitions of intentional cooperation projects, enhance self-opening stores and franchise cooperation, accelerate national retail layout, further fill blank markets, and expand new provincial-level market layouts. Continue to promote the national integrated operation, enhance the advantages of economies of scale, and build the core competitiveness of Guoda. Strengthen the online layout, focus on increasing the construction of self-operated platforms and Internet hospitals, and explore the layout of commercial health insurance. Actively respond to the "dual-channel" policy, and strive to achieve full coverage of dual-channel designated pharmacies in all provinces and cities. Strengthen the breakthrough of all products and the combined action between purchase and sales, systematically promote the improvement of gross profit margin, and continue to promote the development of its own brand product series and the construction of marketing system. Promote the integration of retail brand resources in an orderly manner, and strengthen the retail brand influence of "Guoda Drugstore". Continue to promote digital transformation, and continuously improve professional service capabilities.

6. Promote the full coverage of wholesale and retail integration, and explore various models for operation

Continue to promote the fusion of wholesale and retail integration of Sinopharm Accord, in accordance with the model of "one policy for one place, dynamic promotion" and based on the operation characteristics of various regions, and output effective business models and profit models. On the basis of the original 15 pilot areas, add 13 areas to achieve full coverage of 28 areas across the country. Encourage regional exploration of business integration, equity integration, organizational integration, membership stores and other model operations, and continue to promote all-round coordination of wholesale and retail integration through business procurement coordination, logistics coordination, combined action of retail equipment, and management coordination.

7. Guide by high-quality party building, and create a clean and positive development environment

Comprehensively strengthen the party's political and ideological building, and adhere to the integration of party leadership and corporate governance. Deepen the construction of primary party organizations, and promote comprehensive and strict governance of the party. Cultivate and create a warm, profound, broad and high corporate culture that matches the development of the "14th Five-Year Plan" strategic plan of Sinopharm Accord to help the development of the company.

XII. Reception of research, communication and interviews during the reporting period

√Applicable □ Not applicable

Time	Location	Way	Reception object	Type	Main contents of the discussion and the information provided	Basic situation index of investigation
2021-04-12	Accord Pharmacy Bldg.	Telephoning	Institutions	Institutions	Performance and operation of the Company	Record of the investor relations activities (No.:2021-1)
2021-04-28	Accord Pharmacy Bldg.	Field research	Institutions	Institutions , individual	Basic operating situation of the Company and future outlook	Resolution of the Annual General Meeting 2020 (Notice No.:2021-19)
2021-06-25	Accord Pharmacy Bldg.	Field research	Institutions	Institutions, individual	Basic operating situation of the Company	Resolution of the First Extraordinary Shareholders' General Meeting of 2021 (Notice No.:2021-25)
2021-11-30	Accord Pharmacy Bldg.	Other	Individual	Individual	Basic operating situation of the Company and future outlook	Online collective reception day for investors of listed companies in Shenzhen 2021 https://rs.p5w.net/html/130747.shtml

Section IV. Corporate Governance

I. Corporate governance of the Company

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

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

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

Yes No

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

II. Independence of the Company relative to controlling shareholder and the actual controller in ensuring the Company's assets, personnel, finance, organization and businesses

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 is in charge of the purchasing department and subordinate subsidiary; each segment is separated; 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	Types of affiliations with listed companies	Name of company	Nature of the company	Reason	Solution measure	Work schedule and follow-up plan
Horizontal competition	Controlling shareholder	Sinopharm Holding	SASAC	Distribution subsidiary of Sinopharm Holding established some social retail pharmacy, which might have horizontal competition with the Guoda Drugstore, the	In December 2016, Sinopharm Holding issued a commitment letter of avoiding horizontal competition with Sinopharm Guoda, and promise	On Juchao Website, the <i>Notice on Related Transactions of Controlling Shareholders Meet the Commitments and Solve the Horizontal Competition Among Social</i>

				subordinate enterprise of the listed company after restructuring	to solve the horizontal competition in respect of pharmaceutical retail business in an appropriate way within five years since the date when reorganization completed	<i>Retail Pharmacy</i> (Notice No.: 2021-42) and the <i>Notice on Progress of Entering the Letter of Intent by Controlling Subsidiary</i> (Notice No.: 2022-05) were released by the Company respectively on December 31, 2021 and March 25, 2021, matters with horizontal competition concerned are continuing to be resolved.
Horizontal competition	The actual controller	SINOPHARM	SASAC	Distribution subsidiary of SINOPHARM established some social retail pharmacy, which might have horizontal competition with the Guoda Drugstore, the subordinate enterprise of the listed company after restructuring	avoiding horizontal competition with Sinopharm Accord, and promise to solve the horizontal competition in respect of pharmaceutical retail business in an appropriate way within five years since the date when reorganization completed	On Juchao Website, the <i>Notice on Related Transactions of Controlling Shareholders Meet the Commitments and Solve the Horizontal Competition Among Social Retail Pharmacy</i> (Notice No.: 2021-42) and the <i>Notice on Progress of Entering the Letter of Intent by Controlling Subsidiary</i> (Notice No.: 2022-05) were released by the Company respectively on December 31, 2021 and March 25, 2021, matters with horizontal competition concerned are continuing to be resolved.

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

1. AGM

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
Annual General Meeting of 2020	AGM	64.31%	April 28, 2021	April 29, 2021	"Notice of Resolution of AGM of 2020" No.: 2021-

					19
First extraordinary general meeting of 2021	Extraordinary general meeting	63.27%	June 25, 2021	June 26, 2021	2021-25 “Notice of Resolution of First extraordinary general meeting of 2021” No.: 2021-25

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

Applicable Not applicable

V. Directors, supervisors and senior officers

1. Basic information

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-begin (share)	Stock options	Number of restricted shares granted (share)	Number of shares increased in this period (share)	Number of shares decreased in this period (share)	Other changes (share)	Shares held at period-end (share)	Reasons for increase or decrease of shares
Chen Shengqun	Independent director	Currently in office	M	59	April 17, 2018		1,500	0	0	0	0	0	1,500	
Chen Changbin	Deputy GM, Secretary of the Board	Currently in office	M	54	January 13, 2015		2,651	0	0	0	0	0	2,651	
Total	--	--	--	--	--	--	4,151	0	0	0	0	0	4,151	--

During the reporting period, whether there was any departure of directors and supervisors and dismissal of Senior Officers

Yes No

In March 2021, Mr. Li Dongjiu applied for resignation as director of 8th BOD, member of strategy committee of the Board and member of legal & compliance committee of the Board due to the work adjustment.

In November 2021, Mr. Zhou Song applied for resignation as director of 9th BOD, member of risk internal control & auditing committee of the Board and member of legal & compliance committee of the Board due to the work arrangement.

Changes of directors, supervisors and senior executives

√ Applicable □ Not applicable

Name	Title	Type	Date	Reasons
Li Dongjiu	Director	Office leaving	March 2, 2021	Adjustment of work arrangement, and no longer serves as Director and other position of the Company
Zhao Xiaochuan	Deputy GM	Appointment	May 21, 2021	Adjustment of work arrangement
Jiang Xiuchang	Director	Leaving at the end of the term of office	June 25, 2021	Change of Board of Directors
Li Xiaojuan	Director	Be elected	June 25, 2021	Change of Board of Directors
Zhou Song	Director	Be elected	June 25, 2021	Change of Board of Directors
Liu Tianyao	Deputy GM	Leaving at the end of the term of office	September 30, 2021	Leaving at the end of the term of office
Zhou Song	Director	Office leaving	November 3, 2021	Adjustment of work arrangement, and no longer serves as Director and other position of the Company

2. Post-holding

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

1. Members of BOD

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

CICC (Shanghai) Private Equity Investment Management Co., Ltd. Mr. Liu serves as Director of the 7th BOD of the Company since January 2017 and Chairman of the 7th, 8th and 9th BOD of the Company since October 2017.

Mr. Lian Wanyong is vice president of Sinopharm Group Co., Ltd. He joined China National Pharmaceutical (Group) Corporation Guangzhou Company in 1996 and successively served as product director of Yuexing Pharmaceutical Co., Ltd. and senior product manager of Hong Kong Tianjian International Co., Ltd. From August 2002 to January 2004, he served as deputy manager of the financial department of Barr laboratories, Inc., USA. From January 2004 to June 2005, he was appointed as manager of operational audit department of China Medicinal Materials Group Company. From July 2005 to January 2008, he was appointed as deputy director of financial asset management department and director of investment management department of China National Pharmaceutical (Group) Corporation. From December 2010 to February 2014, he served as deputy general manager of Beijing Sinopharm Asset Management Center, from April 2014 to January 2018, he served as deputy director of the Policy Research Office of China National Pharmaceutical Group Corporation. Since January 2018, he has been serving as vice president of Sinopharm Group Co., Ltd., and Mr. Lian is concurrently serving as chairman of Sinopharm Holding Anhui Co., Ltd., Sinopharm Holding Hubei Co., Ltd., and Sinopharm Holding Changsha Co., Ltd., and director of China National Medicines Corporation Ltd., director of Sinopharm CICC (Shanghai) Private Equity Investment Management Co., Ltd., director of West China Dental Co., Ltd and Director of Sinopharm Holding Hunan Co., Ltd. He serves as Director of 8th and 9th BOD of the Company since April 2018.

Ms. Li Xiaojuan is the chief financial officer of Sinopharm Group Co., Ltd. From April 2001 to February 2005, she successively served as the project manager of Beijing Tianhua Accounting Firm and the deputy director of the strategic cooperation department of TOPSUN Group Co., Ltd.; from February 2005 to August 2010, she successively served as the manager of the financial department, director of the auditing and supervisory office, and manager of the audit department of China National Pharmaceutical Industry Co., Ltd.; from August 2010 to February 2021, she successively served as deputy director of the investment management department, deputy director and director of the audit department, and director of the finance department of Sinopharm; Chief Financial Officer of the company; since March 2021, she serves as the chief financial officer of Sinopharm Group Co., Ltd., and now concurrently serves as the president of Sinopharm Group Guizhou Co., Ltd. and Hutchison Whampoa Sinopharm Pharmaceutical (Shanghai) Co., Ltd., and director of China National Medicines Corporation Ltd., and Sinopharm Holding Hong Kong Co., Ltd., and she is a director of the ninth board of directors of the company from June 2021.

Mr. Wu Yijian, secretary of the board of Sinopharm Group Company Limited, and concurrently serves as the president of many subsidiaries such as Sinopharm Group Shanxi and Sinopharm Inner Mongolia. Since July 1993, he served in Sanjiu Enterprise Group and successively served as the sales director of Sanjiu Medical & Pharmaceutical Trading Co., Ltd., the chief operating officer of Sanjiu Medical & Pharmaceutical Chain Co., Ltd., and the deputy general manager of Shanghai Sanjiu Technology Development Co., Ltd. Since June 2004, he served in Fosun Pharmaceutical Group, and successively served as general manager of Shanghai Fosun

Pharmaceutical Investment Co., Ltd., general manager of Shanghai Fosun Pharmaceutical Co., Ltd., and general manager of Shanghai Fumei Pharmacy Co., Ltd. From 2014 to the end of 2015, he served as the vice president of Shanghai Yuyuan Tourist Mart Co., Ltd. Mr. Wu is currently serving as the president of China National Shanxi Co., Ltd, Sinopharm Holding Shanxi Co., Ltd, Sinopharm Holding Inner Mongolia Co., Ltd., China National Health Online Co., Ltd, and a director of Sinopharm CICC (Shanghai) Private Equity Investment Management Co., Ltd. From September 2016 to May 2019, he concurrently served as the chairman of the board of supervisors of Sinopharm Accord. From November 2020, he serves as a director of the 8th and 9th board of directors of the Company.

Mr. Lin Zhaoxiong: Director and GM of Sinopharm Accord. Has served as deputy manager and manager of pharmaceutical department, manager of Pharmaceutical corporations and director of operation and management department during his work in China Pharmaceutical (Group) Guangzhou Co.,Ltd from January 1999 to December 2003 in succession; He has acted as the deputy general manager of Sinopharm Holding Guangzhou Co.,Ltd; the general manager of Sinopharm Holding Guangzhou Co.,Ltd from December 2006 to December 2008; He has served as the deputy general manager of the Company from December 2008 to March 2016; Mr Lin serves as the chairman of Sinopharm Holding Guoda Drugstore Co.,Ltd since October 2017; and GM of the Company since March 2016, Director of the 7th, 8th and 9th BOD of the Company since April 2016.

Mr. Lin Min is the deputy general manager of the Company. He worked in China National Pharmaceutical (Group) Guangzhou Company from January 2001 to November 2003, successively served as assistant manager and deputy manager of Pharmaceutical Department, deputy purchasing manager of Pharmaceutical Company, and served as city pharmaceutical sales director of Sinopharm Guangzhou Co., Ltd. from November 2003 to January 2005, from January 2005 to December 2008, he served as deputy general manager of Sinopharm Holding Guangzhou Co., Ltd., and concurrently served as general manager of Sinopharm Holding Guangzhou Co., Ltd. from March 2016 to September 2021. He served as deputy general manager of the Company since December 2008, from November 2020, he has been serving as a director of the 8th and 9th board of directors of the Company.

Mr. Chen Honghui, Professor and doctoral supervisor in Management of Lingnan (University) College. From July 1993 to June 2003, he worked in the School of Management of Wuhan University of Science and Technology as a teaching assistant and lecturer. From July 2003 until now, he has been working in Lingnan (University) College and management college as an associate professor and professor. From 2007 to 2012, he served as the deputy dean of Lingnan (University) College; from 2008 to 2019, he served as the director of the Business Management Department and Economic Management Department of Lingnan (University) College. Mr. Chen is concurrently serving as the vice chairman of Guangdong International Social Responsibility, independent director of Cabbeen Fashion Limited, and independent director of Guangzhou Grandbuy Co., Ltd. Since March 2017, he has been serving as an independent director of the 7th, 8th and 9th board of directors of the Company.

Mr. Ou Yongliang, Practicing Lawyer of China, Vice President of Guangdong Province Law Society, the 8th and 9th vice president of All China Lawyers Association, the 9th and 10th president of Guangdong Lawyers Association, director of Guangdong Hopesun Law Firm, chairman of Guangdong Public Welfare Foundation for Promoting the Rule of Law, member of the 12th Guangdong Provincial Committee of CPPCC, expert consultant of the 11th Party Congress of the Guangdong Provincial Committee of the Communist Party of China, legislative consultant of the 12th Standing Committee of Guangdong Provincial People's Congress, specially invited member of the 11th Guangdong Provincial Committee of the CPPCC, member of Judges and Procurators Selection Committee of Guangdong Province, representative of the Ninth Congress of the Guangzhou Municipality of the Communist Party of China, an arbitrator of the Shanghai International Arbitration Commission, an arbitrator of the Shenzhen International Arbitration Commission, an arbitrator of the Guangzhou Arbitration Commission. Since April 2018, he has been serving as an independent director of the 8th and 9th board of directors of the Company.

Mr. Chen Shengqun is an associate researcher and senior accountant, he has been teaching at the Shanghai National Accounting Institute since 2013. Mr. Chen came out of the postdoctoral research station of Shanghai University of Finance and Economics in 1998 as the first postdoctoral fellow in management accounting. He was employed as a senior researcher at the CAFR Center of the Hong Kong Polytechnic University and is currently a visiting professor of EDP curriculum at the Xiamen University. Since 1998, Mr. Chen has served as director of the finance division of China Pacific Insurance Co., Ltd., in 2002, he was transferred to serve as deputy general manager of the financing plan department of China Pacific Insurance Co., Ltd. (presiding work), at the end of 2003, he joined China Reinsurance Group and successively served as general manager of the fund application department of China Continent Insurance (concurrently general manager of the strategic development department, and general manager assistant of China Re Asset Management Company. He serves as independent director of the 8th and 9th BOD of the Company since April 2018.

Ms. Su Weiwei: Doctor of pharmacy, secondary professor of School of Life Sciences of Sun Yat-Sen University and a doctoral supervisor. She worked in Guangdong pharmaceutical University from July 1987 to April 2000, and successively served as a teaching assistant, lecturers, associate professor and professor, she serves as a secondary professor in Sun Yat-Sen University since May 2000. Ms. Su Weiwei have devoted herself to the research and development of innovative drugs for many years, and achieved two chemical clinical permission for first-type new drugs and one clinical permission for the fifth-type new drugs of TCM (traditional Chinese medicine), owns 88 items with independent intellectual property rights. He serves as independent director of the 8th and 9th BOD of the Company since January 2019.

2. Members of BOS

Mr. Wen Deyong, joined Sinopharm Group Co., Ltd. in September 2017, and has been serving as a non-executive director of Sinopharm Group Co., Ltd. to this day. From September 1995 to May 2016, Mr. Wen served as a technician in the hydro-acupuncture workshop of Chongqing No. 6 Pharmaceutical Factory, field salesman of

sales department of Chongqing YaoPharma, sales director of Chongqing YaoPharma Co., Ltd., general manager of sales department 2 of Chongqing YaoPharma Co., Ltd., general manager of Northern Company of Chongqing Haisiman Pharmaceutical Co., Ltd., vice president of Chongqing YaoPharma, president of Chongqing YaoPharma, currently serves as contact president of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., the Co-Chairman and President of generic drugs & manufacturing division, director of pharmaceutical business management committee, and served as vice president of Fosun Pharmaceutical from June 2016 to October 2020, senior Vice President of Fosun Pharmaceutical from October 2020 to January 2022; He has been the chairman of the board of supervisors of the 8th and 9th board of supervisors of the Company since July 2019.

Ms. Liu Jingyun, Director of the capital department of Sinopharm Group Co., Ltd. and he successively hold a teaching post in Nanjing Radio and Television University, works in Sinopharm Group Co., Ltd. since November 2003 and serves as deputy director of assets management department, director of the financial & assets management dept. and Director of ministry of finance and credit management. She serves as supervisor of the 7th, 8th and 9th supervisory committee of the Company since September 2016.

Ms. Chen Guojing: she worked in Shenzhen Accord Medicinal Materials Company in December 1999, now she serves as the office director and director of security department and director of legal compliance department in the Company. Ms. Chen served as the financial manager and deputy chief of Finance and Funds Department of the Company from June 2005 to December 2013, she is the member of trade union federations of the Company and chairman of the first trade union since March 2009; she served as chief (part-time) of the auditing department of the Company from January 2013 to August 2017, and chief (part-time) of the risk and operation management of the Company from January 2014 to May 2016. She serves as staff supervisor of the 8th and 9th supervisory committee of the Company since August 2018.

3. Senior executive

Mr. Lin Zhaoxiong, found in aforesaid previous work experience.

Mr. Lin Min, found in aforesaid previous work experience.

Mr. Lin Xinyang: Deputy GM of the Company. He took the turns of deputy GM of Nanfang Pharm. Co., deputy GM of China Pharmaceutical (Group) Guangzhou Company Yuexing Company, general supervisor of PD of Sinopharm Holding Guangzhou Company successively since January 1996; took the post of deputy GM of Sinopharm Holding Guangzhou Company from January 2004 to September 2021; serves as deputy GM of the Company since January 2005.

Mr. Lang Baochun is deputy secretary of the party committee, secretary of the disciplinary committee, chairman of the labor union and general counsel of the Company. From September 2007 to March 2008, he served as deputy director of general office of Sinopharm Group Co., Ltd., from March 2008 to December 2009, he served as

general manager of Shanghai Chuanghui Investment Co., Ltd., from January 2010 to May 2010, he served as director of the research office of Shanghai Shibe Hi-Tech (Group) Co., Ltd., from June 2010 to September 2011, he served as deputy director of the president's office of Sinopharm Group Co., Ltd., from October 2011 to December 2015, he served as director of the strategic planning department of Sinopharm Group Co., Ltd., from January 2016 to June 2017, he served as secretary of the party committee of Sinopharm Guoda Drugstore Co., Ltd., from March 2016 to February 2018, he served as deputy secretary of the party committee and secretary of the disciplinary committee of the Company. Since March 2018, he has been serving as deputy secretary of the party committee, secretary of the disciplinary committee, and chairman of the labor union of the Company. He serves as General Counsel of the Company since August 2018

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

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

Post-holding in shareholder's unit

Applicable Not applicable

Name	Name of shareholder's unit	Position in shareholder's unit	Commencement date of tenure	Termination date	Whether to receive compensation and allowances in the shareholders' unit (Y/N)
Liu Yong	Sinopharm Group Co., Ltd	Executive Director, President	November 1, 2017		Y
Liu Yong	Sinopharm Group Co., Ltd	Deputy party secretary	January 1, 2018		Y
Lian Wanyong	Sinopharm Group Co., Ltd	Deputy President	January 1, 2018		Y

Li Xiaojuan	Sinopharm Group Co., Ltd	CFO	March 1, 2021		Y
Wu Yijian	Sinopharm Group Co., Ltd	Secretary of the Board	January 1, 2019		Y
Liu Jingyun	Sinopharm Group Co., Ltd	Director of Capital department	July 1, 2016		Y

Post-holding in other unit

√ Applicable □ Not applicable

Name	Name of other units	Position in other unit	Commencement date of tenure	Termination date	Whether to receive compensation and allowances in other unit (Y/N)
Liu Yong	China National Medicines Corporation Ltd.	Director	November 1, 2017		
Liu Yong	Sinopharm Holding Guoda Drugstore Co., Ltd.	Director	October 1, 2017		
Liu Yong	China National Scientific Instruments & Materials Co., Ltd.	Director	December 1, 2018		
Liu Yong	China National Medical Equipment Co., Ltd.	Director	December 1, 2018		
Liu Yong	Sinopharm Holding Distribution Center Co., Ltd.	Executive Director	August 1, 2020		
Liu Yong	Sinopharm Holding Hong Kong Co., Ltd.	Chairman	January 1, 2021		
Liu Yong	Sinopharm CICC (Shanghai) Private Equity Investment Management Co., Ltd.	Chairman	January 1, 2021		
Lian Wanyong	China National Medicines Corporation Ltd	Director	December 1, 2017		
Lian Wanyong	Sinopharm CICC (Shanghai) Private Equity Investment Management Co., Ltd.	Director	July 1, 2018		
Lian Wanyong	West China Dental Co., Ltd	Director	January 1, 2019		
Lian Wanyong	Sinopharm Holding Anhui Co., Ltd.	Chairman	January 1, 2019		
Lian Wanyong	Sinopharm Holding Changsha Co., Ltd.	Chairman	June 1, 2019		
Lian Wanyong	Sinopharm Holding Hubei Co., Ltd.	Chairman	January 1, 2020		
Lian Wanyong	Sinopharm Holding Hunan Co., Ltd.	Director	March 1, 2020		
Li Xiaojuan	Sinopharm Holding Guzhou Mongolia Co., Ltd.	Chairman	April 1, 2021		

Li Xiaojuan	Sinopharm Holding Hutchison Whampoa Pharmaceuticals (Shanghai) Co., Ltd.	Chairman	April 1, 2021		
Li Xiaojuan	China National Medicines Corporation Ltd.	Director	April 1, 2021		
Li Xiaojuan	Sinopharm Holding Group H.K. Co., Ltd.	Director	June 1, 2021		
Wu Yijian	China National Shanxi Co., Ltd	Chairman	March 1, 2019		
Wu Yijian	Sinopharm Holding Shanxi Co., Ltd	Chairman	March 1, 2019		
Wu Yijian	Sinopharm Holding Inner Mongolia Co., Ltd.	Chairman	March 1, 2019		
Wu Yijian	Sinopharm CICC (Shanghai) Private Equity Investment Management Co., Ltd.	Director	March 1, 2019		
Wu Yijian	China National Health Online Co., Ltd.	Chairman	May 1, 2020		

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

3. 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 2021 annual performance appraisal (scheme) on management staff, paid annual salary remuneration according to the appraisal results. Remuneration and appraisal committee of the company's board of directors is responsible for the formulation and examination of salary plan and program as well as formulation and examination of salary plan and assessment standards of directors (not including the independent directors), supervisors and senior executives. They also evaluate the performance assessment of directors, supervisors and senior officers in accordance with the assessment criteria, compensation scheme.

(ii) Remuneration determining basis

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

(iii) Actual payment

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

Remuneration for directors, supervisors and senior executives in reporting period

In 10 thousand Yuan

Name	Title	Sex (F/M)	Age	Post-holding status	Total remuneration	Received remuneration
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					before tax obtained from the Company	from related party of the Company (Y/N)
Liu Yong	Chairman	M		52	Currently in office	0 Y
Jiang Xiuchang	Director	M		57	Office leaving	0 Y
Lian Wanyong	Director	M		51	Currently in office	0 Y
Li Dongjiu	Director	M		56	Office leaving	0 Y
Li Xiaojuan	Director	F		45	Currently in office	0 Y
Zhou Song	Director	M		39	离任	0 Y
Wu Yijian	Director	M		51	Currently in office	0 Y
Lin Zhaoxiong	Director, GM	M		54	Currently in office	250 N
Lin Min	Director, Party Secretary, Deputy GM	M		57	Currently in office	225 N
Chen Honghui	Independent director	M		50	Currently in office	12 N
Ou Yongliang	Independent director	M		52	Currently in office	12 N
Chen Shengqun	Independent director	M		59	Currently in office	12 N
Su Weiwei	Independent director	F		62	Currently in office	12 N
Wen Deyong	Chairman of supervisory committee	M		50	Currently in office	0 Y
Liu Jingyun	Supervisor	F		45	Currently in office	0 Y
Chen Guojing	Staff supervisor	F		51	Currently in office	83.78 N
Zhao Xiaochuan	Deputy GM	M		58	Office leaving	83.33 N
Liu Tianrao	Deputy GM	M		42	Office leaving	131.25 N
Lin Xinyang	Deputy GM	M		57	Currently in office	175 N

Lang Baochun	Deputy party secretary, Secretary of committee for discipline inspection, General counsel	M		58	Currently in office	175	N
Gu Guolin	CFO	M		46	Currently in office	162.5	N
Chen Changbin	Deputy GM, Secretary of the Board	M		54	Currently in office	162.5	N
Total	--	--	--	--	--	1,496.36	--

VI. Responsibility performance of directors during the reporting period

1. The board of directors during the reporting period

Session of meeting	Date of meeting	Disclosure date	Meeting resolutions
The 22 th session of 8 th board of directors	February 26, 2021	February 27, 2021	Resolution announcement on the 22 th session of 8 th board of directors
The 23 th session of 8 th board of directors	March 31, 2021	April 2, 2021	Resolution announcement on the board of directors
The 24 th session of 8 th board of directors	April 23, 2021	April 24, 2021	Full text of the first quarter report of 2021
The 1 st Extraordinary Meeting of the 8 th Board of Directors of 2021	May 21, 2021	May 22, 2021	Resolution announcement on the 1 st Extraordinary Meeting of the 8 th Board of Directors of 2021
The 25 th session of 8 th board of directors	June 8, 2021	June 9, 2021	Resolution announcement on the 25 th session of 8 th board of directors
The 1 st session of 9 th board of directors	July 16, 2021	July 17, 2021	Resolution announcement on the 1 st session of 9 th board of directors
The 2 nd session of 9 th board of directors	August 13, 2021	August 17, 2021	Resolution announcement on semi-annual report of the board of directors
The 1 st Extraordinary Meeting of the 9 th Board of Directors of	September 30, 2021	October 8, 2021	Resolution announcement on the 1 st Extraordinary Meeting of

2021			the 9 th Board of Directors of 2021
The 3 rd session of 9 th board of directors	October 19, 2021	October 20, 2021	Third Quarter Report of 2021
The 4 th session of 9 th board of directors	December 30, 2021	December 31, 2021	Resolution announcement on the 4 th session of 9 th Supervisory board

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

The attending of directors to Board Meeting & shareholders general meeting							
Director	Times of Board meeting supposed to attend in the report period	Times of Presence	Times of attending by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)	Times attending the shareholders general meeting
Liu Yong	10	5	5	0	0	N	0
Jiang Xiuchang	5	2	3	0	0	N	0
Lian Wanyong	10	5	5	0	0	N	1
Li Dongjiu	1	1	0	0	0	N	0
Li Xiaojuan	5	3	2	0	0	N	0
Zhou Song	4	2	2	0	0	N	0
Wu Yijian	10	5	5	0	0	N	0
Lin Zhaoxiong	10	5	5	0	0	N	2
Lin Min	10	5	5	0	0	N	2
Chen Honghui	10	5	5	0	0	N	1
Ou Yongliang	10	5	5	0	0	N	1
Chen Shengqun	10	5	5	0	0	N	1
Su Weiwei	10	4	5	1	0	N	1

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

3. Objection for relevant events from directors

Directors come up with objection about Company's relevant matters

Yes No

Directors have no objections for relevant events in reporting period

4. Other explanation about responsibility performance of directors

The opinions from directors have been adopted

Yes No

Explanation on advice that accepted/not accepted from directors

During the reporting period, directors of the Company performed their duties in a careful, diligent, dedicated attitude in accordance with requirements of relevant laws, regulations and provisions, 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, Company directors played an important role in operation of specialized committee. At the same time, the Company can guarantee Company directors of the same right to know. During the reporting period, Company directors have no objection on the related issues of the Company.

VII. The specialized committees under the board during the reporting period

Committee name	Members	Number of meetings held	Date of meeting	Meeting content	Important comments and suggestions made	Other performance of duties	Specific circumstances of the objection (if applicable)
Risk Internal Control and Audit Committee of the Board	Chen Shengqun (convener), Chen Honghui, Ou Yongliang, Su Weiwei, Jiang Xiuchang, Lian Wanyong, Lin Zhaoxiong and Lin Min	1	March 24, 2021	1. <i>Financial Report of 2020</i> ; 2. <i>Summary Report on Ernst & Young CPA (Special General partnership) Engaged in the Auditing Work for year of 2020</i> ; 3. <i>Proposal on Renewal of the Institution for Annual Report and Auditing of Internal Control for year of 2021</i> ; 4.	Consent		

				<i>Internal control Self-Assessment Report 2020; Sinopharm Accord-Special Report on the Deposit and Use of Proceeds for year of 2020.</i>			
Remuneration and Appraisal Committee of the Board	Chen Honghui (convener), Chen Shengqun, Ou Yongliang, Su Weiwei, Liu Yong, Jiang Xiuchang and Wu Yijian		1 March 26, 2021	Review the remuneration disclosed for the directors, supervisors and senior executives for year of 2020	Consent		
Nomination Committee of the Board	Su Weiwei (convener), Chen Shengqun, Ou Yongliang, Liu Yong and Lin Zhaoxiong		1 June 7, 2021	Approved the Proposal on Deliberation of the Qualification of Directors of 9 th BOD of the Company	After reviewing, the 7 non-independent directors of 9 th BOD, nominated by shareholders and the 4 independent directors of 9 th BOD, nominated by 8 th BOD, are		

					qualified to serves as the director of the listed company.		
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VIII. 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.

IX. Particulars of workforce

1. Number of staff, professional composition and education background

The number of current employees of parent company at period-end (people)	120
The number of current employees of main subsidiaries at period-end (people)	39,266
Total number of current employees at period-end (people)	39,386
The total number of employees in payroll (people)	39,386
The total number of retired staff and workers that the parent company and main subsidiaries need to bear the costs (people)	1,731
Professional composition	
Category of professional composition	Number of professional composition (people)
Production staff	20
Salesman	30,522
Technical staff	333
Financial staff	753
Administrative staff	150
Other	7,608
Total	39,386
Education background	
Category of education	Number (people)
Post-graduate qualification and above	192
Undergraduate	6,153
Junior college	15,254
College degree	17,787
Total	39,386

2. Remuneration policy

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

3. Training programs

Sinopharm Accord and its subordinate companies attach great importance to building learning organizations, invest training resources every year to train and develop employees at all levels. In 2021, the training work was more proactive in promoting the transformation in terms of learning sharing, training empowerment and talent development. With the headquarters as the hub, connected to the operation headquarters, and promoted the integrated construction of the knowledge and experience sharing system and the training. In the form of training programs, released the powerful driving force of the talent engine, improved organizational capabilities, and accelerated the learning and sharing of organizational experience to enable high-quality development of business.

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

(2) The headquarters, operation headquarters, and key subsidiaries all set up full-time training posts to assist managers at all levels to carry out employee training. The company has promoted a three-level training model throughout the company, designed and compiled the "2021 Sinopharm Accord Training Management Work Guide Manual". For the first time, the manual integrates the past work experience of Sinopharm Accord's training and the follow-up work requirements into a standard work manual, which is shared with all staff training managers of Sinopharm Accord to learn together, and serves as an important reference for HR lines and managers to promote the training work.

(3) Accord headquarters united with the joint operation headquarters to organize offline training for new cadres of Sinopharm Accord's "Dragon Cultivation Plan" in 2021. In this project, by combining the cultivating route of

"entering the model - role conversion - management improvement" with the training of "learning knowledge online", communicating offline, training skills, post-training job transformation", accelerated the growth rate of new cadres, accumulated talents for the company's long-term high-quality development, and increased strong development momentum.

(4) Accord headquarters cooperated with the operation headquarters and subsidiaries, and launched the double-excellent planner class PK competition with the theme of innovation. This competition covered all the staff of Sinopharm Accord, with the goal of outputting high-quality innovative themed courseware and supporting lecturers, the excellent innovative courses were disseminated and shared in the Accord system after the competition, which was a large-scale event paving the way for the future planning of the internal trainer system in the 14th Five-Year Plan. More than 220 people participated in the large-scale competition. After the competition, the excellent participating lecturers were organized to give lessons.

(5) The human resource center united with the human resource department of the distribution operation headquarters, the mixing cultivation project "Performance Improvement Project" that took "SPD business" as the entry point, aimed at improving work related to "SPD business", and took "online learning, offline training, practice after training" as the operation mode won the 2021 Performance Improvement Best Practice Award of the International Society for Performance Improvement.

(6) Continued to promote online training. The "Sinopharm Online Learning" platform has opened more than 5,400 accounts, covering all subsidiaries across the country, and the average online learning hours of all employees exceeds 33 hours.

4. Labor outsourcing

Applicable Not applicable

Total number of working hours of labor outsourcing (Hour)	3,489,048
Total remuneration paid of labor outsourcing (RMB)	85,338,901.00

X. Profit distribution plan and capitalizing of common reserves plan

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

Applicable Not applicable

On 28 April 2021, the profit distribution plan for year of 2020 was deliberated and approved by annual general meeting of 2020, that is taking total 428,126,983 shares as base, distributed 8.00 yuan (tax included) for each 10 shares in cash. The announcement of 2020 interest distribution implementation was released on 11 June 2021 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 2020 was completed, and dividend for public shares was distributed to the account of shareholders dated 21 June 2021 (A-share) and 23 June 2021 (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

The Company is profitable during the reporting period and the parent company has positive profit available for distribution to shareholders without cash dividend distribution plan proposed

Applicable Not applicable

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

Applicable Not applicable

Number of bonus shares for each 10 shares (Share)	0
Number of dividends for each 10 shares (Yuan)(tax included)	6.00
Number of conversions for each 10 shares (Share)	0.00
Base of the shares for the distribution (Share)	428,126,983
Cash dividend amount (Yuan) (tax included)	256,876,189.80
Amount of cash dividends by other ways (e.g. share repurchased) (Yuan)	0.00
Total cash dividends (including other ways) (Yuan)	256,876,189.80
Distributable profit (Yuan)	6,499,660,099.63
Proportion of total cash dividends (including other ways) to the total profit distributed	100%
Current cash dividend	
If the Company is in a mature stage of development and has major capital expenditures arrangement, the minimum proportion of cash dividend in the profit distribution should be 40% when carrying out the profit distribution	
Explanation on the profit distribution plan for capital reserve transferring	

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

Applicable Not applicable

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

XII. Construction and implementation of internal control system during the reporting period

1. Construction and implementation of internal control

During the reporting period, the company updated and improved the internal control system in accordance with the guidelines of the Basic Norms for Enterprise Internal Control and combined with changes in the internal and external environment, internal organizations and management requirements, and comprehensively sorted out and revised the business processes of each link of the company, thereby making the internal control system more perfect.

The company's risk internal control management system, which is composed of the risk and internal control audit committee and the internal audit department, supervises and evaluates the company's internal control management.

The company's internal control can cover the main aspects of the company's operation and management, and there are no major omissions; the units, businesses and matters and high-risk fields included in the evaluation scope have covered the main aspects of the company's operation and management, and there are no major omissions; the company's internal control design is sound , reasonable, the implementation of internal control has been basically effective, and there are no major omissions.

Through the operation, analysis and evaluation of the internal control system, the company has effectively prevented risks in operation and management and promoted the realization of the goal of internal control.

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

Yes No

XIII. Management and controls on the subsidiary during reporting period

Name of company	Integration plan	Integration progress	Problems encountered in integration	Actions taken	Resolve progress	Follow-up resolution plan
N/A	N/A	N/A	N/A	N/A	N/A	N/A

XIV. Internal control self-assessment report or internal control audit report

1. Appraisal Report of Internal Control

Disclosure date of full internal control evaluation report	March 30, 2022	
Disclosure index of full internal control evaluation report	“Self-evaluation report of internal control for 2021 of China National Accord Medicines Corporation Ltd.” in Juchao website (http://www.cninfo.com.cn)	
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements	100.00%	
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the company's consolidated financial statements	100.00%	
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	<p>Financial report defects are mainly judged and decided by the degree of influence and the likelihood of occurrence to the misstatements of financial reports caused by defects.</p> <p>(1) Significant defects: a combination of one or multiple internal control defects that exists in internal control and may cause the material misstatements in financial statements cannot be prevented, found or corrected in time;</p> <p>(2) Major defects: a combination of one or multiple internal control defects that exists in internal control and has lower severity level than significant defects but still should be concerned by the superintendents of enterprise financial reports;</p> <p>(3) Common defects: other defects except for significant and major defects.</p>	<p>Non-financial report defects are mainly judged and decided by the degree of influence and the likelihood of occurrence of defects to the validity of business process.</p> <p>(1) Significant defects: a combination of one or multiple internal control defects that may cause the enterprise's serious deviation to internal control objectives;</p> <p>(2) Major defects: a combination of one or multiple internal control defects whose severity level and economic consequences are lower than significant defects but still may cause the enterprise's deviation to internal control objectives;</p> <p>(3) Common defects: other defects except for significant and major defects.</p>
Quantitative standard	A quantitative criterion determines the degree of importance of misstatements (including missing reports) in the consolidated statements of listed	A quantitative criterion determines the degree of importance of the company's defects based on the amount of direct loss and the degree of significant

	<p>companies based on the consolidated statement data.</p> <p>(1) Significant defects: equal to or greater than 5% of profit before tax;</p> <p>(2) Major defects: Between 1% and 5% of profit before tax;</p> <p>(3) Common defects: Less than or equal to 1% of profit before tax</p>	<p>influence to the company.</p> <p>(1) Significant defects: the amount of direct property loss is or more than 10 million Yuan, or has been officially disclosed and caused negative effects to periodic report disclosure of the joint-stock companies;</p> <p>(2) Major defects: the amount of direct property loss is between 5 million and 10 million Yuan, or has been punished by the national government departments but has not caused negative effects to periodic report disclosure of the joint-stock companies;</p> <p>(3) Common defects: the amount of direct property loss is between 0.1 million and 5 million Yuan, or has been punished by the provincial or sub-provincial government departments but has not caused negative effects to periodic report disclosure of the joint-stock companies.</p>
Amount of significant defects in financial reports		0
Amount of significant defects in non-financial reports		0
Amount of important defects in financial reports		0
Amount of important defects in non-financial reports		0

2. Auditing report of internal control

√ Applicable □ Not applicable

Deliberations in Audit Report of Internal Control	
According to relevant regulations and “Basic Rules of Internal Control for Enterprises”, China National Accord Medicines Corporation Ltd. in all major aspects, keeps an efficiency of internal control of financial report dated 31 December 2021	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	March 30, 2022

Index of audit report of internal control (full-text)	“Audit Report of Internal Control of China National Accord Medicines Corporation Ltd.” released on Juchao Website (http://www.cninfo.com.cn)
Opinion type of auditing report of IC	Standard unqualified
Whether the non-financial report had major defects	No

Carried out modified opinion for internal control audit report from CPA

Yes No

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

Yes No

XV. Rectification of Self-examination Problems in Special Governance Actions in Listed Company

According to the Opinions on Further Improving the Quality of Listed Companies (GF [2020] No.14) of the State Council, since the company received the Notice of Shenzhen Securities Regulatory Bureau on Promoting the Main Responsibility of Listed Companies in the Area Under Administration to Improve the Governance Level and Achieve High Quality Development (SZJGSZ [2020] No.128) from the China Securities Regulatory Commission Shenzhen Securities Regulatory Bureau, it conducted a serious self-examination of the company in strict accordance with relevant laws and administrative regulations, such as the Company Law and the Securities Law, as well as the Articles of Association, the Rules of Procedure for the General Meeting of Shareholders, the Rules of Procedure of the Board of Directors, the Rules of Procedure of the Board of Supervisors and other internal rules and regulations. The problems found in this self-examination and the rectification are as follows:

1. The company had a situation where there was no election at expiration of terms of office of the board of directors.

Specific rectification: The term of office of the eighth board of directors and the eighth board of supervisors of the company expired on April 17, 2021. On April 2, 2021, the company disclosed the "Indicative Announcement on the Postponement of Election at Expiration of Term of Office of the Board of Directors and the Board of Supervisors". On June 8, 2021, the company held the twenty-fifth meeting of the eighth board of directors and the eighteenth meeting of the eighth board of supervisors, and held the first extraordinary general meeting of shareholders in 2021 on June 25, 2021, at which the relevant proposals on the election of the ninth board of directors and the board of supervisors of the company were reviewed and approved, and the election was completed.

Completion time of of rectification: June 25, 2021

2. The company had a situation where the directors, supervisors and senior executives failed to attend (as non-voting attendees) or entrust others to attend the general meeting of shareholders, the board of directors meeting, the board of supervisors meeting and other meetings on their behalf as required.

Specific rectification: After the self-examination, the company's board office immediately reiterated to the company's directors, supervisors and senior executives the regulatory requirements for holding a general meeting of shareholders: "When the company holds a general meeting of shareholders, all directors, supervisors and the secretary of the board shall attend the meeting, and managers and other senior executives shall attend the meeting as nonvoting attendees." The directors, supervisors and senior executives who were indeed unable to attend the shareholders' meeting due to the impact of the pandemic, the company will use IT technology (network video + teleconference system, etc.) to provide positive conditions for directors, supervisors and senior executives to communicate with shareholders in real time in different places, and provide greater convenience for them to perform their duties.

Completion time of of rectification: April 28, 2021

Taking this self-examination and rectification activity as an opportunity, the company carefully organized the directors, supervisors and senior executives to study the Opinions on Further Improving the Quality of Listed Companies, keep the "Four Awes" in mind, adhere to the four bottom lines of "not disclosing false information, not engaging in insider trading, not manipulating market prices, and not harming the interests of listed companies". In future, the company will conscientiously implement the rectification measures, effectively improve the standard operation level and corporate governance effectiveness of state-controlled listed companies, and strive to become a governance model for state-controlled listed companies.

Section V. Environmental and Social Responsibility

1. Major environmental

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

Yes No

Administrative punishment for environmental problems during the reporting period

Name of company or subsidiary	Reason for punishment	Violation	Punishment result	The impact on the production and operation of listed companies	The Company's rectification measures
N/A	N/A	N/A	N/A	N/A	N/A

Other environmental information disclosed refer to key polluters

Company /subsidiary	Name of Major Pollutants and Particular Pollutants	Emission Method	Quantity of Discharge Outlet	Distribution of Discharge Outlet	Emission Concentration	Executed Pollutant Discharge Standards	Total Emissions	Approved Total Emissions	Excessive Discharge
Main Luck Pharmaceuticals	COD	Nanotubes emissions	1	Discharge Outlet of Waste Water	15mg/L	Discharge Standards of Water Pollutants for Pharmaceutical industry Mixing/Compounding and Formulation Category - GB21908-2008	0.030ton/year	0.12ton/year	N/A
Main Luck Pharmaceuticals	Ammonia Nitrogen	Nanotubes emissions	1	Discharge Outlet of Waste Water	0.5mg/L	Discharge Standards of Water Pollutants for Pharmaceutical industry Mixing/Compounding and Formulation Category - GB21908-2008	0.001ton/year	0.02ton/year	N/A
Main Luck Pharmaceuticals	Phosphate	Nanotubes emissions	1	Discharge Outlet of Waste Water	0.05mg/l	Discharge Standards of Water Pollutants for Pharmaceutical industry Mixing/Compounding and Formulation Category - GB21908-2008	0.0001ton/year	0.001ton/year	N/A
Main Luck	BOD	Nanotubes	1	Discharge	5mg/L	Discharge Standards of Water	0.01ton/y	0.04ton/y	N/A

Pharmaceuticals		emissions		Outlet of Waste Water		Pollutants for Pharmaceutical industry Mixing/Compounding and Formulation Category - GB21908-2008	ear	ear	
Main Luck Pharmaceuticals	SS	Nanotubes emissions	1	Discharge Outlet of Waste Water	5mg/L	Discharge Standards of Water Pollutants for Pharmaceutical industry Mixing/Compounding and Formulation Category - GB21908-2008	0.01ton/year	0.04ton/year	N/A
Sinopharm Weiqida Pharmaceutical Co., Ltd. (District 1)	COD	Nanotubes emissions	1	Discharge Outlet of Waste Water	240.08mg/L	Grade -B (GB/T31962-2015) in Wastewater Quality Standards for Discharge to Municipal Sewers	717.16	2640	N/A
Sinopharm Weiqida Pharmaceutical Co., Ltd. (District 1)	Ammonia Nitrogen	Nanotubes emissions	1	Discharge Outlet of Waste Water	1.03mg/L	Grade -B (GB/T31962-2015) in Wastewater Quality Standards for Discharge to Municipal Sewers	3.13	350.7	N/A
Sinopharm Weiqida Pharmaceutical Co., Ltd. (District 2)	COD	Nanotubes emissions	1	Discharge Outlet of Waste Water	132.18mg/L	Grade -B (GB/T31962-2015) in Wastewater Quality Standards for Discharge to Municipal Sewers	199.97	1440	N/A
Sinopharm Weiqida Pharmaceutical Co., Ltd. (District 2)	Ammonia Nitrogen	Nanotubes emissions	1	Discharge Outlet of Waste Water	2.55mg/L	Grade -B (GB/T31962-2015) in Wastewater Quality Standards for Discharge to Municipal Sewers	3.27	256.5	N/A
Sinopharm Weiqida Pharmaceutical Co., Ltd. (District 2)	Particulates	Organised emissions	1	Exhaust exhaust port	3.12mg/m ³	DB 14 / 1929-2019-Landmark of Emission Standard of Air Pollutants for Boiler	1.98	19.683	N/A
Sinopharm Weiqida Pharmaceutical Co., Ltd. (District 2)	Sulfur dioxide	Organised emissions	1	Exhaust exhaust port	8.19mg/m ³	DB 14 / 1929-2019-Landmark of Emission Standard of Air Pollutants for Boiler	5.41	68.733	N/A
Sinopharm	Nitrogen		1	Exhaust	19.02mg/m ³	DB 14 / 1929-2019-	13.95	101.88	N/A

Weiqida Pharmaceutical Co., Ltd. (District 2)	oxides	Organised emissions		exhaust port		Landmark of Emission Standard of Air Pollutants for Boiler			
China National Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	COD	Nanotubes emissions	1	Discharge Outlet of Waste Water	24mg/L	Table 2 in the Discharge Standard of Water Pollutants for Pharmaceutical Industry Mixing/Compounding and Formulation Category GB 21908-2008	1.53120	5.3874	N/A
China National Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	Ammonia Nitrogen	Nanotubes emissions	1	Discharge Outlet of Waste Water	0.9269mg/L	Table 2 in the Discharge Standard of Water Pollutants for Pharmaceutical Industry Mixing/Compounding and Formulation Category GB 21908-2008	0.05910	0.8979	N/A
China National Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	Total phosphorus	Nanotubes emissions	1	Discharge Outlet of Waste Water	0.04mg/L	Table 2 in the Discharge Standard of Water Pollutants for Pharmaceutical Industry Mixing/Compounding and Formulation Category GB 21908-2008	0.00260	N/A	N/A
China National Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	COD	Nanotubes emissions	1	Discharge Outlet of Waste Water	19.58mg/L	The more stricter standards between Water Pollutants for Pharmaceutical Industry Mixing/Compounding and Formulation Category (GB 21908-2008) and the IV-water (Ammonia Nitrogen up to grade V) in Environmental Quality Standard for Surface Water (GB3838-2002)	1.376	2.628	N/A
China National Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Ammonia Nitrogen	Nanotubes emissions	1	Discharge Outlet of Waste Water	0.211mg/L	The more stricter standards between Water Pollutants for Pharmaceutical Industry Mixing/Compounding and Formulation Category (GB 21908-2008) and the IV-water (Ammonia Nitrogen up to grade V) in Environmental Quality Standard for Surface Water (GB3838-2002)	0.014	0.1752	N/A

China National Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Total phosphorus	Nanotubes emissions	1	Discharge Outlet of Waste Water	0.02mg/L	The more stricter standards between Water Pollutants for Pharmaceutical Industry Mixing/Compounding and Formulation Category (GB 21908-2008) and the IV-water (Ammonia Nitrogen up to grade V) in Environmental Quality Standard for Surface Water (GB3838-2002)	0.0008	0.02628	N/A
Shanghai Tianwei Biopharmaceutical Co., Ltd.	COD	Nanotubes emissions	1	Discharge Outlet of Waste Water	105.89mg/L	The Discharge Standard of Pollutants for Bio-pharmaceutical Industry (DB31/373-2010)	3.225	15.5382	N/A
Shanghai Tianwei Biopharmaceutical Co., Ltd.	Ammonia Nitrogen	Nanotubes emissions	1	Discharge Outlet of Waste Water	1.73mg/L	The Discharge Standard of Pollutants for Bio-pharmaceutical Industry (DB31/373-2010)	0.054	1.2012	N/A
Shanghai Tianwei Biopharmaceutical Co., Ltd.	Total nitrogen	Nanotubes emissions	1	Discharge Outlet of Waste Water	7.51mg/L	The Discharge Standard of Pollutants for Bio-pharmaceutical Industry (DB31/373-2010)	0.229	1.8263	N/A
Shanghai Tianwei Biopharmaceutical Co., Ltd.	Total phosphorus	Nanotubes emissions	1	Discharge Outlet of Waste Water	0.72mg/L	The Discharge Standard of Pollutants for Bio-pharmaceutical Industry (DB31/373-2010)	0.024	0.238	N/A
Sinopharm Chuankang Pharmaceutical Co., Ltd.	COD	Nanotubes emissions	1	Discharge Outlet of Waste Water	62.28mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2016)	1.1131	11.33	N/A
Sinopharm Chuankang Pharmaceutical Co., Ltd.	Ammonia Nitrogen	Nanotubes emissions	1	Discharge Outlet of Waste Water	1.58mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2016)	0.0283	1.02	N/A
Sinopharm Chuankang Pharmaceutical Co., Ltd.	Total phosphorus	Nanotubes emissions	1	Discharge Outlet of Waste Water	0.836mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2016)	0.0149	0.181	N/A

cal Co., Ltd.									
Jiangsu Weiqida Pharmaceutical Co., Ltd.	COD	Nanotubes emissions	1	Discharge Outlet of Waste Water	287.78	Integrated Wastewater Discharge Standard (GB8978-1996)-Tertiary standards in table-4	32.38	46.82	N/A
Jiangsu Weiqida Pharmaceutical Co., Ltd.	Ammonia Nitrogen	Nanotubes emissions	1	Discharge Outlet of Waste Water	2.87	Integrated Wastewater Discharge Standard (GB8978-1996)-Tertiary standards in table-4	0.31	4.21	N/A
Jiangsu Weiqida Pharmaceutical Co., Ltd.	Total nitrogen	Nanotubes emissions	1	Discharge Outlet of Waste Water	21.76	Integrated Wastewater Discharge Standard (GB8978-1996)-Tertiary standards in table-4	1.88	5.696	N/A
Jiangsu Weiqida Pharmaceutical Co., Ltd.	Total phosphorus	Nanotubes emissions	1	Discharge Outlet of Waste Water	1.92	Integrated Wastewater Discharge Standard (GB8978-1996)-Tertiary standards in table-4	0.21	0.65	N/A
Sinopharm Yixin Pharmaceutical Co., Ltd.	COD	Nanotubes emissions	1	Discharge Outlet of Waste Water	7.0145mg/L	Protocol concentration	0.6192	2.44	N/A
Sinopharm Yixin Pharmaceutical Co., Ltd.	Ammonia Nitrogen	Nanotubes emissions	1	Discharge Outlet of Waste Water	0.0706mg/L	Protocol concentration	0.0058	0.39	N/A
Sinopharm Yixin Pharmaceutical Co., Ltd.	Nox	Organised emissions	1	Exhaust exhaust port	0.4123kg/h	Emission Standard of Air Pollutants for Boilers (GB13271-2014)	2.8294	4.64	N/A
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	COD	Nanotubes emissions	1	Discharge Outlet of Waste Water	66.82mg/L	Indirect Discharge Standard of Water Pollutants for Pharmaceutical Industry Chemical Synthesis Products Category (DB41/756-2012)	13.9283	95.144	N/A
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	Ammonia Nitrogen	Nanotubes emissions	1	Discharge Outlet of Waste Water	2.30mg/L	Indirect Discharge Standard of Water Pollutants for Pharmaceutical Industry Chemical Synthesis Products Category (DB41/756-2012)	0.50557	13.239	N/A

Construction and operation of pollution prevention and control facilities

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

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

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

Emergency plan for environmental emergencies

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

Environmental self-monitoring scheme

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

Measures taken to reducing the carbon emissions during the reporting period and their effectiveness

Applicable Not applicable

(i) Promote the application of the "four new technologies".

1. The west wall of Zhanjiang Distribution Center of Guangdong Logistics is severely exposed to sunlight, the temperature of warehouse increases after the wall absorbs heat, so the cooling intensity of the air-conditioning unit increases. It is proposed to seal the wall with thermal insulation board to effectively cut off the heat transfer of the wall and reduce the energy consumption of the air conditioner.

2. Most of the floors of the Gaotang warehouse are mainly made of steel frame structure and color steel plate, and the warehouse has been in use for more than ten years, with the aging of materials, the insulation effect decreases, resulting in increased energy consumption of warehouse air conditioning. It is proposed to paint a layer of thermal insulation coating on the roof of the warehouse to effectively block the transfer of external heat, which can reduce the indoor temperature of the warehouse by about 5-10 °C, achieving the goal of energy saving, environmental protection and reducing electricity consumption.

3. Henan Guoda invested more than 300,000 yuan to replace the original 2 diesel transport vehicles with new energy electric vehicles. The total mileage this year was about 25,810 kilometers, the total power consumption

was 14,450 kWh at a cost of about 14,450 yuan, converting comprehensive energy consumption of 1.77 tons. Compared with diesel vehicles, the comprehensive energy consumption reduced by 2.34 tons on a year-on-year basis, a decrease of about 57%, and saved cost of about 12,500 yuan.

(ii) Strengthen energy consumption management and control, economies go first

1. Reduce the cost of using the public vehicles. The official business vehicles shall be managed uniformly, and the system of dispatching vehicles shall be reviewed and approved by the office, so as to reduce the number of separate or repeated dispatching of vehicles, and private use of public vehicles is strictly prohibited. Strengthen the management of vehicle use, and implement systems such as fixed-point refueling and single vehicle fuel consumption registration. Minimize the loss caused by human factors as much as possible. In 2021, Sinopharm Accord's vehicle fuel consumption dropped by 33.48 tons compared with the same period last year. The next step is to focus on planning the monitoring of vehicle fuel consumption.

2. Strictly economize on electricity. The company starts from saving a kilowatt-hour of electricity to block the waste loopholes. Firstly, strengthen the management of electrical equipment: when using office automation equipment such as computers, printers, and copiers, it is required to minimize standby consumption. Secondly, replace the passageway and corridor lighting with energy-saving lamps, and set time and voice control devices to automatically turn on and off, which better put an end to the phenomenon of eternal lighting. Thirdly, add sponge strips to all the windows to improve the tightness of doors and windows, and open the air conditioner seasonally to save electricity.

3. Strengthen water conservation. Strengthen the daily maintenance and management of water equipment, get into the habit of turning off the tap when leaving, prevent leakage, and better eliminate the phenomenon that the water keeps running.

Reasons for not disclosing other environmental information

The above companies are all joint stock companies of the Company. Neither the company nor its holding subsidiaries belong to the key pollutant discharge units announced by the environmental protection department.

II. Social Responsibility

“Social Responsibility Report of Sinopharm Accord in 2021” can be seen in Juchao website released on the same date

(<http://www.cninfo.com.cn>)

III. Consolidating and expanding the achievements of poverty alleviation and rural revitalization

The Company has not carried out targeted poverty alleviation in the reporting period

Section VI. Important Events

I. Implementation of commitment

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

√ Applicable □ Not applicable

Commitment reason	Promise by	Type of commitments	Content of commitments	Commitment date	Commitment term	Implementation
Share reform commitment						
Commitments in report of acquisition or equity change	Sinopharm Holding	Commitment of shareholders	<p>As a large pharmaceutical commercial enterprise whose business involves pharmaceutical wholesale and retail, Sinopharm Holding may overlap with the Company in geographical segmentation during its future business development. To avoid the potential peer competition brought by such geographical overlap, Sinopharm Holding undertakes that, upon the transfer of shares of Sinopharm Holding Guangzhou it held to Sinopharm Accord, “1. it will not newly-establish or broaden within Guangdong any business operation that actually compete with that of Sinopharm Accord, or set up any new subsidiaries or subordinate enterprises who engage in such business. 2. It will enter into business delineation with Sinopharm Accord and Sinopharm Holding Guangzhou, thereby giving the three parties clear geographical areas to carry out pharmaceutical wholesale and retail businesses, so as to avoid potential peer competition. Apart from above, Sinopharm Holding will no longer newly-establish any</p>	2005-06-21	Long-term effective	Normally implementing

			enterprise that may compete with Sinopharm Accord in the production and R&D of pharmaceutical products.”			
Commitments in assets reorganization	Sinopharm Group Co., Ltd	Commitments on horizontal competition, relation transaction and capital occupation	"Sinopharm Holding made commitments in the Report about China National Accord Medicines Corporation Ltd. Purchasing Assets and Raising Supporting Funds and Related Transactions by Asset Sale, Stock Issuance and Cash Payment that the Company shall be the controlling shareholder of China National Accord Medicines Corporation Ltd. (hereinafter referred to as Sinopharm Accord) up to the issue date of this commitment letter, after the completion of this major assets reorganization (hereinafter referred to as “this reorganization”), Sinopharm Accord shall no longer hold shares or operate relevant businesses of pharmaceutical industry, the main business will become the national pharmaceutical retail and pharmaceutical distribution business in Guangdong and Guangxi. In order to support the business development of Sinopharm Accord and avoid horizontal competition with Sinopharm Accord and its controlling enterprises, the Company made following irrevocable commitments and promises:1, after the completion of this reorganization, as for the social retail drugstore assets except for Sinopharm Holding Guoda Drugstore Co., Ltd. and its subsidiaries and branches owned or controlled by the Company, the Company promised to take appropriate measures to solve the horizontal competition problem in the pharmaceutical retail business between the Company and Sinopharm Accord within 5 years since the completion	2016-12-28	Long-term effective	Normally implementing

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

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

			other shareholders (especially medium and small shareholders). This commitment letter takes effect from the issue date, and remains in effect for the entire period when the Company acts as the controlling shareholder or its related party of Sinopharm Accord. Within the effective period of the commitment, if the Company violates this commitment and causes a loss to Sinopharm Accord, the Company will timely make full compensation for Sinopharm Accord.”			
	Sinopharm Holding	Commitment of shareholders	"Sinopharm Holding made commitments in the Commitment Letter About Sinopharm Group Co., Ltd. to Regulate the Related Transactions with China National Accord Medicines Corporation Ltd.: “First, when the Company is controlling Sinopharm Accord, the Company and the companies and enterprises directly and indirectly controlled by the Company (“related party” for short) will strictly regulate the related transactions with Sinopharm Accord and its controlling enterprises. Second, for the related transactions that can not be avoided nor have reasonable reasons to occur, the Company and related party shall sign normative related transaction agreement in accordance with relevant laws with Sinopharm Accord. Sinopharm Accord implements the approval procedures and fulfills the information disclosure obligations of the related transactions according to relevant laws, regulations, rules, other normative documents and the constitutions of Sinopharm Accord. Third, for the related transactions that can not be avoided or have reasonable reasons to occur, the Company and	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>related party shall abide by the open, fair and just market principles and confirm the price of related transactions in accordance with the price that the independent third party without association sets for the same and similar transactions, and ensure the fairness of the price of the related transactions. Fourth, when the board of directors and the general meeting of stockholders of Sinopharm Accord vote on the related transactions involving the Company and other enterprises controlled by the Company, the Company shall fulfill the necessary obligations that the associated directors and associated shareholders abstain from voting in accordance with the relevant provisions, and abide by the legal procedures for approving related transactions and the information disclosure obligations. Fifth, the Company guarantees to participate in the shareholders' general meeting, equally exercise the corresponding rights and take the corresponding obligations in accordance with the constitutions of Sinopharm Accord, not to take advantage of controlling shareholder status to seek improper benefits or utilize related transactions to illegally transfer the funds and profits of Sinopharm Accord, and not to damage the legitimate rights and interests of other shareholders (especially the medium and small shareholders) of Sinopharm Accord. Sixth, this commitment letter comes into force from the issue date and remains in effect for the entire period when the Company acts as the controlling shareholder or its related party of Sinopharm Accord. Within the</p>			
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			effective period of the commitment, if the Company violates this commitment and causes a loss to Sinopharm Accord, the Company will timely make full compensation for Sinopharm Accord.”			
	SINOPHARM	Commitment of actual controller	<p>""SINOPHARM made commitments in the Commitment Letter About China National Pharmaceutical Group Corporation to Avoid Horizontal Competition with China National Accord Medicines Corporation Ltd.: “First, in the next five years, Sinopharm plans to take appropriate measures (including assets replacement or acquisition, equity reorganization, etc.) to resolve the horizontal competition between Sinopharm Weiqida and Sinopharm Accord. Second, in addition to the past matters and matters disclosed in this commitment letter, the Company and the Company’s wholly-owned, controlling or other enterprises with actual control rights (except for Sinopharm Accord and its controlling enterprises, the same as below) shall not directly engaged in, participate in or do the businesses an activities constituting actual competition to the production and operation of Sinopharm Accord in China. The relevant commitments about avoiding horizontal competition that the Company made in the past still remain in effect. Third, the Company shall not take advantage of the control relationship to Sinopharm Accord to damage the legitimate rights and interests of Sinopharm Accord and its shareholders (especially the medium and small shareholders). Fourth, this commitment letter comes into force from the issue date and remains in</p>	2013-10-16	Long-term effective	Actual Controller is implement in real earnest, Sinopharm Accord will actively urged the controlling shareholder and actual controller to fulfill commitments

			effect for the entire period when the Company acts as the controlling shareholder or its related party of Sinopharm Accord.”			
	SINOPHARM	Commitment of actual controller	<p>"SINOPHARM made commitments in the Commitment Letter About Sinopharm Group Co., Ltd. to Regulate the Related Transactions with China National Accord Medicines Corporation Ltd.: “First, when the Company is controlling Sinopharm Accord, the Company and the companies and enterprises directly and indirectly controlled by the Company (“related party” for short) will strictly regulate the related transactions with Sinopharm Accord and its controlling enterprises. Second, for the related transactions that can not be avoided or have reasonable reasons to occur, the Company and related party shall sign normative related transaction agreement in accordance with relevant laws with Sinopharm Accord. Sinopharm Accord implements the approval procedures and fulfills the information disclosure obligations of the related transactions according to relevant laws, regulations, rules, other normative documents and the constitutions of Sinopharm Accord. Third, for the related transactions that can not be avoided or have reasonable reasons to occur, the Company and related party shall abide by the open, fair and just market principles and confirm the price of related transactions in accordance with the price that the independent third party without association sets for the same and similar transactions, and ensure the fairness of the price of the related transactions. Fourth, when the board of directors and the general meeting of</p>	2013-09-22	Long-term effective	Actual Controller is implement in real earnest, Sinopharm Accord will actively urged the controlling shareholder and actual controller to fulfill commitments

		<p>stockholders of Sinopharm Accord vote on the related transactions involving the Company and other enterprises controlled by the Company, the Company shall fulfill the necessary obligations that the associated directors and associated shareholders abstain from voting in accordance with the relevant provisions, and abide by the legal procedures for approving related transactions and the information disclosure obligations.</p> <p>Fifth, the Company guarantees not to take advantage of actual controller status to seek improper benefits or utilize related transactions to illegally transfer the funds and profits of Sinopharm Accord, and not to damage the legitimate rights and interests of other shareholders (especially the medium and small shareholders) of Sinopharm Accord. Sixth, this commitment letter comes into force from the issue date and remains in effect for the entire period when the Company acts as the actual controller or its related party of Sinopharm Accord.</p>			
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2. Concerning assets or project of the Company, which has profit forecast, and reporting period still in forecasting period, explain reasons of reaching the original profit forecast

Applicable Not applicable

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

Applicable Not applicable

Shareholders or related party	Type of related	Duration for occupying	Causes	Opening amount	New funds occupied in the reporting period	Total amount reimbursed in the reporting period	Closing amount	Balance as of the date when annual report disclosed	Reimbursement method expected	Reimbursement amount expected	Repayment time expected (Month)	
Sinopharm Zhijun (Suzhou) Pharmaceutical Co., Ltd.	Other	Jan. of 2018 - present	Entrusted loan	4,633.42	0.00	0.00	4,633.42	4,633.42	Other			
Total				4,633.42	0.00	0.00	4,633.42	4,633.42	--		--	
Total value at end of the period as a percentage of the latest audited net assets												0.31%
Relevant decision procedures				The “proposal on continue to provide entrusted loans to Sinopharm Zhijun (Suzhou) Pharmaceutical Co., Ltd.” was deliberated and approved by 29 th session of 7 th BOD dated January 26, 2018								
Explanation on reasons for new occupation of non-operation funds by controlling shareholders and its related parties in the period, prosecution of those responsible and measures proposed by the Board				Not applicable								
Explanation on reasons for failure to pay off the occupation of non-operation funds as schedule, prosecution of those responsible and measures proposed by the Board				Sinopharm Zhijun (Suzhou) Pharmaceutical Co., Ltd failed to collected the entrusted loans overdue, on May 11, 2021, the Court ruled that Sinopharm Zhijun (Suzhou) Pharmaceutical Co., Ltd was bankrupt and designated local government as the bankruptcy administration. At present, the matter is in the stage of declaration of claim filing, and the Company has made a full provision for bad debts on the entrusted loan due to the principle of prudence.								
Specif audit opinion of the fund occupation by CPA				Found more in the “Explanation on Fund Occupation by Controlling Shareholders and its Related Parties for year of 2021” released on March 30, 2022								
Reasons for the inconsistency between the non-operation fund occupation by controlling shareholders and its related parties disclosed in Annual Report and the				Not applicable								

Specific Audit Opinion	
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III. External guarantee out of the regulations

Applicable Not applicable

No external guarantee out of the regulations occurred in the period.

IV. Statement on the latest “modified audit report” by BOD

Applicable Not applicable

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

Applicable Not applicable

VI. Explanation of the changes in accounting polices, accounting estimates or correction of significant accounting errors compared with the financial report of the previous year

Applicable Not applicable

The Company had no changes in accounting policies, accounting estimates or correction of significant accounting errors during the reporting period.

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

Applicable Not applicable

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

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

Accounting firm appointed

Name of domestic accounting firm	Ernst & Young CPA (Special General partnership)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	621.48
Continuous life of auditing service for domestic accounting firm	6
Name of domestic CPA	Deng Dongmei, Li Yuanfen

Continuous life of CPA from the domestic accounting firm for auditing service	Deng Dongmei (1 year), Li Yuanfen (3 years)
Name of foreign accounting firm (if applicable)	N/A
Continuous life of auditing service for foreign accounting firm (if applicable)	N/A
Name of foreign CPA (if applicable)	N/A
Continuous life of auditing service for 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

In the Period, the Company engaged Ernst & Young CPA (Special General partnership) as the audit body for internal control, and auditing charge for internal control amounting as 1,120,982.00 yuan.

IX. Particular about delisting after annual report disclosed

Applicable Not applicable

X. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period.

XI. Significant litigation and arbitration of the Company

Applicable Not applicable

No significant litigation and arbitration occurred in the reporting period.

XII. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

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

Applicable Not applicable

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

XIV. Major related transaction

1. Related transaction with routine operation concerned

√ Applicable □ Not applicable

Related party	Relationship	Type of transaction	Content	Pricing principles	Price (in 10 thousand yuan)	Amount (in 10 thousand yuan)	Percentage of the amount in similar transactions	Trading amount approved (in 10 thousand yuan)	Whether over the approved limited or not (Y/N)	Clearing form for related transaction	Available similar market price (in 10 thousand yuan)	Date of disclosure	Index of disclosure 引
Sinopharm Holding Distribution Center Co., Ltd.	Has the same controlling shareholder	Purchasing of goods	Purchasing of goods	Market price	105,178.02	105,178.02	1.65%	160,000	N	Cash and notes settlement	105,178.02	2021-04-02	Juchao Website: Notice No.: 2021-09
China National Medicines Corporation Ltd	Has the same controlling shareholder	Purchasing of goods	Purchasing of goods	Market price	75,120.40	75,120.40	1.18%	90,000	N	Cash and notes settlement	75,120.40	2021-04-02	Juchao Website: Notice No.: 2021-09
Total				--	--	180,298.42	--	250,000	--	--	--	--	--
Detail of sales return with major amount involved				N/A									
Report the actual implementation of the day-to-day related transactions which were projected about their total amount by types during the reporting period (if applicable)				The related transactions are settled by cash and note, according to the “proposal on prediction of the routine related transactions between the Company and its subsidiaries and related parties for year of 2021” deliberated and approved by 23 rd session of 8 th BOD held on March 31, 2021, and the “Notice on Prediction of Routine Related Transactions in 2021”(Notice No.: 2021-09) released on April 2, 2021, during the reporting period, sales of goods from related parties accounted for 67.27% of the amount predicted for the whole year; purchasing of goods from related parties accounted for 76.87% of the amount predicted for the whole year; the rental income of houses and equipment from related parties accounted for 38.66% of the amount predicted for the whole year; the expenditure of leasing for houses and equipment from related parties accounted for 79.24% of									

	the amount predicted for the whole year; the labor services provided from related parties accounted for 68.46% of the amount predicted for the whole year; the labor service received by related parties accounted for 36.20% of the amount predicted for the whole year and total other vary related transactions accounted for 74.91% of the amount predicted for the whole year.
Reasons for major differences between trading price and market reference price (if applicable)	Not applicable

2. Related transactions by assets acquisition and sold

Applicable Not applicable

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

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

5. Contact with the related finance companies

Applicable Not applicable

Deposit business

Related party	Relationship	Maximum daily deposit limit (in 10 thousand yuan)	Deposit interest rate range	Opening balance (in 10 thousand yuan)	Amount for the Period		Ending Balance (10 thousand yuan)
					Total deposit amount for the Period (10 thousand yuan)	The total amount withdrawn in the Period (10 thousand yuan)	
China National Finance Corporation Ltd	The same ultimate controlling shareholder	30,000	0.35%-1.89%	10,177.99	213,307.07	223,287.62	197.44

Loan business

Related party	Relationship	Loan line (10 thousand yuan)	Loan interest rate range	Opening Balance (10 thousand yuan)	Amount for the Period		Ending Balance (10 thousand yuan)
					Total loan amount for the Period (10 thousand yuan)	Total repayment amount for the Period (10 thousand yuan)	
China National Finance Corporation Ltd	The same ultimate controlling shareholder	100,000	3.50%-3.70%	1,432.28	130,884.13	123,089.04	9,227.37

Credit extension or other financial business

Related party	Relationship	Type of business	Total amount (10 thousand yuan)	Actual amount (10 thousand yuan)
China National Finance Corporation Ltd	The same ultimate controlling shareholder	Credit	100,000	130,884.13
China National Finance Corporation Ltd	The same ultimate controlling shareholder	Bank acceptance bill discount	87,693.77	87,693.77
China National Finance Corporation Ltd	The same ultimate controlling shareholder	Entrusted loan	3,160	3,160

6. Transactions between the finance company controlled by the Company and related parties

Applicable Not applicable

There are no deposits, loans, credits or other financial business between the finance companies controlled by the Company and related parties

7. Other major related transactions

Applicable Not applicable

No other major related party transactions occurred in the period.

XV. Significant contract and implementations

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

The Company had no trusteeship in the reporting period.

(2) Contract

Applicable Not applicable

No contract for the Company in reporting period.

(3) Leasing

Applicable Not applicable

No leasing for the Company in reporting period.

2. Major guarantees

Applicable Not applicable

In 10 thousand Yuan

Particulars about the external guarantee of the Company and the subsidiaries (Barring the guarantee for subsidiaries)										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if applicable)	Counter-guarantee situation (if applicable)	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Not applicable										
Guarantee between the Company and the subsidiaries										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if applicable)	Counter-guarantee situation (if applicable)	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Sinopharm Holding Guangzhou Co., Ltd.	April 2, 2021	30,000	May 20, 2021	30,000	Joint liability assurance			2021.05.20-2022.05.20	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	April 2, 2021	70,000	May 10, 2021	37,572.58	Joint liability assurance			2021.05.10-2022.05.09	N	Y

Sinopharm Holding Guangzhou Co., Ltd.	April 2, 2021	50,000	December 27, 2021	3,677.27	Joint liability assurance			2021.12.27-2022.12.26	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	April 2, 2021	15,000	June 28, 2021		Joint liability assurance			2021.06.28-2022.06.27	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	April 2, 2021	95,000	May 20, 2021	60,959.61	Joint liability assurance			2021.05.20-2022.05.20	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	April 2, 2021	15,000	July 14, 2021	2,992.12	Joint liability assurance			2021.07.14-2022.07.13	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	April 2, 2021	20,000	October 20, 2021	1,924.47	Joint liability assurance			2021.10.20-2022.10.19	N	Y
Sinopharm Holding Guangzhou Co., Ltd.	April 2, 2021	42,000	September 23, 2021		Joint liability assurance			2021.09.23-2022.09.23	N	Y
Sinopharm Holding Guangdong Yuexing Co., Ltd.	April 2, 2021	5,000	May 20, 2021	4,396.63	Joint liability assurance			2021.05.20-2022.05.20	N	Y
Sinopharm Holding Guangdong Yuexing Co., Ltd.	April 2, 2021	12,000	October 20, 2021	10,563.1	Joint liability assurance			2021.10.20-2022.10.19	N	Y
Sinopharm Holding Guangdong Yuexing Co., Ltd.	April 2, 2021	15,000	May 10, 2021	7,127.6	Joint liability assurance			2021.05.10-2022.05.09	N	Y
Sinopharm Holding Guangdong	April 2, 2021	3,000	December 1, 2021	2,879.59	Joint liability assurance			2021.12.01-2022.11.30	N	Y

Yuexing Co., Ltd.					e					
Sinopharm Holding Guangdong Yuexing Co., Ltd.	April 22, 2020	5,000	November 20, 2020	210.07	Joint liability assurance			2020.11.20-2021.11.19	N	Y
Sinopharm Holding Guangdong Hengxing Co., Ltd.	April 2, 2021	15,000	October 22, 2021	2,674.29	Joint liability assurance			2021.10.22-2022.10.22	N	Y
Sinopharm Holding Guangdong Hengxing Co., Ltd.	April 2, 2021	3,000	April 28, 2021	45.09	Joint liability assurance			2021.04.28-2022.04.27	N	Y
Sinopharm Holding Foshan Co., Ltd.	April 2, 2021	500	October 20, 2021	77.02	Joint liability assurance			2021.10.20-2022.10.19	N	Y
Sinopharm Holding Foshan Co., Ltd.	April 2, 2021	2,000	May 10, 2021	180.21	Joint liability assurance			2021.05.10-2022.05.10	N	Y
Sinopharm Holding Foshan Co., Ltd.	April 22, 2020	2,500	March 23, 2021	22.44	Joint liability assurance			2021.03.23-2022.03.22	N	Y
Sinopharm Holding Zhaoqing Co., Ltd.	April 2, 2021	2,500	October 20, 2021	997.87	Joint liability assurance			2021.10.20-2022.10.19	N	Y
Sinopharm Holding Zhaoqing Co., Ltd.	April 2, 2021	2,000	June 1, 2021	593.32	Joint liability assurance			2021.06.01-2022.05.11	N	Y
Sinopharm Holding Zhaoqing Co., Ltd.	April 2, 2021	3,000	June 30, 2021	99.39	Joint liability assurance			2021.06.30-2022.06.29	N	Y

Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	April 2, 2021	19,500	July 1, 2021	12,633.74	Joint liability assurance			2021.07.01-2022.06.30	N	Y
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	April 2, 2021	15,000	October 13, 2021	4,137	Joint liability assurance			2021.10.13-2022.10.12	N	Y
Guangdong Nanfang Pharmaceutical Foreign Trade Co., Ltd.	April 2, 2021	10,000	December 5, 2021	1,132.07	Joint liability assurance			2021.12.05-2022.11.18	N	Y
Foshan Nanhai Medicine Co., Ltd.	April 2, 2021	1,500	October 20, 2021	270.56	Joint liability assurance			2021.10.20-2022.10.19	N	Y
Foshan Nanhai Medicine Co., Ltd.	April 22, 2020	10,000	March 22, 2021	2,236.08	Joint liability assurance			2021.03.22-2022.03.21	N	Y
Foshan Nanhai Medicine Co., Ltd.	April 22, 2020	7,000	March 1, 2021		Joint liability assurance			2021.03.01-2022.02.28	N	Y
Foshan Nanhai Medicine Co., Ltd.	April 2, 2021	2,500	September 10, 2021	923	Joint liability assurance			2021.09.10-2022.09.10	N	Y
Foshan Nanhai Medicine Co., Ltd.	April 2, 2021	3,000	June 24, 2021	2,579.02	Joint liability assurance			2021.06.24-2022.05.11	N	Y
Foshan Nanhai Uptodate &	April 2, 2021	2,000	October 20, 2021	80.76	Joint liability assurance			2021.10.20-2022.10.19	N	Y

Special Medicines Co. Ltd.					e					
Foshan Nanhai Uptodate & Special Medicines Co. Ltd.	April 22, 2020	10,000	March 22, 2021	3,702.73	Joint liability assurance			2021.03.22-2022.03.21	N	Y
Foshan Nanhai Uptodate & Special Medicines Co. Ltd.	April 22, 2020	7,000	March 1, 2021		Joint liability assurance			2021.03.01-2022.02.28	N	Y
Foshan Nanhai Uptodate & Special Medicines Co. Ltd.	April 2, 2021	2,500	September 10, 2021		Joint liability assurance			2021.09.10-2022.09.10	N	Y
Foshan Nanhai Uptodate & Special Medicines Co. Ltd.	April 2, 2021	3,000	June 24, 2021		Joint liability assurance			2021.06.24-2022.05.11	N	Y
Sinopharm Holding (Jiangmen) Co., Ltd.	April 2, 2021	1,500	October 20, 2021	716.46	Joint liability assurance			2021.10.20-2022.10.19	N	Y
Sinopharm Holding (Jiangmen) Co., Ltd.	April 2, 2021	5,000	May 26, 2021	3,866.04	Joint liability assurance			2021.05.26-2022.05.11	N	Y
Sinopharm Holding (Jiangmen) Co., Ltd.	April 2, 2021	4,000	May 31, 2021	280.9	Joint liability assurance			2021.05.31-2022.05.31	N	Y
Sinopharm Holding Meizhou Co.,	April 2, 2021	1,000	October 20, 2021	999.87	Joint liability assurance			2021.10.20-2022.10.19	N	Y

Ltd.					e					
Sinopharm Holding Meizhou Co., Ltd.	April 2, 2021	5,000	June 3, 2021	4,526.57	Joint liability assurance			2021.06.03-2022.05.11	N	Y
Sinopharm Holding Meizhou Co., Ltd.	April 2, 2021	6,000	June 21, 2021	1,420.43	Joint liability assurance			2021.06.21-2022.03.19	N	Y
Sinopharm Holding Zhongshan Co., Ltd.	April 2, 2021	1,000	October 20, 2021	600	Joint liability assurance			2021.10.20-2022.10.19	N	Y
Sinopharm Holding Zhongshan Co., Ltd.	April 2, 2021	2,000	August 17, 2021	370	Joint liability assurance			2021.08.17-2022.08.16	N	Y
Sinopharm Holding Zhongshan Co., Ltd.	April 2, 2021	3,000	May 26, 2021	2,232.21	Joint liability assurance			2021.05.26-2022.05.11	N	Y
Sinopharm Holding Shantou Co., Ltd.	April 2, 2021	500	October 20, 2021	500	Joint liability assurance			2021.10.20-2022.10.19	N	Y
Sinopharm Holding Shantou Co., Ltd.	April 2, 2021	3,000	October 21, 2021	1,000	Joint liability assurance			2021.10.21-2022.06.28	N	Y
Sinopharm Holding Shantou Co., Ltd.	April 2, 2021	2,000	June 3, 2021	800.27	Joint liability assurance			2021.06.03-2022.05.11	N	Y
Sinopharm Holding Huizhou Co., Ltd.	April 2, 2021	1,000	October 20, 2021	652.69	Joint liability assurance			2021.10.20-2022.10.19	N	Y
Sinopharm Holding Huizhou Co., Ltd.	April 22, 2020	3,000	October 20, 2020	25.63	Joint liability assurance			2020.10.20-2021.10.19	N	Y

Sinopharm Holding Huizhou Co., Ltd.	April 2, 2021	4,000	June 3, 2021	2,145.87	Joint liability assurance			2021.06.03-2022.05.11	N	Y
Sinopharm Holding Zhanjiang Co., Ltd.	April 2, 2021	2,000	October 20, 2021	1,935	Joint liability assurance			2021.10.20-2022.10.19	N	Y
Sinopharm Holding Zhanjiang Co., Ltd.	April 2, 2021	5,000	October 25, 2021	1,816.38	Joint liability assurance			2021.10.25-2022.10.24	N	Y
Sinopharm Holding Zhanjiang Co., Ltd.	April 2, 2021	8,000	May 19, 2021	4,630.48	Joint liability assurance			2021.05.19-2022.05.19	N	Y
Sinopharm Holding Zhuhai Co., Ltd.	April 2, 2021	1,000	October 20, 2021	1,000	Joint liability assurance			2021.10.20-2022.10.19	N	Y
Sinopharm Holding Zhuhai Co., Ltd.	April 2, 2021	3,000	July 8, 2021	2,125.8	Joint liability assurance			2021.07.08-2022.07.07	N	Y
Sinopharm Holding Zhuhai Co., Ltd.	April 2, 2021	4,000	June 1, 2021	3,994.07	Joint liability assurance			2021.06.01-2022.05.11	N	Y
Sinopharm Holding Zhuhai Co., Ltd.	April 2, 2021	4,000	May 1, 2021		Joint liability assurance			2021.07.01-2022.04.28	N	Y
Sinopharm Holding Dongguan Co., Ltd.	April 2, 2021	2,000	October 20, 2021	1,527.79	Joint liability assurance			2021.10.20-2022.10.19	N	Y
Sinopharm Holding Dongguan Co., Ltd.	April 2, 2021	3,000	June 3, 2021	1,075.81	Joint liability assurance			2021.06.03-2022.05.11	N	Y
Sinopharm	April 2,	5,000	July 1, 2021	1,851.53	Joint			2021.07.01-	N	Y

Holding Dongguan Co., Ltd.	2021				liability assurance			2022.02.27		
Guangdong Dongfang New Special Medicine Co., Ltd	April 2, 2021	10,000	May 10, 2021	7,373.5	Joint liability assurance			2021.05.10-2022.05.09	N	Y
Guangdong Dongfang New Special Medicine Co., Ltd	April 2, 2021	5,000	April 2, 2021	4,998.57	Joint liability assurance			2021.04.02-2022.04.01	N	Y
Guangdong Dongfang New Special Medicine Co., Ltd	April 2, 2021	3,000	July 13, 2021	2,860.13	Joint liability assurance			2021.07.13-2022.07.12	N	Y
Guangdong Dongfang New Special Medicine Co., Ltd	April 2, 2021	9,000	October 13, 2021	7,444.06	Joint liability assurance			2021.10.13-2022.10.12	N	Y
Guangdong Dongfang New Special Medicine Co., Ltd	April 2, 2021	4,000	October 20, 2021	3,999.1	Joint liability assurance			2021.10.20-2022.10.19	N	Y
Guangdong Dongfang New Special Medicine Co., Ltd	April 2, 2021	2,500	August 19, 2021	2,180.31	Joint liability assurance			2021.08.19-2022.08.18	N	Y
Guangdong Dongfang New Special Medicine Co., Ltd	April 2, 2021	3,000	May 19, 2021	2,998.61	Joint liability assurance			2021.05.19-2022.05.11	N	Y
Sinopharm Holding Shaoguan	April 2, 2021	1,000	October 20, 2021	1,000	Joint liability assurance		The minority shareholders have signed the	2021.10.20-2022.10.19	N	Y

Co., Ltd.					e		equity pledge contract and registered their equity pledges			
Sinopharm Holding Shaoguan Co., Ltd.	April 2, 2021	3,000	June 11, 2021	2,253.95	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.06.11-2022.05.11	N	Y
Sinopharm Holding Maoming Co., Ltd.	April 2, 2021	4,500	May 31, 2021	841.86	Joint liability assurance			2021.05.31-2022.05.11	N	Y
Sinopharm Holding Maoming Co., Ltd.	April 2, 2021	5,000	August 16, 2021		Joint liability assurance			2021.08.16-2022.03.19	N	Y
Sinopharm Holding Guangzhou Huadu Co., Ltd.	April 2, 2021	3,000	October 22, 2021	657.51	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.10.22-2022.10.22	N	Y
Sinopharm Holding Guangzhou Huadu Co., Ltd.	April 2, 2021	2,000	September 27, 2021	36.54	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.09.27-2022.09.26	N	Y
Sinopharm Holding Guangzhou Huadu Co., Ltd.	April 22, 2020	3,000	February 24, 2021	592.73	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.02.24-2022.02.23	N	Y
Sinopharm Holding	April 2, 2021	5,000	June 3, 2021	3,680	Joint liability		The minority shareholders	2021.06.03-2022.05.11	N	Y

Heyuan Co., Ltd.					assurance		have signed the equity pledge contract and registered their equity pledges			
Sinopharm Holding Heyuan Co., Ltd.	April 2, 2021	3,000	May 6, 2021		Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.05.06-2022.03.19	N	Y
Sinopharm Holding Foshan Medical Supplies Supply Chain Co., Ltd.	April 22, 2020	1,000	March 1, 2021	3.59	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.03.01-2022.02.28	N	Y
Sinopharm Accord (Guangzhou) Medicine Co., Ltd.	April 2, 2021	2,000	May 18, 2021		Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.05.18-2022.05.11	N	Y
Sinopharm Accord (Yangjiang) Medicine Co., Ltd.	April 2, 2021	5,000	June 1, 2021		Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.06.01-2022.05.11	N	Y
Sinopharm Holding Guangxi Co., Ltd.	April 2, 2021	30,000	May 25, 2021	15,581.7	Joint liability assurance			2021.05.25-2022.05.25	N	Y
Sinopharm Holding Guangxi Co., Ltd.	April 2, 2021	16,000	October 20, 2021	11,083.91	Joint liability assurance			2021.10.20-2022.10.19	N	Y
Sinopharm	April 2,	15,000	August 27,	10,323.75	Joint			2021.08.27-	N	Y

Holding Guangxi Co., Ltd.	2021		2021		liability assurance			2022.08.26		
Sinopharm Holding Guangxi Co., Ltd.	April 2, 2021	10,000	December 31, 2021		Joint liability assurance			2021.12.31-2022.12.30	N	Y
Sinopharm Holding Guangxi Co., Ltd.	April 2, 2021	25,000	June 28, 2021	6,932.51	Joint liability assurance			2021.06.28-2022.06.28	N	Y
Sinopharm Holding Guangxi Co., Ltd.	April 2, 2021	10,000	September 3, 2021		Joint liability assurance			2021.09.03-2022.06.30	N	Y
Sinopharm Holding Guangxi Co., Ltd.	April 2, 2021	20,000	May 20, 2021	13,848.08	Joint liability assurance			2021.05.20-2022.05.20	N	Y
Sinopharm Holding Liuzhou Co., Ltd.	April 2, 2021	5,000	October 20, 2021	1,964.52	Joint liability assurance		The minority shareholders have signed the counter-guarantee contract	2021.10.20-2022.10.19	N	Y
Sinopharm Holding Liuzhou Co., Ltd.	April 2, 2021	10,000	July 21, 2021	2,761.75	Joint liability assurance		The minority shareholders have signed the counter-guarantee contract	2021.07.21-2022.07.20	N	Y
Sinopharm Holding Liuzhou Co., Ltd.	April 22, 2020	10,000	March 4, 2021	3,368.64	Joint liability assurance		The minority shareholders have signed the counter-guarantee contract	2021.03.04-2022.02.08	N	Y
Sinopharm Holding Liuzhou Co., Ltd.	April 2, 2021	5,000	September 29, 2021	3,133.76	Joint liability assurance		The minority shareholders have signed the counter-guarantee	2021.09.29-2022.07.01	N	Y

							contract			
Sinopharm Holding Liuzhou Co., Ltd.	April 2, 2021	9,000	May 17, 2021	3,000	Joint liability assurance		The minority shareholders have signed the counter-guarantee contract	2021.05.17-2022.05.16	N	Y
Sinopharm Holding Beihai Co., Ltd.	April 2, 2021	2,000	May 20, 2021	1,500	Joint liability assurance			2021.05.20-2022.05.20	N	Y
Sinopharm Holding Beihai Co., Ltd.	April 2, 2021	3,000	May 26, 2021	3,000	Joint liability assurance			2021.05.26-2022.05.25	N	Y
Sinopharm Holding Guigang Co., Ltd.	April 2, 2021	2,000	May 26, 2021	2,000	Joint liability assurance			2021.05.26-2022.05.25	N	Y
Sinopharm Holding Wuzhou Co., Ltd.	April 22, 2020	2,000	August 7, 2020	2,000	Joint liability assurance			2020.08.07-2021.08.07	N	Y
Sinopharm Holding Guigang Co., Ltd.	April 22, 2020	1,000	January 29, 2021	1,000	Joint liability assurance			2021.01.29-2022.01.28	N	Y
Sinopharm Holding Guilin Co., Ltd.	April 2, 2021	2,000	May 26, 2021	2,000	Joint liability assurance			2021.05.26-2022.05.25	N	Y
Sinopharm Holding Yulin Co., Ltd.	April 2, 2021	3,000	May 26, 2021	2,000	Joint liability assurance			2021.05.26-2022.05.25	N	Y
Sinopharm Holding Medicine Supply Chain Service (Guangxi) Co., Ltd.	April 2, 2021	706	August 20, 2021		Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.08.20-2022.08.19	N	Y

Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	April 2, 2021	4,000	October 20, 2021	3,340	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.10.20-2022.10.19	N	Y
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	April 2, 2021	8,000	October 11, 2021	863.96	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.10.26-2022.10.11	N	Y
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	April 2, 2021	4,000	December 1, 2021	974.25	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.12.01-2022.11.30	N	Y
Sinopharm Holding Shenzhen Yanfeng Co., Ltd.	April 2, 2021	5,000	July 8, 2021	140	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.07.08-2022.05.27	N	Y
Sinopharm Holding Shenzhen Jianmin Co., Ltd.	April 2, 2021	3,000	October 20, 2021	2,490.06	Joint liability assurance			2021.10.20-2022.10.19	N	Y
Sinopharm Holding Shenzhen Jianmin Co., Ltd.	April 2, 2021	2,000	December 8, 2021	1,680	Joint liability assurance			2021.12.08-2022.11.18	N	Y
Sinopharm Holding Shenzhen Jianmin Co.,	April 2, 2021	1,000	December 1, 2021	998.48	Joint liability assurance			2021.12.01-2022.11.30	N	Y

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Sinopharm Holding Shenzhen Jianmin Co., Ltd.	April 2, 2021	3,000	June 22, 2021		Joint liability assurance			2021.06.22-2022.05.11	Y	Y
Sinopharm Holding Shenzhen Medicinal Materials Co., Ltd.	April 2, 2021	1,500	June 22, 2021		Joint liability assurance			2021.06.22-2022.05.11	Y	Y
Sinopharm Holding Shenzhen Medicinal Materials Co., Ltd.	April 2, 2021	500	October 20, 2021		Joint liability assurance			2021.10.20-2022.10.19	N	Y
Sinopharm Accord Medical Devices (Shenzhen) Co., Ltd.	April 2, 2021	3,000	October 20, 2021	2,360.02	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.10.20-2022.10.19	N	Y
Sinopharm Accord Medical Devices (Shenzhen) Co., Ltd.	April 22, 2020	3,000	March 24, 2021	2,500	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.03.24-2022.03.24	N	Y
Sinopharm Accord Medical Devices (Shenzhen) Co., Ltd.	April 2, 2021	5,000	November 22, 2021	5,000	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.11.22-2022.05.11	N	Y
Total amount of approving guarantee for subsidiaries in report period (B1)			865,206	Total amount of actual occurred guarantee for						1,294,382.95

				subsidiaries in report period (B2)						
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)			877,206	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)						381,547.28
Guarantees of subsidiaries to subsidiaries										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if applicable)	Counter-guarantee situation (if applicable)	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Beijing Jinxiang Drugstore Medicine Chain Co., Ltd	April 2, 2021	4,200	December 24, 2021	2,203.87	Joint liability assurance			2021.12.24 — 2022.12.23	N	Y
Fujian Guoda Drugstore Chain Co., Ltd.	April 2, 2021	1,200	August 13, 2021	763.33	Joint liability assurance			2021.08.13 — 2022.08.12	N	Y
Fujian Guoda Drugstore Chain Co., Ltd.	April 2, 2021	1,800	November 2, 2021	1,281.77	Joint liability assurance			2021.11.02 — 2022.11.01	N	Y
Fujian Guoda Medicines Co., Ltd.	April 2, 2021	600	August 13, 2021	444.74	Joint liability assurance			2021.08.13 — 2022.08.12	N	Y
Guoda Drugstore (Pu'er) Songmao Co., Ltd.	April 2, 2021	1,200	June 10, 2021	790.53	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.06.10 — 2022.05.12	N	Y
Guoda Yihe Drugstore Jilin Co., Ltd.	April 2, 2021	4,080	September 10, 2021	3,990.96	Joint liability assurance			2021.09.10 — 2022.09.10	N	Y

China National Hebei Lerentang Medicine Chain Co., Ltd.	April 2, 2021	3,000	December 24, 2021	2,752.49	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.12.24 — 2022.12.23	N	Y
China National Hebei Lerentang Medicine Chain Co., Ltd.	April 2, 2021	4,800	November 2, 2021	4,797.21	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.11.02 — 2022.11.01	N	Y
China National Hebei Lerentang Medicine Chain Co., Ltd.	April 2, 2021	9,000	June 8, 2021	4,224.86	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.06.08 — 2022.05.12	N	Y
Sinopharm Holding Guoda For Me Pharmacy Shanghai Chain Co., Ltd.	April 2, 2021	1,800	July 9, 2021	270.29	Joint liability assurance			2021.07.09 — 2022.05.24	N	Y
Sinopharm Holding Guoda For Me Pharmacy Shanghai Chain Co., Ltd.	April 2, 2021	1,800	November 23, 2021	896.24	Joint liability assurance			2021.11.23 — 2022.04.22	N	Y
Sinopharm Holding Guoda Shanxi Medicines Co., Ltd.	April 2, 2021	13,200	July 12, 2021	13,230	Joint liability assurance			2021.07.12 — 2022.05.12	N	Y
Sinopharm Holding Guoda Shanxi	April 2, 2021	6,000	November 2, 2021	6,000	Joint liability assurance			2021.11.02 —	N	Y

Medicines Co., Ltd.					e			2022.11.01		
Sinopharm Holding Guoda Drugstore (Shenzhen) Chain Co., Ltd.	April 2, 2021	1,800	December 24, 2021	1,045.73	Joint liability assurance			2021.12.24 — 2022.12.23	N	Y
Sinopharm Holding Guoda Drugstore Bayan Nur Co., Ltd.	April 2, 2021	600	June 4, 2021	594.77	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.06.04 — 2022.05.12	N	Y
Sinopharm Holding Guoda Drugstore Guangdong Co., Ltd.	April 2, 2021	6,000	November 2, 2021	2,115.66	Joint liability assurance			2021.11.02 — 2022.11.01	N	Y
Sinopharm Holding Guoda Drugstore Guangdong Co., Ltd.	April 2, 2021	1,800	December 24, 2021	308.03	Joint liability assurance			2021.12.24 — 2022.12.23	N	Y
Sinopharm Holding Guoda Drugstore Guangdong Co., Ltd.	April 2, 2021	6,000	June 22, 2021	4,139.96	Joint liability assurance			2021.06.22 — 2022.05.12	N	Y
Sinopharm Holding Guoda Drugstore Guangxi Chain Co., Ltd.	April 2, 2021	1,800	November 2, 2021	293.54	Joint liability assurance			2021.11.02 — 2022.11.01	N	Y
Sinopharm	April 2,	600	December	340.09	Joint			2021.12.24	N	Y

Holding Guoda Drugstore Guangxi Chain Co., Ltd.	2021		24, 2021		liability assuranc e			— 2022.12.23		
Sinopharm Holding Guoda Drugstore Henan Chain Co., Ltd.	April 2, 2021	1,200	December 24, 2021	959.28	Joint liability assuranc e		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.12.24 — 2022.12.23	N	Y
Sinopharm Holding Guoda Drugstore Henan Chain Co., Ltd.	April 2, 2021	1,800	August 18, 2021	1,787.35	Joint liability assuranc e		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.08.18 — 2022.05.12	N	Y
Sinopharm Holding Guoda Drugstore Hulun Buir Co., Ltd.	April 2, 2021	600	June 4, 2021	595.13	Joint liability assuranc e			2021.06.04 — 2022.05.12	N	Y
Sinopharm Holding Guoda Drugstore Hulun Buir Co., Ltd.	April 2, 2021	600	November 2, 2021	522.41	Joint liability assuranc e			2021.11.02 — 2022.11.01	N	Y
Sinopharm Holding Guoda (Jiangmen) Pharmaceutic al Co., Ltd.	April 2, 2021	1,800	November 2, 2021	722.55	Joint liability assuranc e		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.11.02 — 2022.11.01	N	Y
Sinopharm Holding Guoda (Jiangmen)	April 2, 2021	1,200	April 2, 2021	610.36	Joint liability assuranc e		The minority shareholders have signed the equity pledge	2021.04.02 — 2022.04.01	N	Y

Pharmaceutical Co., Ltd.							contract and registered their equity pledges			
Sinopharm Holding Guoda (Jiangmen) Pharmaceutical Co., Ltd.	April 2, 2021	1,800	December 24, 2021	622.91	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.12.24— 2022.12.23	N	Y
Sinopharm Holding Guoda (Jiangmen) Pharmaceutical Co., Ltd.	April 22, 2020	3,000	December 28, 2020	1,570.21	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2020.12.28— 2021.12.27	N	Y
Sinopharm Holding Guoda Drugstore Nanjing Chain Co., Ltd.	April 2, 2021	600	December 24, 2021	504.09	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.12.24— 2022.12.23	N	Y
Sinopharm Holding Guoda Drugstore Inner Mongolia Co., Ltd	April 2, 2021	1,800	November 4, 2021	687.58	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.11.04— 2022.11.03	N	Y
Sinopharm Holding Guoda Drugstore Inner Mongolia Co., Ltd	April 2, 2021	1,800	July 22, 2021	1,799.07	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.07.22— 2022.07.22	N	Y
Sinopharm Holding Guoda Drugstore Inner	April 2, 2021	6,000	November 2, 2021	5,888.73	Joint liability assurance		The minority shareholders have signed the equity pledge contract and	2021.11.02— 2022.11.01	N	Y

Mongolia Co., Ltd						registered their equity pledges			
Sinopharm Holding Guoda Drugstore Inner Mongolia Co., Ltd	April 2, 2021	4,800	December 24, 2021	760.72	Joint liability assurance	The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.12.24 — 2022.12.23	N	Y
Sinopharm Holding Guoda Drugstore Inner Mongolia Co., Ltd	April 2, 2021	1,800	June 7, 2021	1,771.69	Joint liability assurance	The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.06.07 — 2022.05.12	N	Y
Sinopharm Holding Guoda Drugstore Inner Mongolia Co., Ltd	April 2, 2021	6,600	December 30, 2021		Joint liability assurance	The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.12.30 — 2022.12.29	N	Y
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	April 2, 2021	5,040	May 6, 2021	1,136.95	Joint liability assurance	The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.05.06 — 2022.05.05	N	Y
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	April 22, 2020	3,600	November 28, 2020	1,851.66	Joint liability assurance	The minority shareholders have signed the equity pledge contract and registered their equity pledges	2020.11.28 — 2021.11.27	N	Y
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain	April 2, 2021	3,000	November 8, 2021	2,785.24	Joint liability assurance	The minority shareholders have signed the equity pledge contract and registered their	2021.11.08 — 2022.11.07	N	Y

Co., Ltd.							equity pledges			
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	April 2, 2021	9,000	November 2, 2021	8,952.94	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.11.02 — 2022.11.01	N	Y
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	April 2, 2021	5,400	December 6, 2021	3,663.23	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.12.06 — 2022.12.05	N	Y
Sinopharm Holding Guoda Drugstore Shanxi Yiyuan Chain Co., Ltd.	April 2, 2021	4,200	June 8, 2021	4,158.69	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.06.08 — 2022.05.12	N	Y
Sinopharm Holding Guoda Drugstore Shanghai Chain Co., Ltd.	April 2, 2021	1,800	December 13, 2021		Joint liability assurance			2021.12.13 — 2022.04.22	N	Y
Sinopharm Holding Guoda Drugstore Shanghai Chain Co., Ltd.	April 2, 2021	2,400	June 20, 2021	1,961.58	Joint liability assurance			2021.06.20 — 2022.06.20	N	Y
Sinopharm Holding Guoda Drugstore Shanghai Chain Co., Ltd.	April 2, 2021	2,400	July 16, 2021		Joint liability assurance			2021.07.16 — 2022.07.16	N	Y

Sinopharm Holding Guoda Drugstore Shanghai Chain Co., Ltd.	April 2, 2021	3,000	July 9, 2021	1,827.27	Joint liability assurance			2021.07.09 — 2022.05.24	N	Y
Sinopharm Holding Guoda Drugstore Shenyang Chain Co., Ltd.	April 2, 2021	6,000	December 24, 2021	1,328.35	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.12.24 — 2022.12.23	N	Y
Sinopharm Holding Guoda Drugstore Shenyang Chain Co., Ltd.	April 2, 2021	6,000	December 16, 2021	3,626.66	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.12.16 — 2022.12.16	N	Y
Sinopharm Holding Guoda Drugstore Shenyang Chain Co., Ltd.	April 2, 2021	15,000	November 2, 2021	11,099.87	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.11.02 — 2022.11.01	N	Y
Sinopharm Holding Guoda Drugstore Shenyang Chain Co., Ltd.	April 2, 2021	13,800	June 1, 2021	13,797.89	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.06.01 — 2022.05.12	N	Y
Sinopharm Holding Guoda Drugstore Ulanqab Co., Ltd.	April 2, 2021	600	June 4, 2021	20.84	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.06.04 — 2022.05.12	N	Y

Sinopharm Holding Guoda Drugstore Xinjiang New Special Medicine Chain Co., Ltd.	April 2, 2021	3,000	December 6, 2021	1,089.96	Joint liability assurance			2021.12.06 — 2022.12.06	N	Y
Sinopharm Holding Guoda Drugstore Xinjiang New Special Medicine Chain Co., Ltd.	April 2, 2021	4,800	May 26, 2021	4,765.48	Joint liability assurance			2021.05.26 — 2022.05.12	N	Y
Sinopharm Holding Guoda Drugstore Yangzhou Dadesheng Chain Co., Ltd.	April 2, 2021	1,200	November 2, 2021	853.23	Joint liability assurance			2021.11.02 — 2022.11.01	N	Y
Sinopharm Holding Guoda Drugstore Yangzhou Dadesheng Chain Co., Ltd.	April 2, 2021	1,200	December 24, 2021	980.09	Joint liability assurance			2021.12.24 — 2022.12.23	N	Y
Sinopharm Holding Tianhe Jilin Medicines Co., Ltd.	April 2, 2021	6,000	November 9, 2021	4,004.43	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.11.09 — 2022.11.08	N	Y
Sinopharm Holding	April 2, 2021	3,000	November 2, 2021	2,641.2	Joint liability		The minority shareholders	2021.11.02 —	N	Y

Tianhe Jilin Medicines Co., Ltd.					assurance		have signed the equity pledge contract and registered their equity pledges	2022.11.01		
Sinopharm Holding Tianhe Jilin Medicines Co., Ltd.	April 2, 2021	6,000	April 28, 2021	1,316.77	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.04.28 — 2022.04.27	N	Y
Hunan Guoda Minshentang Drugstore Chain Co., Ltd.	April 2, 2021	1,800	November 2, 2021	1,211.89	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.11.02 — 2022.11.01	N	Y
Hunan Guoda Minshentang Drugstore Chain Co., Ltd.	April 2, 2021	1,200	December 24, 2021	614.48	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.12.24 — 2022.12.23	N	Y
Liaoning Chengda Fangyuan Medicine Chain Co., Ltd.	April 2, 2021	15,000	June 22, 2021	11,540.81	Joint liability assurance			2021.06.22 — 2022.06.21	N	Y
Liaoning Chengda Fangyuan Medicine Chain Co., Ltd.	April 2, 2021	6,000	December 24, 2021	4,217.04	Joint liability assurance			2021.12.24 — 2022.12.23	N	Y
Liaoning Chengda Fangyuan Medicine Chain Co.,	April 2, 2021	4,800	June 1, 2021	4,794.3	Joint liability assurance			2021.06.01 — 2022.05.12	N	Y

Ltd.										
Liaoning Chengda Fangyuan Medicine Chain Co., Ltd.	April 2, 2021	6,000	November 2, 2021	3,445.24	Joint liability assurance			2021.11.02 — 2022.11.01	N	Y
Liaoning Guoda Medicines Co., Ltd.	April 2, 2021	3,000	November 2, 2021		Joint liability assurance			2021.11.02 — 2022.11.01	N	Y
Liaoning Guoda Medicines Co., Ltd.	April 2, 2021	3,000	June 1, 2021	2,999.46	Joint liability assurance			2021.06.01 — 2022.05.12	N	Y
Inner Mongolia Guoda Medicine Co., Ltd.	April 2, 2021	2,400	June 7, 2021	2,399.56	Joint liability assurance			2021.06.07 — 2022.05.12	N	Y
Ningxia Guoda Drugstore Chain Co., Ltd.	April 2, 2021	2,400	September 6, 2021	2,383.2	Joint liability assurance			2021.09.06 — 2022.09.06	N	Y
Ningxia Guoda Drugstore Chain Co., Ltd.	April 2, 2021	1,200	December 24, 2021		Joint liability assurance			2021.12.24 — 2022.12.23	N	Y
Shanxi Guoda Wanmin Drugstore Chain Co., Ltd.	April 2, 2021	3,600	December 22, 2021	1,980	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.12.22 — 2022.12.21	N	Y
Shanxi Guoda Wanmin Drugstore Chain Co., Ltd.	April 2, 2021	2,400	August 17, 2021	720	Joint liability assurance		The minority shareholders have signed the equity pledge contract and	2021.08.17 — 2022.02.04	N	Y

							registered their equity pledges			
Shanxi Guoda Wanmin Drugstore Chain Co., Ltd.	April 2, 2021	3,600	July 15, 2021	3,600	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.07.15 — 2022.07.15	N	Y
Shanxi Guoda Wanmin Drugstore Chain Co., Ltd.	April 2, 2021	15,000	June 8, 2021	11,940	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.06.08 — 2022.05.12	N	Y
Shanxi Guoda Wanmin Drugstore Chain Co., Ltd.	April 2, 2021	7,200	November 2, 2021	7,200	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.11.02 — 2022.11.01	N	Y
Shanxi Guoda Wanmin Drugstore Chain Co., Ltd.	April 2, 2021	3,000	April 29, 2021		Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.04.29 — 2022.04.15	N	Y
Yanji Xianghe Medicines Co., Ltd.	April 2, 2021	1,800	June 8, 2021	1,200	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their equity pledges	2021.06.08 — 2022.05.12	N	Y
Yushu Dinghe Pharmaceutical Technology Co., Ltd.	April 2, 2021	1,800	June 8, 2021	415.14	Joint liability assurance		The minority shareholders have signed the equity pledge contract and registered their	2021.06.08 — 2022.05.12	N	Y

						equity pledges			
Total amount of approving guarantee for subsidiaries in report period (C1)		291,720	Total amount of actual occurred guarantee for subsidiaries in report period (C2)						792,084.85
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)		298,320	Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)						201,809.61
Total amount of guarantee of the Company (total of three above mentioned guarantee)									
Total amount of approving guarantee in report period (A1+B1+C1)		1,156,926	Total amount of actual occurred guarantee in report period (A2+B2+C2)						2,086,467.8
Total amount of approved guarantee at the end of report period (A3+B3+C3)		1,175,526	Total balance of actual guarantee at the end of report period (A4+B4+C4)						583,356.89
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4+C4)									39.09%
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)									0
Proportion of total amount of guarantee in net assets of the Company exceed 50% (F)									0
Total amount of the aforesaid three guarantees (D+E+F)									0
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)									0
Explanations on external guarantee against regulated procedures (if applicable)									0

Explanation on guarantee using the composite way

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.

XVI. Explanation on other significant events

Applicable Not applicable

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

XVII. Significant event of subsidiary of the Company

Applicable Not applicable

Section VII. 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	5,508,883	1.29%						5,508,883	1.29%
1. Shares held by the state									
2. State-owned legal person's shares	5,505,770	1.29%						5,505,770	1.29%
3. Other domestic shareholding	3,113	0.00%						3,113	0.00%
Including: Domestic legal person's shares	0	0.00%						0	0.00%
Domestic nature person shares	3,113	0.00%						3,113	0.00%
4. Foreign shareholding									
Including: shares held by overseas legal person									
Share held by overseas natural person									
II. Unrestricted shares	422,618,100	98.71%						422,618,100	98.71%
1. RMB Ordinary shares	367,733,625	85.89%						367,733,625	85.89%
2. Domestically listed foreign shares	54,884,475	12.82%						54,884,475	12.82%
3. Foreign shares listed abroad									
4. Other									
III. Total shares	428,126,983	100.00%						428,126,983	100.00%

Reasons for share changed

Applicable Not applicable

Approval of share changed

Applicable Not applicable

Ownership transfer of share changed

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes of restricted shares

Applicable Not applicable

II. Securities issuance and listing

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

Applicable Not applicable

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

Applicable Not applicable

3. Current internal staff shares

Applicable Not applicable

III. Particulars about shareholder and actual controller of the Company

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

In Share

Total common stock	44,290	Total common stock	42,450	Total preferred shareholders with	0	Total preferred	0
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shareholders in reporting period-end		shareholders at end of last month before annual report disclosed		voting rights recovered at end of reporting period (if applicable)		shareholders with voting rights recovered at end of last month before annual report disclosed (if applicable)		
Particulars about shares held above 5% by shareholders or top ten shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of lock-up shares held	Amount of un-restricted shares held	Information of shares pledged, tagged or frozen	
							State of share	Amount
Sinopharm Group Co., Ltd.	State-owned Corporation	56.06%	239,999,991		5,505,770	234,494,221		
FIRST SENTIER INVESTORS GLOBAL UMBRELLA FUND PLC - FSSA CHINA GROWTH FUND	Foreign Corporation	2.52%	10,802,495			10,802,495		
Hong Kong Securities Clearing Company Ltd.	Foreign Corporation	2.19%	9,383,011			9,383,011		
China National Pharmaceutical Foreign Trade Corp.	State-owned Corporation	1.24%	5,323,043			5,323,043		
National Social Security Fund 413 Portfolio	Domestic non state-owned Corporation	1.06%	4,530,032			4,530,032		
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign Corporation	0.78%	3,358,761			3,358,761		
Fidelity Investment Management (Hong Kong) Limited - Client's fund	Foreign Corporation	0.54%	2,301,737			2,301,737		
ICBC-Guolian Andesheng Small Selected Securities Investment Fund	Domestic non state-owned Corporation	0.38%	1,632,000			1,632,000		

VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign Corporation	0.37%	1,603,189			1,603,189		
CPIC Fund -China Pacific Life Insurance Co., Ltd. - with-profit insurance- CPIC Fund China Pacific Life Equity Relative Income (Guaranteed Dividend) single assets management plan	Domestic non state-owned Corporation	0.34%	1,470,224			1,470,224		
Strategy investors or general corporation comes top 10 shareholders due to rights issue (if applicable)								
Explanation on associated relationship among the aforesaid shareholders	Sinopharm Group Co., Ltd. and China National Pharmaceutical Foreign Trade Corporation have the same actual controller, which is China National Pharmaceutical Group Corporation. It is unknown that there exists no associated relationship or belongs to the consistent actionist among the other tradable shareholders regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Companies.							
Description of the above shareholders in relation to delegate/entrusted voting rights and abstention from voting rights.								
Special note on the repurchase account among the top 10 shareholders (if applicable)								
Particular about top ten common shareholders with un-restrict shares held								
Shareholders	Amount of un-restrict common shares held at period-end	Type of shares						
		Type	Amount					
Sinopharm Group Co., Ltd.	234,494,221	RMB ordinary shares	234,494,221					
FIRST SENTIER INVESTORS GLOBAL UMBRELLA FUND PLC - FSSA CHINA GROWTH FUND	10,802,495	Domestically listed foreign shares	10,802,495					
Hong Kong Securities Clearing Company Ltd.	9,383,011	RMB ordinary shares	9,383,011					
China National Pharmaceutical Foreign Trade Corp.	5,323,043	RMB ordinary shares	5,323,043					

National Social Security Fund 413 Portfolio	4,530,032	RMB ordinary shares	4,530,032
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	3,358,761	Domestically listed foreign shares	3,358,761
Fidelity Investment Management (Hong Kong) Limited - Client's fund	2,301,737	RMB ordinary shares	2,301,737
ICBC-Guolian Andesheng Small Selected Securities Investment Fund	1,632,000	RMB ordinary shares	1,632,000
VANGUARD EMERGING MARKETS STOCK INDEX FUND	1,603,189	Domestically listed foreign shares	1,603,189
CPIC Fund -China Pacific Life Insurance Co., Ltd. - with-profit insurance- CPIC Fund China Pacific Life Equity Relative Income (Guaranteed Dividend) single assets management plan	1,470,224	RMB ordinary shares	1,470,224
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	Sinopharm Group Co., Ltd. and China National Pharmaceutical Foreign Trade Corporation have the same actual controller, which is China National Pharmaceutical Group Corporation. It is unknown that there exists no associated relationship or belongs to the consistent actionist among the other tradable shareholders regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Companies.		
Explanation on top 10 shareholders involving margin business (if applicable)			

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

Yes No

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

2. Controlling shareholder of the Company

Nature of controlling shareholders: central state-owned holding

Type of controlling shareholders: legal person

Controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
Sinopharm Group Co., Ltd.	Yu Qingming	January 8, 2003	74618434-4	Industrial investment holding; management and assets

			<p>reorganization entrusted by pharmaceutical enterprise; Chinese medicine, Chinese medicine tablets, chemical medicine preparations, chemical raw materials, antibiotics, biochemical drugs, biological products, narcotic drugs, psychotropic substances, toxic drugs for medical use (compatible with the business scope), medicine IVD Reagents, vaccine, Anabolic agents, wholesale of peptide hormones, medical device operation, food sales management (non-physical method), technology development, technology transfer, technical consultation, technical service in the field of medical technology, chemical raw materials and products (except hazardous chemicals, monitoring chemicals, fireworks and firecrackers, flammables and explosives, explosives for civilian use), wholesale of disinfection products, daily necessities, textiles and knitwear and protective equipment for medical staff, sales of labor protection supplies, daily mask (non-medical) sales, logistics 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. Etc. (With the exception of projects subject to approval according to the law, carry out business activities independently according to the business license)</p>
<p>Equity of other domestic/oversea listed company control by</p>	<p>Sinopharm Group Co., Ltd. hold 54.72 percent equity of China National Medicines Corporation Ltd (Stock code: 600511) up to the end of Period.</p>		

controlling shareholder as well as stock-joint in report 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 and persons acting in concert

Nature of actual controller: central state-owned assets management

Type of actual controller: legal person

Actual controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
China National Pharmaceutical Group Corporation	Liu Jingzhen	March 26, 1987	10000588-8	Chinese patent drug, traditional Chinese medicines prepared in ready-to-use forms, traditional Chinese medicinal materials, chemical API, chemical medicine preparation, antibiotics, biochemical drug and biologic pharmacy (License for pharmaceutical trading runs until 12 May 2020); mandatory for pharmaceutical enterprise, asset reorganization; consulting service of medicine industrial investment; exhibition of medical devices; consulting services with main business concerned. (the enterprise has independent choices on operation items for business; in right of exequatur to run if refers to permission operation ; operation activity that prohibited or restricted by the City Government are not allowed)

Equity of domestic/oversea listed company control by actual controller in report period	Name	Name of listed company with shares held	Total shareholders held (10 thousand shares)	Proportion of shares held
	SINOPHARM		20,728.95	6.64%
	Sinopharm Holding Industrial Investment Co., Ltd.	Sinopharm Holding	157,155.60	50.36%
	Sinopharm Holding	Sinopharm Holding	41,284.17	54.72%
	Sinopharm Holding	Sinopharm Accord	24,000.00	56.06%
	SIPS	Sinopharm Modern	23,951.26	23.32%
	Sinopharm Accord	Sinopharm Modern	16,714.22	16.28%
	China Biotechnology Co., Ltd.		62,673.65	45.64%
	Chengdu Institute of Biological Products Co., Ltd.	BTBP	4,848.43	3.53%
	Beijing Institute of Biological Products Co., Ltd.		1,305.72	0.95%
	SINOPHARM H.K. Co., Ltd.	China TCM	163,470.56	32.46%
	Tai Chi Group Co., Ltd.		15,381.23	27.62%
	Chongqing Fuling District Xilan Biotechnology Co., Ltd.	Tai Chi Group	1,189.53	2.14%
Chongqing Taiji Medicinal Animal and Plant Resources		36.73	0.07%	

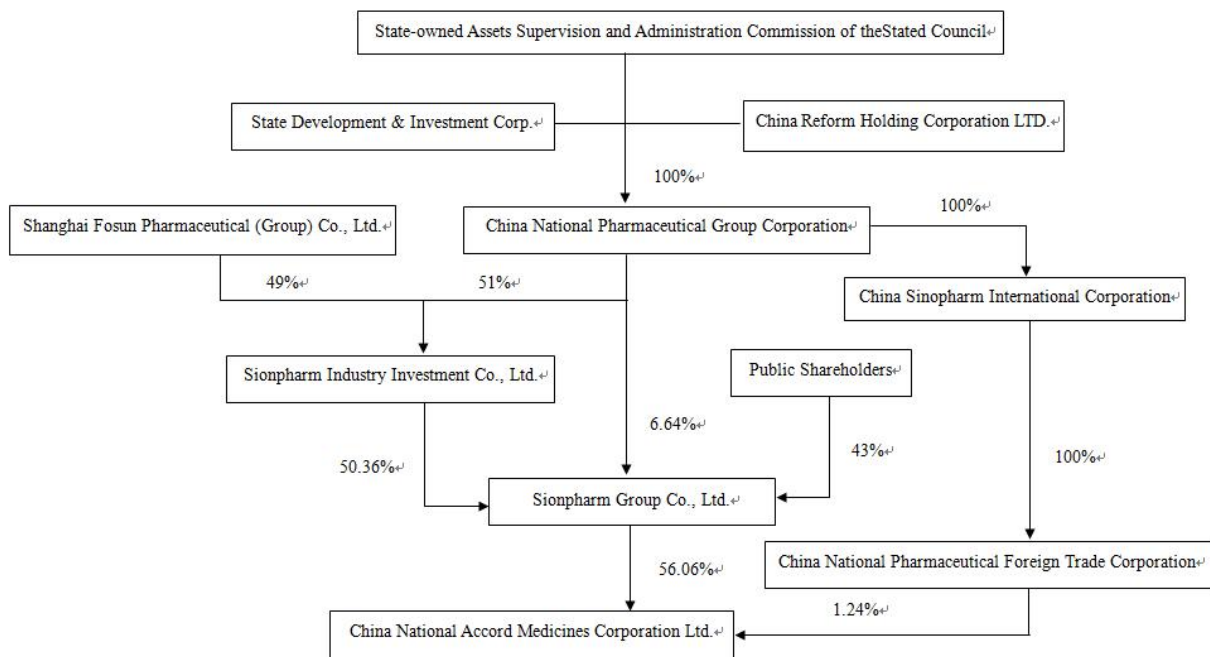
	Development Co., Ltd.				
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Changes of actual controller in reporting period

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. The total number of shares pledged by controlling shareholders or the first majority shareholder and its persons acting in concert accounts for 80% of the shares held by them

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

IV. The specific implementation of shares buy-back during the reporting period

Implementation progress of shares buy-back

Applicable Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

Applicable Not applicable

Section VIII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period.

Section IX. Bonds

Applicable Not applicable

Section X. Financial Report

AUDITOR'S REPORT

Ernst & Young Hua Ming (2022) Shen Zi No. 61295118_H01
China National Accord Medicines Corporation Ltd.

To the shareholders of China National Accord Medicines Corporation Ltd.

(I) Opinion

We have audited the financial statements of China National Accord Medicines Corporation Ltd. (the "Company"), which comprise the consolidated and the company balance sheets as at 31 December 2021, and the consolidated and the company income statements, the consolidated and the company statements of changes in equity and the consolidated and the company statements of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and the company financial position as at 31 December 2021, and the consolidated and the company financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

(II) Basis for opinion

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

(III) Key audit matters

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

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

AUDITOR'S REPORT (Continued)

Ernst & Young Hua Ming (2022) Shen Zi No. 61295118_H01
China National Accord Medicines Corporation Ltd.

(III) Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Impairment of goodwill</i>	
<p>The carrying value of goodwill amounted to RMB2,775,645,585.32 as at 31 December 2021 and was allocated to the Company's asset groups under pharmaceutical distribution and pharmaceutical retail.</p> <p>Under ASBEs, the management of the Company is required to perform the impairment test for goodwill annually. The impairment test is based on the recoverable amounts of the respective asset groups to which the goodwill is allocated. The recoverable amounts of the asset groups are determined according to the present value of the asset groups' expected future cash flows. As the impairment test process of goodwill involves significant judgement of the management, the test results highly depend on the management's estimates and assumptions, such as the estimation of the forecasted future cash flows and the discount rate of the asset groups. These estimates are affected by the management's judgement on the future market and economic environment. Using different estimates and assumptions will significantly impact the recoverable value of the asset groups in which the goodwill is located. Therefore, this matter was important to our audit, and we determined it as a key audit matter.</p> <p>The Company's disclosures about impairment of goodwill are included in Note III (17. Impairment of assets, 33. Significant accounting judgements and estimates) and Note V (18. Goodwill) to the consolidated financial statements.</p>	<p>The procedures performed to address this matter are as follows:</p> <ol style="list-style-type: none"> 1) Performing walk-through testing in the process related to goodwill and control testing on identified key control points; 2) Involving internal evaluation experts to assist in evaluating the goodwill impairment method and forecasted key parameters adopted by management in the impairment test, especially the discount rate and perpetual growth rate; 3) Re-examining the sales revenue and operating results of the future years adopted in the cash flow forecast, comparing with the historical operating results of the related asset groups, especially the future sales growth rate, expected gross profit margin, related expenses, etc., and evaluating the analyses made by the management on the impact of the COVID-19 epidemic; 4) Performing sensitivity testing on and analysing key assumptions used in impairment testing; and 5) Re-examining the sufficiency of management's disclosure regarding goodwill.

AUDITOR'S REPORT (Continued)

Ernst & Young Hua Ming (2022) Shen Zi No. 61295118_H01
China National Accord Medicines Corporation Ltd.

(III) Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment of accounts receivable</i></p> <p>Major clients of the Company are medical establishments, pharmacy chain stores, monomer drugstores, community medical service centres, downstream distribution companies, etc. As at 31 December 2021, the carrying value of accounts receivable in the consolidated financial statements of the Company was RM B15,964,603,345.91.</p> <p>The management classifies the accounts receivable into different combinations of credit risk characteristics while considering the factors such as the customer type, credit period and collection history. For each category of combinations of credit risk characteristics, the management adopts the expected credit loss model to estimate and make provision for bad debts. Management's estimation of the expected credit loss takes into account all reasonable and evidence-based information, including the customer's historical default rate and other specific factors (such as the customer type, collection history and bad debt write-offs), as well as forward-looking information in combination with factors such as the expected macroeconomic environment. In the meantime, the management pays attention to the collection of accounts receivable, especially individually significant accounts receivable or long-aged accounts receivable to identify additional signs of default or impairment and determine whether additional bad debt provision is required.</p>	<p>The procedures performed to address this matter are as follows:</p> <ol style="list-style-type: none"> 1) Realising and testing management's internal control that related to the impairment of accounts receivable; 2) Re-examining and evaluating the "Expected Credit Loss Model" used by the management to estimate bad debts of accounts receivable, including the management's division of different combinations of credit risk characteristics of accounts receivable, the estimation of the expected credit loss on accounts receivable for combinations of credit risk characteristics, and historical and other forward-looking information used in the estimation. Re-examined the management's assessment of the impact of COVID-19 epidemic on the credit risk of customers; 3) Discussing with the management regarding the recoverability of individually significant accounts receivable or long-aged accounts receivable and evaluating the adequacy of provision for bad debts; and 4) Re-examining the sufficiency of the management's disclosure related to accounts receivable.

AUDITOR'S REPORT (Continued)

Ernst & Young Hua Ming (2022) Shen Zi No. 61295118_H01
China National Accord Medicines Corporation Ltd.

(III) Key audit matters (continued)

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

AUDITOR'S REPORT (Continued)

Ernst & Young Hua Ming (2022) Shen Zi No. 61295118_H01
China National Accord Medicines Corporation Ltd.

(IV) Other information

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

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

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

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

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

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

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

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

AUDITOR'S REPORT (Continued)

Ernst & Young Hua Ming (2022) Shen Zi No. 61295118_H01
China National Accord Medicines Corporation Ltd.

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

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

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

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

AUDITOR'S REPORT (Continued)

Ernst & Young Hua Ming (2022) Shen Zi No. 61295118_H01
China National Accord Medicines Corporation Ltd.

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

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

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

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

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Deng Dong Mei
(Engagement partner)

Chinese Certified Public Accountant: Li Yuan Fen

Beijing, the People's Republic of China

28 March 2022

Important Notice

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED BALANCE SHEET

31 December 2021

ASSETS	Note V	31 December 2021	31 December 2020
Current assets			
Cash and bank balances	1	5,126,159,080.94	5,998,204,295.87
Notes receivable	2	680,196,380.57	622,115,477.04
Accounts receivable	3	15,964,603,345.91	13,799,971,014.22
Receivables financing	4	1,027,226,940.21	1,404,987,700.38
Advances to suppliers	5	520,930,545.31	480,313,574.71
Other receivables	6	718,089,129.10	535,228,747.69
Inventories	7	7,621,541,595.08	6,285,010,674.46
Contract assets	8	29,061,159.52	15,177,731.64
Other current assets	9	<u>160,607,355.66</u>	<u>121,082,863.45</u>
Total current assets		<u>31,848,415,532.30</u>	<u>29,262,092,079.46</u>
Non-current assets			
Long-term equity investments	10	2,459,832,546.74	2,287,019,627.99
Other equity instrument investment	11	62,488,312.99	99,488,340.28
Other non-current financial assets	12	135,974,908.51	120,972,350.24
Investment properties	13	113,981,497.23	127,444,379.94
Fixed assets	14	868,626,258.43	854,191,083.27
Construction in progress	15	49,849,506.70	46,631,190.23
Right-of-use assets	16	2,575,240,340.00	2,356,952,392.99
Intangible assets	17	669,926,562.82	734,345,179.40
Goodwill	18	2,775,645,585.32	2,747,375,281.11
Long-term prepaid expenses	19	633,975,441.76	457,705,276.09
Deferred tax assets	20	129,740,169.77	92,118,767.81
Other non-current assets	21	<u>459,985,769.24</u>	<u>408,197,522.84</u>
Total non-current assets		<u>10,935,266,899.51</u>	<u>10,332,441,392.19</u>
Total assets		<u><u>42,783,682,431.81</u></u>	<u><u>39,594,533,471.65</u></u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2021

<u>LIABILITIES AND EQUITY</u>	Note V	31 December 2021	31 December 2020
Current liabilities			
Short-term borrowings	22	1,930,467,146.38	1,612,187,020.12
Notes payable	23	7,660,216,823.68	7,520,165,274.69
Accounts payable	24	9,057,718,968.14	7,697,451,142.50
Receipts in advance	25	19,289,567.44	12,352,466.64
Contract liabilities	26	431,303,231.37	368,600,357.14
Employee benefits payable	27	340,197,125.33	357,212,047.10
Tax payable	28	337,164,080.19	316,867,149.16
Other payables	29	1,714,746,986.46	1,599,166,881.14
Non-current liabilities due within one year	30	848,328,648.14	748,732,059.89
Other current liabilities	31	<u>39,585,469.65</u>	<u>24,787,078.55</u>
Total current liabilities		<u>22,379,018,046.78</u>	<u>20,257,521,476.93</u>
Non-current liabilities			
Long-term borrowings	32	71,637,173.89	31,637,173.89
Lease liabilities	33	1,375,427,877.28	1,303,054,163.90
Long-term payables	34	6,938,189.00	6,938,189.00
Long-term employee benefits payable	35	1,202,000.00	1,319,000.00
Provisions	36	-	68,808,166.79
Deferred income	37	86,917,051.78	89,843,583.37
Deferred tax liabilities	20	175,948,328.93	205,921,408.66
Other non-current liabilities	38	<u>664,381,065.65</u>	<u>740,862,989.59</u>
Total non-current liabilities		<u>2,382,451,686.53</u>	<u>2,448,384,675.20</u>
Total liabilities		<u>24,761,469,733.31</u>	<u>22,705,906,152.13</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**CONSOLIDATED BALANCE SHEET (CONTINUED)****31 December 2021**

<u>LIABILITIES AND EQUITY</u>	Note V	31 December 2021	31 December 2020
Equity			
Share capital	39	428,126,983.00	428,126,983.00
Capital surplus	40	4,371,802,107.43	4,372,504,053.72
Other comprehensive income	41	21,874,198.36	38,483,017.72
Surplus reserves	42	214,063,491.50	214,063,491.50
Retained earnings	43	<u>9,889,071,272.21</u>	<u>8,895,145,106.39</u>
Total equity attributable to owners of the parent		14,924,938,052.50	13,948,322,652.33
Non-controlling interests		<u>3,097,274,646.00</u>	<u>2,940,304,667.19</u>
Total equity		<u>18,022,212,698.50</u>	<u>16,888,627,319.52</u>
Total liabilities and equity		<u><u>42,783,682,431.81</u></u>	<u><u>39,594,533,471.65</u></u>

The financial statements have been signed by:

Legal representative:

Financial controller:

Head of Accounting Department:

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2021

	Note V	2021	2020
Operating revenue	44	68,357,809,571.99	59,649,455,012.03
Less: Operating costs	44	60,339,298,052.24	52,591,767,464.37
Taxes and surcharges	45	169,467,568.27	154,631,447.20
Selling expenses	46	4,752,862,965.09	3,943,134,095.75
Administrative expenses	47	1,045,635,601.17	1,008,178,815.78
Finance costs	48	212,482,801.90	119,855,169.85
Including: Interest expense		288,038,760.87	258,189,163.79
Interest income		74,297,769.23	136,455,990.10
Add: Other income	49	103,418,063.10	72,363,808.19
Investment income	50	292,380,503.40	283,951,956.10
Including: Investment income from associates		333,397,116.38	354,345,705.65
Income from the derecognition of financial assets measured at amortised cost		(47,404,044.48)	(76,142,835.36)
Credit impairment losses	51	(42,790,399.76)	(25,975,320.08)
Impairment losses	52	(242,904,866.51)	(5,179,285.75)
Gain on disposal of assets	53	4,245,372.77	6,791,962.50
Operating profits		1,952,411,256.32	2,163,841,140.04
Add: Non-operating income	54	36,364,721.36	17,660,920.58
Less: Non-operating expenses	55	13,923,128.14	24,265,611.84
Total profit		1,974,852,849.54	2,157,236,448.78
Less: Income tax expenses	58	447,210,654.67	435,940,050.06
Net profit		1,527,642,194.87	1,721,296,398.72
Net profit classified by continuing operations			
Profit or loss from continuing operations		1,527,642,194.87	1,721,296,398.72
Net profit classified by attribution of ownership			
Net profit attributable to owners of the parent		1,336,427,752.22	1,401,892,593.23
Non-controlling interests		191,214,442.65	319,403,805.49
Other comprehensive income, net of tax		(27,708,827.55)	(12,394,161.92)
Other comprehensive income, net of tax, attributable to owners of the parent,	41	(16,608,819.36)	(7,434,325.05)
Other comprehensive income that will not be reclassified to profit or loss			
Change in the fair value of other equity investments		(16,650,012.28)	(7,439,657.92)
Other comprehensive income that may be reclassified to profit or loss			
Other comprehensive income using the equity method that may be reclassified to profit or loss		41,192.92	5,332.87
Other comprehensive income, net of tax, attributable to non-controlling interests	41	(11,100,008.19)	(4,959,836.87)

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED INCOME STATEMENT (CONTINUED)

Year ended 31 December 2021

	Note V	2021	2020
Total comprehensive income		<u>1,499,933,367.32</u>	<u>1,708,902,236.80</u>
Including:			
Total comprehensive income attributable to owners of the parent		1,319,818,932.86	1,394,458,268.18
Total comprehensive income attributable to non-controlling interests		180,114,434.46	314,443,968.62
Earnings per share	59		
Basic earnings per share		<u>3.12</u>	<u>3.27</u>
Diluted earnings per share		<u>3.12</u>	<u>3.27</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

Expressed in Renminbi Yuan

2021	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Other comprehensive income	Surplus reserves	Retained earnings	Subtotal		
I. Balance at end of prior year	428,126,983.00	4,372,504,053.72	38,483,017.72	214,063,491.50	8,895,145,106.39	13,948,322,652.33	2,940,304,667.19	16,888,627,319.52
II. Changes for the year	-	(701,946.29)	(16,608,819.36)	-	993,926,165.82	976,615,400.17	156,969,978.81	1,133,585,378.98
(1) Total comprehensive income	-	-	(16,608,819.36)	-	1,336,427,752.22	1,319,818,932.86	180,114,434.46	1,499,933,367.32
(2) Owners' contributions and reduction in capital	-	(701,946.29)	-	-	-	(701,946.29)	66,531,116.93	65,829,170.64
1. Capital contributions by owners	-	-	-	-	-	-	26,306,656.30	26,306,656.30
2. Business combination involving entities not under common control	-	-	-	-	-	-	40,224,460.63	40,224,460.63
3. Others	-	(701,946.29)	-	-	-	(701,946.29)	-	(701,946.29)
(3) Profit distribution	-	-	-	-	(342,501,586.40)	(342,501,586.40)	(89,675,572.58)	(432,177,158.98)
1. Distribution to equity owners	-	-	-	-	(342,501,586.40)	(342,501,586.40)	(89,675,572.58)	(432,177,158.98)
III.. Balance at end of year	<u>428,126,983.00</u>	<u>4,371,802,107.43</u>	<u>21,874,198.36</u>	<u>214,063,491.50</u>	<u>9,889,071,272.21</u>	<u>14,924,938,052.50</u>	<u>3,097,274,646.00</u>	<u>18,022,212,698.50</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

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

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Note V	2021	2020
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from the sale of goods and the rendering of services		71,597,279,035.48	61,701,348,065.17
Receipts of taxes and surcharges refunds		13,542,582.57	13,720,143.80
Other cash receipts relating to operating activities	60	<u>724,985,756.21</u>	<u>1,697,383,795.18</u>
Total cash inflows from operating activities		<u>72,335,807,374.26</u>	<u>63,412,452,004.15</u>
Cash payments for goods and services		63,898,617,747.51	56,018,201,099.73
Cash payments to and on behalf of employees		3,369,629,673.47	2,708,413,782.73
Payments of all types of taxes and surcharges		1,577,115,837.20	1,512,079,139.15
Other cash payments relating to operating activities	60	<u>1,835,263,139.21</u>	<u>1,671,011,384.07</u>
Total cash outflows from operating activities		<u>70,680,626,397.39</u>	<u>61,909,705,405.68</u>
Net cash flows from operating activities	61	<u>1,655,180,976.87</u>	<u>1,502,746,598.47</u>
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from returns of investments		2,997,441.73	19,027,649.76
Cash received from investment income		169,110,875.76	160,164,584.49
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		1,016,257.65	8,570,072.79
Other cash receipts relating to investing activities	60	<u>54,984.60</u>	<u>24,051,674.67</u>
Total cash inflows from investing activities		<u>173,179,559.74</u>	<u>211,813,981.71</u>

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

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

Year ended 31 December 2021

	Note V	2021	2020
2. CASH FLOWS FROM INVESTING ACTIVITIES (Continued)			
Cash payments to acquire fixed assets, intangible assets and other long-term assets		370,430,625.89	293,826,061.63
Cash payments for investments		147,024,601.44	50,117,666.41
Net cash payments for acquisition of subsidiaries and other business units	61	109,950,637.41	2,646,097,210.38
Other cash payments relating to investing activities	60	<u>1,305,765.00</u>	<u>5,002,197.26</u>
Total cash outflows from investing activities		<u>628,711,629.74</u>	<u>2,995,043,135.68</u>
Net cash flows from investing activities		<u>(455,532,070.00)</u>	<u>(2,783,229,153.97)</u>
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from investments by others		21,206,123.00	5,700,000.00
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries		21,206,123.00	5,700,000.00
Cash receipts from borrowings		932,684,894.52	801,520,037.57
Other cash receipts relating to financing activities	60	<u>101,880,912.41</u>	<u>359,332,475.63</u>
Total cash inflows from financing activities		<u>1,055,771,929.93</u>	<u>1,166,552,513.20</u>
Cash repayments for debts		1,007,061,372.10	427,347,200.00
Cash payments for distribution of dividends or profit and interest expenses		672,562,452.24	613,704,450.41
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries		62,024,277.21	63,799,218.94
Other cash payments relating to financing activities	60	<u>1,247,788,628.71</u>	<u>1,865,923,680.60</u>
Total cash outflows from financing activities		<u>2,927,412,453.05</u>	<u>2,906,975,331.01</u>
Net cash flows from financing activities		<u>(1,871,640,523.12)</u>	<u>(1,740,422,817.81)</u>
4. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		<u>390,580.61</u>	<u>(52,538.86)</u>
5. NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(671,601,035.64)</u>	<u>(3,020,957,912.17)</u>
Add: Cash and cash equivalents at beginning of the year		<u>5,405,113,257.99</u>	<u>8,426,071,170.16</u>
6. CASH AND CASH EQUIVALENTS AT END OF YEAR	61	<u><u>4,733,512,222.35</u></u>	<u><u>5,405,113,257.99</u></u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY BALANCE SHEET

31 December 2021

<u>ASSETS</u>	<u>Note XIV</u>	31 December 2021	31 December 2020
Current assets			
Cash and bank balances		3,098,512,437.04	3,020,909,473.71
Notes receivable	1	12,015,516.75	30,984,449.44
Accounts receivable	2	592,400,308.87	609,575,301.13
Receivables financing	3	-	30,248,631.32
Advances to suppliers		11,762,344.40	6,722,204.59
Other receivables	4	5,003,805,208.01	3,562,309,346.07
Inventories		226,490,178.26	172,275,777.63
Contract assets		139,021.45	139,154.54
Other current assets		<u>39,482.38</u>	<u>39,482.38</u>
Total current assets		<u>8,945,164,497.16</u>	<u>7,433,203,820.81</u>
Non-current assets			
Long-term equity investments	5	8,044,896,142.86	7,873,668,245.16
Other non-current financial assets		135,974,908.51	120,972,350.24
Investment properties		951,035.32	1,452,132.04
Fixed assets		12,824,750.51	13,279,902.76
Right-of-use assets		4,010,087.19	5,142,755.88
Intangible assets		5,682,864.94	4,622,268.00
Long-term prepaid expenses		6,438,007.85	4,335,802.92
Deferred tax assets		10,017,097.43	9,025,057.52
Other non-current assets		<u>26,652,335.10</u>	<u>12,967,715.50</u>
Total non-current assets		<u>8,247,447,229.71</u>	<u>8,045,466,230.02</u>
Total assets		<u>17,192,611,726.87</u>	<u>15,478,670,050.83</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY BALANCE SHEET (CONTINUED)

31 December 2021

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Note XIV</u>	31 December 2021	31 December 2020
Current liabilities			
Short-term borrowings		555,138,734.59	157,892,942.24
Notes payable		596,268,853.45	756,364,719.49
Accounts payable		480,059,192.74	407,275,713.49
Contract liabilities		3,231,968.16	1,807,562.61
Employee benefits payable		36,339,296.20	36,672,344.48
Tax payables		14,768,716.45	13,975,905.04
Other payables		3,832,642,249.25	3,167,152,583.28
Non-current liabilities due within one year		1,112,137.32	1,056,120.58
Other current liabilities		<u>837,570.27</u>	<u>636,200.63</u>
Total current liabilities		<u>5,520,398,718.43</u>	<u>4,542,834,091.84</u>
Non-current liabilities			
Long-term borrowings		31,637,173.89	31,637,173.89
Lease liabilities		3,343,830.66	4,455,967.97
Long-term payables		800,000.00	800,000.00
Deferred income		392,720.10	827,658.18
Other non-current liabilities		<u>26,986,064.76</u>	<u>11,042.52</u>
Total non-current liabilities		<u>63,159,789.41</u>	<u>37,731,842.56</u>
Total liabilities		<u>5,583,558,507.84</u>	<u>4,580,565,934.40</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY BALANCE SHEET (CONTINUED)

31 December 2021

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Note XIV</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
Shareholders' equity			
Share capital		428,126,983.00	428,126,983.00
Capital surplus		4,467,289,485.30	4,467,991,431.59
Other comprehensive income		(86,840.40)	(128,033.32)
Surplus reserves		214,063,491.50	214,063,491.50
Retained earnings		<u>6,499,660,099.63</u>	<u>5,788,050,243.66</u>
Total shareholders' equity		<u>11,609,053,219.03</u>	<u>10,898,104,116.43</u>
Total liabilities and shareholders' equity		<u><u>17,192,611,726.87</u></u>	<u><u>15,478,670,050.83</u></u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY INCOME STATEMENT

Year ended 31 December 2021

	<u>Note XIV</u>	2021	2020
Operating revenue	6	4,229,561,647.31	3,853,659,001.12
Less: Operating costs	6	4,064,320,850.06	3,674,872,961.34
Taxes and surcharges		5,552,059.25	6,565,048.14
Selling expenses		55,048,780.46	67,202,266.56
Administrative expenses		85,083,535.11	90,803,215.82
Finance costs		(114,327,284.10)	(89,275,535.72)
Including: Interest expense		54,994,093.64	45,645,501.85
Including: Interest income		171,740,832.27	137,302,390.98
Add: Other income		3,731,248.01	4,977,883.40
Investment income	7	955,848,072.40	969,166,523.86
Including: Investment income from associates		333,164,462.64	353,352,207.87
Income from the derecognition of financial assets measured at amortised cost		(206,333.75)	(1,796,917.66)
Credit impairment losses		(3,427,601.84)	(965,769.74)
Impairment losses		(1,274,168.04)	(500,485.27)
Gain on disposal of assets		119,379.12	(165.97)
Operating profits		1,088,880,636.18	1,076,169,031.26
Add: Non-operating income		649,755.23	1,925.53
Less: Non-operating expenses		3,043,885.49	388,863.31
Total profit		1,086,486,505.92	1,075,782,093.48
Less: Income tax expenses		32,375,063.55	27,039,917.36
Net profit		<u>1,054,111,442.37</u>	<u>1,048,742,176.12</u>
Including: Profit or loss from continuing operations		1,054,111,442.37	1,048,742,176.12
Other comprehensive income, net of tax		41,192.92	5,332.87
Other comprehensive income that may be reclassified to profit or loss			
Other comprehensive income using the equity method that may be reclassified to profit or loss		<u>41,192.92</u>	<u>5,332.87</u>
Total comprehensive income		<u>1,054,152,635.29</u>	<u>1,048,747,508.99</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

Expressed in Renminbi Yuan

2021	Share capital	Capital surplus	Other comprehensive income	Surplus reserves	Retained earnings	Total equity
I. Balance at end of prior year	428,126,983.00	4,467,991,431.59	(128,033.32)	214,063,491.50	5,788,050,243.66	10,898,104,116.43
II. Changes for the year	-	(701,946.29)	41,192.92	-	711,609,855.97	710,949,102.60
(1) Total comprehensive income	-	-	41,192.92	-	1,054,111,442.37	1,054,152,635.29
(2) Owners' contributions and reduction in capital	-	(701,946.29)	-	-	-	(701,946.29)
1. Others	-	(701,946.29)	-	-	-	(701,946.29)
(3) Profit distribution	-	-	-	-	(342,501,586.40)	(342,501,586.40)
1. Distribution to owners	-	-	-	-	(342,501,586.40)	(342,501,586.40)
III. Balance at end of year	428,126,983.00	4,467,289,485.30	(86,840.40)	214,063,491.50	6,499,660,099.63	11,609,053,219.03

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

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

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

COMPANY STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	<u>Note XIV</u>	2021	2020
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from the sale of goods and the rendering of services		4,482,924,175.09	4,009,125,652.17
Other cash receipts relating to operating activities		<u>64,151,272.51</u>	<u>152,617,741.86</u>
Total cash inflows from operating activities		<u>4,547,075,447.60</u>	<u>4,161,743,394.03</u>
Cash payments for goods and services		4,246,556,694.01	3,813,436,197.34
Cash payments to and on behalf of employees		95,803,718.56	94,005,053.76
Payments of all types of taxes and surcharges		76,032,450.12	87,642,227.22
Other cash payments relating to operating activities		<u>28,369,766.73</u>	<u>69,706,005.74</u>
Total cash outflows from operating activities		<u>4,446,762,629.42</u>	<u>4,064,789,484.06</u>
Net cash flows from operating activities		<u>100,312,818.18</u>	<u>96,953,909.97</u>
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from returns of investments		2,997,441.73	32,664,096.76
Cash receipts from investment income		781,665,378.58	753,109,725.64
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		423,563.00	20,210.00
Other cash receipts relating to investing activities		<u>5,195,613,459.25</u>	<u>2,774,679,815.57</u>
Total cash inflows from investing activities		<u>5,980,699,842.56</u>	<u>3,560,473,847.97</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		7,415,164.06	13,691,557.76
Cash payments for investments		18,000,000.00	-
Other cash payments relating to investing activities		<u>6,509,461,277.00</u>	<u>4,372,908,047.02</u>
Total cash outflows from investing activities		<u>6,534,876,441.06</u>	<u>4,386,599,604.78</u>
Net cash flows from investing activities		<u>(554,176,598.50)</u>	<u>(826,125,756.81)</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**COMPANY STATEMENT OF CASH FLOWS (CONTINUED)****Year ended 31 December 2021**

	<u>Note XIV</u>	2021	2020
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash receipts from borrowings		280,000,000.00	63,864,821.52
Other cash receipts relating to financing activities		<u>44,512,657,890.34</u>	<u>35,223,164,337.16</u>
Total cash inflows from financing activities		<u>44,792,657,890.34</u>	<u>35,287,029,158.68</u>
Cash repayments for debts		30,164,821.52	43,700,000.00
Cash payments for distribution of dividends, profit or interest expenses		394,368,619.63	308,496,896.99
Other cash payments relating to financing activities		<u>43,837,048,286.15</u>	<u>34,079,032,358.66</u>
Total cash outflows from financing activities		<u>44,261,581,727.30</u>	<u>34,431,229,255.65</u>
Net cash flows from financing activities		<u>531,076,163.04</u>	<u>855,799,903.03</u>
4. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
		<u>390,580.61</u>	<u>(52,538.86)</u>
5. NET INCREASE IN CASH AND CASH EQUIVALENTS			
		77,602,963.33	126,575,517.33
Add: Cash and cash equivalents at beginning of the year		<u>3,020,909,473.71</u>	<u>2,894,333,956.38</u>
6. CASH AND CASH EQUIVALENTS AT END OF YEAR			
		<u>3,098,512,437.04</u>	<u>3,020,909,473.71</u>

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2021

I Profile of the Company

As approved by the People's Government of Shenzhen (SFBF (1993) No.356), China National Accord Medicines Corporation Ltd. (hereinafter referred to as the "the Company"), formerly known as Shenzhen Health Mineral Water Corp., Ltd., was registered as a joint stock liability limited company on 1 February 1993 through stock transformation. In March 1993, with the approval from the Shenzhen Branch of the People's Bank of China, the Company issued 30 million A shares (including 16.5 million public shares, 3.5 million employee shares and 10 million corporation shares) and 20 million B shares. After this issuance, the Company's share capital was RMB105.00 million. Through converting capital surplus into share capital, bonus issues and issuance of shares for years, the share capital of the Company increased to 428.13 million as at 31 December 2021.

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

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

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

On 14 March 2014, the Company issued 74,482,543 ordinary shares (A shares) through the non-public offering. The par value per share is RMB1.00 yuan. The shares shall not be transferred within 36 months since the issue date. The total number of shares of the Company was 362,631,943 since the date of issue.

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

I Profile of the Company (Continued)

As of 31 December 2021, the total share capital was 428,126,983.

The Company is registered with Shenzhen Administration for Industry & Commerce. Its Uniform Social Credit Code is 91440300192186267U. The operation period of the Company is from 2 August 1986 to the long term. The registered capital of the Company is RMB428.13 million. The legal representative of the Company is Lin Zhaoxiong.

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

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

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

These financial statements were authorised for issue by the board of directors of the Company on 28 March 2022.

II Basis of preparation

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

These financial statements are prepared on a going concern basis.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

III Summary of significant accounting policies and accounting estimates

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

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present truly and completely the financial positions of the Group and the Company as at 31 December 2021, and the financial performance and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

2. Accounting year

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

3. Functional currency

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

4. Business combinations

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

(a) Business combinations involving entities under common control

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

4. Business combinations (Continued)

(b) Business combinations involving enterprises not under common control

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

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

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

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

5. Consolidated financial statements

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

5. Consolidated financial statements (Continued)

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

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

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

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

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

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

6. Cash and cash equivalents

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

7. Foreign currency translation

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

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

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

8. Financial instruments

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

Recognition and derecognition of financial instruments

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

8. Financial instruments (Continued)

Classification and measurement of financial assets

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

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

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

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

Debt investments measured at amortised cost

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

Debt investments at fair value through other comprehensive income

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

8. Financial instruments (Continued)

Classification and measurement of financial assets (Continued)

Equity investments at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

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

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

Classification and measurement of financial liabilities

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

8. Financial instruments (Continued)

Classification and measurement of financial liabilities (Continued)

Subsequent measurement of financial liabilities is determined by its classification:

Financial liabilities at fair value through profit or loss

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

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

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

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

Other financial liabilities

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

8. Financial instruments (Continued)

Impairment of financial assets

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

8. Financial instruments (Continued)

Offsetting of financial instruments

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

Transfer of financial assets

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

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

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

9. Inventories

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

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

The Group adopts the perpetual inventory system.

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

Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes. Finished goods are written down category by category.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

10. Long-term equity investments

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

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

The Company's financial statements using the cost method of accounting for long-term equity can exercise control over the investee. Control is the power to govern the financial and operating policies of the investee so as to obtain benefits from its operating activities. In determining whether the Company is able to exercise control over the investee, the effect of potential voting rights over the investee is considered, such as convertible debts and warrants currently exercisable.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

10. Long-term equity investments (Continued)

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

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

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

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

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

loss, other comprehensive income and profit distribution is reclassified to profit or loss on a pro-rata basis.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

11. Investment properties

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

12. Fixed assets

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

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

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

	Estimated useful lives	Estimated residual values	Annual depreciation rates
Buildings and constructions	20-35 years	3-5%	2.71-4.85%
Machinery	5-14 years	3-5%	6.79-19.40%
Motor vehicles	3-10 years	5%	9.50-31.67%
Office equipment	3-10 years	5%	9.50-31.67%
Electronic equipment	3-10 years	0-5%	9.50-33.33%

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

13. Borrowing costs

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

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

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

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

13. Borrowing costs (Continued)

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

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

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

14. Right-of-use assets

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

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

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

15. Construction in progress

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

16. Intangible assets

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

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

The useful lives of the intangible assets are as follows:

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

16. Intangible assets (Continued)

Internal research and development project

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

17. Impairment of assets

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

18. Long-term prepaid expenses

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

19. Medical reserve funds and specially approved reserving materials

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

20. Employee benefits

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

Short-term employee benefits

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

Post-employment benefits (defined contribution plans)

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

20. Employee benefits (Continued)

Post-employment benefits (defined benefit plans)

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

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

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

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

Termination benefits

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

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

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

Other long-term employee benefits

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

21. Lease liabilities

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

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

22. Provisions

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

23. Share-based payments

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

24. Revenue from contracts with customers

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

Contracts for the sale of goods

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

Service contracts

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

Variable consideration

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

Consideration payable to customers

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

24. Revenue from contracts with customers (Continued)

Return clauses

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

Significant financing component

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

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

Warranties

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

24. Revenue from contracts with customers (Continued)

Loyalty points programme

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

Principal/agent

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

25. Contract assets and contract liabilities

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

Contract assets

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

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

Contract liabilities

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

26. Assets relating to contract cost

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

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

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

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

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

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

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

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

27. Government grants

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

27. Government grants (Continued)

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

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

28. Income tax

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

28. Income tax (Continued)

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

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

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

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

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

29. Leases

Identification of leases

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

29. Leases (Continued)

Identification of separate lease components

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

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

Separating lease components and non-lease components

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

Assessment of the lease term

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

As lessee

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

Lease modifications

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

29. Leases (Continued)

As lessee (Continued)

Lease modifications (Continued)

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

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

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

Short-term leases and leases of low-value assets

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

COVID-19 related rent concessions

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

- (1) compared before the concession, the rental consideration after concession is reduced or basically unchanged;
- (2) the concession is only for lease payments payable before 30 June 2022;
- (3) after comprehensive consideration of qualitative and quantitative factors, no significant change in other terms and conditions of the lease is concluded.

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

adjusted accordingly in the concession agreement, etc. For rent extension payment incurred, the Group will offset the lease liability recognised in the earlier period when it is actually paid.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

29. Leases (Continued)

As lessor

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

As lessor of an operating lease

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

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

30. Dividend distribution

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

31. Fair value measurement

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

31. Fair value measurement (Continued)

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

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

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly;

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

32. Segment information

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

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

33. Significant accounting judgements and estimates

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

Judgements

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

Operating leases – as lessor

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

33. Significant accounting judgements and estimates (Continued)

Judgements (Continued)

Business models

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

Contractual cash flow characteristics

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

Estimation uncertainty

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

Impairment of financial instruments

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

33. Significant accounting judgements and estimates (Continued)

Estimation uncertainty (Continued)

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

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

Impairment of goodwill

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

Deferred tax assets

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

Fair value of non-listed equity investments

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

Loyalty points

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

the transaction price to be allocated to the loyalty points based on the stand-alone selling price of the re-evaluated loyalty points.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

33. Significant accounting judgements and estimates (Continued)

Estimation uncertainty (Continued)

Sales with a right of return

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

Warranties

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

Assessment of constrains on variable consideration

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

Lessee's incremental borrowing rate

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

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

34. Changes in accounting policies and accounting estimates

Changes in accounting policies

Changes in adoption of COVID-19 related rent concessions

According to *the accounting process regulations on rent concessions related to COVID-19 ("the process regulations")*, the simplified method could be selected for rent concessions related to COVID-19 on the basis of the process regulations. As a lessee, the Group has adopted the simplified method in the process regulations in 2020. According to *the changes in appliance scope of the accounting process regulations on rent concessions related to COVID-19*, the rent concession period applicable to the simplified method is adjusted to "the concession is only for the lease payments payable incurred before June 30, 2022". As a lessee, the adoption of the simplified method after the adjustment of the changes of the appliance scope is consistent with it before the change for the relevant leases. The amount of rent concessions included in the profit for the year is RMB2,617,562.37.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

IV Taxation

1. Main categories and rates of taxes:

Categories	Tax base	Tax rate
Corporate income tax ("CIT")	Taxable income	15%, 20%, 25%
Value-added tax ("VAT")	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the effective tax rate less deductible VAT input of the current period)	0%, 3%, 5%, 6%, 9%, 10%, 13%
City maintenance and construction tax	Amount of VAT paid	5%, 7%
Educational surcharge	Amount of VAT paid	3%
Local educational surcharge	Amount of VAT paid	2%

2. Tax preferences

In 2011, the Urumqi Head Office, Changji Branch and Karamay Branch of Sinopharm Holding Xinjiang New & Special Medicines Chain Store Co., Ltd. ("Xinjiang New & Special Medicines"), Ningxia Guoda Pharmacy Chain Co., Ltd. ("Guoda Ningxia") and Sinopharm Holding Guoda Drugstore Guangxi Chain Co., Ltd. ("Guoda Guangxi"), subsidiaries of the Company, were approved to enjoy a tax concession for Western Development at a reduced CIT rate of 15%. According to *the Circular of the Ministry of Finance, the State Administration of Taxation, the General Administration of Customs on Issues Concerning Tax Policies for the Further Development of the Western Regions (Cai shui [2011] No.58)* and *the Announcement on the continuation of the income tax policy for the enterprise in Western Region Development (Cai Zheng Bu [2020] No.23)*, enterprises could enjoy a reduced CIT rate of 15% from 1 January 2011 to 31 December 2030.

In 2014, the Company's subsidiary, Sinopharm Guangxi, Sinopharm Holding Guangxi Logistics Co., Ltd. ("Sinopharm Guangxi Logistics"), Sinopharm Holding Liuzhou Co., Ltd. ("Sinopharm Liuzhou") and Sinopharm Holding Beihai Co., Ltd. ("Sinopharm Beihai") were approved to enjoy a tax concession for Western Development at a reduced CIT rate of 15%. According to *the Circular of the Ministry of Finance, the State Administration of Taxation, the General Administration of Customs on Issues Concerning Tax Policies for the Further Development of the Western Regions (Cai shui [2011] No.58)* and *the Announcement on the continuation of the income tax policy for the enterprise in Western Region Development (Cai Zheng Bu [2020] No.23)*, enterprises above could enjoy a reduced CIT for Western Regions from 1 January 2011 to 31 December 2030.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

IV Taxation (Continued)

2. Tax preferences (Continued)

In 2015, subsidiaries of the Company, including 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 approved to enjoy a tax concession for Western Development at a reduced CIT rate of 15%. According to *the Circular of the Ministry of Finance, the State Administration of Taxation, the General Administration of Customs on Issues Concerning Tax Policies for the Further Development of the Western Regions (Cai shui [2011] No.58)* and *the Announcement on the Continuation of the Income Tax Policy for the Enterprise in Western Region Development (Cai Zheng Bu [2020] No.23)*, the applicable period is from 1 January 2015 to 31 December 2030.

In 2017, according to Cai Shui [2011] No.58 and *the Announcement on the Continuation of the Income Tax Policy for the Enterprise in Western Region Development (Cai Zheng Bu [2020] No.23)*, Sinopharm Holding Guoda Inner Mongolia Pharmacy Chain Store Co., Ltd. ("Guoda Inner Mongolia") and Inner Mongolia Guoda Medicine Co., Ltd. ("Inner Mongolia Medicine") could enjoy a reduced CIT rate of 15% from 1 January 2017 to 31 December 2030.

In 2019, according to Cai Shui [2011] No.58 and *the Announcement on the Continuation of the Income Tax Policy for the Enterprise in Western Region Development (Cai Zheng Bu [2020] No.23)*, Sinopharm Holding Qinzhou Co., Ltd. ("Sinopharm Qinzhou"), Sinopharm Holding Hezhou Co., Ltd. ("Sinopharm Hezhou"), Sinopharm Holding Hechi Co., Ltd. ("Sinopharm Hechi"), Guoda Pharmacy (Pu'er) Songmao Co., Ltd. ("Guoda Pu'er") could enjoy a reduced CIT rate of 15% from 1 January 2019 to 31 December 2030.

In 2021, according to Cai Shui [2011] No.58 and *the Announcement on the Continuation of the Income Tax Policy for the Enterprise in Western Region Development (Cai Zheng Bu [2020] No.23)*, Yunnan Guoda Disheng Pharmacy Chain Co., Ltd. ("Disheng Pharmacy Chain"), Yunnan Guoda Disheng Medicine Co., Ltd. ("Disheng Medicine"), Sinopharm Holding Medical Supply Chain Service (Guangxi) Co., Ltd. could enjoy a reduced CIT rate of 15% from 1 January 2021 to 31 December 2030.

In 2021, according to *the Notice on the Implementation of Inclusive Tax Reduction and Exemption Policies for Small and Micro Enterprises (Cai Shui [2019] No.13)* and *Announcement of the Ministry of Finance and the State Administration of Taxation on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households ([2021] No.12)*, subsidiaries of the Company listed below qualified for the conditions of small low-profit enterprises, which the taxable income of these subsidiaries does not exceed RMB3 million. Hence, for the portion of annual taxable income not exceeding RMB1 million, it shall be included in the taxable income of 12.5%, and enterprise income tax shall be paid at the rate of 20%; for the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million, it shall be included in the taxable income of 50%, and enterprise income tax shall be paid at the rate of 20%.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

IV Taxation (Continued)

3. Tax preferences (Continued)

The Company's subsidiaries which qualified for the conditions of small low-profit enterprises including Sinopharm Holding Guigang Pharmacy Co., Ltd. ("Sinopharm Guigang Pharmacy"), Shanghai Guoda Dongsheng Pharmacy Co., Ltd. ("Shanghai Dongsheng"), Shanghai Guoda Ruijing Pharmacy Co., Ltd. ("Shanghai Ruijing"), Sinopharm Holding Guoda Pharmacy Ulanqab Co., Ltd. ("Guoda Ulanqab"), Shanghai Guoda Dongxin Pharmacy Co., Ltd. ("Shanghai Dongxin"), Shanghai Guoda Shanghong Qibao Pharmacy Co., Ltd. ("Shanghai Shanghong"), Shanghai Guodong Traditional Chinese Medicine Clinic Co., Ltd. ("Shanghai Guodong"), Sinopharm Guoda Yongsheng Pharmacy (Shanghai) Co., Ltd. ("Guoda Yongsheng"), Guoda Pharmacy Manchuria Co., Ltd. ("Guoda Manchuria"), Zhejiang Sinopharm Pharmacy Dongshan Pharmacy Co., Ltd. ("Zhejiang Dongshan"), Sinopharm Holding Guoda Pharmacy Guangzhou Chain Co., Ltd. ("Guoda Guangzhou"), Taishan Sinopharm Holding Guoda Qunkang Pharmacy Chain Store Co., Ltd. ("Guoda Taishan"), Guoda Pharmacy (Rizhao) Co., Ltd. ("Guoda Rizhao"), Sinopharm Holding Guoda Pharmacy Hulun Buir Co., Ltd. ("Guoda Hulun Buir"), Sinopharm Holding Guoda Pharmacy Bayannur Co., Ltd. ("Guoda Bayannur"), Sinopharm Holding Baiyi Pharmacy Guangxi Co., Ltd. ("Baiyi Pharmacy"), Sinopharm Accord (Guangzhou) Medicine Co., Ltd. ("Guangzhou Medicine"), Guangxi Guoda Pharmaceutical Consulting Chain Co., Ltd. ("Guangxi Consulting"), Liaoning Guoda Health Pharmacy Co., Ltd. ("Liaoning Health Pharmacy"), Liaoning Huludao Guoda Pharmacy Co., Ltd. ("Liaoning Huludao"), Changzhi Wanmin Drug Store Co., Ltd. ("Changzhi Wanmin"), Shanxi Guoda Wanmin Chain Clinic Management Co., Ltd. ("Wanmin Chain"), Guoda Wanmin Huimin Kangwei Pharmacy Lvliang Co., Ltd. ("Huimin Lvliang"), Shanghai Fumei Xuhui Pharmacy Co., Ltd. ("Fumei Xuhui"), Jilin Donglong Pharmaceutical Logistics Co., Ltd. ("Jilin Donglong"), Shanghai Pudong Yanghetang Traditional Chinese Medicine Clinic Co., Ltd. ("Pudong Yanghetang"), Yanji Xianghe Medicine Co., Ltd. ("Yanji Xianghe"), Hebei Chengda Fangyuan Medicine Chain Co., Ltd. ("Hebei Chengda Fangyuan"), Shandong Chengda Fangyuan Medicine Chain Co., Ltd. ("Shandong Chengda Fangyuan"), Liaoning Chengda Fangyuan Technical Training School, and Dalian Zhengda Pharmaceutical Co., Ltd. ("Dalian Zhengda"), etc.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements

1. Cash and bank balances

	31 December 2021	31 December 2020
Cash on hand	4,642,730.62	6,707,125.90
Cash at banks	4,728,869,491.73	5,398,406,132.09
Other cash balances (1)	<u>392,646,858.59</u>	<u>593,091,037.88</u>
	<u>5,126,159,080.94</u>	<u>5,998,204,295.87</u>
Including: Total amount restricted for use due to mortgage, pledge or freezing, etc.	-	66,956,993.60

(1) As at 31 December 2021, the Group's other cash balance includes: RMB351,801,571.62 (31 December 2020: RMB492,734,978.75) is deposits for bank acceptance bills, which is a certain amount of deposit paid when drawing bank acceptance bills; RMB 11,456,766.10 (31 December, 2020: RMB27,465,331.50) is medical reserve funds for emergency medical supplies, which is supervised by the bank; RMB29,388,520.87 (31 December, 2020: RMB72,890,727.63. RMB 66,956,993.60 is freezing bank deposits due to litigation, which was unfrozen in 2021) is the other restricted cash balances.

As at 31 December 2021 and 31 December 2020, the Group has no cash and bank balances deposited abroad.

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

2. Notes receivable

	31 December 2021	31 December 2020
Bank acceptance bills	32,490,612.49	-
Commercial acceptance bills	<u>647,705,768.08</u>	<u>623,594,997.36</u>
	680,196,380.57	623,594,997.36
Less: Bad debt provision for notes receivable	<u>-</u>	<u>1,479,520.32</u>
	<u>680,196,380.57</u>	<u>622,115,477.04</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

2. Notes receivable (Continued)

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

	31 December 2021				
	Carrying amount		Bad debt provisions		Book Value
	Amount	Proportion	Amount	Proportion	
Items for which provision for bad debts is recognised by group (credit risk characteristics)	680,196,380.57	100%	-	-	680,196,380.57
	<u>680,196,380.57</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>680,196,380.57</u>
	31 December 2020				
	Carrying amount		Bad debt provisions		Book Value
	Amount	Proportion	Amount	Proportion	
Items for which provision for bad debts is recognised individually	27,634,855.48	4.43%	(1,479,520.32)	5.35%	26,155,335.16
Items for which provision for bad debts is recognised by group (credit risk characteristics)	595,960,141.88	95.57%	-	-	595,960,141.88
	<u>623,594,997.36</u>	<u>100.00%</u>	<u>(1,479,520.32)</u>	<u>0.24%</u>	<u>622,115,477.04</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

2. Notes receivable (Continued)

At 31 December 2021, the Group had no individual provision for bad debts on notes receivable.

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

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

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

	Opening balance	Increase in the year	Reversal in the year	Closing balance
2021	<u>1,479,520.32</u>	-	<u>(1,479,520.32)</u>	-
2020	-	<u>1,479,520.32</u>	-	<u>1,479,520.32</u>

As at 31 December 2021 and 31 December 2020, the Group had no pledged notes receivable.

Notes receivable endorsed or discounted by the Group to other parties which were not yet due at 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021		31 December 2020	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance bills	-	31,886,681.19	-	-
Commercial acceptance bills	-	-	-	4,095,283.92
	<u>-</u>	<u>31,886,681.19</u>	<u>-</u>	<u>4,095,283.92</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

2. Notes receivable (Continued)

As at 31 December 2021 and 31 December 2020, notes receivable that were converted into accounts receivable due to the drawer's inability to settle the notes on the maturity date are as follows:

	31 December 2021	31 December 2020
Commercial acceptance bills	<u>8,647,245.81</u>	<u>2,276,824.52</u>

3. Accounts receivable

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

An aging analysis of accounts receivable is as follows:

	31 December 2021	31 December 2020
Within 1 year	15,860,578,973.02	13,575,070,031.31
1 to 2 years	181,098,453.86	263,187,281.70
2 to 3 years	26,520,111.62	31,013,755.63
Over 3 years	<u>27,828,171.64</u>	<u>23,213,398.71</u>
	16,096,025,710.14	13,892,484,467.35
Less: Bad debt provision for accounts receivable	<u>131,422,364.23</u>	<u>92,513,453.13</u>
	<u>15,964,603,345.91</u>	<u>13,799,971,014.22</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

3. Accounts receivable (Continued)

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

	31 December 2021				
	Carrying amount		Bad debt provisions		Book value
	Amount	Proportion	Amount	Proportion	
Items for which provision for bad debts is recognised individually	1,154,059,084.62	7.17%	(78,449,701.36)	6.80%	1,075,609,383.26
Items for which provision for bad debts is recognised by group (credit risk characteristics)	14,941,966,625.52	92.83%	(52,972,662.87)	0.35%	14,888,993,962.65
	<u>16,096,025,710.14</u>	<u>100.00%</u>	<u>(131,422,364.23)</u>	<u>0.82%</u>	<u>15,964,603,345.91</u>
	31 December 2020				
	Carrying amount		Bad debt provisions		Book value
	Amount	Proportion	Amount	Proportion	
Items for which provision for bad debts is recognised individually	674,370,776.75	4.85%	(29,223,931.45)	4.33%	645,146,845.30
Items for which provision for bad debts is recognised by group (credit risk characteristics)	13,218,113,690.60	95.15%	(63,289,521.68)	0.48%	13,154,824,168.92
	<u>13,892,484,467.35</u>	<u>100.00%</u>	<u>(92,513,453.13)</u>	<u>0.67%</u>	<u>13,799,971,014.22</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

3. Accounts receivable (Continued)

At 31 December 2021, accounts receivable that are individually significant and individually assessed for provisions are as follows:

	Carrying amount	Bad debt provision	Expected credit loss rate	Assessment for impairment
Receivable of medical insurance	831,256,560.02	(8,047,617.79)	0.97%	The receivable of medical insurance has lower-tier default risk.
Client A	50,201,932.55	(50,201,932.55)	100.00%	The debtor had irregular operations subject to severe financial difficulties, and is related to multiple lawsuits, with lower-tier recoverability.
Client B	11,559,178.29	(11,559,178.29)	100.00%	The debtor had irregular operations subject to severe financial difficulties, and is related to multiple lawsuits, with lower-tier recoverability.
Client C	2,447,976.74	(2,447,976.74)	100.00%	The debtor had irregular operations subject to severe financial difficulties, and is in bankruptcy liquidation.
Others	<u>258,593,437.02</u>	<u>(6,192,995.99)</u>	2.39%	Part of the receivables takes longer than usual to recover, and has risk of recoverability.
	<u>1,154,059,084.62</u>	<u>(78,449,701.36)</u>		

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

3. Accounts receivable (Continued)

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

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

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

	31 December 2021			31 December 2020		
	Estimated gross carrying amount at default	Expected credit loss ratio	Lifetime expected credit loss	Estimated gross carrying amount at default	Expected credit loss ratio	Lifetime expected credit loss
Within 1 year	14,735,394,393.03	0.24%	(36,032,738.61)	12,930,648,987.23	0.20%	(26,043,994.99)
1 to 2 years	180,285,029.67	5.46%	(9,848,846.12)	257,905,763.20	11.04%	(28,463,763.63)
2 to 3 years	20,156,291.29	22.24%	(4,482,412.04)	21,112,155.47	17.39%	(3,671,293.61)
Over 3 years	6,130,911.53	42.55%	(2,608,666.10)	8,446,784.70	60.50%	(5,110,469.45)
	<u>14,941,966,625.52</u>		<u>(52,972,662.87)</u>	<u>13,218,113,690.60</u>		<u>(63,289,521.68)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

3. Accounts receivable (Continued)

Changes in provision for bad debts are presented as follows:

	Opening balance	Reversal of write-off in previous years	Increases in the year	Increases in merger	Reversal in the year	Write-off in the year	Closing balance
2021	<u>92,513,453.13</u>	-	<u>58,049,541.91</u>	<u>183,384.10</u>	<u>(14,558,622.63)</u>	<u>(4,765,392.28)</u>	<u>131,422,364.23</u>
2020	<u>45,916,730.47</u>	<u>167,797.87</u>	<u>29,942,655.08</u>	<u>25,219,814.78</u>	<u>(8,733,545.07)</u>	-	<u>92,513,453.13</u>

Accounts receivable written off in 2020 are analysed below:

	Nature of the receivable	Amount	Reason	Write-off procedures	Related party transaction or not
Client A	Payment for goods	2,161,120.00	Non-recoverable	The write-off procedures have been completed in accordance with the internal rules and regulations.	No
Client B	Payment for goods	1,137,547.24	Non-recoverable	The write-off procedures have been completed in accordance with the internal rules and regulations.	No
Client C	Payment for goods	862,818.55	Non-recoverable	The write-off procedures have been completed in accordance with the internal rules and regulations.	No
Client D	Payment for goods	356,510.26	Non-recoverable	The write-off procedures have been completed in accordance with the internal rules and regulations.	No
Others	Payment for goods	<u>247,396.23</u>	Non-recoverable	The write-off procedures have been completed in accordance with the internal rules and regulations.	No
		<u>4,765,392.28</u>			

Accounts receivable written off in 2020 were nil.

As at 31 December 2021, the five largest accounts receivable analysed by customer are summarised below:

	Amount	Bad debt provision amount	% of the total accounts receivable
Top 1 account receivable	222,417,747.86	(1,369,997.89)	1.38%
Top 2 account receivable	221,550,040.23	(2,513,061.33)	1.38%
Top 3 account receivable	170,639,289.87	(131,398.98)	1.06%
Top 4 account receivable	162,489,077.59	(2,071,467.64)	1.01%
Top 5 account receivable	<u>121,263,417.42</u>	<u>(986,163.48)</u>	<u>0.75%</u>
	<u>898,359,572.97</u>	<u>(7,072,089.32)</u>	<u>5.58%</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

3. Accounts receivable (Continued)

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

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

In 2021, the Group factored a portion of accounts receivable at amortised cost to financial institutions. The amount of accounts receivable derecognised was RMB3,529,795,916.53 (2020: RMB5,131,305,168.48), and the amount of loss recognised through investment income was RMB47,404,044.48 (2020: RMB76,142,835.36).

4. Receivables financing

	31 December 2021	31 December 2020
Bank acceptance bills	<u>1,027,226,940.21</u>	<u>1,404,987,700.38</u>

The pledged receivables financings are as follows:

	31 December 2021	31 December 2020
Bank acceptance bills	<u>-</u>	<u>2,620,000.00</u>

Receivables financing endorsed or discounted by the Group to other parties which were not yet due at 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021		31 December 2020	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance bills	<u>2,206,355,117.26</u>	<u>-</u>	<u>1,613,842,670.80</u>	<u>-</u>

As at 31 December 2021 and 31 December 2020, no receivables financing were converted into accounts receivable due to the ticket issuer's inability to settle the notes on the maturity date.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

5. Advances to suppliers

The age of advances to suppliers is analysed below:

	31 December 2021		31 December 2020	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	519,225,204.09	99.67%	480,215,111.42	99.98%
1 to 2 years	1,705,341.22	0.33%	42,225.29	0.01%
2 to 3 years	-	-	56,238.00	0.01%
Over 3 years	-	-	-	-
	<u>520,930,545.31</u>	<u>100.00%</u>	<u>480,313,574.71</u>	<u>100.00%</u>

As at 31 December 2021, the five largest advances to suppliers analysed by customer are summarised below:

	Amount	Proportion of total balance
Total amount of the five largest advances to suppliers	<u>105,978,569.71</u>	<u>20.34%</u>

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

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

6. Other receivables

	31 December 2021	31 December 2020
Other receivables	<u>718,089,129.10</u>	<u>535,228,747.69</u>

The age of other receivables is analysed below:

	31 December 2021	31 December 2020
Within 1 year	641,647,280.72	480,713,606.60
1 to 2 years	35,719,505.98	41,156,242.37
2 to 3 years	30,667,461.83	57,236,236.46
Over 3 years	<u>78,599,676.64</u>	<u>25,311,879.53</u>
	786,633,925.17	604,417,964.96
Less: Bad debt provision for other receivables	<u>68,544,796.07</u>	<u>69,189,217.27</u>
	<u>718,089,129.10</u>	<u>535,228,747.69</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

6. Other receivables (Continued)

Categories of other receivables by nature are as follows:

	31 December 2021	31 December 2020
Deposits	294,949,777.43	287,130,364.44
Pending refunds	129,688,000.00	-
Receivable of price reduction compensation and purchasing rebates	77,286,467.71	85,263,225.16
Receivable of the pharmaceutical electronic trading and other platforms	67,123,290.09	60,267,511.03
Entrusted borrowings	46,334,222.24	46,334,222.24
Petty cash advance to employees	20,107,746.36	22,994,684.93
Receivable of equity transactions	8,980,000.00	8,980,000.00
Receivable due from related parties	2,412,959.70	2,867,594.20
Others	139,751,461.64	90,580,362.96
	<u>786,633,925.17</u>	<u>604,417,964.96</u>
Less: Bad debt provision for other receivables	<u>68,544,796.07</u>	<u>69,189,217.27</u>
	<u>718,089,129.10</u>	<u>535,228,747.69</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

6. Other receivables (Continued)

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

2021	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Balance at 1 January 2021	-	7,305,149.90	61,884,067.37	69,189,217.27
Balance at 1 January 2021 during the period	-	-	-	-
--Transfer to phase II	-	-	-	-
--Transfer to phase III	-	-	-	-
--Transfer to phase III	-	-	-	-
--Back to phase II	-	-	-	-
--Back to phase I	-	-	-	-
Provisions during the period	-	3,402,082.28	6,248,210.57	9,650,292.85
Reversal during the period	-	(7,815,244.23)	(1,288,514.82)	(9,103,759.05)
Transfer out during the period	-	-	-	-
Write-off during the period	-	-	(1,190,955.00)	(1,190,955.00)
Addition due to combination	-	-	-	-
Reversal of write-off in previous years	-	-	-	-
Balance at 31 December 2021	-	2,891,987.95	65,652,808.12	68,544,796.07

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

6. Other receivables (Continued)

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

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

The bad debt provision amount of other receivables in 2021 was RMB9,650,292.85 (2020: RMB6,234,313.07), with the recovered or reversed amount of RMB9,103,759.05 (2020: RMB2,947,623.32).

The write-off amount of other receivables in 2021 was RMB1,190,955.00 (2020: RMB128,028.03).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

6. Other receivables (Continued)

As at 31 December 2021, the 5 parties that owed the largest amounts of other receivable balances are analysed below:

	Amount	% of total amount	Nature	Age	Provision of bad debts
Octapharma AG (1)	129,688,000.00	16.49%	Amount to be returned Repayment not yet cleared from the pharmaceutical trading platform	Within 1 year	-
Guangdong Pharmaceutical electronic trading platform	57,211,999.38	7.27%		Within 1 year	-
Sinopharm Group Zhijun (Suzhou) Pharmaceutical Co., Ltd. ("Zhijun Suzhou") (1)	46,334,222.24	5.89%	Entrusted borrowings	Over 3 years	46,334,222.24
Shenzhen Center for Disease Control and Prevention	44,509,322.63	5.66%	Vaccine distribution Deposit from a logistics extension service project	Within 1 year	-
TCM-Integrated Hospital of Southern Medical University	20,000,000.00	2.54%		Over 3 years	-
	<u>297,743,544.25</u>	<u>37.85%</u>			<u>46,334,222.24</u>

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

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

- (1) The payment was made in advance to Octapharma AG of Switzerland for the purchase of human albumin. Due to the shortage of supply, both agreed to terminate the original contract and return the amount. The amount was refunded in January 2022.
- (2) Due to the poor operation of Zhijun Suzhou, the solvency of the loan decreased and the credit risk increased, the Company made a full provision for bad debts on this entrusted loan out of prudence.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

6. Other receivables (Continued)

As at 31 December 2020, the amount of government grants receivable is analysed below:

	Grants program	Amount	Age	Estimated collection time, amount and basis
Shanghai Pudong Finance Bureau	Financial subsidy	1,260,000.00	Within 1 year	The amount of government grants receivable has been approved and expected to be fully received in 2022.

There were no government grants receivable in 2020.

7. Inventories

Inventories by category are analysed below:

	31 December 2021			31 December 2020		
	Book value	Provision	Net book value	Book value	Provision	Net book value
Raw materials	3,771,510.04	-	3,771,510.04	1,959,948.73	-	1,959,948.73
Finished goods	7,623,665,381.94	(11,100,942.38)	7,612,564,439.56	6,292,866,195.61	(12,997,334.35)	6,279,868,861.26
Work in progress	268,702.16	-	268,702.16	244,341.19	-	244,341.19
Low cost consumables	4,936,943.32	-	4,936,943.32	2,937,523.28	-	2,937,523.28
	<u>7,632,642,537.46</u>	<u>(11,100,942.38)</u>	<u>7,621,541,595.08</u>	<u>6,298,008,008.81</u>	<u>(12,997,334.35)</u>	<u>6,285,010,674.46</u>

Provision for inventories is analysed below:

31 December 2021	1 January 2021	Increases		Decreases			31 December 2021
		Current	Addition due to combination	Resale	Write-off	Others	
Finished goods	<u>12,997,334.35</u>	<u>9,558,490.52</u>	<u>314,857.50</u>	<u>(5,569,754.67)</u>	<u>(2,217,220.21)</u>	<u>(3,982,765.11)</u>	<u>11,100,942.38</u>

31 December 2020	1 January 2020	Increases		Decreases			31 December 2020
		Current	Addition due to combination	Resale	Write-off	Others	
Finished goods	<u>8,902,200.40</u>	<u>7,054,810.15</u>	<u>474,033.43</u>	<u>(1,458,197.19)</u>	<u>(1,975,512.44)</u>	<u>(1,975,512.44)</u>	<u>12,997,334.35</u>

In 2021, due to the sales of goods in stock, provision for inventories was resold by RMB5,569,754.67 (2020: RMB1,458,197.19).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

8. Contract assets

	31 December 2021			31 December 2020		
	Book value	Provision	Net book value	Book value	Provision	Net book value
Medical devices and equipment's warranty	29,571,543.27	(510,383.75)	29,061,159.52	15,195,530.95	(17,799.31)	15,177,731.64

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

Changes in provision for contract assets are presented as follows:

	Opening balance	Increase in the year	Reversal in the year	Closing balance
2021	17,799.31	501,422.56	(8,838.12)	510,383.75
2020	-	17,799.31	-	17,799.31

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

	31 December 2021			31 December 2020		
	Estimated default amount	Expected credit loss rate	Expected credit loss in entire lifetime	Estimated default amount	Expected credit loss rate	Expected credit loss in entire lifetime
Within 1 year	24,362,618.02	0.76%	185,529.29	15,195,530.95	0.12%	17,799.31
1 to 2 years	5,208,925.25	6.24%	324,854.46	-	-	-
	29,571,543.27	1.73%	510,383.75	15,195,530.95	0.12%	17,799.31

9. Other current assets

	31 December 2021	31 December 2020
VAT tax credit	155,985,552.00	114,251,111.76
CIT to be deducted	3,817,409.16	5,981,268.15
Others	804,394.50	850,483.54
	160,607,355.66	121,082,863.45

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

10. Long-term equity investments

2021

Investee	1 January 2021	Changes in the year					31 December 2021	Amount of provision for impairment
		Additional / reduced investment	Profit or loss under the equity method	Changes in other comprehensive income	Other changes in equity	Cash dividends or profits declared for distribution		
Shenzhen Main Luck Pharmaceutical Inc. ("Main Luck Pharmaceutical") (a)	322,696,745.87	-	88,173,434.93	-	-	(70,380,000.00)	340,490,180.80	-
Shanghai Beiyi Guoda Pharmaceutical Co. Ltd. ("Shanghai Beiyi") (b)	11,190,188.07	-	1,249,450.80	-	-	(1,154,400.00)	11,285,238.87	-
Shanghai Liyi Pharmacy Co., Ltd. ("Shanghai Liyi") (c)	1,147,948.30	-	226,367.96	-	-	(293,232.69)	1,081,083.57	-
Shanghai Renbei Pharmacy Co., Ltd. ("Shanghai Renbei") (d)	2,465,103.92	-	38,421.50	-	-	-	2,503,525.42	-
Dongyuan Accord Pharmaceutical Chain Co., Ltd. ("Dongyuan Accord") (e)	396,638.32	-	-	-	-	-	396,638.32	(396,638.32)
Sinopharm Jienuo Medical Treatment Service Guangdong Co., Ltd. ("Guangdong Jienuo") (f)	5,225,570.12	-	(871,691.80)	-	-	-	4,353,878.32	-
Guangdong Jianhui Construction Investment Management Co., Ltd. ("Guangdong Jianhui") (g)	8,000,000.00	-	-	-	-	-	8,000,000.00	-
Zhijun Suzhou (h)	1,857,279.52	-	-	-	-	-	1,857,279.52	(1,857,279.52)
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd. ("Zhijun Medicine") (i)	425,557,825.11	-	110,083,777.09	-	-	(39,098,661.04)	496,542,941.16	-
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd. ("Zhijun Trade") (i)	10,408,675.18	-	498,196.67	-	-	(529,453.96)	10,377,417.89	-
Sinopharm Group Zhijun (Shenzhen) PingShan Pharmaceutical Co., Ltd. ("Zhijun Pingshan") (i)	176,566,795.90	-	41,892,944.28	-	-	(34,553,476.37)	183,906,263.81	-
Shanghai Shyndec Pharmaceutical Co., Ltd. ("Shyndec Pharma") (i)	1,323,760,775.52	-	92,516,109.67	41,192.92	(701,946.29)	(16,714,220.20)	1,398,901,911.62	-
Jialong (Hainan) Health Management Group Co., Ltd ("Jialong Hainan") (j)	-	2,800,000.00	(409,894.72)	-	-	-	2,390,105.28	-
	<u>2,289,273,545.83</u>	<u>2,800,000.00</u>	<u>333,397,116.38</u>	<u>41,192.92</u>	<u>(701,946.29)</u>	<u>(162,723,444.26)</u>	<u>2,462,086,464.58</u>	<u>(2,253,917.84)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

9. Long-term equity investments (Continued)

2020

Investee	1 January 2020	Changes in the year					31 December 2020	Amount of provision for impairment
		Additional / reduced Investment	Profit or loss under the equity method	Changes in other comprehensive income	Other changes in equity	Cash dividends or profits declared for distribution		
Main Luck Pharmaceutical (a)	294,469,367.27	-	91,569,378.60	-	-	(63,342,000.00)	322,696,745.87	-
Shanghai Beiyi (b)	9,887,944.98	-	1,302,243.09	-	-	-	11,190,188.07	-
Shanghai Liyi (c)	1,039,039.88	-	108,908.42	-	-	-	1,147,948.30	-
Shanghai Renbei (d)	1,800,000.00	-	665,103.92	-	-	-	2,465,103.92	-
Dongyuan Accord (e)	396,638.32	-	-	-	-	-	396,638.32	(396,638.32)
Guangdong Jienuo (f)	6,453,679.96	-	(1,228,109.84)	-	-	-	5,225,570.12	-
Guangdong Jianhui (g)	1,854,647.81	6,000,000.00	145,352.19	-	-	-	8,000,000.00	-
Zhijun Suzhou (h)	1,857,279.52	-	-	-	-	-	1,857,279.52	(1,857,279.52)
Zhijun Medicine (i)	400,578,574.68	-	78,197,322.08	-	-	(53,218,071.65)	425,557,825.11	-
Zhijun Trade (i)	10,275,257.61	-	1,176,564.36	-	-	(1,043,146.79)	10,408,675.18	-
Zhijun Pingshan (i)	120,878,018.74	-	76,785,503.04	-	-	(21,096,725.88)	176,566,795.90	-
Shyndec Pharma (i)	1,235,240,098.79	-	105,623,439.79	5,332.87	(393,875.73)	(16,714,220.20)	1,323,760,775.52	-
Shanghai dingqun Enterprise Management Consulting Co., Ltd. ("Shanghai Dingqun") (j)	22,637,781.16	(22,637,781.16)	-	-	-	-	-	-
	<u>2,107,368,328.72</u>	<u>(16,637,781.16)</u>	<u>354,345,705.65</u>	<u>5,332.87</u>	<u>(393,875.73)</u>	<u>(155,414,164.52)</u>	<u>2,289,273,545.83</u>	<u>(2,253,917.84)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

9. Long-term equity investments (Continued)

Provision for impairment of long-term equity investments:

2021

	1 January 2021	Increase	Decrease	31 December 2021
Zhijun Suzhou (h)	1,857,279.52	-	-	1,857,279.52
Dongyuan Accord (e)	396,638.32	-	-	396,638.32
	<u>2,253,917.84</u>	<u>-</u>	<u>-</u>	<u>2,253,917.84</u>

2020

	1 January 2020	Increase	Decrease	31 December 2020
Zhijun Suzhou (h)	1,857,279.52	-	-	1,857,279.52
Dongyuan Accord (e)	396,638.32	-	-	396,638.32
	<u>2,253,917.84</u>	<u>-</u>	<u>-</u>	<u>2,253,917.84</u>

- (a) On 4 July 1990, the Group, Mercian Kabushiki Kaisha and Main Life Co., Ltd. jointly established Main Luck Pharmaceutical, subscribing 35.19%, 34.15% and 30.66% of shareholdings, respectively. According to the articles of association, the board of directors of Main Luck Pharmaceutical consisted of six directors, of which two were appointed by the Group. The Group owns 33.33% of voting rights. The voting right of the resolutions of the board of directors is one person and one vote. Except for the amendment and supplement of the articles of association, the suspension and dissolution of the enterprise, the increase, transfer or adjustment of the registered capital of the enterprise, the asset mortgage of the enterprise, the merger and division of the enterprise with other economic organizations and the change of organizational form, other resolutions of the board of directors must be adopted by more than two-thirds of the directors or more than half of the directors. Therefore, the Group had significant influence over Main Luck Pharmaceutical, and was considered as an associate of the Group.
- (b) On 26 July 1994, the Group jointly established Shanghai Beiyi with Shanghai Beiyi (Group) Co., Ltd. and eight natural persons including Fuchun Zhu, with their share percentages being 26.00%, 26.00% and 48.00%. According to the articles of association, the board of directors of Shanghai Beiyi consisted of five directors, of which two were appointed by the Group. The Group owns 40.00% of voting rights. The voting right of resolutions of the board of directors is one vote for one person, and all resolutions of the board of directors are passed by more than half of all directors. Therefore, the Group had significant influence over Shanghai Beiyi, and was considered as an associate of the Group.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

9. Long-term equity investments (Continued)

- (c) On 25 November 2003, the Group jointly established Shanghai Liyi with Shanghai Pudong District Central Hospital and Shanghai Liyi Technology Co., Ltd., with the share percentages being 35.00%, 35.00% and 30.00%, respectively. According to the Articles of Association, the board of directors of Shanghai Liyi consisted of five directors, of which two were appointed by the Group, accounting for 40.00% of voting rights. The voting right of resolutions of the board of directors is one vote for one person, and all resolutions of the board of directors are passed by more than half of all directors. Therefore, the Group had significant influence over Shanghai Liyi, and thus, it was considered as an associate of the Group.
- (d) On 5 March 2019, the Group acquired 30.00% shares in Shanghai Renbei. According to the Articles of Association, the board of directors of Shanghai Renbei was composed of three directors, one of whom was appointed by the Group, accounting for 33.33% of voting rights. The voting right of resolutions of the board of directors is one vote for one person, and all resolutions of the board of directors are passed by more than half of all directors. The resolution on the change of senior managers made at the meeting of the board of directors shall be unanimously adopted by all directors. Therefore, the Group has significant influence over Shanghai Renbei, and thus, it is considered as an associate of the Group.
- (e) On June 16, 1999, the Group acquired 45.00% shares of Dongyuan Congyi. According to the articles of association, the board of directors of Dongyuan consensus is composed of five directors, two of whom are appointed by the group, accounting for 40.00% of the voting rights. The voting right of resolutions of the board of directors is one vote for one person, and all resolutions of the board of directors are passed by more than half of all directors. Therefore, the group has a significant impact on Dongyuan consensus, which is an associate of the group. In 2007, Dongyuan Accord, an associate of the Group, operated in poor conditions and its future operation would be significantly uncertain, so the Group made a full provision for impairment of the long-term equity investment on it.
- (f) On 23 February 2016, the Group jointly established Guangdong Jienuo with Sinopharm Jienuo Medical Treatment Service Co., Ltd. and Guangzhou Jinluo Investment Development Co., Ltd., with the share percentages being 29.00%, 51.00% and 20.00%, respectively. According to the Articles of Association, the board of directors of Guangdong Jienuo was composed of five directors, one of whom was appointed by the Group, accounting for 20.00% of voting rights. The voting right of resolutions of the board of directors is one vote for one person, and all resolutions of the board of directors are passed by more than half of all directors. Therefore, the Group has significant influence over Guangdong Jienuo, and thus, it is considered as an associate of the Group. On 25 July 2020, the Group, together with the current shareholders, Sinopharm Jienuo Medical Treatment Service Co., Ltd. and Foshan Jiejianchengfeng Medical Equipment Co., Ltd., increased the capital of Guangdong Jienuo by 29.00%, 51.00% and 20.00% according to the shareholding ratios respectively, and the total amount of the increased capital was RMB6 million.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

9. Long-term equity investments (Continued)

- (g) On 23 November 2018, the Group jointly established Guangdong Jianhui with Guangdong Construction Engineering Group Co., Ltd., Suixi People's Hospital and Guangdong Jianke Architectural Design Institute Co., Ltd., with the share percentages being 10.00%, 79.90%, 10.00% and 0.10%, respectively. The registered capital of Guangdong Jianhui was RMB20,000,000. On 22 March 2020, the Group completed the investment of RMB2,000,000.00. According to the Articles of Association, the board of directors of Guangdong Jianhui was composed of five directors, one of whom was appointed by the Group, accounting for 20.00% of voting rights. The voting right of resolutions of the board of directors is one vote for one person. Except for some special matters, other resolutions of the board of directors are approved by more than two-thirds of all directors. Therefore, the Group has significant influence over Guangdong Jianhui, and thus, it is considered as an associate of the Group. On 30 March 2021, the Group increased the capital of Guangdong Jianhui by RMB6 million according to the shareholding ratio.
- (h) The Group disposed of its 67.00% equity interest in Zhijun Suzhou in April 2016. After the disposal, the Group held a 33.00% equity interest of Zhijun Suzhou. According to the Articles of Association, the board of directors in Zhijun Suzhou was composed of five directors, one of whom was appointed by the Group, accounting for 20.00% of voting rights. The voting right of resolutions of the board of directors is one vote for one person, and all resolutions of the board of directors are passed by more than half of all directors. As a result, the Group has significant influence over Zhijun Suzhou, and thus, it is considered as an associate of the Group. In 2020, on account of mismanagement, there was significant uncertainty in the future operation of the Group's affiliated enterprise, Zhijun Suzhou. Thus, the Group made full provision for impairment of the long-term equity investment in Zhijun Suzhou.
- (i) The Group subscribed 15.56% of new issued shares of Shyndec Pharma, a related party, by transferring the productive assets in Pingshan base and its 51.00% equity interest in three pharmaceutical companies (Zhijun Medicines, Zhijun Trade, Zhijun Pingshan) of the Group in 2016, respectively. After the completion of the reorganization, Shyndec Pharma holds a 51.00% equity interest of each of the three pharmaceutical companies, and the Group holds a 49.00% equity interest in each of the three pharmaceutical companies. The three pharmaceutical companies have set up a board of directors with a total of five members, of which the Group appoints two directors. The voting on the resolutions of the board of directors is one person, one vote, and the proportion of voting rights is 40.00%. Except for some special matters, all resolutions of the board of directors have been adopted by more than half of all directors. They have significant influence over the three pharmaceutical companies.

At the same time, after the completion of the reorganization, the Group holds a 15.56% equity interest of Shyndec Pharma. Since Shyndec Pharma acquired the shares of subsidiaries with share-based payment in previous years, the Group held a 16.28% equity interest of Shyndec Pharma as at 31 December 2020. Shyndec Pharma set up a board of directors that was responsible for the shareholders' meeting, with a total of nine members, among which, one was appointed by the Group. Each director has one vote on the board, taking 11.11% of the voting rights. Except for special resolutions adopted by half of the board of directors. The Group has significant influence over Shyndec Pharma. The above three pharmaceutical companies and Shyndec Pharma are considered as associates of the Group.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

9. Long-term equity investments (Continued)

- (j) On 9 August 2021, the Group jointly established Jialong Hainan with Hainan Yushan Changxing Health Management Co., Ltd., with the share percentages being 25.00% and 75.00%, respectively. According to the Articles of Association, the board of directors of Jialong Hainan was composed of three directors, one of whom was appointed by the Group, accounting for 33.33% of voting rights. Therefore, the Group has significant influence over Jialong Hainan, and thus, it is considered as an associate of the Group.

- (k) On May 2018, the Group and Ningbo Meishan Bonded Port Area Qiling Equity Investment Center LP jointly established Shanghai Dingqun, owning 2.53% and 97.47% of shareholdings. According to the Articles of Association, the board of directors of Shanghai Dingqun consisted of three directors and one of them was appointed by the Company. Each director has one vote on the board, and resolutions of the board are to be passed by a simple majority of votes. Therefore, the Group has significant influence over Shanghai Dingqun, and thus, it is considered as an associate of the Group. Guoda Drugstore, a subsidiary of the Group, acquired 100.00% shares of Shanghai Dingqun Enterprise Management Consulting Co., Ltd. from Ningbo Meishan Bonded Port Area Qiling Equity Investment Center LP and the Company by RMB934,240,000.00. The acquisition was completed on 7 January 2021, and the Company controlled Shanghai Dingqun and formed a business combination not involving enterprises under no common control, which was included in the scope of the Company's consolidation.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

11. Other equity investments

2021

	Accumulated fair value changes recorded in other comprehensive income	Fair value	Dividend income for the current year Equity instruments derecognised in the current year	Equity instruments that are still held	Reasons for being designated as fair value through other comprehensive income
Sinopharm Health Online Co., Ltd.	18,379,638.22	30,379,638.22	-	-	Non-trading equity instrument
Sinopharm Hubei Guoda Pharmacy Co., Ltd.	17,799,104.17	18,799,104.17	-	2,280,159.50	Non-trading equity instrument
Shanghai Guoda Shuguang Drugstore Co., Ltd.(a)	8,048,510.22	8,319,270.22		50,000.00	
Shanghai Guoren Pharmacy Co., Ltd.	4,620,895.53	4,720,895.53	-	457,716.39	Non-trading equity instrument
Hunan Zhongbai Pharmaceutical Investment Co., Ltd.	(45,595.15)	269,404.85	-	-	Non-trading equity instrument
	<u>48,802,552.99</u>	<u>62,488,312.99</u>	<u>-</u>	<u>2,787,875.89</u>	

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

11. Other equity instrument investment (Continued)

2020

	Accumulated fair value changes recorded in other comprehensive income	Fair value	Dividend income for the current year		Reasons for being designated as fair value through other comprehensive income
			Equity instruments derecognised in the current year	Equity instruments that are still held	
Sinopharm Health Online Co., Ltd.	55,056,227.40	67,056,227.40	-	-	Non-trading equity instrument
Sinopharm Hubei Guoda Pharmacy Co., Ltd.	17,279,788.59	18,279,788.59	-	-	Non-trading equity instrument
Shanghai Guoda Shuguang Pharmacy Co., Ltd. (a)	7,971,316.02	8,242,076.02	-	50,000.00	Non-trading equity instrument
Shanghai Guoren Pharmacy Co., Ltd.	5,393,260.45	5,493,260.45	-	590,538.07	Non-trading equity instrument
Hunan Zhongbai Pharmaceutical Investment Co., Ltd.	101,987.82	416,987.82	-	-	Non-trading equity instrument
	<u>85,802,580.28</u>	<u>99,488,340.28</u>	<u>-</u>	<u>640,538.07</u>	

(a) Shanghai Guoda Shuguang Pharmacy Co., Ltd. was renamed Shanghai Chongde pharmacy Co., Ltd. on August 26, 2021.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

12. Other non-current financial assets

	31 December 2021	31 December 2020
Financial assets at fair value through profit or loss	135,974,908.51	120,972,350.24

As at 31 December 2021, the balance of other non-current financial assets was the fair values of the shares of phase I and phase II of Sinopharm CICC medical industry fund ("Industry Fund") that the Group had subscribed.

At the 21st Meeting of the 7th board of directors which held on 6 January 2017, the Group deliberated and passed the proposal on investment subscription of the Industry Fund (Phase I) and related party transaction of the Group. As a limited partner of Industry Fund (Phase I), the Group intends to invest and subscribe for the share of Industry Fund (Phase I) amounting to RMB200 million, which shall be paid in 3 instalments. The Industrial Fund (phase I) has obtained relevant approval in 2018 and started to operate. As at 31 December 2020, the Group has made payments of RMB140 million. The Group received the withdrawal fund of this project's principal of RMB19,027,649.76 on June 2020 and received RMB2,997,441.73 on January 2021 from Ningbo Meishan Bonded Port Area Qirui Equity Investment Center LP.

At the 1st Meeting of the 9th board of directors which held on 16 July 2021, the Group deliberated and passed the proposal on investment subscription of the Industry Fund (Phase II). As a limited partner of Industry Fund (Phase II), the Group intends to invest and subscribe for the share of Industry Fund (Phase II) amounted to RMB60 million, which shall be paid in 3 instalments. Gongqingcheng Qixin Equity Investment Partnership (Limited Partnership) ("Gongqingcheng Qixin") is the entity of the Industry Fund. The Group has made first payment RMB18 millions in August 2021. As at 31 December 2021, the Group has made payments of RMB18 million. The Industrial Fund (Phase II) has obtained relevant approval in 2021 and started to operate.

Since the cash flows obtained by the Group from the investment of the Industry Fund include both the contractual cash flows generated by the underlying assets during the investment period and the cash flows of the disposal of the underlying assets, the contractual cash flows that do not satisfy the financial assets generated on a specific date are only the payment of interest on the basis of the outstanding principal amount, and therefore, the Group classifies the investment of the Industry Fund into financial assets measured at fair value through profit or loss and presents the investment as other non-current financial assets.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

13. Investment properties

Subsequent measurement under the cost model:

2021

	Buildings and constructions	Land use rights	Total
Original cost			
Opening balance	225,645,845.78	20,988,818.44	246,634,664.22
Transfer from fixed assets	1,137,337.42	-	1,137,337.42
Transfer to intangible assets	-	(25,090.42)	(25,090.42)
Transfer to fixed assets	(20,570,972.44)	-	(20,570,972.44)
Closing balance	<u>206,212,210.76</u>	<u>20,963,728.02</u>	<u>227,175,938.78</u>
Accumulated depreciation and amortisation			
Opening balance	(109,976,379.20)	(7,913,905.08)	(117,890,284.28)
Provision	(6,189,884.57)	(241,318.81)	(6,431,203.38)
Transfer from fixed assets	(839,607.50)	-	(839,607.50)
Transfer to intangible assets	-	3,512.49	3,512.49
Transfer to fixed assets	13,263,141.12	-	13,263,141.12
Closing balance	<u>(103,742,730.15)</u>	<u>(8,151,711.40)</u>	<u>(111,894,441.55)</u>
Provision for impairment			
Opening balance	(1,300,000.00)	-	(1,300,000.00)
Closing balance	<u>(1,300,000.00)</u>	<u>-</u>	<u>(1,300,000.00)</u>
Carrying amount			
At end of year	<u>101,169,480.61</u>	<u>12,812,016.62</u>	<u>113,981,497.23</u>
At beginning of year	<u>114,369,466.58</u>	<u>13,074,913.36</u>	<u>127,444,379.94</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

13. Investment properties (Continued)

Subsequent measurement under the cost model (Continued)

2020

	Buildings and constructions	Land use rights	Total
Original cost			
Opening balance	243,610,633.09	22,719,102.03	266,329,735.12
Transfer from fixed assets	200,000.00	-	200,000.00
Transfer to intangible assets	-	(1,730,283.59)	(1,730,283.59)
Transfer to fixed assets	(7,407,446.67)	-	(7,407,446.67)
Disposal or disburse	(10,757,340.64)	-	(10,757,340.64)
Closing balance	<u>225,645,845.78</u>	<u>20,988,818.44</u>	<u>246,634,664.22</u>
Accumulated depreciation and amortisation			
Opening balance	(117,940,803.43)	(8,188,573.39)	(126,129,376.82)
Provision	(5,838,206.47)	(176,289.33)	(6,014,495.80)
Transfer from fixed assets	(64,379.86)	-	(64,379.86)
Transfer to intangible assets	-	450,957.64	450,957.64
Transfer to fixed assets	4,649,383.55	-	4,649,383.55
Disposal or disburse	9,217,627.01	-	9,217,627.01
Closing balance	<u>(109,976,379.20)</u>	<u>(7,913,905.08)</u>	<u>(117,890,284.28)</u>
Provision for impairment			
Opening balance	<u>(1,300,000.00)</u>	-	<u>(1,300,000.00)</u>
Closing balance	<u>(1,300,000.00)</u>	-	<u>(1,300,000.00)</u>
Carrying amount			
At end of year	<u>114,369,466.58</u>	<u>13,074,913.36</u>	<u>127,444,379.94</u>
At beginning of year	<u>124,369,829.66</u>	<u>14,530,528.64</u>	<u>138,900,358.30</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

13. Investment properties (Continued)

During 2021, depreciation and amortisation of investment properties were RMB6,431,203.38 (2020: RMB6,014,495.80).

During 2021, properties with a carrying amount of RMB297,729.92 (original value: RMB1,137,337.42, accumulated depreciation: RMB839,607.50) were leased out to a third party in the form of operating leases. On the date of changing the use of properties, the fixed assets were transferred into investment properties.

During 2021, properties with a carrying amount of RMB7,307,831.32 (original value: RMB20,570,972.44, accumulated depreciation: RMB13,263,141.12) were transferred to an owner-occupied property. On the date of changing the use of properties, the properties were reclassified as fixed assets.

As at 31 December 2021, the Group had no investment properties for which certificates of title have not been obtained.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

14. Fixed assets

	31 December 2021	31 December 2020
Fixed assets	868,626,258.43	854,191,083.27
Disposal of fixed assets	-	-
	<u>868,626,258.43</u>	<u>854,191,083.27</u>

2021

	Buildings and constructions	Machinery and equipment	Motor vehicles	Office equipment	Electronic equipmen t	Total
Original cost						
Opening balance	704,639,396.43	305,450,662.64	96,751,717.47	365,642,213.00	121,068,984.00	1,593,552,973.54
Purchase	1,696,893.60	64,861,380.71	14,649,138.22	36,791,424.25	44,599,211.90	162,598,048.68
Transfer from construction in progress	336,010.23	5,718,395.39	-	3,170,559.22	580,888.56	9,805,853.40
Transfer from investment properties	20,570,972.44	-	-	-	-	20,570,972.44
Business combination not involving enterprises under common control	-	175,767.00	1,378,743.00	1,828,296.82	2,371,967.27	5,754,774.09
Transfer to investment properties	(1,137,337.42)	-	-	-	-	(1,137,337.42)
Disposal or retirement	(244,761.96)	(4,339,706.52)	(10,380,183.71)	(12,284,466.88)	(10,846,861.86)	(38,095,980.93)
Closing balance	<u>725,861,173.32</u>	<u>371,866,499.22</u>	<u>102,399,414.98</u>	<u>395,148,026.41</u>	<u>157,774,189.87</u>	<u>1,753,049,303.80</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

14. Fixed assets (Continued)

2021

	Buildings and constructions	Machinery and equipment	Motor vehicles	Office equipment	Electronic equipment	Total
Accumulated depreciation						
Opening balance	(238,423,991.05)	(148,242,155.24)	(58,335,271.31)	(216,568,139.60)	(77,792,333.07)	(739,361,890.27)
Provision	(27,764,804.44)	(57,298,305.05)	(9,207,720.92)	(33,305,733.71)	(35,110,266.23)	(162,686,830.35)
Transfer from investment properties	(13,263,141.12)	-	-	-	-	(13,263,141.12)
Transfer to investment properties	839,607.50	-	-	-	-	839,607.50
Disposal or retirement	33,914.64	2,072,884.48	9,331,535.41	9,279,653.74	9,331,220.60	30,049,208.87
Closing balance	<u>(278,578,414.47)</u>	<u>(203,467,575.81)</u>	<u>(58,211,456.82)</u>	<u>(240,594,219.57)</u>	<u>(103,571,378.70)</u>	<u>(884,423,045.37)</u>
Provision for impairment						
Opening balance	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Carrying amount						
At end of year	<u>447,282,758.85</u>	<u>168,398,923.41</u>	<u>44,187,958.16</u>	<u>154,553,806.84</u>	<u>54,202,811.17</u>	<u>868,626,258.43</u>
At beginning of year	<u>466,215,405.38</u>	<u>157,208,507.40</u>	<u>38,416,446.16</u>	<u>149,074,073.40</u>	<u>43,276,650.93</u>	<u>854,191,083.27</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

14. Fixed assets (Continued)

2020

	Buildings and constructions	Machinery and equipment	Motor vehicles	Office equipment	Electronic equipment	Total
Original cost						
Opening balance	603,848,760.59	239,741,250.34	90,023,564.89	322,298,724.55	90,133,289.24	1,346,045,589.61
Purchase	1,301,861.39	69,349,747.46	13,341,082.06	39,992,959.88	36,812,781.74	160,798,432.53
Transfer from construction in progress	1,455,115.63	3,321,029.79	-	20,296.00	-	4,796,441.42
Transfer from investment properties	7,407,446.67	-	-	-	-	7,407,446.67
Business combination not involving enterprises under common control	93,390,680.73	1,975,018.76	3,873,907.17	16,236,211.94	10,210,548.23	125,686,366.83
Transfer to investment properties	(200,000.00)	-	-	-	-	(200,000.00)
Disposal or retirement	(2,564,468.58)	(8,936,383.71)	(10,486,836.65)	(12,905,979.37)	(16,087,635.21)	(50,981,303.52)
Closing balance	<u>704,639,396.43</u>	<u>305,450,662.64</u>	<u>96,751,717.47</u>	<u>365,642,213.00</u>	<u>121,068,984.00</u>	<u>1,593,552,973.54</u>
Accumulated depreciation						
Opening balance	(210,725,255.48)	(114,086,892.23)	(58,060,958.31)	(195,644,163.28)	(59,528,147.68)	(638,045,416.98)
Provision	(24,493,901.95)	(40,831,522.87)	(8,724,407.96)	(29,263,986.69)	(30,393,164.67)	(133,706,984.14)
Transfer from investment properties	(4,649,383.55)	-	-	-	-	(4,649,383.55)
Transfer to investment properties	64,379.86	-	-	-	-	64,379.86
Disposal or retirement	1,380,170.07	6,676,259.86	8,450,094.96	8,340,010.37	12,128,979.28	36,975,514.54
Closing balance	<u>(238,423,991.05)</u>	<u>(148,242,155.24)</u>	<u>(58,335,271.31)</u>	<u>(216,568,139.60)</u>	<u>(77,792,333.07)</u>	<u>(739,361,890.27)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

14. Fixed assets (Continued)

2020 (Continued)

	Buildings and constructions	Machinery and equipment	Motor vehicles	Office equipment	Electronic equipment	Total
Provision for impairment						
Opening balance	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Carrying amount						
At end of year	<u>466,215,405.38</u>	<u>157,208,507.40</u>	<u>38,416,446.16</u>	<u>149,074,073.40</u>	<u>43,276,650.93</u>	<u>854,191,083.27</u>
At beginning of year	<u>393,123,505.11</u>	<u>125,654,358.11</u>	<u>31,962,606.58</u>	<u>126,654,561.27</u>	<u>30,605,141.56</u>	<u>708,000,172.63</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

14. Fixed assets (Continued)

As at 31 December 2021, the fixed assets without certificates of ownership are presented as follows:

	Book value	Reason for not accomplishing certification of ownership
Buildings and constructions	24,765,862.39	As at 31 December 2021, the Group has not yet accomplished the certification of title for No.13 Jingxing North Street, Tiexi District, Shenyang. The State-owned Assets Supervision and Administration Commission of Tiexi District, Shenyang, which was the transfer party, was still processing the case and had provided a relevant notification.
Buildings and constructions	38,854,943.08	As at 31 December 2021, the Group has not yet obtained the certification of title for No.53 Nanshi Zhong Road, Tiexi District, Shenyang. The State-owned Assets Supervision and Administration Commission of Tiexi District, Shenyang, which was the transfer party, was still processing the case and had provided a relevant notification.
Buildings and constructions	486,956.52	As at 31 December 2021, the Group failed to apply the property right certification of the title for No.31 Yihe Road, Kaiyuan since the construction area is larger than the approved area. However Kaiyuan City Planning Bureau has issued a certificate of acceptance of construction project completion planning.
Buildings and constructions	119,844.81	As at 31 December 2021, the Group had built a simple warehouse located at No.2 Baiyu Road, Sujiatun District, Shenyang for self-storage. The Group failed to accomplish the property right certification of the warehouse.

As at 31 December 2021 and 31 December 2020, no fixed assets were temporarily idle.

As at 31 December 2021 and 31 December 2020, no fixed assets were rent out for operating lease.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

15. Construction in progress (Continued)

Changes of significant items of construction in progress in 2021 are presented as follows:

Project name	At beginning of the year	Increase	Decrease				At end of year	Source of funds	Proportion of investment to budget (%)
			Transferred to fixed assets	Transferred to intangible assets	Transferred to long-term prepaid expense	Other decrease			
Software project	19,443,779.83	24,794,281.62	-	(19,443,779.83)	-	-	24,794,281.62	Self-raised funds	42.00%
Supply chain extension project	12,248,729.81	9,667,845.86	(9,469,843.17)	-	-	-	12,446,732.50	Self-raised funds	48.61%
Warehouse improvement project	2,357,739.84	30,023,707.75	(336,010.23)	-	(28,862,732.87)	-	3,182,704.49	Self-raised funds/ Specialized borrowings	95.76%
New office building project	2,654,403.71	-	-	-	(2,654,403.71)	-	-	Self-raised funds	100.00%
Other construction projects	<u>9,926,537.04</u>	<u>1,120,773.41</u>	<u>-</u>	<u>-</u>	<u>(1,621,522.36)</u>	<u>-</u>	<u>9,425,788.09</u>	Self-raised funds	5.50%
	<u>46,631,190.23</u>	<u>65,606,608.64</u>	<u>(9,805,853.40)</u>	<u>(19,443,779.83)</u>	<u>(33,138,658.94)</u>	<u>-</u>	<u>49,849,506.70</u>		

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

15. Construction in progress (Continued)

Changes of significant items of construction in progress in 2021 are presented as follows: (Continued)

2021

Project name	Project budget	Project progress(%)	Accumulated amount of borrowings capitalised	Including: borrowings capitalised in the current year	Capitalization rate (%)
Software project	105,427,000.00	42.00%	-	-	-
Supply chain extension project	56,041,053.09	48.61%	-	-	-
Warehouse improvement project	33,824,861.55	95.76%	236,775.17	236,775.17	-
New office building project	3,754,800.69	100.00%	-	-	-
Other construction projects	207,470,727.73	5.50%	-	-	-
			<u>236,775.17</u>	<u>236,775.17</u>	

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

15. Construction in progress (Continued)

Changes of significant items of construction in progress in 2020 are presented as follows:

Project name	At beginning of the year	Increase	Decrease				At end of year	Source of funds	Proportion of investment to budget (%)
			Transferred to fixed assets	Transferred to intangible assets	Transferred to long-term prepaid expense	Other decrease			
Software project	13,197,683.52	19,443,779.83	-	(13,197,683.52)	-	-	19,443,779.83	Self-raised funds	100.00%
Supply chain extension project	8,081,340.80	6,452,163.18	(2,284,774.17)	-	-	-	12,248,729.81	Self-raised funds	57.29%
New office building project	110,090.53	2,685,041.41	-	-	(140,728.23)	-	2,654,403.71	Self-raised funds	66.53%
Warehouse improvement project	<u>1,232,957.94</u>	<u>6,287,811.88</u>	<u>(2,511,667.25)</u>	<u>-</u>	<u>(2,651,362.73)</u>	<u>-</u>	<u>2,357,739.84</u>	Self-raised funds	93.29%
Other construction projects	<u>8,960,503.05</u>	<u>3,391,463.10</u>	<u>-</u>	<u>-</u>	<u>(2,425,429.11)</u>	<u>-</u>	<u>9,926,537.04</u>	Self-raised funds	5.97%
	<u>31,582,575.84</u>	<u>38,260,259.40</u>	<u>(4,796,441.42)</u>	<u>(13,197,683.52)</u>	<u>(5,217,520.07)</u>	<u>-</u>	<u>46,631,190.23</u>		

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

15. Construction in progress (Continued)

Changes of significant items of construction in progress in 2020 are presented as follows: (Continued)

2020

Project name	Project budget	Project progress(%)	Accumulated amount of borrowings capitalised	Including: borrowings capitalised in the current year	Capitalization rate (%)
Supply chain extension project	29,065,907.09	57.29%	-	-	-
Software project	19,443,779.83	100.00%	-	-	-
Warehouse improvement project	6,910,764.45	93.29%	-	-	-
New office building project	4,080,919.77	66.53%	-	-	-
Other construction projects	208,542,337.64	5.97%	-	-	-
			-	-	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

16. Right-of-use assets

2021

	Buildings and constructions	Machinery, transport and office equipment	Others	Total
Cost				
Opening balance	3,642,726,568.57	6,617,052.55	2,418,809.35	3,651,762,430.47
Increase	1,395,603,990.08	1,068,121.83	-	1,396,672,111.91
Business combinations involving enterprises not under common control	41,047,873.29	-	-	41,047,873.29
Disposal	(782,705,015.55)	(2,757,280.62)	-	(785,462,296.17)
Closing balance	<u>4,296,673,416.39</u>	<u>4,927,893.76</u>	<u>2,418,809.35</u>	<u>4,304,020,119.50</u>
Accumulated amortisation				
Opening balance	(1,289,526,014.83)	(5,092,290.96)	(191,731.69)	(1,294,810,037.48)
Accrual	(1,033,746,635.39)	(1,015,033.05)	(95,734.70)	(1,034,857,403.14)
Disposal	598,615,919.44	2,271,741.68	-	600,887,661.12
Closing balance	<u>(1,724,656,730.78)</u>	<u>(3,835,582.33)</u>	<u>(287,466.39)</u>	<u>(1,728,779,779.50)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

16. Right-of-use assets (Continued)

2021 (Continued)

	Buildings and constructions	Machinery, transport and office equipment	Others	Total
Provision for impairment				
Opening balance	-	-	-	-
Closing balance	-	-	-	-
Book value				
The end of the year	2,572,016,685.61	1,092,311.43	2,131,342.96	2,575,240,340.00
The beginning of year	2,353,200,553.74	1,524,761.59	2,227,077.66	2,356,952,392.99

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

16. Right-of-use assets (Continued)

2020

	Buildings and constructions	Machinery, transport and office equipment	Others	Total
Cost				
Opening balance	2,634,697,656.23	14,470,094.95	2,418,809.35	2,651,586,560.53
Increase	992,942,597.22	98,521.31	-	993,041,118.53
Business combination not involving enterprises under common control	463,952,931.93	-	-	463,952,931.93
Disposal	(448,866,616.81)	(7,951,563.71)	-	(456,818,180.52)
Closing balance	<u>3,642,726,568.57</u>	<u>6,617,052.55</u>	<u>2,418,809.35</u>	<u>3,651,762,430.47</u>
Accumulated amortisation				
Opening balance	(652,657,513.16)	(4,075,450.60)	(95,734.70)	(656,828,698.46)
Accrual	(863,616,827.21)	(3,712,235.62)	(95,996.99)	(867,425,059.82)
Disposal	226,748,325.54	2,695,395.26	-	229,443,720.80
Closing balance	<u>(1,289,526,014.83)</u>	<u>(5,092,290.96)</u>	<u>(191,731.69)</u>	<u>(1,294,810,037.48)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

16. Right-of-use assets (Continued)

2020 (Continued)

	Buildings and constructions	Machinery, transport and office equipment	Others	Total
Provision for impairment				
Opening balance	-	-	-	-
Closing balance	-	-	-	-
Book value				
The end of the year	<u>2,353,200,553.74</u>	<u>1,524,761.59</u>	<u>2,227,077.66</u>	<u>2,356,952,392.99</u>
The beginning of year	<u>1,982,040,143.07</u>	<u>10,394,644.35</u>	<u>2,323,074.65</u>	<u>1,994,757,862.07</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

17. Intangible assets

	31 December 2021					31 December 2020	
	<u>669,926,562.82</u>					<u>734,345,179.40</u>	
2021	Land use rights	Software	Trademark and brand use rights	Favourable leases	Distribution network	Franchise	Total
Original cost							
Opening balance	88,694,377.76	198,298,230.20	282,036,925.12	127,486,000.00	283,573,678.24	710,000.00	980,799,211.32
Purchase	-	14,559,921.40	-	-	-	-	14,559,921.40
Business combination not involving enterprises under common control	-	221,415.51	40,440,000.00	-	-	-	40,661,415.51
Transfer from construction in progress	-	19,443,779.83	-	-	-	-	19,443,779.83
Transfer from investment properties	25,090.42	-	-	-	-	-	25,090.42
Disposal or discard	-	(1,207,082.81)	-	-	-	-	(1,207,082.81)
Closing balance	<u>88,719,468.18</u>	<u>231,316,264.13</u>	<u>322,476,925.12</u>	<u>127,486,000.00</u>	<u>283,573,678.24</u>	<u>710,000.00</u>	<u>1,054,282,335.67</u>
Accumulated amortisation							
Opening balance	(30,664,860.97)	(111,160,831.01)	(5,060,783.81)	(37,878,526.79)	(60,979,029.34)	(710,000.00)	(246,454,031.92)
Provision	(1,813,760.30)	(25,870,279.71)	(13,459,390.62)	(7,085,955.88)	(15,975,813.30)	-	(64,205,199.81)
Transfer from investment properties	(3,512.49)	-	-	-	-	-	(3,512.49)
Disposal or discard	-	306,971.37	-	-	-	-	306,971.37
Closing balance	<u>(32,482,133.76)</u>	<u>(136,724,139.35)</u>	<u>(18,520,174.43)</u>	<u>(44,964,482.67)</u>	<u>(76,954,842.64)</u>	<u>(710,000.00)</u>	<u>(310,355,772.85)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

17. Intangible assets (Continued)

2021 (Continued)	Land use rights	Software	Trademark and brand use rights	Favourable leases	Distribution network	Franchise	Total
Provision for impairment							
Opening balance	-	-	-	-	-	-	-
Provision	-	-	(43,000,000.00)	-	(31,000,000.00)	-	(74,000,000.00)
Closing balance	-	-	(43,000,000.00)	-	(31,000,000.00)	-	(74,000,000.00)
Carrying amount							
At end of the year	56,237,334.42	94,592,124.78	260,956,750.69	82,521,517.33	175,618,835.60	-	669,926,562.82
At beginning of the year	58,029,516.79	87,137,399.19	276,976,141.31	89,607,473.21	222,594,648.90	-	734,345,179.40

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

17. Intangible assets (Continued)

2020	Land use rights	Software	Trademarks and brands use rights	Favourable leases	Distribution network	Franchise	Total
Original cost							
Opening balance	62,083,143.97	175,625,594.44	92,349,850.00	127,486,000.00	112,117,142.86	710,000.00	570,371,731.27
Purchase	-	7,672,816.94	-	-	-	-	7,672,816.94
Business combination not involving enterprises under common control	24,880,950.20	2,142,366.10	189,687,075.12	-	171,456,535.38	-	388,166,926.80
Transfer from construction in progress	-	13,197,683.52	-	-	-	-	13,197,683.52
Transfer from investment properties	1,730,283.59	-	-	-	-	-	1,730,283.59
Disposal or discard	-	(340,230.80)	-	-	-	-	(340,230.80)
Closing balance	<u>88,694,377.76</u>	<u>198,298,230.20</u>	<u>282,036,925.12</u>	<u>127,486,000.00</u>	<u>283,573,678.24</u>	<u>710,000.00</u>	<u>980,799,211.32</u>
Accumulated amortisation							
Opening balance	(28,858,577.16)	(88,726,743.09)	(196,850.16)	(30,792,570.91)	(46,298,190.47)	(710,000.00)	(195,582,931.79)
Provision	(1,355,326.17)	(22,774,318.72)	(4,863,933.65)	(7,085,955.88)	(14,680,838.87)	-	(50,760,373.29)
Transfer from investment properties	(450,957.64)	-	-	-	-	-	(450,957.64)
Disposal or discard	-	340,230.80	-	-	-	-	340,230.80
Closing balance	<u>(30,664,860.97)</u>	<u>(111,160,831.01)</u>	<u>(5,060,783.81)</u>	<u>(37,878,526.79)</u>	<u>(60,979,029.34)</u>	<u>(710,000.00)</u>	<u>(246,454,031.92)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

V Notes to the consolidated financial statements (Continued)

17. Intangible assets (Continued)

2020 (Continued)	Land use rights	Software	Trademarks and brands use rights	Favourable leases	Distribution network	Franchise	Total
Provision for impairment							
Opening balance	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-
Carrying amount							
At end of the year	58,029,516.79	87,137,399.19	276,976,141.31	89,607,473.21	222,594,648.90	-	734,345,179.40
At beginning of the year	33,224,566.81	86,898,851.35	92,152,999.84	96,693,429.09	65,818,952.39	-	374,788,799.48

As at 31 December 2021, intangible assets formed through internal research in the year-end book value of intangible assets was 9.10% (31 December 2020: 7.32%).

As at 31 December 2021 and 31 December 2020, there were no intangible assets whose certificates of title have not been obtained..

According to the results of the intangible asset impairment testing, the Group's provision of intangible asset impairment loss of RMB74,000,000.00 for the year was reviewed and approved by the Directors of the Company at its meeting held on March 8, 2022.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

18. Goodwill

2021	Opening balance	Increase during the year Business combinations not under common control	Decrease during the year	Closing balance
Pharmaceutical distribution				
Sinopharm Holding (Jiangmen) Co., Ltd. ("Sinopharm Jiangmen")	27,392,317.73	-	-	27,392,317.73
Sinopharm Holding Shenzhen Yanfeng Co., Ltd. ("Sinopharm Yanfeng")	16,868,644.87	-	-	16,868,644.87
Sinopharm Holding Zhaoqing Co., Ltd. ("Sinopharm Zhaoqing")	2,594,341.53	-	-	2,594,341.53
Sinopharm Holding Shaoguan Co., Ltd. ("Sinopharm Shaoguan")	1,686,496.80	-	-	1,686,496.80
Sinopharm Holding Meizhou Co., Ltd. ("Sinopharm Meizhou")	1,610,819.66	-	-	1,610,819.66
Sinopharm Holding Huizhou Co., Ltd. ("Sinopharm Huizhou")	923,184.67	-	-	923,184.67
Sinopharm Holding Zhanjiang Co., Ltd. ("Sinopharm Zhanjiang")	282,135.55	-	-	282,135.55
Sinopharm Holding Dongguan Co., Ltd. ("Sinopharm Dongguan")	1,499.02	-	-	1,499.02
South Pharma & Trade	2,755,680.62	-	-	2,755,680.62
Foshan Nanhai	88,877,850.51	-	-	88,877,850.51
Sinopharm Holding Zhuhai Co., Ltd. ("Sinopharm Zhuhai")	6,772,561.47	-	-	6,772,561.47
Sinopharm Holding Maoming Co., Ltd. ("Sinopharm Maoming")	66,417.07	-	-	66,417.07
Sinopharm Holding Guoda ForMe Medicines (Shanghai) Co., Ltd. ("ForMe Medicines")	3,033,547.53	-	-	3,033,547.53
Pharmaceutical retail				
Sinopharm Hebei Lerentang Pharmacy Chain Store Co., Ltd. ("Hebei Lerentang")	29,482,149.57	-	-	29,482,149.57
Xiaoyi Guoda Wanmin Baicaotang Pharmacy Chain Store Co., Ltd. ("Xiaoyi Wanmin")	15,866,680.00	-	-	15,866,680.00
Shanxi Guoda Wanmin Pharmacy Chain Store Co., Ltd. ("Shanxi Wanmin")	65,025,000.00	-	-	65,025,000.00
Sinopharm Holding Guoda ForMe Pharmacy Chain Store Shanghai Co., Ltd. ("ForMe Pharmacy Chain Store")	19,405,450.23	-	-	19,405,450.23
Sinopharm Holding Guoda Pharmacy Chain Store Shanghai Co., Ltd. ("Chain Store Shanghai")	5,028,638.00	-	-	5,028,638.00
Sinopharm Holding Guoda Yangzhou Dadesheng Pharmacy Chain Store Co., Ltd. ("Yangzhou Dadesheng")	7,979,000.00	-	-	7,979,000.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

18. Goodwill (Continued)

2021 (Continued)	Opening balance	Increase during the years Business combinations not under common control	Decrease during the year	Closing balance
Pharmaceutical retail (Continued)				
Zhejiang Guoda Pharmacy Co., Ltd. ("Guoda Zhejiang")	3,045,183.85	-	-	3,045,183.85
Sinopharm Holding Guoda Nanjing Pharmacy Chain Store Co., Ltd. ("Guoda Nanjing")	11,598,341.12	-	-	11,598,341.12
Fujian Guoda Pharmacy Chain Store Co., Ltd. ("Guoda Fujian")	1,567,250.76	-	-	1,567,250.76
Sinopharm Holding Guoda Shandong Pharmacy Chain Store Co., Ltd. ("Guoda Shandong")	29,110,409.46	-	-	29,110,409.46
Sinopharm Holding Guoda Shenyang Pharmacy Chain Store Co., Ltd. ("Guoda Shenyang")	41,047,958.08	-	-	41,047,958.08
Liyang Guoda People Pharmacy Chain Store Co., Ltd. ("Guoda Liyang")	107,275,095.74	-	-	107,275,095.74
Sinopharm Holding Hunan Guoda Minshengtang Pharmacy Chain Co., Ltd. ("Guoda Hunan")	41,165,574.64	-	-	41,165,574.64
Quanzhou Guoda Pharmacy Chain Store Co., Ltd. ("Guoda Quanzhou")	41,298,622.59	-	-	41,298,622.59
Sinopharm Holding Guoda Henan Pharmacy Chain Store Co., Ltd. ("Guoda Henan")	22,666,179.77	-	-	22,666,179.77
Guoda Inner Mongolia Sinopharm Guoda Pharmacy Jiangmen Chain Co., Ltd. ("Guoda Jiangmen")	70,485,777.00	-	-	70,485,777.00
Sinopharm Holding Guoda Shanxi Yiyuan Pharmacy Chain Store Co., Ltd. ("Shanxi Yiyuan")	77,350,000.00	-	-	77,350,000.00
Sinopharm Holding Guoda Shanxi Yiyuan Pharmacy Chain Store Co., Ltd. ("Shanxi Yiyuan")	9,080,100.00	-	-	9,080,100.00
Shenzhen Guanganli Pharmacy Chain Store Co., Ltd. store acquisition ("Shenzhen Guanganli")	13,420,000.00	-	-	13,420,000.00
Beijing Golden Elephant Pharmacy Medicine Chain Company Limited ("Beijing Golden Elephant")	64,140,124.36	-	-	64,140,124.36
Guoda Taishan Sinopharm Guoda Taiyuan Tongxinli Pharmacy Co., Ltd. ("Taiyuan Tongxinli")	26,826,120.55	-	-	26,826,120.55
Sinopharm Guoda Taiyuan Tongxinli Pharmacy Co., Ltd. ("Taiyuan Tongxinli")	2,818,647.85	-	-	2,818,647.85
Chaoyang Yongxingtang Pharmacy Chain Store Co., Ltd. ("Chaoyang Yongxingtang") stores' acquisition	25,973,399.17	-	-	25,973,399.17
Inner Mongolia Tongren Pharmacy Chain Store Co., Ltd. ("Inner Mongolia Tongren") stores' acquisition	13,494,000.00	-	-	13,494,000.00
Guoda Pu'er Shanghai Pudong New Area Medicine & Medication Co., Ltd. ("Pudong Medicine")	71,064,684.79	-	-	71,064,684.79
Shanghai Dingqun Chengda Fangyuan Pharmaceutical Group Co., Ltd. ("CDFY")	65,978,042.61	-	-	65,978,042.61
Liaoning Xianzhen Pharmaceutical Chain Co., Ltd. ("Liaoning Xianzhen") stores' acquisition	520,836,246.17	-	-	520,836,246.17
Sinopharm Nantong Puji pharmacy chain Co., Ltd. ("Nantong Puji") stores' acquisition	1,182,443,676.11	-	-	1,182,443,676.11
	34,037,431.66	-	-	34,037,431.66
	-	11,498,100.00	-	11,498,100.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

18. Goodwill (Continued)

2021 (Continued)	Opening balance	Increase during the year Business combinations not under common control	Decrease during the year	Closing balance
Pharmaceutical retail (Continued)				
Shanxi Huimin Kangwei pharmacy chain Co., Ltd. ("Huimin Kangwei") stores' acquisition	-	20,970,000.00	-	20,970,000.00
Disheng Pharmacy Chain	-	158,492,204.21	-	158,492,204.21
	<u>2,772,375,281.11</u>	<u>190,960,304.21</u>	<u>-</u>	<u>2,963,335,585.32</u>
2020	Opening balance	Increase during the year Business combinations not under common control	Decrease during the year	Closing balance
Pharmaceutical distribution				
Sinopharm Jiangmen	27,392,317.73	-	-	27,392,317.73
Sinopharm Yanfeng	16,868,644.87	-	-	16,868,644.87
Sinopharm Zhaoqing	2,594,341.53	-	-	2,594,341.53
Sinopharm Shaoguan	1,686,496.80	-	-	1,686,496.80
Sinopharm Meizhou	1,610,819.66	-	-	1,610,819.66
Sinopharm Huizhou	923,184.67	-	-	923,184.67
Sinopharm Zhanjiang	282,135.55	-	-	282,135.55
Sinopharm Dongguan	1,499.02	-	-	1,499.02
South Pharma & Trade	2,755,680.62	-	-	2,755,680.62
Foshan Nanhai	88,877,850.51	-	-	88,877,850.51
Sinopharm Zhuhai	6,772,561.47	-	-	6,772,561.47
Sinopharm Maoming	66,417.07	-	-	66,417.07
ForMe Medicines	3,033,547.53	-	-	3,033,547.53
Pharmaceutical retail				
Hebei Lerentang	29,482,149.57	-	-	29,482,149.57
Xiaoyi Wanmin	15,866,680.00	-	-	15,866,680.00
Shanxi Wanmin	65,025,000.00	-	-	65,025,000.00
ForMe Pharmacy Chain Store	19,405,450.23	-	-	19,405,450.23
Chain Store Shanghai	5,028,638.00	-	-	5,028,638.00
Yangzhou Dadesheng	7,979,000.00	-	-	7,979,000.00
Guoda Zhejiang	3,045,183.85	-	-	3,045,183.85
Guoda Nanjing	11,598,341.12	-	-	11,598,341.12
Guoda Fujian	1,567,250.76	-	-	1,567,250.76
Guoda Shandong	29,110,409.46	-	-	29,110,409.46
Guoda Shenyang	41,047,958.08	-	-	41,047,958.08
Guoda Liyang	107,275,095.74	-	-	107,275,095.74
Guoda Hunan	41,165,574.64	-	-	41,165,574.64
Guoda Quanzhou	41,298,622.59	-	-	41,298,622.59
Guoda Henan	22,666,179.77	-	-	22,666,179.77
Guoda Inner Mongolia	70,485,777.00	-	-	70,485,777.00
Guoda Jiangmen	77,350,000.00	-	-	77,350,000.00
Shanxi Yiyuan	9,080,100.00	-	-	9,080,100.00
Shenzhen Guanganli stores' acquisition	13,420,000.00	-	-	13,420,000.00
Beijing Golden Elephant	64,140,124.36	-	-	64,140,124.36

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

18. Goodwill (Continued)

2020 (Continued)	Opening balance	Increase during the year		Decrease during the year		Closing balance
		Business combinations not under common control				
Pharmaceutical retail (Continued)						
Guoda Taishan	26,826,120.55	-	-	-	-	26,826,120.55
Taiyuan Tongxinli	2,818,647.85	-	-	-	-	2,818,647.85
Acquisition of store of Chaoyang Yongxingtang	25,973,399.17	-	-	-	-	25,973,399.17
Acquisition of store of Inner Mongolia Tongren	13,494,000.00	-	-	-	-	13,494,000.00
Guoda Pu'er	71,064,684.79	-	-	-	-	71,064,684.79
Pudong Medicine	65,978,042.61	-	-	-	-	65,978,042.61
Shanghai Dingqun	-	520,836,246.17	-	-	-	520,836,246.17
CDFY	-	1,182,443,676.11	-	-	-	1,182,443,676.11
Acquisition of store of Liaoning Xianzhen	-	34,037,431.66	-	-	-	34,037,431.66
	<u>1,035,057,927.17</u>	<u>1,737,317,353.94</u>				<u>2,772,375,281.11</u>

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

2021	Opening balance	Increase		Decrease		Closing balance
		Provision		Disposal		
Pharmaceutical retail						
Guoda Quanzhou	25,000,000.00	-	-	-	-	25,000,000.00
Jilin Tianhe	-	162,690,000.00	-	-	-	162,690,000.00
	<u>25,000,000.00</u>	<u>162,690,000.00</u>				<u>187,690,000.00</u>
2020						
	Opening balance	Increase		Decrease		Closing balance
		Provision		Disposal		
Pharmaceutical retail						
Guoda Quanzhou	<u>25,000,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000,000.00</u>

Guoda Drugstore, the Company's subsidiary, had acquired 70% equity of Yunnan Guoda Disheng Medicine and Disheng Pharmacy Chain in March 2021, which saved rise to goodwill amounting to RMB158,492,204.21. Refer to Note VI (1.1) for more details.

Yangzhou Dadesheng, the Company's subsidiary, had acquired 15 stores of Nantong Puji in March 2021, which saved rise to goodwill amounting to RMB11,498,100.00. Refer to Note VI (1.2) for more details.

Shanxi Wanmin, the Company's subsidiary, had acquired 32 stores of Huimin Kangwei in February 2021, which saved rise to goodwill amounting to RMB20,970,000.00. Refer to Note VI (1.3) for more details.

According to the results of the goodwill impairment test, the proposal of the Group to record a goodwill impairment loss of RMB162,690,000.00 for the year was reviewed and approved by the board meeting of the Company held on 8 March 2022.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

18. Goodwill (Continued)

The goodwill obtained from business combination has been allocated to the operating asset groups of the principle operations in relevant subsidiaries for goodwill impairment test. These asset groups are consistent with the asset groups recognized on the purchase date and in the goodwill impairment test in previous years.

The recoverable amount is determined according to the present value of the expected future cash flow of the operating asset groups of the principle operations of each subsidiary with goodwill. Management estimates future cash flows based on a detailed five-year forecast period and subsequent forecast periods. The projected future cash flows for the detailed forecast period are determined based on the business plan made by management. The estimated future cash flow for the subsequent forecast period is determined by the cash flow of the last year of the detailed forecast period, the Group's business plan, development trends of the industry and other factors.

The recoverable amount of asset groups and asset groups combination is calculated by the five-year budget approved by the management, using the cash flow forecasting method. Cash flow beyond the five-year period is extrapolated refer to the inflation rate.

The key assumptions to determine the cash flow forecast when the Group conducts goodwill impairment test are as follows:

- (1) It is assumed that the entity continues to operate, and there is no major change from the current situation in key aspects such as business scope, sales model and channels, management and other factors that affect production and operation;
- (2) It is assumed that the socio-economic environment where the entity is located will not undergo major changes, and that the relevant laws and regulations of the region where it is located has no major changes from the present;
- (3) It is assumed that the business scope, business mode, and management model of the entity are continuously improved and perfected based on maintaining consistency. The entity can adjust and innovate in a timely manner with the development of the economy;
- (4) It is assumed that interest rates and tax rates will have no significant changes within the specified normal range.

Key assumptions were used to calculate the estimated present values of future cash flow of the asset groups, pharmaceutical distribution and pharmaceutical retail on 31 December 2021. Key assumptions made by the management on projections of cash flows used in goodwill impairment testing are described as follows:

	Pharmaceutical distribution	Pharmaceutical retail
Revenue growth rate in the budget period	2.49%-17.00%	-2.25%-14.03%
Sustainable growth rate	3.00%	3.00%
Gross margin	3.34%-6.20%	12.36%-52.00%
Discount rate	12.40%-15.00%	12.58%-15.00%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

18. Goodwill (Continued)

The management determined the budgeted gross margin and weight average growth rate based on the historical performance and market development expectation. The discount rates are used as pre-tax discount rates reflecting specific risks of the relevant asset groups and groups of asset groups. The above assumptions are used to analyse the recoverable amount of each asset group and group of asset groups in the business segment.

The main operating entity of Shanghai Dingqun is Sinopharm Holding Tianhe Jilin Pharmaceutical Co., Ltd. ("Jilin Tianhe"), which is mainly engaged in pharmaceutical wholesale and retail business. The goodwill formed by the Group's acquisition of Shanghai Dingqun was allocated to Jilin Tianhe in 2021, which was consistent with the asset group determined during the impairment test in 2020.

Jilin Tianhe is mainly engaged in direct sales of medical institutions, commercial pharmaceutical distribution, retail chain, logistics and distribution, etc. Its business is generally composed of wholesale and retail sectors. In 2021, the performance dropped significantly due to the superimposed effects of multiple factors such as the Covid-19 and industry policies.

Pharmaceutical wholesale: In 2021, sales fell due to the impact of the Covid-19, 4+7 centralized purchasing, the general reduction of hospital drug prices caused by the implementation of new standards in Jilin Province, the company's reduction in inventory turnover, and the amount of commodity cooperation with low gross profit contribution, etc. In 2021, the epidemic situation in Jilin Province continued to recur, the number of patients are still limited, the hospital's funds were under great pressure, and payment collection slowed down; Chain customers are affected by the epidemic since the sales of drugs using to cure fever and cough, anti-virus and antibiotics were under control, resulting in a decline in its turnover, and continued pressure on capital turnover, which suppressed the payment of goods from distributors. In this way, the receivables turnover days of Jilin Tianhe's chain customers extended, and Jilin Tianhe's working capital accounted for a relatively high proportion of revenue.

Retail sector: In 2021, the sales of drugs using to cure fever and cough, anti-virus and antibiotics were be removed from the shelves due to controlled sales, resulting in a decline in sales. Meanwhile, customers' consumption habits have changed due to the impact of the epidemic, that online drug purchases have increased. Therefore, the company's sales structure has changed. In 2021, the proportion of B2C business sales increased, expenses increased significantly, and profit margins decreased.

The recoverable amount of the asset groups in which Shanghai Dingqun is included was calculated based on the five-year budget approved by the company's management, using the cash flow forecasting method, and the cash flow beyond the five-year period is calculated refer to the inflation rate. The key assumptions made by the Group when conducting the goodwill impairment test and determining the cash flow forecast are as follows:

Key assumptions	Prediction index
Average revenue growth rate in the budget period	11.91%
Sustainable growth rate	3.00%
Average net interest rate in the budget period	3.12%
Discount rate	12.58%

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

18. Goodwill (Continued)

After a prudent assessment of the recoverable value of Shanghai Dingqun's relevant asset groups, the Group made a provision for impairment of goodwill of RMB162,690,000.00 for the goodwill formed by the acquisition of Shanghai Dingqun during the reporting period.

19. Long-term prepaid expenses

2021	Opening balance	Increase	Amortisation	Other decrease	Closing balance
Fixed asset improvement expenditure of operating leases	336,895,157.13	244,798,669.54	(128,242,371.51)	(5,536,204.71)	447,915,250.45
Acquisition expenditure to obtain the right to operate	95,802,321.95	94,688,249.44	(24,476,725.85)	-	166,013,845.54
Others	25,007,797.01	5,099,952.06	(10,061,403.30)	-	20,046,345.77
	<u>457,705,276.09</u>	<u>344,586,871.04</u>	<u>(162,780,500.66)</u>	<u>(5,536,204.71)</u>	<u>633,975,441.76</u>
2020	Opening balance	Increase	Amortisation	Other decrease	Closing balance
Fixed asset improvement expenditure of operating leases	289,508,030.05	152,559,690.26	(103,648,906.24)	(1,523,656.94)	336,895,157.13
Acquisition expenditure to obtain the right to operate	56,532,005.51	61,782,068.03	(22,511,751.59)	-	95,802,321.95
Others	27,487,932.58	7,479,650.45	(9,951,162.18)	(8,623.84)	25,007,797.01
	<u>373,527,968.14</u>	<u>221,821,408.74</u>	<u>(136,111,820.01)</u>	<u>(1,532,280.78)</u>	<u>457,705,276.09</u>

20. Deferred tax assets/liabilities

Deferred tax assets and deferred tax liabilities before offsetting are as follows:

	31 December 2021		31 December 2020	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Provision for impairment of assets	204,535,469.12	49,334,631.28	170,577,875.56	40,697,280.41
Deductible loss	156,999,428.65	39,093,138.09	30,798,485.93	7,699,621.49
Effect of the lease standard	126,166,577.96	29,685,521.43	93,685,083.09	22,420,179.23
Accrued selling expenses	109,319,247.99	25,802,416.16	113,445,282.36	26,095,709.73
Payroll payable	59,779,846.77	14,472,633.63	47,280,390.08	11,210,512.95
Membership award points	56,953,502.72	13,804,027.96	59,179,220.98	14,575,814.61
Others	15,774,146.45	3,884,627.84	21,096,550.78	4,641,850.41
	<u>729,528,219.66</u>	<u>176,076,996.39</u>	<u>536,062,888.78</u>	<u>127,340,968.83</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

20. Deferred tax assets/liabilities (Continued)

	31 December 2021		31 December 2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Fair value adjustments for a business combination not involving enterprises under common control	636,489,820.31	159,122,455.09	713,703,864.68	178,425,966.17
Fixed assets less than RMB5 million which are deducted at once	168,175,688.17	41,874,528.38	126,722,799.31	31,679,099.86
Changes in fair value of financial assets through other comprehensive income	48,802,552.99	12,200,638.25	85,802,580.28	21,450,645.07
Changes in asset valuation due to change in company policy	14,911,259.12	3,727,814.78	17,160,546.40	4,290,136.60
Others	25,604,493.16	5,359,719.05	25,205,927.86	5,297,761.98
	<u>893,983,813.75</u>	<u>222,285,155.55</u>	<u>968,595,718.53</u>	<u>241,143,609.68</u>

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

	31 December 2021		31 December 2020	
	The amount of offset	Deferred tax assets/liabilities -net	The amount of offset	Deferred tax assets/liabilities-net
Deferred tax assets	<u>46,336,826.62</u>	<u>129,740,169.77</u>	<u>35,222,201.02</u>	<u>92,118,767.81</u>
Deferred tax liabilities	<u>46,336,826.62</u>	<u>175,948,328.93</u>	<u>35,222,201.02</u>	<u>205,921,408.66</u>

The deductible temporary differences and deductible losses that were not recognised as deferred tax assets are presented as follows:

	31 December 2021	31 December 2020
Deductible temporary differences	11,238,147.54	9,435,555.39
Deductible losses (1)	<u>59,698,786.44</u>	<u>61,373,403.25</u>
	<u>70,936,933.98</u>	<u>70,808,958.64</u>

- (1) For those loss-making subsidiaries, as it is not considered probable that taxable profits will be available against which the tax losses can be utilised, the Group has not recognised the deferred tax asset for the accumulated losses amounting to RMB59,698,786.44 of the deductible taxable income of those loss-making subsidiaries.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)**20. Deferred tax assets/liabilities (Continued)**

The deductible losses on unrecognised deferred tax assets will be due in the following years:

	31 December 2021	31 December 2020
2021	-	2,563,056.08
2022	6,641,123.64	10,708,676.12
2023	8,298,591.45	12,443,327.47
2024	23,628,477.37	25,745,840.71
2025	8,439,382.18	9,912,502.87
2026	<u>12,691,211.80</u>	<u>-</u>
	<u>59,698,786.44</u>	<u>61,373,403.25</u>

21. Other non-current assets

	31 December 2021	31 December 2020
Specially approved reserving materials	296,857,937.49	260,590,932.98
Guarantees	101,794,142.50	114,186,431.57
Prepayment for projects and equipment	39,854,590.30	24,809,091.30
Contract assets	16,587,685.64	6,999,074.72
Others	<u>4,891,413.31</u>	<u>1,611,992.27</u>
	<u>459,985,769.24</u>	<u>408,197,522.84</u>

22. Short-term borrowings

	31 December 2021	31 December 2020
Credit borrowings	<u>1,930,467,146.38</u>	<u>1,612,187,020.12</u>

As at 31 December 2021, the weighted average annual interest rate of the above borrowings was 0.44%-4.50% (31 December 2020: 0.56%-5.00%).

As at 31 December 2021 and 31 December 2020, no short-term borrowings of the Group have matured but were not yet paid.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

23. Notes payable

	31 December 2021	31 December 2020
Commercial acceptance bills	73,700,292.69	56,360,197.69
Bank acceptance bills	<u>7,586,516,530.99</u>	<u>7,463,805,077.00</u>
	<u>7,660,216,823.68</u>	<u>7,520,165,274.69</u>

At 31 December 2021 and 31 December 2020, no notes payable of the Group have matured but were not yet paid.

24. Accounts payable

Accounts payable are interest-free and will be paid normally between 1 and 6 months.

	31 December 2021	31 December 2020
Payment for goods	<u>9,057,718,968.14</u>	<u>7,697,451,142.50</u>

At 31 December 2021, significant accounts payable aged over one year were analysed below:

	Amount	Reason
Payment for goods	<u>460,528,323.13</u>	Not yet settled

25. Advanced receivables

	31 December 2021	31 December 2020
Advanced lease payment	<u>19,289,567.44</u>	<u>12,352,466.64</u>

26. Contract liabilities

	31 December 2021	31 December 2020
Contract liabilities	<u>431,303,231.37</u>	<u>368,600,357.14</u>

The ending balance of contract liabilities is the advance payments received by the Group. Generally, after the Group receives the advance payments by the customers for the sales of goods, it will perform the performance obligations and recognise the revenue within about 6 months.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

27. Employee benefits payable

2021	At beginning of the year	Increase	Decrease	At end of the year
Short-term employee benefits	347,602,975.86	3,022,481,722.01	(3,037,343,973.01)	332,740,724.86
Post-employment benefits (defined contribution plan)	9,216,204.49	288,373,093.26	(290,325,654.07)	7,263,643.68
Termination benefits	392,866.75	1,130,908.95	(1,331,018.91)	192,756.79
	<u>357,212,047.10</u>	<u>3,311,985,724.22</u>	<u>(3,329,000,645.99)</u>	<u>340,197,125.33</u>
2020	At beginning of the year	Increase	Decrease	At end of the year
Short-term employee benefits	254,250,943.71	2,659,830,539.44	(2,566,478,507.29)	347,602,975.86
Post-employment benefits (defined contribution plan)	5,057,047.69	122,670,266.27	(118,511,109.47)	9,216,204.49
Termination benefits	332,821.70	1,044,714.24	(984,669.19)	392,866.75
	<u>259,640,813.10</u>	<u>2,783,545,519.95</u>	<u>(2,685,974,285.95)</u>	<u>357,212,047.10</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

27. Employee benefits payable (Continued)

Short-term employee benefits:

2021	At beginning of year	Increase	Decrease	At end of year
Salaries, bonuses, allowances and grants	330,233,181.61	2,620,557,385.11	(2,640,034,334.79)	310,756,231.93
Staff welfare	1,469,381.07	81,943,225.52	(81,516,526.62)	1,896,079.97
Social security contribution	2,194,328.52	160,467,133.87	(157,992,646.14)	4,668,816.25
Including: Medical insurance	1,531,693.95	149,493,307.88	(146,468,248.07)	4,556,753.76
Work injury insurance	84,285.35	6,209,447.97	(6,201,158.86)	92,574.46
Maternity insurance	578,349.22	4,764,378.02	(5,323,239.21)	19,488.03
Housing funds	1,650,393.19	109,436,368.55	(109,112,123.03)	1,974,638.71
Labour union funds and employee education funds	11,183,869.70	47,392,989.69	(46,003,723.16)	12,573,136.23
Other short-term benefits	871,821.77	2,684,619.27	(2,684,619.27)	871,821.77
	<u>347,602,975.86</u>	<u>3,022,481,722.01</u>	<u>(3,037,343,973.01)</u>	<u>332,740,724.86</u>
2020	At beginning of year	Increase	Decrease	At end of year
Salaries, bonuses, allowances and grants	240,039,850.54	2,339,888,250.22	(2,249,694,919.15)	330,233,181.61
Staff welfare	1,390,324.53	78,183,745.16	(78,104,688.62)	1,469,381.07
Social security contribution	1,749,787.15	106,178,873.53	(105,734,332.16)	2,194,328.52
Including: Medical insurance	1,488,183.67	97,295,076.61	(97,251,566.33)	1,531,693.95
Work injury insurance	34,813.39	2,594,296.30	(2,544,824.34)	84,285.35
Maternity insurance	226,790.09	6,289,500.62	(5,937,941.49)	578,349.22
Housing funds	1,461,572.85	91,053,848.06	(90,865,027.72)	1,650,393.19
Labour union funds and employee education funds	8,550,047.84	42,259,342.96	(39,625,521.10)	11,183,869.70
Other short-term benefits	1,059,360.80	2,266,479.51	(2,454,018.54)	871,821.77
	<u>254,250,943.71</u>	<u>2,659,830,539.44</u>	<u>(2,566,478,507.29)</u>	<u>347,602,975.86</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

27. Employee benefits payable (Continued)

Defined contribution plan:

2021	At beginning of year	Increase	Decrease	At end of year
Basic pension insurance	3,593,380.27	272,693,481.30	(274,018,523.28)	2,268,338.29
Unemployment insurance	106,718.12	8,589,082.19	(8,553,196.62)	142,603.69
Contribution to a pension fund	<u>5,516,106.10</u>	<u>7,090,529.77</u>	<u>(7,753,934.17)</u>	<u>4,852,701.70</u>
	<u>9,216,204.49</u>	<u>288,373,093.26</u>	<u>(290,325,654.07)</u>	<u>7,263,643.68</u>
2020	At beginning of year	Increase	Decrease	At end of year
Basic pension insurance	1,971,797.54	113,012,198.11	(111,390,615.38)	3,593,380.27
Unemployment insurance	107,237.57	3,832,752.98	(3,833,272.43)	106,718.12
Contribution to a pension fund	<u>2,978,012.58</u>	<u>5,825,315.18</u>	<u>(3,287,221.66)</u>	<u>5,516,106.10</u>
	<u>5,057,047.69</u>	<u>122,670,266.27</u>	<u>(118,511,109.47)</u>	<u>9,216,204.49</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

27. Employee benefits payable (Continued)

Termination benefits:

2021	At beginning of year	Increase	Decrease	At end of year
Retirement benefits payable - within 1 year (Note V (35))	205,673.65	166,000.00	(232,605.96)	139,067.69
Other termination benefits (1)	<u>187,193.10</u>	<u>964,908.95</u>	<u>(1,098,412.95)</u>	<u>53,689.10</u>
	<u>392,866.75</u>	<u>1,130,908.95</u>	<u>(1,331,018.91)</u>	<u>192,756.79</u>

Termination benefits:

2020	At beginning of year	Increase	Decrease	At end of year
Retirement benefits payable - within 1 year (Note V (35))	247,866.06	182,000.00	(224,192.41)	205,673.65
Other termination benefits (1)	<u>84,955.64</u>	<u>862,714.24</u>	<u>(760,476.78)</u>	<u>187,193.10</u>
	<u>332,821.70</u>	<u>1,044,714.24</u>	<u>(984,669.19)</u>	<u>392,866.75</u>

(1) In 2021, other termination benefits for termination labour relations provided by the Group were RMB964,908.95 and the unpaid balance at the end of the year was RMB53,689.10 (2020: Other termination benefits for termination labour relations were RMB862,714.24, and the unpaid balance at the end of the year was RMB187,193.10).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

28. Tax payable

	31 December 2021	31 December 2020
Corporate Income taxes	178,870,986.61	173,016,908.47
Value-added tax	116,033,746.26	102,586,862.95
Stamp duty	9,920,803.28	8,243,076.57
City maintenance and construction surtax	8,285,798.93	6,993,947.17
Individual income tax	7,421,770.17	6,790,402.61
Educational surcharge	6,128,676.48	5,254,608.43
Water conservancy fund	1,904,421.45	5,586,926.64
Property tax	1,166,484.81	664,697.78
Land use tax	63,985.06	54,028.60
Others	7,367,407.14	7,675,689.94
	<u>337,164,080.19</u>	<u>316,867,149.16</u>

29. Other payables

	31 December 2021	31 December 2020
Interest payable	31,587,062.03	35,572,620.82
Dividend payable	30,140,616.33	6,389,320.96
Other payables	<u>1,653,019,308.10</u>	<u>1,557,204,939.36</u>
	<u>1,714,746,986.46</u>	<u>1,599,166,881.14</u>

Interest payable

	31 December 2021	31 December 2020
Factoring interest on accounts receivable	<u>31,587,062.03</u>	<u>35,572,620.82</u>

Dividend payable

	31 December 2021	31 December 2020
Jilin Yihe Investment Consulting Co. Ltd	22,635,133.81	-
Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharm")	4,835,511.58	4,835,511.58
Dividend payable to Zhang Zhenfang	2,505,800.87	1,389,639.31
Meiluo Pharmaceutical Co., Ltd.	<u>164,170.07</u>	<u>164,170.07</u>
	<u>30,140,616.33</u>	<u>6,389,320.96</u>

As at 31 December 2021 and 31 December 2020, the Group had no significant dividend aged more than one year and not yet paid.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

29. Other payables (Continued)

Other payables

	31 December 2021	31 December 2020
Payables for factoring programs	549,837,612.90	576,523,284.81
Deposits	449,660,261.02	472,800,624.92
Accrued expenses	230,547,704.07	213,950,722.34
Equity payable	125,000,000.00	38,702,372.01
Payables for rentals	95,330,986.78	68,417,303.16
Payables for construction in progress and equipment	53,913,827.67	40,898,589.59
Collection of others	28,674,847.66	19,119,286.19
Payables to individuals	17,809,022.64	25,869,320.67
Temporary loans	9,984,512.61	11,017,981.51
Payables for land transfer payments	7,486,500.00	12,597,500.00
Payables to related parties	596,258.19	5,093,263.36
Others	84,177,774.56	72,214,690.80
	<u>1,653,019,308.10</u>	<u>1,557,204,939.36</u>

At 31 December 2021, significant other payables outstanding for over 1 year are as follows:

	Amount payable	Reason for outstanding
Payables for deposits	18,256,859.55	Payment conditions not met
Temporary loans	9,800,000.00	Payment conditions not met
Payables for land transfer payments	<u>7,486,500.00</u>	Payment conditions not met
	<u>35,543,359.55</u>	

30. Non-current liabilities due within one year

	31 December 2021	31 December 2020
Lease liabilities due within 1 year (Note V (33))	<u>848,328,648.14</u>	<u>748,732,059.89</u>
	<u>848,328,648.14</u>	<u>748,732,059.89</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

31. Other current liabilities

	31 December 2021	31 December 2020
VAT collected in advance	27,078,191.86	24,142,106.09
Output VAT to be recognised	418,081.05	644,972.46
Others	12,089,196.74	-
	<u>39,585,469.65</u>	<u>24,787,078.55</u>

32. Long-term borrowings

	31 December 2021	31 December 2020
Credit loans	40,000,000.00	-
Entrusted loans	31,637,173.89	31,637,173.89
	<u>71,637,173.89</u>	<u>31,637,173.89</u>

As at 31 December 2021, the balance of credit loans was RMB40,000,000.00 (31 December 2020: nil), the weighted average annual interest rate of the entrusted loans was 4.05% (31 December 2020: nil).

As at 31 December 2021, the balance of entrusted loans was RMB31,637,173.89 (31 December 2020: RMB 31,637,173.89). CNPGC entrusted Sinopharm Group Finance Co., Ltd. to provide the loans. As at 31 December 2021, the weighted average annual interest rate of the entrusted loans was 3.85% (31 December 2020: 3.85%).

33. Lease liabilities

	31 December 2021	31 December 2020
Lease payment	2,400,604,558.67	2,217,275,863.33
Unrecognised financing expenses	(176,848,033.25)	(165,489,639.54)
Less: Lease liabilities due within 1 year (Note V (30))	848,328,648.14	748,732,059.89
	<u>1,375,427,877.28</u>	<u>1,303,054,163.90</u>

34. Long-term payables

	31 December 2021	31 December 2020
Payables for specific projects	6,938,189.00	6,938,189.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

34. Long-term payables (Continued)

Payables for specific projects

2021	At beginning of year	Increase	Decrease	At end of year
Medical reserve funds (1)	6,138,189.00	-	-	6,138,189.00
Special funds granted by the government (2)	<u>800,000.00</u>	<u>-</u>	<u>-</u>	<u>800,000.00</u>
	<u>6,938,189.00</u>	<u>-</u>	<u>-</u>	<u>6,938,189.00</u>
2020	At beginning of year	Increase	Decrease	At end of year
Medical reserve funds (1)	-	6,138,189.00	-	6,138,189.00
Special funds granted by the government (2)	<u>800,000.00</u>	<u>-</u>	<u>-</u>	<u>800,000.00</u>
	<u>800,000.00</u>	<u>6,138,189.00</u>	<u>-</u>	<u>6,938,189.00</u>

(1) The medical reserve funds were allocated by the Liaoning Province Department of Finance to Liaoning Chengda Fangyuan Pharmaceutical Chain Co., Ltd. ("Liaoning Chengda Pharmacy Chains"), which was incorporated into the consolidation financial statements in 2020.

(2) The specific payables are research funds allocated by government departments and are accounted for the specific payable account at the time of allocation.

35. Long-term employee benefits payable

	31 December 2021	31 December 2020
Long-term termination benefits	965,000.00	1,049,000.00
Net liabilities of defined benefit plans	<u>237,000.00</u>	<u>270,000.00</u>
	<u>1,202,000.00</u>	<u>1,319,000.00</u>
	31 December 2021	31 December 2020
Early retirement benefits payable	1,341,067.69	1,524,673.65
Less: Retirement benefits payable within 1 year (Note V (27))	<u>139,067.69</u>	<u>205,673.65</u>
	<u>1,202,000.00</u>	<u>1,319,000.00</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

35. Long-term employee benefits payable (Continued)

Some employees of the Group have enrolled into early retirement. The primary actuarial assumptions adopted at the end of the reporting period are presented as follows:

	31 December 2021	31 December 2020
Discount rate	3.00%	3.25%
Growth rate of wages	6.00%	6.00%

The total post-employment benefits recognised in profit or loss of the current year are shown below:

	2021	2020
Included in administrative expenses	2,000.00	17,000.00
Included in finance costs	<u>47,000.00</u>	<u>51,000.00</u>
	<u>49,000.00</u>	<u>68,000.00</u>

36. Accrued liabilities

	At beginning of year	Increase	Decrease	At ending of year
Pending litigation or arbitration (1)	<u>68,808,166.79</u>	<u>-</u>	<u>(68,808,166.79)</u>	<u>-</u>

- (1) Pending litigation or arbitration mainly includes: four companies with Zhang Peng as the actual controller signed several contracts with Shenyang Branch of Bank of Dalian Co., Ltd. ("the Bank") in previous years, which agreed that the above companies would transfer their creditor's rights of accounts receivable of Liaoning Cdfy Pharm Co., Ltd. ("Liaoning Cdfy Pharm") to the Bank, and the Bank would conduct factoring business for the above companies in accordance with the agreement. As the four companies failed to pay the relevant amount to the Bank, the Bank filed a lawsuit to the People's Court, requesting Liaoning Cdfy Pharm and its parent company, CDFY, to assume the corresponding legal responsibilities. Chengda Pharmaceutical Chain recognised the accrued liabilities of RMB68,663,166.79 in accordance with the progress of the case. In 2021, Liaoning Cdfy Pharm paid all the money to the Bank according to the judgment.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

37. Deferred income

2021	Opening balance	Increase	Decrease	Closing balance
Government grants	89,559,628.65	7,551,767.34	(10,709,176.45)	86,402,219.54
Input tax plus and minus	<u>283,954.72</u>	<u>2,323,372.25</u>	<u>(2,092,494.73)</u>	<u>514,832.24</u>
	<u>89,843,583.37</u>	<u>9,875,139.59</u>	<u>(12,801,671.18)</u>	<u>86,917,051.78</u>
2020	Opening balance	Increase	Decrease	Closing balance
Government grants	88,471,539.41	7,736,003.12	(6,647,913.88)	89,559,628.65
Input tax plus and minus	<u>232,733.47</u>	<u>1,654,660.85</u>	<u>(1,603,439.60)</u>	<u>283,954.72</u>
	<u>88,704,272.88</u>	<u>9,390,663.97</u>	<u>(8,251,353.48)</u>	<u>89,843,583.37</u>

As at 31 December 2021, deferred income from government grants is as follows:

Government grants program	Opening balance	Addition in the year	Amount included in other income in the year	Other changes	Closing balance	Asset-related/income-related
Resettlement compensation (1)	70,158,624.05	-	-	(2,698,408.56)	67,460,215.49	Asset-related
Logistics project of Nanning Economic Development Zone construction support funds	4,846,565.87	-	(186,406.44)	-	4,660,159.43	Asset-related
Construction fund of the modern supply chain system in the central circulation field in 2018	4,353,019.54	4,650,000.00	(2,242,364.74)	-	6,760,654.80	Asset-related
Subsidies for pharmaceutical supply chain projects	-	2,800,000.00	(889,995.63)	-	1,910,004.37	Asset-related
Guangzhou logistics standardisation pilot project	1,722,518.87	-	(546,246.84)	-	1,176,272.03	Asset-related
Funds for the logistics information platform project of the pharmaceutical storage centre	809,523.99	-	(142,857.12)	-	666,666.87	Asset-related
Comprehensive experimental modern service industry subsidies	900,000.00	-	(300,000.00)	-	600,000.00	Asset-related
Special funds for industrial transformation and upgrading in dualised integration projects	827,658.18	-	(434,938.08)	-	392,720.10	Asset-related
Other projects	<u>5,941,718.15</u>	<u>101,767.34</u>	<u>(2,809,211.08)</u>	<u>(458,747.96)</u>	<u>2,775,526.45</u>	Asset-related/income-related
	<u>89,559,628.65</u>	<u>7,551,767.34</u>	<u>(7,552,019.93)</u>	<u>(3,157,156.52)</u>	<u>86,402,219.54</u>	

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

37. Deferred income (Continued)

As at 31 December 2020, deferred income from government grants is as follows:

Government grants program	Opening balance	Addition in the year	Amount included in other income in the year	Other changes	Closing balance	Asset-related/ income-related
Resettlement compensation (1)	72,857,032.61	-	-	(2,698,408.56)	70,158,624.05	Asset-related
Logistics project of Nanning Economic Development Zone construction support funds	5,032,972.31	-	(186,406.44)	-	4,846,565.87	Asset-related
Construction fund of the modern supply chain system in the central circulation field in 2018	2,364,075.79	2,651,300.00	(662,356.25)	-	4,353,019.54	Asset-related
Guangzhou Logistics standardisation pilot project	2,268,765.71	-	(546,246.84)	-	1,722,518.87	Asset-related
Special funds for industrial transformation and upgrading in dualised integration projects	1,276,698.66	-	(449,040.48)	-	827,658.18	Asset-related
Comprehensive experimental modern service industry subsidies	1,200,000.00	-	(300,000.00)	-	900,000.00	Asset-related
Funds for the logistics information platform project of the pharmaceutical storage centre	952,381.11	-	(142,857.12)	-	809,523.99	Asset-related
Other projects	<u>2,519,613.22</u>	<u>5,084,703.12</u>	<u>(1,367,821.15)</u>	<u>(294,777.04)</u>	<u>5,941,718.15</u>	Asset-related/ income-related
	<u>88,471,539.41</u>	<u>7,736,003.12</u>	<u>(3,654,728.28)</u>	<u>(2,993,185.60)</u>	<u>89,559,628.65</u>	

- (1) Due to the implementation of urban planning for old town reconstruction in Nanning, the operating centre of Guangxi Logistics, which was located in Longteng Road District, Nanning City, was to be reconstructed in another place. According to the agreement signed between Guangxi Logistics and the real estate developer, Guangxi Logistics would obtain a compensation of RMB120,250,000.00, including cash of RMB50,000,000.00 and a property in construction equal to a value of RMB70,250,000.00. Cash compensation of RMB50,000,000.00 was received in May 2012. In year 2015, construction property with a value of RMB70,250,000.00 was built and delivered, which had been recognised as investment property.

The compensation relating to the capital expenditure in the reconstruction of the new logistics centre in another place, amounting to RMB93,320,000.00, was recognised as deferred income and would be amortised and recognised in the income statement within the expected useful lives using the straight-line method, and the other cash compensation, with amount approximates of RMB26,930,000.00 was recognised in the income statement in 2012.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

38. Other non-current liabilities

	31 December 2021	31 December 2020
Medical reserve funds (1)	560,495,462.17	711,029,182.37
Equity payable	71,400,000.00	-
Product promotion accumulative points programme (2)	32,479,462.95	29,815,911.17
Others	6,140.53	17,896.05
	<u>664,381,065.65</u>	<u>740,862,989.59</u>

(1) The medical reserve funds includes the Central Medical Reserve Funds, the Provincial Reserve Funds, the Municipal Reserve Funds, and the Emergency Reserve Funds allocated by the Central Ministry of Finance to establish the system of reserve medical supplies for public health emergencies. In the future, according to government instructions, purchase designated reserve pharmaceutical products.

(2) The product promotion accumulative points programme refers to those product-originated accumulative points that remain surplus for more than one year before the expiration date.

39. Share capital

2021	At beginning of the year	Increase/decrease during the current year			At end of the year
		Issue of new shares	Others	Subtotal	
Listed shares without restriction of trading:					
-A shares, listed	367,733,625.00	-	-	-	367,733,625.00
-B shares, listed	54,884,475.00	-	-	-	54,884,475.00
Listed shares with restriction of trading:					
-State-owned legal persons shares	5,505,770.00	-	-	-	5,505,770.00
-Natural persons registered within China shares	3,113.00	-	-	-	3,113.00
	<u>428,126,983.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428,126,983.00</u>
2020	At beginning of the year	Increase/decrease during the current year			At end of the year
		Issue of new shares	Others	Subtotal	
Listed shares without restriction of trading:					
-A shares, listed	307,744,355.00	-	59,989,270.00	59,989,270.00	367,733,625.00
-B shares, listed	54,884,475.00	-	-	-	54,884,475.00
Listed shares with restriction of trading:					
-State-owned legal person shares	60,380,743.00	-	(54,874,973.00)	(54,874,973.00)	5,505,770.00
-Legal persons registered within China shares	5,114,297.00	-	(5,114,297.00)	(5,114,297.00)	-
-Natural persons registered within China shares	3,113.00	-	-	-	3,113.00
	<u>428,126,983.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428,126,983.00</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

40. Capital surplus

2021	At beginning of the year	Increase	Decrease	At end of the year
Share premium	2,118,174,787.27	-	-	2,118,174,787.27
Other capital surplus -				
Significant reorganisation	1,173,907,763.19	-	-	1,173,907,763.19
Transfer of capital surplus recognised under the previous accounting system	2,650,322.00	-	-	2,650,322.00
Other changes in equity of invested units under the equity method (1)	(52,403,860.01)	-	(701,946.29)	(53,105,806.30)
Business combination under common control (2)	9,890,417.88	-	-	9,890,417.88
Others	1,120,284,623.39	-	-	1,120,284,623.39
	<u>4,372,504,053.72</u>	<u>-</u>	<u>(701,946.29)</u>	<u>4,371,802,107.43</u>
2020	At beginning of the year	Increase	Decrease	At end of the year
Share premium	2,118,174,787.27	-	-	2,118,174,787.27
Other capital surplus -				
Significant reorganisation	1,173,907,763.19	-	-	1,173,907,763.19
Transfer of capital surplus recognised under the previous accounting system	2,650,322.00	-	-	2,650,322.00
Other changes in equity of invested units under the equity method (1)	(52,009,984.28)	-	(393,875.73)	(52,403,860.01)
Business combination under common control (2)	107,759,447.87	-	(97,869,029.99)	9,890,417.88
Others	1,120,284,623.39	-	-	1,120,284,623.39
	<u>4,470,766,959.44</u>	<u>-</u>	<u>(98,262,905.72)</u>	<u>4,372,504,053.72</u>

- (1) A decrease of RMB701,946.29 in other changes in equity of the invested entity under the equity method in the current year, which was due to the decrease of other changes in equity of the Group's associate company, Shyndec Pharma, decreased the book value of a long-term equity investment and wrote down the capital reserve of RMB701,946.29.

A decrease of RMB393,875.73 in other changes in equity of the invested entity under the equity method in 2020, which was due to the decrease of other changes in equity of the Group's associate company, Shyndec Pharma, decreased the book value of a long-term equity investment and included in capital surplus of RMB393,875.73.

- (2) The Company's subsidiary, Guoda Drugstore, acquired Pudong Medicine, an enterprise under common control on 2 January, 2020, which formed a business combination under common control (Note VI (2)). The reporting entity formed after the deemed merger has existed since the final controller began to control. When preparing and comparing the consolidated financial statements, the items of the previous financial statements shall be adjusted. At 2020, the Company restated and confirmed the capital reserve of RMB107,759,447.87, offsetting the capital reserve of RMB107,759,447.87 at the consolidation date. The capital surplus was recognised at RMB9,890,417.88 based on the difference between the book value of identifiable net assets and the consideration payments at the consolidation date.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

41. Other comprehensive income

Accumulated balance of other comprehensive income attributable to owners of the parent in the consolidated balance sheet:

	1 January 2021	Increase/(decrease)	31 December 2021
Change in the fair value of other equity investments	38,611,051.04	(16,650,012.28)	21,961,038.76
Other comprehensive income using the equity method that may be reclassified to profit or loss	<u>(128,033.32)</u>	<u>41,192.92</u>	<u>(86,840.40)</u>
	<u>38,483,017.72</u>	<u>(16,608,819.36)</u>	<u>21,874,198.36</u>
	1 January 2020	Increase/(decrease)	31 December 2020
Change in the fair value of other equity investments	46,050,708.96	(7,439,657.92)	38,611,051.04
Other comprehensive income using the equity method that may be reclassified to profit or loss	<u>(133,366.19)</u>	<u>5,332.87</u>	<u>(128,033.32)</u>
	<u>45,917,342.77</u>	<u>(7,434,325.05)</u>	<u>38,483,017.72</u>

The current occurrence amount of other comprehensive income in the consolidated income statement is as follows:

2021

	Occurrence amount before tax	Less: Income tax	Attributable to owners of the parent	Attributable to non-controlling interests
Other comprehensive income that will not be reclassified to profit or loss				
Change in the fair value of other equity investments	(37,000,027.29)	9,250,006.82	(16,650,012.28)	(11,100,008.19)
Other comprehensive income that may be reclassified to profit or loss				
Other comprehensive income using the equity method that may be reclassified to profit or loss	<u>41,192.92</u>	<u>-</u>	<u>41,192.92</u>	<u>-</u>
	<u>(36,958,834.37)</u>	<u>9,250,006.82</u>	<u>(16,608,819.36)</u>	<u>(11,100,008.19)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

41. Other comprehensive income (Continued)

2020

	Occurrence amount before tax	Less: Income tax	Attributable to owners of the parent	Attributable to non-controlling interests
Other comprehensive income that will not be reclassified to profit or loss				
Change in the fair value of other equity investments	(16,532,659.72)	4,133,164.93	(7,439,657.92)	(4,959,836.87)
Other comprehensive income that may be reclassified to profit or loss				
Other comprehensive income using the equity method that may be reclassified to profit or loss	<u>5,332.87</u>	<u>-</u>	<u>5,332.87</u>	<u>-</u>
	<u>(16,527,326.85)</u>	<u>4,133,164.93</u>	<u>(7,434,325.05)</u>	<u>(4,959,836.87)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

42. Surplus reserves

	31 December 2021	31 December 2020
Statutory surplus reserves	<u>214,063,491.50</u>	<u>214,063,491.50</u>

According to the provisions of the Company Law and the Company's articles of association, the Company appropriates statutory surplus reserves at 10% of the net profit. Where the accumulated amount of surplus reserves reaches 50% or more of the Company's registered capital, additional appropriation is not required. When approved, the discretionary surplus reserves can be used to recover accumulated losses or increase share capital. The accumulated amount of the statutory surplus reserves of the Company has already reached 50% of the registered capital. According to the Company's articles of association, the Company is not required to continue to appropriate the surplus reserves.

43. Retained earnings

	31 December 2021	31 December 2020
Retained earnings at the end of the prior year before adjustment	8,895,145,106.39	7,755,295,537.08
Adjust: Business combination under common control (1)	<u>-</u>	<u>(3,029,877.91)</u>
Retained earnings at the end of the prior year after adjustment	8,895,145,106.39	7,752,265,659.17
Add: Net profit attributable to the parent	1,336,427,752.22	1,401,892,593.23
Less: Withdrawal from the surplus reserves	-	-
Cash dividends payable for ordinary shares (2)	342,501,586.40	256,876,189.80
Others	<u>-</u>	<u>2,136,956.21</u>
Retained earnings at end of year	<u>9,889,071,272.21</u>	<u>8,895,145,106.39</u>

(1) Due to the change in the scope of business combination under the common control, the undistributed profit at the beginning of the year was RMB0.00 (2020: decreased by RMB3,029,877.91).

(2) Pursuant to the resolution of the General Meeting of shareholders on 28 April 2021, the Company paid a cash dividend of RMB8.00 for every 10 shares to all shareholders. The cash dividend was calculated on the basis of 428,126,983 shares in issue, with an aggregate amount of RMB342,501,586.40.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

44. Operating revenue and cost

	2021		2020	
	Revenue	Cost	Revenue	Cost
Principal operations	67,647,803,370.00	60,117,131,141.65	59,129,559,267.80	52,474,778,734.75
Other operations	710,006,201.99	222,166,910.59	519,895,744.23	116,988,729.62
	<u>68,357,809,571.99</u>	<u>60,339,298,052.24</u>	<u>59,649,455,012.03</u>	<u>52,591,767,464.37</u>

Revenue is as follows:

	2021	2020
Revenue from contracts with customers	68,263,151,536.38	59,575,293,446.98
Rentals	94,658,035.61	74,161,565.05
	<u>68,357,809,571.99</u>	<u>59,649,455,012.03</u>

Disaggregation of revenue from contracts with customers is as follows:

	2021	2020
Place of business		
China	<u>68,263,151,536.38</u>	<u>59,575,293,446.98</u>
Types of major activities		
Pharmaceutical distribution	47,415,894,164.79	41,771,721,959.60
Retail pharmacy	20,546,784,164.42	17,626,007,757.96
Others	<u>300,473,207.17</u>	<u>177,563,729.42</u>
	<u>68,263,151,536.38</u>	<u>59,575,293,446.98</u>
Types of major goods		
Pharmaceuticals	60,694,809,091.70	54,004,558,520.07
Medical devices and disposables	5,831,199,233.19	4,010,735,060.66
Diagnostic reagents	994,724,313.55	947,638,322.63
Medical equipment	441,945,690.77	434,797,814.20
Others	<u>300,473,207.17</u>	<u>177,563,729.42</u>
	<u>68,263,151,536.38</u>	<u>59,575,293,446.98</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

44. Operating revenue and cost (Continued)

Disaggregation of revenue from contracts with customers is as follows: (Continued)

	2021	2020
Timing of revenue recognition		
At a point in time		
Sale of goods	67,962,678,329.21	59,397,729,717.56
Over time		
Provision of services	123,347,496.99	68,569,069.02
Storage and logistics	177,125,710.18	108,994,660.40
	<u>68,263,151,536.38</u>	<u>59,575,293,446.98</u>

Revenue recognised that was included in contract liabilities at the beginning of the year is as follows:

	2021	2020
Sale of goods	<u>368,600,357.14</u>	<u>302,650,567.97</u>

Information about the Group's performance obligations is summarised below:

- (1) Revenue is recognised when control of the goods has transferred, and payment is generally due within 30 to 210 days from delivery;
- (2) Revenue is recognised in the service duration and the payment is generally due within 30 to 210 days after the service is completed.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

45. Taxes and surcharges

	2021	2020
City maintenance and construction tax	61,522,088.57	59,276,259.36
Stamp duty	46,171,015.32	39,538,983.99
Educational surcharge	44,666,008.44	43,510,012.21
Property tax	9,265,222.92	7,664,420.10
River & embankment maintenance fee	4,588,775.31	1,949,549.82
Land tax	1,653,652.98	1,174,966.86
Vehicle and vessel use tax	186,063.72	194,779.35
Others	1,414,741.01	1,322,475.51
	<u>169,467,568.27</u>	<u>154,631,447.20</u>

46. Selling expenses

	2021	2020
Employee benefits	2,455,601,404.16	2,043,118,426.77
Depreciation expenses of right-of-use assets	952,094,987.01	835,697,733.77
Rental expenses	247,722,061.87	158,482,491.26
Technical service fee	217,961,408.80	131,325,755.99
Amortisation of long-term deferred expenses	141,330,721.55	115,379,262.15
Depreciation expenses of fixed assets	120,553,856.31	97,651,219.31
Utilities	89,553,600.70	78,849,800.64
Office expense	83,255,087.05	66,308,505.21
Storage expenses	48,647,528.57	36,065,016.61
Promotion and marketing expenses	44,119,240.26	49,558,552.69
Amortisation of intangible assets	38,160,273.97	27,930,125.84
Property management fee	37,012,324.99	31,062,038.32
Entertainment expenses	33,588,865.45	33,444,574.42
Repairing fees	20,378,201.18	20,602,212.23
Market development fee	14,481,534.88	21,647,420.16
Conference expenses	9,568,265.21	16,225,584.87
Travel allowances	8,845,804.34	7,965,661.14
Others	189,987,798.79	171,819,714.37
	<u>4,752,862,965.09</u>	<u>3,943,134,095.75</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

47. Administrative expenses

	2021	2020
Employee benefits	747,801,690.81	699,697,917.02
Office expense	33,742,241.05	35,056,907.24
Rental expenses	31,250,655.07	26,955,390.76
Depreciation expenses of fixed assets	30,152,734.89	30,748,526.91
Amortisation of intangible assets	24,861,994.05	22,075,334.76
Depreciation expenses of right-of-use assets	21,678,755.56	23,903,526.11
Technical service fee	18,400,911.07	30,879,626.54
Entertainment expenses	17,777,998.29	15,641,332.80
Amortisation of long-term deferred expenses	17,034,583.67	16,330,808.19
Agency service fee	13,981,262.75	16,719,272.96
Property management fee	10,905,353.41	6,252,043.20
Travel allowance	9,403,623.64	8,372,052.69
Vehicle management expenses	8,235,227.55	8,036,500.07
Utilities	7,507,638.59	5,303,905.41
Repairing fee	6,473,496.59	5,803,015.00
Others	46,427,434.18	56,402,656.12
	<u>1,045,635,601.17</u>	<u>1,008,178,815.78</u>

48. Finance costs

	2021	2020
Interest expenses	288,038,760.87	258,189,163.79
Less: Interest income	74,297,769.23	136,455,990.10
Cash discount from purchase	41,885,182.05	41,965,157.97
Exchanges gain/(loss)	(414,505.08)	52,538.86
Others	41,041,497.39	40,034,615.27
	<u>212,482,801.90</u>	<u>119,855,169.85</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

49. Other income

	2021	2020
Government subsidies relate to daily life	72,750,642.95	56,187,061.03
VAT reduction for small-scale taxpayers	26,776,183.34	12,478,277.50
VAT additional deduction	2,132,908.71	1,754,349.24
Tax preference for self-employed retired soldiers	916,571.72	861,689.99
Taxation service charge refund	841,756.38	1,082,430.43
	<u>103,418,063.10</u>	<u>72,363,808.19</u>

Government subsidies relate to daily life as below:

	2021	2020	Related to asset/ income
Construction fund of the modern supply chain system in the central circulation field in 2018	2,242,364.74	662,356.25	Related to asset
Transfer from other deferred income	1,177,259.66	1,019,634.01	Related to asset
Subsidies for pharmaceutical supply chain projects	889,995.63	-	Related to asset
Guangzhou logistics standardisation pilot project	546,246.84	546,246.84	Related to asset
Industrial transformation and upgrading in dualised integration project	434,938.08	449,040.48	Related to asset
Comprehensive experimental modern service industry subsidies	300,000.00	300,000.00	Related to asset
Job stabilisation grants	22,761,628.20	23,907,132.61	Related to income
Government support funding	17,276,483.87	5,693,338.30	Related to income
Tax return	9,474,220.65	6,362,566.77	Related to income
Government grants for medicine reserve expenses	5,048,631.31	3,280,609.72	Related to income
Subsidies related to COVID-19	2,500,298.40	4,860,421.11	Related to income
Enterprise economy awards	2,083,310.00	4,103,804.00	Related to income
Enterprise economic contribution awards	186,000.00	-	Related to income
Others	7,829,265.57	5,001,910.94	Related to income
	<u>72,750,642.95</u>	<u>56,187,061.03</u>	

50. Investment income

	2021	2020
Long-term equity investment income under the equity method	333,397,116.38	354,345,705.65
Investment income from non-current financial assets held	3,599,555.61	4,109,881.90
Dividend income from other equity investments held	2,787,875.89	640,538.07
Investment income from the derecognition of financial assets measured at amortised cost	(47,404,044.48)	(76,142,835.36)
Others	-	998,665.84
	<u>292,380,503.40</u>	<u>283,951,956.10</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

51. Credit impairment losses

	2021	2020
Impairment loss on accounts receivable	43,490,919.28	21,209,110.01
Impairment loss on other receivables	546,533.80	3,286,689.75
Impairment loss on notes receivable	(1,479,520.32)	1,479,520.32
Others	232,467.00	-
	<u>42,790,399.76</u>	<u>25,975,320.08</u>

52. Impairment losses

	2021	2020
Loss from impairment of goodwill	162,690,000.00	-
Loss from impairment of intangible assets	74,000,000.00	-
Loss from write-down of inventories	5,575,725.41	5,079,297.71
Loss from impairment of contract assets	492,584.44	17,799.31
Loss from impairment of other non-current assets	146,556.66	82,188.73
	<u>242,904,866.51</u>	<u>5,179,285.75</u>

53. Gain on disposal of assets

	2021	2020
Gain on disposal of right-of-use assets	4,181,949.81	6,094,970.49
Gain on disposal of fixed assets	63,422.96	696,992.01
	<u>4,245,372.77</u>	<u>6,791,962.50</u>

54. Non-operating income

	2021	2020	Included in non-recurring profit or losses in 2021
Gain from writing off the unnecessary payments	26,709,015.16	4,342,240.20	26,709,015.16
Government grants irrelevant to daily operations	3,004,848.56	6,037,572.78	3,004,848.56
Others	6,650,857.64	7,281,107.60	6,650,857.64
	<u>36,364,721.36</u>	<u>17,660,920.58</u>	<u>36,364,721.36</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

54. Non-operating income (Continued)

Government grants are as follows:

	2021	2020	Asset-related/ income-related
Resettlement compensation of Guangxi Logistics	2,698,408.56	2,698,408.56	Asset-related
Resettlement compensation of Guoda Fujian	306,440.00	-	Asset-related
Resettlement compensation of Guoda Nanjing	<u>-</u>	<u>3,339,164.22</u>	Asset-related
	<u>3,004,848.56</u>	<u>6,037,572.78</u>	

55. Non-operating expenses

	2021	2020	Included in non- recurring profit or losses in 2021
Donation expenses	3,538,990.50	1,297,427.97	3,538,990.50
Penalty and late payment expenses	3,102,600.19	2,218,668.33	3,102,600.19
Loss on damage in non-current assets needed to be scrapped	1,549,925.06	1,223,651.40	1,549,925.06
Lawsuit compensation	552,948.50	16,510,153.06	552,948.50
Others	<u>5,178,663.89</u>	<u>3,015,711.08</u>	<u>5,178,663.89</u>
	<u>13,923,128.14</u>	<u>24,265,611.84</u>	<u>13,923,128.14</u>

56. Government grants

The government grants, which are offset against expenses as set out below, are presented on a net basis.

	2021	2020
Government grants related to income		
Offset against finance costs	25,498.62	2,385,907.71
Offset against administrative expenses	99,796.31	59,398.58
Offset against selling expenses	<u>20,154.10</u>	<u>36,507.26</u>
	<u>145,449.03</u>	<u>2,481,813.55</u>

Note: In 2021, the Group received the loan discount funds of RMB139,900.00 from the Finance Bureau of Zhaoqing in Guangdong province due to the COVID-19 epidemic. The Group offset the RMB25,498.62 in 2021 against financial expenses. In 2021, the Group received maternity allowance of RMB119,950.41 from Shenzhen Social Insurance Fund Administration. According to *the Accounting Standards for Enterprises No. 16-Governmental Subsidies*, the Group offset the amount against the administrative expenses and selling expenses.

For details of other government subsidies, please refer to Note V (37 & 49 & 54)

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

57. Expenses by nature

The operating costs, selling expenses and administrative expenses are classified by nature and listed as follows:

	2021	2020
Inventories of finished and work-in-progress goods/cost of inventories	59,957,238,467.93	52,459,887,987.76
Employee benefits	3,305,915,608.14	2,768,505,064.02
Depreciation and amortisation	1,430,961,137.34	1,194,018,733.06
Rental expenses not included in the measurement of lease liabilities	257,111,215.23	151,957,389.34
Technical service fee	236,362,319.87	162,205,382.53
Transportation expenses	155,907,359.53	109,386,423.64
Office telecom and internet expenses	116,997,328.10	101,365,412.45
Utilities	110,354,127.11	90,047,842.72
Promotion and marketing expenses	58,600,775.14	71,205,972.85
Entertainment expenses	51,366,863.74	49,085,907.22
Storage expenses	48,647,528.57	36,065,016.61
Property management fee	47,917,678.40	37,314,081.52
Travel allowance	28,951,003.17	28,019,639.55
Repairing fee	26,851,697.77	26,405,227.23
Agency service fee	13,981,262.75	16,719,272.96
Conference expenses	9,916,944.83	19,914,839.02
Others	280,715,300.88	220,976,183.42
	<u>66,137,796,618.50</u>	<u>57,543,080,375.90</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

58. Income tax expenses

	2021	2020
Current tax expenses	511,339,714.83	444,118,362.45
Deferred tax expenses	<u>(64,129,060.16)</u>	<u>(8,178,312.39)</u>
	<u>447,210,654.67</u>	<u>435,940,050.06</u>

The reconciliation between income tax expenses and profit before income taxes is as follows:

	2021	2020
Profit before income tax expenses	1,974,852,849.54	2,157,236,448.78
Income taxes calculated at applicable tax rates	493,713,212.39	539,309,112.20
Preferential tax rate difference of some subsidiaries	(41,720,023.45)	(38,815,678.48)
Income not subject to tax	(83,349,279.10)	(88,586,426.41)
Expenses not deductible for tax	70,430,086.00	17,821,245.15
Deductible temporary difference of unrecognised deferred income tax assets in the current period	4,866,102.46	5,902,131.10
Utilisation of previously unrecognised tax losses	(2,877,206.15)	(521,828.35)
Adjustment of income tax expenses of previous years	<u>6,147,762.52</u>	<u>831,494.85</u>
Income tax expenses	<u>447,210,654.67</u>	<u>435,940,050.06</u>

59. Earnings per share

	2021 RMB/share	2020 RMB/share
Basic earnings per share		
Continuing operations	<u>3.12</u>	<u>3.27</u>
Diluted earnings per share		
Continuing operations	<u>3.12</u>	<u>3.27</u>

The basic earnings per share are calculated by dividing the consolidated net profit of the current year attributable to the ordinary shareholders of the Company by the adjusted weighted average number of outstanding ordinary shares.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

59. Earnings per share (Continued)

In year 2021, the Company had no potential dilutive ordinary shares and the diluted earnings per share were the same as the basic earnings per share.

The calculation of basic and diluted earnings per share is as follows:

	2021	2020
Earnings		
Consolidated net profit attributable to the shareholders of the parent	1,336,427,752.22	1,401,892,593.23
Continuing operations	<u>1,336,427,752.22</u>	<u>1,401,892,593.23</u>
Net profit attributable to the calculation of earnings per share	<u>1,336,427,752.22</u>	<u>1,401,892,593.23</u>
Shares		
Adjusted weighted average number of ordinary shares outstanding	<u>428,126,983.00</u>	<u>428,126,983.00</u>
Basic and diluted earnings per share	<u>3.12</u>	<u>3.27</u>

60. Notes to items in the cash flow statement

Other cash receipts relating to operating activities

	2021	2020
Rent income	101,595,136.41	74,161,565.05
Interest income	74,261,140.08	136,427,967.70
Government grants except tax return	64,111,067.16	47,708,906.67
Receipts from the emergency medical supplies reserve	24,257,455.32	784,665,445.45
Others	<u>460,760,957.24</u>	<u>654,419,910.31</u>
	<u>724,985,756.21</u>	<u>1,697,383,795.18</u>

Other cash payments relating to operating activities

	2021	2020
Rental expenses	257,111,215.23	151,957,389.34
Office expenses	116,997,328.10	101,365,412.45
Advertising expenses	58,600,775.14	71,205,972.85
Entertainment expenses	51,366,863.74	49,085,907.22
Bank charges	37,788,467.52	37,676,127.97
Travel expenses	28,951,003.17	28,019,639.55
Conference expenses	9,916,944.83	19,914,839.02
Others	<u>1,274,530,541.48</u>	<u>1,211,786,095.67</u>
	<u>1,835,263,139.21</u>	<u>1,671,011,384.07</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

60. Notes to items in the cash flow statement (Continued)

Other cash receipts relating to investing activities

	2021	2020
Refund of the expense of "Water supply, power supply, heating and property management"	54,984.60	1,992,616.05
Allocation of cash pool (a)	-	22,000,000.00
Others	-	59,058.62
	<u>54,984.60</u>	<u>24,051,674.67</u>

(a) The Company's subsidiary, Guoda Drugstore, acquired Pudong Medicine, an enterprise under common control in 2020 and recovered the fund in 2020.

Other cash payments relating to investing activities

	2021	2020
Payment of long-term deposits	-	5,000,000.00
Others	1,305,765.00	2,197.26
	<u>1,305,765.00</u>	<u>5,002,197.26</u>

Other cash receipts relating to financing activities

	2021	2020
Loans from other related parties received	81,450,000.00	160,700,000.00
Financing restricted monetary funds received	20,430,912.41	141,308,707.63
Loans from Sinopharm Group received	-	56,000,000.00
Others	-	1,323,768.00
	<u>101,880,912.41</u>	<u>359,332,475.63</u>

Other cash payments relating to financing activities

	2021	2020
Payment of the principal of lease liabilities	1,092,614,329.84	886,017,712.27
Payment of the factoring payable	65,887,298.53	272,967,183.06
Payment of the loans to other related parties	65,700,000.00	362,303,318.18
Investment in Pudong Medicine	-	163,115,049.98
Payment of the loan to Sinopharm Group	-	114,000,000.00
Payment of equity of minority shareholders	-	67,520,417.11
Others	23,587,000.34	-
	<u>1,247,788,628.71</u>	<u>1,865,923,680.60</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

61. Supplementary information of the cash flow statement

(1) Supplementary information of the cash flow statement

Reconciliation of net profit to cash flows from operating activities

	2021	2020
Net profit	1,527,642,194.87	1,721,296,398.72
Add: Provision for asset impairment	285,695,266.27	31,154,605.83
Depreciation of fixed assets and investment properties	169,118,033.73	139,721,479.94
Depreciation of right-of-use assets	1,034,857,403.14	867,425,059.82
Amortisation of intangible assets	64,205,199.81	50,760,373.29
Amortisation of long-term prepaid expenses	162,780,500.66	136,111,820.01
Gains on disposal of fixed assets and other long-term assets	(2,695,447.71)	(5,568,311.10)
Finance expenses	228,462,843.64	211,028,322.66
Investment income	(292,380,503.40)	(283,951,956.10)
Increase in deferred tax assets	(48,454,612.84)	(8,261,294.12)
Decrease in deferred tax liabilities	(24,924,454.13)	(4,050,183.18)
Increase in inventories	(1,259,824,920.15)	(406,383,320.25)
Increase in operating receivables	(2,120,781,530.56)	(2,989,963,280.33)
Increase in operating payables	2,135,081,271.31	2,124,730,859.17
Increase in restricted operating cash with restriction	<u>(203,600,267.77)</u>	<u>(81,303,975.89)</u>
Net cash flows from operating activities	<u>1,655,180,976.87</u>	<u>1,502,746,598.47</u>
Receival of endorsement bank acceptance bills from the sale of goods and the rendering of services	1,254,088,804.64	1,307,213,655.41
Movement of cash		
Cash at the end of year	4,733,512,222.35	5,405,113,257.99
Less: Cash at the beginning of year	<u>5,405,113,257.99</u>	<u>8,426,071,170.16</u>
Net decrease in cash	<u>(671,601,035.64)</u>	<u>(3,020,957,912.17)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

61. Supplementary information of the cash flow statement (Continued)

(2) Acquisition and disposal of subsidiaries and other operating units

Acquisition of subsidiaries and other operating units

	2021	2020
Price of acquiring subsidiaries and other operating units	296,268,139.12	2,839,268,100.00
Including: Disheng Pharmacy Chain	238,000,000.00	-
32 directly-managed stores of Huimin Kangwei	30,000,000.00	-
15 directly-managed stores of Nantong Puji	14,138,139.12	-
Disheng Medicine	14,130,000.00	-
CDFY	-	1,860,000,000.00
Shanghai Dingqun	-	934,240,000.00
Liaoning Xianzhen	-	45,000,000.00
Sinopharm Accord (Yangjiang) Medicine Co., Ltd. ("Yangjiang Medicine")	-	18,100.00
Beijing Golden Elephant Guoxing Pharmaceutical Co., Ltd. ("Golden Elephant Guoxing")	-	10,000.00
Cash and cash equivalents paid for acquisitions of subsidiaries and other operating units	138,668,139.12	2,824,445,549.00
Including: Disheng Pharmacy Chain	71,400,000.00	-
32 directly-managed stores of Huimin Kangwei	30,000,000.00	-
15 directly-managed stores of Nantong Puji	14,138,139.12	-
Disheng Medicine	14,130,000.00	-
Guoda Pu'er	9,000,000.00	-
CDFY	-	1,860,000,000.00
Shanghai Dingqun	-	920,603,553.00
Liaoning Xianzhen	-	43,813,896.00
Yangjiang Medicine	-	18,100.00
Golden Elephant Guoxing	-	10,000.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

61. Supplementary information of the cash flow statement (Continued)

(2) Acquisition and disposal of subsidiaries and other operating units (Continued)

	2021	2020
Less: Cash and cash equivalents held by subsidiaries and other operating units at the acquisition date	28,717,501.71	178,407,397.24
Including: Disheng Pharmacy Chain	20,993,798.76	-
Disheng Medicine	7,723,702.95	-
CDFY	-	159,681,219.62
Shanghai Dingqun	-	18,639,019.00
Yangjiang Medicine	-	77,158.62
Golden Elephant Guoxing	-	10,000.00
Net cash flow on acquisition of the subsidiaries and other operating units (a)	109,950,637.41	2,646,038,151.76

(a) The net cash inflow on acquisition of Yangjiang Medicine was RMB59,058.62 in 2020. The group presents the investment as other cash receipts relating to operating activities.

(3) Cash and cash equivalents

	2021	2020
Cash		
Included: Cash on hand	4,642,730.62	6,707,125.90
Bank deposits on demand	<u>4,728,869,491.73</u>	<u>5,398,406,132.09</u>
Cash balance at the end of the year	<u>4,733,512,222.35</u>	<u>5,405,113,257.99</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

V Notes to the consolidated financial statements (Continued)

62. Assets under restricted ownership or right to use

	2021	2020	Note
Cash and cash equivalents	392,646,858.59	593,091,037.88	(1)
Notes receivable that were endorsed	31,886,681.19	4,095,283.92	(2)
Receivables financing that were pledged	<u>-</u>	<u>2,620,000.00</u>	(3)
	<u>424,533,539.78</u>	<u>599,806,321.80</u>	

(1) As at 31 December 2021, the Group had deposits of bank acceptance bills, Medical reserve funds, and other restricted cash of RMB392,646,858.59 (31 December 2020: RMB593,091,037.88) (Note V (1)).

(2) As at 31 December 2021, the Group had notes receivable of RMB31,886,681.19 (31 December 2020: notes receivable of RMB4,095,283.92), which were endorsed but not have matured (Note V (2) and (4)).

(3) As at 31 December 2021, the Group had no pledged receivables financing (31 December 2020: 2,620,000.00) (Note V (4)).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VI Changes in the scope of consolidation

1. Business combinations not involving enterprises under common control

1.1 Acquisition of Disheng Medicine and Disheng Pharmaceutical Chain

Guoda Drugstore, a subsidiary of the Group, acquired 70% equity of Disheng Medicine and Disheng Pharmaceutical Chain, respectively, from Xishuangbanna Disheng Pharmaceutical Co., Ltd. The payment made to Disheng Medicine and Disheng Pharmaceutical Chain were RMB 14,130,000.00 and RMB238,000,000.00, respectively. The acquisition date was 15 March 2021.

The fair values and carrying amounts of identifiable assets and liabilities of Disheng Medicine on the acquisition date are presented as follows:

	15 March 2021 Fair value	15 March 2021 Carrying amount
Cash and bank balances	7,723,702.95	7,723,702.95
Accounts receivable	30,471,781.24	30,471,781.24
Advances to suppliers	2,318,717.10	2,318,717.10
Other receivables	2,129,844.69	2,129,844.69
Inventories	19,829,957.32	19,829,957.32
Other current assets	5,329,820.93	5,329,820.93
Fixed assets	1,335,373.90	1,335,373.90
Long-term prepaid expenses	724,925.12	724,925.12
Deferred tax assets	31,947.59	31,947.59
Accounts payable	47,041,828.70	47,041,828.70
Contract liabilities	123,430.92	123,430.92
Employee benefits payable	490,428.65	490,428.65
Tax payable	195,148.36	195,148.36
Other payables	1,546,264.21	1,546,264.21
Net assets	<u>20,498,970.00</u>	<u>20,498,970.00</u>
Less: Non-controlling interests	<u>6,149,691.00</u>	<u>6,149,691.00</u>
Net assets acquired	<u>14,349,279.00</u>	<u>14,349,279.00</u>
Amount exceeding the cost of merger recognised as profit or loss in the current period	<u>219,279.00</u>	
	<u>14,130,000.00</u> (1)	

(1) The amount refers to the cash paid by the Group in business combination of RMB14,130,000.00.

Operating results and cash flows of Disheng Medicine for the period from the acquisition date to the end of the year are presented as follows:

	Period from 15 March 2021 to 31 December 2021
Operating revenue	175,812,144.79
Net profit	507,389.29
Net cash flows	3,030,379.85

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VI Changes in scope of consolidation (Continued)

1. Business combinations not involving enterprises under common control (Continued)

The fair values and carrying amounts of identifiable assets and liabilities of Disheng Pharmaceutical Chain on the acquisition date are presented as follows:

	15 March 2021 Fair value	15 March 2021 Carrying amount
Cash and bank balances	20,993,798.76	20,993,798.76
Accounts receivable	23,414,107.18	23,414,107.18
Advances to suppliers	91,212.94	91,212.94
Other receivables	3,414,254.84	3,414,254.84
Inventories	45,829,051.06	45,829,051.06
Other current assets	4,627,358.05	4,627,358.05
Fixed assets	2,000,261.19	2,000,261.19
Intangible assets	40,661,415.51	221,415.51
Long-term prepaid expenses	7,783,811.55	7,783,811.55
Right-of-use assets	41,047,873.29	41,047,873.29
Deferred tax assets	249,467.13	249,467.13
Accounts payable	13,321,430.50	13,321,430.50
Contract liabilities	1,818,156.15	1,818,156.15
Employee benefits payable	5,316,750.15	5,316,750.15
Tax payable	2,789,032.57	2,789,032.57
Other payables	19,444,396.39	19,444,396.39
Non-current liabilities due within one year	15,482,505.32	15,482,505.32
Lease liabilities	12,291,775.00	12,291,775.00
Deferred tax liabilities	6,066,000.00	-
Net assets	113,582,565.42	79,208,565.42
Less: Non-controlling interests	34,074,769.63	23,762,569.63
Net assets acquired	79,507,795.79	55,445,995.79
Goodwill arising from acquisition	158,492,204.21	
	238,000,000.00	(1)

(1) The amount refers to the cash of RMB238,000,000.00 paid by the Group in the business combination. Among them, as at December 31, 2021, the Group has paid RMB71,400,000.00, and the rest will be paid RMB95,200,000.00 and RMB71,400,000.00 respectively after the performance commitments in 2021 and 2022 are reached. The performance commitment for 2021 has been reached.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VI Changes in scope of consolidation (Continued)

1. Business combinations not involving enterprises under common control (Continued)

1.1 Acquisition of Disheng Pharmaceutical Chain (Continued)

Operating results and cash flows of Disheng Pharmaceutical Chain for the period from the acquisition date to the end of the year are presented as follows:

Period from 15 March 2021 to 31 December 2021

Operating revenue	271,226,483.98
Net profit	20,675,257.28
Net cash flows	53,456,185.17

1.2 Acquisition of the management right of 15 directly-managed stores of Nantong Puji

Yangzhou Dadesheng, a subsidiary of the Group, obtained the management right of 15 directly-managed stores of Nantong Puji at RMB14,138,139.12. The acquisition date was 2 March 2021.

The fair values and carrying amounts of identifiable assets and liabilities of 15 directly-managed stores of Nantong Jipu on the acquisition date are presented as follows:

	2 March 2021 Fair value	2 March 2021 Carrying amount
Fixed assets	788,300.00	788,300.00
Inventories	1,751,439.12	1,751,439.12
Long-term prepaid expenses	100,300.00	100,300.00
Net assets	<u>2,640,039.12</u>	<u>2,640,039.12</u>
Net assets acquired	<u>2,640,039.12</u>	<u>2,640,039.12</u>
Goodwill arising from acquisition	<u>11,498,100.00</u>	
	<u>14,138,139.12</u> (1)	

(1) The amount refers to the cash of RMB14,138,139.12 paid by the Group in the business combination.

Operating results and cash flows of 15 directly-managed stores of Nantong Puji for the period from the acquisition date to the end of the year are presented as follows:

Period from 2 March 2021 to 31 December 2021

Operating revenue	19,431,658.67
Net profit	933,185.58
Net cash flows	872,371.07

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VI Changes in scope of consolidation (Continued)

1. Business combinations not involving enterprises under common control (Continued)

1.3 Acquisition of the management right of 32 directly-managed stores of Huimin Kangwei

Huimin Luliang, a subsidiary of the Group, obtained the management right of 32 directly-managed stores of Shanxi Huimin at RMB30,000,000.00. The acquisition date was 8 February 2021.

The fair values and carrying amounts of identifiable assets and liabilities of the management right of 32 directly-managed stores of Huimin Kangwei on the acquisition date are presented as follows:

	8 February 2021 Fair value	8 February 2021 Carrying amount
Inventories	7,399,161.00	7,399,161.00
Fixed assets	1,630,839.00	1,630,839.00
Net assets	9,030,000.00	9,030,000.00
Net assets acquired	9,030,000.00	9,030,000.00
Goodwill arising from acquisition	20,970,000.00	
	30,000,000.00	(1)

(1) The amount refers to the cash of RMB30,000,000.00 paid by the Group in business combination.

Operating results and cash flows of the management right of 32 directly-managed stores of Huimin Kangwei for the period from the acquisition date to the end of the year are presented as follows:

Period from 8 February 2021 to 31 December 2021

Operating revenue	35,389,032.00
Net profit	1,452,541.00
Net cash flows	3,501,161.00

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VI Changes in scope of consolidation (Continued)

2. Establishment of subsidiaries

	31 December 2021 Net assets	2021 Net profit
Guoda Pharmacy (Heze) Co., Ltd. ("Guoda Heze") (a)	8,060,915.85	(102,248.15)
Guigang Pharmacy (b)	1,001,468.44	1,468.44
Hunan Guoda Pharmacy Co., Ltd. ("Hunan Pharmacy ") (c)	-	-

(a) On 10 September 2021, the Group and Shandong Luzhong Investment Co., Ltd. ("Shandong luzhong") accumulatively invested RMB5,100.00 thousand and RMB4,900.00 thousand to set up Guoda Heze respectively. After the establishment, the Group held 51% of its equity interest in the company. As at the end of 2021, the Group paid RMB4,163.20 thousand and Shandong Luzhong Investment Co., Ltd. paid RMB4,000.00 thousand.

(b) On 25 October 2021, the Group invested RMB1,000.00 thousand to establish Guigang Pharmacy. As at the end of 2021, the payment has been completed.

(c) On 31 December 2021, the Group invested RMB2,800.00 thousand to establish Hunan Pharmacy. As at the end of 2021, no payment has been made.

3. Cancellation of subsidiaries

Subsidiaries	Principal place of business	Place of establishment	Registered capital (RMB'0.000)	Nature of business	Shareholding		Reasons
					Direct	Direct	
Guoda Drugstore Jilin Co., Ltd.	Changchun	Changchun	500.00	Commercial	-	100.00	Cancellation
Liaoning Zhicheng Xingda Advertising Media Co., Ltd.	Benxi	Benxi	500.00	Commercial	-	100.00	Cancellation

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities

1. Interests in subsidiaries

The subsidiaries of the Group

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding (%)		Voting proportion (%)	Ways of acquisition
					Direct	Indirect		
Sinopharm Holding Shenzhen Logistics Co., Ltd. ("Shenzhen Logistics")	Shenzhen	Shenzhen	Services	500.00	100.00	-	100.00	Business combinations involving entities under common control
Sinopharm Holding Shenzhen Traditional & Herbal Medicine Co., Ltd. ("Sinopharm Traditional & Herbal Medicine")	Shenzhen	Shenzhen	Commercial	1,500.00	100.00	-	100.00	Business combinations involving entities under common control
Sinopharm Holding Shenzhen Jianmin Pharmaceutical Co., Ltd. ("Sinopharm Jianmin")	Shenzhen	Shenzhen	Commercial	2,000.00	100.00	-	100.00	Business combinations involving entities under common control
Sinopharm Yanfeng Sinopharm Accord Medical Devices (Shenzhen) Co., Ltd. ("Sinopharm Accord Devices") (a)	Shenzhen	Shenzhen	Commercial	3,000.00	51.00	-	51.00	Business combinations involving entities not under common control
Sinopharm Accord Medical Devices (Shenzhen) Co., Ltd. ("Sinopharm Accord Devices") (a)	Shenzhen	Shenzhen	Commercial	3,333.00	60.00	-	60.00	Establishment
Sinopharm Guangzhou Sinopharm Holding Guangzhou Medical Treatment Co., Ltd.	Guangzhou	Guangzhou	Commercial	355,325.00	100.00	-	100.00	Business combinations involving entities under common control
Sinopharm Holding Guangyi Health Management (Zhanjiang) Co., Ltd.	Guangzhou	Guangzhou	Commercial	2,000.00	-	51.00	51.00	Establishment
Sinopharm Holding Zhanjiang Co., Ltd.	Zhanjiang	Zhanjiang	Commercial	50.00	-	60.00	60.00	Establishment
Sinopharm Holding Guangzhou Medical Technology Co., Ltd.	Guangzhou	Guangzhou	Commercial	588.00	-	51.00	51.00	Establishment
Sinopharm Holding Guangzhou Medical Supply Chain Service Co., Ltd.	Guangzhou	Guangzhou	Commercial	2,000.00	-	51.00	51.00	Establishment
Sinopharm Holding Heyuan Co., Ltd.	Guangzhou	Guangzhou	Commercial	2,000.00	-	51.00	51.00	Business combinations involving entities not under common control
Sinopharm Holding Heyuan Co., Ltd.	Heyuan	Heyuan	Commercial	1,340.00	-	70.00	70.00	common control
Sinopharm Holding Foshan Medical Consumables Supply Chain Co., Ltd.	Foshan	Foshan	Commercial	800.00	-	70.00	70.00	Establishment

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding (%)		Voting proportion (%)	Ways of acquisition
					Direct	Indirect		
Sinopharm Holding Guangzhou Huadu Co., Ltd.	Guangzhou	Guangzhou	Commercial	1,000.00	-	70.00	70.00	Business combinations involving entities not under common control
Sinopharm Meizhou	Meizhou	Meizhou	Commercial	4,800.00	-	100.00	100.00	Business combinations involving entities not under common control
Sinopharm Huizhou	Huizhou	Huizhou	Commercial	3,800.00	-	100.00	100.00	Business combinations involving entities not under common control
Sinopharm Zhaoqing	Zhaoqing	Zhaoqing	Commercial	4,000.00	-	100.00	100.00	Business combinations involving entities not under common control
Sinopharm Jiangmen	Jiangmen	Jiangmen	Commercial	6,000.00	-	100.00	100.00	Business combinations involving entities not under common control
Sinopharm Shaoguan	Shaoguan	Shaoguan	Commercial	360.00	-	70.00	70.00	Business combinations involving entities not under common control
Sinopharm Holding Zhongshan Co., Ltd.	Zhongshan	Zhongshan	Commercial	3,000.00	-	100.00	100.00	Establishment Business combinations involving entities not under common control
Sinopharm Holding Shantou Co., Ltd.	Shantou	Shantou	Commercial	2,100.00	-	100.00	100.00	Business combinations involving entities not under common control
Sinopharm Holding Guangdong Hengxing Co., Ltd.	Guangzhou	Guangzhou	Commercial	9,600.00	-	100.00	100.00	Business combinations involving entities under common control
Guangdong Huixin Investment Co., Ltd.	Guangzhou	Guangzhou	Services	500.00	-	100.00	100.00	Business combinations involving entities under common control
Sinopharm Holding Foshan Co., Ltd.	Foshan	Foshan	Commercial	4,100.00	-	100.00	100.00	Business combinations involving entities under common control
Sinopharm Holding Guangdong Logistics Co., Ltd.	Guangzhou	Guangzhou	Services	1,300.00	-	100.00	100.00	Business combinations involving entities under common control

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding (%)		Voting proportion (%)	Ways of acquisition
					Direct	Indirect		
Sinopharm Holding Guangdong Yuexing Co., Ltd. ("Sinopharm Yuexing")	Guangzhou	Guangzhou	Commercial	23,000.00	-	100.00	100.00	Business combinations involving entities under common control
Sinopharm Dongguan	Dongguan	Dongguan	Commercial	7,300.00	-	100.00	100.00	Business combinations involving entities not under common control
Sinopharm Zhanjiang	Zhanjiang	Zhanjiang	Commercial	13,100.00	-	100.00	100.00	Business combinations involving entities not under common control
Foshan Nanhai	Foshan	Foshan	Commercial	7,000.00	-	100.00	100.00	Business combinations involving entities under common control
Foshan Nanhai Uptodate & Special Medicines Co., Ltd.	Foshan	Foshan	Commercial	4,000.00	-	100.00	100.00	Business combinations involving entities under common control
Foshan Nanhai Medicine Co., Ltd.	Foshan	Foshan	Commercial	4,000.00	-	100.00	100.00	Business combinations involving entities under common control
Guangdong Special Medicines	Guangzhou	Guangzhou	Commercial	5,000.00	-	100.00	100.00	Business combinations involving entities under common control
South Pharma & Trade	Guangzhou	Guangzhou	Commercial	3,000.00	-	100.00	100.00	Business combinations involving entities under common control
Sinopharm Zhuhai	Zhuhai	Zhuhai	Commercial	3,000.00	-	100.00	100.00	Business combinations involving entities not under common control
Sinopharm Maoming	Maoming	Maoming	Commercial	6,000.00	-	100.00	100.00	Business combinations involving entities not under common control
Guangzhou Medicine	Guangzhou	Guangzhou	Commercial	200.00	-	70.00	70.00	Business combinations involving entities not under common control
Yangjiang Medicine	Yangjiang	Yangjiang	Commercial	1,000.00	-	70.00	70.00	Business combinations involving entities not under common control

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding (%)		Voting proportion (%)	Ways of acquisition
					Direct	Indirect		
Sinopharm Guangxi	Nanning	Nanning	Commercial	52,141.00	100.00	-	100.00	Business combinations involving entities under common control
Guangxi Logistic	Nanning	Nanning	Services	71,007.00	-	100.00	100.00	Business combinations involving entities under common control
Sinopharm Yulin	Yulin	Yulin	Commercial	1,000.00	-	100.00	100.00	Business combinations involving entities under common control
Sinopharm Wuzhou	Wuzhou	Wuzhou	Commercial	1,000.00	-	99.90	99.90	Business combinations involving entities under common control
Sinopharm Baise	Baise	Baise	Commercial	3,500.00	-	100.00	100.00	Establishment
Sinopharm Guilin	Guilin	Guilin	Commercial	2,000.00	-	100.00	100.00	Establishment
Sinopharm Guigang	Guigang	Guigang	Commercial	2,000.00	-	100.00	100.00	Establishment
Sinopharm Beihai	Beihai	Beihai	Commercial	1,500.00	-	100.00	100.00	Establishment
Sinopharm Holding Medical Supply Chain Service (Guangxi) Co., Ltd. (c)	Nanning	Nanning	Commercial	2,000.00	-	30.60	60.00	Establishment
Baiyi Pharmacy	Nanning	Nanning	Commercial	200.00	-	51.00	51.00	Establishment
Sinopharm Hezhou	Hezhou	Hezhou	Commercial	1,000.00	-	100.00	100.00	Establishment
Sinopharm Qinzhou	Qinzhou	Qinzhou	Commercial	1,000.00	-	100.00	100.00	Establishment

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding (%)		Voting proportion (%)	Ways of acquisition
					Direct	Indirect		
Sinopharm Hechi	Hechi	Hechi	Commercial	1,000.00	-	100.00	100.00	Establishment Business combinations involving entities under common control
Sinopharm Liuzhou	Liuzhou	Liuzhou	Commercial	2,053.06	-	51.00	51.00	
Guigang Pharmacy (d)	Guigang	Guigang	Commercial	100.00	-	100.00	100.00	Establishment Business combinations involving entities under common control
Guoda Drugstore	Shanghai	Shanghai	Commercial	168,333.00	60.00	-	60.00	Business combinations involving entities under common control
Shanghai Chain	Shanghai	Shanghai	Commercial	3,000.00	-	100.00	100.00	Business combinations involving entities under common control
Shanghai Dongsheng	Shanghai	Shanghai	Commercial	50.00	-	100.00	100.00	Business combinations involving entities under common control
Shanghai Dongxin	Shanghai	Shanghai	Commercial	30.00	-	100.00	100.00	Business combinations involving entities under common control
Shanghai Shanghong	Shanghai	Shanghai	Commercial	100.00	-	51.00	51.00	Business combinations involving entities under common control
Shanghai Guodong	Shanghai	Shanghai	Medical clinic	20.00	-	100.00	100.00	Business combinations involving entities under common control
Guoda Yongsheng	Shanghai	Shanghai	Commercial	80.00	-	55.00	55.00	Establishment
Shanghai Guoda Haohai Pharmacy Co., Ltd.	Shanghai	Shanghai	Commercial	80.00	-	51.00	51.00	Establishment
Shanghai Ruijing	Shanghai	Shanghai	Commercial	80.00	-	55.00	55.00	Establishment

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding (%)		Voting proportion (%)	Ways of acquisition
					Direct	Indirect		
Yangzhou adesheng	Yangzhou	Yangzhou	Commercial	4,400.00	-	93.68	93.68	Business combinations involving entities under common control
Tianjin Guoda Pharmacy Chain Store Co., Ltd.	Tianjin	Tianjin	Commercial	1,000.00	-	80.00	80.00	Business combinations involving entities under common control
Beijing Guoda Pharmacy Chain Store Co., Ltd.	Beijing	Beijing	Commercial	1,000.00	-	100.00	100.00	Business combinations involving entities under common control
Guoda Zhejiang	Hangzhou	Hangzhou	Commercial	1,500.00	-	100.00	100.00	Business combinations involving entities under common control
Zhejiang Dongshan	Hangzhou	Hangzhou	Commercial	50.00	-	51.00	51.00	Business combinations involving entities under common control
Sinopharm Holding Guoda Pharmacy Guangdong Co., Ltd.	Shenzhen	Shenzhen	Commercial	5,000.00	-	100.00	100.00	Business combinations involving entities under common control
Guoda Guangzhou	Guangzhou	Guangzhou	Commercial	200.00	-	100.00	100.00	Business combinations involving entities under common control
Sinopharm Guoda Drug Store (Shenzhen) Chain Co., Ltd.	Shenzhen	Shenzhen	Commercial	1,080.00	-	100.00	100.00	Business combinations involving entities under common control
Guoda Taishan Sinopharm Holdings Guozhi Pharmacy Chain (Heyuan) Co., Ltd.	Taishan	Taishan	Commercial	990.00	-	70.00	70.00	Business combinations involving entities under common control
	Heyuan	Heyuan	Commercial	500.00	-	70.00	70.00	Establishment Business combinations involving entities under common control
Guoda Guangxi	Liuzhou	Liuzhou	Commercial	200.00	-	100.00	100.00	Business combinations involving entities under common control
Guangxi Consulting	Nanning	Nanning	Commercial	300.00	-	100.00%	100.00%	Business combinations involving entities under common control

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding (%)		Voting proportion (%)	Ways of acquisition
					Direct	Indirect		
Guoda Ningxia	Yinchuan	Yinchuan	Commercial	7,000.00	-	70.00	70.00	Business combinations involving entities under common control
Xinjiang New & Special Medicines	Urumqi	Urumqi	Commercial	612.24	-	51.00	51.00	Business combinations involving entities under common control
Guoda Shenyang	Shenyang	Shenyang	Commercial	5,000.00	-	51.00	51.00	Business combinations involving entities under common control
Sinopharm Guoda Drug Store Anshan Chain Co., Ltd.	Anshan	Anshan	Commercial	600.00	-	51.00	51.00	Establishment
Sinopharm holding Guoda pharmacy yongxingtang chain (Chaoyang) Co., Ltd.	Chaoyang	Chaoyang	Commercial	3,800.00	-	51.00	51.00	Establishment
Guoda pharmacy (Chaoyang) Ren'ai pharmacy Co., Ltd.	Chaoyang	Chaoyang	Commercial	50.00	-	51.00	51.00	Business combinations involving entities not under common control
Liaoning Guoda Pharmaceutical Co., Ltd.	Shenyang	Shenyang	Commercial	2,000.00	-	100.00	100.00	Establishment
Liaoning Health Liaoning Guoda Pharmacy Chain Co., Ltd.	Shenyang	Shenyang	Commercial	500.00	-	100.00	100.00	Establishment
	Dalian	Dalian	Commercial	2,000.00	-	100.00	100.00	Establishment
Liaoning Huludao (e)	Huludao	Huludao	Commercial	100.00	-	100.00	100.00	Establishment
								Business combinations involving entities under common control
Guoda Nanjing	Nanjing	Nanjing	Commercial	800.00	-	60.00	60.00	Business combinations involving entities under common control
Guoda Shandong	Linyi	Linyi	Commercial	2,900.00	-	55.00	55.00	Business combinations involving entities under common control

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding (%)		Voting proportion (%)	Ways of acquisition
					Direct	Indirect		
Guoda Rizhao	Rizhao	Rizhao	Commercial	150.00		100.00	100.00	Establishment
Guoda Heze (f)	Zehe	Zehe	Commercial	1,000.00		51.00	51.00	Establishment Business combinations involving entities under common control
Anhui Guoda Pharmacy Chain Store Co., Ltd.	Hefei	Hefei	Commercial	1,000.00	-	60.00	60.00	Business combinations involving entities under common control
Guoda Quanzhou	Quanzhou	Quanzhou	Commercial	2,000.00	-	51.00	51.00	Business combinations involving entities under common control
Guoda Hunan	Hengyang	Hengyang	Commercial	2,000.00	-	51.00	51.00	Business combinations involving entities under common control
Hunan Medicine (g)	Hengyang	Hengyang	Commercial	280.00	-	100.00	100.00	Establishment Business combinations involving entities under common control
Shanxi Wanmin	Taiyuan	Taiyuan	Commercial	2,000.00	-	85.00	85.00	Business combinations involving entities under common control
Changzhi Wanmin	Changzhi	Changzhi	Commercial	320.00	-	51.00	51.00	Business combinations involving entities under common control
Shanxi Tongfeng Pharmacy Logistics Co., Ltd.	Taiyuan	Taiyuan	Commercial	500.00.	-	100.00	100.00	Business combinations involving entities under common control
Wanmin Chain	Taiyuan	Taiyuan	Medical services	120.00.	-	100.00	100.00	Business combinations involving entities under common control
Xiaoyi Wanmin	Xiaoyi	Xiaoyi	Commercial	622.22	-	70.00	70.00	Business combinations involving entities under common control
Jinzhong Yuci Guoda Wanmin Clinic Co., Ltd.	Jinzhong	Jinzhong	Commercial	10.00	-	100.00	100.00	Establishment

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding (%)		Voting proportion (%)	Ways of acquisition
					Direct	Indirect		
Huimin Lvliang (h)	LvLiang	LvLiang	Commercial	3,200.00	-	51.00	51.00	Establishment Business combinations involving entities under common control
Liyang Guoda	Liyang	Liyang	Commercial	2,500.00	-	80.00	80.00	Business combinations involving entities under common control
Guoda Henan	Pingdingshan	Pingdingshan	Commercial	1,500.00	-	60.00	60.00	Business combinations involving entities under common control
Guoda Inner Mongolia	Hohhot	Hohhot	Commercial	5,000.00	-	96.70	96.70	Business combinations involving entities under common control
Guoda Hulun Buir	Hulun Buir	Hulun Buir	Commercial	1,000.00	-	51.00	51.00	Establishment
Guoda Ulanqab	Ulanqab	Ulanqab	Commercial	500.00	-	60.00	60.00	Establishment
Guoda Manchuria	Manchuria	Manchuria	Commercial	50.00	-	51.00	51.00	Establishment
Guoda Bayannur	Bayannur	Bayannur	Commercial	2,000.00	-	80.00	80.00	Establishment
Inner Mongolia Medicine	Hohhot	Hohhot	Commercial	2,000.00	-	100.00	100.00	Business combinations involving entities under common control
Hebei Lerentang	Shijiazhuang	Shijiazhuang	Commercial	3,500.00	-	60.00	60.00	Business combinations involving entities under common control
Sinopharm Lerentang Shijiazhuang Pharmaceutical Co., Ltd.	Shijiazhuang	Shijiazhuang	Commercial	200.00	-	100.00	100.00	Business combinations involving entities under common control
Guoda Jiangmen (i)	Jiangmen	Jiangmen	Commercial	2,400.00	-	65.00	65.00	Business combinations involving entities under common control

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding (%)		Voting proportion (%)	Ways of acquisition
					Direct	Indirect		
Guoda Jianfeng (Jiangmen) Pharmaceutical Chain Co., Ltd. (j)	Jiangmen	Jiangmen	Commercial	1,251.97	-	51.00	51.00	Establishment
Shanxi Yiyuan	Taiyuan	Taiyuan	Commercial	1,000.00	-	80.00	80.00	Business combinations involving entities under common control
Sinopharm Holding Guoda Shanxi Pharmaceutical Co., Ltd.	Taiyuan	Taiyuan	Commercial	1,000.00	-	100.00	100.00	Business combinations involving entities not under common control
Taiyuan Tongxinli (k)	Taiyuan	Taiyuan	Commercial	560.00	-	100.00	100.00	Business combinations involving entities not under common control
ForMe Medicines	Shanghai	Shanghai	Commercial	6,655.00	-	97.00	97.00	Business combinations involving entities under common control
ForMe Pharmacy Chain Store	Shanghai	Shanghai	Commercial	5,000.00	-	99.76	99.76	Business combinations involving entities under common control
Shanghai Yutaitang Chinese Traditional Medicine Clinic Co., Ltd.	Shanghai	Shanghai	Commercial	100.00	-	100.00	100.00	Business combinations involving entities under common control
ForMe Xuhui	Shanghai	Shanghai	Commercial	25.00	-	100.00	100.00	Business combinations involving entities under common control
Beijing Golden Elephant	Beijing	Beijing	Commercial	4,222.22	-	53.13	53.13	Business combinations involving entities under common control
Sanhe Liyang Golden Elephant Pharmacy Co., Ltd.	Langfang	Langfang	Commercial	1.00	-	100.00	100.00	Business combinations involving entities under common control
Golden Elephant Guoxing	Beijing	Beijing	Commercial	50.00	-	100.00	100.00	Business combinations involving entities not under common control
Sinopharm Holding Guoda Pharmacy Zhengzhou Chain Store Co., Ltd	Zhengzhou	Zhengzhou	Commercial	2,000.00	-	60.00	60.00	Establishment

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding (%)		Voting proportion (%)	Ways of acquisition
					Direct	Indirect		
Fujian Guoda Pharmaceutical Co., Ltd.	Xiamen	Xiamen	Commercial	1,500.00	-	100.00	100.00	Establishment
Guoda Fujian	Xiamen	Xiamen	Commercial	3,750.00	-	100.00	100.00	Business combinations involving entities under common control
Guoda Pu'er	Pu'er	Pu'er	Commercial	500.00	-	60.00	60.00	Business combinations involving entities not under common control
Shanghai Dingqun	Shanghai	Shanghai	services	79,050.00	-	100.00	100.00	Business combinations involving entities not under common control
Sinopharm Holding Tianhe Jilin Pharmaceutical Co., Ltd.	Changchun	Changchun	Commercial	2,155.67	-	85.00	85.00	Business combinations involving entities not under common control
Jilin Yihe Drug Store Co., Ltd.	Changchun	Changchun	Commercial	500.00	-	100.00	100.00	Business combinations involving entities not under common control
Jilin Donglong	Changchun	Changchun	Commercial	500.00	-	100.00	100.00	Business combinations involving entities not under common control
Yushu City Dinghe Medical Pharmaceutical Technology Co., Ltd.	Changchun	Changchun	Commercial	500.00	-	51.00	51.00	Business combinations involving entities not under common control
Yanji Xianghe	Yanji	Yanji	Commercial	1,000.00	-	51.00	51.00	Business combinations involving entities not under common control
Pudong Medicine (I)	Shanghai	Shanghai	Commercial	2,000.00	-	75.00	75.00	Business combinations involving entities under common control
Shanghai Yanghetang Pharmaceutical Chain Operation Co., Ltd. (m)	Shanghai	Shanghai	Commercial	1,292.60	-	100.00	100.00	Business combinations involving entities under common control
Pudong Yanghetang	Shanghai	Shanghai	Commercial	50.00	-	100.00	100.00	Business combinations involving entities under common control

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding (%)		Voting proportion (%)	Ways of acquisition
					Direct	Indirect		
CDFY	Shenyang	Shenyang	Commercial	23,000.00	-	100.00	100.00	Business combinations involving entities not under common control
Shandong Chengda Fangyuan	Qingdao	Qingdao	Commercial	5,000.00	-	100.00	100.00	Business combinations involving entities not under common control
Liaoning Chengda Pharmacy Chains	Shenyang	Shenyang	Commercial	8,000.00	-	100.00	100.00	Business combinations involving entities not under common control
Chengda Fangyuan (Liaoning) New and Special Drugs Chain Co., Ltd.	Shenyang	Shenyang	Commercial	5,000.00	-	80.00	80.00	Business combinations involving entities not under common control
Liaoning Chengda Fangyuan Vocational and Technical Training School	Shenyang	Shenyang	services	200.00	-	100.00	100.00	Business combinations involving entities not under common control
Liaoning Cdfy Pharm	Shenyang	Shenyang	Commercial	5,000.00	-	100.00	100.00	Business combinations involving entities not under common control
Dalian Zhengda	Dalian	Dalian	Commercial	500.00	-	100.00	100.00	Business combinations involving entities not under common control
Hebei Chengda Fangyuan	Qinghuangdao	Qinghuangdao	Commercial	2,000.00	-	100.00	100.00	Business combinations involving entities not under common control
Liaoning Chengda Fangyuan Pharmaceutical Logistics Co., Ltd.	Shenyang	Shenyang	services	1,500.00	-	100.00	100.00	Business combinations involving entities not under common control
Liaoning Chengda Fangyuan Logistics Co., Ltd.	Shenyang	Shenyang	services	200.00	-	100.00	100.00	Business combinations involving entities not under common control
Jilin Chengda Fangyuan Pharmaceutical Co., Ltd.	Changchun	Changchun	Commercial	1,000.00	-	80.00	80.00	Business combinations involving entities not under common control
Jilin Chengda Fangyuan Pharmaceutical Chain Co., Ltd.	Changchun	Changchun	Commercial	500.00	-	99.00	99.00	Business combinations involving entities not under common control

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Subsidiaries	Principal place of business	Place of establishment	Nature of business	Registered capital (RMB'0,000)	Shareholding (%)		Voting proportion (%)	Ways of acquisition
Inner Mongolia Chengda Fangyuan Medicine Co., Ltd.	Chifeng	Chifeng	Commercial	400.00	-	70.00	70.00	Business combinations involving entities not under common control
Inner Mongolia Chengda Fangyuan Pharmaceutical Chain Co., Ltd.	Chifeng	Chifeng	Commercial	200.00	-	99.00	99.00	Business combinations involving entities not under common control
Disheng Medicine (n)	Xishuangbanna	Xishuangbanna	Commercial	2,000.00	-	70.00	70.00	Business combinations involving entities not under common control
Disheng Pharmaceutical Chain (o)	Xishuangbanna	Xishuangbanna	Commercial	6,900.00	-	70.00	70.00	Business combinations involving entities not under common control

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

The subsidiaries of the Group (Continued)

- (a) On 12 July 2021, Sinopharm Accord Medical Supply Chain (Shenzhen) Co., Ltd. was renamed as Sinopharm Accord Medical Devices (Shenzhen) Co., Ltd.
- (b) On 20 April 2021, Guangdong Uptodate & Special Medicines was renamed as Sinopharm Guangdong Uptodate & Special Medicines Co., Ltd.
- (c) On 28 December 2021, the Group, Guorun Medical Supply Chain Service (Shanghai) Co., Ltd. ("Guorun Medical Supply Chain") and Guangxi Deyiyuan Medical Investment Center accumulatively invested RMB6,120.00 thousand, RMB5,880.00 and RMB8,000.00 thousand respectively to set up Sinopharm Holding Medical Supply Chain Service (Guangxi) Co., Ltd.. After the establishment, the Group held 60% of equity in the company.
- (d) On 25 October 2021, the Group invested RMB1,000.00 thousand to set up Guigang Pharmacy. As at the end of 2021, payment has been completed.
- (e) On 14 December 2020, the Group invested RMB1,000.00 thousand to set up Liaoning Huludao. As at the end of 2021, RMB500.00 has been completed.
- (f) On 31 September 2021, the Group and Shandong Luzhong accumulatively invested RMB5,100.00 thousand and RMB4,900.00 thousand to set up Guoda Heze respectively. After the establishment, the Group held 51% of equity in the company. As at the end of 2021, the group paid RMB4,163.20 thousand and Shandong Luzhong paid RMB4,000.00 thousand.
- (g) On 31 September 2021, the Group invested RMB2,800.00 thousand to set up Hunan Pharmacy. As at the end of 2021, payment has not been completed yet.
- (h) On 28 September 2020, the Group and Wenshui Weikang Trading Co., Ltd accumulatively invested RMB16,320.00 thousand and RMB15,680.00 thousand respectively to set up Huimin Lvliang. After the establishment, the Group held 51% of equity in the company. As at the end of 2021, payment has been completed.
- (i) On 14 January 2022, Sinopharm holding Guoda pharmacy Jiangmen Chain Co., Ltd. was renamed as Sinopharm United Guoda(Jiangmen) Co., Ltd.
- (j) On 26 September 2020, the Group and Jiangmen Xinhui Jianfeng Pharmaceutical Co., Ltd. accumulatively invested RMB6,385.10 thousand and RMB6,134.70 thousand respectively to set up Sinopharm Guoda Jianfeng (Jiangmen) pharmaceutical chain Co., Ltd. After the establishment, the Group held 51% of equity in the company. As at the end of 2021, payment has been completed.
- (k) On 27 January 2022, Taiyuan Tongxinli had completed the cancellation of the business license. Cancellation announcement period is from 30 November 2021 to 13 January 2022.
- (l) On 21 June 2021, the registered capital of Pudong Medicine was changed from RMB13,895.50 thousand to RMB20,000.00 thousand. After the change, the Group subscribed RMB15,000.00 thousand of registered capital. As at the end of 2021, payment has been completed.
- (m) On 2 August 2021, the registered capital of Shanghai Yanghetang Pharmaceutical Chain Operation Co., Ltd. was changed from RMB6,821.50 thousand to RMB12,926.00 thousand. After the change, the Group subscribed RMB12,926.00 thousand of registered capital. As at the end of 2021, payment has been completed.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

The subsidiaries of the Group (Continued)

- (n) On 15 March 2021, the Group acquired 70% equity in Disheng Medicine from Xishuangbanna Disheng Pharmaceutical Co., Ltd. for RMB14,130.00 thousand, which formed a business combination not involving enterprises under common control. The acquisition was completed on 15 March 2021 and was included in the scope of consolidation.
- (o) On 15 March 2021, the Group acquired 70% equity in Disheng Pharmacy Chain from Xishuangbanna Disheng Pharmaceutical Co., Ltd. for RMB238,000.00 thousand, which formed a business combination not involving enterprises under common control. The acquisition was completed on 15 March 2021 and was included in the scope of consolidation.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

1. Interests in subsidiaries (Continued)

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

2021				
	Percentage of equity interest held by non-controlling interests	Profit for this year attributable to non-controlling interests	Dividend paid to non-controlling interests	Accumulated balances of non-controlling interests at the date of the balance sheet
Guoda Drugstore	40.00%	26,093,167.04	-	1,963,914,199.87
2020				
	Percentage of equity interest held by non-controlling interests	Profit for this year attributable to non-controlling interests	Dividend paid to non-controlling interests	Accumulated balances of non-controlling interests at the date of the balance sheet
Guoda Drugstore	40.00%	136,490,577.03	-	1,948,921,041.02

The major financial information of the subsidiaries in the table above is stated below. These amounts are before elimination:

	Guoda Drugstore	
	2021	2020
Current assets	9,093,088,349.46	8,886,545,970.79
Non-current assets	<u>6,890,746,889.09</u>	<u>6,570,327,751.04</u>
Total assets	<u>15,983,835,238.55</u>	<u>15,456,873,721.83</u>
Current liabilities	8,912,034,922.32	8,541,421,518.15
Non-current liabilities	<u>1,389,487,840.12</u>	<u>1,375,989,559.14</u>
Total liabilities	<u>10,301,522,762.44</u>	<u>9,917,411,077.29</u>
Operating revenue	22,477,630,028.55	19,437,660,100.65
Net profit	184,049,100.87	476,588,088.95
Total comprehensive income	<u>156,299,080.40</u>	<u>464,188,594.16</u>
Net cash flows from operating activities	<u>1,674,844,216.57</u>	<u>2,002,315,496.43</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

2. Interests in associates

	Principal place of business	Place of incorporation	Nature of business	Shareholding (%)		Accounting
				Direct	Indirect	
Associates						
Main Luck Pharmaceutical	Shenzhen	Shenzhen	Manufacturing	35.19	-	Equity
Zhijun Suzhou	Suzhou	Suzhou	Manufacturing	33.00	-	Equity
Zhijun Medicine	Shenzhen	Shenzhen	Manufacturing	49.00	-	Equity
Zhijun Trade	Shenzhen	Shenzhen	Commercial	49.00	-	Equity
Zhijun Pingshan	Shenzhen	Shenzhen	Manufacturing	49.00	-	Equity
Shyndec Pharma(a)	Shanghai	Shanghai	Manufacturing	16.28	-	Equity
Shanghai Beiyi	Shanghai	Shanghai	Commercial	-	26.00	Equity
Shanghai Liyi	Shanghai	Shanghai	Commercial	-	35.00	Equity
Guangdong Jienuo	Guangzhou	Guangzhou	Commercial	-	29.00	Equity
Dongyuan Accord	Heyuan	Heyuan	Commercial	-	45.00	Equity
Shanghai Renbei	Shanghai	Shanghai	Commercial	-	30.00	Equity
Guangdong Jianhui(b)	Zhanjiang	Zhanjiang	Commercial	-	10.00	Equity
Jialong Hainan(c)	Chengmai	Chengmai	Commercial	-	25.00	Equity

- (a) Shyndec Pharma set up a board of directors that was responsible for the shareholders' meeting, with a total of nine members, among which, one was appointed by the Group. Each director has one vote on the board, taking 11.11% of the voting rights. Except for special resolutions adopted by half of the board of directors. The Group has significant influence over Shyndec Pharma.
- (b) According to the Articles of Association, the board of directors of Guangdong Jianhui was composed of five directors, one of whom was appointed by the Group, accounting for 20.00% of voting rights. The voting right of resolutions of the board of directors is one vote for one person. Except for some special matters, other resolutions of the board of directors are approved by more than two-thirds of all directors. Therefore, the Group has significant influence over Guangdong Jianhui.
- (c) On 9 August 2021, the Group jointly established Jialong Hainan with Hainan Yushan Changxing Health Management Co., Ltd, with the share percentages being 25.00% and 75.00%, respectively. According to the Articles of Association, the board of directors of Jialong Hainan was composed of three directors, one of whom was appointed by the Group, accounting for 33.33% of voting rights. Therefore, the Group has significant influence over Jialong Hainan, and thus, it is considered as an associate of the Group.

Shyndec Pharma and Zhijun Medicine are important associates of the Group and are engaged in the production as well as sale of pharmaceutical products. The Group adopted the equity method for Shyndec Pharma, Main Luck Pharmaceutical and Zhijun Medicine.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

2. Interests in associates (Continued)

The following table illustrates the summarised financial information in respect of Shyndec Pharma:

	2021	2020
Current assets	10,886,446,261.52	10,162,475,190.65
Non-current assets	<u>8,183,515,130.93</u>	<u>8,087,979,595.07</u>
Total assets	<u>19,069,961,392.45</u>	<u>18,250,454,785.72</u>
Current liabilities	6,842,570,937.46	6,194,362,158.11
Non-current liabilities	<u>1,857,531,965.46</u>	<u>2,236,726,740.99</u>
Total liabilities	<u>8,700,102,902.92</u>	<u>8,431,088,899.10</u>
Non-controlling interests	1,777,094,904.67	1,688,157,191.81
Shareholders' equity attributable to shareholders of the parent company	<u>8,592,763,584.86</u>	<u>8,131,208,694.81</u>
Group's share of net assets by proportion of ownership interests	<u>1,398,901,911.62</u>	<u>1,323,760,775.52</u>
Carrying amount of the investment	<u>1,398,901,911.62</u>	<u>1,323,760,775.52</u>
Operating revenue	13,944,948,270.25	12,556,281,595.67
Income taxes	97,062,929.19	141,079,935.05
Net profit	821,145,853.02	900,046,866.22
Total comprehensive income	821,398,880.77	900,079,623.42
Dividend received	<u>16,714,220.20</u>	<u>16,714,220.20</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

2. Interests in associates (Continued)

The following table illustrates the summarised financial information in respect of Main Luck Pharmaceutical:

	2021	2020
Current assets	1,084,994,896.84	1,076,146,345.00
Non-current assets	<u>161,776,731.97</u>	<u>124,495,504.04</u>
Total assets	<u>1,246,771,628.81</u>	<u>1,200,641,849.04</u>
Current liabilities	264,584,338.32	275,509,215.17
Non-current liabilities	<u>14,610,760.83</u>	<u>8,120,000.00</u>
Total liabilities	<u>279,195,099.15</u>	<u>283,629,215.17</u>
Shareholders' equity attributable to shareholders of the parent company	<u>967,576,529.66</u>	<u>917,012,633.87</u>
Group's share of net assets by proportion of ownership interests	<u>340,490,180.80</u>	<u>322,696,745.87</u>
Carrying amount of the investment	<u>340,490,180.80</u>	<u>322,696,745.87</u>
Operating revenue	980,321,533.72	1,044,631,857.57
Income taxes	43,975,748.31	44,375,861.78
Net profit	250,563,895.80	260,214,204.60
Total comprehensive income	250,563,895.80	260,214,204.60
Dividend received	<u>70,380,000.00</u>	<u>63,342,000.00</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VII Interests in other entities (Continued)

2. Interests in associates (Continued)

The following table illustrates the summarised financial information in respect of Zhijun Medicine:

	2021	2020
Current assets	1,435,210,018.93	1,176,812,039.37
Non-current assets	<u>261,609,950.81</u>	<u>238,613,242.87</u>
Total assets	<u>1,696,819,969.74</u>	<u>1,415,425,282.24</u>
Current liabilities	671,896,297.56	541,117,019.88
Non-current liabilities	<u>11,570,731.00</u>	<u>5,822,904.95</u>
Total liabilities	<u>683,467,028.56</u>	<u>546,939,924.83</u>
Shareholders' equity attributable to shareholders of the parent company	<u>1,013,352,941.18</u>	<u>868,485,357.41</u>
Group's share of net assets by proportion of ownership interests	<u>496,542,941.16</u>	<u>425,557,825.11</u>
Carrying amount of the investment	<u>496,542,941.16</u>	<u>425,557,825.11</u>
Operating revenue	1,540,518,885.53	1,364,530,022.63
Income taxes	33,788,074.25	20,277,618.43
Net profit	224,660,769.57	159,586,371.60
Total comprehensive income	224,660,769.57	159,586,371.60
Dividend received	<u>39,098,661.04</u>	<u>53,218,071.65</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VIII Risks related to financial instruments

1. Classification of financial instruments

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

2021

Financial assets	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income		Total
	Mandatorily required		Mandatorily required	Designated	
Cash and cash equivalents	-	5,126,159,080.94	-	-	5,126,159,080.94
Notes receivable	-	680,196,380.57	-	-	680,196,380.57
Accounts receivable	-	15,964,603,345.91	-	-	15,964,603,345.91
Receivables financing	-	-	1,027,226,940.21	-	1,027,226,940.21
Other receivables	-	718,089,129.10	-	-	718,089,129.10
Other non-current financial assets	135,974,908.51	-	-	-	135,974,908.51
Other equity instrument investment	-	-	-	62,488,312.99	62,488,312.99
	<u>135,974,908.51</u>	<u>22,489,047,936.52</u>	<u>1,027,226,940.21</u>	<u>62,488,312.99</u>	<u>23,714,738,098.23</u>
Financial liabilities				Financial liabilities at amortised cost	
Short-term borrowings					1,930,467,146.38
Notes payable					7,660,216,823.68
Accounts payable					9,057,718,968.14
Other payables					1,714,746,986.46
Non-current liabilities due within 1 year					848,328,648.14
Lease liabilities					1,375,427,877.28
Long-term borrowings					71,637,173.89
Other non-current liabilities					71,400,000.00
					<u>22,729,943,623.97</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VIII Risks related to financial instruments (Continued)

1. Classification of financial instruments (Continued)

2020

Financial assets	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income		Total
	Mandatorily required		Mandatorily required	Designated	
Cash and cash equivalents	-	5,998,204,295.87	-	-	5,998,204,295.87
Notes receivable	-	622,115,477.04	-	-	622,115,477.04
Accounts receivable	-	13,799,971,014.22	-	-	13,799,971,014.22
Receivables financing	-	-	1,404,987,700.38	-	1,404,987,700.38
Other receivables	-	535,228,747.69	-	-	535,228,747.69
Other non-current financial assets	120,972,350.24	-	-	-	120,972,350.24
Other equity instrument investment	-	-	-	99,488,340.28	99,488,340.28
	<u>120,972,350.24</u>	<u>20,955,519,534.82</u>	<u>1,404,987,700.38</u>	<u>99,488,340.28</u>	<u>22,580,967,925.72</u>
Financial liabilities				Financial liabilities at amortised cost	
Short-term borrowings					1,612,187,020.12
Notes payable					7,520,165,274.69
Accounts payable					7,697,451,142.50
Other payables					1,599,166,881.14
Non-current liabilities due within 1 year					748,732,059.89
Lease liabilities					1,303,054,163.90
Long-term borrowings					31,637,173.89
					<u>20,512,393,716.13</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VIII Risks related to financial instruments (Continued)

2. Transfers of financial assets

Transferred financial assets that are not derecognised in their entirety

As at 31 December 2021, the Group had endorsed commercial acceptance bills (the "Endorsed Bills") with a carrying amount of RMB0.00 (31 December 2020: RMB4,095,283.92) to certain of its suppliers to settle accounts payable due to such suppliers and the Group had endorsed bank acceptance bills with a carrying amount of RMB31,886,681.19 (31 December 2020: nil) to certain of its suppliers to settle accounts payable due to such suppliers. As at 31 December 2021, the Group had discounted commercial acceptance bills (the "Discounted Bills") with a carrying amount of RMB0.00 (31 December 2020: nil) to banks. In the opinion of the Group, the Group has retained substantially all the risks and rewards, which include default risks relating to such Endorsed Bills and Discounted Bills. Accordingly, it continued to recognise the full carrying amounts of those bills and the associated accounts payable settled. Subsequent to the Endorsement and Discount, the Group did not retain any rights on the use of those bills, including the sale, transfer or pledge of those bills to any other third parties.

As at 31 December 2021, the total carrying value of accounts payable settled by the Group was RMB31,886,681.19 (31 December 2020: RMB4,095,283.92).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VIII Risks related to financial instruments (Continued)

2. Transfers of financial assets (Continued)

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

As at 31 December 2021, the Group had endorsed bank acceptance bills (the "Endorsed Bills") with a carrying amount of RMB1,222,202,123.45 (31 December 2020: RMB1,283,369,787.75) to certain of its suppliers to settle accounts payable due to such suppliers. As at 31 December 2021, the Group had discounted bank acceptance bills (the "Discounted Bills") with a carrying amount of RMB984,152,993.81 (31 December 2020: RMB330,472,883.05) to banks. As at 31 December 2021, those bills had a maturity of 1 to 12 months at the end of the reporting period. In accordance with the *Law of Negotiable Instruments*, the holders of the derecognised bills have a right of recourse against the Group if the accepting banks default (the "Continuing Involvement"). In the opinion of the Group, the Group has transferred substantially all risks and rewards relating to those bills. Accordingly, it has derecognised the full carrying amounts of those bills and the associated accounts payable. The maximum exposure to loss from the Group's Continuing Involvement in the derecognised bills and the undiscounted cash flows to repurchase these derecognised bills is equal to their carrying amounts. In the opinion of the Group, the fair values of the Group's Continuing Involvement in the derecognised bills are not significant.

During 2021, the Group has not recognised any gain or loss on the date of transfer. The Group has no income or expense recognised in the current year and accumulated due to Continuing Involvement in the derecognised financial assets. The endorsement has been made evenly throughout the year.

During 2021, the Group has not recognised any gain or loss on the date of transfer of the derecognised bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VIII Risks related to financial instruments (Continued)

3. Risks of financial instruments

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk (including currency risk and interest rate risk). The Group's principal financial instruments comprise cash and bank balances, equity investments, debt investments, borrowings, notes receivable, accounts receivable, notes payable and accounts payable. Risks related to these financial instruments and the Group's risk management strategies for reducing these risks are shown below.

The Company's board of directors is responsible for planning and establishing the risk management framework of the Group, formulating risk management policies and related guidelines of the Group and supervising the implementation of risk management measures. The Group has already developed risk management policies to identify and analyse the risks faced by the Group, which have clearly identified specific risks, covering numerous aspects such as market risk, credit risk and liquidity risk management. The Group regularly assesses the market environment and changes in the Group's business activities to determine whether or not to update the risk management policies and systems. The risk management of the Group shall be conducted by the working group led by the management of the Company in accordance with the risk management policies of SASAC, CNPGC and Sinopharm Group, through close collaboration with other business units of the Group to identify, evaluate and avoid related risks.

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

Credit risk

The Group only trades with recognised and creditworthy third parties. In accordance with the Group's policy, credit review is required for all customers requiring credit transactions. In addition, the Group continuously monitors the balance of accounts receivable to ensure that the Group is not exposed to significant bad debt risk. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the special approval of the credit control department of the Group.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VIII Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Credit risk (Continued)

The maximum exposure to credit risk of the Group at each balance sheet date is the total amount charged to the customers less the amount of the impairment provision.

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

Determination of significant increase in credit risk

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

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

- (1) Quantitative criteria are mainly probability of default increasing more than a given % since initial recognition;
- (2) Qualitative criteria are mainly significant detrimental changes in the borrower's operating or financial conditions and early warning customer lists.
- (3) The upper criterion is above 30 days of the borrowers default (including principal and interest).

Definition of credit-impaired financial assets

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VIII Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Credit risk (Continued)

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

Parameter of the expected credit loss model

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

Definitions:

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

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

As at 31 December 2021, the Group had no significant overdue receivables (31 December 2020: nil).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

VIII Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Liquidity risk

The maturity analysis of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted cash flows, is as follows:

	31 December 2021				Total
	Within 1 year	1 to 2 years	2 to 5 years	Above 5 years	
Short-term borrowings	1,947,231,588.48	-	-	-	1,947,231,588.48
Long-term borrowings	-	34,379,752.78	40,881,388.89	-	75,261,141.67
Notes payable	7,660,216,823.68	-	-	-	7,660,216,823.68
Accounts payable	9,057,718,968.14	-	-	-	9,057,718,968.14
Other payables	1,714,746,986.46	-	-	-	1,714,746,986.46
Non-current liabilities due within 1 year	984,474,954.40	-	-	-	984,474,954.40
Lease liabilities	-	671,938,054.49	727,760,496.55	19,832,053.23	1,419,530,604.27
Other non-current liabilities	-	71,400,000.00	-	-	71,400,000.00
	<u>21,364,389,321.16</u>	<u>777,717,807.27</u>	<u>768,641,885.44</u>	<u>19,832,053.23</u>	<u>22,930,581,067.10</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

VIII Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Liquidity risk (Continued)

The maturity analysis of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted cash flows, is as follows:

	31 December 2020				Total
	Within 1 year	1 to 2 years	2 to 5 years	Above 5 years	
Short-term borrowings	1,630,237,831.47	-	-	-	1,630,237,831.47
Long-term borrowings	-	1,216,600.00	32,313,062.78	-	33,529,662.78
Notes payable	7,520,165,274.69	-	-	-	7,520,165,274.69
Accounts payable	7,697,451,142.50	-	-	-	7,697,451,142.50
Other payables	1,599,166,881.14	-	-	-	1,599,166,881.14
Non-current liabilities due within 1 year	866,553,230.12	-	-	-	866,553,230.12
Lease liabilities	-	607,074,838.58	682,420,061.05	62,444,333.58	1,351,939,233.21
	<u>19,313,574,359.92</u>	<u>608,291,438.58</u>	<u>714,733,123.83</u>	<u>62,444,333.58</u>	<u>20,699,043,255.91</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VIII Risks related to financial instruments (Continued)

3. Risks of financial instruments (Continued)

Market risk

Interest rate risk

The Group's interest rate risk arises from long-term borrowings from banks. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2021, if the floating interest rates of the long-term interest-bearing borrowings increased or decreased by 50 base points, while other factors did not change, the Group's net income would decrease or increase by RMB118,500.00 (31 December 2020: if the floating interest rates of the long-term interest-bearing borrowings increased or decreased by 50 base points, while other factors did not change, the Group's net income would increase or decrease by RMB97,072.60).

The Group's finance department at its headquarters continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowings and the interest expenses with respect to the Group's outstanding floating rate borrowings and, therefore, could have a material adverse effect on the Group's financial position. The Group's management layer would make adjustments with reference to the latest market conditions which are interest rate swap agreements to mitigate its exposure to interest rate risk. During 2021 and 2020, the Group had not entered into any interest rate swap agreements.

For the year ended 31 December 2021, the Group had long-term interest-bearing borrowings with floating interest rates and fixed interest rates amounting to RMB71,600,000.00 (31 December 2020: RMB31,600,000.00).

Currency risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities as well as future transactions (denominated in foreign currencies, primarily with respect to USD and HKD). The Group's finance department at its headquarters is responsible for monitoring the amounts of assets and liabilities, and transactions denominated in foreign currencies, where the department aims at mitigating the potential foreign exchange risk to a large extent.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

VIII Risks related to financial instruments (Continued)

4. Capital management

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

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

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

The gearing ratios of the Group as at the end of the reporting periods are as follows:

	2021	2020
Gearing ratio	<u>57.88%</u>	<u>57.35%</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

IX Disclosure of fair value

1. Assets and liabilities at fair value

2021

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
Continuous measurement of fair value				
Receivables financing	-	1,027,226,940.21	-	1,027,226,940.21
Other investment in equity instruments	-	62,488,312.99	-	62,488,312.99
Other non-current financial assets	-	-	135,974,908.51	135,974,908.51
	-	1,089,715,253.20	135,974,908.51	1,225,690,161.71

2020

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
Continuous measurement of fair value				
Receivables financing	-	1,404,987,700.38	-	1,404,987,700.38
Other investment in equity instruments	-	99,488,340.28	-	99,488,340.28
Other non-current financial assets	-	-	120,972,350.24	120,972,350.24
	-	1,504,476,040.66	120,972,350.24	1,625,448,390.90

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

IX Disclosure of fair value (Continued)

2. Assets and liabilities disclosed at fair value

2021

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
Long-term borrowings	-	71,637,173.89	-	71,637,173.89

2020

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

3. Estimation of fair value

The following is the book value and fair value of financial instruments of the Group, excluding those that have immaterial difference in book value and fair value:

	Carrying amount		Fair value	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Financial liabilities	-	-	-	-
Long-term borrowings	71,637,173.89	31,637,173.89	71,637,173.89	31,637,173.89

Management has assessed that the fair values of cash and cash equivalents, notes receivable, accounts receivable, receivables financing, other receivables, short-term borrowings, notes payable, accounts payable, other payables, non-current liabilities due within 1 year and other short-term financial assets and liabilities. Due to the short remaining maturities of these instruments, the fair value approximated to the carrying amount.

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

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

The fair values of short-term and long-term borrowings, and long-term payables have been calculated by discounting the expected future cash flows using market rates of return currently available for other financial instruments with similar terms, credit risk and remaining maturities. As at 31 December 2021, the Group's own non-performance risk for short-term and long-term borrowings was assessed to be insignificant.

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

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

IX Disclosure of fair value (Continued)

4. Unobservable inputs

Other non-current financial assets were the fund shares of Ningbo Meishan Bonded Port Area Qirui Equity Investment Center LP and Gongqingcheng Qixin subscribed by the Company. For the determination of the fair value of the investment, after referring to the net assets of Ningbo Meishan Bonded Port Area Qirui Equity Investment Center LP and Gongqingcheng Qixin on 31 December 2021, which has implemented the new financial instrument standards, the result was calculated and determined according to the fund share proportion owned by the Company.

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

5. Transfers between levels of fair value measurement

During the year, there were no transfers of fair value measurements between Level 1 and Level 2.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions

1. Parent

	Registered address	Nature of business	Share capital (RMB'0,000)	Proportion of ownership interest in the Company	Proportion of voting power in the Company
Sinopharm Group	Shanghai	Industrial investment holding, trustee of a pharmaceutical enterprise, asset reorganization, distribution and retail of medicines and pharmaceutical products, etc.	312,065.62	56.06%	56.06%

The ultimate controlling party of the Company is CNPGC.

2. Subsidiaries

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

3. Associates

Refer to Note VII (2) for details of associates.

4. Other related parties

Related party relationships

Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	Controlled by CNPGC
China National of Traditional & Herbal Medicine Co., Ltd.	Controlled by CNPGC
Huayi Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Beijing Huamiao Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sichuan Jiangyou Zhongba Aconiti Science and Technology Development Co., Ltd.	Controlled by CNPGC
Sinopharm Tongjitang (Guizhou) Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm (Anhui) Jingfang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Guangdong Global Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Fengliaoqing (Foshan) Medicines Co., Ltd.	Controlled by CNPGC
Sinopharm Luya (Shandong) Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Fengliaoqing (Foshan) Pharmaceutical Drugs Co., Ltd.	Controlled by CNPGC
Foshan Winteam Pharmaceutical Group Ltd.	Controlled by CNPGC
Sinopharm Dezhong (Foshan) Pharmaceutical Co., Ltd.	Controlled by CNPGC
China Biotechnology Technology Co., Ltd.	Controlled by CNPGC
Chengdu Rongsheng Pharmacy Co., Ltd.	Controlled by CNPGC
Shanghai Zeno Biotechnology Co., Ltd.	Controlled by CNPGC
Lanzhou Biotechnology Development Co., Ltd.	Controlled by CNPGC
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	Controlled by CNPGC
Shanghai Shangsheng Biological Products Co., Ltd.	Controlled by CNPGC
Shantou Jinshi Powder Injection Co., Ltd.	Controlled by CNPGC
Chengdu Institute of Biological Products Co., Ltd.	Controlled by CNPGC
China National Pharmaceutical Industry Co., Ltd.	Controlled by CNPGC
Sinopharm Weiqida Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	Controlled by CNPGC

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Related party relationships

Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	Controlled by CNPGC
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Zhonglian Pharmaceutical Group Co., Ltd.	Controlled by CNPGC
Sinopharm Wuhan Zhonglian Siyao Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm ChuanKang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Group Financial Co., Ltd.	Controlled by CNPGC
China Sinopharm International Corporation	Controlled by CNPGC
Sinopharm Fortune Way Company	Controlled by CNPGC
China National Pharmaceutical Foreign Trade Corporation	Controlled by CNPGC
Sinopharm Foreign Trade (Beijing) Co., Ltd.	Controlled by CNPGC
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	Controlled by CNPGC
Sinopharm Fengliaoqing Medical Hospital Co., Ltd.	Controlled by CNPGC
Guangdong Yifang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Yixin Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm ChangChun A-THINK Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Sanyi Medicine (Wuhu) Co., Ltd.	Controlled by CNPGC
Sinopharm Wuhan Blood Products Co., Ltd.	Controlled by CNPGC
Wuhan Zhongsheng Yujin Biomedical Co., Ltd.	Controlled by CNPGC
Sinopharm Group Fengliaoqing Medical Hospital (Foshan Nanhai) Co., Ltd.	Controlled by CNPGC
Fujian Tianjiang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Chongqing Tianjiang Yifang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Yunnan Tianjiang Yifang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Group Fengliaoqing Pharmacy (Foshan) Co., Ltd.	Controlled by CNPGC
Foshan Chengnan Fengliaoqing Medical Hospital Co., Ltd.	Controlled by CNPGC
Guangxi Yifang Tianjiang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Hubei Sinopharm Zhonglian Medicine Co., Ltd.	Controlled by CNPGC
Taiji Group Co., Ltd.	Controlled by CNPGC
Taiji Group Chongqing Fuling Pharmaceutical Factory Co., Ltd.	Controlled by CNPGC
Taiji Group Sichuan Nanchong Pharmaceutical Co., Ltd.	Controlled by CNPGC
Chongqing Tongjunge Co., Ltd.	Controlled by CNPGC
Taiji Group Chongqing No.2 Traditional Chinese Medicine Factory Co., Ltd.	Controlled by CNPGC
Chongqing Taiji Group TongJunGe Pharmaceutical Co. Ltd.	Controlled by CNPGC
Sichuan Taiji Pharmacy Chain Co., Ltd.	Controlled by CNPGC
Southwest Pharmaceutical Co., Ltd.	Controlled by CNPGC
Gansu Tianshui Zhangjiachuan Donkey-hide Gelatin Factory	Controlled by CNPGC
Zhejiang Dongfang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Taiji Group Sichuan Mianyang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Taiji Group Sichuan Tiancheng Pharmaceutical Co., Ltd.	Controlled by CNPGC

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

	<u>Related party relationships</u>
China National Pharmaceutical Group Shanxi Rfl Pharmaceutical Co., Ltd.	Associate of CNPGC
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	Associate of CNPGC
China Otsuka Pharmaceutical Co., Ltd.	Associate of CNPGC
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	Associate of CNPGC
Sinopharm Holding Shanxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Linfen Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanghai Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Chemical Reagent Co., Ltd.	Controlled by Sinopharm Group
Beijing Sinopharm Tianyuan Real Estate & Property Management 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 Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding (Tianjin Binhai) Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tianjin North Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhihuiminsheng (Tianjin) Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shenyang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dalian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dalian Special Drug Store Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jinzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anshan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Liaoning Medical Equipment Distribution Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shaanxi Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Medical Consumables Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hubei Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shiyan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding (Hubei) Hankou Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hubei Guoda Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holdings Wuhan Guoda Pharmacy Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Medicine HckLing (Hubei) Essential Drug Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hubei Hongyuan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wuhan Hongshen Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Shanxi Linfen Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Jinzhong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Jincheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Mingdikang Medicine Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Related party relationships

Sinopharm Group Medicine Logistic Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Medicine Logistic Co., Ltd. Guangzhou Branch	Controlled by Sinopharm Group
Sinopharm Holding Hunan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Medicine Holding Chenzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changde Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	Controlled by Sinopharm Group
Sinopharm Holding Hengyang Co., Ltd.	Controlled by Sinopharm Group
China National Medicines Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Guorui Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Pharmaceutical Logistics Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Jiankun (Beijing) Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holdings Beijing Huahong co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhejiang Co., Ltd.	Controlled by Sinopharm Group
Shanghai Tongyu Information Technology Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Sub Marketing Center Co., Ltd.	Controlled by Sinopharm Group
Shanghai Shengxin Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Henan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiaozuo Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shangqiu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Pingdingshan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anhui Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wuhu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Fuzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shandong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Lunan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Rizhao Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Linyi Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jinan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dezhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Liaocheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding (Shandong) Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yunnan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Pu'er Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Honghe Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chuxiong Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Related party relationships

Sinopharm Holding Kunming Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Yuxi Sinopharm Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holdings Kunming Co., Ltd.	Controlled by Sinopharm Group
Yunnan Sinopharm Holding Dongchang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hainan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hainan Hongyi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Guanai Yuankang Pharmacy (Haikou) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Guanai Jikun Pharmacy (Haikou) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Gansu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Fujian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Putian Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Longyan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhangzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ningde Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Quanzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xiamen Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nanping Newforce Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Fuzhou Medical Devices Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ningxia Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiangxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holdings Xinyu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Fuzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guizhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anshun Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tongren Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zunyi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Qianxinan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guizhou Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Inner Mongolia Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Tongliao Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Baotou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ulanqab Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Bayannur Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chifeng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hulun Buir Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Ordos Co., Ltd.	Controlled by Sinopharm Group
Sinopharm In Inner Mongolia Medical Instrument Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Related party relationships

Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinjiang Xinte Shenrong Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Xinjiang Baitong Property Service Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xinte Yili Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Med-Tech Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jilin Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jilin Chain Store Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holdings Professional Pharmacy Songyuan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wenzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chongqing Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Jiangsu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yangzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yangzhou Biological Products Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Taizhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhenjiang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yangzhou Medical Treatment Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nantong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Wuxi Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Lianyungang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Xuzhou Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Yancheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Heilongjiang Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Lerentang Hebei Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Chengde Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Shijiazhuang Traditional Chinese Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Zhangjiakou Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Hengshui Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Handan Medicine Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Related party relationships

Sinopharm Lerentang Tangshan Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Langfang Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Cangzhou Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Baoding Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Xintai Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Healthcare Shijiazhuang Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Shijiazhuang Medical Management Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Baoding Hongkang Pharmaceutical Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Qinghai Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Shanghai Merro Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Huaideju Pharmaceutical (Xiamen) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Huaideju (Xiamen) Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Lingshang Hospital Management Services (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chongqing Taimin Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holdings Chongqing Health Management Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanghai Biomedicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Sichuan Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chengdu Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Dalian Hecheng Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hongrun Medical Business Service (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changsha Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Pharmacy (Shanghai) Co., Ltd.	Controlled by Sinopharm Group
Guorun medical	Controlled by Sinopharm Group
China National Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Hunan Prov. Medical Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Medical Instrument Guizhou Qiannan Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guizhou (Zunyi) Medical Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm (Dalian) Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm (Tianjin) Medical Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Hebei Medical Instrument Co., Ltd.	Controlled by Sinopharm Group
China Medical Equipment Shandong Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Guangdong Medicine Device Co., Ltd.	Controlled by Sinopharm Group
China National Scientific Instruments & Materials I&E Shenzhen Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Guangdong Medical Examination Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Shenzhen Medicine Device Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Related party relationships

Sinopharm Zhuhai Medical Instrument Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Instruments (Jiangmen) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Medical Instrument (Foshan) Co., Ltd.	Controlled by Sinopharm Group
China National Medical Device (Hui Zhou) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Guangdong Medicine Device Supply Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Advanced (Shanghai) Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Liaoning Medical Equipment Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanxi Medical Devices Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Guangxi Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Shanghai Medicine Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm United Medical Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Group Medical Management Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Hunan Pharmaceutical Development Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Medical Instrument (Hainan) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Guangxi Medical Technology Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Dajiuzhou Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Runhe Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anhui Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holdings Anhui Chuzhou Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holdings Anhui Pharmaceutical Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changxing Professional Pharmacy (Haikou) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Special Drugs Shihezi Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guizhou Medical Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Device (Guangdong) Medical Technology Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Anhui Huaning Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Huixinqinyuan (Beijing) Technology Development Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Changsha Gaoxin Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Zhongjian Medical Device Chain Co., Ltd.	Controlled by Sinopharm Group
Liaoning Pilot Free Trade Zone China Medical Device Technology Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Qinhuangdao Pharmaceutical Trading Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Langfang Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang (Langfang) Pharmaceutical Trade Co., Ltd.	Controlled by Sinopharm Group
Shanghai International Pharmaceutical Trade Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Guizhou Yitong Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Zhuanye Pharmacy (Dongfang) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Xingtai Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Handan Sinopharm Lerentang Pharmacy Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holdings Kangfu (Tengzhou) Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Related party relationships

Sinopharm Holding Xinye (Hubei) Medicine Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Linfen Ningde Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Shanxi Hejin Pharmaceutical Co., Ltd.	Controlled by Sinopharm Group
Shanghai Guoda Shengxin Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Baise Device Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Shengshi (Guangdong) Medical Technology Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Tangshan Pharmacy Chain Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Cangzhou Pharmaceutical Trading Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Baoding Trading Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holdings Professional Pharmacy Chain (Hainan) Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Benxi Co., Ltd.	Controlled by Sinopharm Group
Shanghai Guodaai Pharmacy Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Lerentang Zhangjiakou Pharmaceutical Trading Co., Ltd.	Controlled by Sinopharm Group
Sinopharm Holding Chuangke Yuanzhe Medical Technology (Shanghai) Co., Ltd.	Associate of Sinopharm Group
Sinopharm Holding Chuangke Medical Technology (Guangxi) Co., Ltd.	Associate of Sinopharm Group
Yichang Humanwell Pharmaceutical Co., Ltd.	Associate of Sinopharm Group
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	Associate of Sinopharm Group
Shanghai Guoda Lingyun Pharmacy Co., Ltd.	Associate of Sinopharm Group
Sinopharm Nutraceuticals (Shanghai) Co., Ltd.	Associate of Sinopharm Group
Sinopharm Holding (China) Financing Lease Co., Ltd.	Associate of Sinopharm Group
Sinopharm Health Online Co., Ltd.	Associate of Sinopharm Group
Anhui Yuguo Tianhong Health Industry Development Co., Ltd.	Associate of Sinopharm Group
Gongqingcheng Qixin	A partnership in which an associate of Sinopharm Group acts as executive partner
Shenzhen Wanwei Medicine Trading Co., Ltd.	Subsidiary of Main Luck Pharmaceutical
Chongqing Yaoyou Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Sichuan Hexin Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Guilin Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Shanghai Chaohui Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Tibet Yaoyou Medicines Co., Ltd.	Subsidiary of Fosun Pharm
Shenyang Hongqi Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Shanghai Transfusion Technology Co., Ltd.	Subsidiary of Fosun Pharm
Suzhou Laishi Transfusion Equipment Co., Ltd.	Subsidiary of Fosun Pharm
Chindex Shanghai International Trading Co., Ltd.	Subsidiary of Fosun Pharm
Shanghai Henlius Biopharmaceuticals Co., Ltd.	Subsidiary of Fosun Pharm
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	Subsidiary of Fosun Pharm

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Related party relationships

Chongqing Haisiman Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Jinzhou Avanc Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Dalian Aleph Biomedical Co., Ltd.	Subsidiary of Fosun Pharm
Hunan Dongting Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Chancheng Central Hospital of Foshan City	Subsidiary of Fosun Pharm
Foshan Chanyixing Medicine Development Co., Ltd.	Subsidiary of Fosun Pharm
Foshan Chancheng Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Jiangsu Huanghe Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Suzhou Erye Pharmaceutical Limited Company	Subsidiary of Fosun Pharm
Fosun Pharmaceutical Distribution Jiangsu Co., Ltd.	Subsidiary of Fosun Pharm
Shenzhen Chindex Medical Beauty Clinic	Subsidiary of Fosun Pharm
Shenzhen Hengsheng Hospital	Subsidiary of Fosun Pharm
Jinzhou Avanc Medicine Co., Ltd.	Subsidiary of Fosun Pharm
Jiangxi Erye Medicine Marketing Co., Ltd.	Subsidiary of Fosun Pharm
Foshan Shunde Lecong Supply and Marketing Group Shunketang Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Glaxosmithkline Pharmaceuticals (Suzhou) Co., Ltd.	Subsidiary of Fosun Pharm
Hunan Yaoyou Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Shandong Skyway Pharmaceutical Sales Co., Ltd.	Subsidiary of Fosun Pharm
Foshan Chanyun Medical Clinic Co., Ltd.	Subsidiary of Fosun Pharm
Chengdu List Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Fresenius Kabi(Wuhan)Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Fosun Kite Biotechnology Co., Ltd.	Subsidiary of Fosun Pharm
Shenzhen Xinsheng Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharm
Hunan Minshengtang Biotechnology Co., Ltd.	Minority shareholders of a subsidiary
Taishan Qunkang Pharmacy Co., Ltd.	Minority shareholders of a subsidiary
Shenzhen Jiufeng Investment Co., Ltd.	Minority shareholders of a subsidiary
Shenyang Pharmaceutical Co., Ltd.	Minority shareholders of a subsidiary
Huang Lijin	Minority shareholders of a subsidiary
Zhang Zhenfang	Minority shareholders of a subsidiary
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	Minority shareholders of a subsidiary
Lerentang Investment Group Co., Ltd.	Minority shareholders of a subsidiary
Guangdong Jiyuantang Development Co., Ltd.	Minority shareholders of a subsidiary
Shanghai Baizhong Business Development (Group) Co., Ltd.	Minority shareholders of a subsidiary
Beijing Huafang Investment Co., Ltd.	Minority shareholders of a subsidiary
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Minority shareholders of a subsidiary
Gu Haiqun	Minority shareholders of a subsidiary
Pu'er Songmao Medicine Group Co., Ltd.	Minority shareholders of a subsidiary

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

	<u>Related party relationships</u>
Jilin Province Yihe Investment Consulting Co., Ltd.	Minority shareholders of a subsidiary
Zhang Haiyan	Minority shareholders of a subsidiary
Shenyang Shengdiou Trading Co., Ltd.	Minority shareholders of a subsidiary
Xiong Xinyuan	Minority shareholders of a subsidiary
Du Longfeng	Minority shareholders of a subsidiary
Li Huichun	Minority shareholders of a subsidiary
Jiangmen Xinhui District Jianfeng Pharmaceutical Co., Ltd.	Minority shareholders of a subsidiary
Xishuangbanna Disheng Pharmaceutical Co., Ltd.	Minority shareholders of a subsidiary
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	Minority shareholders of a subsidiary Companies owned by minority shareholders of a subsidiary
Taishan Xiangranhui Trade Co., Ltd.	Companies owned by minority shareholders of a subsidiary
Nanjing Yuanguang Trading Co., Ltd.	Companies owned by minority shareholders of a subsidiary
Southeast (Quanzhou) Biotechnology Pharmaceutical Co., Ltd.	Companies owned by minority shareholders of a subsidiary
Zhang Guitang	Family members of minority shareholders of a subsidiary Company owned by family member of the non-controlling shareholder of a subsidiary
Yangjiang Kangmin Pharmaceutical Co., Ltd.	Companies with subsidiary directors, supervisors and senior executives serving as key management personnel
Jilin Ronghe Real Estate Development Co., Ltd.	Company controlled by family member of the director and supervisor of a subsidiary
Shenzhen BeiDuo Medical Instrument Co., Ltd.	Company invested by family member of the director and supervisor of a subsidiary
Zhongshan Kangyue Medical Instrument Co., Ltd.	Company influenced by key management personnel of a subsidiary
Jilin Tianheke Industry and Trade Co., Ltd.	The actual controller of minority shareholders of a subsidiary
Gu Jinhua	The actual controller of minority shareholders of a subsidiary
Li Fang	The actual controller of minority shareholders of a subsidiary
Zhang Kai	The actual controller of minority shareholders of a subsidiary
Zhang Xiurong	The actual controller of minority shareholders of a subsidiary
Wang Yixuan	Major investor of minority shareholders of a subsidiary
Wang Yang	Family members of the actual controller of minority shareholders of a subsidiary
Zhang Yechuan	Family members of the actual controller of minority shareholders of a subsidiary
Guangzhou Tianren Pharmaceutical Co., Ltd.	Company owned by family member of the actual controller of the non-controlling shareholder of a subsidiary
Naton Biotechnology (Beijing) Co., Ltd.	Subsidiary of Naton
Zhao Xiaoxiao	Family members of key management personnel of a subsidiary

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X. Related party relationships and transactions (Continued)

4. Other related parties (Continued)

Related party relationships

Zheng Jing

Family members of key management
personnel of a subsidiary

5. Major transactions between the Group and its related parties

(1) Related party transactions – goods and services

Purchase of goods and receiving of services from related parties

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Holding Sub Marketing Center Co., Ltd.	105,193.32	116,475.39
China National Medicines Co., Ltd.	75,120.40	69,306.11
Sinopharm Holding Shanxi Co., Ltd.	57,486.89	56,979.32
Sinopharm Lerentang Medicine Co., Ltd.	47,262.61	36,319.31
Sinopharm Holding Shenyang Co., Ltd.	43,940.83	24,967.28
Sinopharm Holding Shanxi Co., Ltd.	39,620.68	34,396.29
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	29,213.63	17,009.44
Sinopharm Group	25,198.88	24,867.54
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	16,339.68	21,735.03
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	15,635.10	13,607.70
Lanzhou Biotechnology Development Co., Ltd.	13,396.92	9,978.06
Sinopharm Holding Yangzhou Co., Ltd.	10,118.95	8,083.31
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	9,624.90	7,148.02
Sinopharm Holding Inner Mongolia Co., Ltd.	8,637.86	7,990.70
Chongqing Yaoyou Pharmaceutical Co., Ltd.	8,222.59	5,565.85
Sinopharm Holding Lunan Co., Ltd.	7,526.46	5,572.89
Shanghai Henlius Biopharmaceuticals Co., Ltd.	6,970.39	563.37
Sinopharm Holding Jilin Co., Ltd.	6,581.43	2,766.59
Sinopharm Yixin Pharmaceutical Co., Ltd.	5,973.14	5,173.14
Chongqing Taiji Group TongJunGe Pharmaceutical Co. Ltd.	5,505.03	-
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	5,409.05	801.63
Foshan Winteam Pharmaceutical Group Ltd.	5,260.50	3,266.37
China National Pharmaceutical Foreign Trade Corporation	5,206.42	4,861.79
Main Luck Pharmaceutical	5,091.78	3,656.32
Southwest Pharmaceutical Co., Ltd.	4,979.43	-
Sinopharm Holding Fujian Co., Ltd.	4,861.60	4,357.63
Sinopharm Holding Shandong Co., Ltd.	4,750.67	2,026.98
Sinopharm Holding Henan Co., Ltd.	4,153.97	4,649.57
Sinopharm Holding Xinjiang Xinte Shenrong Pharmaceutical Co., Ltd.	3,693.96	635.08
Sinopharm Holding Lerentang Hebei Pharmaceutical Co., Ltd.	3,645.38	3,576.92

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

	2021	2020
Sinopharm Holding Tongliao Co., Ltd.	3,552.91	1,680.74
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	3,442.91	1,422.37
Sinopharm Group Guorui Medicine Co., Ltd.	3,386.54	1,576.65

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions – goods and services (Continued)

Purchase of goods and receiving of services from related parties (Continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Holding Beijing Co., Ltd.	3,112.83	4,903.26
Sinopharm Holding Jiangsu Co., Ltd.	3,109.94	2,903.20
Taiji Group Chongqing Fuling Pharmaceutical Factory Co., Ltd.	2,969.26	-
China Otsuka Pharmaceutical Co., Ltd.	2,798.51	1,567.48
Zhijun Medicine	2,759.11	2,509.83
Shenzhen Wanwei Medicine Trading Co., Ltd.	2,726.10	1,716.39
Yichang Humanwell Pharmaceutical Co., Ltd.	2,643.62	1,951.36
Tibet Yaoyou Medicines Co., Ltd.	2,643.35	2,996.61
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	2,597.80	1,346.72
Chengdu Rongsheng Pharmacy Co., Ltd.	2,542.02	2,223.69
Jinzhou Avanc Pharmaceutical Co., Ltd.	2,528.70	2,100.06
Sinopharm Holding Pingdingshan Co., Ltd.	2,324.33	2,873.45
Sinopharm Lerentang Shijiazhuang Traditional Chinese Medicine Co., Ltd.	2,299.66	2,058.27
Sinopharm Holding Changzhou Co., Ltd.	2,282.14	2,179.64
Sinopharm Holding Xiamen Co., Ltd.	2,279.99	1,697.94
Sinopharm Holding Hunan Co., Ltd.	2,218.79	1,838.47
Sinopharm Group Guangdong Medicine Device Co., Ltd.	1,989.11	-
Sinopharm Holding Anshan Co., Ltd.	1,957.34	402.69
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	1,917.95	585.58
Zhijun Pingshan	1,916.81	2,577.30
Yunnan Sinopharm Holding Dongchang Medicine Co., Ltd.	1,861.51	360.27
Shanghai Chaohui Pharmaceutical Co., Ltd.	1,811.15	1,036.58
Sinopharm Holding Jinzhou Co., Ltd.	1,714.96	898.18
Sinopharm Holding Ningxia Co., Ltd.	1,712.02	1,984.45
Jiangxi Erye Medicine Marketing Co., Ltd.	1,582.98	1,291.91
Fosun Pharmaceutical Distribution Jiangsu Co., Ltd.	1,406.71	387.09
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	1,368.69	190.04
Sinopharm Group Shanxi Medical Devices Co., Ltd.	1,221.59	1,034.85
Sinopharm Group Medicine Logistic Co., Ltd.	1,218.05	1,571.15
Sinopharm Holding Shanxi Dajiuzhou Medicine Co., Ltd.	1,053.63	908.37
Sinopharm Health Online Co., Ltd.	1,035.69	1,680.69
Sinopharm Jiankun (Beijing) Medicine Co., Ltd.	1,005.57	567.27
Sinopharm Holding Jinan Co., Ltd.	995.32	616.52
Shanghai Shangsheng Biological Products Co., Ltd.	927.82	445.47

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions – goods and services (Continued)

Purchase of goods and receiving of services from related parties (Continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Holding Shanxi Zhongjian Medical Device Chain Co., Ltd.	911.34	1,332.95
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	905.89	596.39
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	820.79	734.88
Shanghai International Pharmaceutical Trade Co., Ltd.	788.50	802.81
Sinopharm Advanced (Shanghai) Medical Device Co., Ltd.	657.33	856.06
Sinopharm Holding Wuxi Co., Ltd.	628.69	1,062.30
Sichuan Hexin Pharmaceutical Co., Ltd.	617.82	492.08
Sinopharm Holding Hulun Buir Co., Ltd.	616.53	302.77
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	577.92	414.76
Sinopharm Zhonglian Pharmaceutical Group Co., Ltd.	573.19	302.56
Sinopharm Holding Tianjin Co., Ltd.	564.68	589.61
Sinopharm Holding Heilongjiang Co., Ltd.	527.17	476.53
Sinopharm Holding Hubei Co., Ltd.	527.01	6,392.07
Sinopharm Holding Huaideju (Xiamen) Pharmacy Co., Ltd.	504.47	628.78
Sinopharm Holding Linfen Ningle Pharmaceutical Co., Ltd.	469.86	120.37
Zhejiang Dongfang Pharmaceutical Co., Ltd.	459.60	-
Sinopharm Luya (Shandong) Pharmaceutical Co., Ltd.	441.39	540.12
Hunan Dongting Pharmaceutical Co., Ltd.	427.01	356.83
Sinopharm Holdings Beijing Huahong co., Ltd.	424.43	325.33
Sinopharm ChuanKang Pharmaceutical Co., Ltd.	420.55	336.98
China National Pharmaceutical Industry Co., Ltd.	417.96	358.00
Sinopharm Wuhan Blood Products Co., Ltd.	393.93	709.11
Sinopharm Holding Chuangke Medical Technology (Guangxi) Co., Ltd.	374.18	79.65
Sinopharm Fengliaoqing (Foshan) Medicines Co., Ltd.	373.83	-0.06
Sinopharm Lerentang Qinhuangdao Pharmaceutical Trading Co., Ltd.	351.72	65.08
Sinopharm Holding Dalian Co., Ltd.	340.47	282.55
Suzhou Erye Pharmaceutical Limited Company	336.71	383.55
Sinopharm Holding Yunnan Co., Ltd.	315.70	39.87
Sinopharm Holding Benxi Co., Ltd.	301.41	-
Sinopharm Fengliaoqing (Foshan) Pharmaceutical Drugs Co., Ltd.	295.10	533.64
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	294.42	5,518.30
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	286.72	570.69
China National Medical Device Co., Ltd.	286.70	272.34
Sinopharm Group Southwest Medicine Co., Ltd.	275.37	96.63

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions – goods and services (Continued)

Purchase of goods and receiving of services from related parties (Continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	270.43	122.61
Shanghai Tongyu Information Technology Co., Ltd.	260.69	201.52
Sinopharm Holding Yancheng Co., Ltd.	251.57	298.37
Taiji Group Co., Ltd.	227.73	-
Sinopharm Tongjitang (Guizhou) Pharmaceutical Co., Ltd.	226.31	473.14
Yunnan Tianjiang Yifang Pharmaceutical Co., Ltd.	225.09	69.17
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	222.11	139.55
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	221.53	269.68
Huayi Pharmaceutical Co., Ltd.	214.81	78.20
Sinopharm Weiqida Pharmaceutical Co., Ltd.	204.43	164.00
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	200.75	328.28
China National Pharmaceutical Group Shanxi Rfl Pharmaceutical Co., Ltd.	197.04	-
Sinopharm Liaoning Medical Equipment Co., Ltd.	196.22	435.68
Sinopharm Holding Anhui Huaning Medicine Co., Ltd.	191.32	251.08
Chengdu Institute of Biological Products Co., Ltd.	187.49	137.27
Yangjiang Kangmin Pharmaceutical Co., Ltd.	183.84	-
Sinopharm Holding Fuzhou Co., Ltd.	182.31	469.79
Sinopharm Holding Zhihuiminsheng (Tianjin) Pharmaceutical Co., Ltd.	178.76	580.83
Glaxosmithkline Pharmaceuticals (Suzhou) Co., Ltd.	176.44	657.03
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	176.00	114.10
Sinopharm Holding Yangzhou Medical Treatment Equipment Co., Ltd.	156.34	185.51
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	154.85	132.54
Sinopharm Huixinqinyuan (Beijing) Technology Development Co., Ltd.	144.52	246.52
Shanghai Transfusion Technology Co., Ltd.	133.54	97.93
Sinopharm Holding Special Drugs Shihezi Pharmaceutical Co., Ltd.	129.35	79.39
Wuhan Zhongsheng Yujin Biomedical Co., Ltd.	128.33	-
Jinzhou Avanc Medicine Co., Ltd.	125.87	795.28
Sinopharm In Inner Mongolia Medical Instrument Co., Ltd.	122.47	-
Sinopharm Holding Quanzhou Co., Ltd.	107.81	279.53
Sinopharm Holding Taizhou Co., Ltd.	104.93	5.56
Fosun Kite Biotechnology Co., Ltd.	104.69	-
Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	103.59	108.17
Shanghai Merro Pharmaceutical Co., Ltd.	97.34	143.83
Shenzhen BeiDuo Medical Instrument Co., Ltd.	95.29	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions – goods and services (Continued)

Purchase of goods and receiving of services from related parties (Continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	94.50	58.04
Sinopharm Holding Hainan Co., Ltd.	90.57	11.86
Sinopharm Holding Bayannur Co., Ltd.	89.64	92.15
Shenyang Hongqi Pharmaceutical Co., Ltd.	85.57	58.10
Gansu Tianshui Zhangjiachuan Donkey-hide Gelatin Factory	81.17	-
Sinopharm Holding Putian Co., Ltd.	78.87	81.92
Guilin Pharmaceutical Co., Ltd.	78.51	77.62
Sinopharm Holding Zhejiang Co., Ltd.	72.20	44.11
Sinopharm Holding Nantong Co., Ltd.	70.12	-
Taiji Group Chongqing No.2 Traditional Chinese Medicine Factory Co., Ltd.	68.34	-
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	67.08	101.91
Sinopharm Holding Nanping Newforce Co., Ltd.	65.31	27.21
Sinopharm Holding Pu'er Co., Ltd.	64.21	71.28
Sinopharm Holding Chifeng Co., Ltd.	60.20	39.74
Sinopharm Holding Shanghai Biomedicine Co., Ltd.	59.26	57.35
Sinopharm Holding Shanxi Mingdikang Medicine Co., Ltd.	52.64	6.60
Shantou Jinshi Powder Injection Co., Ltd.	51.36	128.40
Sichuan Jiangyou Zhongba Aconiti Science and Technology Development Co., Ltd.	36.79	-
Fresenius Kabi(Wuhan)Pharmaceutical Co., Ltd.	35.99	-
Sinopharm Holding Huaideju Pharmaceutical (Xiamen) Co., Ltd.	34.40	-
Sinopharm Holding Changsha Co., Ltd.	32.69	202.34
Sinopharm Holding Hainan Hongyi Co., Ltd.	31.14	1.70
Sinopharm Foreign Trade (Beijing) Co., Ltd.	31.06	593.03
Sinopharm Holding Anhui Co., Ltd.	27.23	244.99
Sinopharm Medicine HckLing (Hubei) Essential Drug Co., Ltd.	26.07	-
Sinopharm Sichuan Pharmaceutical Co., Ltd.	25.39	14.46
Sinopharm Sanyi Medicine (Wuhu) Co., Ltd.	25.32	5.17
Sinopharm Group Medical Management Co., Ltd.	24.79	-
Sinopharm Holding Xinye (Hubei) Medicine Co., Ltd.	23.29	8.48
Guangzhou Tianren Pharmaceutical Co., Ltd.	19.64	-
Sinopharm Holding Hunan Pharmaceutical Development Co., Ltd.	19.60	23.20
Sinopharm Holding Xinte Yili Pharmaceutical Co., Ltd.	19.37	-
Taiji Group Sichuan Mianyang Pharmaceutical Co., Ltd.	18.82	-
Sinopharm Holding Changsha Gaoxin Medicine Co., Ltd.	16.66	5.63

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions – goods and services (Continued)

Purchase of goods and receiving of services from related parties (Continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Hunan Yaoyou Pharmaceutical Co., Ltd.	13.12	-
Chongqing Tianjiang Yifang Pharmaceutical Co., Ltd.	11.01	-
Sinopharm Holding Changde Co., Ltd.	10.92	25.05
Sinopharm Holding Longyan Co., Ltd.	10.16	17.32
Guorun medical	9.25	4.91
Sinopharm Holding Jiangxi Co., Ltd.	7.98	2.82
Sinopharm Group Linfen Co., Ltd.	7.07	63.46
Sinopharm Holding Yangzhou Biological Products Co., Ltd.	6.79	19.11
Chongqing Tongjunge Co., Ltd.	6.40	-
Jiangsu Huanghe Pharmaceutical Co., Ltd.	6.12	-
Shandong Skyway Pharmaceutical Sales Co., Ltd.	6.10	-
Sinopharm Holdings Kunming Co., Ltd.	5.84	-
Taiji Group Sichuan Nanchong Pharmaceutical Co., Ltd.	5.56	-
Sinopharm (Anhui) Jingfang Pharmaceutical Co., Ltd.	4.61	91.42
Sinopharm ChangChun A-THINK Pharmaceutical Co., Ltd.	4.21	-
Shyndec Pharma	3.62	2,092.34
Sinopharm Holding Ordos Co., Ltd.	3.50	-
Sinopharm Chemical Reagent Co., Ltd.	3.29	-
Sinopharm Group Lingshang Hospital Management Services (Shanghai) Co., Ltd.	2.65	5.30
China National Medical Device (Hui Zhou) Co., Ltd.	2.03	0.08
Sinopharm Holding Dalian Hecheng Co., Ltd.	1.92	6.65
Sinopharm Wuhan Zhonglian Siyao Pharmaceutical Co., Ltd.	1.78	28.30
Chongqing Haisiman Pharmaceutical Co., Ltd.	1.63	1.28
Sinopharm Holding Linyi Medical Device Co., Ltd.	1.58	63.38
Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	0.90	2.26
Sinopharm Holdings Kangfu (Tengzhou) Pharmaceutical Co., Ltd.	0.75	-
Sinopharm Device (Guangdong) Medical Technology Co., Ltd.	0.66	13.33
Sinopharm Liaoning Medical Equipment Distribution Co., Ltd.	0.44	-
Xinjiang Baitong Property Service Co., Ltd.	0.40	-
Sinopharm Holding Zhangzhou Co., Ltd.	0.28	7.97
Suzhou Laishi Transfusion Equipment Co., Ltd.	0.20	-
Zhongshan Kangyue Medical Instrument Co., Ltd.	0.02	-
Naton Biotechnology (Beijing) Co., Ltd.	0.01	-
Sinopharm Shenzhen Medicine Device Co., Ltd.	-	468.95

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions – goods and services (Continued)

Purchase of goods and receiving of services from related parties (Continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Shanghai Zeno Biotechnology Co., Ltd.	-	442.48
Sinopharm Holding Hubei Guoda Pharmacy Co., Ltd.	-	374.92
China National Scientific Instruments & Materials I&E Shenzhen Co., Ltd.	-	371.98
Sinopharm Holding Chongqing Co., Ltd.	-	310.62
Sinopharm Medical Instrument (Hainan) Co., Ltd.	-	210.97
Sinopharm Group Guangxi Medical Device Co., Ltd.	-	163.72
Sinopharm Holding Wuhan Hongshen Medicine Co., Ltd.	-	141.59
Sinopharm United Medical Device Co., Ltd.	-	132.80
Sinopharm (Dalian) Medical Device Co., Ltd.	-	96.20
Sinopharm Holding Chuangke Yuanzhe Medical Technology (Shanghai) Co., Ltd.	-	67.26
Sinopharm Hebei Medical Instrument Co., Ltd.	-	60.74
Sinopharm Guangdong Global Pharmaceutical Co., Ltd.	-	60.50
Pu'er Songmao Medicine Group Co., Ltd.	-	53.81
Sinopharm Holding Shanxi Jinzhong Co., Ltd.	-	47.94
Sinopharm Group Shanghai Medicine Device Co., Ltd.	-	32.72
Sinopharm Holding Rizhao Co., Ltd.	-	30.08
Liaoning Pilot Free Trade Zone China Medical Device Technology Co., Ltd.	-	26.02
Chengdu List Pharmaceutical Co., Ltd.	-	20.48
Fujian Tianjiang Pharmaceutical Co., Ltd.	-	18.01
Sinopharm Holding Baotou Co., Ltd.	-	16.08
Sinopharm Holding Dezhou Co., Ltd.	-	10.87
Sinopharm Pharmaceutical Logistics Co., Ltd.	-	9.36
Sinopharm Holding Shanxi Runhe Medicine Co., Ltd.	-	9.32
Sinopharm Group Med-Tech Co., Ltd.	-	9.29
Sinopharm Group Shanxi Co., Ltd.	-	8.58
Sinopharm Dezhong (Foshan) Pharmaceutical Co., Ltd.	-	7.16
Sinopharm Holding Hengyang Co., Ltd.	-	2.53
Sinopharm Medical Instrument (Foshan) Co., Ltd.	-	1.63
China Medical Equipment Shandong Co., Ltd.	-	1.44
Sinopharm Holding Chengdu Co., Ltd.	-	1.13
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	-	0.48
Sinopharm Holding Shiyuan Co., Ltd.	-	0.21
Sinopharm Holding Ulanqab Co., Ltd.	-	0.20
Sinopharm Holding Shanxi Jincheng Co., Ltd.	-	0.02

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions – goods and services (Continued)

Purchase of goods and receiving of services from related parties (Continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Holding Lianyungang Co., Ltd.	-	-1.46
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	<u>-</u>	<u>-19.18</u>
	<u>687,768.64</u>	<u>592,449.98</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions – goods and services (Continued)

Sale of goods and rendering of services

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Group	24,407.66	24,734.75
Foshan Chancheng Pharmaceutical Co., Ltd.	14,506.37	10,915.86
Shanghai Beiyi	10,690.60	12,490.44
Sinopharm Holding Hainan Co., Ltd.	10,414.17	12,961.48
Sinopharm Lerentang Medicine Co., Ltd.	6,188.55	4,950.04
Sinopharm Holding Hainan Hongyi Co., Ltd.	4,163.99	3,268.53
Handan Sinopharm Lerentang Pharmacy Chain Co., Ltd.	3,831.87	319.70
Sinopharm Holding Beijing Co., Ltd.	3,502.16	3,168.71
Sinopharm Holding Wenzhou Co., Ltd.	3,193.71	3,055.11
Shenzhen Hengsheng Hospital	2,896.32	2,413.30
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	2,798.31	2,424.69
Sinopharm Holding Shandong Co., Ltd.	2,602.21	1,462.22
Chancheng Central Hospital of Foshan City	2,533.17	1,716.46
Sinopharm Holding Henan Co., Ltd.	2,316.89	1,974.34
Sinopharm Holdings Beijing Huahong co., Ltd.	1,702.12	1,234.14
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	1,672.26	2,084.80
Sinopharm Holding Jinzhou Co., Ltd.	1,447.50	443.29
Sinopharm Holding Nantong Co., Ltd.	1,351.27	1,551.25
Sinopharm Holding Shanxi Co., Ltd.	1,333.94	522.51
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	1,263.66	593.43
Sinopharm Holding Sub Marketing Center Co., Ltd.	1,187.63	1,281.24
China National Medicines Co., Ltd.	1,158.95	1,181.02
Sinopharm Holding Hubei Co., Ltd.	1,122.97	2,444.36
Sinopharm Holding Shanxi Co., Ltd.	1,076.97	752.39
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	1,056.65	1,081.34

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions – goods and services (Continued)

Sale of goods and rendering of services (Continued)

2021 (RMB'0,000)	2020 (RMB'0,000)
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CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Guangzhou Tianren Pharmaceutical Co., Ltd.	1,051.64	-
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	1,033.34	608.95
Sinopharm Holding Yangzhou Co., Ltd.	880.82	711.82
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	840.96	318.05
Foshan Chanyixing Medicine Development Co., Ltd.	821.85	893.27
Sinopharm Lerentang (Langfang) Pharmaceutical Trade Co., Ltd.	729.45	185.55
Shanghai Merro Pharmaceutical Co., Ltd.	728.50	652.08
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	642.79	424.06
Sinopharm Sichuan Pharmaceutical Co., Ltd.	590.47	959.21
Sinopharm Lerentang Baoding Trading Co., Ltd.	586.09	174.02
Sinopharm Holding Jilin Co., Ltd.	584.88	267.75
Sinopharm Lerentang Xingtai Pharmaceutical Co., Ltd.	580.79	1,792.10
Sinopharm Holding Tianjin Co., Ltd.	580.03	345.76
Sinopharm Group Medicine Logistic Co., Ltd.	560.22	548.23
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	539.69	212.30
Sinopharm Holding Yunnan Co., Ltd.	506.24	303.64
Sinopharm Holding Hunan Co., Ltd.	504.86	391.44
Sinopharm Holding Jiangxi Co., Ltd.	422.59	135.52
Sinopharm Holding Anhui Co., Ltd.	409.26	412.03
Sinopharm Lerentang Baoding Hongkang Pharmaceutical Chain Co., Ltd.	407.67	508.53
Sinopharm Holding Guizhou Medical Device Co., Ltd.	403.97	154.82
Shanghai Liyi	395.47	270.43
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	362.28	402.75
Sinopharm Lerentang Qinhuangdao Pharmaceutical Trading Co., Ltd.	349.03	210.24
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	339.19	764.13
Sinopharm Holding Anshan Co., Ltd.	323.09	71.89
Sinopharm Group Southwest Medicine Co., Ltd.	314.68	312.32
Sinopharm Holding Lerentang Hebei Pharmaceutical Co., Ltd.	263.18	119.50
Zhijun Medicine	234.69	273.28
Sinopharm Holding Gansu Co., Ltd.	218.27	147.13
Sinopharm Holding Dalian Co., Ltd.	207.96	242.76
Sinopharm Lerentang Hengshui Medicine Co., Ltd.	200.53	180.87
Sinopharm Group Shanxi Co., Ltd.	186.71	57.25
Sinopharm Holding Xuzhou Co., Ltd.	179.10	281.24
Guangdong Jienuo	178.78	0.27
Shanghai Guoda Lingyun Pharmacy Co., Ltd.	170.28	255.97
Sinopharm Holding (Hubei) Hankou Pharmacy Co., Ltd.	169.51	-
Shanghai Guoda Shengxin Pharmacy Co., Ltd.	159.38	-
Sinopharm Holding Fujian Co., Ltd.	158.44	5,874.55
Sinopharm Holding Anhui Pharmaceutical Co., Ltd.	149.60	238.28
Sinopharm Holding Wuxi Co., Ltd.	142.49	108.70
Sinopharm Holding Chongqing Taimin Pharmaceutical Co., Ltd.	142.06	50.63

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions – goods and services (Continued)

Sale of goods and rendering of services (Continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Holding Guizhou Co., Ltd.	141.59	155.16
Sinopharm Holding Ningxia Co., Ltd.	141.00	108.03
Sinopharm Holding Tongren Co., Ltd.	130.37	59.06
Sinopharm Holding Guizhou (Zunyi) Medical Equipment Co., Ltd.	122.90	124.54
Sinopharm (Tianjin) Medical Equipment Co., Ltd.	121.61	-
Sinopharm Guangdong Medicine Device Supply Chain Co., Ltd.	111.58	19.64
Sinopharm Holding Benxi Co., Ltd.	104.64	-
Sinopharm Holding Shangqiu Co., Ltd.	103.96	112.63
Sinopharm Holding Jiangsu Co., Ltd.	102.49	148.99
Sinopharm Holding Wuhu Co., Ltd.	94.57	101.92
Shanghai Guodaai Pharmacy Co., Ltd.	90.79	-
Sinopharm Baise Device Co., Ltd.	86.38	29.59
Sinopharm Holding Anshun Co., Ltd.	81.70	110.17
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	80.24	45.26
Sinopharm Holding Shanghai Biomedicine Co., Ltd.	77.08	61.57
Shenzhen Chindex Medical Beauty Clinic	76.78	33.97
Sinopharm Holding Qinghai Co., Ltd.	66.50	44.40
Sinopharm Lerentang Cangzhou Medicine Co., Ltd.	64.94	8.69
Sinopharm Lerentang Tangshan Pharmacy Chain Co., Ltd.	61.82	-
Sinopharm Holding Dalian Hecheng Co., Ltd.	59.86	12.41
Yangjiang Kangmin Pharmaceutical Co., Ltd.	59.47	-
Shanghai Shengxin Pharmacy Co., Ltd.	59.07	341.33
Sinopharm Holding Shaanxi Pharmacy Co., Ltd.	58.56	-
Sinopharm Holding Zunyi Co., Ltd.	56.04	266.50
Sinopharm Lerentang Zhangjiakou Pharmaceutical Trading Co., Ltd.	46.15	-
Sinopharm Guangxi Medical Technology Co., Ltd.	44.56	-
Sinopharm Holding Honghe Co., Ltd.	44.13	84.17
Sinopharm Lerentang Shijiazhuang Traditional Chinese Medicine Co., Ltd.	42.31	35.59
Sinopharm Lerentang Cangzhou Pharmaceutical Trading Co., Ltd.	39.64	100.27
Sinopharm Lerentang Shijiazhuang Medical Management Co., Ltd.	37.95	22.79
Sinopharm Holding Chuxiong Co., Ltd.	36.97	32.29
Sinopharm Holding Inner Mongolia Co., Ltd.	34.98	96.62
Sinopharm Holding Shenyang Co., Ltd.	34.41	3.82

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions – goods and services (Continued)

Sale of goods and rendering of services (Continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Group Guangxi Medical Device Co., Ltd.	34.11	31.08
Sinopharm Guangdong Medical Examination Co., Ltd.	33.47	37.63
Sinopharm Lerentang Chengde Medicine Co., Ltd.	31.75	24.83
Dalian Aleph Biomedical Co., Ltd.	29.48	-
Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	29.47	32.41
Sinopharm Lerentang Xintai Medicine Co., Ltd.	27.30	41.19
Sinopharm Holding Chongqing Co., Ltd.	26.98	90.10
Jiangmen Xinhui District Jianfeng Pharmaceutical Co., Ltd.	25.39	60.69
Sinopharm Holding Tianjin North Medicine Co., Ltd.	23.80	48.29
Zhijun Trade	23.11	46.43
Sinopharm Fengliaoqing Medical Hospital Co., Ltd.	22.56	15.37
Sinopharm Holding Jiaozuo Co., Ltd.	22.01	25.50
Sinopharm Holding Tongliao Co., Ltd.	21.80	-
Zhijun Pingshan	19.87	52.94
Sinopharm Holdings Anhui Pharmaceutical Chain Co., Ltd.	19.06	-
Foshan Chengnan Fengliaoqing Medical Hospital Co., Ltd.	17.88	18.21
Sinopharm Medical Instrument (Foshan) Co., Ltd.	16.18	-
Sinopharm Holdings Chongqing Health Management Co., Ltd.	16.00	-
Sinopharm Lerentang Handan Medicine Co., Ltd.	13.70	3.50
Sinopharm Holding Fuzhou Co., Ltd.	13.43	24.02
Sinopharm Holdings Professional Pharmacy Chain (Hainan) Co., Ltd.	13.26	-
Sinopharm Medical Instrument Guizhou Qiannan Co., Ltd.	12.95	1.63
Sinopharm Group Guangdong Medicine Device Co., Ltd.	12.53	5.88
Sinopharm Shengshi (Guangdong) Medical Technology Co., Ltd.	12.24	-
Sinopharm Holding Pingdingshan Co., Ltd.	12.11	6.05
Sinopharm Holding Longyan Co., Ltd.	12.11	9.75
Sinopharm Advanced (Shanghai) Medical Device Co., Ltd.	11.08	397.70
Shenzhen Xinsheng Pharmaceutical Co., Ltd.	9.68	-
Sinopharm Holding Shanxi Zhongjian Medical Device Chain Co., Ltd.	9.25	0.17

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions – goods and services (Continued)

Sale of goods and rendering of services (Continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Lerentang Langfang Pharmaceutical Co., Ltd.	8.88	21.33
Sinopharm Holding Qianxinan Co., Ltd.	8.79	7.09
China National Scientific Instruments & Materials I&E Shenzhen Co., Ltd.	8.32	4.92
Sinopharm Lerentang Healthcare Shijiazhuang Pharmacy Co., Ltd.	8.22	6.83
Sinopharm Lerentang Zhangjiakou Medicine Co., Ltd.	7.60	14.27
Sinopharm Holding Hubei Hongyuan Co., Ltd.	7.43	27.28
Chongqing Tongjunge Co., Ltd.	6.87	-
Sinopharm Holdings Anhui Chuzhou Pharmaceutical Co., Ltd.	6.80	-
Sinopharm Holdings Wuhan Guoda Pharmacy Chain Co., Ltd.	6.61	-
Sinopharm Lerentang Baoding Medicine Co., Ltd.	5.79	25.28
Sichuan Taiji Pharmacy Chain Co., Ltd.	5.44	-
Sinopharm Holding Putian Co., Ltd.	5.38	10.60
Sinopharm Holding Huaideju Pharmaceutical (Xiamen) Co., Ltd.	4.00	-
Sinopharm Pharmaceutical Logistics Co., Ltd.	3.67	-
Sinopharm Holding Hongrun Medical Business Service (Shanghai) Co., Ltd.	3.11	1.81
Sinopharm Group Shanxi Medical Devices Co., Ltd.	2.91	-
Sinopharm Holding Yancheng Co., Ltd.	2.53	81.78
Sinopharm Holding Ningde Co., Ltd.	2.36	5.94
Sinopharm Holding Changzhou Co., Ltd.	2.12	18.75
Sinopharm Medicine Holding Chenzhou Co., Ltd.	2.12	-
Foshan Chanyun Medical Clinic Co., Ltd.	1.92	-
Sinopharm Holding Taizhou Co., Ltd.	1.75	9.16
Sinopharm Holding Zhuanye Pharmacy (Dongfang) Co., Ltd.	1.57	1.87
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	1.38	-
Sinopharm Holding Changxing Professional Pharmacy (Haikou) Co., Ltd.	1.17	2.25
China Biotechnology Technology Co., Ltd.	1.14	-
Sinopharm Group Fengliaoqing Medical Hospital (Foshan Nanhai) Co., Ltd.	0.96	0.51
Sinopharm Holding Pharmacy (Shanghai) Co., Ltd.	0.80	15.18
Sinopharm Holding (Shandong) Medical Device Co., Ltd.	0.78	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions – goods and services (Continued)

Sale of goods and rendering of services (Continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Holding Fuzhou Co., Ltd.	0.58	3.69
Sinopharm Fengliaoqing (Foshan) Pharmaceutical Drugs Co., Ltd.	0.47	36.20
Sinopharm Instruments (Jiangmen) Co., Ltd.	0.39	-
Sinopharm Shenzhen Medicine Device Co., Ltd.	0.39	538.94
Sinopharm Guanai Yuankang Pharmacy (Haikou) Co., Ltd.	0.29	4.60
Sinopharm Holding Dalian Special Drug Store Co., Ltd.	0.28	-
Sinopharm Holding Shanxi Medical Consumables Co., Ltd.	0.28	-
China National Medical Device (Hui Zhou) Co., Ltd.	0.16	-
Sinopharm Holdings Professional Pharmacy Songyuan Co., Ltd.	0.12	-
Dongyuan Accord	0.08	53.99
Sinopharm Holdings Xinyu Co., Ltd.	0.06	-
Sinopharm Holding Shanxi Mingdikang Medicine Co., Ltd.	0.03	-
Sinopharm Holding Quanzhou Co., Ltd.	0.01	95.96
Foshan Shunde Lecong Supply and Marketing Group Shunketang Pharmaceutical Co., Ltd.	0.01	-
Sinopharm Zhuhai Medical Instrument Co., Ltd.	-	744.62
China Sinopharm International Corporation	-	300.14
Chindex Shanghai International Trading Co., Ltd.	-	234.37
Foshan Chancheng District Shiwan Town Chengnan Community Health Service Center	-	54.56
Sinopharm Holding Chengdu Co., Ltd.	-	26.95
Sinopharm Holding Xinye (Hubei) Medicine Co., Ltd.	-	22.78
Yuxi Sinopharm Medicine Co., Ltd.	-	22.61
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	-	16.99
China National Pharmaceutical Foreign Trade Corporation	-	16.44
Sinopharm Hunan Prov. Medical Equipment Co., Ltd.	-	14.23
Sinopharm Holding Huaideju (Xiamen) Pharmacy Co., Ltd.	-	4.91
Sinopharm Huixinqinyuan (Beijing) Technology Development Co., Ltd.	-	4.89
Sinopharm Holding Fuzhou Medical Devices Co., Ltd.	-	4.07
Guangdong Yifang Pharmaceutical Co., Ltd.	-	2.71
Sinopharm Holding Kunming Pharmacy Co., Ltd.	-	2.67

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(1) Related party transactions – goods and services (Continued)

Sale of goods and rendering of services (Continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	-	2.53
Sinopharm Guanai Jikun Pharmacy (Haikou) Co., Ltd.	-	2.45
Sinopharm Fortune Way Company	-	2.38
China Otsuka Pharmaceutical Co., Ltd.	-	1.61
Sinopharm Lerentang Langfang Medicine Co., Ltd.	-	0.73
Main Luck Pharmaceutical	-	0.66
Sinopharm Holding Xiamen Co., Ltd.	-	0.59
Sinopharm Holding Zhenjiang Co., Ltd.	-	0.56
Sinopharm Medical Instrument (Hainan) Co., Ltd.	-	0.18
Sinopharm Holding Guizhou Medical Chain Co., Ltd.	-	0.13
Sinopharm Holding Shanxi Hejin Pharmaceutical Co., Ltd.	-	0.12
Sinopharm Holding Ulanqab Co., Ltd.	-	-0.06
Sinopharm Holding Jilin Chain Store Co., Ltd.	-	-1.66
Sinopharm Group Fengliaoxing Pharmacy (Foshan) Co., Ltd.	-	-2.65
	<u>129,881.90</u>	<u>124,488.24</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(2) Related party transactions - leases

As the lessor

	Type of assets under leases	Income from leases in 2021 (RMB'0,000)	Income from leases in 2020 (RMB'0,000)
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	Building	103.69	191.43
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	Building	17.02	46.43
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	Building	15.32	19.69
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Building	13.33	13.33
China National Medicines Co., Ltd.	Building	5.26	6.07
		<u>154.62</u>	<u>276.95</u>

As the lessee

	Type of assets under leases	Expenses from leases in 2021 (RMB'0,000)	Expenses from leases in 2020 (RMB'0,000)
Sinopharm Group	Building	1,742.44	-
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	Building	1,107.26	1,059.25
Lerentang Investment Group Co., Ltd.	Building	809.51	638.89
Sinopharm Group Medicine Logistic Co., Ltd.	Building	708.00	708.00
Sinopharm Group Medicine Logistic Co., Ltd.	Equipment	750.00	750.00
Shenyang Pharmaceutical Co., Ltd.	Building	697.59	714.29
Hunan Minshengtang Biotechnology Co., Ltd.	Building	690.30	245.73
Sinopharm Holding Yangzhou Co., Ltd.	Building	373.20	391.20
Zhang Kai	Building	323.77	-
Nanjing Yuanguang Trading Co., Ltd.	Building	237.87	200.43
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	Building	214.10	691.31
Guangdong Jiyuantang Development Co., Ltd.	Building	191.97	190.97
Xishuangbanna Disheng Pharmaceutical Co., Ltd.	Building	160.00	-
Wang Yixuan	Building	121.00	-
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	Building	101.77	98.28
Jilin Tianheke Industry and Trade Co., Ltd.	Building	93.48	-
Sinopharm Holding (China) Financing Lease Co., Ltd.	Equipment	87.72	397.21
Zhang Yechuan	Building	86.00	73.87
Zhang Zhenfang	Building	80.50	80.50
Shenyang Shengdiou Trading Co., Ltd.	Building	78.10	-
Sinopharm Group Shanghai Co., Ltd.	Building	74.46	700.54
Taishan Xiangranhui Trade Co., Ltd.	Building	65.71	82.15

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(3) Related party transactions – leases (continued)

As the lessee (continued)

	Type of assets under leases	Expenses from leases in 2021 (RMB'0,000)	Expenses from leases in 2020 (RMB'0,000)
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	Building	62.86	6.94
Wang Yang	Building	62.46	59.42
Sinopharm Holding Beijing Co., Ltd.	Building	54.52	48.79
Li Fang	Building	54.48	54.48
Guangxi Yifang Tianjiang Pharmaceutical Co., Ltd.	Building	51.48	25.74
Sinopharm Holding Shanxi Jincheng Co., Ltd.	Building	49.43	-
Huang Lijin	Building	44.10	-
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	Building	38.86	36.74
Gu Jinhua	Building	37.55	36.06
Xiong Xinyuan	Building	35.00	-
Shanghai Baizhong Business Development (Group) Co., Ltd.	Building	28.55	-
Beijing Huafang Investment Co., Ltd.	Building	24.99	24.19
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	Building	24.20	41.01
Southeast (Quanzhou) Biotechnology Pharmaceutical Co., Ltd.	Building	22.62	-
Gu Haiqun	Building	20.90	18.48
Shenzhen Jiufeng Investment Co., Ltd.	Building	20.00	20.00
Zhang Haiyan	Building	17.14	17.14
Zheng Jing	Building	15.00	-
Zhang Xiaoxiao	Building	12.00	-
Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Building	10.18	10.18
Zhang Guitang	Building	9.94	-
Zhang Xiurong	Building	8.80	-
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	Building	7.40	47.41
Taishan Qunkang Pharmacy Co., Ltd.	Equipment	1.13	13.50
Xinjiang Baitong Property Service Co., Ltd.	Building	0.80	-
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	Building	-	464.17
Pu'er Songmao Medicine Group Co., Ltd.	Building	-	202.21
Sinopharm Group Medicine Logistic Co., Ltd. Guangzhou Branch	Equipment	-	17.71
China National Medicines Co., Ltd.	Building	-	11.58
		9,509.14	8,178.37

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(4) Related party transactions - guarantees

The Group had no related party guarantees not yet fulfilled this year and in 2020.

(5) Related party transactions – borrowings and lendings

Borrowings

2021	Category	Amount (RMB'0,000)	Inception	Maturity
Sinopharm Group Financial Co., Ltd.	Short-term borrowings	130,884.13	28 January 2021 30 December 2021	28 April 2021 30 March 2022
Sinopharm Group Financial Co., Ltd.	Discount on bank acceptance bills	87,693.77	13 January 2021 16 September 2021	9 February 2021 31 March 2022
Jilin Province Yihe Investment Consulting Co., Ltd.	Entrusted borrowings	<u>8,145.00</u>	15 January 2021 22 November 2021	18 June 2021 24 October 2022
		<u>226,722.90</u>		
2020	Category	Amount (RMB'0,000)	Inception	Maturity
Sinopharm Group Financial Co., Ltd.	Short-term borrowings	75,052.21	21 February 2021- 18 September 2021	1 July 2021- 30 January 2021
Sinopharm Group Financial Co., Ltd.	Discount on bank acceptance bills	60,820.88	30 March 2021- 25 September 2021	25 May 2021- 24 June 2021
Jilin Ronghe Real Estate Development Co., Ltd.	Short-term borrowings	10,400.00	4 January 2021- 20 February 2021	21 January 2021- 1 May 2021
Jilin Province Yihe Investment Consulting Co., Ltd.	Short-term borrowings	5,670.00	16 May 2021- 23 November 2021	23 January 2021- 22 June 2021
Sinopharm Group	Short-term borrowings	5,600.00	1 January 2021- 1 February 2021	31 March 2021- 30 April 2021
CNPGC	Long-term borrowings	<u>3,160.00</u>	30 July 2021	30 July 2023
		<u>160,703.09</u>		

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

(6) Related party asset transfer

	Types of transaction	2021 (RMB'0,000)	2020 (RMB'0,000)
Shanghai Tongyu Technology Co., Ltd.	Information Purchase of an intangible asset	161.21	165.48
Shanghai Tongyu Technology Co., Ltd.	Information Purchase of a fixed asset	<u>15.78</u>	<u>27.98</u>
		<u>176.99</u>	<u>193.46</u>

(7) Other related party transactions

Remuneration for key management personnel

	2021 (RMB'0,000)	2020 (RMB'0,000)
	<u>1,347.92</u>	<u>1,656.25</u>

Interest expense

	Category	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Group Financial Co., Ltd.	Payment of loan interest	1,312.97	788.29
Sinopharm Group Financial Co., Ltd.	Payment of discount interest on notes	843.07	632.17
CNGCC	Payment of entrusted loan interest	123.35	103.77
Jilin Province Yihe Investment Consulting Co., Ltd.	Payment of entrusted loan interest	116.84	49.92
Jilin Ronghe Real Estate Development Co., Ltd.	Payment of entrusted loan interest	-	335.84
Sinopharm Group	Payment of short term loan interest	<u>-</u>	<u>103.60</u>
		<u>2,396.23</u>	<u>2,013.59</u>

Interest income

	Category	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Group Finance Co., Ltd.	Deposit interest income	<u>22.15</u>	<u>9.11</u>
		<u>22.15</u>	<u>9.11</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

5. Major transactions between the Group and its related parties (Continued)

Related party fund investment

	Category	2021 (RMB'0,000)
Gongqingcheng Qixin	Fund investment	<u>1,800.00</u>

Notes (Expressed in RMB'0,000):

(1) Related party transactions - sale of goods and rendering of services

- (a) During the current year, the Group purchased goods from related parties at the market price amounting to RMB 684,872.51 (2020: RMB588,714.37).
- (b) During the current year, the related parties rendered services to the Group at the market price amounting to RMB2,896.13 (2020: RMB3,735.61).
- (c) During the current year, the Group sold goods to related parties at the market price amounting to RMB127,485.88 (2020: RMB122,451.32).
- (d) During the current year, the Group rendered services to related parties at the market price amounting to RMB2,396.02 (2020: RMB2,036.92).

(2) Related party transactions - leases

- (a) During the current year, the Group leased buildings and equipment to related parties and recognised income of RMB154.62 (2020: RMB276.95) according to the agreements.
- (b) During the current year, the Group leased buildings and equipment from related parties and an expense of RMB9,509.14 (2020: RMB8,178.37) was incurred according to the lease.

(3) Related party transactions - guarantees

- (a) The Group had no related party guarantees that are not yet completed in the current year as well as in 2020.

(4) Related party transactions - borrowings

- (a) During the current year, the Group borrowed RMB226,722.90 at annual interest rates ranging from 2.40% to 3.90% from related parties (2020: RMB160,703.09 at rates ranging from 2.40% to 4.79%).
- (b) During the current year, the Group has not lent capital to related parties (2020: nil).

(5) Related party transactions - asset transfer

- (a) During the current year, the Group purchased long-term assets from related parties at a negotiated price amounting to RMB176.99 (2020: RMB193.46).
- (b) During the current year, the Group has not sold any long-term assets to related parties (2020: nil).

(6) Other major related party transactions

- (a) During the current year, the Group incurred emoluments (including those paid in cash, in kind and in other forms) for key management personnel with an amount of RMB1,347.92 (2020: RMB1,656.25).
- (b) During the current year, the Group has paid borrowing interest, entrusted loan interest, etc. to related parties in the amount of RMB2,396.23 (2020: RMB2,013.59).
- (c) During the current year, the Group has received deposit interest from related parties in the amount of RMB22.15 (2020: RMB9.11).
- (d) During the current year, at the 1st Meeting of the 9th board of directors which held on 16 July 2021, the Group deliberated and passed the proposal on investment subscription of the Industry Fund (Phase II) and related party transaction of the Group. As a limited partner of Industry Fund (Phase II), the Group intends to invest and subscribe for the share of Industry Fund (Phase II) amounted to RMB60 million, which shall be paid in 3 instalments. Gongqingcheng Qixin is the entity of the Industry Fund. The Group has made first payment RMB18 millions on August 2021. As at 31 December 2021, the Group has made payments of RMB18 million. As at 31 December 2021, the Group has made payment of RMB18 million totally.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

6. Commitments between the Group and related parties

As lessee

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Holding Yangzhou Co., Ltd.	1,492.82	1,956.00
Shenyang Pharmaceutical Co., Ltd.	1,002.36	297.62
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	669.96	771.72
Zhang Yechuan	557.90	577.72
Guangxi Yifang Tianjiang Pharmaceutical Co., Ltd.	346.02	397.49
Wang Yixuan	316.00	-
Xiong Xinyuan	310.50	-
Zhangkai	283.77	-
Nanjing Yuanguang Trading Co., Ltd.	207.40	57.15
Shenyang Shengdiou Trading Co., Ltd.	196.19	-
Lerentang Investment Group Co., Ltd.	188.36	1,017.87
Li Fang	163.44	217.92
Sinopharm Holding Beijing Co., Ltd.	128.10	12.38
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	100.00	162.86
Guangdong Jiyuantang Development Co., Ltd.	99.51	318.01
Sinopharm Holding Shanxi Jincheng Co., Ltd.	69.99	-
Wang Yang	62.46	-
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	52.49	-
Shenzhen Jiufeng Investment Co., Ltd.	40.00	16.67
Zhang Haiyan	36.58	53.72
Sinopharm Holding (China) Financing Lease Co., Ltd.	33.81	87.06
Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	26.31	36.49
Gu Haiqun	23.78	44.69
Zhang Guitang	19.06	-
Gu Jinhua	15.65	37.86
Beijing Huafang Investment Co., Ltd.	9.60	34.59
Hunan Minshengtang Biotechnology Co., Ltd.	-	109.76
Taishan Xiangranhui Trade Co., Ltd.	-	84.39
Zhang Zhenfang	-	80.50
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	-	77.71
Pu'er Songmao Medicine Group Co., Ltd.	-	3.73
Taishan Qunkang Pharmacy Co., Ltd.	-	1.13
	<u>6,452.06</u>	<u>6,455.04</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

6. Commitments between the Group and related parties (Continued)

As lessor

	2021 (RMB'0,000)	2020 (RMB'0,000)
China National Medicines Co., Ltd.	5.63	-
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	-	26.67
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	-	18.72
	<u>5.63</u>	<u>45.39</u>

As investor

of the Group	Investee companies	Contracted amount not yet paid	Signed Day	Price Match	Shareholding ratio
Sinopharm Accord	Gongqingcheng Qixin	<u>42,000,000.00</u>	2021/7/16	<u>60,000,000.00</u>	2.93%

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

7. Amounts due from related parties

Accounts receivable

	2021 (RMB'0,000)		2020 (RMB'0,000)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Foshan Chancheng Pharmaceutical Co., Ltd.	6,547.86	46.25	5,045.71	33.12
Sinopharm Group	4,728.11	-	5,104.47	-
Sinopharm Lerentang Medicine Co., Ltd.	1,289.89	-	1,133.99	-
Sinopharm Health Online Co., Ltd.	1,019.94	-	596.16	-
Shanghai Beiyi Guoda Pharmaceutical Co., Ltd.	1,010.77	-	2,606.65	-
Chancheng Central Hospital of Foshan City	951.26	7.31	619.99	3.90
Sinopharm Holding Hainan Co., Ltd.	723.15	-	926.32	-
Sinopharm Holding Hainan Hongyi Co., Ltd.	640.85	-	534.71	-
Handan Sinopharm Lerentang Pharmacy Chain Co., Ltd.	635.01	-	83.24	-
Shenzhen Hengsheng Hospital	597.05	-	537.70	-
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	519.94	-	439.73	-
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	481.69	-	438.06	-
Sinopharm Lerentang Baoding Hongkang Pharmaceutical Chain Co., Ltd.	436.33	-	346.42	-
Sinopharm Holding Wenzhou Co., Ltd.	334.06	-	314.26	-
Sinopharm Holding Beijing Co., Ltd.	319.00	-	932.92	-
Sinopharm Holding Jinzhou Co., Ltd.	301.86	-	58.72	-
Shanghai Merro Pharmaceutical Co., Ltd.	276.03	-	164.80	-
Sinopharm Holding Henan Co., Ltd.	229.09	-	214.42	-
Sinopharm Lerentang Baoding Trading Co., Ltd.	211.54	-	164.53	-
Foshan Chanyixing Medicine Development Co., Ltd.	210.02	1.29	344.57	1.80
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	191.19	-	125.75	-
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	190.82	-	99.73	-
Sinopharm Holdings Beijing Huahong co., Ltd.	149.07	-	181.11	-
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	136.82	-	92.15	-
Sinopharm Holding Shanxi Co., Ltd.	135.68	-	77.18	-
Sinopharm Holding Shandong Co., Ltd.	128.71	-	7.61	-
Sinopharm Group (Tianjin) Eastern Bokang Pharmaceutical Co., Ltd.	115.00	-	94.35	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Accounts receivable (continued)

	2021 (RMB'0,000)		2020 (RMB'0,000)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Sinopharm Holding Hubei Co., Ltd.	113.43	-	125.29	-
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	112.54	-	181.45	-
Sinopharm Holding Yunnan Co., Ltd.	96.75	-	13.91	-
Sinopharm Holding Yangzhou Co., Ltd.	95.36	-	109.24	-
Sinopharm Sichuan Pharmaceutical Co., Ltd.	89.22	-	143.77	-
Sinopharm Holding Hunan Co., Ltd.	84.06	-	47.63	-
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	80.86	-	138.51	-
Sinopharm Lerentang (Langfang) Pharmaceutical Trade Co., Ltd.	72.12	-	129.43	-
Sinopharm Holding Tianjin Co., Ltd.	70.17	-	56.87	-
Sinopharm Lerentang Xingtai Pharmaceutical Co., Ltd.	69.04	-	8.22	-
Sinopharm Holding Anhui Co., Ltd.	61.28	-	7.45	-
Shanghai Guoda Shengxin Pharmacy Co., Ltd.	52.29	-	-	-
Sinopharm Holding Lerentang Hebei Pharmaceutical Co., Ltd.	44.36	-	12.01	-
Sinopharm Holding Jiangxi Co., Ltd.	42.12	-	11.47	-
Sinopharm Holding Gansu Co., Ltd.	39.46	-	1.45	-
Sinopharm Holding Dalian Co., Ltd.	37.94	-	65.79	-
Sinopharm Guangxi Medical Technology Co., Ltd.	37.06	-	-	-
Sinopharm Group Southwest Medicine Co., Ltd.	36.04	-	19.29	-
Sinopharm Holding Shenyang Co., Ltd.	33.22	-	0.04	-
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	31.57	-	205.00	-
Sinopharm Holding Anhui Pharmaceutical Co., Ltd.	26.94	-	22.54	-
China National Medicines Co., Ltd.	26.64	-	33.36	-
Shanghai Guoda Lingyun Pharmacy Co., Ltd.	26.48	-	66.48	-
Sinopharm Holding Nantong Co., Ltd.	25.59	-	6.22	-
Sinopharm Lerentang Zhangjiakou Pharmaceutical Trading Co., Ltd.	24.43	-	-	-
Sinopharm Holding Shanghai Biomedicine Co., Ltd.	24.28	-	16.91	-
Sinopharm Lerentang Qinhuangdao Pharmaceutical Trading Co., Ltd.	24.11	-	106.80	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Accounts receivable (continued)

	2021 (RMB'0,000)		2020 (RMB'0,000)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Sinopharm Holding Anshan Co., Ltd.	23.19	-	8.11	-
Sinopharm Holding Fujian Co., Ltd.	21.19	-	25.83	-
Sinopharm Holding Tongren Co., Ltd.	19.87	-	-	-
Sinopharm Holding Shanxi Co., Ltd.	19.64	-	6.34	-
Shanghai Guodaai Pharmacy Co., Ltd.	19.61	-	-	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	17.14	-	223.71	-
Sinopharm Group Medicine Logistic Co., Ltd.	16.97	-	-	-
Sinopharm Holding Jilin Co., Ltd.	16.02	-	20.86	-
Sinopharm Holding Xuzhou Co., Ltd.	14.30	-	22.74	-
Sinopharm Lerentang Cangzhou Pharmaceutical Trading Co., Ltd.	12.87	-	47.07	-
Sinopharm Holding Ningxia Co., Ltd.	12.71	-	5.04	-
Sinopharm Holding Wuxi Co., Ltd.	12.22	-	12.99	-
Sinopharm Holding Qinghai Co., Ltd.	10.83	-	5.73	-
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	10.11	-	133.71	-
Sinopharm Holding Anshun Co., Ltd.	7.24	-	2.07	-
Sinopharm Lerentang Shijiazhuang Traditional Chinese Medicine Co., Ltd.	6.57	-	6.24	-
Sinopharm Group Shanxi Co., Ltd.	6.25	-	9.49	-
Sinopharm Holding Honghe Co., Ltd.	5.67	-	-	-
Sinopharm Holding Zunyi Co., Ltd.	3.68	-	-	-
Sinopharm Holding Guizhou Co., Ltd.	3.56	-	7.96	-
Sinopharm Holdings Professional Pharmacy Chain (Hainan) Co., Ltd.	2.88	-	-	-
Sinopharm Fengliaoqing Medical Hospital Co., Ltd.	2.76	0.03	1.55	0.01
Sinopharm Group Guangxi Medical Device Co., Ltd.	1.88	-	-	-
Shenzhen Chindex Medical Beauty Clinic	1.38	-	-	-
Shanghai Liyi Drug Store Co., Ltd.	1.29	-	23.77	-
Sinopharm Holding Chuxiong Co., Ltd.	1.02	-	-	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Accounts receivable (continued)

	2021 (RMB'0,000)		2020 (RMB'0,000)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Sinopharm Holding Jiangsu Co., Ltd.	0.61	-	13.80	-
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	0.46	-	4.15	-
Sinopharm Holding Hongrun Medical Business Service (Shanghai) Co., Ltd.	0.45	-	0.56	-
Sinopharm Shengshi (Guangdong) Medical Technology Co., Ltd.	0.39	-	-	-
Sinopharm Holding (Shandong) Medical Device Co., Ltd.	0.21	-	-	-
Sinopharm Holding Pharmacy (Shanghai) Co., Ltd.	0.20	-	-	-
Foshan Chengnan Fengliaoqing Medical Hospital Co., Ltd.	0.15	-	3.72	-
Sinopharm Holding Dalian Hecheng Co., Ltd.	0.07	-	1.68	-
Sinopharm Group Fengliaoqing Medical Hospital (Foshan Nanhai) Co., Ltd.	0.01	-	0.09	-
Sinopharm Lerentang Hengshui Medicine Co., Ltd.	-	-	119.76	-
China National Pharmaceutical Foreign Trade Corporation	-	-	29.94	-
Shanghai Shengxin Pharmacy Co., Ltd.	-	-	21.75	-
Foshan Chancheng District Shiwan Town Chengnan Community Health Service Center	-	-	16.03	0.04
Sinopharm Lerentang Langfang Pharmaceutical Co., Ltd.	-	-	10.24	-
Sinopharm Lerentang Shijiazhuang Medical Management Co., Ltd.	-	-	7.44	-
Sinopharm Holding Tianjin North Medicine Co., Ltd.	-	-	6.82	-
Sinopharm Holding Yancheng Co., Ltd.	-	-	6.56	-
Sinopharm Lerentang Cangzhou Medicine Co., Ltd.	-	-	3.91	-
Sinopharm Lerentang Xintai Medicine Co., Ltd.	-	-	3.42	-
Sinopharm Holding Chengdu Co., Ltd.	-	-	3.41	-
Sinopharm Holding Changzhou Co., Ltd.	-	-	1.50	-
Sinopharm Lerentang Baoding Medicine Co., Ltd.	-	-	1.31	-
Sinopharm Lerentang Handan Medicine Co., Ltd.	-	-	1.10	-
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	-	-	1.03	-
Jiangmen Xinhui District Jianfeng Pharmaceutical Co., Ltd.	-	-	0.37	-
Sinopharm Holding Zhuanye Pharmacy (Dongfang) Co., Ltd.	-	-	0.36	-
Sinopharm Fengliaoqing (Foshan) Pharmaceutical Drugs Co., Ltd.	-	-	0.35	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Accounts receivable (continued)

	2021 (RMB'0,000)		2020 (RMB'0,000)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Sinopharm Guanai Yuankang Pharmacy (Haikou) Co., Ltd.	-	-	0.23	-
Sinopharm Lerentang Healthcare Shijiazhuang Pharmacy Co., Ltd.	-	-	0.15	-
Sinopharm Holding Fuzhou Co., Ltd.	-	-	0.01	-
	<u>24,261.50</u>	<u>54.88</u>	<u>23,637.28</u>	<u>38.87</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Notes receivable (Including receivables financing)

	2021 (RMB'0,000)		2020 (RMB'0,000)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Sinopharm Holding Hainan Co., Ltd.	1,744.60	-	4,854.93	-
Sinopharm Holding Hainan Hongyi Co., Ltd.	108.56	-	944.57	-
Sinopharm Holding Shanxi Co., Ltd.	99.57	-	65.04	-
Sinopharm Holding Lerentang Hebei Pharmaceutical Co., Ltd.	46.60	-	-	-
Sinopharm Holding Beijing Co., Ltd.	40.49	-	279.54	-
Sinopharm Holding Benxi Co., Ltd.	35.25	-	-	-
Sinopharm Holding Shandong Co., Ltd.	-	-	135.51	-
Sinopharm Lerentang Medicine Co., Ltd.	-	-	90.95	-
Sinopharm Holding Zunyi Co., Ltd.	-	-	80.30	-
Sinopharm Holding Guizhou Yitong Medicine Co., Ltd.	-	-	35.75	-
Sinopharm Holding Anshan Co., Ltd.	-	-	31.35	-
Sinopharm Holding Jinzhou Co., Ltd.	-	-	30.00	-
Sinopharm Holding Gansu Co., Ltd.	-	-	17.53	-
Sinopharm Holding Guizhou Co., Ltd.	-	-	15.83	-
Sinopharm Holding Anhui Co., Ltd.	-	-	14.09	-
	<u>2,075.07</u>	<u>-</u>	<u>6,595.39</u>	<u>-</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Other receivables

	2021 (RMB'0,000)		2020 (RMB'0,000)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Sinopharm Group Zhijun (Suzhou) Pharmaceutical Co., Ltd.	4,633.42	4,633.42	4,633.42	4,633.42
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	387.10	-	-	-
Sinopharm Group Medicine Logistic Co., Ltd.	144.25	-	255.98	-
Sinopharm Holding (China) Financing Lease Co., Ltd.	114.00	-	57.00	-
Shanghai Shyndec Pharmaceutical Co., Ltd.	98.39	-	98.39	-
Taiji Group Chongqing Fuling Pharmaceutical Factory Co., Ltd.	90.00	-	-	-
Jiangmen Xinhui District Jianfeng Pharmaceutical Co., Ltd.	57.77	-	-	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	43.89	-	-	-
Sinopharm Holding Shanghai Biomedicine Co., Ltd.	40.00	-	40.00	-
Guangdong Jiyuantang Development Co., Ltd.	28.33	-	-	-
Sinopharm (Tianjin) Medical Equipment Co., Ltd.	24.80	-	-	-
Sinopharm Holding Tongliao Co., Ltd.	23.10	-	-	-
Sinopharm Holding Inner Mongolia Co., Ltd.	14.25	-	25.65	-
Sinopharm Health Online Co., Ltd.	10.00	-	-	-
Sinopharm Guangxi Medical Technology Co., Ltd.	9.69	-	-	-
Sinopharm Guangdong Medicine Device Supply Chain Co., Ltd.	6.31	-	1.74	-
Southwest Pharmaceutical Co., Ltd.	5.00	-	-	-
Gu Jinhua	4.70	-	-	-
Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	4.16	-	1.85	-
Chancheng Central Hospital of Foshan City	4.00	-	-	-
Zhang Haiyan	3.00	-	3.00	-
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	2.75	-	-	-
Sinopharm Holding Chuangke Medical Technology (Guangxi) Co., Ltd.	2.00	-	-	-
Sinopharm Holding Huaideju Pharmaceutical (Xiamen) Co., Ltd.	1.00	-	-	-
Sinopharm Shenzhen Medicine Device Co., Ltd.	0.41	-	-	-
Xinjiang Baitong Property Service Co., Ltd.	0.20	-	0.13	-
Sinopharm Group Guangxi Medical Device Co., Ltd.	0.19	-	-	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Other receivables

	2021 (RMB'0,000)		2020 (RMB'0,000)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Shenzhen Zhijun Pharmaceutical Trade Co., Ltd.	0.17	-	1.08	-
Jilin Ronghe Real Estate Development Co., Ltd.	0.16	-	-	-
China National Scientific Instruments & Materials I&E Shenzhen Co., Ltd.	0.16	-	-	-
Sinopharm Group Guangdong Medicine Device Co., Ltd.	0.09	-	0.01	-
Sinopharm Shengshi (Guangdong) Medical Technology Co., Ltd.	0.01	-	-	-
Du Longfeng	-	-	205.73	-
Li Huichun	-	-	205.73	-
Sinopharm Holding Fujian Co., Ltd.	-	-	115.83	-
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	-	-	22.00	-
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	-	-	20.44	-
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	-	-	4.85	-
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	-	-	0.72	-
Sinopharm Zhonglian Pharmaceutical Group Co., Ltd.	-	-	0.50	0.10
	<u>5,753.30</u>	<u>4,633.42</u>	<u>5,694.05</u>	<u>4,633.52</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Advances to suppliers

	2021		2020	
	Amount	(RMB'0,000) Provision for bad debts	Amount	(RMB'0,000) Provision for bad debts
Sinopharm Holding Shanxi Co., Ltd.	1,970.20	-	1,774.71	-
Sinopharm Holding Shanxi Co., Ltd.	1,750.00	-	-	-
Southwest Pharmaceutical Co., Ltd.	353.38	-	-	-
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	156.86	-	-	-
Chongqing Taiji Group TongJunGe Pharmaceutical Co. Ltd.	129.43	-	-	-
Sinopharm Holding Hubei Co., Ltd.	126.32	-	-	-
Nanjing Yuanguang Trading Co., Ltd.	106.04	-	-	-
Xishuangbanna Disheng Pharmaceutical Co., Ltd.	88.00	-	-	-
Sinopharm Group Guorui Medicine Co., Ltd.	73.73	-	30.78	-
Sichuan Hexin Pharmaceutical Co., Ltd.	71.05	-	-	-
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	62.64	-	4.19	-
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	42.47	-	-	-
Jiangxi Erye Medicine Marketing Co., Ltd.	31.13	-	-	-
Chongqing Yaoyou Pharmaceutical Co., Ltd.	31.13	-	40.90	-
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	15.66	-	47.57	-
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	15.39	-	1.24	-
Fosun Kite Biotechnology Co., Ltd.	13.61	-	-	-
Taiji Group Co., Ltd.	12.02	-	-	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	7.63	-	4.47	-
Sinopharm Weiqida Pharmaceutical Co., Ltd.	7.17	-	-	-
Sinopharm Holding Hunan Co., Ltd.	6.98	-	-	-
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	6.34	-	-	-
Suzhou Erye Pharmaceutical Limited Company	6.27	-	12.17	-
Sinopharm Yixin Pharmaceutical Co., Ltd.	5.89	-	-	-
Taiji Group Chongqing Fuling Pharmaceutical Factory Co., Ltd.	5.12	-	-	-
Sinopharm Group Southwest Medicine Co., Ltd.	2.54	-	-	-
Taiji Group Sichuan Nanchong Pharmaceutical Co., Ltd.	1.84	-	-	-
Hubei Sinopharm Zhonglian Medicine Co., Ltd.	1.35	-	1.35	-
Sinopharm Foreign Trade (Beijing) Co., Ltd.	0.93	-	-	-
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	0.87	-	13.73	-
Chengdu Rongsheng Pharmacy Co., Ltd.	0.54	-	21.71	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

7. Amounts due from related parties (Continued)

Advances to suppliers (continued)

	2021 (RMB'0,000)		2020 (RMB'0,000)	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Sinopharm Tongjitang (Guizhou) Pharmaceutical Co., Ltd.	0.50	-	0.90	-
Sinopharm Guangdong Global Pharmaceutical Co., Ltd.	0.47	-	-	-
Fosun Pharmaceutical Distribution Jiangsu Co., Ltd.	0.44	-	0.01	-
Zhejiang Dongfang Pharmaceutical Co., Ltd.	0.43	-	-	-
Xinjiang Baitong Property Service Co., Ltd.	0.35	-	-	-
Sinopharm (Anhui) Jingfang Pharmaceutical Co., Ltd.	0.34	-	-	-
China National Pharmaceutical Industry Co., Ltd.	0.30	-	-	-
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	0.19	-	7.93	-
Sinopharm Luya (Shandong) Pharmaceutical Co., Ltd.	0.07	-	-	-
Shanghai Shyndec Pharmaceutical Co., Ltd.	0.01	-	0.01	-
Sinopharm Group Guangxi Medical Device Co., Ltd.	-	-	185.00	-
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	-	-	26.08	-
Lanzhou Biotechnology Development Co., Ltd.	-	-	18.00	-
Hunan Dongting Pharmaceutical Co., Ltd.	-	-	17.63	-
Guilin Pharmaceutical Co., Ltd.	-	-	7.46	-
Sinopharm Group	-	-	5.96	-
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	-	-	2.88	-
Sinopharm Holding Beijing Co., Ltd.	-	-	1.49	-
Sinopharm Holdings Beijing Huahong co., Ltd.	-	-	1.10	-
Jinzhou Avanc Pharmaceutical Co., Ltd.	-	-	0.84	-
Sinopharm Holding Changsha Co., Ltd.	-	-	0.45	-
Sinopharm Device (Guangdong) Medical Technology Co., Ltd.	-	-	0.40	-
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	-	-	0.14	-
Sinopharm Holding Yancheng Co., Ltd.	-	-	0.07	-
	<u>5,105.63</u>	<u>-</u>	<u>2,229.17</u>	<u>-</u>

Amounts due from related parties are interest-free and unsecured with no fixed term on repayment, except that notes receivable from related parties have fixed terms of repayment, and entrusted loans from related parties have fixed terms of repayment with interest.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X. Related party relationships and transactions (Continued)

8. Amounts due to related parties

Accounts payable

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Holding Sub Marketing Center Co., Ltd.	10,046.52	10,059.79
China National Medicines Co., Ltd.	5,221.30	5,351.01
Sinopharm Group	3,302.12	3,016.91
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	3,198.00	4,496.74
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	2,097.19	1,429.96
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	1,636.20	692.61
Sinopharm Holding Lerentang Hebei Pharmaceutical Co., Ltd.	1,428.39	1,191.78
Sinopharm Holding Shenyang Co., Ltd.	1,416.45	1,704.48
Sinopharm Holding Xinjiang Xinte Shenrong Pharmaceutical Co., Ltd.	1,403.93	375.32
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	1,247.17	1,321.16
Sinopharm Holding Shanxi Co., Ltd.	1,084.27	870.63
Shanghai Henlius Biopharmaceuticals Co., Ltd.	1,065.67	348.94
Sinopharm Holding Inner Mongolia Co., Ltd.	998.35	276.13
Chongqing Yaoyou Pharmaceutical Co., Ltd.	964.93	331.98
Sinopharm Holding Jilin Co., Ltd.	921.67	477.47
Sinopharm Holding Yangzhou Co., Ltd.	918.64	605.68
Foshan Winteam Pharmaceutical Group Ltd.	871.35	503.23
Sinopharm Holding Fujian Co., Ltd.	865.41	530.65
Sinopharm Holding Shanxi Zhongjian Medical Device Chain Co., Ltd.	752.56	487.37
Sinopharm Lerentang Shijiazhuang Traditional Chinese Medicine Co., Ltd.	732.27	358.88
Lanzhou Biotechnology Development Co., Ltd.	709.02	-
Fresenius Kabi Huarui Pharmaceuticals Co., Ltd.	696.79	3,137.29
Sinopharm Holding Hubei Co., Ltd.	652.96	70.65
Main Luck Pharmaceutical	648.23	558.62
Sinopharm Yixin Pharmaceutical Co., Ltd.	641.54	522.37
Sinopharm Holding Changzhou Co., Ltd.	634.15	406.12
Sinopharm Holding Jiangsu Co., Ltd.	587.46	621.12
Shenzhen Wanwei Medicine Trading Co., Ltd.	577.71	88.40

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X. Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Accounts payable (continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.	505.50	18.96
China Otsuka Pharmaceutical Co., Ltd.	450.09	267.79
Sinopharm Group Shanxi Medical Devices Co., Ltd.	433.41	610.59
Sinopharm Holding Shandong Co., Ltd.	357.88	79.34
Zhijun Pingshan	345.79	385.42
Sinopharm Holding Ningxia Co., Ltd.	344.73	241.45
Yichang Humanwell Pharmaceutical Co., Ltd.	338.55	70.24
Sinopharm Holding Wuxi Co., Ltd.	320.76	83.97
Sinopharm Holding Anshan Co., Ltd.	318.63	21.05
Sinopharm Fengliaoqing (Foshan) Pharmaceutical Drugs Co., Ltd.	304.33	202.93
Yunnan Sinopharm Holding Dongchang Medicine Co., Ltd.	296.11	166.05
Jinzhou Avanc Pharmaceutical Co., Ltd.	287.81	497.72
Sinopharm Holding Shanxi Dajiuzhou Medicine Co., Ltd.	286.25	20.62
Tibet Yaoyou Medicines Co., Ltd.	261.01	559.97
Shanghai International Pharmaceutical Trade Co., Ltd.	254.90	214.08
Fosun Pharmaceutical Distribution Jiangsu Co., Ltd.	243.13	140.45
Sinopharm Holding Hulun Buir Co., Ltd.	241.58	86.27
Sinopharm Holding Tongliao Co., Ltd.	231.44	80.23
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	222.06	134.58
Sinopharm Jiankun (Beijing) Medicine Co., Ltd.	216.09	23.60
Sinopharm Holding Shanghai Likang Pharmaceutical Co., Ltd.	203.63	117.94
Zhijun Medicine	192.60	220.49
Sinopharm Lerentang Medicine Co., Ltd.	177.24	-
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	176.14	119.90
Sinopharm Holding Xiamen Co., Ltd.	174.01	55.16
Sinopharm Holding Shanxi Co., Ltd.	172.94	69.89
Sinopharm Holding Jinzhou Co., Ltd.	162.03	117.69
Sinopharm Holding Pingdingshan Co., Ltd.	159.29	311.02
Sinopharm Holding Beijing Co., Ltd.	150.83	239.19
Hunan Dongting Pharmaceutical Co., Ltd.	141.65	66.74
China National Pharmaceutical Foreign Trade Corporation	139.64	126.42
Sinopharm Luya (Shandong) Pharmaceutical Co., Ltd.	121.21	172.83
Sinopharm Group Medicine Logistic Co., Ltd.	116.11	-
Jinzhou Avanc Medicine Co., Ltd.	109.92	225.15
Taiji Group Co., Ltd.	102.49	-
Sinopharm Holding Henan Co., Ltd.	101.57	320.69

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X. Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Accounts payable (continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	97.10	65.96
Southwest Pharmaceutical Co., Ltd.	94.54	-
Jiangxi Erye Medicine Marketing Co., Ltd.	94.10	13.43
Sinopharm Huixinqinyuan (Beijing) Technology Development Co., Ltd.	93.70	131.59
Sinopharm Holding Anhui Huaning Medicine Co., Ltd.	82.17	24.87
Sinopharm ChuanKang Pharmaceutical Co., Ltd.	76.39	22.81
Sinopharm Liaoning Medical Equipment Co., Ltd.	72.72	80.12
Sinopharm Holding Heilongjiang Co., Ltd.	71.93	81.13
Yunnan Tianjiang Yifang Pharmaceutical Co., Ltd.	71.49	79.27
Chongqing Taiji Group TongJunGe Pharmaceutical Co. Ltd.	71.36	-
Huayi Pharmaceutical Co., Ltd.	69.71	11.02
Sinopharm Holding Yunnan Co., Ltd.	69.51	12.81
Sichuan Hexin Pharmaceutical Co., Ltd.	65.83	116.47
Sinopharm Lingyun Biopharmaceutical (Shanghai) Co., Ltd.	65.23	55.37
Taiji Group Chongqing Fuling Pharmaceutical Factory Co., Ltd.	64.99	-
Sinopharm Holdings Beijing Huahong co., Ltd.	64.93	6.83
Beijing Golden Elephant Fosun Pharmaceutical Co., Ltd.	63.95	71.46
Beijing Huasheng Pharmaceutical Biotechnology Development Co., Ltd.	62.96	27.56
Sinopharm Holding Beijing Kangchen Bio-Pharmaceutical Co., Ltd.	58.97	140.26
Shanghai Shangsheng Biological Products Co., Ltd.	57.92	19.44
Sinopharm Lerentang Qinhuangdao Pharmaceutical Trading Co., Ltd.	57.70	35.57
Sinopharm Holding Special Drugs Shihezi Pharmaceutical Co., Ltd.	55.40	12.70
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd.	54.95	62.61
Sinopharm Zhonglian Pharmaceutical Group Co., Ltd.	53.52	45.05
Taiji Group Chongqing No.2 Traditional Chinese Medicine Factory Co., Ltd.	50.62	-
Shanghai Transfusion Technology Co., Ltd.	50.30	30.18
Fujian Tianjiang Pharmaceutical Co., Ltd.	44.42	63.99
Sinopharm Holding Benxi Co., Ltd.	42.90	-
China National Pharmaceutical Industry Co., Ltd.	40.53	61.49
Sinopharm Tongjitang (Guizhou) Pharmaceutical Co., Ltd.	40.21	56.01
Sinopharm Advanced (Shanghai) Medical Device Co., Ltd.	39.93	0.05
Sinopharm Holding Xinjiang Special Drugs Kashgar Pharmaceutical Co., Ltd.	39.80	39.03
Sinopharm Holding Jinan Co., Ltd.	38.91	0.50
Chengdu Institute of Biological Products Co., Ltd.	37.44	37.44
Guangzhou Tianren Pharmaceutical Co., Ltd.	37.11	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X. Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Accounts payable (continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Holding Beijing Tianxing Puxin Biological Medical Co., Ltd.	36.92	149.57
Fresenius Kabi(Wuhan)Pharmaceutical Co., Ltd.	34.05	-
Sinopharm Holding Dalian Co., Ltd.	32.32	37.30
Sinopharm Holding Yangzhou Medical Treatment Equipment Co., Ltd.	31.92	34.77
Sinopharm Holding Nanping Newforce Co., Ltd.	31.85	-
Sinopharm In Inner Mongolia Medical Instrument Co., Ltd.	31.09	-
Sinopharm Holding Chuangke Medical Technology (Guangxi) Co., Ltd.	28.36	-
Sinopharm Holding Bayannur Co., Ltd.	28.29	6.99
Sinopharm Holding Shanxi Mingdikang Medicine Co., Ltd.	26.94	4.80
Wuhan Zhongsheng Yujin Biomedical Co., Ltd.	26.55	-
Glaxosmithkline Pharmaceuticals (Suzhou) Co., Ltd.	26.37	15.70
Jiangsu Huanghe Pharmaceutical Co., Ltd.	25.22	22.99
Sinopharm Holding Quanzhou Co., Ltd.	24.61	20.33
Sinopharm Holding Tianjin Co., Ltd.	22.98	9.51
Sichuan Jiangyou Zhongba Aconiti Science and Technology Development Co., Ltd.	22.49	-
Suzhou Erye Pharmaceutical Limited Company	19.51	35.04
China National Pharmaceutical Group Shanxi Rfl Pharmaceutical Co., Ltd.	18.01	-
Sinopharm Holding Changsha Gaoxin Medicine Co., Ltd.	17.76	1.29
Shanghai Merro Pharmaceutical Co., Ltd.	17.46	19.67
Sinopharm Group Yibin Pharmaceuticals Co., Ltd.	16.46	28.64
Sinopharm Holding Pu'er Co., Ltd.	14.72	12.65
Chongqing Tianjiang Yifang Pharmaceutical Co., Ltd.	11.01	-
Taiji Group Sichuan Mianyang Pharmaceutical Co., Ltd.	10.98	-
Sinopharm Holding Hunan Pharmaceutical Development Co., Ltd.	10.44	10.54
Sinopharm Holding Putian Co., Ltd.	10.08	22.46
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	10.07	9.48
Chengdu Rongsheng Pharmacy Co., Ltd.	10.00	10.00
Sinopharm Holding Shanghai Biomedicine Co., Ltd.	9.92	18.22
Sinopharm Shantou Jinshi Pharmaceutical Co., Ltd.	9.89	13.60
Sinopharm (Anhui) Jingfang Pharmaceutical Co., Ltd.	9.67	5.98
Sinopharm Holding Zhejiang Co., Ltd.	8.97	3.03
Sinopharm Holding Biopharmaceutical (Tianjin) Co., Ltd.	7.73	10.69
Sinopharm Holding Huaideju (Xiamen) Pharmacy Co., Ltd.	7.64	0.01
Sinopharm Holding Changsha Co., Ltd.	7.63	-
Sinopharm Holding Xinte Yili Pharmaceutical Co., Ltd.	6.90	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X. Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Accounts payable (continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Holding Fuzhou Co., Ltd.	6.29	65.50
Shenyang Hongqi Pharmaceutical Co., Ltd.	6.28	16.60
Sinopharm Holding Yangzhou Biological Products Co., Ltd.	6.24	14.92
Zhejiang Dongfang Pharmaceutical Co., Ltd.	5.74	-
Sinopharm ChangChun A-THINK Pharmaceutical Co., Ltd.	4.75	-
Sinopharm Holding Chifeng Co., Ltd.	4.70	-
Zhongshan Kangyue Medical Instrument Co., Ltd.	4.39	-
Sinopharm Holding Zhihuiminsheng (Tianjin) Pharmaceutical Co., Ltd.	3.78	76.39
Sinopharm Group Guorui Medicine Co., Ltd.	3.60	102.96
Sinopharm Holding Changzhou Medical Logistics Center Co., Ltd.	3.39	3.29
Sinopharm Holding Dezhou Co., Ltd.	3.39	4.58
Shantou Jinshi Powder Injection Co., Ltd.	3.26	7.26
Shanghai Modern Hasen (Shangqiu) Pharmaceutical Co., Ltd.	3.17	3.10
Sinopharm Holding Hunan Co., Ltd.	2.98	40.71
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	2.77	41.24
Sinopharm Beijing Huamiao Pharmaceutical Co., Ltd.	2.69	13.18
Sinopharm Sanyi Medicine (Wuhu) Co., Ltd.	2.38	2.66
Shandong Skyway Pharmaceutical Sales Co., Ltd.	2.32	-
Chongqing Haisiman Pharmaceutical Co., Ltd.	1.85	1.85
Sinopharm Holding Linyi Medical Device Co., Ltd.	1.77	-
Sinopharm Holding Lunan Co., Ltd.	1.66	-
Sinopharm Holding Ulanqab Co., Ltd.	1.61	3.61
Sinopharm Holding Longyan Co., Ltd.	1.54	-
Sinopharm Holding Linfen Ningle Pharmaceutical Co., Ltd.	1.21	0.74
Sinopharm Holding Taizhou Co., Ltd.	1.16	1.76
Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	1.09	1.09
Taiji Group Sichuan Tiancheng Pharmaceutical Co., Ltd.	0.93	-
Sinopharm Holding Guizhou Yitong Medicine Co., Ltd.	0.84	-
Sinopharm Guangdong Global Pharmaceutical Co., Ltd.	0.64	2.85
China Medical Equipment Shandong Co., Ltd.	0.62	2.98
Sinopharm Holding Anhui Co., Ltd.	0.49	-
Sinopharm Holding Nantong Co., Ltd.	0.42	-
Shanghai Chaohui Pharmaceutical Co., Ltd.	0.36	102.07
Sinopharm Shanxi Linfen Co., Ltd.	0.32	-
Changchun Changsheng Gene Pharmaceutical Co., Ltd.	0.30	0.38
Sinopharm Holding Hainan Co., Ltd.	0.19	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X. Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Accounts payable (continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Holding Ordos Co., Ltd.	0.18	0.18
Sinopharm Nutraceuticals (Shanghai) Co., Ltd.	0.15	0.15
Sinopharm Holding Huaideju Pharmaceutical (Xiamen) Co., Ltd.	0.11	0.22
China National Medical Device (Hui Zhou) Co., Ltd.	0.09	0.08
Guilin Pharmaceutical Co., Ltd.	0.06	0.06
Shyndec Pharma	0.06	0.06
Anhui Yuguo Tianhong Health Industry Development Co., Ltd.	0.05	-
Sinopharm Holding Liaocheng Co., Ltd.	0.02	0.02
Sinopharm Fengliaoxing (Foshan) Medicines Co., Ltd.	0.01	0.01
Sinopharm Dezhong (Foshan) Pharmaceutical Co., Ltd.	0.01	0.55
Sinopharm Group Guangxi Medical Device Co., Ltd.	-	163.72
Sinopharm Holding Shanxi Jinzhong Co., Ltd.	-	30.45
Sinopharm Wuhan Zhonglian Siyao Pharmaceutical Co., Ltd.	-	14.72
Sinopharm Device (Guangdong) Medical Technology Co., Ltd.	-	7.61
Sinopharm Holding Baotou Co., Ltd.	-	1.64
Sinopharm Holding Dalian Hecheng Co., Ltd.	-	0.32
Sinopharm Holding Shanxi Jincheng Co., Ltd.	-	0.22
Sinopharm Holding Zhangzhou Co., Ltd.	-	0.21
Chengdu List Pharmaceutical Co., Ltd.	-	0.18
Sinopharm Group Shanghai Medicine Device Co., Ltd.	-	0.02
	<u>56,889.51</u>	<u>48,542.13</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Notes payable

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Lerentang Medicine Co., Ltd.	22,398.88	13,351.31
Sinopharm Holding Shanxi Co., Ltd.	17,537.26	14,748.48
Sinopharm Holding Sub Marketing Center Co., Ltd.	17,423.85	14,500.77
Sinopharm Holding Shenyang Co., Ltd.	12,601.26	2,366.63
Sinopharm Holding Shanxi Co., Ltd.	10,473.11	9,647.58
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	7,681.02	3,490.46
China National Medicines Co., Ltd.	3,566.89	2,124.05
Lanzhou Biotechnology Development Co., Ltd.	2,976.00	3,492.00
Sinopharm Holding Inner Mongolia Co., Ltd.	1,937.26	2,042.98
Jiangsu Wanbang Pharmacy Marketing Co., Ltd.	1,722.45	4,248.18
Sinopharm Holding Fujian Co., Ltd.	1,547.80	1,560.70
Sinopharm Holding Jilin Co., Ltd.	1,260.99	43.01
Sinopharm Xingsha Pharmaceuticals (Xiamen) Co., Ltd.	1,221.18	197.82
Sinopharm Holding Tongliao Co., Ltd.	1,137.67	-
Chengdu Rongsheng Pharmacy Co., Ltd.	1,092.34	1,036.88
Sinopharm Holding Yangzhou Co., Ltd.	1,045.00	430.00
Shenzhen Wanwei Medicine Trading Co., Ltd.	969.40	59.78
Sinopharm Holding Henan Co., Ltd.	957.83	-
Sinopharm Holding Anshan Co., Ltd.	939.15	6.34
Sinopharm Holding Lunan Co., Ltd.	900.00	450.00
Sinopharm Holding Xiamen Co., Ltd.	827.24	317.32
Sinopharm Holding Hunan Co., Ltd.	706.45	76.97
Sinopharm Holding Xinjiang Special Drugs Western Pharmaceutical Co., Ltd.	669.61	284.04
Sinopharm Holding Pingdingshan Co., Ltd.	661.51	300.00
Sinopharm Lerentang Hebei Medical Instrument Trade Co., Ltd.	656.37	568.10
Sinopharm Holding Xinjiang Xinte Shenrong Pharmaceutical Co., Ltd.	633.67	-

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Notes payable (Continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Yixin Pharmaceutical Co., Ltd.	513.38	1,441.63
Chongqing Yaoyou Pharmaceutical Co., Ltd.	407.81	269.34
Sinopharm Holding Huaideju (Xiamen) Pharmacy Co., Ltd.	300.04	475.58
Sinopharm Zhonglian Pharmaceutical Group Co., Ltd.	274.10	11.67
Sinopharm Holding Hulun Buir Co., Ltd.	257.72	-
Sinopharm Holding Ningxia Co., Ltd.	250.63	213.96
Shenzhen Main Luck Pharmaceutical Co., Ltd.	240.19	127.41
Sinopharm Holding Lerentang Hebei Pharmaceutical Co., Ltd.	234.78	177.77
Sinopharm Holding Jinan Co., Ltd.	195.80	65.00
Jinzhou Avanc Pharmaceutical Co., Ltd.	188.15	-
Fosun Pharmaceutical Distribution Jiangsu Co., Ltd.	157.63	75.41
Sinopharm Holding Jinzhou Co., Ltd.	144.26	122.21
China Otsuka Pharmaceutical Co., Ltd.	141.88	232.17
Sinopharm Holding Benxi Co., Ltd.	132.86	-
Sinopharm Jiankun (Beijing) Medicine Co., Ltd.	98.98	191.17
Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	77.18	-
Yunnan Tianjiang Yifang Pharmaceutical Co., Ltd.	67.01	-
Foshan Winteam Pharmaceutical Group Ltd.	64.77	104.77
Sinopharm Holding Heilongjiang Co., Ltd.	54.41	-
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	53.33	63.62
Sinopharm Holding Bayannur Co., Ltd.	51.88	-
Wuhan Zhongsheng Yujin Biomedical Co., Ltd.	48.68	-
Sinopharm Holding Linfen Ningle Pharmaceutical Co., Ltd.	46.21	56.41
Shanghai Transfusion Technology Co., Ltd.	45.27	25.15
Sinopharm Holding Shanxi Dajiuzhou Medicine Co., Ltd.	41.83	53.72
Sinopharm Holding Dalian Co., Ltd.	37.12	126.93
Sinopharm Liaoning Medical Equipment Co., Ltd.	35.41	-
Sinopharm Holding Quanzhou Co., Ltd.	32.81	134.73
Sinopharm Holding Yancheng Co., Ltd.	31.07	96.73

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Notes payable (continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Jinzhou Avanc Medicine Co., Ltd.	26.82	65.51
Sinopharm Group Shanxi Medical Devices Co., Ltd.	23.08	143.10
Fujian Tianjiang Pharmaceutical Co., Ltd.	21.50	7.12
Sinopharm Tongjitang (Guizhou) Pharmaceutical Co., Ltd.	20.88	-
Taiji Group Co., Ltd.	20.42	-
Sinopharm Holding Shanxi Zhongjian Medical Device Chain Co., Ltd.	18.21	-
China National Pharmaceutical Industry Co., Ltd.	17.45	-
Sinopharm Holding Changzhou Co., Ltd.	14.00	-
Sinopharm Holding Nanping Newforce Co., Ltd.	13.70	10.06
Sinopharm Holding Changsha Co., Ltd.	11.02	2.98
Taiji Group Chongqing Fuling Pharmaceutical Factory Co., Ltd.	8.57	-
Sinopharm (Anhui) Jingfang Pharmaceutical Co., Ltd.	1.74	-
Sinopharm Group	-	1,566.58
Sinopharm Lerentang Shijiazhuang Traditional Chinese Medicine Co., Ltd.	-	294.62
Sinopharm Holding Tianjin Co., Ltd.	-	236.55
China National Medical Device Co., Ltd.	-	174.34
Sinopharm Fengliaoqing (Foshan) Pharmaceutical Drugs Co., Ltd.	-	71.52
Sinopharm Wuhan Blood Products Co., Ltd.	-	42.00
Sinopharm Group Rongsheng Pharmaceutical Co., Ltd.	-	27.86
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	-	26.75
Sinopharm Holding Shanxi Jinzhong Co., Ltd.	-	10.22
	<u>117,966.77</u>	<u>82,087.99</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Other payables

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Group	599.27	414.65
Zhang Zhenfang	472.50	392.00
Sinopharm Group Shanghai Co., Ltd.	166.04	361.95
China National of Traditional & Herbal Medicine Co., Ltd.	130.00	130.00
Sinopharm Group Medicine Logistic Co., Ltd.	105.96	282.57
Xishuangbanna Disheng Pharmaceutical Co., Ltd.	37.06	-
Shanghai Tongyu Information Technology Co., Ltd.	32.21	24.99
Shanghai Beiyi Guoda Pharmaceutical Co., Ltd.	29.89	36.49
Sinopharm Group Guangdong Medicine Device Co., Ltd.	26.07	-
Sinopharm Holding (Tianjin Binhai) Pharmaceutical Co., Ltd.	24.18	-
Sinopharm Health Online Co., Ltd.	22.19	18.60
Sinopharm Holding Zhihuiminsheng (Tianjin) Pharmaceutical Co., Ltd.	19.19	16.59
Sinopharm Holding Xinjiang Xinte Karamay Pharmaceutical Co., Ltd.	10.11	-
Sinopharm Holding Sub Marketing Center Co., Ltd.	5.74	3.79
Sinopharm Holdings Beijing Huahong co., Ltd.	3.86	-
Taishan Xiangranhui Trade Co., Ltd.	2.23	-
Shenzhen Wanwei Medicine Trading Co., Ltd.	1.50	0.01
Sinopharm Tongjitang (Guizhou) Pharmaceutical Co., Ltd.	1.14	-
Zhang Haiyan	0.67	0.14
Sinopharm Guangdong Global Pharmaceutical Co., Ltd.	0.59	0.01
Shenzhen Main Luck Pharmaceutical Co., Ltd.	0.28	-
Chengdu Institute of Biological Products Co., Ltd.	0.03	0.03
Foshan Winteam Pharmaceutical Group Ltd.	0.01	-
Pingdingshan Pusheng Pharmaceutical Co., Ltd.	-	51.59
Sinopharm Holding Yangzhou Co., Ltd.	-	37.26
Sinopharm Holding Hunan Weian Pharmacy Medicine Chain Company Limited	-	10.46
Fujian Tianjiang Pharmaceutical Co., Ltd.	-	5.00
Sinopharm Group Xinjiang Special Drugs National Pharmaceutical Co., Ltd.	-	2.24
	<u>1,690.72</u>	<u>1,788.37</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X. Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Contract liabilities

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Lerentang Medicine Co., Ltd.	49.26	4.04
Sinopharm Holding Inner Mongolia Co., Ltd.	14.26	0.01
Sinopharm Holding Shenyang Co., Ltd.	10.16	6.44
Sinopharm Holding Wuhu Co., Ltd.	3.66	3.04
Shenzhen Xincheng Pharmaceutical Co., Ltd.	2.52	-
Sinopharm Holding Fujian Co., Ltd.	2.20	-
Sinopharm Lerentang Chengde Medicine Co., Ltd.	0.41	1.10
Sinopharm Lerentang Healthcare Shijiazhuang Pharmacy Co., Ltd.	0.24	-
Jiangmen Xinhui District Jianfeng Pharmaceutical Co., Ltd.	0.14	-
Sinopharm Holding Chengdu Co., Ltd.	0.09	-
Sinopharm Holding Chongqing Co., Ltd.	0.08	0.35
Sinopharm Lerentang Qinhuangdao Medicine Co., Ltd.	0.04	9.76
Sinopharm Lerentang Zhangjiakou Medicine Co., Ltd.	0.03	-
Sinopharm Lerentang Tangshan Medicine Co., Ltd.	0.03	-
Sinopharm Holding Lerentang Hebei Pharmaceutical Co., Ltd.	0.02	-
Sinopharm Holding Nantong Co., Ltd.	-	107.45
Chindex Shanghai International Trading Co., Ltd.	-	78.36
Sinopharm Holding Yunnan Co., Ltd.	-	18.67
Sinopharm Holding Anhui Co., Ltd.	-	15.49
Sinopharm Holding Nanjing Wende Pharmaceutical Co., Ltd.	-	9.89
Sinopharm Lerentang Cangzhou Medicine Co., Ltd.	-	2.57
Sinopharm Holding Jilin Co., Ltd.	-	2.30
Sinopharm Holding Gansu Co., Ltd.	-	2.20
Sinopharm Holding Hulun Buir Co., Ltd.	-	2.12
Sinopharm Group Shanxi Co., Ltd.	-	1.48
Sinopharm Lerentang Hengshui Medicine Co., Ltd.	-	1.03
Sinopharm Holding Taizhou Co., Ltd.	-	0.66
Sinopharm Holding Guizhou Medical Device Co., Ltd.	-	0.11
Dongyuan accord pharmaceutical chain Co., Ltd.	-	0.09
Sinopharm Holding Jiangxi Co., Ltd.	-	0.02
	<u>83.14</u>	<u>267.18</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

	2021 (RMB'0,000)	2020 (RMB'0,000)
Entrusted borrowings		
CNPGC (1)	3,163.72	3,163.72
Jilin Province Yihe Investment Consulting Co., Ltd. (2)	<u>7,245.00</u>	<u>5,670.00</u>
	<u>10,408.72</u>	<u>8,833.72</u>
<p>(1) CNPGC entrusted Sinopharm Group Finance Co., Ltd. with this borrowing to the Group. The entrusted borrowing includes the principal of RMB31,600.00 thousand and the outstanding interest payable of RMB37.20 thousand.</p> <p>(2) Jilin Province Yihe Investment Consulting Co., Ltd. entrusted Changchun Branch of China Everbright Bank Co., Ltd. with this borrowing to the Group.</p>		
Short-term borrowings		
Sinopharm Group Finance Co., Ltd.	<u>9,235.72</u>	<u>1,433.87</u>
<p>(1) As at 31 December 2021, the short-term borrowings from Sinopharm Group Finance Co., Ltd. amounted to RMB92,357,200, including the principal of RMB92,237.70 thousand and the accrued interest outstanding of RMB83.50 thousand.</p>		
Other non-current liabilities		
Sinopharm Group	2,308.59	3,506.17
CNGCC	<u>197.59</u>	<u>-</u>
	<u>2,506.18</u>	<u>3,506.17</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

X Related party relationships and transactions (Continued)

8. Amounts due to related parties (Continued)

Lease liabilities

	2021		2020	
	Amount (RMB'0,000)	Include: within 1 year (RMB'0,000)	Amount (RMB'0,000)	Include: within 1 year (RMB'0,000)
Sinopharm Holding Yangzhou Co., Ltd.	1,382.25	324.32	-	-
Shaoguan Wujiang District Muyang Medicine Information Consultant Co., Ltd.	586.97	-	662.88	75.92
Zhang Yechuan	486.35	83.64	520.19	57.48
Guangxi Yifang Tianjiang Pharmaceutical Co., Ltd.	303.27	39.77	343.45	44.80
Wang Yixuan	283.15	50.64	-	-
Xiong Xinyuan	263.69	25.17	287.33	23.65
Shenyang Shengdiou Trading Co., Ltd.	185.25	71.59	146.86	34.46
Lerentang Investment Group Co., Ltd.	181.97	120.04	611.25	611.25
Li Fang	153.61	49.02	-	-
Sinopharm Holding Beijing Co., Ltd.	122.90	52.93	13.09	13.09
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.	96.28	54.16	-	-
Guangdong Jiyuantang Development Co., Ltd.	88.13	88.13	308.59	206.06
Wang Yang	61.28	61.28	-	-
Sinopharm Holding Shanxi Jincheng Co., Ltd.	59.99	59.99	-	-
Nanjing Yuanguang Trading Co., Ltd.	51.37	51.37	-	-
Shenzhen Jiufeng Investment Co., Ltd.	37.98	18.59	-	-
Zhang Haiyan	35.02	16.01	50.35	15.34
Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	24.94	9.33	33.88	8.94
Gu Haiqun	23.28	21.44	42.79	19.52
Zhang Guitang	18.35	-	-	-
Beijing Huafang Investment Co., Ltd.	9.45	9.45	33.66	24.21
Sinopharm Holding (China) Financing Lease Co., Ltd.	-	-	38.88	46.95
Sinopharm Xinjiang Pharmaceutical Co., Ltd.	-	-	37.90	37.90
Shanghai Baizhong Business Development (Group) Co., Ltd.	-	-	30.01	30.01
Sinopharm Group	-	-	17.23	17.23
Pu'er Songmao Medicine Group Co., Ltd.	-	-	3.73	3.73
	<u>4,455.48</u>	<u>1,206.87</u>	<u>3,182.07</u>	<u>1,270.54</u>

Other payables are interest-free and unsecured with no fixed term on repayment, expects the related party borrowings, long-term payables, lease liabilities with fixed terms of repayment with interest, and notes payable to related parties have fixed terms of repayment.

9. Cash deposit with a related party

	2021 (RMB'0,000)	2020 (RMB'0,000)
Sinopharm Group Finance Co., Ltd.	<u>197.44</u>	<u>10,177.99</u>

In year 2021, the annual interest rates of the above deposits are 0.35%-1.89%. (In year 2020, the annual interest rates of the above deposits are 0.35% to 1.89%.)

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

XI Commitments and contingencies

1. Commitments

(1) Capital commitments

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

	31 December 2021 (RMB'0,000)	31 December 2020 (RMB'0,000)
Capital commitments	2,649.01	-
Investment commitments	<u>4,200.00</u>	<u>-</u>
	<u>6,849.01</u>	<u>-</u>

A Pursuant to the approval of Sinopharm Holdings' document [Sinopharm General Investment [2021] No. 523], the Group subscribed for shares of the Industry Fund (Phase II) and Gongqingcheng Qixin by contributing RMB60 million. The fund adopts a progressive funding approach, with investors contributing in tranches. The manager of the Industry Fund will issue payment notices to the investors according to the actual project progress. RMB18 million, 30% of the Group's contribution, had been paid in 2021, the remaining outstanding contribution will be RMB42 million.

2. Contingencies

As of the balance sheet date, no contingencies of the Group were required to disclose.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

XII Events after the balance sheet date

Pursuant to the resolution of the General Meeting of the Shareholders on 28 March 2021, the Company paid a cash dividend of RMB6.00 for every 10 shares to all shareholders, which is calculated on the basis of 428,126,983 shares in issue, with an aggregate amount of RMB256,876,189.80. This resolution had yet to be approved by the shareholders' meeting.

XIII Other significant events

1. Segment reporting

Operating segments

For management purposes, the Group is organised into business units based on its products and services and has three reportable operating segments as follows:

- (1) The Head Office, which is mainly engaged in the investment and management of businesses;
- (2) Pharmaceutical distribution segment, which is mainly engaged in the distribution of medicine and pharmaceutical products to customers;
- (3) Retail pharmacy segment, which is engaged in the management of the operation of Guoda Drugstore.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is measured consistently with the Group's profit before tax.

Inter-segment sales and transfers are transacted with reference to the selling prices used in the transactions carried out with third parties at the then prevailing market prices.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

XIII Other significant events (Continued)

1. Segment reporting (Continued)

Operating segments (Continued)

Transfer pricing between operating segments is determined by reference to prevailing market prices used in transactions with third parties

2021

	Head Office	Pharmaceutical distribution	Pharmaceutical retail	Elimination between segments	Total
Operating revenue	7,949,960.12	46,832,560,521.32	22,477,630,028.55	(960,330,938.00)	68,357,809,571.99
Including: Revenue from external customers	6,050,039.72	45,876,980,488.34	22,474,779,043.93	-	68,357,809,571.99
Revenue from inter-segment transactions	1,899,920.40	955,580,032.98	2,850,984.62	(960,330,938.00)	-
Interest income	171,106,520.93	41,952,376.94	33,019,049.86	(171,780,178.50)	74,297,769.23
Interest expense	(44,063,652.97)	(325,712,178.87)	(90,105,315.49)	171,842,386.46	(288,038,760.87)
Income from investments in associates	333,164,462.64	(871,691.80)	1,104,345.54	-	333,397,116.38
Impairment losses	-	(3,011,609.82)	(239,893,256.69)	-	(242,904,866.51)
Credit impairment losses	(41,802.91)	(56,264,830.41)	13,516,233.56	-	(42,790,399.76)
Depreciation and amortisation	(2,422,713.69)	(195,805,646.09)	(1,232,732,777.56)	-	(1,430,961,137.34)
Gross profit	1,033,319,869.24	1,244,798,591.94	314,940,026.85	(618,205,638.49)	1,974,852,849.54
Income taxes	(18,827,115.15)	(297,492,613.54)	(130,890,925.98)	-	(447,210,654.67)
Net profit	1,014,492,754.09	947,305,978.40	184,049,100.87	(618,205,638.49)	1,527,642,194.87
Total assets	16,162,666,239.27	25,745,738,525.76	15,983,835,238.55	(15,108,557,571.77)	42,783,682,431.81
Total liabilities	(4,597,179,265.95)	(19,378,204,285.85)	(10,301,522,762.44)	9,515,436,580.93	(24,761,469,733.31)
Long-term equity investments in associates	2,430,218,715.28	12,353,878.32	17,259,953.14	-	2,459,832,546.74
Accrual of other non-current assets except long-term equity investments	16,556,550.41	93,513,238.39	317,962,425.20	1,980,374.57	430,012,588.57

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Expressed in Renminbi Yuan

XIII Other significant events (Continued)

1. Segment reporting (Continued)

Operating segments (Continued)

2020

	Head Office	Pharmaceutical distribution	Pharmaceutical Retail	Elimination between segments	Total
Operating revenue	9,487,841.49	41,069,771,850.60	19,437,660,100.65	(867,464,780.71)	59,649,455,012.03
Including: Revenue from external customers	7,791,167.36	40,204,472,088.75	19,437,191,755.92	-	59,649,455,012.03
Revenue from inter-segment transactions	1,696,674.13	865,299,761.85	468,344.73	(867,464,780.71)	-
Interest income	136,746,373.87	47,776,232.42	73,451,556.94	(121,518,173.13)	136,455,990.10
Interest expense	(38,837,835.94)	(244,755,374.81)	(96,280,488.16)	121,684,535.12	(258,189,163.79)
Investment income	353,352,207.87	(1,082,757.65)	2,076,255.43	-	354,345,705.65
Impairment losses	-	(4,929,690.18)	(249,595.57)	-	(5,179,285.75)
Credit impairment losses	(998,033.21)	(20,532,463.36)	(4,444,823.51)	-	(25,975,320.08)
Depreciation and amortisation	(1,791,874.52)	(167,013,527.37)	(1,025,213,331.17)	-	(1,194,018,733.06)
Gross profit	1,010,471,435.72	1,113,461,641.94	643,880,019.14	(610,576,648.02)	2,157,236,448.78
Income taxes	(10,594,497.17)	(258,053,622.70)	(167,291,930.19)	-	(435,940,050.06)
Net profit	999,876,938.55	855,408,019.24	476,588,088.95	(610,576,648.02)	1,721,296,398.72
Total assets	14,507,966,007.38	22,611,218,131.54	15,456,873,721.83	(12,981,524,389.10)	39,594,533,471.65
Total liabilities	(3,662,674,685.95)	(16,513,139,037.74)	(9,917,411,077.29)	7,387,318,648.85	(22,705,906,152.13)
Long-term equity investments in associates	2,258,990,817.58	13,225,570.12	14,803,240.29	-	2,287,019,627.99
Accrual of other non-current assets except long-term equity investments	(17,191,786.48)	252,812,325.09	2,782,979,773.37	(1,281,010.92)	3,017,319,301.06

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

XIII Other significant events (Continued)

2. Leases

(1) As lessor

The Group has entered into operating leases on some of its houses and buildings, and the lease term is 1 year to 10 years. All leases include a clause to enable revision of the rental charge on an annual basis according to prevailing market conditions. In 2021, the rental income recognised by the Group on those houses and buildings was RMB94,658,035.61 (2020: RMB74,161,565.05), please refer to Note V (44) for detail. Details of the leased houses and buildings are disclosed in Note V (13) Investment properties.

Operating leases

The profit or loss relating to operating leases is as follows:

	2021	2020
Lease income	94,658,035.61	74,161,565.05
Including: Income relating to variable lease payments not included in the lease receivable	-	-

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

	2021	2020
Within 1 year, inclusive	75,454,341.82	63,220,587.31
1 to 2 years, inclusive	33,350,822.06	31,911,202.23
2 to 3 years, inclusive	23,492,674.20	23,381,199.28
3 to 4 years, inclusive	15,729,184.01	15,814,769.84
4 to 5 years, inclusive	12,659,791.15	14,032,816.35
Over 5 years	25,273,970.91	34,581,707.82
	<u>185,960,784.15</u>	<u>182,942,282.83</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

XIII Other significant events (Continued)

2. Leases (Continued)

(2) As lessee

	2021	2020
Interest expense on lease liabilities	92,242,876.69	85,172,959.79
Expenses relating to short-term leases accounted for applying practical expedients	254,504,259.20	149,964,881.54
Expenses relating to leases of low-value assets accounted for applying practical expedients (other than short-term leases)	2,054,046.39	1,665,822.79
Variable lease payments not included in the measurement of lease liabilities	552,909.64	326,685.01
Income from subleasing right-of-use assets	63,322,891.37	39,592,830.17
Total cash outflow for leases	1,441,968,421.76	1,135,337,845.71

The Group has lease contracts for various items of houses and buildings, machinery, vehicles and other equipment used in its operations. Leases of houses and buildings and machinery generally have lease terms of 1 year to 6 years, while those of vehicles and other equipment generally have lease terms of 1 year to 2 years. There are several lease contracts that include extension and termination options and variable lease payments. Refer to “Potential future cash outflows not included in the measurement of lease liabilities” for the impact of clauses relating to variable lease payments on future potential cash outflows.

Potential future cash outflows not included in the measurement of lease liabilities

The potential future cash outflows that the Group does not include in the measurement of lease liabilities mainly arise from variable lease payments, extension and termination options in lease contracts, residual value guarantees, and risk exposures such as leases that have been committed but not yet commenced.

Variable lease payments

Some of the property leases within the Group contain variable lease payment clauses that are linked to sales generated from the underlying store. These clauses are used, when possible, in order to match lease payments with stores generating higher cash flows.

In 2021, the real estate lease of the Group is as follows:

	Stores	Fixed payments	Variable payments	Total payments
Fixed payments only	10,308	1,270,268,854.15	-	1,270,268,854.15
Variable payments	7	1,813,505.29	552,909.64	2,366,414.93

A 20% increase in sales across all stores in the Group would be expected to increase total lease payments by approximately 0.04%.

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

XIII Other significant events (Continued)

2. Leases (Continued)

(2) As lessee (Continued)

In 2020, the real estate lease of the Group is as follows:

	Stores	Fixed payments	Variable payments	Total payments
Fixed payments only	8,233	1,127,987,562.15	-	1,127,987,562.15
Variable payments	7	1,219,261.25	326,685.01	1,545,946.26

A 20% increase in sales across all stores in the Group would be expected to increase total lease payments by approximately 0.03%.

Leases that have been promised but not yet commenced

The leases that the Group has promised but have not yet commenced are expected to have future cash outflows as follows:

	2021	2020
Within 1 year, inclusive	64,451,238.07	10,999,774.97
1 to 2 years, inclusive	36,133,996.11	9,064,124.03
2 to 3 years, inclusive	27,664,034.06	7,953,910.54
Over 3 years	27,610,484.54	9,528,398.65
	<u>155,859,752.78</u>	<u>37,546,208.19</u>

Other information relating to leases

For right-of-use assets, refer to Note V (16); for practical expedients of short-term leases and leases of low-value assets, refer to Note III (29); and for lease liabilities, refer to Note V (33).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

XIV Notes to key items of the company financial statements

1. Notes receivable

	31 December 2021	31 December 2020
Commercial acceptance bills	<u>12,015,516.75</u>	<u>30,984,449.44</u>

As at 31 December 2021 and 31 December 2020, no notes receivable were pledged.

As at 31 December 2021 and 31 December 2020, no notes receivable were endorsed or discounted by the Group to other parties which were not yet due at the balance sheet date.

As at 31 December 2021 and 31 December 2020, no notes receivable were converted into accounts receivable due to the drawer's inability to settle the notes on the maturity date.

2. Accounts receivable

The credit period for accounts receivable normally ranges from 0 to 90 days. Accounts receivable are interest-free.

The age of accounts receivable and the related provision for bad debts is analysed below:

	31 December 2021	31 December 2020
Within 1 year	595,186,085.91	609,575,301.13
1 to 2 years	607,621.89	323,044.50
2 to 3 years	323,044.50	11,250.20
3 to 4 years	<u>11,250.20</u>	<u>-</u>
	596,128,002.50	609,909,595.83
Less: Provision for bad debts	<u>3,727,693.63</u>	<u>334,294.70</u>
	<u>592,400,308.87</u>	<u>609,575,301.13</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

XIV Notes to key items of the company financial statements (Continued)

2. Accounts receivable (Continued)

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

	31 December 2021				
	Carrying amount		Bad debt provisions		Book Value
	Amount	Proportion	Amount	Proportion	
Items for which provision for bad debts is recognised individually	26,787,302.03	4.49%	(3,680,022.61)	13.74%	23,107,279.42
Items for which provision for bad debts is recognised by group (credit risk characteristics)	569,340,700.47	95.51%	(47,671.02)	0.01%	569,293,029.45
	<u>596,128,002.50</u>	<u>100.00%</u>	<u>(3,727,693.63)</u>	<u>0.63%</u>	<u>592,400,308.87</u>
	31 December 2020				
	Carrying amount		Bad debt provisions		Book Value
	Amount	Proportion	Amount	Proportion	
Items for which provision for bad debts is recognised individually	18,549,524.82	3.04%	(334,294.70)	1.80%	18,215,230.12
Items for which provision for bad debts is recognised by group (credit risk characteristics)	591,360,071.01	96.96%	-	-	591,360,071.01
	<u>609,909,595.83</u>	<u>100.00%</u>	<u>(334,294.70)</u>	<u>0.05%</u>	<u>609,575,301.13</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

XIV Notes to key items of the company financial statements (Continued)

2. Accounts receivable (Continued)

As at 31 December 2021, accounts receivable that were individually assessed for provisions are as follows:

	Carrying amount	Bad debt provision	Expected credit loss rate	Assessment for impairment
Receivables from subsidiaries of the Group	23,107,279.42	-	-	Internal related parties, with lower-tier recovery risk
Client A	3,345,727.91	(3,345,727.91)	100.00%	The debtor had mismanagement, subject to severe financial difficulties, with lower-tier recoverability
Client B	323,044.50	(323,044.50)	100.00%	The debtor had mismanagement, subject to severe financial difficulties, already in bankruptcy and liquidation
Client C	11,250.20	(11,250.20)	100.00%	The debtor had mismanagement, subject to severe financial difficulties, with lower-tier recoverability
	<u>26,787,302.03</u>	<u>(3,680,022.61)</u>		

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

XIV Notes to key items of the company financial statements (Continued)

2. Accounts receivable (Continued)

As at 31 December 2020, accounts receivable that are individually assessed for provisions are as follows:

	Carrying amount	Bad debt provision	Expected credit loss rate	Assessment for impairment
Receivables from subsidiaries of the Group	18,215,230.12	-	-	Internal related parties, with lower-tier recovery risk The debtor had mismanagement, subject to severe financial difficulties, with lower-tier recoverability
Client A	323,044.50	(323,044.50)	100.00%	The debtor had mismanagement, subject to severe financial difficulties, with lower-tier recoverability
Client B	11,250.20	(11,250.20)	100.00%	The debtor had mismanagement, subject to severe financial difficulties, with lower-tier recoverability
	<u>18,549,524.82</u>	<u>(334,294.70)</u>		

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

XIV Notes to key items of the company financial statements (Continued)

2. Accounts receivable (Continued)

The accounts receivable for which the Company recognised provision for bad debts using the aging analysis method are presented as follows:

	31 December 2021			31 December 2020		
	Estimated default amount	Expected credit loss rate	Expected credit loss in entire lifetime	Estimated default amount	Expected credit loss rate	Expected credit loss in entire lifetime
Within 1 year	568,733,078.58	0.002%	(10,788.37)	591,360,071.01	-	-
1 to 2 years	607,621.89	6.07%	(36,882.65)	-	-	-
	<u>569,340,700.47</u>	<u>0.01%</u>	<u>(47,671.02)</u>	<u>591,360,071.01</u>	<u>-</u>	<u>-</u>

Changes in provision for bad debts are presented as follows:

	Opening balance	Increases in the year	Written off in the year	Closing balance
2021	<u>334,294.70</u>	<u>3,393,398.93</u>	<u>-</u>	<u>3,727,693.63</u>
2020	<u>334,294.70</u>	<u>-</u>	<u>-</u>	<u>334,294.70</u>

The write-off of accounts receivable in 2021 was nil (2020: nil).

In 2021, the Company factored a portion of accounts receivable at amortised cost to financial institutions. The amount of accounts receivable derecognised was RMB26,097,254.38 (2020: RMB220,416,953.64), and the amount of the loss recognised through investment income was RMB206,333.75 (2020: RMB1,796,917.66).

As at 31 December 2021, the 5 largest accounts receivable by customer are as follows:

	Amount	Bad debt provision amount	% of the total accounts receivable
account receivable	39,203,844.39	-	6.58%
account receivable	36,997,271.25	(1,664.00)	6.21%
account receivable	35,229,218.49	-	5.91%
account receivable	26,905,215.05	(210.00)	4.51%
account receivable	26,149,663.37	(12,493.51)	4.39%
	<u>164,485,212.55</u>	<u>(14,367.51)</u>	<u>27.60%</u>

As at 31 December 2020, the 5 largest accounts receivable by customer are as follows:

	Amount	Bad debt provision amount	% of the total accounts receivable
account receivable	46,764,250.67	-	7.67%
account receivable	37,228,662.30	-	6.10%
account receivable	32,827,136.08	-	5.38%
account receivable	31,808,768.35	-	5.22%
account receivable	24,876,276.35	-	4.08%
	<u>173,505,093.75</u>	<u>-</u>	<u>28.45%</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

XIV Notes to key items of the company financial statements (Continued)

3. Receivables financing

	31 December 2021	31 December 2020
Bank acceptance bills	<u>-</u>	<u>30,248,631.32</u>

As at 31 December 2021 and 31 December 2020, no receivables financing were pledged.

Receivables financing endorsed or discounted by the Company to other parties which were not yet due at 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021		31 December 2020	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance bills	<u>68,320,326.73</u>	<u>-</u>	<u>46,423,327.83</u>	<u>-</u>

As at 31 December 2021 and 31 December 2020, no receivables financing were converted into accounts receivable due to the drawer's inability to settle the notes on the maturity date.

4. Other receivables

	31 December 2021	31 December 2020
Other receivables	<u>5,003,805,208.01</u>	<u>3,562,309,346.07</u>
	<u>5,003,805,208.01</u>	<u>3,562,309,346.07</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

XIV Notes to key items of the company financial statements (Continued)

4. Other receivables (Continued)

Other receivables

The age of other receivables is analysed below:

	31 December 2021	31 December 2020
Within 1 year	5,002,403,914.46	3,561,693,028.43
1 to 2 years	2,393,007.78	1,589,947.19
2 to 3 years	21,749.51	44,416,956.36
Over 3 years	54,391,355.91	9,980,030.83
	<u>5,059,210,027.66</u>	<u>3,617,679,962.81</u>
Less: Provision for bad debts	<u>55,404,819.65</u>	<u>55,370,616.74</u>
	<u>5,003,805,208.01</u>	<u>3,562,309,346.07</u>

The other receivables by category are listed below:

	31 December 2021	31 December 2020
Amounts due from subsidiaries	4,989,971,028.15	3,539,822,609.73
Receivables from equity transactions	8,980,000.00	8,980,000.00
Deposits	344,600.17	343,834.42
Others	59,914,399.34	68,533,518.66
	<u>5,059,210,027.66</u>	<u>3,617,679,962.81</u>
Less: Provision for bad debts	<u>55,404,819.65</u>	<u>55,370,616.74</u>
	<u>5,003,805,208.01</u>	<u>3,562,309,346.07</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

XIV Notes to key items of the company financial statements (Continued)

4. Other receivables (Continued)

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

	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Balance at 1 January 2021	-	56,394.50	55,314,222.24	55,370,616.74
Balance at 1 January 2021 during the period	-	-	-	-
--Transfer to Stage 2	-	-	-	-
--Transfer to Stage 3	-	-	-	-
--Reverse to Stage 2	-	-	-	-
--Reverse to Stage 1	-	-	-	-
Provisions during the period	-	177,583.25	-	177,583.25
Reversal during the period	-	(143,380.34)	-	(143,380.34)
Write-back during the period	-	-	-	-
Write-off during the period	-	-	-	-
Others	-	-	-	-
Balance at 31 December 2021	-	90,597.41	55,314,222.24	55,404,819.65
	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Credit-impaired financial assets (Lifetime expected credit losses)	Total
Balance at 1 January 2020	-	64,513.65	54,340,333.35	54,404,847.00
Balance at 1 January 2020 during the period	-	-	-	-
--Transfer to Stage 2	-	-	-	-
--Transfer to Stage 3	-	-	-	-
--Reverse to Stage 2	-	-	-	-
--Reverse to Stage 1	-	-	-	-
Provisions during the period	-	25,474.70	973,888.89	999,363.59
Reversal during the period	-	(33,593.85)	-	(33,593.85)
Write-back during the period	-	-	-	-
Write-off during the period	-	-	-	-
Others	-	-	-	-
Balance at 31 December 2020	-	56,394.50	55,314,222.24	55,370,616.74

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

XIV Notes to key items of the company financial statements (Continued)

4. Other receivables (Continued)

The bad debt provision amount for other receivables in 2021 was RMB177,583.25 (2020: RMB999,363.59), with the recovered or reversed amount of RMB143,380.34 (2020: RMB33,593.85).

The write-off of other receivables in 2021 was nil (2020: nil).

As at 31 December 2021, the 5 largest accumulated other receivables are analysed below:

	Nature	Amount	Aging	% of the total other receivable	Bad debt provision
Sinopharm Guangzhou	Entrusted loans	2,662,615,280.69	Within 1 year	52.63%	-
Sinopharm Guangxi	Entrusted loans	910,330,178.60	Within 1 year	17.99%	-
Sinopharm Dongguan	Entrusted loans	161,157,628.14	Within 1 year	3.19%	-
Sinopharm Jiangmen	Entrusted loans	142,756,424.19	Within 1 year	2.82%	-
Sinopharm Yuexing	Entrusted loans	133,804,911.22	Within 1 year	2.64%	-
		<u>4,010,664,422.84</u>		<u>79.27%</u>	<u>-</u>

As at 31 December 2020, the 5 largest accumulated other receivables are analysed below:

	Nature	Amount	Aging	% of the total other receivables	Bad debt provision
Sinopharm Guangzhou	Entrusted loans	1,581,943,383.47	Within 1 year	43.73%	-
Sinopharm Guangxi	Entrusted loans	627,704,462.92	Within 1 year	17.35%	-
Sinopharm Dongguan	Entrusted loans	161,185,177.07	Within 1 year	4.46%	-
Sinopharm Yuexing	Entrusted loans	143,816,758.49	Within 1 year	3.98%	-
Sinopharm Zhanjiang	Entrusted loans	117,129,057.54	Within 1 year	3.24%	-
		<u>2,631,778,839.49</u>		<u>72.76%</u>	<u>-</u>

5. Long-term equity investments

	31 December 2021	31 December 2020
Investments in subsidiaries (1)	5,614,677,427.58	5,614,677,427.58
Investments in associates (2)	2,470,148,715.28	2,298,920,817.58
	<u>8,084,826,142.86</u>	<u>7,913,598,245.16</u>
Less: Provision for impairment of long-term equity investments	39,930,000.00	39,930,000.00
	<u>8,044,896,142.86</u>	<u>7,873,668,245.16</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

XIV Notes to key items of the company financial statements (Continued)

5. Long-term equity investments (Continued)

(1) Subsidiaries

	Original investment cost	1 January 2021	Increase /(decrease) in investment cost	31 December 2021	Equity interest held (%)	Voting rights held (%)
Sinopharm Jianmin	45,054,911.04	60,054,911.04	-	60,054,911.04	100.00	100.00
Sinopharm Shenzhen Material	5,400,000.00	15,450,875.93	-	15,450,875.93	100.00	100.00
Shenzhen Logistics	900,000.00	5,019,062.68	-	5,019,062.68	100.00	100.00
Sinopharm Guangzhou	58,283,114.68	3,588,689,716.80	-	3,588,689,716.80	100.00	100.00
Sinopharm Guangxi	33,048,985.28	525,456,951.07	-	525,456,951.07	100.00	100.00
Sinopharm Yanfeng	38,207,800.00	38,207,800.00	-	38,207,800.00	51.00	51.00
Guoda Drugstore	1,361,800,110.06	1,361,800,110.06	-	1,361,800,110.06	60.00	60.00
Sinopharm Accord Medical Supply Chain (Shenzhen) Co., Ltd.	19,998,000.00	19,998,000.00	-	19,998,000.00	60.00	60.00
		<u>5,614,677,427.58</u>	<u>-</u>	<u>5,614,677,427.58</u>		

(2) Associates

	At beginning of the year (Carrying amount)	Changes in the year				Cash dividend declared	At end of the year (Carrying amount)	Amount of provision for impairment
		Investment	Profit or loss under the equity method	Other comprehensive income	Other changes in equity			
Zhijun Suzhou	39,930,000.00	-	-	-	-	-	39,930,000.00	(39,930,000.00)
Main Luck Pharmaceutical	322,696,745.87	-	88,173,434.93	-	-	(70,380,000.00)	340,490,180.80	-
Zhijun Pingshan	176,566,795.90	-	41,892,944.28	-	-	(34,553,476.37)	183,906,263.81	-
Zhijun Medicine	425,557,825.11	-	110,083,777.09	-	-	(39,098,661.04)	496,542,941.16	-
Zhijun Trade	10,408,675.18	-	498,196.67	-	-	(529,453.96)	10,377,417.89	-
Shyndec Pharma	1,323,760,775.52	-	92,516,109.67	41,192.92	(701,946.29)	(16,714,220.20)	1,398,901,911.62	-
	<u>2,298,920,817.58</u>	<u>-</u>	<u>333,164,462.64</u>	<u>41,192.92</u>	<u>(701,946.29)</u>	<u>(161,275,811.57)</u>	<u>2,470,148,715.28</u>	<u>(39,930,000.00)</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

XIV Notes to key items of the company financial statements (Continued)

6. Operating revenue and cost

	2021		2020	
	Revenue	Cost	Revenue	Cost
Principal operations	4,199,873,013.74	4,044,997,966.22	3,804,104,902.73	3,653,114,484.10
Other operations	29,688,633.57	19,322,883.84	49,554,098.39	21,758,477.24
	<u>4,229,561,647.31</u>	<u>4,064,320,850.06</u>	<u>3,853,659,001.12</u>	<u>3,674,872,961.34</u>

Revenue is as follows:

	2021	2020
Revenue from contracts with customers	4,221,347,438.36	3,844,963,018.49
Rentals	<u>8,214,208.95</u>	<u>8,695,982.63</u>
	<u>4,229,561,647.31</u>	<u>3,853,659,001.12</u>

Disaggregation of revenue from contracts with customers is as follows:

	2021	2020
Place of business		
China	<u>4,221,347,438.36</u>	<u>3,844,963,018.49</u>
Types of major activities		
Pharmaceutical distribution	4,199,873,013.74	3,804,104,902.73
Others	<u>21,474,424.62</u>	<u>40,858,115.76</u>
	<u>4,221,347,438.36</u>	<u>3,844,963,018.49</u>
Types of major goods		
Pharmaceuticals	4,008,242,048.13	3,539,964,107.30
Medical devices and disposables	182,517,806.08	254,850,921.90
Diagnostic reagents	9,048,841.54	9,285,448.75
Medical equipment	64,317.99	4,424.78
Others	<u>21,474,424.62</u>	<u>40,858,115.76</u>
	<u>4,221,347,438.36</u>	<u>3,844,963,018.49</u>
Timing of revenue recognition		
At a point in time		
Sale of goods	4,199,873,013.74	3,804,104,902.73
Over time		
Providing services	<u>21,474,424.62</u>	<u>40,858,115.76</u>
	<u>4,221,347,438.36</u>	<u>3,844,963,018.49</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

XIV Notes to key items of the company financial statements (Continued)

6. Operating revenue and cost (Continued)

Revenue recognised that was included in contract liabilities at the beginning of the year is as follows:

	2021	2020
Sale of goods	<u>1,807,562.61</u>	<u>7,293,184.46</u>

Information about the Company's performance obligations is summarised below:

- (1) Revenue is recognised when control of the goods has transferred, and payment is generally due within 30 to 210 days from delivery;
- (2) Revenue is recognised in the service duration and the payment is generally due within 30 to 210 days after the service is completed.

7. Investment income

	2021	2020
Gain on long-term equity investments under the cost method	619,290,387.90	612,502,685.91
Gain on long-term equity investments under the equity method	333,164,462.64	353,352,207.87
Dividends from other financial assets	3,599,555.61	4,109,881.90
Income from the derecognition of financial assets measured at amortised cost	(206,333.75)	(1,796,917.66)
Others	<u>-</u>	<u>998,665.84</u>
	<u>955,848,072.40</u>	<u>969,166,523.86</u>

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS

Year ended 31 December 2021

Supplementary information to financial statements

1. Schedule of non-recurring profit or loss

	Amount for 2021
Gains and losses on disposal of non-current assets, including write-off of an accrued asset impairment	2,819,900.34
Government grants recognised in the income statement for the current year, except for those closely related to the ordinary operation of the Company which the Group enjoyed constantly according to the allotment standards or quantitative criteria of the country	75,900,940.54
The investment cost of an enterprise to acquire a subsidiary, an associate and a joint venture, which is less than profits derived from the fair value of the identifiable net assets of the invested unit	219,279.00
Reversal of bad debt provision for accounts receivable that were tested for impairment individually	1,491,750.76
Non-operating income and expenses other than the aforesaid items	20,642,938.09
Others	3,891,236.81
	<u>104,966,045.54</u>
Impact on income tax	<u>(24,001,469.59)</u>
Impact on non-controlling interests after tax	<u>(30,842,799.01)</u>
	<u>50,121,776.94</u>

The Group's recognition of non-recurring profit or loss items is in accordance with the provisions of Explanatory announcement No.1 on information disclosure by companies offering securities to the public - non-recurring profit or loss (CSRC Announcement [2008] No.43).

CHINA NATIONAL ACCORD MEDICINES CORPORATION LTD.

SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

Supplementary information to financial statements (Continued)

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

2021

	Weighted average ROE (%)	Basic EPS (1)
Net profit attributable to the ordinary shareholders of the parent	9.29	3.12
Net profit after deducting non-recurring profit or loss attributable to the ordinary shareholders of the parent	8.94	3.00

2020

	Weighted average ROE (%)	Basic EPS (1)
Net profit attributable to the ordinary shareholders of the parent	10.49	3.27
Net profit after deducting non-recurring profit or loss attributable to the ordinary shareholders of the parent	10.25	3.20

The above-mentioned return on net assets and earnings per share was calculated according to the Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No.9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (revision 2010) issued by CSRC.

(1) There were no potential dilutive ordinary shares for year 2021 (2020: nil), and hence, no presentation of diluted EPS was provided.

China National Accord Medicines Corporation Ltd.

Legal Representative: Lin Zhaoxiong

30 March 2022