Company Code: 600299 Company Abbreviation: Adisseo

# Bluestar Adisseo Company
## 2015 Annual Report

### Important Notice

I. **The Company's Board of Directors, Board of Supervisors, directors, supervisors, and senior management guarantee that, the content of the annual report is authentic, accurate and complete, and contains no false statement, misleading presentation or material omissions, and they assume individual and several & joint legal liabilities for the annual report.**

II. **All of the Company's directors have attended the meeting of the Board of Directors.**

III. **KPMG Huazhen LLP issued an unqualified audit opinion.**

IV. **Jean-Marc Dublanc, the Company's principal, Jean-Marc Dublanc, the person in charge of the accounting function, and Yun Cai, the person in charge of the accounting department (the personnel in charge of accounting) state that, they ensure the authenticity, accuracy and completeness of the financial statements in the annual report.**

V. **The Board of Directors has reviewed the profit distribution plan and the plan to use the statutory reserve to perform a capital increase in the reporting period.**

According to the auditing conducted by KPMG Huazhen LLP, the Group saw a net profit of 2,022,795,622 RMB in 2015 consolidated financial statement, of which 1,528,651,062 RMB belongs to shareholders. As of 31, December, 2015, the Group has an accrued profit for distribution of 6,386,803,025 RMB in the consolidated financial statements. Nevertheless, as of 31, December, 2015, the the Company has an accrued booked loss of 585,630,735 in standalone financial statements.

In consideration of the circumstances above, the Company's annual plan of dividends distribution is not to distribute the dividends, and not to increase capital by capital reserve. The proposal is up to general shareholders Meeting's approval.

Upon receipt of profits distributed by Bluestar Adisseo Nutrition Group Co., Ltd, the Company's offshore subsidiary, and the accrued undistributed profits turning positive, i.e. the Company meets the condition to distribution, the Company will propose a dividend distribution plan at a proper point of time.

VI. **Statement on the risks of forward-looking information**

The forward-looking information such as future plans and development strategy, etc. described in the report do not constitute, in any manner whatsoever the Company's substantial commitment to investors. Investors should pay special attention to assessing investment risks.

VII. **Has the capital held by the controlling shareholder and its related parties been used for purposes other than for transaction purposes?**

No.

## VIII. Has the guarantee been granted externally in violation of regulated decision-making procedures?

No.

## IX. Risk factors

During the reporting period, no material risks have been identified that will have a substantial impact on the operations of the Company. The Company has disclosed the relevant kinds of business and production risks as well as their corresponding solutions. For more information, please refer to Section 4, Management's Discussion and Analysis, part V "Possible risks in the future".

## X. Other information

**Business combination under common control and disposal of subsidiaries**

According to the Settlement Agreement dated July 27, 2015, the Company acquired 85% of the ordinary shares of Bluestar Adisseo Nutrition Group Limited ("BANG") and simultaneously transferred all the rights and obligations of assets exchanged out to Bluestar Group. As such, the Company deconsolidated all the assets exchanged out at July 27, 2015. As of December 31, 2015, several procedures still needed to be finalized to complete the disposal of equity interests in certain entities. At the year-end, the Company believed that there were no substantial barriers outstanding to complete the disposals, which would result from all the various pending procedures.

The Group's 2015 consolidated financial statements and operating data includes BANG's financial statements, operational data and the relevant comparative information, all of which has been restated retrospectively as if BANG had been controlled by BNCM as of January 1, 2014.

**Chinese version of this report**

This is an English translation of the Annual Report of Bluestar Adisseo Company. If there is any conflict between the Chinese version and its English translation, the Chinese version will prevail.

# CONTENTS

# Section 1 Interpretations and Major Risk Highlights

## I. Interpretations

Unless otherwise specified, the following terms in the report shall have the meanings shown below:

| Interpretations of the terms in common use | | |
|---|---|---|
| a. General terms | | |
| Company, the Company | Indicate | Bluestar Adisseo Company |
| BNCM | Indicates | Bluestar New Chemical Material Co., Ltd |
| Group, the Group | Indicates | Bluestar Adisseo Company and its subsidiaries |
| ChemChina | Indicates | China National Chemical Corporation |
| China Bluestar | Indicates | China Bluestar (Group) Co., Ltd. |
| Adisseo | Indicates | BANG and its subsidiaries |
| BANG | Indicates | Bluestar Adisseo Nutrition Group Ltd |
| Evonik | Indicates | Evonik Industries AG |
| Board of Directors | Indicates | The Board of Directors of Bluestar Adisseo Company |
| Board of Supervisors | Indicates | The Board of Supervisors of Bluestar Adisseo Company |
| Shareholders' General Meeting | Indicates | The Shareholders' General Meeting of Bluestar Adisseo Company |
| Articles of association ("AOA") | Indicate | The Articles of Association of Bluestar Adisseo Company |
| CSRC | Indicates | China Securities Regulatory Commission |
| SSE | Indicates | Shanghai Stock Exchange |
| SASAC | Indicates | State Assets Supervision and Administration Commission of China |
| Yuan, ten thousand Yuan, one hundred million Yuan | Indicate | RMB Yuan, RMB ten thousand Yuan, RMB one hundred million Yuan |
| Reporting period | Indicates | Jan 1, 2015 ~ Dec. 31, 2015 |
| The transaction, the restructuring, the Major Asset Restructuring | Indicate | The Company acquired 85% of the ordinary shares of BANG as well as disposed of all previous businesses of the Company through major asset exchange, cash and share issuance in consideration of the asset acquisition, private placement in connection with the asset acquisition and affiliated transaction. |
| Asset Exchanged in | Indicates | 85% common stock equity (deducting the cash dividends RMB 425 million corresponding to 85% common stock equity of Adisseo after benchmark date of appraisal) owned by Bluestar Group in Bluestar Adisseo Nutrition Group Co., Ltd |
| Asset Exchanged Out | Indicates | Bluestar New chemical Material Co., Ltd.'s total assets and liabilities after deduction of sold assets and other payables RMB1,671,000,400 as of June 30, 2014. |
| Company Law | Indicates | Company Law of the People's Republic of China |
| Securities Law | Indicates | Securities Law of the People's Republic of China |
| Listing Rules | Indicates | Listing Rules of the Shanghai Stock Exchange |

| Interpretations of the terms in common use | | |
|---|---|---|
| b. Technical terms | | |
| Feed additives for animal nutrition | Indicates | Feed additives are food supplements for farm animals that cannot get enough nutrients from regular feeds and have to be added to the feed for nutritional purpose; which could promote the growth, development and wellbeing of animals |
| Methionine / Methionine product | Indicates | One of the naturally occurring, sulfur-containing essential amino acid, which cannot be synthetized by animals and need to be added to the feed. Methionine product refers to those contain methionine itself or chemicals that can be bio-transformed to methionine in animals.. |
| Liquid methionine | Indicates | A methionine hydroxyl analogue, which can be naturally transformed to methionine in animals and is in a liquid state at ambient temperature |
| Powder methionine | Indicates | Methionine in a powdery state at ambient temperature. |
| Ammonium sulfate | Indicates | A colorless crystalline salt, which is a by-product during the methionine production process, and mainly be used as a fertilizer |
| Sodium sulfate | Indicates | A white crystalline compound, which is a by-product during the methionine production process, and used especially in detergents as well as the production of paper, glass, fuel and pharmaceutical products. |
| Enzyme | Indicates | A protein molecule function as a biological catalyst and effectively promote certain biological reactions in animals, and also can be used to accelerate the reaction processes in chemical industrial production. Enzymes can be added to feed to ameliorate the feed utilization and nutrition, health and immune status of animals. |
| Ruminant animals | Indicate | Refers to animals whose stomach usually divided into four compartments, namely rumen, reticulum, omasum, and abomasum, and chew a cud consisting of regurgitated, particularly digested food. Ruminants include cattle, sheep, goats, deer, giraffes, camels, etc. |
| Rumen | Indicates | The first stomach of a ruminant, which receives food or cud from the esophagus, particularly digests it with the aid of bacteria and passes it to the reticulum |
| Essential amino acids | Indicate | Amino acid that cannot be synthesized de novo sufficiently by the animals and has to be supplied in the diet. |
| Limited amino acid | Indicates | Refers to an essential amino acid which is inadequate in diets and could limit the protein synthesis beyond the rate at which that such amino acid is available. |
| Anti-nutrients | Indicate | Natural or synthetic compounds that interfere with the digestion, absorption and employment of nutrients contained in feeds and other adverse physiological effects. |
| Performance Products* | Indicate | Includes methionine, methionine hydroxyl |

| Interpretations of the terms in common use | | |
|---|---|---|
| | | analogue, vitamins, ammonium sulfate and sodium sulfate |
| Specialty Products | Indicate | Includes enzymes preparation, rumen-protected methionine and organic selenium additives |
| BNCM products | Indicate | Includes all sold BNCM products until the Major Assets Restructuring |
| Other products | Indicates | Includes carbon disulfide, sulfuric acid and services of processing powder |
| TRIR | Indicates | Total Recordable Incident Rate |

**Note: The definition here is only for internal financial reporting purpose as we consolidate the result of main products together with its by-products, which is different from the definition used in animal nutrition industry (i.e. technically, ammonium sulfate should not belong to Performance Products if considering from the point of view of animal nutrition industry).*

# Section 2 Company Profile and Financial highlights

## I. Company profile

| | |
|---|---|
| The Company's Chinese name | 蓝星安迪苏股份有限公司 |
| The Company's Chinese abbreviation | 安迪苏 |
| The Company's English name | Bluestar Adisseo Company |
| The Company's English abbreviation | Adisseo |
| The Company's legal representative | Jean-Marc Dublanc |

## II. Contact Person and Contact Methods

| | Secretary to the Board of Directors | Securities Representative |
|---|---|---|
| Name | FENG Xinhua | |
| Contact address | 9 West Beitucheng Road, Chaoyang District, Beijing | |
| Tel | 010-61958799 | |
| Fax | 010-61958805 | |
| E-mail | investor-service@bluestar-adisseo.com | |

On February 16, 2016, Mr. Feng Xinhua resigned from his job position due to his job change. The related announcement has been made to the market accordingly. A new company secretary will be appointed by the upcoming board of directors, which will be held in April.

## III. Brief Information

| | |
|---|---|
| The Company's registered address | Room 6518, Garden Hotel, 30 East Garden Road, Haidian District, Beijing |
| Zip code of the Company's registered address | 100083 |
| The Company's office address | 9 West Beitucheng Road, Chaoyang District, Beijing |
| Zip code of the Company's office address | 100029 |
| The Company's website | www.bluestar-adisseo.com |
| E-mail | Investor-service@bluestar-adisseo.com |

## IV. Information Disclosure and Preparation Site

| | |
|---|---|
| The name of newspapers selected by the Company for information disclosure | Shanghai Securities News, China Securities Journal |
| The website specified by CSRC for publishing the annual report | www.sse.com.cn |
| Preparation site of the Company's annual report | Board Secretary Office |

## V. Brief Information on the Company's Shares

| Brief information on the Company's stock | | | | |
|---|---|---|---|---|
| Type of security | Stock exchange on which the securities are listed | Share abbreviation | Share code | Share abbreviation before modification |
| Ordinary Shares | Shanghai Stock Exchange | Adisseo | 600299 | BNCM |

## VI. Other Related Information

| | | |
|---|---|---|
| Accounting firm (domestic) employed by the Company | Name | KPMG Huazhen LLP |
| | Office address | 8th Floor, KPMG Tower, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing |
| | Name of signing Certified Public Accountant | CHEN Yuhong, SU Xing |
| Sponsors with continuing supervisory duty during the reporting period | Name | Guotai Jun'an Securities Co., Ltd. |
| | Office address | Building 2, Yingtai Center, 28 Financial Street, Xicheng District, Beijing |
| | Name of signing financial accountant and sponsor | ZHANG Bin, CHEN Qi |
| | Name | Morgan Stanley Huaxin Securities Co., Ltd. |
| | Office address | 75 F Shanghai World Financial Center, 100 Century Avenue, New Pudong District, Shanghai |
| | Name of signing financial accountant and sponsor | BAO Kai, YIN Hang |
| | Period of continuous supervision | Dec. 31, 2015 – Dec. 31, 2016 |

## VII. Main financial data for the latest three reporting periods

### 1. Main financial data

Unit: Yuan Currency: RMB

| Main accounting data | 2015 | 2014 | | Changes in comparison with the same period of last year (%) | 2013 | |
|---|---|---|---|---|---|---|
| | | Restated | Before restatement | | Restated | Before restatement |
| Operating revenue | 15,173,331,658 | 19,464,593,278 | 9,544,437,406 | -22% | 16,795,023,564 | 8,262,539,718 |
| Net profit attributable to the shareholders of the Company | 1,528,651,062 | 1,475,377,366 | 243,494,511 | 4% | (294,201,696) | (1,138,608,455) |
| Net profit attributable to the shareholders of the Company after deduction of non-recurring profit or losses | 259,638,679 | (1,008,239,323) | (1,008,239,323) | 126% | (1,239,410,696) | (1,239,410,696) |
| Net cash flow arising from operating activities | 3,555,802,311 | 2,471,293,869 | 166,584,845 | 44% | 1,973,774,150 | 423,910,941 |
| | **The end of 2015** | **The end of 2014** | | **Changes in comparison with the end of last year (%)** | **The end of 2013** | |
| | | **Restated** | **Before restatement** | | **Restated** | **Before restatement** |
| Net assets attributable to the shareholders of the Company | 10,189,335,115 | 7,634,951,766 | 994,642,669 | 33% | 7,366,089,420 | 763,574,274 |
| Total assets | 17,913,081,071 | 32,712,243,163 | 18,202,365,487 | -45% | 34,729,370,597 | 20,007,159,140 |
| Total shares at the end of the reporting period | 2,681,901,273 | 2,630,049,422 | 522,707,560 | 0% | 2,630,049,422 | 522,707,560 |

## 2. Main financial ratios

| Main financial ratios | 2015 | 2014 | | Change of the present period over the same period of last year (%) | 2013 | |
|---|---|---|---|---|---|---|
| | | Restated | Before-Restatement | | Restated | Before-Restatement |
| Basic earnings per share (Yuan/ share) | 0.58 | 0.56 | 0.47 | 4% | (0.11) | (2.18) |
| Diluted earnings per share (Yuan/ share) | 0.58 | 0.56 | 0.47 | 4% | (0.11) | (2.18) |
| Basic earnings per share after deduction of non-recurring profit or loss (Yuan/ share) | 0.16 | (1.93) | (1.93) | 108% | (2.37) | (2.37) |
| Weighted average return on net asset (%) | 17.60 | 19.38 | 27.50 | -9% | (3.92) | (85.50) |
| Weighted average return on net assets after deduction of non-recurring profit or loss (%) | 5.19 | (113.88) | (113.88) | 105% | (93.07) | (93.07) |

As indicated in the Important Notice, due to the business combination under common control performed in 2015, the Company's 2015 consolidated figures includes:

- The financial figures of BANG and its subsidiaries, and the relevant comparative information have been restated retrospectively as if these entities have been controlled by BNCM at the beginning of the period presented (January 1, 2015).
- Financial figures of all exchanged-out businesses of the Company for the 1st Half of 2015.

## VIII. Differences of Accounting Data under Domestic and Overseas Accounting Standards

### 1. Differences of net profit and net assets attributable to listed company's shareholders in the financial reports which are disclosed according to international accounting standards and Chinese accounting standards simultaneously

☐ Applicable √ Not applicable

### 2. Differences of net profit and net assets belonging to listed company's shareholders in the financial reports which are disclosed according to foreign accounting standards and Chinese accounting standards simultaneously

☐ Applicable √ Not applicable

### 3. Explanation for the difference between the Chinese and overseas accounting policy

☐ Applicable √ Not applicable

## IX. Main financial data on a quarterly basis for the reporting period

Unit: Yuan Currency: RMB

| | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 |
|---|---|---|---|---|
| Operating revenue | 4,556,052,015 | 4,393,776,081 | 3,277,438,155 | 2,946,065,406 |
| Net profit attributable to the shareholders of the Company | 484,161,979 | 43,114,332 | 698,690,891 | 302,683,860 |
| Net profit attributable to the shareholders of the Company after deduction of non-recurring profits and losses | (204,743,544) | (531,081,432) | 697,984,677 | 297,478,978 |
| Net cash flow from operating activities | 1,036,099,128 | 796,793,573 | 1,163,244,755 | 559,664,855 |

Explanation of the data difference between the above quarterly financial data with the data published in previous quarterly reports:

√Applicable ☐ Not applicable

Q1 and Q2 financial figures have been restated retrospectively as if Adisseo had been controlled by the Company at the beginning of the reporting period (January 1, 2015), due to the fact that the transaction is a business combination under common control.

## X. Non-recurring Profit or Loss Items

√ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Non-recurring profit or loss items | Amount in 2015 | Description (if applicable) | Amount in 2014 Restated | Amount in 2013 Restated |
|---|---|---|---|---|
| Net profit or loss on disposal of non-current assets | (10,422,606) | | (18,609,906) | 859,070 |
| Gain on disposal of subsidiary companies and business investments | | | 1,121,023,602 | |
| Tax refunds or reductions with ultra vires approval or without official approval | | | | |
| Government grants recognized in profit or loss, other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard | 16,472,021 | | 50,295,859 | 103,339,803 |
| Income earned from lending funds to non-financial institutions and recognized in profit or loss | | | | |

| Non-recurring profit or loss items | Amount in 2015 | Description (if applicable) | Amount in 2014 Restated | Amount in 2013 Restated |
|---|---|---|---|---|
| The excess of attributable fair value of identifiable net assets over the consideration paid for the acquisition of subsidiaries, associates and joint ventures | | | | |
| Profit or loss on exchange of non-monetary assets | | | | |
| Profit or loss on entrusted investments or asset management | | | | |
| Impairment losses on assets due to force majeure events, e.g. natural disasters | | | | |
| Liabilities waived | | | 4,251,981 | 5,566,187 |
| Profit or loss on debt restructuring | | | | |
| Entity restructuring expenses, e.g., expenditure for layoff of employees, integration expenses, etc. | | | | |
| Profit or loss attributable to the evidently unfair portion of transaction price, being transacted price in excess of fair transaction price, of a transaction | | | | |
| Net profit or loss of subsidiaries from the beginning of the period up to the business combination date recognized as a result of business combination of enterprises under common control | 1,548,467,983 | Consolidated profit of BANG from January 1, 2015 to the completion date of the transaction | 1,555,956,859 | 993,428,199 |
| Gain on disposal of subsidiary companies and business investments | | | | |
| Profit or loss arising from contingencies other than those related to normal operating business | | | | |
| Profit or loss on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those used in the effective hedging activities relating to normal operating business | | | | |
| Reversal of provision for accounts receivable that are tested for impairment losses individually | | | | |
| Net income from compensation | | | 104,634,085 | 4,171,950 |
| Profit or loss arising from external entrusted loans | | | | |
| Profit or loss on changes in the fair value of investment properties that are subsequently measured using the fair value mode | | | | |

| Non-recurring profit or loss items | Amount in 2015 | Description (if applicable) | Amount in 2014 Restated | Amount in 2013 Restated |
|---|---|---|---|---|
| Impacts on profit or loss of one-off adjustment to profit or loss for the period according to the requirements of tax laws and accounting laws and regulations | | | | |
| Custodian fees earned from entrusted operation | | | | |
| Other non-operating income or expenses other than the above | 5,468,433 | | | |
| Other profit or loss that meets the definition of non-recurring profit or loss | | | (2,933,833) | 85,633 |
| Impacts attributable to minority interests (after tax) | (287,172,798) | | (327,780,125) | (149,347,241) |
| Impact of income tax | (3,800,649) | | (3,221,834) | (12,894,599) |
| Total | **1,269,012,384** | | **2,483,616,688** | **945,209,002** |

## XI. Items measured using fair value

Currency: RMB Unit: Yuan

| Item Name | Beginning Balance | Closing Balance | Change in current period | Impact on profit or loss for current period |
|---|---|---|---|---|
| Financial assets at fair value through profit and loss | | | | |
| Financial liabilities at fair value through profit and loss | | | | |
| Derivatives instruments (net assets) | (92,986,243) | (10,238,374) | 82,747,869 | 67,616,304 |
| Available-for-sale financial assets | | | | |
| Total | (92,986,243) | (10,238,374) | 82,747,869 | 67,616,304 |

For further detail on derivatives instruments, please refer to the part 55 Hedging in VII Notes to the items in the consolidated financial statements of the Section 11 of this report.

# Section 3 Basic overview of the Company

## I. Main businesses, Operating Methods and Industry explanation of the company during the reporting period

On July 27, 2015, the Company acquired 85% of the ordinary shares of Bluestar Adisseo Nutrition Group Limited ("BANG") and simultaneously transferred all the rights and obligations of assets exchanged out to Bluestar Group. This exchange of major assets constitutes the restructuring of the Company. This restructuring operation obtained final approval from the CSRC on July 24, 2015.

Since the completion of this Major Asset Restructuring, the primary business of the Company changed significantly and became the primary businesses of BANG and its subsidiaries ("Adisseo"), which are as follows: research, development, production and sale of feed additives for animal nutrition.

Adisseo is a global leader in feed additives for animal nutrition research and development, production and sales with over 75 years' experience in R&D and production. Its principal products include methionine, vitamins, enzymes and other animal feed additives. By relying on its rich product mix, expansive sales, distribution platforms and strong technical support team, the Company provides innovative feed additives solutions to over 2,500 customers located in over 140 countries globally.

Adisseo supplies three types of products: Performance Products (including methionine, vitamins, ammonium sulfate and sodium sulfate), Specialty Products (including enzymes, rumen-protected methionine and organic selenium additives) and Other products (including carbon disulfide, sulfuric acid and services of processing powder).

Adisseo has become a global leader in its main product lines:

- Adisseo is a world-leading methionine manufacturer and the world's second largest producer of methionine in 2015 by market share. Adisseo is also one of the two global methionine producers capable of producing methionine in both powder and liquid forms;
- Adisseo is one of the two methionine producers to establish production facilities in China;
- Adisseo is a world-leading producer of Non-Starch Polysaccharide enzymes;
- Adisseo is a world-leading producer of rumen-protected methionine.

Methionine is one of the Adisseo's main product categories. The complicated production processes of chemical synthesis of methionine require significant expertise and initial capital investment. The whole production process is regulated and supervised strictly from the prospective of environmental protection and production safety. Therefore, only a few producers in the world are capable of producing methionine safely, stably and in large scale.

Its global leadership in the methionine market and deep scientific know-how in feed nutrition have enabled Adisseo to establish long-term and stable relationships with its customers. Taking full advantage of its unparalleled global sales network, Adisseo provides its customers with a comprehensive and diverse product mix that include vitamins and enzymes to satisfy the customers' demand for multiple products, and consistently provides high-quality products and after-sales service in all product lines. Adisseo is also one of the most recognized suppliers of Non-Starch Polysaccharide enzymes and vitamins in the feed industry. Furthermore, Adisseo has a powerful team of technical experts to offer professional consultation on additive application technologies and feed formulation and finished products analysis, strengthening its position as the go-to supplier for and its long-term and productive relationships with its customers.

The main performance-driven factors for the Company are the following:

- The Company sells its products on the animal feed additives market. This market is driven by the worldwide consumption of meat. The Company is mainly exposed to business risk on the poultry segment and specifically the methionine market. This market grows sustainably each year due to the growth in the poultry meat market and to the industrialization of the industry.

- Currency exchange rates. The Company sells a significant portion of its products in different countries, mainly in US dollar, partly in Euro and partly in RMB. Regarding cost, its plants are mainly in Europe and China, but the Company purchases a significant portion of its raw material in Euro and US dollar
- Brent oil. The Company uses raw materials that are partly derivatives of Brent oil.

Adisseo has set up local supply chain systems operating in an efficient and highly-responsive way based on the distribution of its regional customers.

Adisseo distributes its products all over the world either by distributors, or by its own distribution companies. Adisseo's sales team and distribution channels span more than 140 countries and regions in the world, and have regularly opened distribution subsidiaries or offices globally. Adisseo will gradually establish and perfect the local sales organizations according to the development of the emerging economies.

Adisseo is a key participant for every regional market.

China has one of the world's largest methionine demands. Adisseo is one of the first global enterprise to establish major production facilities to produce methionine in China. With its integrated production process and competitive labor cost, Adisseo Nanjing is expected to become one of the world's largest liquid methionine producers at comparatively the lowest cost, which will enable Adisseo to seize the opportunities afforded by China's rapidly-growing methionine demand, swiftly respond to the changes in the market and further enhance its competitiveness and market position.

Adisseo actively explores extended and innovative products in relevant industries through its leading methionine technologies and has developed rumen-protected methionine products specially designed for dairy cows to improve the protein level of milk. Adisseo is one of the largest producers and suppliers of rumen-protected methionine globally with outstanding advantages in technological advancement and market positioning.

## II. Major changes to the main assets of the company

As part of the Company's restructuring, all of the Company's previous businesses have been disposed of, excluding 3 remaining entities (Jiangxin Cabot Chemical Co., Ltd., ChemChina Finance Company and Tianjin Silicone Co., Ltd) for which several procedures are to be finalized to complete their disposal.
Adisseo has 6 production bases, which are located in France (Commentry, Les Roches, Roussillon, and La Rochelle), in Spain (Burgos) and in China (Nanjing).

Among which, the overseas assets amounted to RMB 15,019,057,254, represent 84 % of total assets.

For further information on the change of fixed assets, intangible assets and ongoing projects, refer to relevant notes in Section 11.

## III. Core competitiveness analysis in the reporting period

During the reporting period, the Company has completed the exchange of assets with the Bluestar Group. While the assets of BNCM exchanged out and the assets of Adisseo exchanged in, the core competitiveness of the Company has been changed. After the restructuring, 76 patents were exchanged out and 462 patents and 172 patent applications of BANG and its major subsidiaries were exchanged in.

## 1. Global Industry Leader

Based on Feedinfo estimates, Adisseo is the world's second largest producer of methionine in 2015 with a market share of approximately 27%. In 2015, Evonik, Adisseo and Novus accounted for about 84% of the methionine global market share and the other producers accounted for the remaining 16%.
Adisseo is a key participant for every regional market. In North America, Novus has the highest market share; Evonik and Adisseo are also participants in that market. In China and Asia-Pacific, the key market participants are Evonik, Adisseo and Sumitomo while Novus' market share is relatively low. In other regions, Evonik, Adisseo and Novus are all major players.

## 2. Global Production and Sales Network

Adisseo has set up local supply chain systems according to the distribution of its regional customers. In the Chinese market, for example, in order to ensure the products safely delivered to customers all over the country on time, Adisseo has established a transit center for the Asia Pacific supply chain in the China (Shanghai) Free Trade Pilot Zone and 10 distribution warehousing centers national-wide according to where and how much the customers are concentrated.

The sales team and distribution of Adisseo channels span more than 140 countries and regions in the world, and have regularly opened distribution subsidiaries or offices globally. Adisseo will gradually establish and perfect the local sales organizations according to the development of the emerging economies. For example,

Adisseo has set up a sales subsidiary in Philippines in 2014. In addition to Adisseo's own sales force, Adisseo has set up close long-term relationships with sales agents and distributors around the world in order to better serve the local market and customers.

## 3. Specialized and Comprehensive Feed Solutions

Because of Adisseo's brand awareness, consistent product quality, competitive prices and rich product portfolio, most of its main customers purchase more than one kind of product. Adisseo has a long and distinguished history in animal feed nutrition, an outstanding market position, technological innovation and powerful R&D capabilities, nurturing a stable and ever-expanding client base. Adisseo has been recognized for its products and the quality of its service. Furthermore, Adisseo has a powerful team of technical experts to offer professional consultation on additive application technologies and feed formulation and finished products analysis, strengthening its position as the go-to supplier for and its long-term and productive relationships with its customers.

## 4. Unparalleled Market Explorer and Pioneer

Adisseo has continuously expanded its business to successfully seize the opportunities presented by the growth in demand for protein and animal feed additives in emerging economies. With population growth, growth in income per capita and changes in diet in emerging economies, there exists a greater demand for animal proteins. Adisseo's products help increase the metabolism and health of the animals and increase the efficiency in animal husbandry. The growth in population and per capita income and the need for higher efficiency in using land and water resources have created bright prospects for Adisseo's core products.

Adisseo is one of the two methionine producers to establish major production facilities to produce methionine in China, when it established the factory of Adisseo Nanjing in 2013. Adisseo Nanjing is expected to become one of the world's largest liquid methionine producers at comparatively the lowest cost, and to become one of the fastest growing segments for Adisseo's business. With the gradual increase of investment and production of Adisseo Nanjing since 2013, Adisseo has significantly increased its methionine global market share in the recent two years. Based on Feedinfo's estimates, the market share of Adisseo increased from 23% in 2012 to 27% in 2015.

### 5. Strong Research and Development Capabilities

Adisseo's R&D teams work closely with the marketing, production and engineering departments to align the objectives of product development with its general business objectives. Adisseo currently has a chemistry process lab, a biochemistry process lab, a formulation & process lab, a nutrition lab, a nutrition experimental farm, engineering experts and other R&D departments, with nearly 100 employees globally. Adisseo cooperates with a number of international laboratories, universities and research institutions, strengthens its bonds with the scientific community, encourages the passion for innovation, and attracts technical talents by sponsoring R&D projects of methionine and related technologies.

Adisseo remains an industry pioneer through its own prominent research and development capability since the release of methionine NP99 in 1945. Adisseo is one of the first companies in the world to synthesize methionine and vertically integrate its the upstream and downstream production processes, one of the first companies to develop rumen-protected methionine for the ruminant market and is one of the first companies to develop the enveloped Vitamin A product. There are currently 18 major research projects under development, concerning all of Adisseo's major products: methionine, vitamins, enzymes, and also rumen-protected products. From 2014 onwards, Adisseo plans to launch a new product every year, for instance: Selisseo, a specialty product based on selenium and a new thermostable enzyme, Advance®, in 2014, a new Non-Starch Polysaccharide enzyme, in 2015 and Alterion, a new probiotic, in 2016.

### 6. Scientific and Reasonable Cost Control Measures

Adisseo has vertically integrated its upstream and downstream production processes. Its methionine production extends to the production of propylene, sulfur and other such basic materials, ensuring a stable and reliable supply for the hazardous intermediates in methionine production. The dangerous intermediates mainly include methanol, MMP, hydrogen sulfide, hydrogen cyanide, among others. These materials have limited suppliers in the public market and the production is not integrated. Through the production of these intermediates, Adisseo is able to monitor the product quality at each production step, and appropriately lower the production costs and become even more competitive at the same time.

### 7. Experienced Management Team with Rich Industry Knowledge

The Adisseo management team has on average over 10 years of industry and management experience in animal feed additives. Adisseo's management team has focused on effectively integrating and allocating Adisseo's global business and resources. Additionally, Adisseo has built an excellent corporate culture and employee development and incentive programs, which provides internal drive for sustainable growth.

# Section 4 Management's Discussion and Analysis

## I. The Board of Directors' Discussion and Analysis of the Company's Operations during the Reporting Period

2015 has been the year which marked the successful transformation of Bluestar New Chemical Material Company into Bluestar Adisseo Company after the completion of a Major Asset Restructuring.

**Major Asset Restructuring**

During the third quarter of this reporting period, the Company completed a Major Asset Restructuring.

On April 8, 2015, the SASAC approved the Transaction. For more details, refer to the Company's press release "Announcement about the Approval on the Company's Major Assets Restructuring by SASAC" on April 9, 2015. On June 3, 2015, the Ministry of Commerce of the PRC ("MOFCOM") approved the Transaction. On June 25, 2015, the National Development and Reform Commission of PRC ("NDRC") approved the restructuring transaction. For more details, refer to the Company's press release "Announcement about the Approval on the Company's Major Assets Restructuring by NDRC" on June 26, 2015. On July 24, 2015, the CSRC approved the Proposal of Bluestar New Chemical Material Co., Ltd. On the Plan for major asset exchange, cash and share Issuance. For more details, refer to the Company's press releases "Announcement about the Approval on the Company's Major Assets Restructuring by CSRC" on July 25, 2015.

By October 10, 2015, the Company completed the transfer of the Exchanged Assets of the Major Assets Restructuring. For more details, refer to the "Announcement about Major Asset Exchange, Cash, Share Issuance and the Transfer Settlement of the Target Assets in Related Party Transaction" on October 10, 2015. By October 28, 2015, the Company completed the raising of funds and registration of newly issued shares. "For more details, refer to the "Announcement about Major Asset Exchange, Cash, Share Issuance, the Result of Share Issuance in Related Party Transaction and the Notice of Change of the Equity" on October. 30, 2015 and "Report about Major Asset Exchange, Cash, Share Issuance and Raise of Matching Funds for Non-public Stock Issuance" on October 31, 2015 on the website of the Shanghai Stock Exchange (www.sse.com.cn).

After the completion of this Major Asset Restructuring, the primary business and the main products of the Company became, respectively, Adisseo's businesses (i.e. research, development, production and sale of feed additives for animal nutrition) and main products (i.e. performance products, specialty products, and other animal feed additives).

The Company's performance, financial position and future are affected by the global macro economy. Although the global economy has demonstrated signs of slow recovery, there exists significant disparity among the recovery process for each economic actor. Debt crisis, trade imbalances, exchange rate fluctuation and other issues also increase the uncertainty of such recovery.

Adisseo faces competition from large and well-known companies with strong financial positions as well as competition from smaller companies in the regional or local markets. Adisseo has taken steps to improve its competitiveness, including tightening cost control, improving production technologies, providing value-added services and increasing its production capacity with the finalization of the building of the Nanjing plant (China) in 2013. In recent years, some competitors have intensified competition for Adisseo with the launch of new capacities.

**2015, a successful year**

Despite the net loss of around RMB 800 million reported by BNCM businesses for the first 6 months of

2015, Adisseo recorded net profit of RMB 2,003 million due to the net profit of RMB 2,802 million generated by Adisseo businesses.

In 2015, Adisseo attained outstanding results in terms of safety and economic performance:

- Security is a top priority for the group, which has a strict security policy with a zero accident objective. This year, Adisseo achieved a TRIR of 1.8, the best ever reached in the history of the company.
- Adisseo's operating revenue increased by 45% in comparison with last year at constant EUR/CNY rate (i.e. 23% at current EUR/CNY rate), while net profit more than doubled. These outstanding financial results were achieved thanks to:
    - Methionine prices which are subject to fluctuations due to the supply / demand momentum. In 2015, Adisseo benefited from exceptional methionine market prices due to a short market supply and;
    - The positive impact of external factors such as the currency exchange rate and the decrease in the price of Brent oil.

**2016 outlook**

- Safety is our first priority. In 2016, the Company will pursue its zero accident objective and further improve its safety performance.
- The methionine supply shortage in 2015 has clearly impacted market prices upwards. The announced new capacities from competitors have finally come on stream after some delays. The supply / demand situation is now more balanced leading to a decrease in market prices as expected. Proactive price management of performance products will be key to achieving the performances Adisseo targets.
- Over the last few years, Adisseo developed new products, such as Selisseo® (a specialty product based on selenium) in 2014 and Advance (a new enzyme product) in 2015. Adisseo will continue to invest in its plants to develop capacities and innovation with an objective to launch one new product on the market every year.

## II. Analysis of results of operations of main businesses in the reporting period

### 1. Analysis of main changes in items in profit & loss statement and cash flow statement

Unit: Yuan Currency: RMB

| Items | Amount of current period | Amount in the same period of last year (Restated) | Change (%) |
|---|---|---|---|
| Operating revenue | 15,173,331,658 | 19,464,593,278 | -22% |
| Cost of sales | 8,906,372,900 | 15,270,209,251 | -42% |
| Selling and distribution expenses | 952,871,565 | 862,396,224 | 10% |
| General and administrative expenses | 980,573,478 | 1,547,732,491 | -37% |
| Financial expenses | 502,569,156 | 482,199,104 | 4% |
| Net cash flow from operating activities | 3,555,802,311 | 2,471,293,869 | 44% |
| Net cash flow from investing activities | (997,053,575) | (729,853,582) | -37% |
| Net cash flow from financing activities | 798,518,058 | (1,402,440,414) | 157% |
| Research and development expenditure | 165,471,057 | 256,649,920 | -36% |

## 2. Income & Cost Analysis

### (1) Analysis by industry, by product and by region

| Main operations by industry | | | | | | |
|---|---|---|---|---|---|---|
| By industry | Operating revenue | Operating cost | Gross profit ratio (%) | Increase/de-crease in operating revenue on the same period of last year (%) | Increase/decrease in operating cost on the same period of last year (%) | Increase/decrease in GP ratio on the same period of last year (%) |
| Health and Nutrition | 12,202,572,882 | 5,941,636,279 | 51% | 23% | -5% | 40% |
| Others (i.e. BNCM) | 2,793,176,283 | 2,781,219,377 | 0% | -66% | -65% | -89% |

| Main operations by product | | | | | | |
|---|---|---|---|---|---|---|
| By product | Operating revenue | Operating cost | Gross profit ratio (%) | Increase/decrease in operating revenue on the same period of last year (%) | Increase/decrease in operating cost on the same period of last year (%) | Increase/decrease in GP ratio on the same period of last year (%) |
| Performance products | 10,310,991,380 | 4,980,878,515 | 52% | 28% | -4% | 46% |
| Specialty products | 1,380,894,340 | 615,935,606 | 55% | 10% | -8% | 19% |
| Other products | 510,687,162 | 344,822,158 | 32% | -12% | -13% | 3% |
| BNCM products | 2,793,176,283 | 2,781,219,377 | 0% | -66% | -65% | -89% |

| Main operations by region | | | | | | |
|---|---|---|---|---|---|---|
| By region | Operating revenue | Operating cost (*) | Gross profit ratio (%) | Increase/decrease in operating revenue on the same period of last year (%) | Increase/decrease in operating cost on the same period of last year (%) | Increase/decrease in GP ratio on the same period of last year (%) |
| Europe / Africa/MO | 3,898,268,947 | | | 16% | | |
| North & Central America | 2,161,590,191 | | | 23% | | |
| Asia / Pacific (excluded China) | 2,053,860,102 | | | 34% | | |
| South America | 2,089,681,695 | | | 51% | | |
| China | 1,680,570,420 | | | 2% | | |
| Other | 318,601,526 | | | 35% | | |
| **Subtotal** | **12,202,572,882** | | | **23%** | | |
| BNCM products in Mainland China | 2, 375,670,695 | | | -68% | | |
| BNCM products in other regions | 417,505,588 | | | -52% | | |
| **Total** | **14,995,749,165** | | | **-18%** | | |

(*) The Company discloses only operating revenue by region due to the fact that neither operating cost, nor gross margin are not monitored by region.

Performance products are mainly driven by the methionine business. Thanks to a short market supply on Methionine market this year, prices increased and Adisseo developed its sales leading to an increase in operating income of 28%. Thanks to improved cost control measures, as well as positive external factors, operating expense has decreased by 4%. The combination of increase in sales and decrease in costs resulted in a strong increase in gross profit ratio by 46%.

The increase in operating revenue by 10% in specialties product has been achieved thanks to the development made on this segment, such as protective methionine for ruminants, enzymes and organic selenium. As this segment benefits from high margins, this led to an increase by 19% in the GP ratio.

The regions where Adisseo business has developed are mostly Asia Pacific with an operating revenue increase of 34% and South America with an operating revenue increase of 51%. In those regions, sales development has been very dynamic. In North and Central America as well as Europe, the increase in operating revenue was lower: the price increase was as higher than in the other areas, however the sales volume was lower in 2015. China benefited from exceptional market conditions with a significant price increase in 2014, some months before the other regions; however market conditions were less favorable in 2015.

**(1) Analysis of the factors impacting the income from sale of products**

| In comparison with 2014 | Change in Volume | Change in sales price |
|---|---|---|
| Performance products | 408,852,352 | 1,642,517,158 |
| Specialty products | 150,370,032 | (11,093,832) |

Adisseo's operating revenue in 2015 totaled RMB 12,202,572,882 and increased by 45% at constant EUR/CNY rate (i.e. 23% at current EUR/CNY rate), compared to 2014.

After the restructuring, the Company's income from sale of products included the income from performance products, specialty products and other animal feed additives.

Operating revenue from performance products increased by 28%.

Operating revenue from specialties product operations increased by 10% thanks to the development made on this category of products. The volume increase on this business was 13%.

**(2) Production, Sales and Inventory Quantity analysis**

Units of volume by category of products comprising are not homogeneous. Therefore, no disclosure have been provided.

**(3) Main customers**

The total amount of sales revenue from the Company's top 5 customers amounted to RMB 916 791 508, accounting for 6% of the Group's total operating revenue.

**(4) Significant Change in the Company's profit composition or profit sources**

During the reporting period, the main profit sources were transferred from chemical products to feed additives for animal nutrition due to the Major Asset Restructuring.

**(5) Cost analysis table**

Unit: Yuan

| By industry | | | | | | | |
|---|---|---|---|---|---|---|---|
| By industry | Cost composition items | Amount of current period | Proportion to the total cost of current period (%) | Amount of the same period of last year | Proportion to the total cost of the same period of last year (%) | Proportion of change in the amount of current period over the same period of last year (%) | Explanation |
| Health and Nutrition | | 5,941,636,279 | 67% | 6,280,005,680 | 41% | -5% | Competitiveness on costs reinforced by |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | | Adisseo Group anticipating a decrease in selling prices |
| Others (i.e. BNCM) | | 2,781,219,377 | 31% | 7,967,495,140 | 52% | -65% | Decrease in related to exchange assets-out |

| By product | | | | | | | |
|---|---|---|---|---|---|---|---|
| By product | Cost composition items | Amount of current period | Proportion to the total cost of current period (%) | Amount of the same period of last year | Proportion to the total cost of the same period of last year (%) | Proportion of change in the amount of current period over the same period of last year (%) | Explanation |
| Performance products | Raw materials, purchased equipment and consumables used (67%), Depreciation and amortization (12%), Other (21%) | 4,980,878,515 | 56% | 5,215,491,849 | 34% | -4% | Competitiveness on costs reinforced by Adisseo Group anticipating a decrease in selling prices |
| Specialty products | Raw materials, purchased equipment and consumables used (80%), Depreciation and amortization (4%), Other (16%) | 615,935,606 | 7% | 669,196,930 | 4% | -8% | Competitiveness on costs reinforced by Adisseo Group anticipating a decrease in selling prices |
| Other products | Raw materials, purchased equipment and consumables used (52%), Depreciation and amortization (17%), Other (16%) | 344,822,158 | 4% | 395,316,901 | 3% | -13% | Competitiveness on costs reinforced by Adisseo Group anticipating a decrease in selling prices |
| BNCM products | | 2,781,219,377 | 31% | 7,967,495,140 | 52% | -65% | Decrease related to exchange assets-out |

**(6) Main suppliers**

The total amount of purchasing from the Company's top 5 suppliers amounted to RMB 1,253,608,535 accounting for 21% of the Company's total operating cost.

### 3. Expenses

| Items | Amount of current period | Amount in the same period of last year (Restated) | Change (%) |
|---|---|---|---|
| Selling and distribution expenses | 952,871,565 | 862,396,224 | 10% |
| General and administrative expenses | 980,573,478 | 1,547,732,491 | -37% |
| Financial expenses | 502,569,156 | 482,199,104 | 4% |

The decrease of general and administrative expense is mainly due to the Major Asset Restructuring (exchange-out).

### 4. Research and development expenditures

#### (1) Research and development expenditures

Unit: Yuan

| | |
|---|---|
| Research and development expenditure recorded in expenses of current period | 165,471,057 |
| Research and development expenditure capitalized of current period | 33,087,650 |
| Total research and development expenditure | 198,558,707 |
| Proportion of total research and development expenditure to operating revenue (%) | 1.31% |
| R&D headcount as of December 31 2015 | 126 |
| % of R&D headcount over total headcount | 7% |
| % of capitalized R&D expenditure over total amount | 16.66% |

Adisseo continues to make significant efforts to reinforce its R&D programs.

#### (2) Explanation

Adisseo promotes a policy of reinforced and continuous research and innovation for its products, production processes as well as its businesses, work and organization methods. There are six research and development centers focused on several different areas such as analysis, nutrition, formulation, biotechnology, chemical processes, chemistry, formulation and processes. In 2015, the Company's total research and development expenditures amounted to RMB 198,558,707, and its proportion to net assets and operating revenue was 1.41% and 1.31%, respectively.

### 5. Cash flow

At Group level, the increase of net cash flow from operating activities compared to the same period of last year comprises:

- RMB 2,150 million (+93%) due to the increase in Adisseo's sales;
- RMB -389 million (-234%) due to the exchange-out of BNCM in the Restructuring, i.e., the difference of BNCM between 1/1/2015 – 06/30//2015 and 1/1/2014 – 12/31/2014;
- RMB -676 million (-29%) due to changes in the EUR/CNY currency exchange rate.

The economic performance of Adisseo mainly explains the historical level of cash generated. The operating cash flow generated by Adisseo for RMB 3,779,933,760 enabled the Group to invest RMB 821,881,409 and reimburse its debt for an amount of RMB 411,256,225 (including partial early repayment).

**6. Significant change in the Company's profit composition or profit sources in the reporting period arises from the ancillary businesses**

☐ Applicable √ Not applicable

**7. Analysis of assets and liabilities**

Unit: Yuan

| Items | As at December 31 ,2015 | | As at December 31,2014 (restated) | | % change | Explanation |
|---|---|---|---|---|---|---|
| | Amount | Percent age to total assets (%) | Amount | Percent age to total assets (%) | | |
| Cash at bank and on hand | 4,941,121,304 | 28% | 2,597,407,115 | 8% | 90% | Increase related to Adisseo's sales increase |
| Derivative financial assets | 9,479,187 | 0% | 15,187,057 | 0% | -38% | Evolution of hedging linked to EUR/USD |
| Notes receivable | 0 | 0% | 468,615,898 | 1% | -100% | Impact of Major Asset Restructuring |
| Advances to suppliers | 42,894,418 | 0% | 665,876,291 | 2% | -94% | Impact of Major Asset Restructuring |
| Other receivables | 20,606,793 | 0% | 202,906,670 | 1% | -90% | Impact of Major Asset Restructuring |
| Inventories | 1,234,840,168 | 7% | 2,573,329,002 | 8% | -52% | Impact of Major Asset Restructuring |
| Other current assets | 295,953,999 | 2% | 785,373,170 | 2% | -62% | Impact of Major Asset Restructuring |
| Available-for-sale financial assets | 3,275,648 | 0% | 89,453,126 | 0% | -96% | Impact of Major Asset Restructuring |
| Long-term receivables | 24,751,553 | 0% | 55,715,026 | 0% | -56% | Write-down of a LT receivable |
| Fixed assets | 6,176,349,721 | 34% | 12,393,691,062 | 38% | -50% | Impact of Major Asset Restructuring |
| Construction in progress | 394,385,639 | 2% | 6,604,697,558 | 20% | -94% | Impact of Major Asset Restructuring |
| Construction materials | - | 0% | 34,827,335 | 0% | -100% | Impact of Major Asset Restructuring |
| Intangible assets | 2,006,549,556 | 11% | 2,905,893,648 | 9% | -31% | Impact of Major Asset Restructuring |
| Development costs | 84,560,594 | 0% | 57,042,796 | 0% | 48% | New projects of which Alterion |
| Long-term prepaid expenses | 7,804,167 | 0% | 21,789,908 | 0% | -64% | Impact of Major Asset Restructuring ; amortization of prepaid expenses |
| Deferred tax assets | 92,237,712 | 1% | 364,259,772 | 1% | -75% | Impact of Major Asset Restructuring ; netting effect |
| Other non-current | 11,171,808 | 0% | 84,592,334 | 0% | -87% | Decrease in assets; |

| Items | As at December 31 ,2015 | | As at December 31,2014 (restated) | | % change | Explanation |
|---|---|---|---|---|---|---|
| | Amount | Percent age to total assets (%) | Amount | Percent age to total assets (%) | | |
| assets | | | | | | suppliers' advances |
| Short-term borrowings | 90,694 | 0% | 6,633,423,035 | 20% | -100% | Impact of Major Asset Restructuring |
| Derivative financial liabilities | 19,717,561 | 0% | 108,173,300 | 0% | -82% | Change in hedging linked to EUR/USD |
| Notes payable | - | 0% | 619,248,956 | 2% | -100% | Impact of Major Asset Restructuring |
| Accounts payable | 945,896,366 | 5% | 1,935,259,465 | 6% | -51% | Impact of Major Asset Restructuring |
| Advances from customers | 11,402,470 | 0% | 422,321,748 | 1% | -97% | Impact of Major Asset Restructuring |
| Interest payable | 3,132,185 | 0% | 21,821,400 | 0% | -86% | Impact of Major Asset Restructuring |
| Other payables | 272,268,004 | 2% | 5,159,214,686 | 16% | -95% | Impact of Major Asset Restructuring |
| Current portion of non-current liabilities | 84,893,599 | 0% | 692,444,271 | 2% | -88% | Impact of Major Asset Restructuring |
| Long-term borrowings | 15,535,140 | 0% | 3,125,944,770 | 10% | -100% | Impact of Major Asset Restructuring |
| Long-term payables | 12,173,890 | 0% | 18,522,894 | 0% | -34% | Amortization of financial lease |
| Provisions | 158,006,336 | 1% | 63,233,657 | 0% | 150% | Increase in provision for liabilities |
| Deferred income | 192,414,174 | 1% | 445,221,250 | 1% | -57% | Impact of Major Asset Restructuring |
| Paid-in capital | 2,681,901,273 | 15% | 522,707,560 | 2% | 413% | Impact of Major Asset Restructuring |
| Special reserve | 0 | 0% | 18,409,432 | 0% | -100% | Impact of Major Asset Restructuring |

## 8. Analysis of investments

### (1) Significant equity investment acquired in the reporting period

☐ Applicable √ Not applicable

### (2) Significant non-equity investment made in the reporting period

☐ Applicable √ Not applicable

### (3) Financial Assets measured at fair value

√ Applicable ☐ Not applicable

The Company holds derivative financial instruments to manage the effect of changes in currency exchange rates. Derivatives are not used for speculative purposes. For most of those transactions, the Group applies cash flow hedge accounting and documents, at the inception of the hedge, the type of hedging relationship, the hedging instruments, the nature and the term of the hedged item.

For further detail, please refer to paragraph 55 “Hedging” in Section 11.

## 9. Sales of Major Assets and Equity

For more details, please refer to the discussion on “Major Asset Restructuring” in Section I “Main businesses, Operation Methods and Industry explanation of the Company” during the reporting period in Section 3- “Basic Overview of the Company”.

### a- Analysis of companies controlled by or invested in the Company

The following figures are based on financial information before elimination of the entities.

| Company Name | Registered/Subscribed Capital | Business | Total assets | Net assets | Net profit | Change |
|---|---|---|---|---|---|---|
| Adisseo France SAS | EUR 83,417,000 | R&D, production and distribution | 8,175,756,389 | 5,363,573,869 | 2,184,026,350 | *NA* |
| BANC Nanjing | RMB 1,833,000,000 | R&D, production and distribution of other products | 3,898,009,000 | 2,315,970,000 | 460,608,373 | *NA* |
| Adisseo Life Science | USD 700,000 | Distribution & Sourcing | 841,300,471 | 420,050,000 | 65,777,199 | *NA* |
| Adisseo USA Inc. | USD 3,139,000 | Distribution | 329,622,777 | 187,756,590 | 28,129,752 | *NA* |
| Adisseo Brazil | BRL 1,987,106 | Distribution | 277,690,776 | 10,864,241 | 3,816,168 | *NA* |

**Subsidiaries representing more than 10% of the Group’s consolidated net profit:**

| Company Name | Adisseo France SAS | BANC Nanjing |
|---|---|---|
| Business | R&D, production and distribution | R&D, production and distribution |
| Revenue | 10,455,078,151 | 1,779,166,373 |

Adisseo France SAS is an important subsidiary of the Company: the main businesses of this company are the R&D, the manufacturing as well as the distribution of protected methionine for ruminants and vitamin A produced at the Commentry plant, powder methionine produced at the Commentry and the Roussillon plants, upstream products of methionine at the Les Roches plant and also of AT88 produced at Burgos plant (Spain).

BANC Nanjing is the second entity within the Group with a plant producing liquid methionine.

## 10. Structured entities controlled by the Company

☐ Applicable √ Not applicable

## III. Board of Directors' Discussion and Analysis of the Company's Future Development

### 1. Industrial competition landscape and development trends in the industry

#### (1) Industry trend

The animal feed additives industry is exposed to favorable global "megatrends" and is expected to grow significantly over the coming years. This growth is expected to be driven primarily by the industrialization of meat production, global population growth and wealth creation. This should be the case in emerging markets, where consumers' dietary preferences are expected to shift towards protein-rich diets.

We believe that our multi-product portfolio enhances our position with customers and differentiates our product offering from that of our competitors. Since we supply a range of nutritional feed additives, we can provide value-added formulation advice to our customers and advise them with respect to their feed additive inclusion rate decisions.

This industry is further characterized by high barriers to entry, such as high technological know-how, regulatory permits and authorizations, compliance with national and regional environmental and health and safety regulations, the ability to source key intermediates and the large capital investments required for developing new methionine and vitamin production capacities.

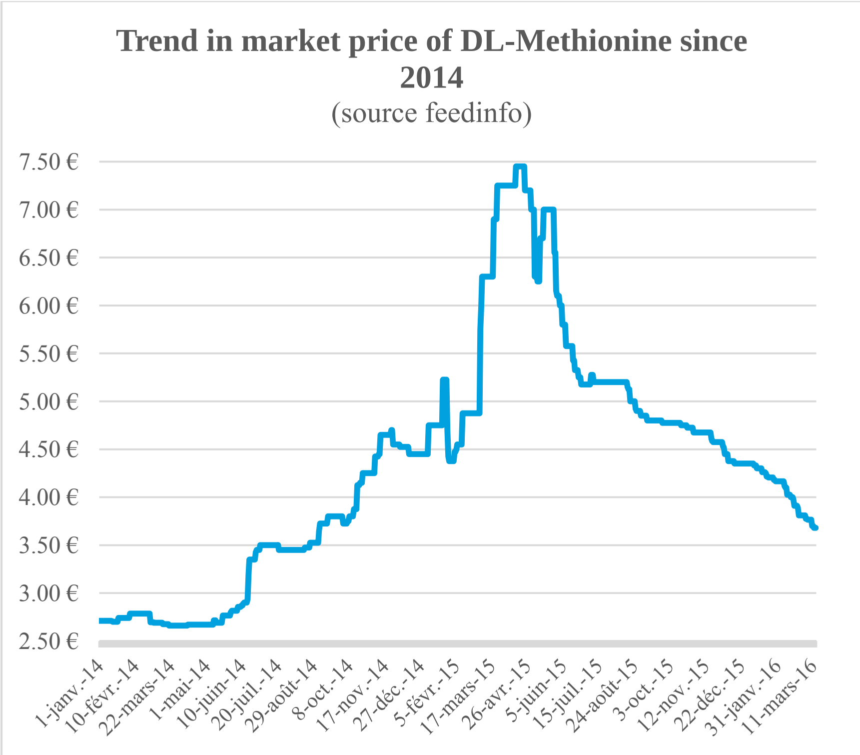
The chemical process to manufacture methionine requires significant manufacturing expertise and process technology relative to the other amino acids such as lysine, threonine, and tryptophan, which are all manufactured using simple carbohydrate fermentation processes. Access to, or development of, such expertise and technology constitutes a significant barrier to entry to new market. Furthermore, we believe that technical and commercial expertise and on-going investment in product and process innovation are critical factors to remain competitive.

Due to among other things, based on industry practice, the initial capital expenditures to build a world-scale, greenfield chemical methionine production facility would require a large amount of capital investment excluding sales and marketing infrastructure and overheads, and process know-how and licenses, and could require at least four years to permit, plan and construct. Finally, access to key intermediates and raw materials used for manufacturing methionine, such as MMP for which there is only a limited number of merchant suppliers, is critical to the establishment of new production facilities.

For 2016, we expect the demand from customers in the poultry sector remains strong.

Methionine supply shortage in 2015 has impacted market prices up. The announced new capacities from competitors have finally come on stream after some delays. The supply / demand situation is now more balanced leading to a decrease in market prices as expected.

Feedinfo in Europe has reported decrease in prices since mid-2015 that will significantly impact our 2016 financials. We expect this impact to be partly compensated by our development and by favorable raw material prices based on low Brent level.




**(2) Adisseo's Competitive landscape in each Business**

Production capacity in the global methionine market is concentrated, dominated by large companies such as Evonik, Adisseo, Novus and Sumitomo. Due to population growth, economic development of emerging economies, and the modernization of the animal husbandry sector, the demand for methionine in the Asia-Pacific area, including China, continues to increase rapidly. China has one of the world's highest production volumes for pork, poultry and livestock. Its animal husbandry sector continues to grow rapidly, which leads to rapid growth in demand for methionine. Currently, the majority of China's methionine consumption is imported. As the aforementioned key methionine players continue to strengthen their global position, they have increased investments in Asia, while domestic companies represented by Chongqing Ziguang Chemicals, Sichuan Hebang, and Zhejiang Xinhecheng have begun to enter the methionine market.

Vitamins are another important performance product for Adisseo. Vitamins are widely used in medicine, food additives and animal feed additives. In recent years, as China's vitamin sector continues to grow, China has become a major producer and exporter of vitamins, and the production technology and market shares for vitamin C, vitamin E, vitamin B2 and vitamin D3 are top-ranked globally. Adisseo's major competitors in the vitamins market mainly include BASF S.E., DSM N.V., Zhejiang Xinhecheng and Zhejiang Yiyao. The domestic vitamin A & E production in China is dominated by Zhejiang Xinhecheng and Zhejiang Pharmaceuticals Joint Stock Company.

Due to the needs for patented technology and extensive capital expenditure for the production of enzymes, the enzymes market is an integrated market. DuPont, Associated British Foods, BASF S.E. and Adisseo have approximately 90% of the global production capacity. As Chinese manufactures enter the market, the price for enzyme will be notably affected and impact the businesses of the international players.

The rumen-protected methionine market is still in its early development stage. As the demand for rumen-protected methionine is high, market participants are limited. The main competitor of Adisseo is Evonik.

### (3) Major Competitors of Adisseo

Based on public information, the main competitors of Adisseo are indicated below:

- Evonik, previously Degussa, was established in 1873, focused on specialty chemicals. Its methionine products are mainly powder methionine. Based on Evonik's 2015 annual report, its 2015 sales totaled EUR 13,507 million, net profit reached EUR 991 million, of which sales from the nutritional health sector of EUR 4,924 million.
- Novus is an American animal additives company, providing feed solutions for poultry, pork, rumen-protected, and aquaculture. Its products include methionine, chelated trace elements, feed enzymes, and mainly produces liquid methionine.
- Sumitomo Chemical is a major company within the Sumitomo Group. Its business sectors include basic chemicals, petrochemical and plastics chemicals, IT-related chemicals, health & crop science and pharmaceuticals. Methionine is a primary business in the health & crop sciences sector. As one of the major methionine producers globally, Sumitomo is the only company other than Adisseo that can produce both powder and liquid methionine. Also, Sumitomo has formed Dalian Zhuhu Jingang Chemicals Company, a joint venture with Dalian Jingang Group in October 2009, whose primary business is the production and sale of methionine, with an annual production of 20,000 tons.
- Sichuan Hebang's primary business includes manufacture and sale of pesticides and pesticide intermediaries, pharmaceutical intermediaries, soda products, smart glass, salt, phosphate, new materials, and production and sales of environmental protection products. On August 13, 2014, Sichuan Hebang announced a preliminary plan of a private placement to raise no more than RMB 1,395.70 million, RMB 1,295.70 million of which will be used for a 50,000 ton methionine project. As of February 13, 2015, the CSRC had approved the private placement.
- The product development strategy of Zhejiang Xinhecheng is product derivation, which covers the beginning step of basic chemical materials such as acetone and ethane, and after chain reaction, respectively derives vitamin E, vitamin acetic ester, isotretinoin, b-carotene, among other serial products. In May 2013, Zhejiang Xinhecheng established a wholly-owned subsidiary Shandong Xinhecheng Methionine, with projected capacity of 100,000 tons annually. The project is currently under construction.
- DuPont was established in 1802, its business spans over 90 countries and regions globally. Its main products and services include agriculture and foods, buildings and construction, telecommunications and transport, and energy and biotechnology sectors. In May 2011, DuPont purchased Danisco, a global leader in bio enzyme production to fill DuPont's gap in the biotechnology sector.
- DSM N.V. is an international nutritional supplements, chemicals materials and pharmaceutical group. The company was established in 1902, headquartered in the Netherlands, with over 200 institutions in Europe, Asia, and South Americas and 22,000 employees in total globally. Animal nutrition and health is a key business group under DSM. DSM provides high quality raw materials and animal feed additives for poultry, aquaculture, swine, rumen-protected animals and pets which are used to produce higher quality and better quality meat, eggs and milk. DSM's main products include amino acids, enzyme, vitamin, beta-carotene and pre-mix feeds, etc.
- Established in 1935, Associated British Foods is an international food manufacturing and retail company headquartered in London, and is one of the major food manufacturers in the world. Based on Associated British Foods' 2015 financial statements, its sales reached GBP 12.8 million and its net profit was GBP 524 million.
- BASF S.E. is a globally leading chemicals company, providing products and services in chemical products, plastics, agricultural product, refined chemicals, petroleum and natural gas. Based on the

2015 Annual Report published by BASF, its sales amounted to EUR 70.4 billion, with a net profit of EUR 4.0 billion.

**(4) Global Economic**

Since the global financial crisis, the main global economies have implemented positive economic policies to stimulate economic growth. Currently, the global economic structure has changed. Employment rate and pricing are maintained within a reasonable range. The European and U.S. economies have slowly recovered. Emerging markets, including China, India, are expected to remain stable.

**(5) Emerging Economies Present Growth Opportunities in Protein Demand**

The continuous growth in the world, particularly that of the emerging economies such as China and India, has driven urbanization and continuous improvement of people's living standards and has promoted per person consumption of high protein foods (poultry, beef, pork, fish etc.).

**2. Development strategy of the Company**

After the Transaction's completion, the Company's primary business has been changed to the research, development, production and sale of feed additives for animal nutrition. The Company will diversify its capital transactions by leveraging the A-share capital platform to enhance its capital strength to tap into the fast-growing markets of Asia-Pacific region, strengthen the Company's position in the worldwide methionine market and develop specialties businesses. The Company will actively respond to the challenges from competitors by continuing to increase its investment in capital assets and to develop its technical strength to accelerate its business development and thereby maximize shareholder returns.

**3. Business plan**

Adisseo aims to pursue delivering significant growth with sustainable margins. The figures disclosed below are consolidated figures of BANG and its subsidiaries.

Based on the Profit Forecasting Compensation Agreement signed for the Major Asset Restructuring, Adisseo disclosed a "committed net profit with deduction of non-recurring gains and losses" of EUR 154,402,340 in 2015, EUR 106,978,590 in 2016, and EUR 106,506,110 in 2017 (i.e. RMB 1,095,515,500, RMB 759,034,500 and RMB 755,682,200 respectively using the EUR/CNY exchange rate of 7.0952 on December 31, 2015).

The net profit with deduction of non-recurring gains and losses amounts to RMB 2,941.69 million which was in excess by RMB 1,846.17 million in comparison with the committed profit forecast amount for 2015, i.e. RMB 1,095.52 million as set forth in the Profit Forecasting Compensation Agreement.

Total sales volume is expected to increase across almost all product lines driven by the expected growth in global demand and additional capacities linked to the debottlenecking of existing production plants.
In terms of sales, volume growth should be balanced in a context of tougher competition by downward pressure on prices for some of our products.

Production costs should benefit from current decrease in raw materials purchasing prices and cost control improvement action plans.

Developments in Research & Development and Capital expenditures should lead the Company to develop its specialty products and to launch new products.

The Company's plans for capital expenditure in the upcoming two years mainly consist of: additional enhancement of the Health, Safety and Environment policies, maintenance investments for European operations and upgrading the facilities in the Adisseo Nanjing and European plants.

The business plan may not be considered as a guarantee of profitability as committed to the investors.

### 4. Possible risks in the future

#### (1) Risks related to the cyclical fluctuation of the global macro economy

As an international company, Adisseo provides products and services to over 2,500 customers in over 140 countries and regions. After the Transaction's completion, Adisseo will become the only subsidiary of the Company. The Company's performance, financial position and future will be affected by the global macro economy. Although the global economy has demonstrated signs of slow recovery, there exists significant disparity among the recovery process for each economic actor. The debt crisis, trade imbalances, exchange rate fluctuation and other issues also increase the uncertainty of such recovery. The fluctuation of the global economy will increase fluctuation in the Company's business.

#### (2) Risks related to imbalance of supply and demand

The market for Adisseo's main products (in particular the methionine market) is affected by the global methionine production capacities, the imbalance between supply and demand, exposed to various factors such as the global macro economy and the availability and pricing of raw materials. Such imbalance between supply and demand may affect the sales of Adisseo's products, which may affect its operations, financial position and results from operations.

#### (3) Risks related to market competition

Adisseo faces competition from large and well-known companies with strong financial positions as well as competition from smaller companies in the regional or local markets. Adisseo has taken steps to improve its competitiveness, including tightening cost control, improving production technologies, providing value-added services and increasing capacities in the Nanjing and European plants. In recent years, some competitors have been winning market shares through aggressive increases in capacities, which intensifies competition for Adisseo. If competition further intensifies and Adisseo is unable to improve its competitiveness by rapidly adapting to the developments in the industry and the constantly changing market environment to maintain its market position, it may be forced to reduce the pricing of its products which may lead to the reduction of its gross profit margin or the loss of its customers and market share which may also lead to decrease in its profitability.

**(4) Risks related to cross-border operations**

As a global producer of nutritional feed additives, Adisseo is implemented and is operating businesses all over the world. Cross-border operations are exposed to the risks related to changes in the market, economy, geopolitics, demographics, public consensus, exchange rates, trade barriers, exchange control, regulatory, tax regimes, restrictions on foreign investment and wars in each region. Although Adisseo has extensive experience in operating a global business, changes in policies and legal systems of the countries in which its assets and business are located may affect the operation of its business in such countries. Investors should be aware of the risks associated with Adisseo's cross-border operations.

**(5) Risks related to environmental protection policies**

As a feed additives producer, Adisseo is subject to strict regulation and monitoring by governmental authorities with respect to discharge of sewage water, exhaust gas and solid wastes. As the public becomes more environmentally aware, if countries in which Adisseo operates amend the current environmental laws and regulations or alter the current pollutant discharge standards, the Company may need to incur additional costs and expenses to establish new environmental protection facilities.

**(6) Risks related to hazardous chemicals**

Adisseo's complex production process involves many hazardous chemicals that require special production, transportation and storage facilities. In addition, production process and research and development processes generate waste gas, liquid and solid waste. Even though Adisseo is committed to Health, Safety and Environment system, and has adopted prudent safety measures and exercises grave precautions in accordance with relevant laws, regulations and administrative measures, there is risk that leaked hazardous chemicals, emission of waste gas, liquid and solid waste may exceed the relevant standards. Adisseo will assume serious civil or criminal liabilities and may be liable to pay financial compensation, which may materially and adversely affect its business, financial position and results from operations.

**(7) Risks related to raw materials and energy**

Raw materials used by Adisseo mainly include propylene, sulphur, methanol, ammonia and natural gas. Adisseo has a limited number of suppliers for such materials due to the fact that such raw materials are not easily transportable. If the suppliers of such raw materials fail to supply such raw materials, if the prices of such raw materials fluctuate significantly, or if Adisseo fails to acquire sufficient raw materials at a reasonable price, the Company's business, financial position, and results from operations may be materially and adversely affected.

### (8) Risks related to significant decline of performance

Competition in the nutritional feed additives industry has intensified in recent years. Given the high level of performance in 2015, if the world's methionine production capacity exceeds demand, while Adisseo does not upgrade its product line in a timely manner, optimize its production technologies, continue to reduce its production costs or improve its customer service, the Company's results from operations may be adversely affected in the future years.

### (9) Risks related to product research and development, technology upgrade and alternative methionine production technologies

In order to maintain their respective competitiveness, Adisseo, as well as its competitors, continue to invest in innovation, launch innovative products to meet the customers' needs and develop new production technologies that are more efficient and competitive. Product R&D projects and projects aiming to improve production process and technologies may be terminated as a result of factors such as changes in market conditions, changes in technology, changes in government policies. If Adisseo fails to continuously launch new products or improve its production process, or if Adisseo's competitors successfully launch competitive products or improve their production process faster than Adisseo, its' market position will be eroded, which may materially and adversely affect the business, financial positions and results from operations of Adisseo. In addition, application of alternative methionine production technologies (such as the fermentation approach) may adversely affect the production and operations of Adisseo.

### (10) Risks related to Human Resources

Talents with industry expertise are a key competitive advantage of Adisseo and essential to Adisseo's market position and business operations. If Adisseo fails to retain or attract excellent talents with industry expertise in the future, it may face talent drain and may experience a bottleneck in its future business development. Therefore, Adisseo constantly develops and improves its employee incentive schemes, training programs and recruitment programs to effectively control such risks.

### (11) Risks related to the diseases outbreak in poultry or livestock

There have been outbreaks of bird flu, foot-and-mouth disease, mad cow disease and swine flu in recent years. Such outbreaks of diseases that adversely affect poultry or livestock may adversely affect the poultry and livestock populations, consumers' perceptions about certain protein products and demand for the products used as nutritional ingredients for animal feed. Frequent outbreaks of poultry or livestock diseases around the world may materially and adversely affect the business, financial position and results of operations of the Company.

### (12) Risks related to improper lay-out of production plan

Adisseo's performance may be restrained by its production capacity. Adisseo has made progressive investments to increase its production capacities and proactively manage its inventory. However, customers' orders may not be fulfilled in a timely manner as a result of inappropriate production planning, malfunction of the production facilities, repairs of the production facilities or failure to convert the new production capacity into actual production. Failure to meet customers' needs may damage Adisseo's reputation and its relationship with its customers, which may result in customers choosing its competitors' products. This will adversely affect future sales of the Company.

Furthermore, if Adisseo over-estimates the future demand of its products and increases its production capacity based on such estimates but if such future demand fails to materialize, Adisseo's business, financial condition and results of operations could be materially and adversely affected.

**(13) Risks related to exchange rate**

The reporting currency of the Company's consolidated financial statements is the Chinese Renminbi, or RMB. The majority of Adisseo's production, operation and sales are performed outside of China, and day-to-day transactions are mainly carried out in EUR and USD. Exchange rate risks mainly include risks associated with translating foreign currencies for the purpose of conducting day-to-day transactions and risks associated with translating foreign currencies into RMB when preparing Adisseo's financial statements. Fluctuation of exchange rates may expose the Transaction to exchange rate risk and may adversely affect the financial position and results from operations of the Company.

BANG (subsidiary held at 85% by the Company, functional currency in EUR) issued, on 27 March 2014, 400.000.000 preferred shares with nominal value of 1 US Dollar per share. Their value at this date, translated with the EUR/USD rate of 1.37 is EUR 292,248,118, categorized as an equity instrument of BANG. The preferred shares are considered at this historical rate of the 27th of March 2014. It has been agreed with these shareholders that BANG can decide to repurchase these preferred shares at nominal value (i.e. USD 400 million), which exposes BANG to a foreign currency exchange risk EUR/USD. As of December 31 2015 with a EUR/USD rate of 1.09, this exposure represents a potential loss of EUR 73,851,095 (RMB 523,988,289 with a EUR/CNY rate of 7,0952). In BAC Financial Statements in RMB, the historical value of these preferred shares amounts to RMB 2,416,862,000. As of December 31 2015 with a EUR/CNY rate of 7.10, the potential loss in EUR/USD will be partly offset by a potential gain of RMB 341,901,000. As of December 31 2015, the global exposure on shareholders' equity amounts to a potential loss of RMB 182,087,000.

**(14) Risks related to customer credit**

Adisseo is exposed to the credit risk of its customers. While Adisseo seeks to manage such exposure through a number of measures such as establishing customer accounts, setting credit limits for customers, obtaining deposits and security, and profiling the customers' credit risk, there is no assurance that such risk will be entirely eliminated.

**(15) Risks related to the potential changes in tax and custom duties**

As an international company, Adisseo may be investigated by the tax authorities in the relevant countries with respect to its tax matters from time to time. Tax audits or investigations may result in Adisseo losing its tax benefits, exemptions, other tax incentives or favorable tax arrangements with the tax authorities, which may subject Adisseo to a higher effective tax rate. Although Adisseo has not had any material tax-related issues so far and Adisseo believes that it has made reasonable provisions in its financial statements to satisfy any adverse ruling or decisions issued by the tax authorities of the relevant jurisdictions, there is no assurance that the provisions made by Adisseo will not be insufficient; or that Adisseo will not be subject to a higher tax rate.

**(16) Risks related to break-down of information system**

Adisseo's operations, including research & development, production, finance, inventory, delivery and product tracking are highly dependent on its information technology systems. Any failure of the information systems to perform as anticipated, including break-down, any malicious attacks on its information technology systems, virus attacks or malfunction of the information technology system may seriously damage Adisseo's logistics, sales and customer service systems. Given that Adisseo has adopted a centralized logistics system which integrates the functions of handling purchase orders, storage, logistics management, invoicing, deliveries and payment collection, any disruption to this centralized logistics system would cause Adisseo difficulties in performing these functions. From 2008, Adisseo has installed programs and technologies and made disaster recovery plans to mitigate the risk arising from potential unauthorized access and dissemination or loss of data. However, any such failure or disruption of its information technology systems may have a material adverse effect on Adisseo's business, financial position and results of operations.

**(17) Product liability claims and litigation**

During the normal course of its business, Adisseo may be subject to actual or threatened legal proceedings, arbitration or administrative penalties arising from disputes with respect to product liability or patent and other intellectual property rights. Such disputes, legal proceedings or arbitration may adversely affect Adisseo's operations and reputation. If any of the judgments or arbitral awards or decisions of the regulatory authorities is made against Adisseo, Adisseo may need to recall its products or even change the formula of its products.

**(18) Risks related to insurance policy coverage**

Per industry standard, Adisseo currently has insurance coverage for operations, product quality, inventory, transportation, environment, finance, senior management, employees, industrial accidents, IT system, etc., but Adisseo may be subject to liabilities for which it does not have adequate or any insurance, or that cannot be insured at all, thereby resulting in claims not being honored to the full extent of the losses or damages suffered.

**(19) Risks related to intellectual property**

Adisseo benefits from protection of its intellectual property rights afforded by the laws and regulations of the countries in which it operates. However, there is no assurance that the steps Adisseo has taken will be sufficient to protect its intellectual property rights when such rights are challenged, infringed or abused by a third party. Furthermore, Adisseo operates in many countries some of which may provide less protection for intellectual property rights against infringement than others. As a result, Adisseo may be disadvantaged in certain markets. In addition, Adisseo may be subject to claims brought by a third party in connection with its infringement of such third party's intellectual property rights.

**(20) Risks related to labor disputes**

Adisseo operates in many countries around the world. Its centers of operations and production bases are mainly located in France, Spain and China where labor laws are relatively stringent. When making decisions in relation to production, operation or financing, Adisseo must notify, and consult with, the union representative or relevant committee or seek consent of the union representative or relevant committee. Strict labor laws and complex consultation process may limit the flexibility of Adisseo's decision-making process and its ability to react to the changes in market conditions. Employees of Adisseo may disagree with Adisseo on certain matters which may result in disputes and litigation between the employees and the employer, strikes and boycott by employees. This may materially and adversely affect the businesses, financial position and results from operations of Adisseo.
In addition, Adisseo's suppliers may also be subject to strikes or claims brought about by their own employees, which may in turn affect the ordinary operations of Adisseo.

**(21) Risk related to cross-border oversight**

Of Adisseo's 28 subsidiaries, 26 are located outside China, over 77% of its productions and sales are outside China. After the Transaction, if Adisseo fails to properly sustain those oversight and internal control policies to ensure the Group's normal operations, the Company's business, financial position, and results from operations may be materially and adversely affected.

**(22) Risks related to material lawsuits, arbitration and administrative penalties**

In its day-to-day operations, Adisseo might be involved in material lawsuits, arbitration, administrative penalties or other disputes due to products, labor, taxes and other such matters, which may damage Adisseo's operations and reputation. After the Transaction's completion, Adisseo will improve its processes in accordance with the requires of a listed company's corporate governance, and, with the professional assistance of institutions such as lawyers, fully understand and monitor the tax regimes in the countries or regions where it conducts its business and lower the risks related to material lawsuits.

# Section 5 Significant Matters

## I. Profit distribution or capitalization of reserves

### 1. Formulation, performance or adjustment of cash profit distribution policy

### (1) Policy for profit distribution prior to the Transaction

#### a. Policies

**Forms of Profit Distribution**
The Company distributes dividends in the form of cash, shares or a combination of cash and shares. The Company may carry out interim profit distributions when possible.

**Conditions and proportions for cash dividends**
Except for exceptional circumstances, the Company may distribute cash dividends if the profit for the year and accumulated retained earnings are positive. The profit to be distributed in cash per annum should not be less than 30% of the distributable profit as recorded in the consolidated financial statements.
Exceptional circumstances refer to: (i) the Company has made substantial investments during the year (i.e. invested capital exceeding RMB 500 million), (ii) the -asset-liability ratio of the Company exceeds 80%, and (iii) any other circumstances where the Board of Directors and General Shareholders' Meeting of the Company may have, pursuant to a special resolution, resolved to not make such distribution.

**Conditions for the Company to distribute share dividends**
Two conditions must be met before the Company can distribute share dividends: (i) when the Company is operationally sound and the Board of Directors is of the view that the Company's share price does not reflect its net worth, and (ii) distributing share dividends is in the interest of the Company's shareholders As a whole, the Company may propose share dividend distributions provided that the aforementioned conditions for cash dividends are satisfied.

#### b. Deliberating over proposed distribution arrangement

The profit distribution proposal by the Company shall be collected and submitted to the Board of Directors and the Supervisory Board of the Company by the Company's management. The Board of Directors shall thoroughly discuss the soundness of the profit distribution proposal and propose a special resolution to be submitted to the General Shareholders' Meeting for approval.

When the Company does not distribute any cash dividend based on the exceptional conditions as set out in the preceding section, the Board of Directors shall provide a special explanation on matters such as the particular reasons for not distributing any cash dividend and the actual use and the expected return of the income retained by the Company. After the Independent Directors issue their advice, the explanation shall be submitted to the General Shareholders' Meeting for approval and disclosed to the market via the media channels designated by the Company. The Company shall also include the details of the aforementioned explanation in its annual report.

### c. Implementing proposed distribution arrangement

After approval of the resolution of the profit distribution proposal at the General Shareholders' Meeting of the Company, the Board of Directors shall complete the distribution of dividends (or shares) within two months after the end of the Shareholders' Meeting.

In case of illegal appropriation of the Company's capital by the shareholders, the Company shall, when performing the profit distribution deduct the capital appropriated from the entitlement of cash dividend of such shareholder.

### d. Amending the profit distribution policy

In case of *force majeure* such as war and natural disaster or substantial changes in the Company's external or internal operations, the Company may adjust its profit distribution policy accordingly.

To amend the Company's profit distribution policy, the Board of Directors shall explain the reasons for the amendment in detail in the form of a written justification for the review of Independent Directors prior to submission to the General Shareholders' Meeting for approval as a special resolution. The Company shall provide an online voting channel for the shareholders to deliberate on the amendment to the profit distribution policy.

## (2) Policy for profit distribution after the Transaction

Following the Transaction's completion, the Company will continue to implement sustainable, stable and proactive profit distribution policies and will, with respect to the Company's business, policy guidance and market consensus, continue to enhance the efficiency of its operations, improve its dividend distribution policies, enhance the transparency of implementing such distribution policies and safeguard the interests of all shareholders of the Company.

## (3) Policy for profit distribution in the reporting period

The formulation and implementation of the cash dividend policy in the reporting period comply with the requirements of the Articles of Association of the Company or the requirements of the resolution of the General Shareholders' Meeting.

KPMG Huazhen LLP issued an unqualified audit opinion on our 2015 financial statements, which states that the consolidated net profit realized in 2015 amounted to RMB 2,002,795,622, including the net profit of RMB 1,528,651,062 attributable to the main shareholders of the Company.

The accumulated undistributed profits amounted to RMB 4,915,155,558 (after restatement) as of December 31, 2014 and to RMB 6,466,803,025 as of December 31, 2015, while the profit available for distribution at Company level, as of December 31 2015, was a loss of RMB 585,630,735 assumed from BNCM upon the acquisition, which will be absorbed once the Company receives dividends from its overseas subsidiaries.

Therefore, the Company proposes that there will be no profit distribution for 2015 due to the fact that the Company just finished its Major Assets Restructuring around the end of October 2015 and the Company has been busy with the establishment of the related internal management rules during the reporting period.

The above proposal is still subject to the deliberation of the General shareholders' Meeting.

However, the board of the Company indicates that they will actively propose a dividend distribution when appropriate, i.e. once the level of the Company's profit available for distribution meets the legal requirement according to related regulations.

As of March 31, 2016, the Company has received a dividend income of EUR 157.25 million from its Hong Kong subsidiary, BANG.

**2. The Company's plan or preliminary plan for profit distribution, plan or preliminary plan for capitalization of reserve in the latest three years (including the reporting period)**

Unit: Yuan Currency: RMB

| Year for dividend distribution | Bonus issue every 10 shares | Cash dividend every 10 shares(tax included) | Shares convert every 10 shares | Amount of cash dividends (tax included) | Net profit for the year | Rate of Distribution (%) |
|---|---|---|---|---|---|---|
| 2015 | 0 | 0 | 0 | 0 | 1,528,448,651,062 | 0 |
| 2014 | 0 | 0 | 0 | 0 | 1,475,377,366 | 0 |
| 2013 | 0 | 0 | 0 | 0 | (294,201,696) | 0 |

The net profit listed above for the years 2013 and 2014 has been restated, as presented in Section VII. The main financial data for the latest three reporting periods is presented in Section 2- "Company Profile and Financial Highlights".

**3. Cases including the repurchase of shares for the cash distribution**

☐ Applicable √ Not applicable

**4. When the Company generates profits in the reporting period and has positive undistributed profits, although no profit distribution is planned，the Company shall disclose the reasons and the purpose and plans for use of the undistributed profits in detail.**

☐ Applicable √ Not applicable

| Reasons why no cash dividend distribution proposal is made although the Company has generated profits in the reporting period and the undistributed profit balance is positive | The purpose and its utilization plan for retained earnings |
|---|---|
| | |

## II. Fulfilment of Commitments

√ Applicable ☐ Not applicable

**1. During the reporting period or subsequent to the reporting period, commitment items of listed company, the controlling shareholder, the directors, supervisors, senior management, or other related parties**

| Commitment Background | Commitment Type | Commitment Party | Commitment Content | Time and Duration | In the execution period or not | Strictly executed or not | Reason explanation if the commitment is not performed according to schedule | Action plan if the commitment is not performed according to schedule |
|---|---|---|---|---|---|---|---|---|
| Related to stock reform | | | | | | | | |
| Commitment made in M&A deal or equity change | | | | | | | | |
| Commitment related with material Asset restructuring | Profit forecast and Compensation | Bluestar | profit guarantee for the exchange-in asset and compensation for the gap | 2015, 2016 and 2017 | Y | Y | | |
| IPO related commitment | | | | | | | | |
| Commitment related to refinancing | | | | | | | | |
| Commitment related to equity incentive plan | | | | | | | | |
| Other | Stock restricted to sales | Bluestar and Private Placement investors | Newly issued shares | 36 months for Bluestar / 12 months for private placement investors | Y | Y | | |

## III. If the Company makes profit forecasts and it is still in the profit forecast period, please state the reasons supporting the profit forecasts

The net profit represented by exchange-in assets in 2015 amounts to RMB 2,959.45 million and the net profit including deduction of non-recurring gains and losses amounts to RMB 2,941.69 which was in excess by RMB 1,846.17 million in comparison with the committed profit forecast amount for 2015, i.e. RMB 1,095.52 million (using year-end exchange rate of 7.0952 for converting EUR into RMB) as set forth in the Profit Forecasting Compensation Agreement, which is 168.5% of the projected amount for 2015. Hence, there is no need for Bluestar to make additional compensation.

## IV. During the reporting period, funds used for non-business purposes

☐ Applicable √ Not applicable

## V. Description of the Board of Directors for the CPA firm's "non-standard audit report"

### 1. Description of the Board of Directors and supervisors for "modified audit report" issued by the CPA firm on the Company's financial report

☐Applicable √ Not applicable

### 2. Description of the Board's analysis of the reasons and impacts of changes in accounting policies or accounting estimates

☐Applicable √ Not applicable

### 3. The Board of Directors' analysis of the reasons for and impacts of significant accounting errors

☐ Applicable √ Not applicable

## VI. Appointment and resignation of Statutory Auditor

Unit: Ten Thousand Yuan Currency: RMB

| | Original accounting firm | Current accounting firm |
|---|---|---|
| Name of domestic accounting firm | PricewaterhouseCoopers Zhongtian LLP | KPMG Huazhen LLP |
| Fees paid to domestic accounting firm | 3,100 | 2,070 |
| Audit period under review by the domestic accounting firm (in year) | 7 | 1 |
| Name of overseas accounting firm | | KPMG |
| Fees paid to overseas accounting firm | | 3,514 |
| Audit period under review by the overseas accounting firm | | 1 |

| | Name | Fee |
|---|---|---|
| Accounting firm in charge of internal control audit | N/A for 2015 | |
| Financial Advisor | Guo Tai Jun An Securities, Morgan Stanley Huaxin Securities | RMB 12,800,000 for each firm |
| Underwriter | Guo Tai Jun An Securities, Morgan Stanley Huaxin Securities | RMB 3,500,000 for each firm |

*Engagement and Dismissal of the accounting firm:*

√ Applicable ☐ Not applicable

Given the fact that the Material Asset Restructuring of the Company has been virtually completed, and in order to meet the requirements of the Company's financial, audit and related work following the Material Asset Restructuring, the Company decided to replace PwC Zhongtian LLP by KPMG Huazhen LLP as its new independent accounting firm.

*Explanation if the accounting firm was changed during the audit period:* Not applicable

## VII. Causes of listing suspension or delisting of the Company's shares

☐ Applicable √ Not applicable

## VIII. Restructuring matters relating to bankruptcy

☐ Applicable √ Not applicable

## IX. Significant lawsuits and arbitrations

☐ Applicable √ Not applicable

There is no major legal action or arbitration matter underway in the current year.

## X. Judgments or fines rendered against the listed Company and its Directors, Supervisors, Senior executives, Controlling shareholders, Actual controller or Purchaser

☐ Applicable √ Not applicable

In the reporting period, no judgments or fines were rendered against the listed Company and its Directors, Supervisors, Senior executives, Controlling shareholders, or Actual Controller.

## XI. Credit status of the company, its controlling shareholder and actual controller in the reporting period

In the reporting period, there are no such cases in which the Company, or its controlling shareholder or the actual controller, failed to perform the effective judgement of a court or failed to repay a significant amount of debts due.

## XII. Implementation of equity incentive plan, employee stock, ownership plan, or other staff incentive measures in the current reporting period

☐ Applicable √ Not applicable

## XIII. Significant related-party transactions

√ Applicable ☐ Not applicable

### 1. Related-party transactions in association with daily transactions

#### (1) Related- party transactions, with no subsequent modifications, announced publicly in the reporting period (interim announcements).

| Summary of the matter | Interim Announcement |
|---|---|
| At the 25th Meeting of the Fifth Session of the Board of Directors, the Company reviewed and approved the proposal on the Daily Associated Transactions between the Company and China National Chemical Corporation, and submitted the proposal for review and approval to the 2014 Annual General Meeting of Shareholders. | The Announcement on the Daily Associated Transactions between the Company and China National Chemical Corporation (L2015-020) was disclosed in the China Securities Journal, Shanghai Securities News, and on the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 3, 2015. |

#### (2) Related party transactions, with further subsequent modifications, announced publicly in the reporting period (interim announcements).

☐ Applicable √ Not applicable

#### (3) Undisclosed items in interim announcement

☐ Applicable √ Not applicable

### 2. Related-party transactions in association with the purchase and sale of assets

#### (1) Matters disclosed in interim announcement and with no progress or change upon subsequent implementation

| Summary of the matter | Interim Announcement |
|---|---|
| On July 24, 2015, the CSRC approved the Proposal of Bluestar New Chemical Material Co., Ltd. on the Plan for major asset exchange, cash and share Issuance. By October 28, 2015, the Company had completed the transfer of the Exchange-in Assets of the major assets restructuring and the raising of funds and registration of newly issued shares. | Details refer to the press releases "Announcement about the Approval on the Company's Major Assets Restructuring by CSRC" on July 25, 2015 and "Announcement about Major Asset Exchange, Cash, Share Issuance and the Transfer Settlement of the Target Assets in a Related-Party Transaction" on October 10, 2015, "Announcement about Major Asset Exchange, Cash, Share Issuance, the Result of Share Issuance in a Related Party Transaction and the Notice of Change in Equity" on October 30, 2015 and "Report about Major Asset Exchange, Cash, Share Issuance and Raising of Matching Funds for Non-public Share Issuance" on October 31 2015 on the website of the Shanghai Stock Exchange (www.sse.com.cn). |

#### (2) Related- party transactions announced in interim announcements and with further subsequent changes.

☐ Applicable √ Not applicable

#### (3) Undisclosed Items in interim announcements

☐ Applicable √ Not applicable

#### (4) Please disclose the actual result generated during the reporting period if it involves a performance guarantee

The net profit with deduction of non-recurring gains and losses realized by exchange-in assets in 2015 amounts to RMB 2,941.69 which was in excess by of RMB 1,846.17 million in comparison with the projected profit forecast amount for 2015, i.e. RMB 1,095.52 million (using year-end exchange rate of 7.0952 for converting Euro into RMB) as set forth in the Profit Forecasting Compensation Agreement.

### 3. Related Party transactions in association with loans and debt

☐ Applicable √ Not applicable

## XIV. Major Contracts and Implementation

### 1. Custody, contracting, leasing

☐ Applicable √ Not applicable

### 2. Guarantees

☐ Applicable √ Not applicable

### 3. Cash management entrusted to third parties

#### (1) Entrusted Funds Investment

☐ Applicable √ Not applicable

#### (2) Entrusted Loan

☐ Applicable √ Not applicable

#### (3) Other Investments in funds and derivatives

☐ Applicable √ Not applicable

### 4. Other major contracts

☐Applicable √ Not applicable

## XV. Description of Other Important Matters

The information on major changes in the Company's business scope has been disclosed in Section 2- "Company Profile".

The information on major asset purchase has been disclosed in the part VIII Change of Consolidation Scope in Section 11- "Financial report".

The information on changes in the Company's directors, supervisors or managers has been disclosed in Section 8- "Directors, Supervisors, Senior Managements and Employees".

## XVI. Active Implementation of Social Responsibilities

### 1. Fulfilment of social responsibility

During the reporting period, the Company has implemented its social responsibilities actively, observed related laws and rules, and endeavored to operate the business in a credit-worthy and sincere manner. The Company is aiming to achieve a win-win solution among society, shareholders, creditors, employees, and suppliers, etc., to balance its business development and social responsibility undertakings.

Within Adisseo, sustainable development is an ever-present concern to which each Adisseo employee makes a daily commitment. We are now part of an internationally recognized reference framework, the Global

Reporting Initiative (G4 Guidelines; information available on www.globalreporting.org), which allows us to measure and continually improve our performance. Now, the company is issuing sustainable development report on annual basis. Please refer to the Company's website for details.

To guarantee a sustainable growth method that harmoniously balances human development, economic development and the preservation of the environment, the Company is:

- **Keeping safety as the number one priority in all activities.** The Company has one single aim: zero accident. Six golden rules have been adopted to improve safety performance. The Company ensures all actions and activities work towards improving the safety of our employees, our customers, our production units, our products, transport of products, as well as protection of the environment.
- **Investing in the future**. The Company has an active investment policy for its international industrial development and for innovations in terms of products, services, and process. Over the past several years, Adisseo has significantly invested to sustain the growth of its global industrial tool and to accelerate innovation regarding products, services and processes.
- **Implementing a corporate social responsibility procedure**, which has resulted in a number of initiatives in the areas of governance, staff development, training, creation of multi-cultural teams, and development of the Company's corporate values. The Company listens to its employees and considers their satisfaction to be a key indicator in its success. Employee satisfaction is measured and action plans are implemented after having listened carefully to their expectations. The Company is now focusing on facilitating training, mobility, health and well-being at work as well as diversity. The Company is also engaged with the communities around it and lends its support to education and assistance for the most disadvantaged or in protection of biodiversity.

### 2. Environmental issues of listed companies and their subsidiaries in heavy polluting industries as stipulated by the competent environmental protection authorities

☐ Applicable √ Not applicable

## XVII. Convertible corporate bonds

☐ Applicable √ Not applicable

# Section 6 Share Change and Shareholders

## I. Change in share capital in the reporting period

### 1. Changes in share capital

| | Before | | Changes in share capital current period (+, -) | | | | | After | |
|---|---|---|---|---|---|---|---|---|---|
| | Amount | Amount (in %) | Newly-shares issued | Bonus Issue | Capitalization of reserves | Other | Sub-total | Amount | Amount (in %) |
| **I. Restricted tradeable shares** | | | | | | | | | |
| 1. State-owned shares | | | | | | | | | |
| 2. State-owned legal entity shares | 0 | 0 | 2,107,341,862 | | | | | 2,107,341,862 | 78.60 |
| 3. Other domestic shares | | | | | | | | | |
| Including：Domestic natural persons shares | 0 | 0 | 10,370,370 | | | | | 10,370,370 | 0.38 |
| Non State-owned legal entity shares | 0 | 0 | 41,481,481 | | | | | 41,481,481 | 1.53 |
| 4. Other foreign shares | | | | | | | | | |
| Including：Overseas legal entity shares | | | | | | | | | |
| Overseas residents shares | | | | | | | | | |
| Subtotal | 0 | 0 | 2,159,193,713 | | | | | 2,159,193,713 | 80.51 |
| **II. Tradeable shares** | | | | | | | | | |
| 1. A shares | 522,707,560 | 100 | 0 | | | | | 522,707,560 | 19.49 |
| 2. B shares | | | | | | | | | |
| 3. H shares | | | | | | | | | |
| 4. Other | | | | | | | | | |
| Subtotal | 522,707,560 | 100 | 0 | | | | | 522,707,560 | 19.49 |
| Total Shares | 522,707,560 | 100 | 2,159,193,713 | | | | | 2,681,901,273 | 100.00 |

### (1) Change in ordinary shares

On July 24, 2015, the Company received the China Securities Regulatory Commission “Approval of Share Issuance in Consideration of the Asset Acquisition, Private Placement in Connection with the Asset Acquisition”(No.[2015]1770).

On October 10, 2015, the Company had completed the exchange of assets of equal fair value with the

Bluestar Group. The exchange-in assets were valued at RMB 10,648.80 million while the exchange-out assets were valued at RMB 1,700.85 million. Based on an issuance price of RMB 4.08 per share, the number of shares issued to Bluestar Group is 2,107,341,862 shares.

On October 30, 2015, the Company had completed the private placement in connection with the asset acquisition, issued 51,851,851 shares through a private placement, and raised proceeds of RMB 699.99 million based on an issuance price of RMB 13.50 per share. In addition to new shares, a cash payment of RMB 350 million was made to Bluestar Group to compensate for the differences in value between the assets exchanged.

**(2) The impact on financial ratios, such as the net earnings per share (EPS) and net assets per share of the most recent period as well as the current year due to the change in ordinary shares (if there is any)**

Due to the fact that the Company has issued new shares after the completion of the Major Assets Restructuring, total shares increased from 522,707,560 to 2,681,901,273. Hence, the calculation of the net earnings per share as well as the net assets per share will be based on 2,681,691,397 shares outstanding for 2015.

To take into account of the financial impact of business combination under common control, the weighted average method has been used for the calculation of net earnings excluding the non-recurring profit & loss.

As to the calculation of the net earnings per share, excluding the non-recurring profit & loss, weighted average method will be used by taking into account of the financial impact of business combination under common control. In terms of process, the new shares issued to Bluestar was registered on October 29, 2015, while the settlement date was July 27, 2015, and the Company used June 30, 2015 as the accounting settlement date.

In addition, in order to ensure the period of profit match with the new share issuance period, the date of new shares issuance was deemed to be July 1, 2015, when calculating the net earnings per share, excluding the non-recurring profit & loss.

Therefore, the final shares used for calculation is 1,585,020,466.

**(3) Other things the Company thinks necessary to be disclosed to the market**

No additional information needs to be disclosed to the market.

## 2. Changes in shares with trading restrictions

Unit: Share

| Name of shareholder | Jan 1, 2015 Number of restricted shares held | Number of restricted shares lifted | Increase in number of restricted shares | Dec 31, 2015 Number of restricted shares held | Restriction reasons | Lifting of restrictions on sale date |
|---|---|---|---|---|---|---|
| China Bluestar (Group) Co., Ltd. | | | 2,107,341,862 | 2,107,341,862 | Non-public offering | October, 29, 2018 |
| CMBC-Tai Da Hong Li Fund | | | 9,629,629 | 9,629,629 | Non-public offering | October, 29, 2016 |
| Guangxi Railway Development Investment Fund(LP) | | | 5,185,185 | 5,185,185 | Non-public offering | October, 29, 2016 |
| SINOMACH Capital Holdings Co., Ltd | | | 5,185,185 | 5,185,185 | Non-public offering | October, 29, 2016 |

| Name of shareholder | Jan 1, 2015 Number of restricted shares held | Number of restricted shares lifted | Increase in number of restricted shares | Dec 31, 2015 Number of restricted shares held | Restriction reasons | Lifting of restrictions on sale date |
|---|---|---|---|---|---|---|
| Ping An Bank Co., Ltd.- Ping An Da Hua Fund | | | 5,185,185 | 5,185,185 | Non-public offering | October, 29, 2016 |
| China Electronics Investment Holdings Co., Ltd | | | 5,185,185 | 5,185,185 | Non-public offering | October, 29, 2016 |
| ZHANG Shaobo | | | 5,185,185 | 5,185,185 | Non-public offering | October, 29, 2016 |
| GE Weidong | | | 5,185,185 | 5,185,185 | Non-public offering | October, 29, 2016 |
| Caitong Fund Management CO.,LTD | | | 6,155,555 | 6,155,555 | Non-public offering | October, 29, 2016 |
| CCB Principal Asset Management Co.,Ltd. | | | 4,955,557 | 4,955,557 | Non-public offering | October, 29, 2016 |
| Total | | | 2,159,193,713 | 2,159,193,713 | / | / |

## II. Securities Issuance and Listing

### 1. Changes in the total number of shares and changes in shareholder structure and corporate structure of the Company's assets and liabilities

In 2015, after the Company’s completion of the exchange of assets and the collection of supporting funds though the Major Asset Restructuring, share issuance and cash payment, the Company’s liabilities sharply decreased as the major assets and liabilities assumed are from Adisseo after the restructuring and the Company’s debt/equity ratio decreased accordingly. In addition, the Company added 2,159,193,713 new restricted shares, thereby increasing total shares from 522,707,560 shares to 2,681,901,273 shares.

### 2. Existing employee shares

Applicable √ Not applicable

## III. Shareholders and ultimate controlling shareholder

### 1. Total number of shareholders

| | |
|---|---|
| Total number of shareholders by the end of reporting period | 27,170 |
| Total number of shareholders at the end of the last month before the date when the annual report was published | 26,637 |
| Total number of preferred shareholders whose voting rights have been exercised by the end of the reporting period | |
| Total number of preferred shareholders whose voting rights have been exercised by the end of last month before the date when the annual report was published | |

## 2. Shares held by top ten shareholders at the end of the reporting period

Unit: Share

| Shares held by top ten shareholders | | | | | | | |
|---|---|---|---|---|---|---|---|
| Name of shareholder (full name) | Change in the reporting period | Number of shares held by end of the period | Proportion of shares held (%) | Number of shares with trading restrictions | Status of pledged or frozen shares | | Type of shareholder |
| | | | | | Share status | Number | |
| China National Bluestar (Group) Co., Ltd. | | 2,389,387,160 | 89.09 | 2,107,341,862 | Frozen | 57,682,676 | Stated owned legal entity |
| Taida Hongli Fund-Minsheng Bank-No. 300 Asset Management Plan | | 9,629,629 | 0.36 | 9,629,629 | Unknown | | Unknown |
| Chen Lichun | | 8,415,229 | 0.31 | | Unknown | | Unknown |
| JunKang Life Insurance – All insurance Product | | 8,185,337 | 0.31 | | Unknown | | Unknown |
| Ge Weidong | | 5,185,185 | 0.19 | 5,185,185 | Unknown | | Unknown |
| Guangxi Railway Development Investment Fund | | 5,185,185 | 0.19 | 5,185,185 | Unknown | | Unknown |
| National Machinery Holding | | 5,185,185 | 0.19 | 5,185,185 | Unknown | | Unknown |
| PingAn Dahua Fund – NO. 3 Asset Management Plan | | 5,185,185 | 0.19 | 5,185,185 | Unknown | | Unknown |
| China Electronic Investment Holding Company | | 5,185,185 | 0.19 | 5,185,185 | Unknown | | Unknown |
| Zhang Shaobo | | 5,185,185 | 0.19 | 5,185,185 | Unknown | | Unknown |

## (1) Shares held by top ten shareholders without trading restrictions

Unit: share

| Name of shareholder | Number of shares without trading restrictions held | Type and number of shares | |
|---|---|---|---|
| | | Type | Number |
| China National Bluestar (Group) Co., Ltd. | 282,045,298 | RMB ordinary shares | 282,045,298 |
| Chen Lichun | 8,415,229 | RMB ordinary shares | 8,415,229 |
| JunKang Life Insurance – All insurance Product | 8,185,337 | RMB ordinary shares | 8,185,337 |
| Cao Wenqiao | 4,091,100 | RMB ordinary shares | 4,091,100 |
| Beijing Research and Design Institute of Rubber Industry | 3,373,262 | RMB ordinary shares | 3,373,262 |
| Gu Yankun | 1,922,600 | RMB ordinary shares | 1,922,600 |
| Gu Pei | 1,738,060 | RMB ordinary shares | 1,738,060 |
| Gu Guangzhong | 1,511,550 | RMB ordinary shares | 1,511,550 |
| Gao Guangyi | 1,499,843 | RMB ordinary shares | 1,499,843 |
| Zhang Yin | 1,480,929 | RMB ordinary shares | 1,480,929 |
| Statement on related relationship or acting in concert among the above shareholders | Among the abovementioned shareholders, the State-owned corporation shareholders, China National Bluestar (Group) Co., Ltd. and Beijing Research and Design Institute of Rubber Industry, are subsidiaries of China National Chemical Corporation. Except for the abovementioned shareholders, the Company does not know whether any related relationship exists among other shareholders, or whether the other shareholders have acted in concert as regulated by the Administrative Measures for Purchasing of Listed Companies. | | |
| Description for the participation in margin trading business of the top 10 shareholders (If any) | Not applicable | | |

### (2) Shares held by top ten shareholders with trading restrictions

Unit: Share

| Ref | Name of shareholder with restricted shares | Number of shares with trading restrictions held | Tradable situation for shares with trading restrictions | | Restriction Condition |
|---|---|---|---|---|---|
| | | | Tradable time | Additional shares for future trading | |
| 1 | China National Bluestar (Group) Co., Ltd. | 2,107,341,862 | 2018/10/29 | 2,107,341,862 | 36 months |
| 2 | Taida Hongli Fund-Minsheng Bank- No. 300 Asset Management Plan | 9,629,629 | 2016/10/29 | 9,629,629 | 12 months |
| 3 | Ge Weidong | 5,185,185 | 2016/10/29 | 5,185,185 | 12 months |
| 4 | Guangxi Railway Development Investment Fund | 5,185,185 | 2016/10/29 | 5,185,185 | 12 months |
| 5 | National Machinery Holding | 5,185,185 | 2016/10/29 | 5,185,185 | 12 months |
| 6 | PingAn Dahua Fund – NO. 3 Asset Management Plan | 5,185,185 | 2016/10/29 | 5,185,185 | 12 months |
| 7 | China Electronic Investment Holding Company | 5,185,185 | 2016/10/29 | 5,185,185 | 12 months |
| 8 | Zhang Shaobo | 5,185,185 | 2016/10/29 | 5,185,185 | 12 months |
| 9 | Jianxin Fund – Xinye Bank- No. 1 Jianxin Fuda Investment Asset Management Plan | 4,955,557 | 2016/10/29 | 4,955,557 | 12 months |
| 10 | Caitong Fund-Xinye Bank-Qou Qinxin | 2,207,407 | 2016/10/29 | 2,207,407 | 12 months |

## IV. Changes in Controlling Shareholder and Ultimate controlling shareholder

### 1. Controlling shareholder

### (1) Corporation

Unit: Ten Thousand Yuan Currency: RMB

| | |
|---|---|
| Name | China Bluestar (Group) Co., Ltd. |
| The entity's person responsible or legal representative | Jianxin REN |
| Date of creation | 1984-04-03 |
| Main businesses | To research and develop chemical new materials, chemical cleaning, anti-corrosion, and water treatment technologies and fine chemical products; research, manufacture and apply reverse osmosis membrane and its equipment; promote and transfer technologies, undertake domestic and overseas various cleaning businesses; deal with automation engineering design, application and service; engage in the import and export businesses of self-operated and acting various commodities and technologies (excluding the commodities and technologies that are restricted by China from the Company's operation or forbidden from import and export); contract foreign chemical engineering and domestic international bidding engineering, as well as export of equipment and materials needed for the above-mentioned foreign projects, consulting services, house leasing. |
| Future development strategy | Strive to realize global strategic layout of the industries such as chemical new materials, nutrition science, environment science and functional chemicals and intermediates, etc., and create the Company into a global leading special chemical company focusing on materials, environment, and nutrition industries in the 13th Five-Year Plan period. |
| Shareholding interest in other domestic and overseas listed companies controlled and shared in the reporting period | In the reporting period, China Bluestar held, directly or indirectly: 377,249,406 shares of Shenyang Chemical Co., Ltd. (Stock Code 000698), accounting for 46.03%. |

### (2) Natural Person

Applicable √ Not applicable

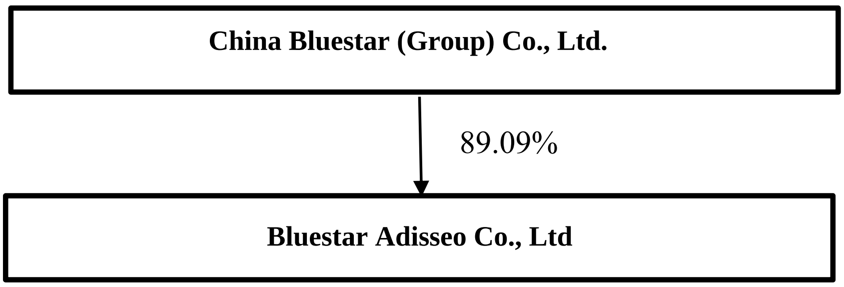
### (3) Explanation if there is no controlling shareholders

Applicable √ Not applicable

### (4) Index reference related with change the controlling shareholders and the corresponding date

Applicable √ Not applicable

### (5) Block diagram of the shareholding interest and control relationship between the Company and its controlling shareholders




## 2. Ultimate controlling shareholder

### (1) Corporation

Unit: Ten Thousand Yuan Currency: RMB

| | |
|---|---|
| Name | China National Chemical Corporation |
| The entity's person responsible or legal representative | Jianxin REN |
| Date of foundation | May 9, 2004 |
| Main businesses | Permitted operating items: Production of dangerous chemical products (valid until Dec. 26, 2013). General operating items: The production and sale of chemical raw materials, chemical products, chemical mines, chemical fertilizers, pesticides (Excluding dangerous chemical products), plastics, tire, rubber products, membrane equipment, chemical equipment; production and sale of mechanical products, electronic products, instruments and meters, building materials, textiles, light industry products, forest products, forestry chemical products; research, development, design and construction of chemical equipment, chemical cleaning, anti-corrosion, petrochemical, water treatment technologies; technical consulting, information service, equipment leasing (excluding dangerous chemicals). |
| Shareholding interest in other domestic and overseas listed companies controlled or shared by the Company in the reporting period | In the reporting period, ChemChina directly or indirectly held: 47.23% of Shenyang Chemical Co., Ltd (stock code 000698).; 60.94% of Qingdao Tianhuayuan Chemical Engineering Co., Ltd (stock code 600579).; 31.97% of Sichuan Tianyi Science & Technology Co., Ltd.; 47.94% of Heilongjiang Heihua Co., Ltd.; 30.62% of Hubei Sanonda Co., Ltd.; 42.34% of Guangxi Hechi Chemical Co., Ltd.; 48.68% of Hebei Cangzhou Dahua Co., Ltd.; and 42.58% of Aeolus Tyre Co., Ltd.. |
| Description about other situations | |

**(2) Natural Person**

Applicable √ Not applicable

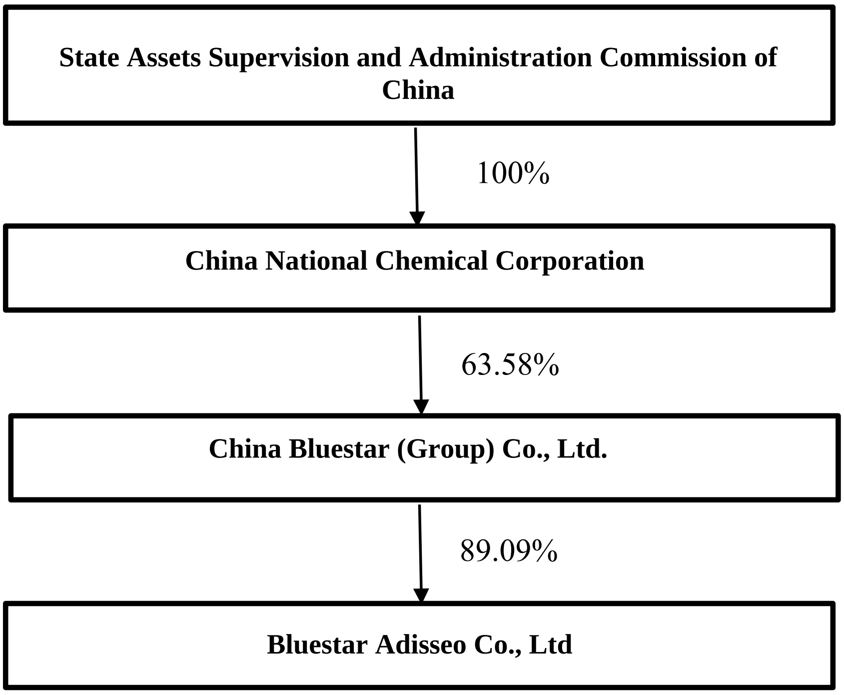
**(3) Explanation if there are no controlling shareholders**

Applicable √ Not applicable

**(4) Index reference related with change in the controlling shareholders and the corresponding date**

Applicable √ Not applicable

**5 Block diagram of the shareholding interest and control relationship between the Company and its ultimate controlling shareholder**




## V. The control of the ultimate controller is via entrustment or other asset management company

☐ Applicable √ Not applicable

## VI. Other shareholders in the form of corporations with shares ownership of more than 10%

☐ Applicable √ Not applicable

# Section 7 Information on Preferred Shares

The Company did not have any matter concerning preferred shares in the reporting period.

# Section 8 Directors, Supervisors, Senior Management, and Employees

## I. Compensation and changes in shares held

### 1. Compensation and changes in shares held by the directors, supervisors and senior management who are currently in office or who have resigned or been dismissed from their office in the reporting period

| Name | Position | Gender | Age | Start date of term of office | Termination date of term of office | Shares held at beginning of the year | Shares held at end of the year | Changes in share ownership during the period | Reason for change | Total compensation for the reporting period (RMB‟0000) (before tax) | Has any part of compensation been paid by related parties of the Company |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Gérard Deman | Chairman | Male | 70 | Oct, 22,2015 | Oct, 21,2018 | | | | | | N |
| Dazhuang Wang | Vice Chairman | | 54 | Oct, 22,2015 | Oct, 21,2018 | | | | | | Y |
| Jean- Marc Dublanc | Director, General Manager | Male | 62 | Oct, 22,2015 | Oct, 21,2018 | | | | | | N |
| Fang Yang | Director | Female | 45 | Oct, 22,2015 | Oct, 21,2018 | | | | | | Y |
| Lixin Song | Independent director | Female | 49 | Oct, 22,2015 | Oct, 21,2018 | | | | | | N |
| Guomin Zhou | Independent director | Male | 50 | Oct, 22,2015 | Oct, 21,2018 | | | | | | N |
| Jean Falgoux | Independent director | Male | 64 | Oct, 22,2015 | Oct, 21,2018 | | | | | | N |
| Pei Guihua | Chairman of the Board of supervisors | Female | 41 | Oct, 22,2015 | Oct, 21,2018 | | | | | | Y |
| Chen Yifu | Supervisor | Male | 47 | Oct, 22,2015 | Oct, 21,2018 | | | | | | Y |
| Grace Zhang | Supervisor | Female | 44 | Oct, 22,2015 | Oct, 21,2018 | | | | | | N |
| Gu Dengjie | Deputy General Manger | Male | 52 | Oct, 23,2015 | Oct, 21,2018 | | | | | | N |
| Yun Cai | Chief financial Officer | Female | 42 | Oct, 23,2015 | Oct, 21,2018 | | | | | | N |
| Xinhua Feng | Secretary to the Board of Directors | Male | 39 | Oct,23,2015 | Oct, 21,2018 | | | | | | N |
| Xiaobao Lu | Chairman | Male | 51 | Jun 10, 2014 | Oct 22, 2015 | | | | | | Y |

| Name | Position | Gender | Age | Start date of term of office | Termination date of term of office | Shares held at beginning of the year | Shares held at end of the year | Changes in share ownership during the period | Reason for change | Total compensation for the reporting period (RMB'0000) (before tax) | Has any part of compensation been paid by related parties of the Company |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Shourong Li | Vice Chairman, General Manager | Male | 49 | Jun 10, 2014 | Oct 22, 2015 | | | | | | N |
| Jianjun Wang | Director | Male | 49 | Jun 10, 2014 | Oct 22, 2015 | 13,000 | 13,000 | | | | N |
| Yuelong Zhao | Director | Female | 40 | Jun 10, 2014 | Oct 22, 2015 | | | | | | Y |
| Tao Liu | Director | Male | 48 | Jun 10, 2014 | Oct 22, 2015 | | | | | | Y |
| Ji Huang | Director | Male | 59 | Jun 10, 2014 | Oct 22, 2015 | | | | | | N |
| Weili Guan | Independent director | Male | 73 | Jun 10, 2014 | Oct 22, 2015 | | | | | | N |
| Yanhong Sun | Independent director | Female | 64 | Jun 10, 2014 | Oct 22, 2015 | | | | | | N |
| Quansheng Meng | Independent director | Male | 73 | Jun 10, 2014 | Oct 22, 2015 | | | | | | N |
| Gang Zong | Chairman of the Board of supervisors | Male | 48 | Jun 10, 2014 | Oct 22, 2015 | | | | | | Y |
| Zhangming Lin | Supervisor | Male | 48 | Jun 10, 2014 | Oct 22, 2015 | | | | | | N |
| Hongxia Wang | Supervisor | Female | 43 | Jun 10, 2014 | Oct 22, 2015 | | | | | | N |
| Wei Lu | CFO | Male | 39 | Jun 10, 2014 | Oct 22, 2015 | | | | | | N |
| Total | / | / | | / | / | | | | / | | / |

| ***Name*** | ***Professional background and main work experience*** |
|---|---|
| ***Gérard Deman*** | The Chairman of the management board at Adisseo France and member of the board of directors and strategic advisor for Bluestar Group since 2010.<br>Gérard Deman has nearly 45 years of experience in the global chemical industry. In 1998 he joined the animal nutrition division of Rhone Poulenc as Director of Operations. Then in 2002, he took part alongside CVC at the leveraged buyout that gave birth to Adisseo. In 2006, he became president of Adisseo at its acquisition by Bluestar till 2010. |
| ***Dazhuang Wang*** | Mr. Dazhuang Wang is the Vice-Chairman of the Board of Directors of the Bluestar Adisseo Company since October 2015. He also serves as Deputy General Manager of China Bluestar (Group) Co., Ltd. Mr. Wang was previously Vice-Chairman at Blue Star New Chemical Materials Co., Ltd.<br>Mr. Wang has successively served as the President, General Manager and Secretary of the Party Committee of Shenyang Chemical Group Co.,Ltd,, as Deputy Head and Head of Shenyang Industrial Rubber Products Factory, Head and Secretary of the Party Committee of Shenyang Rubber Pipe Factory, Head and Secretary of the Party Committee of Shenyang No. 4 Rubber Factory, Director General of Economic Operation Department and Executive Deputy General Manager of Shenyang Chemical Group Co.,Ltd. is a Postgraduate.<br>Mr. Wang, a senior engineer, is a member of the Chinese Communist Party and holds a graduate degree in engineering. |

| | |
|---|---|
| ***Jean- Marc Dublanc*** | A graduate of the ESCP, Jean-Marc Dublanc began his career at Indosuez Bank and then joined the financial management of Rhone-Poulenc in 1981. He subsequently held senior operational and management positions in several subsidiaries in France and the USA. Before joining Adisseo, he was in charge of a subsidiary in the field of human nutrition. He joined Adisseo in 2006 as director of innovation, marketing and sales, since 2010 he was nominated as the CEO of Adisseo France and Bluestar Adisseo Nutrition Group Limited. |
| ***Fang Yang*** | Ms. Yang Fang has been a Director of Bluestar Adisseo Company since October 2015. She is a member of the China National Democratic Construction Association. Ms. Fang Yang has been Chief Financial Officer at China Bluestar (Group) Co. Ltd. since July 2014. She was also a Director of Blue Star New Chemical Materials Co., Ltd.<br><br>Ms. Fang Yang joined KMPG in 2000 and was made Partner in 2010. She began her career in 1993 as an executive with Hebei Hualian Mall. From 1998-2000, she worked at Hebei Zhengxiang, an accounting firm. She holds a Master of Business Administration (MBA) degree and is a certified public accountant. |
| ***Jean Falgoux*** | Mr. Jean Falgoux is an Independent Director of Bluestar Adisseo Company since October 2015. Mr. Falgoux has been a Director of Carbios SAS since June 2015.<br>Mr. Falgoux is a former Corporate Executive Officer of Ajinomoto Co., Inc. and President of Ajinomoto Eurolysine SAS. In 1997, he joined the Japanese group Ajinomoto, where he served as Chief Executive Officer of Ajinomoto Eurolysine, and concurrently served as Vice President of Ajinomoto Europe and Corporate Executive Officer of Ajinomoto Inc., as well as being an Executive Committee member of several of Ajinomoto's European affiliates.<br>Mr. Falgoux has more than 40 years of experience in international industrial operations, mainly focusing on industries such as animal nutrition additives, animal health protection, crop protection, food additives and pharmaceutical drugs. Mr. Falgoux began his career in research and development at Rousselot, a leading European gelatin producer. He then joined the pharmaceutical group Roussel Uclaf in a marketing role, going on to become Director of Business Development in the company's US-based agro-veterinary affiliate, before leading the global animal health unit. He later joined the Hoechst Roussel group in Germany where he served as Vice-President, and later held the role of Managing Director at HRvet GmbH.<br>Mr. Falgoux is an agricultural engineer and graduated from *Institut National de la Recherche Agronomique* (INRA) in France. He also has a master's degree in statistics as well as a master's degree in business administration (MBA). |
| ***Llixin Song*** | Ms. Lixin Song is an Independent Director of Bluestar Adisseo Company since October 2015. She was an Independent Non-Executive Director at Bluestar Adisseo Nutrition Group Limited from November 8, 2010 and Alibaba Pictures Group Limited since December 22, 2014.<br>Ms. Song has been working in the media industry for more than 21 years with extensive experience in the fields of culture, finance and economics. Ms. Lixin Song served as a Vice Secretary-General for the press and publication chapter of 10th Committee of All China Youth Federation. She worked at the China Talents magazine, a bi-monthly periodical, for various positions, including Journalist, Editor, General Editor Assistant and Executive Deputy General Editor From July 1989 to September 1997. She created the "China Annual Management Assembly" in 2001, which has been held for 13 times successively up until now.<br>Ms. Song obtained her bachelor's degree in law (major in News Media) from China Renmin University in 1989 and her master's degree in business administration (MBA) from Tsinghua University in 2006. |
| ***Guomin Zhou*** | Mr. Guomin Zhou is an Independent Director of Bluestar Adisseo Company since October 2015. He is the Senior Director, General Manager and Chief Financial Officer of Hopu Investment Company and a member of the Investment and Management Committees as well as Chairman of the Risk and Compliance Committee. Previously, Mr. Zhou was Chief Financial Officer of China Investment Co., Ltd., and a Partner at KPMG. Mr. Zhou was also a Director of Blue Star New Chemical Materials Co., Ltd.<br>Mr. Zhou's other professional activities include being a member of the Advisory Committee, Department of Quantitative Finance at the Chinese University of Hong Kong. He was awarded the title of National Specially Engaged Expert under the "1,000-Elite Program" issued by the Organization Department of the Central Committee of the Chinese Communist Party (financial expert).<br>Mr. Zhou graduated with a bachelor's degree from the Chinese University of Hong Kong and also holds a master's degree in business administration (MBA) from the State University of New York. He is a US certified public accountant (CPA) and certified management accountant (CMA). |
| ***Pei Guihua*** | Ms. Pei Guihua is the Chairman of the Board of Supervisors of Bluestar Adisseo Company since October 2015. She is also the Legal Director of China Bluestar (Group) Co., Ltd. Previously, Ms. Guihua was the Chairman of the Board of Supervisors at Blue Star New Chemical Materials Co., Ltd.<br>Ms. Guihua graduated with dual bachelor's degrees: a bachelor's degree in law from the China University of Political Science and a bachelor's degree in the arts from the Communication University of China (previously Beijing Broadcasting Institute).<br>She is a qualified Chinese attorney and her previous experience includes working as a grade-two judge and grade-one prosecutor. She has successively worked as a court clerk, assistant judge, judge of the Beijing Dongcheng District People's Court, and prosecutor for the Beijing People's Prosecutor's Office. She is a member of the Chinese Communist Party. |

| | |
|---|---|
| ***Zhang Grace*** | Ms. Grace Zhang is a member of the Board of Supervisors of Bluestar Adisseo Company since October 2015.<br>Ms. Grace Zhang currently serves as Key Account Manager of Adisseo Life Science (Shanghai) Co., Ltd. She also worked with Shanghai Materials & Equipment Group as Import & Export Manager, Barnes Group (England) as Project Manager and Adisseo Life Science (Shanghai) Co., Ltd. as Marketing Analyst, Supply Chain Manager, Business Development Manager, and Key Account Manager. She is an ACCA Member.<br>Ms. Zhang graduated with a bachelor’s degree in science from Shangdong University and has a master’s in business administration (MBA) from the University of Bath. |
| ***Chen Yifu*** | Mr. Chen Yifu is a member of the Board of Supervisors of Bluestar Adisseo Company since October 2015. He is currently the Chief Information Officer of China Bluestar (Group) Co., Ltd.<br>Mr. Yifu has successively hold the position of Senior Consultant at Accenture China, Director of British Oxygen Ltd. For the ERP/CRM project in the Asia-Pacific region, Director of the Supply Chain Improvement Project in the Titanium Pigment Division of Dupont Co. Ltd. In the Asia-Pacific region, Director of Systems Planning & Information Construction Project at SINOPEC, Chief Architect at CHEMCHINA.<br>Mr. Yifu is a certified senior information management professional (PMP, or Project Management Professional). |
| ***Gu Dengjie*** | Mr. Gu Dengjie is the Deputy General Manager of Bluestar Adisseo Company since October 2015. Mr. Dengjie has been working with Adisseo Life Science (Shanghai) Co., Ltd. as General Manager since 2002.<br>Mr. Dengjie has successively worked for China Huaneng Group as Engineer, Senior Engineer, Rhône-Poulenc (China) Co., Ltd as Project Manager, Bohai (Tianjin) Rhône-Poulenc Methionine Co., Ltd as Deputy General Manager and Aventis International Trade (Shanghai) Co., Ltd as Sales Manager China.<br>Mr. Dengjie holds a bachelor’s degree from Zhejiang University and a master’s degree and doctorate from China University of Mining and Technology (Beijing). He also completed a mini-MBA training course at ESSEC Business School in France. |
| ***Yun Cai*** | Ms. Yun Cai is the Chief Financial Officer of Bluestar Adisseo Company since October 2015. She has been Group Project & Internal Audit Director Group since April 2015<br>Previously, Ms. Cai has successively worked for PricewaterhouseCoopers in their Shanghai office as an auditor and then as a senior auditor. Finally, she became Finance & HR manager, Deputy General Manager at Adisseo Life Science (Shanghai) Co., Ltd. (Previously: Aventis International Trading (Shanghai) Co., Ltd).<br>She has a bachelor’s degree in international economics from Fudan University and is a CICPA member. She also completed a mini-MBA training course at ESSEC Business School in France. |
| ***Xinhua Feng*** | Mr. Xinhua Feng is Secretary to the Board of Directors of Bluestar Adisseo Company since October 2015.<br>Previously, he worked with China Bluestar (Group) Co., Ltd. as an accountant and Bluestar Chemical New Material Co., Ltd. as a security representative. He became Secretary to the Board of Directors of Bluestar Chemical New Material Co., Ltd in 2006.<br>Mr. Feng graduated from Beijing Industry and Commerce University (Originally Beijing Merchant College) and is a qualified senior economic engineer. |

Unit: Share

### 2. Equity incentives granted to directors, supervisors and senior management during the reporting period

☐Applicable √ Not applicable

## II. Position assumed of Directors, Supervisors, and Senior Management

### 1. Position assumed in shareholding entities

√Applicable ☐ Not applicable

| Name | Name of the shareholding entity Position | Position | Starting date of office term | Expiry date of office term |
|---|---|---|---|---|
| Gérard Deman | China Bluestar | Director | Sep. 25, 2008 | To date |
| Wang Dazhuang | China Bluestar | Party Secretary Director and Executive Vice General Manager | October 2015 | To date |
| Jean-Marc Dublanc | | | | |
| Fang Yang | China Bluestar | Chief Financial Officer | October 2013 | To date |
| Jean Falgoux | | | | |
| Lixin Song | | | | |
| Guomin Zhou | | | | |
| Pei Guihua | China Bluestar | Director of Legal Affairs | December 2014 | To date |
| Grace Zhang | | | | |
| Chen Yifu | China Bluestar | Chief Information Officer | February 2014 | To date |
| Gu Dengjie | | | | |
| Cai Yun | | | | |
| Xinhua Feng | | | | |

### 2. Position assumed in other entities

√Applicable ☐ Not applicable

| Name | Name of the entity | Position | Starting date of office term | Expiry date of office term |
|---|---|---|---|---|
| Gérard Deman | | | | |
| | | | | |
| Wang Dazhuang | | | | |
| Jean-Marc Dublanc | | | | |
| Fang Yang | | | | |
| Jean Falgoux | Carbios S.A | Independent Director | July 2015 | July 2019 |
| Lixin Song | Talent Magazine | CEO | March 1999 | |
| Guomin Zhou | Houpu Investment | CFO | October 2012 | |
| Pei Guihua | | | | |
| Grace Zhang | | | | |
| Chen Yifu | | | | |
| Gu Dengjie | | | | |
| *Yun Cai* | | | | |
| Xinhua Feng | | | | |

## III. Compensation for directors, supervisors and senior management

| | |
|---|---|
| Procedures for deciding the compensation for directors, supervisors, and senior management | The compensation for directors and supervisors is determined by the General Shareholders' Meeting and for senior management is determined by the Board of Directors. |
| Basis of compensation for directors, supervisors, and senior management | The Company is responsible for applying the basic salary and performance bonus system for directors, supervisors and senior management. Compensation is determined according to the results of the Company, in line with the principle and method of linking compensation with working performance. Compensation for independent directors is determined using an annual allowance. |
| Compensation payments for directors, supervisors, and senior management | Determined in line with the above-mentioned principles. For information regarding compensation, please refer to (I) Changes in share capital and compensation of directors, supervisors and senior management. |
| Total compensation of all directors, supervisors, and senior management in the reporting period | |

Note: The Company plans to take out Directors & Officers (D&O) liability insurance to protect the members of the Board of Directors, Supervisors and senior officers who perform obligations in connection with their positions. The Company plans to insure these directors, supervisors and senior officers. The net annual premium is around RMB 292,885, and the limits are RMB 127,341,200. The D&O proposal was approved by the Shareholders' General Meeting on November 23.

## IV. Change in directors, supervisors and senior management of the Company

| Name | Position | Status | Reason |
|---|---|---|---|
| Xiaobao Lu | Chairman | Outgoing | Election Change after restructuring |
| Shourong Li | Vice Chairman, GM | Outgoing | Election Change after restructuring |
| Jianjun Wang | Director | Outgoing | Election Change after restructuring |
| Yuelong Zhao | Director | Outgoing | Election Change after restructuring |
| Tao Liu | Director | Outgoing | Election Change after restructuring |
| Ji Huang | Director | Outgoing | Election Change after restructuring |
| Weili Guan | Independent director | Outgoing | Election Change after restructuring |
| Yanhong Sun | Independent director | Outgoing | Election Change after restructuring |
| Quansheng Meng | Independent director | Outgoing | Election Change after restructuring |
| Gang Zong | Chairman of Supervisory Board | Outgoing | Election Change after restructuring |
| Zhangming Lin | Supervisor | Outgoing | Election Change after restructuring |
| Hongxia Wang | Supervisor | Outgoing | Election Change after restructuring |
| Wei Lu | CFO | Outgoing | Election Change after restructuring |

On February 16, 2016, Mr. Feng Xinhua resigned from his job position due to his job change.

## V. Change in core technology team or key technical employee

After the restructuring operation, the core technical team of the Company has changed.

# VI. Employees of the Company and its main subsidiaries

## 1. Employees

| | |
|---|---|
| Number of on-job employees of the Company | 1 |
| Number of on-job employees of major subsidiaries | 1759 |
| Total number of on-job employees | 1760 |
| Number of retirees borne by the Company and major subsidiaries | - |
| Professional structure | |
| Classifications of Profession | Number of people |
| Production personnel | 1078 |
| Sales personnel | 151 |
| Technical personnel | 351 |
| Finance and Administration personnel | 142 |
| Management personnel | 38 |
| Total | 1760 |
| Degree of Education | |
| Education background | Number of people |
| Doctor | |
| Master | |
| Bachelor | |
| Senior college | |
| Other | |
| Total | |

## 2. Compensation policy

The compensation policy for senior executives of the Company was approved at the 2nd meeting of sixth Board of Directors convened on December 16, 2015, as follows:

**Goals:** Help attract and retain "highly qualified" executives with expertise and experience that will lead to global growth. Provide compensation opportunities structured to motivate executives to create long-term shareholder value and achieve interim milestones. Deliver actual total compensation that reflects the Company's performance to goals and possibly relative to comparators, over time.

**Guiding Principles**

- **Pay Comparator Group**—The comparator group will be comprised taking into consideration, comparability of size (primarily based on revenue, as well as market capitalization and assets), industry, international geographic scope (including in terms of location of assets), and complexity of business.

- **Total Compensation Positioning to Pay Comparator Group**—In general, the Company will position ***target*** total compensation referring to the 25th percentile and 50th percentile. An individual executive's target total compensation may be outside of this range based on any of the position's responsibilities relative to the market standard; his/her experience in the position; sustained performance contributions, or potential for promotion. The range of award opportunities will be structured to provide superior actual compensation in return for superior performance and below-market actual compensation for low performance levels.

- **Compensation Mix**—The Company intends to target a mix of salary, annual bonus, and long-term incentive that places a significant portion of pay at risk.

- **Performance Comparator Group**—To reduce the impact of exogenous risk factors on corporate or business unit performance, the company may assess performance against comparators exposed to similar risk factors.
- **Performance Measures and Goal-Setting**— Long-term performance criteria will be aligned with sustainable shareholder value creation, and therefore could include total shareholder return, return on existing assets, profitable growth, and the quality of corporate earnings. Long-term performance goals will be aligned with shareholder expectations of company performance. Annual performance measure(s) will emphasize line of sight, and link to the value-drivers that can be materially impacted by individual executives in a one-year timeframe. Annual performance goals will be based on the Company's approved business plan. For all incentive plans, actual payouts should be superior to target when expectations are exceeded, and should be below target when actual performance falls short of objectives.
- **Emphasis Organizational Linkage**—The primary determinant of executive long-term incentive compensation will be performance at corporate level, while annual executive incentives will emphasize line of sight through the granularity of performance metrics and individual performance objectives. Overall individual performance will be recognized through base salary increases and annual incentive payouts.

## 3. Training program

According to the requirements of the Company's roadmap and to achieve work objectives better, the Company identifies every year the training needs of its employees and designs the annual training program. Through staff training, the Company strengthens the business knowledge and skills of its employees, improves the capability and quality of the employees and ability of the management, and promotes the effective operation of its management system.

## 4. Labor outsourcing

Applicable √ Not applicable

# Section 9 Corporate Governance

## I. Governance of the Company and insider registration management

In the reporting period, and in accordance with applicable Corporate Law, Securities Law, the governance principles of listed companies and other relevant laws and rules and related requirements of the CSRC and the SSE, the Company established strengthened its information disclosure requirements, constantly improved the corporate governance structure, protected the interests of the Company and its shareholders, and kept raising the governance level and operation quality of the Company.

The operation and management of the Company meets the requirements of the relevant documents on standardization of governance for listed companies issued by the CSRC. The details are summarized as follows:

### 1. Shareholders and General Shareholders' Meetings

The Company manages to organize and convene an Annual General Meeting of shareholders and interim General Shareholders' Meetings according to the requirements of applicable Corporate Law, the Articles of Association, and the Rules of Procedure of General Shareholders' Meetings, performed the proposals, complied with the rules of procedure, and voting of General Shareholders' Meetings strictly according to related regulations and requirements.

The Company published its announcements, including all notices, proposals and meeting resolutions via China Securities Journal, Shanghai Securities News and on the official website of the Shanghai Stock Exchange (www.sse.com.cn), The Company made such announcements on time.

The resolutions approved by General Shareholders' Meetings met the regulations, laws and rules, and complied with the lawful rights and interests of all shareholders, especially small and medium-sized shareholders. The General Shareholders' Meetings was witnessed by the Company's lawyers and they issued a legal opinion about the validity thereto.

### 2. Directors and Board of Directors

All the Directors can, based on the rules of Procedure of the Meetings of the Board of Directors and other rules, attend the Board meetings earnestly and all independent directors may perform their duties in good faith and with diligence. The current term of the Board of Directors comprises 7 directors, 3 of who are independent directors. The Board of Directors set up four special committees, namely the Audit Committee, the Strategic Committee, the Nomination Committee, the Compensation and Evaluation Committee, three of which are headed by independent directors, except for the Strategic Committee, headed by the Board Chairman. Committee Chairmen made their own working rules, and gave fully performed heir specialty functions in the operational management of the Company.

### 3. Supervisors and the Board of Supervisors

The Board of Supervisors carried out strictly their duties in accordance with applicable regulations of Corporate Law and the Articles of Association, met the requirements of laws and rules in terms of number of members and composition, could implement their own responsibilities in earnest according to the Rules of Procedure of the Board of Supervisors, etc., and supervised the legality and compliance of the financial position of the Company as well as the performance of duties by directors and senior management. The Board of Supervisors currently comprises 3 members, one of whom is an employee representative.

### 4. Information disclosure and transparency

According to related regulations of the Securities Law, Listing Rules of the Shanghai Stock Exchange, Articles of Association, and Measures for Management of Information Disclosure, the Company implemented the information disclosure obligation in an authentic, accurate, complete and timely way. The Company disclosed related information through the website of the Shanghai Stock Exchange, Shanghai Securities News, China Securities Journal, etc., kept related confidential information secret before disclosure to the market, guaranteed publicity, fairness, equality of the information disclosure, and maintained the lawful rights and interests of the Company, investors, and especially small and medium-sized shareholders.

Meanwhile, the Company amended the Insiders Registration and Filing System in time. During the reporting period, the Company was not criticized, condemned, or punished by any regulatory institution for violation of rules regarding information disclosure.

## II. Brief introduction to General Shareholders' Meetings of shareholders

| Meetings | Convening Date | Index Reference for the Resolutions published on the website | Disclosure date of the resolution published |
|---|---|---|---|
| 2015 First Extraordinary General Meeting | April 15, 2015 | Interim announcement 2015-028 | April 16, 2015 |
| 2014 Annual General Meeting | April 27, 2015 | Interim announcement 2015-029 | April 28, 2015 |
| 2015 Second Extraordinary General Meeting | October 22, 2015 | Interim announcement 2015-056 | October 23, 2015 |
| 2015 Third Extraordinary General Meeting | November 23, 2015 | Interim announcement 2015-065 | November 24, 2015 |

## III. Fulfilment of duties by Directors

### 1. Attendance of directors at board meetings and general shareholders' meetings

| Name of directors | Independent directors | Attendance at Board meetings | | | | | | Attendance at general shareholders' meetings |
|---|---|---|---|---|---|---|---|---|
| | | Required attendance at Board meetings in the term of office this year | Attendance in Person | Participation by other communications | Attendance by proxy | Absence | Consecutively Absent From two meetings | Attendance frequency at the general meeting of shareholders |
| Lu Xiaobao | N | 7 | 7 | 4 | 0 | 0 | N | 2 |
| Li Shourong | N | 7 | 7 | 4 | 0 | 0 | N | 3 |
| Jiangjun Wang | N | 7 | 7 | 4 | 0 | 0 | N | 2 |
| Zhao Yuelong | N | 7 | 7 | 4 | 0 | 0 | N | 3 |

| Name of directors | Independent directors | Attendance at Board meetings | | | | | | Attendance at general shareholders' meetings |
|---|---|---|---|---|---|---|---|---|
| | | Required attendance at Board meetings in the term of office this year | Attendance in Person | Participation by other communications | Attendance by proxy | Absence | Consecutively Absent From two meetings | Attendance frequency at the general meeting of shareholders |
| Liu Tao | N | 7 | 7 | 4 | 0 | 0 | N | 2 |
| Huang Ji | N | 7 | 7 | 4 | 0 | 0 | N | 1 |
| Guan Weili | Y | 7 | 7 | 4 | 0 | 0 | N | 1 |
| Sun Yanhong | Y | 7 | 7 | 4 | 0 | 0 | N | 1 |
| Meng Quansheng | Y | 7 | 7 | 4 | 0 | 0 | N | 1 |
| Gérard Deman | N | 3 | 3 | 1 | 0 | 0 | N | 0 |
| Wang Dazhuang | N | 3 | 3 | 1 | 0 | 0 | N | 1 |
| Jean-Marc Dublanc | N | 3 | 3 | 1 | 0 | 0 | N | 1 |
| Fang Yang | N | 3 | 3 | 1 | 0 | 0 | N | 1 |
| Jean Falgoux | Y | 3 | 3 | 1 | 0 | 0 | N | 0 |
| Lixin Song | Y | 3 | 3 | 1 | 0 | 0 | N | 1 |
| ZHOU Guomin Zhou | Y | 3 | 3 | 1 | 0 | 0 | N | 1 |

| | |
|---|---|
| Number of Board meetings held this year | 10 |
| Including: Number of meetings held on-site | 5 |
| Number of meetings held by other communications | 5 |
| Number of meetings held on-site combined with other communications | 0 |

**2. Objection raised by independent director to company-related matters**

Applicable √ Not applicable

## IV. Important recommendations by the special committees under the Board of Directors in the performance of their duties during the reporting period

None

## V. Risks identified by the Board of Supervisors

None

## VI. Explanations of the Company on why the independence on business, personnel, asset, organization and finance areas from the controlling shareholders cannot be met and why the listed company cannot run its business on its own

None

## VII. Establishment and implementation of the assessment mechanism and incentive mechanism for senior management in the reporting period

None

## VIII. Whether to disclose self-assessment report on Internal control

Applicable √Not applicable

Due to the fact that the Company just completed its Major Asset Restructuring in Oct 2015, the Company did not conduct any self-assessment on Internal control adequacy for the year ended on December 31, 2015.

## IX. Information related to Audit Report on Internal Control

Whether to disclose Audit Report on Internal Control: Not Applicable.

The Company decided not to disclose the self-assessment internal control report in 2015. And the Company did not engage external auditor to audit the internal control and to express an audit opinion.

According to related regulation 财办会(2012) No. 30, jointly published by the CSRC and MoF on August 2012, BAC falls in the scope of “special implementation cases”, i.e. a listed company which just completed a Major Asset Restructuring and could not establish the comprehensive C-sox system within the current reporting period, is allowed to disclose its annual self-assessment report in the next fiscal year.

# Section 10 Corporate bonds

Applicable √ Not applicable

# Section 11 Financial Report

## I. Auditor’s Report

## II. Financial Statements

### Consolidated Balance Sheet

Dec. 31, 2015

Prepared by: Bluestar Adisseo Co., Ltd.

Unit: Yuan Currency: RMB

| Items | Notes | Closing balance | Opening balance |
|---|---|---|---|
| **Current assets:** | | | |
| Cash at bank and on hand | VII.1 | 4,941,121,304 | 2,597,407,115 |
| Financial assets at fair value through profit or loss | | | |
| Derivative financial assets | VII.2 | 9,479,187 | 15,187,057 |
| Notes receivable | VII.3 | | 468,615,898 |
| Accounts receivable | VII.4 | 1,776,051,652 | 1,960,488,171 |
| Advances to suppliers | VII.5 | 42,894,418 | 665,876,291 |
| Interest receivable | | 493,308 | 387,915 |
| Other receivables | VII.6 | 20,606,793 | 202,906,670 |
| Inventories | VII.7 | 1,234,840,168 | 2,573,329,002 |
| Other current assets | VII.8 | 295,953,999 | 785,373,170 |
| **Total current assets** | | **8,321,440,829** | **9,269,571,290** |
| **Non-current assets:** | | | |
| Available-for-sale financial assets | VII.9 | 3,275,648 | 89,453,126 |
| Long-term receivables | VII.10 | 24,751,553 | 55,715,026 |
| Long-term equity investments | | | |
| Investment properties | | | |
| Fixed assets | VII.11 | 6,176,349,721 | 12,393,691,062 |
| Construction in progress | VII.12 | 394,385,639 | 6,604,697,558 |
| Construction materials | VII.13 | | 34,827,335 |
| Fixed assets pending for disposal | | | 0 |
| Intangible assets | VII.14 | 2,006,549,556 | 2,905,893,648 |
| Development costs | VII.15 | 84,560,594 | 57,042,796 |
| Goodwill | VII.16 | 790,553,845 | 830,709,309 |
| Long-term prepaid expenses | | 7,804,167 | 21,789,908 |
| Deferred tax assets | VII.17 | 92,237,712 | 364,259,772 |
| Other non-current assets | | 11,171,808 | 84,592,334 |
| **Total non-current assets** | | **9,591,640,242** | **23,442,671,873** |
| **Total assets** | | **17,913,081,071** | **32,712,243,163** |
| **Current liabilities:** | | | |
| Short-term borrowings | VII.18 | 90,694 | 6,633,423,035 |
| Financial liabilities at fair value through profit or loss | | | |
| Derivative financial liabilities | VII.19 | 19,717,561 | 108,173,300 |
| Notes payable | VII.20 | | 619,248,956 |
| Accounts payable | VII.21 | 945,896,366 | 1,935,259,465 |
| Advances from customers | VII.22 | 11,402,470 | 422,321,748 |
| Wages and benefits payable | VII.23 | 518,294,201 | 394,610,979 |
| Taxes payable | VII.24 | 312,394,840 | 277,285,062 |
| Interest payable | | 3,132,185 | 21,821,400 |
| Dividends payable | | | |
| Other payables | VII.25 | 272,268,004 | 5,159,214,686 |

| Items | Notes | Closing balance | Opening balance |
|---|---|---|---|
| Current portion of non-current liabilities | VII.26 | 84,893,599 | 692,444,271 |
| Other current liabilities | VII.27 | 13,329,420 | 13,634,178 |
| **Total current liabilities** | | **2,181,419,341** | **16,277,437,080** |
| **Non-current liabilities:** | | | |
| Long-term borrowings | VII.28 | 15,535,140 | 3,125,944,770 |
| Long-term payables | VII.29 | 12,173,890 | 18,522,894 |
| Long-term employee benefit payable | VII.30 | 280,982,475 | 391,925,977 |
| Special payables | | | |
| Provisions | VII.31 | 158,006,336 | 63,233,657 |
| Deferred income | VII.32 | 192,414,174 | 445,221,250 |
| Deferred tax liabilities | VII.17 | 890,637,694 | 1,118,058,687 |
| Other non-current liabilities | | | |
| **Total non-current liabilities** | | **1,549,749,710** | **5,162,907,235** |
| **Total liabilities** | | **3,731,169,051** | **21,440,344,315** |
| **Shareholders' equity** | | | |
| Paid-in capital | VII.33 | 2,681,901,273 | 522,707,560 |
| Other equity instruments | | | |
| Capital reserve | VII.34 | 2,232,457,348 | 3,179,209,052 |
| Other comprehensive income | VII.35 | (1,329,496,651) | (1,138,199,955) |
| Special reserves | VII.36 | | 18,409,432 |
| Surplus reserve | VII.37 | 137,670,120 | 137,670,120 |
| Undistributed profits | VII.38 | 6,466,803,025 | 4,915,155,558 |
| **Total equity attributable to equity holders of the company** | | **10,189,335,115** | **7,634,951,766** |
| Non-controlling interests | | 3,992,576,905 | 3,636,947,081 |
| **Total owner's equity** | | **14,181,912,020** | **11,271,898,848** |
| **Total liabilities and owner's equity** | | **17,913,081,071** | **32,712,243,163** |

Legal Representative: ___________ Person in Charge of the Accounting Body: ___________

Chief Accountant: ___________

## Balance Sheet of the Company

Dec. 31, 2015

Prepared by: Bluestar Adisseo Co., Ltd.

Unit: Yuan Currency: RMB

| Items | Notes | Closing balance | Opening balance |
|---|---|---|---|
| **Current assets:** | | | |
| Cash at bank and on hand | | 1,491,098,061 | 941,734,533 |
| Notes receivable | | | 103,627,134 |
| Accounts receivable | XVII (1) | | 125,485,733 |
| Advances to suppliers | | | 31,377,454 |
| Other receivables | XVII (2) | | 4,562,319,187 |
| Inventories | | | 472,898,361 |
| Other current assets | | | 355,022,695 |
| Total current assets | | 1,491,098,061 | 6,592,465,097 |
| **Non-current assets** | | | |
| Available-for-sale financial assets | | | 80,008,669 |
| Long-term equity investments | XVII (3) | 7,492,295,416 | 1,666,287,471 |
| Investment properties | | | |
| Fixed assets | | | 1,520,825,632 |
| Construction in progress | | | 4,991,444,412 |
| Construction materials | | | 30,143,044 |
| Fixed asset pending for disposal | | | |
| Intangible assets | | | 249,908,456 |
| Long-term prepaid expenses | | | 7,788,873 |
| Deferred tax assets | | | |
| Total non-current assets | | 7,492,295,416 | 8,546,406,557 |
| Total assets | | 8,983,393,477 | 15,138,871,654 |
| **Current liabilities:** | | | |
| Short-term borrowings | | | 5,001,574,388 |
| Notes payable | | | 123,581,749 |
| Accounts payable | | | 329,240,514 |
| Advances from customers | | | 21,737,818 |
| Wages and benefits payable | | 277,704 | 4,433,117 |
| Taxes payable | | 4,991,975 | 2,623,931 |
| Interest payable | | | 13,136,136 |
| Other payables | | 62,625,513 | 4,176,565,931 |
| Current portion of non-current liabilities | | | 400,000,000 |
| Total current liabilities | | 67,895,192 | 10,072,893,584 |
| **Non-current liabilities:** | | | |
| Long-term borrowings | | | 2,550,000,000 |
| Long-term payables | | | |
| Long-term employee benefits payable | | | |
| Special payables | | | |
| Provisions | | | |
| Deferred income | | | 155,744,772 |

| Items | Notes | Closing balance | Opening balance |
|---|---|---|---|
| Deferred tax liabilities | | | |
| Other non-current liabilities | | | |
| Total non-current liabilities | | | 2,705,744,772 |
| Total liabilities | | 67,895,192 | 12,778,638,356 |
| **Shareholders' equity** | | | |
| Paid-in capital | | 2,681,901,273 | 522,707,560 |
| Other equity instruments | | | |
| Including: Preferred shares | | | |
| Capital reserve | | 6,681,557,628 | 1,799,850,981 |
| Other comprehensive income | | | |
| Special reserves | | | 2,566,940 |
| Surplus reserve | | 137,670,120 | 137,670,120 |
| Undistributed profits | | (585,630,736) | -102,562,303 |
| Total owner's equity | | 8,915,498,285 | 2,360,233,298 |
| Total liabilities and owner's equity | | 8,983,393,477 | 15,138,871,654 |

Legal Representative: ___________ Person in Charge of the Accounting Body: ___________

Chief Accountant: ___________

## Consolidated Income Statement

January- December 2015

Unit: Yuan Currency: RMB

| Items | Notes | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|---|
| I. Total operating revenue | | **15,173,331,658** | **19,464,593,278** |
| Including: Operating revenue | VII.39 | 15,173,331,658 | 19,464,593,278 |
| I Total operating costs | | **11,566,086,350** | **17,308,709,569** |
| Including: Cost of sales | | 8,906,372,900 | 15,270,209,251 |
| Business taxes and surcharge | VII.40 | 121,805,929 | 102,149,881 |
| Selling and distribution expenses | VII.41 | 952,871,565 | 862,396,224 |
| General and administrative expenses | VII.42 | 980,573,478 | 1,547,732,491 |
| Financial expenses –net | VII.43 | 502,569,156 | 482,199,104 |
| Asset impairment loss | VII.44 | 169,509,627 | 67,691,491 |
| Add: Gains (losses) from changes in fair value | VII.45 | 67,616,304 | (103,739,774) |
| Investment income (loss) | VII.46 | | 1,127,408,646 |
| Including: Income from investments in associates and joint ventures | | | |
| III. Operating profit (loss) | | **3,607,245,308** | **2,155,883,709** |
| Add: Non-operating revenue | VII.47 | 41,284,042 | 187,178,640 |
| Including: Gain from disposal of non-current assets | | | *3,221,518* |
| Less: Non-operating expenses | VII.48 | 22,676,170 | 32,760,831 |
| Including: Losses from disposal of non-current assets | | *10,585,542* | *22,202,240* |
| IV. Total profit (Total loss) | | **3,625,853,179** | **2,310,301,519** |
| Less: Income tax expenses | VII.49 | 1,623,057,557 | 610,594,402 |
| V. Net profit (Net loss) | | **2,002,795,622** | **1,699,707,117** |
| Net profit attributable to equity holders of the Company | | 1,528,651,062 | 1,475,377,366 |
| Net profit attributable to non-controlling interests | | 474,144,560 | 224,329,751 |
| VI. Net other comprehensive income | | **(225,597,841)** | **(905,851,312)** |
| Other comprehensive income (net of tax) attributable to the owners of the Company | | (191,296,696) | (769,096,492) |
| 1. Other comprehensive income which will not be reclassified subsequently to profit or loss | | **10,168,272** | **(13,398,292)** |
| 1) Actuarial differences on defined benefits plans | | 10,168,272 | (13,398,292) |
| 2. Other comprehensive income which will be reclassified subsequently to profit or loss | | **(201,464,968)** | **(755,698,200)** |
| 1) Effective hedging portion of gains or losses arising from cash flow hedging instruments | | 4,604,975 | (15,959,934) |
| 2) Differences on translation arising on translation of foreign currency financial statements | | (206,069,943) | (739,738,266) |
| Net other comprehensive income attributable to non-controlling interests after tax | | (34,301,145) | (136,754,820) |
| VII. Total comprehensive income | VII.35 | **1,777,197,781** | **793,855,806** |
| Total amount of comprehensive income attributable to equity holders of the Company | | 1,337,354,366 | 706,280,875 |
| Total amount of comprehensive income attributable to non-controlling interests | | 439,843,415 | 87,574,931 |

| Items | Notes | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|---|
| VIII. Earnings per share: | VII.50 | | |
| (I) Basic earnings per share* (Yuan/ share) | | 0.58 | 0.56 |
| (II) Diluted earnings per share* (Yuan/ share) | | 0.58 | 0.56 |

For business combination involving entities under common control occurred during the period, net profit of the acquiree realized before the business combination is RMB 1,548,467,983 for the year ended 31 December 2015 (For the year ended 31 December 2014: RMB 1,555,956,859).

* As part of the restructuring operation, BNCM is issuing 2,107,341,862 shares to Bluestar. As it is the business combination under common control and the asset exchange has been completed, the number of shares will be deemed exist starting from the first comparative period. Therefore, the weighted average number of shares used for the calculation of the EPS on December 2014 is 2,630,049,422, including the new shares to Bluestar. The weighted average number of shares used for the calculation of the EPS on December 2015 is 2,681,691,397, also including the new shares issued in the RMB700 million private placement on 28th October 2015.

Legal Representative: ___________ Person in Charge of the Accounting Body: ___________

Chief Accountant: ___________

## Income Statement of the Company

January- December 2015

Unit: Yuan Currency: RMB

| Items | Notes | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|---|
| I. Operating revenues | XVII (4) | 865,091,432 | 3,051,803,069 |
| Less: Cost of sales | | 974,642,857 | 2,868,213,475 |
| Business taxes and surcharge | | 30,253 | 6,340,191 |
| Selling and distribution expenses | | 30,074,556 | 91,083,344 |
| General and Administrative expenses | | 138,066,397 | 290,312,841 |
| Financial expenses - net | | 130,070,334 | 342,678,237 |
| Asset impairment losses | | 75,755,207 | 42,042,537 |
| Add: Gains from changes in fair values (losses) | | | |
| Investment income (loss) | XVII (5) | | 1,483,541,743 |
| Including: Income from investments in associates and joint ventures | | | |
| II. Operating profit (loss) | | (483,548,172) | 894,674,187 |
| Add: Non-operating income | | 4,809,789 | 112,326,149 |
| Including: Gains on disposal of non-current assets | | | 403,454 |
| Less: Non-operating expenses | | 6,792,574 | 20,656,393 |
| Including: Losses from disposal of non-current assets | | 6,732,389 | 18,847,523 |
| III. Total profit (Total Loss) | | (485,530,957) | 986,343,943 |
| Less: Income tax expenses | | | 10,983,233 |
| IV. Net profit (Net Loss) | | (485,530,957) | 975,360,710 |
| V. Net amount of other comprehensive income | | | |
| 1.Other comprehensive income which will not be reclassified subsequently to profit or loss | | | |
| 1) Actuarial differences on net defined benefit plan | | | |
| 2.Other comprehensive income which will be reclassified subsequently to profit or loss | | | |
| 1) Effective hedging portion of gains or losses arising from cash flow hedging instruments | | | |
| 2) Difference on translation arising on translation of foreign currency financial statements | | | |
| VI. Total comprehensive income | | (485,530,957) | 975,360,710 |
| VII. Earnings per share: | | | |
| (I) Basic earnings per share | | | |
| (II) Diluted earnings per share | | | |

Legal Representative: ___________ Person in Charge of the Accounting Body: ___________

Chief Accountant: ___________

## Consolidated Cash Flow Statement

January- December 2015

Unit: Yuan Currency: RMB

| Items | Notes | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|---|
| **I. Cash flows from operating activities:** | | | |
| Cash received from sale of goods and rendering of services | | 13,990,774,793 | 17,711,274,226 |
| Refunds of taxes and surcharges | | 52,817,117 | 58,527,712 |
| Cash received relating to other operating activities | VII.52(1) | 71,248,255 | 196,495,954 |
| Subtotal of cash inflows from operating activities | | **14,114,840,164** | **17,966,297,892** |
| Cash paid for goods and services | | 7,509,594,095 | 12,544,383,984 |
| Cash paid to and on behalf of employees | | 1,152,273,896 | 1,706,057,315 |
| Payments of taxes and surcharges | | 1,683,606,049 | 645,183,007 |
| Cash paid relating to other operating activities | VII.52(2) | 213,563,813 | 599,379,716 |
| Subtotal of cash outflows for operating activities | | **10,559,037,853** | **15,495,004,023** |
| Net cash flow generated from operating activities | | **3,555,802,311** | **2,471,293,869** |
| **II. Cash flows from investing activities:** | | | |
| Cash received from disposals of investment | | 9,892,844 | 13,308,694 |
| Cash received from investment income and interest income | | | 7,000,000 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 2,456,499 | 18,016,353 |
| Net cash received from disposals of subsidiaries and other business units | | | 703,776,016 |
| Cash received relating to other investing activities | VII.52(3) | | 6,300,000 |
| Subtotal cash inflows from investing activities | | **12,349,343** | **748,401,062** |
| Cash paid to purchase fixed assets, intangible assets and other long-term assets | | 1,007,234,583 | 1,460,301,862 |
| Cash paid to acquire investments | | 2,168,334 | 17,952,782 |
| Net cash paid for acquisitions of subsidiaries and other business units | | | |
| Cash paid relating to other investing activities | VII.52(4) | | |
| Subtotal of cash outflows for investing activities | | **1,009,402,917** | **1,478,254,644** |
| Net amount of cash flow from investing activities | | **(997,053,575)** | **(729,853,582)** |
| **III. Cash flow from financing activities:** | | | |
| Cash received from capital contributions | | 692,999,989 | 2,416,862,092 |
| Including: cash received from capital contributions by non-controlling interests of subsidiaries | | 692,999,989 | 2,416,862,092 |
| Cash received from borrowings | | 7,324,349,178 | 16,098,333,674 |
| Cash received from issuance of debentures | | | |
| Cash received relating to other financing activities | VII.52(5) | 1,082,529,823 | |
| Subtotal of cash inflows from financing activities | | **9,099,878,990** | **18,515,195,766** |
| Cash repayments of borrowings | | 7,642,985,126 | 18,657,966,599 |
| Cash payments for interest expenses and distribution of dividends or profits | | 552,328,254 | 1,259,669,581 |
| Including: dividends and profits paid to non-controlling shareholders of subsidiaries | | 113,095,887 | 106,680,871 |
| Cash paid relating to other financing activities | VII.52(6) | 106,047,552 | |
| Subtotal of cash outflows for financing activities | | **8,301,360,932** | **19,917,636,180** |

| | | | |
|---|---|---|---|
| Net cash flow from financing activities | | **798,518,058** | **(1,402,440,414)** |
| **IV. Effect of Foreign exchange rate changes on Cash and Cash Equivalents** | | **(113,694,809)** | **(148,111,947)** |
| **V. Net increase in cash and cash equivalents** | | **3,243,571,986** | **190,887,926** |
| Add: Opening balance of cash and cash equivalents | | 1,697,549,319 | 1,506,661,393 |
| **VI. Closing balance of cash and cash equivalents** | VII.53(4) | **4,941,121,304** | **1,697,549,319** |

Legal Representative: ___________ Person in Charge of the Accounting Body: ___________

Chief Accountant: ___________

## Cash Flow Statement of the Company

January- December 2015

Unit: Yuan Currency: RMB

| Items | Notes | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|---|
| **I. Cash flows from operating activities:** | | | |
| Cash received from sale of goods and rendering of services | | 874,574,566 | 2,722,279,519 |
| Refunds of taxes and surcharges | | 4,893,552 | 7,966,028 |
| Cash received relating to other operating activities | | 11,823,709 | 129,441,458 |
| Subtotal of cash inflows from operating activities | | 891,291,827 | 2,859,687,005 |
| Cash paid for goods and services | | 771,418,764 | 2,215,128,293 |
| Cash paid to and on behalf of employees | | 71,585,724 | 368,812,373 |
| Payments of taxes and surcharges | | 3,479,019 | 51,412,990 |
| Cash paid relating to other operating activities | | 80,000,798 | 395,027,787 |
| Subtotal cash outflows from operating activities | | 926,484,305 | 3,030,381,443 |
| Net cash flow generated from operating activities | | (35,192,478) | (170,694,438) |
| **II. Cash flow from investing activities:** | | | |
| Cash received from disposals of investments | | | 7,000,000 |
| Cash received from investment income and interest income | | | 4,911,956 |
| Net cash received from disposals of fixed assets, intangible assets and other long-term assets | | | 915,276,976 |
| Net cash received from disposals of subsidiaries and other business units | | | |
| Cash received relating to other investing activities | | | |
| Subtotal of cash inflows from investing activities | | | 927,188,932 |
| Cash paid to purchase fixed assets, intangible assets and other long-term assets | | 63,894,674 | 606,240,569 |
| Cash paid to acquire investments | | | |
| Net cash paid for acquisitions of subsidiaries and other business units | | | |
| Net cash decrease due to disposal of subsidiaries | | | |
| Cash paid relating to other investing activities | | 7,103,110 | |
| Subtotal of cash outflows from investing activities | | 70,997,784 | 606,240,569 |
| Net amount of cash flow from investing activities | | (70,997,784) | 320,948,363 |
| **III. Cash flows from financing activities:** | | | |
| Cash received from capital contributions | | | 12,100,311,221 |
| Cash received from borrowings | | 6,348,698,611 | |
| Cash received from issuance of shares | | 692,999,988 | |
| Cash received from other financing activities | | 1,370,534,046 | |
| Subtotal of cash inflows from financing activities | | 8,412,232,646 | 12,100,311,221 |
| Cash repayments of borrowings | | 6,652,499,388 | 12,233,980,000 |
| Cash payments for interest expenses and distribution of dividends or profits | | 245,450,774 | 298,613,625 |
| Cash payments relating to other financing activities | | 106,713,473 | |
| Subtotal of cash outflows from financing activities | | 7,004,663,635 | 12,532,593,625 |
| Net cash flow from financing activities | | 1,407,569,011 | (432,282,404) |
| **IV. Effect of Foreign Exchange rate changes on cash and cash equivalents** | | 127,585 | 331,590 |
| **V. Net increment of cash and cash equivalents** | | 1,301,506,334 | (282,360,069) |
| Add: Opening balance of cash and cash equivalents | | 189,591,727 | 471,951,796 |

| | | | |
|---|---|---|---|
| **VI. Closing balance of cash and cash equivalents** | | 1,491,098,061 | 189,591,727 |

Legal Representative: ___________ Person in Charge of the Accounting Body: ___________

Chief Accountant: ___________

**Consolidated Statement of Changes in Owners' Equity**

January- December 2015

Unit: Yuan Currency: RMB

| Items | Current period | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Equity attributable to shareholders of the company | | | | | | | Non-controlling interests | Total |
| | Paid-in capital | Other equity instruments | Capital reserve | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profits | | |
| **1.Ending balance of previous year** | 522,707,560 | | 3,179,209,052 | (1,138,199,955) | 18,409,432 | 137,670,120 | 4,915,155,558 | 3,636,947,082 | 11,271,898,848 |
| Add: increase/decrease due to changes in accounting policies | | | | | | | | | |
| Increase/decrease due to corrections of errors in prior period | | | | | | | | | |
| Business combination under common control | | | | | | | | | |
| **2Opening balance of current year** | 522,707,560 | | 3,179,209,052 | (1,138,199,955) | 18,409,432 | 137,670,120 | 4,915,155,558 | 3,636,947,082 | 11,271,898,848 |
| **3.Increase/decrease for current year("-"for decrease)** | | | | | | | | | |
| (1)Total comprehensive income | | | | (191,296,696) | | | 1,528,651,062 | 439,843,415 | 1,777,197,781 |
| (2)Owner's contributions and withdrawals of capital | | | | | | | | | |
| (a)Common stock contributed by owners | 51,851,851 | | 630,682,230 | | | | | | 682,534,081 |
| (b)Capital contributed by other equity instruments holders | | | | | | | | (113,095,887) | (113,095,887) |
| c) Others | | | | | | | | | |

| Items | Current period | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Equity attributable to shareholders of the company | | | | | | | Non-controlling interests | Total |
| | Paid-in capital | Other equity instruments | Capital reserve | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profits | | |
| (3)Profits distribution | | | | | | | | | |
| (a)Appropriation of surplus reserve | | | | | | | | | |
| (b)Accrual of general risk reserve | | | | | | | | | |
| (c)Distribution to owner/shareholder | | | | | | | | | |
| (d)Others | | | | | | | | | |
| (5)Transfer within owner's equity | | | | | | | | | |
| (a)Others | | | | | (22,994,771) | | 22,994,771 | | |
| (6) Net impact of the exchange-assets | 2,107,341,862 | | (1,577,433,934) | | | | | 28,211,247 | 558,119,175 |
| (7) Other | | | | | 4,585,339 | | 1,634 | 671,048 | 5,258,021 |
| **4.Ending balance of current year** | **2,681,901,273** | **0** | **2,232,457,348** | **(1,329,496,651)** | **0** | **137,670,120** | **6,466,803,025** | **3,992,576,905** | **14,181,912,020** |

Legal Representative: ___________ Person in Charge of the Accounting Body: ___________

Chief Accountant: ___________

| Items | Last period | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Equity attributable to shareholders of the company | | | | | | | Non-controlling interests | Total |
| | Paid-in capital | Other equity instruments | Capital reserve | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profits | | |
| **1.Ending balance of last year** | 522,707,560 | | 1,829,097,450 | | 30,835,548 | 137,670,120 | (1,756,736,404) | 136,727,876 | 900,302,150 |
| Add: increase/decrease due to changes in accounting policies | | | | | | | | | |
| Increase/decrease due to corrections of errors in prior period | | | | | | | | | |
| Business combination under common control | | | 1,350,111,602 | (369,103,464) | | | 5,621,507,008 | 1,177,410,682 | 7,779,925,828 |
| **2.Opening balance of last year** | 522,707,560 | | 3,179,209,052 | (369,103,464) | 30,835,548 | 137,670,120 | 3,864,770,604 | 1,314,138,558 | 8,680,227,978 |
| **3.Increase/decrease for last year("-"for decrease)** | | | | | | | | | |
| (1)Total comprehensive income | | | | (769,096,491) | | | 1,475,377,366 | 87,574,931 | 793,855,806 |
| (2)Owner's contributions and withdrawals of capital | | | | | | | | | |
| (a)Common stock contributed by owners | | | | | | | | | |
| (b)Capital contributed by other equity instruments holders | | | | | | | | 2,416,862,092 | 2,416,862,092 |
| (3)Accrual and utilization of specific reserve | | | | | | | | | |
| (4)Profits distribution | | | | | | | | | |

| Items | Last period | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Equity attributable to shareholders of the company | | | | | | | Non-controlling interests | Total |
| | Paid-in capital | Other equity instruments | Capital reserve | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profits | | |
| (a)Appropriation of surplus reserve | | | | | | | | | |
| (b)Accrual of general risk reserve | | | | | | | | | |
| (c)Distribution to owner/shareholder | | | | | | | (425,000,000) | (75,000,000) | (500,000,000) |
| (d)Others | | | | | | | | (106,680,871) | (106,680,871) |
| (5)Transfer within owner's equity | | | | | | | | | |
| (6) Disposal of subsidiary companies and businesses | | | | | (11,061,347) | | | | (11,061,347) |
| (7) Other | | | | | (1,364,769) | | 7,587 | 52,372 | (1,304,811) |
| **4.Ending balance of last year** | **522,707,560** | | **3,179,209,052** | **(1,138,199,955)** | **18,409,432** | **137,670,120** | **4,915,155,558** | **3,636,947,082** | **11,271,898,848** |

Legal Representative: ___________ Person in Charge of the Accounting Body: ___________

Chief Accountant: ___________

**Statement of Changes in Owners' Equity of the Company**

January- December 2015

Unit: Yuan Currency: RMB

| Items | Current period | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Other equity instruments | | | Capital reserve | Less: Treasury shares | Other Comprehensive income | Special reserves | Surplus reserve | Undistributed profit | Total owners' equity |
| | | Preferred shares | Perpetual debt | Others | | | | | | | |
| I. Closing balance of last year | 522,707,560 | | | | 1,799,850,981 | | | 2,566,940 | 137,670,120 | (102,562,303) | 2,360,233,298 |
| II. Opening balance of current year | 522,707,560 | | | | 1,799,850,981 | | | 2,566,940 | 137,670,120 | (102,562,303) | 2,360,233,298 |
| III. Amount increased or decreased of current period (decrease filled out with "-") | 2,159,193,713 | | | | 4,881,706,647 | | | (2,566,940) | | (483,068,433) | 6,555,264,987 |
| (I) Total amount of comprehensive income | | | | | | | | | | (485,530,957) | (485,530,957) |
| (II) Capital input and decreased by owners | 51,851,851 | | | | 630,682,218 | | | | | | 682,534,069 |
| 1. Common shares input by shareholders | 51,851,851 | | | | 630,682,218 | | | | | | 682,534,069 |
| 2. Capital input by other equity instrument holders | | | | | | | | | | | |
| 3. Amount paid with shares and recorded in the owner's equity | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | |
| 5. Disposal of | | | | | | | | | | | |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| subsidiaries and businesses | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | | | |
| 1. Withdrawal of surplus reserve | | | | | | | | | | | |
| 2. Distribution to owners (or shareholders) | | | | | | | | | | | |
| 3. Others | | | | | | | | | | | |
| (IV) Internal carry-forward of owners' equity | | | | | | | | | | | |
| 1. Capital reserve converted to increase capital (or capital stock) | | | | | | | | | | | |
| 2. Surplus reserve converted to increase capital (or capital stock) | | | | | | | | | | | |
| 3. Losses covered with surplus reserve | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | |
| (V) Special reserves | | | | | | | | (104,416) | | | (104,416) |
| 1. Withdrawn in current period | | | | | | | | 1,332,244 | | | 1,332,244 |
| 2. Used in current period | | | | | | | | (1,436,660) | | | (1,436,660) |
| (VI) Others- - Business combination under common control | 2,107,341,862 | | | | 4,251,024,429 | | | (2,462,524) | | 2,462,524 | 6,358,366,291 |
| IV. Closing balance of current period | 2,681,901,273 | | | | 6,681,557,628 | | | | 137,670,120 | (585,630,736) | 8,915,498,285 |

Legal Representative: ___________ Person in Charge of the Accounting Body: ___________

Chief Accountant: ___________

| Items | Last period | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Other equity instruments | | | Capital reserve | Less: Treasury stock | Other comprehensive income | Special reserves | Surplus reserve | Undistributed profit | Total owners' equity |
| | | Preferred shares | Perpetual debt | Others | | | | | | | |
| I. Closing balance of last year | 522,707,560 | | | | 1,799,850,981 | | | 10,450,493 | 137,670,120 | (1,077,923,013) | 1,392,756,141 |
| Add: Change of accounting policies | | | | | | | | | | | |
| Correction of previous errors | | | | | | | | | | | |
| Others | | | | | | | | | | | |
| II. Opening balance of current year | 522,707,560 | | | | 1,799,850,981 | | | 10,450,493 | 137,670,120 | (1,077,923,013) | 1,392,756,141 |
| III. Amount increased or decreased of current period (decrease filled out with "-") | | | | | | | | (1,707,311) | | 975,360,710 | 973,653,399 |
| (I) Total amount of comprehensive income | | | | | | | | | | 975,360,710 | 975,360,710 |
| (II) Capital input and decreased by owners | | | | | | | | | | | |
| 1. Common shares input by shareholders | | | | | | | | | | | |
| 2. Capital input by other equity instrument holders | | | | | | | | | | | |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 3. Amount paid with shares and recorded in the owner’s equity | | | | | | | | | | | |
| 4. Others | | | | | | | | 6,176,241 | | | 6,176,241 |
| (III) Profit distribution | | | | | | | | | | | |
| 1. Withdrawal of surplus reserve | | | | | | | | | | | |
| 2. Distribution to owners (or shareholders) | | | | | | | | | | | |
| 3. Others | | | | | | | | | | | |
| (IV) Internal carry-forward of owners’ equity | | | | | | | | | | | |
| 1. Capital reserve converted to increase capital (or capital stock) | | | | | | | | | | | |
| 2. Surplus reserve converted to increase capital (or capital stock) | | | | | | | | | | | |
| 3. Losses covered with surplus reserve | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | |
| (V) Special reserves | | | | | | | | (1,707,311) | | | (1,707,311) |
| 1. Withdrawn in current period | | | | | | | | 16,199,480 | | | 16,199,480 |
| 2. Used in | | | | | | | | | | | 17,906,791 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| current period | | | | | | | | 17,906,791 | | | |
| (VI) Others | | | | | | | | | | | |
| IV. Closing balance of current period | 522,707,560 | | | | 1,799,850,981 | | | 2,566,940 | 137,670,120 | (102,562,303) | 2,360,233,298 |

Legal Representative: ___________ Person in Charge of the Accounting Body: ___________

Chief Accountant: ___________

## III. Basic Information on the Company

The Company completed the Major Assets Restructuring (See Section 11 - Note VIII.1) in 2015. The Company's principal business was significantly changed to research, development, production and sale of feed additives for animal nutrition from chemical material business prior to Major Assets Restructuring. After the Major Assets Restructuring, the Company's name has been changed from Bluestar New Chemical Material Co., Ltd ("BNCM") to Bluestar Adisseo Company (the "Company").

After the completion of the restructuring, the Company and its subsidiaries (collectively the "Group")'s principal place of business included the plant in France, China and Spain, as well as distribution companies worldwide.

Prior to the Major Assets Restructuring, Bluestar New Chemical Material Co., Ltd was incorporated on May 31, 1999. China National Bluestar (Group) Co, Ltd. (formerly known as "China National Bluestar (Group) Company") (the "Bluestar Group") was the initiative founder, and Ministry of Chemical Beijing Rubber Industry Research Institute, Ministry of Chemical Lianyungang Design Research Institute, Ministry of Chemical Synthetic Material Research Institute and National Changfeng Machinery are the co-founders. The city of registration is Beijing, People's Republic of China. Bluestar Group is the parent company of BNCM, China National Chemical Corporation is the Company's ultimate controlling shareholder. The share capital of BNCM was RMB 160,000,000 with face value RMB1 per share.

On March 31, 2000 and April 1, 2000, BNCM issued new ordinary shares of 80,000,000 shares through market pricing and bonus shares to the investors in capital market. And the Company completed its listing on Shanghai Stock Exchange on April 20, 2000, the total share capital was RMB 240,000,000 after the issuance.

According to approval from State-owned Assets Supervision and Administration Commission of State Council Guo Zi Chan Quan [2006]676 Approval of Bluestar New Chemical Material Co., Ltd Transferring Portion of Its State-owned Shares, BNCM reformed its non-tradable shares. At the registration date, the non-tradable shareholders paid 3 shares every 10 shares, in aggregated 24,000,000 State-owned shares, to BNCM's shareholders of tradable shares.

In 2006, BNCM issued 5 bonus shares every 10 shares to all the shareholders. After the bonus issuance, the total share capital increased to RMB 360,000,000.

In 2007, BNCM issued 42,082,738 ordinary shares to certain investor through non-public offering. After the non-public offering, the total share capital increased to RMB 402,082,738.

In 2008, based on the total number of shares of 402,082,738, BNCM increased share capital from capital reserve on a 3:10 basis. Total amount of capital reserve transferred to share capital amounted to RMB 120,624,822 and the total share capital increased to RMB 522,707,560.

In 2015, the Company completed an exchange of assets (see Section 3 - Note I)). The asset replacement and purchase have been paid through cash payment and the issuance of new shares (issuance of 2,159,193,173 ordinary shares). After the transaction, the total share capital increased to RMB 2,681,901,273.

See Section 11 - Note VIII for the change in subsidiaries of the Company and its subsidiaries.

## IV. Basis for Preparation of Financial Statements

### 1. Basis of accounting and principle of measurement

#### (1) Basis for preparation

The Group has adopted the Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance ("MoF") (Including the new and amendment version of Accounting Standard for Business Enterprises issued in 2014).

The financial statements have been prepared on the going concern basis.

#### (2) Basis of accounting and principle of measurement

The Group determines the production and management features based on specific accounting policies and accounting estimates, mainly in receivables that are subject to provision for bad debts (Note V (10)), inventory valuation method (Note V (11)), amortization/depreciation for fixed/intangible assets (Note V (12) (15)), condition for capitalized development expenditure (Note V (15)), revenue recognition (Note V (23)) etc.

See Note V (29) for the key judgments in applying the significant accounting policies adopted by Group.

## V. Important Accounting Policies and Accounting Estimates

### 1. Statement of compliance

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises, truly and completely reflect the Company's financial standing, operating results, change of shareholders' equity, and cash flow, etc.
These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for financial Reports" as revised by the China Securities Regulatory Commission ("CSRC") in 2014.

### 2. Fiscal period

The Company's fiscal year is from 1 January to 31 December in the Gregorian calendar.

### 3. Business cycle

It is from 1 January to 31 December in the Gregorian calendar.

### 4. Functional currency

The Group's functional currency is Euro and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled. Some of the Company's subsidiaries have functional currencies that are different from the Company's functional currency. Their financial statements have been translated based on the accounting policy set out in Note V (8).

### 5. Method for accounting treatment of business combination under and not under common control

#### (1) Business combination under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. Any costs directly attributable to the combination are recognized in profit or loss when incurred. The combination date is the date on which one combining enterprise obtains control of other combining enterprises.

#### (2) Business combination not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill. If (1) is less than (2), the difference is recognized in profit or loss for the current period. The costs of issuing equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognized in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognized by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

### 6. Method for preparation of consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated. In the preparation of the consolidated financial statements, the subsidiary's assets and liabilities based on their carrying amounts in the financial statements of the ultimate controlling party are included in the consolidated balance sheet, and financial performance is included in the consolidated income statement respectively, from the date that the ultimate parent company of the Company obtains the control of the subsidiary to be consolidated.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

Non-controlling interests are presented separately in the consolidated balance sheet within owners' equity. Net profit or loss attributable to non-controlling owners is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling owners is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealized profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, unless they represent impairment losses that are recognized in the financial statements.

### 7. Cash and cash equivalents

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

### 8. Foreign currency businesses and conversion of foreign-currency statements

#### (1) Transactions denominated in foreign currencies

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

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognized in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition, construction or production of qualifying assets (see Note V (14)). Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date.

#### (2) Translation of financial statements denominated in foreign currencies

Assets and liabilities of foreign operation are translated to Renminbi reporting currency at the spot exchange rate at the balance sheet date. Equity items, excluding "Retained earnings", are translated to Renminbi at the spot exchange rates at the transaction dates. Income and expenses of foreign operation are translated to Renminbi at the spot exchange rates at the transaction dates. The resulting translation differences are recognized in other comprehensive income. The translation differences accumulated in owners' equity with respect to a foreign operation is transferred to profit or loss in the period when the foreign operation is disposed.

### 9. Financial instruments

Financial instruments include cash at bank and on hand, equity securities other than those classified as long-term equity investments, receivables, payables, loans and borrowings, debentures payable and paid-in capital.

#### (1) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognized in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. Subsequent to initial recognition, financial assets and liabilities are measured as follows:

- Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading)

  A financial asset or financial liability is classified as at fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is a derivative, unless the derivative is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an equity instrument that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

  Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

- Receivables

  Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

  Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method.

- Available-for-sale financial assets

  Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sale and other financial assets which do not fall into any of the above categories.

  Available-for-sale investments in equity instruments whose fair value cannot be measured reliably are measured at cost subsequent to initial recognition. Other available-for-sale financial assets are measured at fair value subsequent to initial recognition and changes therein are generally recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses from monetary financial assets which are recognized directly in profit or loss. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss. Dividend income is recognized in profit or loss when the investee approves the dividends. Interest is recognized in profit or loss using the effective interest method.

- Other financial liabilities

  Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities.

  Other financial liabilities include liabilities arising from financial guarantee contracts. Financial guarantees are contracts that require the Group (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the holder) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Where the Group issues a financial guarantee, subsequent to initial recognition, the guarantee is measured at the higher of the amount initially recognized less accumulated amortization and the amount of a provision determined in accordance with the principles for contingent liabilities (see Note 4(17)).

Liabilities other than those arising from financial guarantee contracts are measured at amortized cost using the effective interest method.

### (2) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are generally presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:
- the Group currently has a legally enforceable right to set off the recognized amounts; and
- the Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

### (3) Derecognition of financial assets and financial liabilities

A financial asset is derecognized if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers substantially all the risks and rewards of ownership of the financial asset to another party.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized in profit or loss:
- the carrying amount of the financial asset transferred
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized directly in equity.

The Group derecognizes a financial liability (or part of it) only when it's contractual obligation (or part of it) is discharged or cancelled or expires.

### (4) Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is recognized in owners' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from owners' equity.

## 10. Impairment of receivables

### (1) Receivables with amounts that are individually significant and subject to separate assessment for provision for bad debts:

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

The criterion to determine "individually significant" amounts is that any individual amount is above RMB 40,000,000.

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

**(2) Receivables that are subject to provision for bad debts on the group basis:**

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

Basis for grouping is as follows:

| | |
|---|---|
| Group (1) | Receivables from long-term customers with no provision after tested individually or with frequent transactions, and its credit risk is low after evaluation. |
| Group (2) | Receivables from customers with recurring transactions, and its credit risk is not extremely high or low after evaluation. |

Methods of determining provision for bad debts by grouping are as follows:

| | |
|---|---|
| Group (1) | No provision is made |
| Group (2) | Ageing analysis method |

The provision ratios used under the ageing analysis method for the above groups are as follows:

| Receivables overdue by | Accounts Receivable Provision Rate | Other Receivables Provision Rate |
|---|---|---|
| Not Yet Due | 0% | 0% |
| Within 60 days | 0% | 0% |
| 61 days to 90 days | 50% | 50% |
| 91 days to 180 days | 75% | 75% |
| More than 180 days | 100% | 100% |

**(3) Receivables with amounts that are not individually significant but subject to separate assessment for provision for bad debts:**

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

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

**11. Inventory**

**(1) Classification and cost**

Inventories comprise raw materials, work in progress and finished goods and turnover materials and are measured at the lower of cost and net realizable value. Inventories having a similar nature are measured using the same cost formula.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition. In addition to the purchasing cost of raw materials, work in progress and finished goods include direct labor costs and an appropriate allocation of production overheads.

**(2) Cost of inventories delivered**

Cost of inventories delivered is calculated using the first-in-first-out or weighted average methods.

**(3) Basis for determining the net realizable value and provisioning methods for impairment losses of inventories**

At the balance sheet date, inventories are carried at the lower of cost and net realizable value.

Any excess of the cost over the net realizable value of each class of inventories is recognized as a provision for the impairment, and is recognized in profit or loss. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes.

**(4) Inventory system of the Group is a perpetual inventory system.**

**(5) Method for amortization of low-value easily-consumed articles and packages**

Turnover materials include low-value easily-consumed articles and packages, etc., and here, low-value easily-consumed articles and packages are amortized with one-off write-off method.

## 12. Fixed assets

**(1) Confirmation conditions**

Fixed assets represent the tangible assets held by the Group for use in production of goods or for administrative purposes with useful lives over one year.
The cost of a purchased fixed asset comprises the purchase price, related taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labor, capitalized borrowing costs (see Note V (14)), and any other costs directly attributable to bringing the asset to working condition for its intended use.
Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognized as a separate fixed asset.
Any subsequent costs including the cost of replacing part of an item of fixed assets are recognized as assets if the criteria to recognize fixed assets are satisfied, and the carrying amount of the replaced part if derecognized. The costs of the day-to-day servicing of fixed assets are recognized in profit or loss ass incurred.

**(2) Depreciation method**

The cost of fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale. The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

In BNCM consolidated statements (till 30 June 2015)

| Type | Depreciation method | Depreciation life (year) | Average rate (%) | Annual depreciation rate (%) |
|---|---|---|---|---|
| Houses and buildings | Straight-line method | 10-50 years | 3%~ 5% | 1.90%~ 9.70% |
| Machinery equipment | Straight-line method | 5-20 years | 3%~ 5% | 4.75%~ 19.40% |
| Means of transport | Straight-line method | 10-15 years | 3%~ 5% | 6.33%~ 9.70% |
| Office equipment | Straight-line method | 5-14 years | 3%~ 5% | 6.79%~ 19.40% |

In Adisseo consolidated statements (till 30 June 2015) and BAC consolidated statements (from 30 June 2015)

| Type | Depreciation method | Depreciation life (year) | Average rate (%) | Annual depreciation rate (%) |
|---|---|---|---|---|
| Buildings and constructions | Straight-line method | 10-40 years | 0% | 2.5%~10% |
| Machinery equipment | Straight-line method | 3-15 years | 0% | 7%~ 33% |

Useful lives, estimated residual value and depreciation methods are reviewed at least at each year-end.

**(3) When the recoverable amount of fixed assets is lower than their book value, the book value may be written down to recoverable amount.**

**(4) Disposal of fixed assets**

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

## 13. Construction in progress

The construction in progress is measured as per the cost incurred actually. The actual cost includes building cost, installation cost, borrowing costs meeting capitalization conditions, and other necessary expenditure for making the construction in process reach the predicted usable state. The construction in process, when reaching the predicted usable state, will be transferred into fixed assets, and have depreciation withdrawn from the next month. When the recoverable amount of construction in process is lower than its book value, the book value may be written down to the recoverable amount.

## 14. Borrowing costs

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

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

For the general borrowings obtained for the acquisition or construction of a fixed asset qualifying for capitalization, the amount of borrowing costs eligible for capitalization is determined by applying the weighted average effective interest rate of general borrowings to the amount of acquired asset or the asset under construction.

## 15. Intangible assets

For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortized using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale. The respective amortization periods for such intangible assets are as follows:

| | Amortization period for BNCM assets | Amortization period for Adisseo then BAC assets |
|---|---|---|
| Land use right | 40 or 50 years | 50 years |
| Software | 5-10 years | 3-5 years |
| Patents | The legal protection (10-15 years) or the useful life if shorter | The legal protection (10-15years) or the useful life if shorter |
| Technology | NA | Expected benefit life (10-15) or the contractual useful life if shorter |
| Customer relationships | NA | Expected benefit life (10-20) |

An intangible asset is regarded as having an indefinite useful life and is not amortized when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

Expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase. Expenditure on the research phase expensed when incurred. Expenditure on the development phase is capitalized if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development. Capitalized development costs are stated in the balance sheet at cost less impairment losses (see Note V (17)). Other development expenditure is recognized as an expense in the period in which it is incurred.

### 16. Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving enterprises under common control.

Goodwill is not amortized and is stated in the balance sheet at cost less accumulated impairment losses (see Note V (17)). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

### 17. Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- intangible assets
- goodwill

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates [the recoverable amount of intangible assets not ready for use at least annually and] the recoverable amounts of goodwill [and intangible assets with indefinite useful lives] at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group, or set of asset groups, that is expected to benefit from the synergies of the combination for the purpose of impairment testing.

An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. An asset group is composed of assets directly relating to cash-generation. 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. In identifying an asset group, the Group also considers how management monitors the Group’s operations and how management makes decisions about continuing or disposing of the Group’s assets.

The recoverable amount of an asset (or asset group, set of asset groups, same as below) is the higher of its fair value (see Note V (18)) less costs to sell and its present value of expected future cash flows.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognized in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognized accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognized, it is not reversed in a subsequent period.

### 18. Fair value measurement

Unless otherwise specified, the Group determines fair value measurement as below:

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.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

### 19. Employee benefits

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

#### (1) Short-term employee benefits

Short-term employee benefits include wages or salaries, bonus, allowances and subsidies, staff welfare, social insurance, etc. The employee benefits are recognized in the accounting period in which the service has been rendered by the employees, and as costs of assets or expenses to whichever the employee service is attributable. Employee benefits which are non-monetary benefits shall be measured at fair value.

#### (2) Profit sharing plan

Profit sharing plans gives employees a share in the profits of the company. Each employee receives a percentage of those profits based on the company's earnings. The Group is eligible for the employee benefits when meets the following conditions:
- the Group has legal obligation or constructive obligation to pay such employees benefits resulting of past events;
- accrued payroll obligations due to profit sharing can be estimated reliably.

**(3) Post-employment benefits**

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans.

- Defined contribution plans

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

- Defined benefit plans

The actuarial estimate of defined benefit plans is calculated using the projected unit credit method.

The net liabilities (the present value of the defined benefit plan less fair value of the plan assets) are disclosed under employee benefits in balance sheet. The related services costs (including current service costs, past services costs and settlement gains or losses) and net interests calculated based on net liabilities of the defined benefit plan and appropriate discount rate are recognized through profit and loss for the period in which they occur. Actuarial gains and losses on pensions and other post-employment benefits arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income for the period in which they occur in consideration of the increase or decrease in the obligation.

The Group offers pension plans and other post-employment benefit plans to some employees and retirees of the Group. The specific features of these plans vary depending on the applicable laws and regulations in each country where the employee work.

## 20. Provisions and contingent liabilities

A provision is recognized for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

A contingent liability is disclosed for:
- A possible obligation resulting from past transactions or events and, whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events, or

- A present obligation resulting from past transactions or events, where it is not probable that its settlement will result in an outflow of economic benefits, or where the amount of the outflow cannot be estimated reliably.

### 21. Preferred shares

Preferred shares issued by the Group are categorized as an equity instrument if both conditions below were met:

- The instrument includes no contractual obligation to deliver cash or other financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the issuer.
- If the instrument will or may be settled in the Group's own equity instruments, it is: (i) a non-derivative that includes no contractual obligation for the Group to deliver a variable number of its own equity instruments; or (ii) a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Transaction costs of issuing an equity instrument is accounted for as a deduction from equity. Distributions to holders of an equity instrument are accounted for as profit appropriation. The purchase, sale, or cancellation of an equity instrument is accounted as a change in equity.

The preferred shares of the Group are with the following features, so that it is classified as equity:

(i) The board of the directors of the issuer has the discretion to determine whether to declare a dividend distribution or not. The board resolution of the issuer should include the amount of preferred share dividend to be paid.

(ii) The board of the directors shall be entitled at its sole discretion to pay or delay the payment of the preferred share dividend.

### 22. Profit distributions to owners

Distributions of profit proposed in the profit appropriation plan to be approved after the balance sheet date are not recognized as a liability at the balance sheet date but are disclosed in the notes separately.

### 23. Revenue recognition

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

The Group recognizes revenue when all the following conditions are met:

- The significant risks and rewards of ownership of goods have been transferred to the buyer;
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the future economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

According to the characteristics of production and management of the group, the Group recognizes revenue when goods delivered.

### 24. Government subsidy

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contribution from the government in the capacity as an investor in the Group. Specific transfers from the government, such as investment grants that have been clearly defined in official documents as part of “capital reserve” are also dealt with as capital contributions rather than government grants.

A government grant is recognized when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

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.

A government grant related to an asset is recognized initially as deferred income and amortized to profit or loss on a straight-line basis over the useful life of the asset. A grant that compensates the Group for expenses to be incurred in the future is recognized initially as deferred income, and released to profit or loss in the periods in which the expenses are recognized. A grant that compensates the Group for expenses already incurred is recognized in profit or loss immediately.

**25. Income tax**

Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible tax losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is not recognized for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss). Deferred tax is not recognized for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all the following conditions are met:
- the taxable entity has a legally enforceable right to offset current tax liabilities and assets, and
- they relate to income taxes levied by the same tax authority on either:
  - the same taxable entity; or
  - different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realize 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.

### 26. Leases

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

#### (1) Assets acquired under finance leases

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the carrying amount of the leased assets and the minimum lease payments is recognized as unrecognized finance charges. Initial direct costs attributable to a finance lease that are incurred by the Group are added to the carrying amount of the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Notes V (12) and V (17), respectively.

If there is reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

Unrecognized finance charge under a finance lease is amortized using an effective interest method over the lease term. The amortization is accounted for in accordance with the principles of borrowing costs (see Note V (14)).

At the balance sheet date, the long-term payables arising from finance leases, net of the unrecognized finance charges, are analyzed and separately presented as long-term payables or non-current liabilities due within one year.

#### (2) Operating lease charges

Rental payments under operating leases are recognized as part of the cost of another related asset or as expenses on a straight-line basis over the lease term.

### 27. Hedge accounting

Hedge accounting is a method which recognizes in profit or loss the offsetting effect of changes in the fair value of the hedging instrument and the hedged item in the same accounting period(s).

Hedged items are the items that expose the Group to risks of changes in fair value or future cash flows and that are designated as being hedged. The Group's hedged items include a firm commitment that is settled with a fixed amount of foreign currency and exposes the Group to foreign currency risk and other items.

A hedging instrument is a designated derivative whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item.

The hedge is assessed by the Group for effectiveness on an ongoing basis and judged whether it was highly effective throughout the accounting periods for which the hedging relationship was designated. A hedge is regarded as highly effective if both of the following conditions are satisfied:

- at the inception and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated; and
- the actual results of offsetting are within a range of 80% to 125%.

### (1) Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in shareholders' equity as a separate component. That effective portion is adjusted to the lesser of the following (in absolute amounts):

- the cumulative gain or loss on the hedging instrument from inception of the hedge
- the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is recognized in profit or loss in the same periods during which the non-financial asset or non-financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognized directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies from equity to profit or loss the amount that is not expected to be recovered.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is removed from equity and recognized in profit or loss in the same period during which the financial asset or financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognized directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies from equity to profit or loss the amount that is not expected to be recovered.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is removed from shareholders' equity and recognized in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting, the Group will discontinue the hedge accounting treatments prospectively. In this case, the gain or loss on the hedging instrument that remains recognized directly in shareholders' equity from the period when the hedge was effective is not reclassified into profit or loss and is recognized in accordance with the above policy when the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the gain or loss on the hedging instrument that remains recognized directly in shareholders' equity from the period when the hedge was effective is reclassified into profit or loss immediately.

### (2) Fair value hedges

A fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment.

The gain or loss from re-measuring the hedging instrument at fair value is recognized in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or no longer meets the criteria for hedge accounting, the Group discontinues prospectively the hedge accounting treatments. If the hedged item is a financial instrument measured at amortized cost, any adjustment to the carrying amount of the hedged item is amortized to profit or loss from the adjustment date to the maturity date using the recalculated effective interest rate at the adjustment date.

## 28. Segment information

The Group determines operating Segments based on internal organization structure, management requirements, and internal report system, determines report Segments based on operating Segments, and discloses Segment information.

An operating Segment is an integral part simultaneously meeting the following conditions in the Group: (1) the integral part could generate income and incur expenses in daily activities; (2) the Group's management level can periodically evaluate the operating results of this integral part, in order to determine the allocation of resources to it and evaluate its performance; (3) the Group could obtain this integral part's related accounting information such as financial standing, operating results and cash flow, etc.. Two or more operating Segments which have similar economic characteristics and meet certain conditions can be combined into one operating Segment.

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.

### 29. Important accounting estimates and their key assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

#### (1) Impairment of fixed assets, intangible assets and goodwill

Assets such as fixed assets, intangible assets and goodwill are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognized.

The recoverable amount of an asset (asset group) is the greater of its fair value less cost to sell and its present value of expected future cash flows. Since a market price of the asset (the asset group) cannot be obtained reliably, and the fair value of the asset cannot be estimated reliably. The recoverable amount was calculated based on the present value of estimated future cash flows. In assessing the present value of estimated future cash flows, significant judgements are exercised over the asset's production, selling price, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumptions.

#### (2) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined by the quoted price in the active market. The fair value of a financial instrument for which is not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and assumptions that are mainly based on market conditions existing at the end of each reporting period.

#### (3) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis applying a number of assumptions. The assumptions applied in determining the net cost (income) for pensions include the discount rate and etc.. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each reporting period. In applying the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that with terms to maturity approximating the terms of the related pension liability. Other key assumptions used in actuary of pension obligations are based on reasonable estimate of current market conditions.

### 30. Change of important accounting policies and accounting estimates

#### (1) Change of important accounting policies

□Applicable √Not applicable

### (2) Change of important accounting estimates

☐Applicable √Not applicable

## 31. Long-term equity investments

### (1) Investment cost of long-term equity investments

#### a. Long-term equity investments acquired through a business combination

The initial cost of a long-term equity investment acquired through a business combination involving enterprises under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted against retained earnings.

For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

#### b. Long-term equity investments acquired other than through a business combination

A long-term equity investment acquired other than through a business combination is initially recognized at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

### (2) Subsequent measurement of long-term equity investment

#### a. Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognizes its share of the cash dividends or profit distributions declared by the investee as investment income in the current period.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

For the impairment of the investments in subsidiaries, refer to Note V.17.

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the policies described in Note V.6.

#### b. Investment in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control and rights to the net assets of the arrangement.

An associate is an enterprise over which the Group has significant influence

An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale.

Under the equity method:

- Where the initial 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 date of acquisition, the investment is initially recognized at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognized in profit or loss.
- After the acquisition of the investment, the Group recognizes its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution ("other changes in owners' equity"), is recognized directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.
- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognizes investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealized profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealized losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealized gains but only to the extent that there is no impairment.
- The Group discontinues recognizing its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

For the impairment of the investments in joint ventures and associates, refer to Note V.17.

### (3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee's related activities unilaterally.
- Whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control.

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

## 32. Discontinued operations

The Group classifies a component that either has been disposed of or is classified as held for sale, and is separately identifiable operationally and for financial reporting purposes, and satisfies one of the following conditions as a discontinued operation.

- It represents a separate major line of business or geographical area of operations.
- It is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.
- It is a subsidiary acquired exclusively with a view to resale.

**33. Related parties**

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

## VI. Taxes

### 1. Main tax type and tax rate

The main categories and rates of taxes applicable to the Group are set out below:

| Category | Tax base | Tax rate |
|---|---|---|
| (1) Enterprise income tax | Taxable income | 15% to 38% |
| (2) 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 current period) | 5% to 21% |
| (3) Business tax | Taxable turnover | 1.5% and 5% |
| (4) Stamp tax | Taxable sales amount | 0.02% to 2% |
| (5) Property tax | Rental value | <1% |

### 2. Tax preferences

| Name of the company | Enterprise income tax rate |
|---|---|
| Adisseo France S.A.S | 38% |
| Bluestar Adisseo Company | 25% |
| Bluestar Adisseo Nanjing Co., Ltd | 25% |
| Adisseo Life Science (Shanghai) Co., Ltd | 25% |
| Adisseo USA Inc. | 34% |
| Adisseo Brasil Nutriçao Animal Ltd | 34% |

There is no significant preferential tax policies that have material effect on the Group in 2014 and 2015.

## VII. Notes to the Items in Consolidated Financial Statements

### 1. Cash at bank and on hand

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Cash on hand | | 1,827,153 |
| Cash at bank | 4,941,121,304 | 1,695,722,166 |
| Other monetary funds | | 899,857,796 |
| **Total** | **4,941,121,304** | **2,597,407,115** |

As at 31 December 2014, the other monetary funds RMB 885,997,981 were restricted in use, and they were mainly the cash deposit as collateral for that former BNCM business applies to banks for opening bank acceptance draft and letter of credit; and RMB 13,859,815 were the accounts recovered at maturity of the notes receivable pledged to bank as guarantee for short-term loans (Note IV (17)). After the restructuring, there were no such restricted other monetary funds.

As at 31 December 2015, no more monetary funds.

### 2. Derivative financial assets

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Derivative financial instruments held at fair value through profit or loss | 1,695,753 | 12,577,597 |
| Cash flow hedge instruments | 6,456,632 | 2,579,638 |
| Fair value hedge instrument | 1,326,802 | 29,822 |
| **Total** | **9,479,187** | **15,187,057** |

### 3. Notes receivable

#### (1) Classification of notes receivables

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Bank acceptance bills | | 468,615,898 |
| **Total** | | **468,615,898** |

As at December 31, 2014, the balance of note receivable represents the note receivable for former BNCM business.

### 4. Accounts receivable

#### (1) Accounts receivable by customer type are as follows

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|

| | | |
|---|---|---|
| Accounts receivable | 1,793,334,606 | 2,032,061,529 |
| Less: provision for bad debts | 17,282,955 | 71,573,358 |
| **Total** | **1,776,051,652** | **1,960,488,171** |

### (2) The ageing analysis of accounts receivables is as follows

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Within 1 year | 1,785,764,028 | 1,946,446,389 |
| 1 to 2 years | 7,570,578 | 8,678,772 |
| 2 to 3 years | | 9,103,779 |
| Over 3 years | | 67,832,589 |
| **Total** | **1,793,334,606** | **2,032,061,529** |

### (3) Accounts receivable analyzed by customers' categories as follows

Unit: Yuan Currency: RMB

| Type | Closing balance | | | | | Opening balance | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Closing balance | | Provision for bad debt | | Carrying amount | Closing balance | | Provision for bad debt | | Carrying amount |
| | Amount | % of total balance | Amount | % of total balance | | Amount | % of total balance | Amount | % of total balance | |
| Individually significant and assessed individually for impairment | | | | | | 130,785,273 | 6.44% | 8,271,643 | 11.56% | 122,513,630 |
| Subject to provision on the Grouping basis | | | | | | | | | | |
| Group 1 | 17,409,733 | 0.97% | | | 17,409,733 | 256,489,048 | 12.62% | | | 256,489,048 |
| Group 2 | 1,772,336,537 | 98.83% | 13,694,618 | 79.24% | 1,758,641,919 | 1,639,120,952 | 80.66% | 57,784,571 | 80.73% | 1,581,336,381 |
| Individually insignificant but assessed individually for impairment | 3,588,336 | 0.20% | 3,588,336 | 20.76% | 0 | 5,666,256 | 0.28% | 5,517,144 | 7.71% | 149,112 |
| **Total** | **1,793,334,606** | **100%** | **17,282,955** | **100%** | **1,776,051,652** | **2,032,061,529** | **100%** | **71,573,358** | **100%** | **1,960,488,171** |

Accounts receivable which are collectively assessed for impairment using the ageing analysis method at the end of the period:

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Account age | Closing balance | | |
|---|---|---|---|
| | Accounts receivable | Bad debt reserve | Withdrawal proportion |
| Not Yet Due | 1,678,724,804 | | 0.00% |
| Within 60 days | 84,071,346 | 215,950 | 0.26% |
| 61 days to 90 days | 15,084,395 | 4,221,644 | 27.99% |
| 91 days to 180 days | 2,045,196 | 3,649,788 | 178.46% |
| More than 180 days | (7,589,204) | 5,607,236 | (73.88)% |
| Total | **1,772,336,537** | **13,694,618** | 0.77% |

Accounts receivable collectively assessed for impairment using the percentage of balance method at the end of the period:

☐Applicable √ Not applicable

Provision for bad and doubtful debts for accounts receivable which are individually non-significant and assessed for impairment individually

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

| Accounts receivable (by unit) | Closing balance | | | |
|---|---|---|---|---|
| | Accounts receivable | Bad debt reserve | Withdrawal proportion | Reason for withdrawal |
| REGINAVES IND E COM DE AVES LT | 3,588,336 | 3,588,336 | 100% | (i) |
| Total | 3,588,336 | 3,588,336 | 100% | / |

(i) As REGINAVES has failed to bankruptcy (chapter 11) , the management of the company is of the view that it is difficult to collect the receivable amount, therefore full bad debt provision has been made accordingly.

### (4) Recovery or reversal of provision for bad and doubtful debts during the year

The amount of bad debt reserve withdrawn in current period was RMB 24,702,195; the amount of bad debt reserve recovered or transferred back in current period was RMB 7,229,170.

### (5) Five largest accounts receivable by debtor at the end of the year

| | Balance | Amount of bad debt reserve | Proportion to the total balance of accounts receivable |
|---|---|---|---|
| The five largest accounts receivable | 316,278,061 | 0 | 17.64% |

## 5. Advances to suppliers

### (1) The ageing analysis of accounts receivable is as follows

Unit: Yuan Currency: RMB

| Account age | Closing balance | | Opening balance | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Within 1 year | 24,999,896 | 58.28% | 659,898,334 | 99.10% |
| 1-2 years | 17,660,381 | 41.17% | 3,726,595 | 0.56% |
| 2-3 years | 28,381 | 0.07% | 2,251,362 | 0.34% |
| More than 3 years | 205,760 | 0.48% | | |
| **Total** | **42,894,418** | **100%** | **665,876,291** | **100%** |

As at 31 December 2015, the advances to suppliers with an account age of more than 1 year were RMB 17,894,522 (Dec. 31, 2014: RMB 5,977,957), which were mainly advance payment for purchasing of materials. The goods were not received yet, so the accounts were not settled.

### (2) Five largest prepayments by debtor at the end of the year

| | Amount | Proportion to the total amount of advances to suppliers |
|---|---|---|
| Total of the five largest advances to suppliers | 26,730,844 | 62.32% |

## 6. Other receivables

### (1) Other receivables by customer type

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Compensation receivable of gain or loss of transition period(Note 5) | | 46,189,535 |
| Pledge/ bonds | | 44,987,303 |
| Export rebates receivable | | 34,707,658 |
| Prepayment | | 7,758,440 |
| Receivables for related services | 1,951,871 | 1,085,336 |
| Employees - Receivables | 4,393,406 | 2,060,513 |
| Guarantees and cautions | 12,125,860 | 13,755,753 |
| Social Security - Receivables | 326,379 | 268,402 |
| Others | 1,809,276 | 88,006,802 |
| **Sub-total** | **20,606,793** | **238,819,742** |
| Less: provision for bad debts | 0 | (35,913,072) |
| **Total** | **20,606,793** | **202,906,670** |

## 7. Inventories

### (1) Inventories by category

Unit: Yuan Currency: RMB

| Items | Closing balance | | | Opening balance | | |
|---|---|---|---|---|---|---|
| | Book value | Provision for decline in value of inventories | Carrying amount | Book value | Provision for decline in value of inventories | Carrying amount |
| Raw materials | 366,702,494 | 22,922,065 | 343,780,428 | 701,826,602 | 27,850,622 | 673,975,980 |
| Work in progress | 127,828,975 | 3,002,901 | 124,826,074 | 420,551,220 | 10,452,389 | 410,098,831 |
| Finished goods | 792,174,214 | 25,940,548 | 766,233,666 | 1,513,250,226 | 35,177,991 | 1,478,072,235 |
| Turnover materials | | | | 11,144,142 | | 11,144,142 |
| Materials entrusted to process | | | | 37,814 | | 37,814 |
| **Total** | **1,286,705,683** | **51,865,515** | **1,234,840,168** | **2,646,810,004** | **73,481,002** | **2,573,329,002** |

At the year end, the inventories pledged as security by the Group amounted to RMB 0 (2014: RMB 0).

## (2) Provision for impairment of inventories

Unit: Yuan Currency: RMB

| Items | Opening balance | Increase in the current period | Decreased in the current period | | Currency translation difference | Closing balance |
|---|---|---|---|---|---|---|
| | | Provision | Reversal or write-off | Disposal of subsidiary companies and businesses | | |
| Raw materials | 27,850,622 | 6,829,226 | (2,468,453) | (8,396,243) | (893,086) | 22,922,065 |
| Work in progress | 10,452,389 | 16,248,906 | (7,684,647) | (15,888,656) | (125,092) | 3,002,901 |
| Finished goods | 35,177,991 | 84,243,651 | (28,586,115) | (65,111,466) | 216,487 | 25,940,548 |
| **Total** | **73,481,002** | **107,321,783** | **(38,739,215)** | **(89,396,365)** | **(801,691)** | **51,865,515** |

| | Basis for provision | Reason for reversal |
|---|---|---|
| Raw materials | Estimated selling price less estimated costs incurred at completion of construction, estimated selling expenses | Increase in net realizable value/used |
| Products in process | Estimated selling price less estimated costs incurred at completion of construction, estimated selling expenses | Increase in net realizable value/finished and sold |
| Merchandise inventory | Estimated selling less estimated selling expenses | Increase in net realizable value/sold. |

## 8. Other current assets

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Value added tax | 263,667,285 | 742,550,868 |
| Income tax receivable | 32,286,714 | 42,822,302 |
| **Total** | **295,953,999** | **785,373,170** |

## 9. Available-for-sale financial assets

## (1) Available-for-sale financial assets

Unit: Yuan Currency: RMB

| Items | Closing balance | | | Opening balance | | |
|---|---|---|---|---|---|---|
| | Book value | Provision for impairment | Carrying amount | Book value | Provision for impairment | Carrying amount |
| Available-for-sale equity instruments | | | | | | |
| Measured at cost | 3,275,648 | 0 | 3,275,648 | 91,453,126 | 2,000,000 | 89,453,126 |
| **Total** | **3,275,648** | **0** | **3,275,648** | **91,453,126** | **2,000,000** | **89,453,126** |

### (2) Available-for-sale financial assets measured at cost at the end of period

Unit: Yuan Currency: RMB

| Invested units | Closing balance | | | | | Provision for impairment | | | | Shareholding (%) | Cash dividends |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening amount | Increase in current period | Decrease in current period | Currency translation difference | Closing amount | Opening amount | Increase in current period | Decrease in current period | Closing amount | | |
| Alderys | 745,560 | | | (36,040) | 709,520 | | | | | 8.69% | |
| Osiris | 1,873,168 | | | (90,548) | 1,782,619 | | | | | 12.87% | |
| West | 22,367 | | | (1,081) | 21,286 | | | | | 5.00% | |
| ChemChina Finance Company | 70,000,000 | | (70,000,000) | | 0 | | | | | | |
| Cabot Bluestar Chemical (Jiangxi) CoLtd | 10,008,669 | | (10,008,669) | | 0 | | | | | | |
| Bluestar Environmental Engineering CoLtd | 6,000,000 | | (6,000,000) | | 0 | | | | | | |
| Shanxi Yanggao Jinneng Thermal Power CoLtd | 2,000,000 | | (2,000,000) | | 0 | 2,000,000 | | (2,000,000) | 0 | | |
| Other | 803,362 | | | (41,140) | 762,223 | | | | | | |
| **Total** | **91,453,126** | **0** | **(88,008,669)** | **(168,809)** | **3,275,648** | **2,000,000** | **0** | **(2,000,000)** | **0** | | |

### (3) Impairment movements of available-for-sale financial assets in the reporting period

Unit: Yuan Currency: RMB

| Provision for impairments | Available-for-sale equity instruments | Total |
|---|---|---|
| Balance at the beginning of the period | 2,000,000 | 2,000,000 |
| Charge during the current period | | |
| Including: Transfer-in from other comprehensive income | | |
| Decreased during the current period | (2,000,000) | (2,000,000) |
| Including: write off during the period | | |
| Including: reversal during the period | | |
| Balance at the end of the period | 0 | 0 |

The available-for-sale financial assets measured at cost mainly include the Group's unlisted equity investments which are not quoted in an active market and whose range of fair value reasonable estimates is large and probabilities for determining the fair value reasonable estimates cannot be reasonably determined, so the fair value of the unlisted equity investments cannot be reliably measured. The Group has no plan for disposing these investments.

### 10. Long-term receivables

Unit: Yuan Currency: RMB

| Items | Closing balance | | | Opening balance | | | Range of discount rate |
|---|---|---|---|---|---|---|---|
| | Book value | Provision for impairment | Carrying amount | Book value | Provision for impairment | Carrying amount | |
| Guarantees and cautions | 25,982,683 | 23,570,254 | 2,412,429 | 32,358,984 | 3,996,201 | 28,362,783 | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Loans to suppliers | 21,918,414 | | 21,918,414 | 26,908,494 | | 26,908,494 | |
| Others | 420,710 | | 420,710 | 443,749 | | 443,749 | |
| **Total** | **48,321,807** | **23,570,254** | **24,751,553** | **59,711,227** | **3,996,201** | **55,715,026** | / |

As at 31 December 2015, the part due within one year was RMB 1,090,993 (as at 31 December 2014 it was RMB 2,364,059).

### (1) An analysis of the movements of provision is as follows

Unit: Yuan Currency: RMB

| Items | Amount incurred in the current period |
|---|---|
| **Balance at the beginning of the period** | **3,996,201** |
| Addition during the period | 23,014,484 |
| Reversal during the period | (3,996,202) |
| Write-off during the period | |
| Currency translation differences | 555,770 |
| **Balance at the end of the period** | **23,570,254** |

## 11. Fixed assets

### (1) Fixed assets

Unit: Yuan Currency: RMB

| Items | Houses and buildings | Freehold land | Machinery equipment | Means of transport | Office supplies | Total |
|---|---|---|---|---|---|---|
| **I. Original book value** | | | | | | |
| 1. Opening balance | 4,924,374,260 | 53,280,610 | 13,448,692,950 | 111,288,390 | 76,939,062 | 18,614,575,271 |
| 2. Increase in current period | | | | | | |
| 1) Purchasing | 3,759,907 | | 83,235,099 | 999,733 | 607,794 | 88,602,532 |
| 2) Transfer from construction in process | 1,377,024,752 | 29,180,315 | 3,419,795,384 | | 15,371,252 | 4,841,371,703 |
| 3) Others increase | | | | | | |
| 3. Decrease in current period | | | | | | |
| 1) Disposal or retirement | (5,999,561) | (242,477) | (176,394,712) | (722,824) | (27,085) | (183,386,658) |
| 2) Disposal of subsidiary companies and businesses | (3,706,936,973) | | (8,916,499,894) | (111,565,299) | (92,891,023) | (12,827,893,189) |
| 3) Other decrease | (58,045,017) | | (666,106,640) | | | (724,151,657) |
| 4. Currency translation | (45,082,330) | (1,876,746) | (229,745,157) | | | (276,704,233) |
| **5. Closing balance** | **2,489,095,037** | **80,341,703** | **6,962,977,030** | **(0)** | **(0)** | **9,532,413,769** |
| | | | | | | |
| **II. Accumulated depreciation** | | | | | | |
| 1. Opening balance | (795,904,592) | (1,488,689) | (5,013,195,919) | (79,137,812) | (58,598,624) | (5,948,325,637) |
| 2. Increase in current period | | | | | | |
| 1) Current year depreciation | (155,880,886) | (491,881) | (763,706,860) | (3,801,018) | (5,443,753) | (929,324,398) |
| 2) Other | | | | | | |
| 3. Decrease in current period | | | | | | |
| 1) Disposal or retirement | 5,826,364 | 214,765 | 138,949,562 | 615,175 | 25,524 | 145,631,391 |
| 2) Disposal of subsidiary | 478,278,340 | | 2,578,966,422 | 82,323,654 | 64,016,852 | 3,203,585,269 |

| Items | Houses and buildings | Freehold land | Machinery equipment | Means of transport | Office supplies | Total |
|---|---|---|---|---|---|---|
| companies and businesses | | | | | | |
| 3) Other decrease | 7,655,081 | | 175,100,924 | | | 182,756,005 |
| 4. Currency translation | 13,208,302 | 65,271 | 104,869,297 | | | 118,142,869 |
| **5. Closing balance** | **(446,817,391)** | **(1,700,535)** | **(2,779,016,574)** | **0** | **0** | **(3,227,534,500)** |
| | | | | | | |
| **III. Impairment reserve** | | | | | | |
| 1. Opening balance | (47,950,870) | | (224,094,418) | (503,330) | (9,955) | (272,558,573) |
| 2. Increase in current period | | | | | | |
| 1) Current year depreciation | | | | | | |
| 3. Decrease in current period | | | | | | |
| 1) Disposal or retirement | | | | | | |
| 2) Disposal of subsidiary companies and businesses | 47,950,870 | | 89,036,223 | 503,330 | 9,955 | 137,500,378 |
| 4. Currency translation | | | 6,528,647 | | | 6,528,647 |
| **5. Closing balance** | **0** | | **(128,529,548)** | **0** | **0** | **(128,529,548)** |
| | | | | | | |
| **IV. Carrying amount** | | | | | | |
| 1. Closing carrying amount | **2,042,277,645** | **78,641,168** | **4,055,430,908** | **(0)** | **(0)** | **6,176,349,721** |
| 2. Opening carrying amount | 4,080,518,798 | 51,791,921 | 8,211,402,612 | 31,647,248 | 18,330,484 | 12,393,691,062 |

### (2) Temporarily idle fixed assets

There are no significant temporarily idle fixed assets.

### (3) Fixed assets held under finance lease

Unit: Yuan Currency: RMB

| Items | Original book value | Accumulated depreciation | Impairment reserve | Book value |
|---|---|---|---|---|
| Buildings | 21,082,424 | (7,873,621) | | 13,208,803 |
| Vehicles | 1,216,506 | (717,926) | | 498,580 |
| **Total** | **22,298,930** | **(8,591,547)** | **0** | **13,707,383** |

## 12. Construction in progress

### (1) Construction in progress

Unit: Yuan Currency: RMB

| Items | Closing balance | | | Opening balance | | |
|---|---|---|---|---|---|---|
| | Book value | Provision for impairment | Carrying amount | Book value | Provision for impairment | Carrying amount |
| Project A | - | | - | 35,436,467 | | 35,436,467 |
| Project D | 188,308,073 | | 188,308,073 | 3,812,909 | | 3,812,909 |
| Others | 206,077,565 | | 206,077,565 | 6,567,812,527 | (2,364,345) | 6,565,448,182 |
| **Total** | **394,385,639** | **-** | **394,385,639** | **6,607,061,903** | **(2,364,345)** | **6,604,697,558** |

Others mainly include BNCM construction in progress (carrying amount at the opening balance: RMB 6,389,451,505).

### (2) Movements of major construction projects in progress during the year

Unit: Yuan Currency: RMB

| Project name | Budget | Opening balance | Increase in current period | Transfer to fixed assets | Currency translation differences | Amount of other items decreased in current period | Closing balance | Proportion of expenditures incurred to budgeted amount (%) | Progress of construction | Accumulated capitalized borrowing costs | Including: capitalized in current period | Capitalization rate (%) | Source of funds |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Project A | 189,425,250 | 35,436,467 | 2,244,640 | (34,877,258) | (2,803,849) | - | - | - | - | - | - | 0.00% | Loan/current account |
| Project D | 522,105,900 | 3,812,909 | 180,324,862 | | 4,170,303 | | 188,308,073 | 36% | 77% | | | | Loan/current account |
| Others | - | 6,567,812,527 | 1,591,043,824 | (4,806,494,445) | (12,560,680) | (3,133,723,661) | 206,077,565 | - | - | - | 27,326,404 | - | Current account |
| **Total** | | **6,607,061,903** | **1,773,613,325** | **(4,841,371,703)** | **(11,194,226)** | **(3,133,723,661)** | **394,385,639** | | | **-** | **27,326,404** | | |

### (3) Analysis of provision for impairment

Unit: Yuan Currency: RMB

| Items | Amounts incurred in the current period | Amounts incurred in the last period |
|---|---|---|
| Opening balance | 2,364,345 | 2,437,037 |
| Increase in current period | | |
| Decrease in current period | | (72,692) |
| Disposal of subsidiary companies and businesses | (2,364,345) | |
| Currency translation differences | | |
| Total | 0 | 2,364,345 |

## 13. Construction materials

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Equipment for specific use | | 34,226,517 |
| Materials for specific use | | 600,817 |
| Total | | **34,827,335** |

## 14. Intangible assets

### (1) Intangible assets

Unit: Yuan Currency: RMB

| Items | Land use rights | Trademark | Patents | Technology | Customer relationships | Software and others | Total |
|---|---|---|---|---|---|---|---|
| **I. Original book value** | | | | | | | |
| 1. Opening balance | 865,002,613 | 687,878,442 | 462,036,418 | 1,328,101,978 | 870,601,580 | 209,315,911 | **4,422,936,942** |
| 2. Increase in current period | | | | | | | |
| 1) Purchasing | 351,677 | | 893,699 | 41,878,026 | | 3,116,170 | **46,239,572** |

| Items | Land use rights | Trademark | Patents | Technology | Customer relationships | Software and others | Total |
|---|---|---|---|---|---|---|---|
| 2) Transferred from construction in process | | | | | | | |
| 3) Others increase | | | | | | 103,919 | **103,919** |
| 3. Decrease in current period | | | | | | | |
| 1) Disposal | | | | (66,472,829) | | (275,056) | **(66,747,886)** |
| 2) Disposal of subsidiary companies and businesses | (754,577,290) | | (26,902,563) | (128,504,837) | | (81,274,634) | **(991,259,324)** |
| 4. Currency translation | | (337,334) | (19,782,465) | 232,145 | (3,816,996) | (753,287) | **(24,457,937)** |
| **5. Closing balance** | **110,777,000** | **687,541,107** | **416,245,089** | **1,175,234,483** | **866,784,584** | **130,233,024** | **3,386,815,287** |
| | | | | | | | |
| **II. Accumulated amortization** | | | | | | | |
| 1. Opening balance | (108,164,566) | (107,971,212) | (343,421,645) | (430,880,082) | (366,517,021) | (158,952,522) | **(1,515,907,048)** |
| 2. Increase in current period | | | | | | | |
| 1) Current year depreciation | (9,462,927) | (17,452,030) | (37,805,511) | (79,103,188) | (58,489,625) | (13,490,329) | **(215,803,609)** |
| 2) Others increase | | | | | | | |
| 3. Decrease in current period | | | | | | | |
| 1) Disposal | | | | 66,379,209 | | 265,058 | **66,644,267** |
| 2) Disposal of subsidiary companies and businesses | 105,007,493 | | 1,569,316 | 90,096,355 | | 71,780,994 | **268,454,158** |
| 4. Currency translation | | 66,032 | 15,245,027 | 8,323,151 | (7,398,950) | 111,241 | **16,346,502** |
| **5. Closing balance** | **(12,620,000)** | **(125,357,210)** | **(364,412,813)** | **(345,184,554)** | **(432,405,595)** | **(100,285,559)** | **(1,380,265,731)** |
| | | | | | | | |
| **III. Impairment reserve** | | | | | | | |
| 1. Opening balance | | | | (1,136,247) | | | (1,136,247) |
| 2. Increase in current period | | | | | | | |
| 1) Current year depreciation | | | | | | | |
| 3. Decrease in current period | | | | | | | |
| 1) Disposal of subsidiary companies and | | | | 1,136,247 | | | 1,136,247 |

| Items | Land use rights | Trademark | Patents | Technology | Customer relationships | Software and others | Total |
|---|---|---|---|---|---|---|---|
| businesses | | | | | | | |
| 4. Currency translation | | | | | | | |
| **5. Closing balance** | | | | | | | |
| | | | | | | | |
| **IV. Carrying amount** | | | | | | | |
| 1. Closing carrying amount | 98,157,000 | 562,183,897 | 51,832,276 | 830,049,929 | 434,378,989 | 29,947,465 | **2,006,549,556** |
| 2. Opening carrying amount | 756,838,047 | 579,907,229 | 118,614,772 | 896,085,650 | 504,084,560 | 50,363,389 | **2,905,893,648** |

## 15. Development costs

Unit: Yuan Currency: RMB

| Items | Opening balance | Increase during the current period | | Decrease during the current period | | | Currency translation | Closing balance |
|---|---|---|---|---|---|---|---|---|
| | | Internal development | Others | Recognized as intangible assets | Recognized in profit or loss | Others | | |
| Development costs | 57,042,796 | 33,087,650 | | | (3,526,301) | | (2,043,551) | 84,560,594 |
| **Total** | **57,042,796** | 33,087,650 | | | **(3,526,301)** | | **(2,043,551)** | **84,560,594** |

## 16. Goodwill

### (1) Changes in goodwill

Unit: Yuan Currency: RMB

| Name of investee or events from which goodwill arising | Opening balance | Increase during the current period | Decrease during the current period | Currency translation | Closing balance |
|---|---|---|---|---|---|
| Drakkar Group S.A.(“DGSA”) | 696,625,137 | - | - | (33,673,901) | 662,951,236 |
| Innov’ia S.A. (“Innov'ia”) | 134,084,172 | - | - | (6,481,562) | 127,602,610 |
| **Subtotal** | **830,709,309** | **-** | **-** | **(40,155,464)** | **790,553,845** |
| Provision for impairment | - | | | | - |
| **Total** | **830,709,309** | **-** | **-** | **(40,155,464)** | **790,553,845** |

The Goodwill on Drakkar Group S.A. concerns Performance Products.

### (2) Impairment provision for goodwill

The recoverable amount of asset groups and groups of asset groups is calculated using the estimated cash flows determined according to the five-year budget approved by management. The cash flows beyond the five-year period are calculated based on the following estimated growth rates.

The main assumptions applied in calculating discounted future cash flows are as follows:

| | DGSA | Innov'ia |
|---|---|---|
| Growth rate of sales | 3.50% | 2% |
| Operating margin | 35% | 25% |
| Discount rate | 7.9% | 7.9% |

The weighted average growth rates applied by management are consistent with those estimated in the industry reports, and do not exceed the long-term average growth rates of each product. Management determines budgeted gross margin based on past experience and forecast on future market development. The discount rates used by management are the pre-tax interest rates that are able to reflect the risks specific to the related asset groups and groups of asset groups. The above assumptions are used to assess the recoverable amount of each asset group and group of asset groups within the corresponding operating segment.

However, as key assumptions on which management has made in respect of future cash projections are subject to change, management believes that any adverse change in the assumptions would cause the carrying amount to exceed its recoverable amount.

## 17. Deferred income tax assets/ deferred income tax liabilities

### (1) Deferred tax assets

Unit: Yuan Currency: RMB

| Items | Closing balance | | Opening balance | |
|---|---|---|---|---|
| | Deductible temporary difference | Deferred tax assets | Deductible temporary difference | Deferred income tax assets |
| Deductible losses | 13,916,359 | 4,731,562 | 573,240,346 | 86,586,411 |
| Accrued expenses | 164,696,182 | 56,463,966 | 30,991,934 | 9,853,756 |
| Change in fair value of derivative financial instruments | 14,914,834 | 5,136,420 | 133,190,453 | 50,466,092 |
| Property plant equipment and intangible assets | 224,673,174 | 77,354,208 | 145,793,061 | 50,293,392 |
| Unrealized profits of internal transactions | 377,512,322 | 103,268,951 | 469,442,034 | 122,933,902 |
| Payroll | 347,579,444 | 117,296,946 | 297,324,940 | 104,764,271 |
| Others | 51,322,128 | 17,482,086 | 110,239,112 | 31,347,121 |
| **Sub-total** | **1,194,614,443** | **381,734,139** | **1,760,221,879** | **456,244,944** |
| Amount of offsetting | (820,987,834) | (289,496,428) | (319,759,237) | (91,985,172) |
| **Balance after offsetting** | **373,626,609** | **92,237,712** | **1,440,462,643** | **364,259,772** |

### (2) Deferred tax liabilities

Unit: Yuan Currency: RMB

| Items | Closing balance | | Opening balance | |
|---|---|---|---|---|
| | Taxable temporary difference | Deferred tax liabilities | Taxable temporary difference | Deferred tax liabilities |
| Property plant equipment and intangible assets | 3,389,421,092 | 1,150,597,835 | 3,365,252,998 | 1,205,077,073 |
| Change in fair value of derivative financial instruments | 10,053,581 | 3,461,448 | 32,238 | 3,644 |

| | | | | |
|---|---|---|---|---|
| Others | 98,300,092 | 26,074,839 | 13,883,273 | 4,963,142 |
| **Sub-total** | **3,497,774,764** | **1,180,134,122** | **3,379,168,509** | **1,210,043,859** |
| Amount of offsetting | (820,987,834) | (289,496,428) | (319,759,237) | (91,985,172) |
| **Balance after offsetting** | **2,676,786,930** | **890,637,694** | **3,059,409,272** | **1,118,058,687** |

### (3) Details of non-recognized deferred income tax assets

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Deductible temporary differences | | 284,594,568 |
| Deductible losses | 36,012 | 1,597,291,556 |
| **Total** | **36,012** | **1,881,886,124** |

### (4) Expiration of deductible tax losses for unrecognized deferred tax assets

Unit: Yuan Currency: RMB

| Year | Closing amount | Opening amount |
|---|---|---|
| 2015 | | 65,343,421 |
| 2016 | | 139,258,424 |
| 2017 | | 207,186,236 |
| 2018 | | 773,025,933 |
| 2019 | | 402,548,893 |
| No expiration date | 36,012 | 9,928,649 |
| **Total** | **36,012** | **1,597,291,556** |

As at December 31, 2014, the unrecognized deferred tax assets related to deductible tax losses mainly represents the unrecognized deferred tax assets related to deductible tax losses related to the former BNCM business.

### 18. Short-term borrowings

### (1) Classification of short-term borrowings

Unit: Yuan Currency: RMB

| Category | Closing balance | Opening balance |
|---|---|---|
| Secured | | |
| Pledge loan (a) | | 123,880,000 |
| Guarantee loan (b) | | 4,324,034,826 |
| Unsecured (c) | 90,694 | 2,185,508,209 |
| **Total** | **90,694** | **6,633,423,035** |

Description about the classification of short-term borrowings:

a) As at 31 December 2014, the bank pledge loan RMB 123,880,000.00 Yuan took the time deposit RMB 13,859,814.89 and RMB 133,053,954.66 bank acceptance draft as pledge.

b) As at 31 December 2014, the bank guarantee loan included:
   - For the bank guarantee loan RMB 2,200,988,470.82, USD3,573,590.00 (converted into RMB21,866,797.21), EUR686,320.00 (converted into RMB5,116,927.39) and JPY12,891,642.41 (converted into RMB662,630.42), the guarantees were provided by the Company's parent company Bluestar Group.
   - For bank guarantee loan RMB 2,072,400,000.00, the guarantee was provided by the Company's ultimate controller ChemChina.
   - For bank guarantee loans RMB 23,000,000.00, the guarantee was provided by BNCM for its subsidiary company Nantong Xingchen Synthetic Material Co., Ltd.

As at December 31, 2014, the pledge and guarantee loan as mentioned above represented the loan for former BNCM business.

c) As at 31 December 2015, the weighted average interest rate of unsecured short-term borrowings is interest rate at 0% (31 December 2014: 1%).
As at 31 December 2014, the range of interest rate of secured short-term borrowings is interest rate at 1.30%-1.60%.

No pledge or guarantee as of December 31, 2015.

## 19. Derivative financial liabilities

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Derivative financial instruments held at fair value through profit or loss | 6,378,585 | 63,506,801 |
| Cash flow hedge instruments | 3,973,312 | 11,660,558 |
| Fair value hedge instruments | 9,365,664 | 33,005,941 |
| **Total** | **19,717,561** | **108,173,300** |

## 20. Notes payable

Unit: Yuan Currency: RMB

| Type | Closing balance | Opening balance |
|---|---|---|
| Bank acceptance bills | | 619,248,956 |
| **Total** | | **619,248,956** |

As at December 31, 2014, the balance of notes payable as mentioned above represented the notes payable for former BNCM business.

## 21. Accounts payable

### (1) Details of accounts payable are as follows

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Payable for suppliers | 945,896,366 | 1,935,259,465 |
| **Total** | **945,896,366** | **1,935,259,465** |

### (2) Important accounts payable with account age of more than 1 year

As at 31 December 2015, the accounts payable with account age of more than one year were RMB 251,000 (as at 31 December 2014: RMB 97,963,345).

## 22. Advances from customers

### (1) Details of advances from customers are as follows

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Advances from customers for sale of chemical products | | 420,193,407 |
| Advances from customers for projects | | 2,128,341 |

| | | |
|---|---|---|
| Advances from customers for sale of products | 11,402,470 | |
| **Total** | **11,402,470** | **422,321,748** |

As at 31 December 2015, the advances from customers with account age of more than 1 year were RMB 0 (as at 31 December 2014: RMB 23,064,527), which were mainly the advances from customers for sale of chemical products and rendering of supervisory services, etc. In view of the fact that related products were not delivered and related services were not rendered, the accounts were not settled yet.

## 23. Wages and benefits payable

### (1) Wages and benefits payable

Unit: Yuan Currency: RMB

| Items | Opening balance | Increased in current period | Decreased in current period | Disposal of subsidiary companies and businesses | Currency translation difference | Closing balance |
|---|---|---|---|---|---|---|
| Short-term employee benefits | 329,822,435 | 1,200,027,185 | (1,061,872,748) | (25,471,697) | (10,859,109) | 431,646,066 |
| Post-employment benefits | 10,611,683 | 87,286,878 | (43,538,892) | (18,307,923) | (1,427,169) | 34,624,576 |
| Termination benefits | 0 | 172 711 | (172 711) | 0 | | 0 |
| French profit-sharing plans – short term | 52,689,924 | 50,796,880 | (48,960,585) | 0 | (2,502,661) | 52,023,560 |
| Other benefits due within one year | 1 486 937 | 0 | (440 915) | (1 046 022) | | 0 |
| Total | **394,610,979** | **1,338,283,654** | **(1,154,985,852)** | **(44,825,643)** | **(14,788,939)** | **518,294,201** |

### (2) Short-term employee benefits

Unit: Yuan Currency: RMB

| Items | Opening balance | Increased in current period | Decrease in current period | Disposal of subsidiary companies and businesses | Currency translation difference | Closing balance |
|---|---|---|---|---|---|---|
| Salary, bonus, allowance and subsidy | 244,952,136 | 1,036,106,096 | (913,884,879) | (10,342,132) | (7,455,823) | 349,375,398 |
| Employee welfare benefit | 413,324 | 17,019,512 | (16,895,298) | (537,538) | | 0 |
| Social insurance premium | 53,658,034 | 88,932,129 | (82,266,155) | (2,212,332) | (2,358,521) | 55,753,154 |
| Wherein: Medical insurance premium | 53,483,590 | 84,440,975 | (78,228,196) | (1,633,694) | (2,358,521) | 55,704,154 |
| Industrial injury insurance premium | 88,717 | 3,217,028 | (2,926,694) | (361,051) | | 18,000 |
| Maternity insurance premium | 85,727 | 1,274,126 | (1,111,265) | (217,587) | | 31,000 |
| Housing fund | 935,979 | 14,563,000 | (11,411,009) | (3,794,970) | | 293,000 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Labor union outlay and employee education outlay | 4,216,723 | 6,329,908 | (1,971,647) | (8,574,985) | | 0 |
| Others | 25,646,239 | 37,076,539 | (35,443,760) | (9,740) | (1,044,765) | 26,224,514 |
| **Total** | **329,822,435** | **1,200,027,185** | **(1,061,872,748)** | **(25,471,697)** | **(10,859,109)** | **431,646,066** |

### (3) Post-employment benefits

| | Dec. 31, 2015 |
|---|---|
| Adisseo defined benefit plan (the part coming due within one year) | 34,624,576 |

## 24. Taxes payable

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Value-added-tax | 8,920,470 | 16,450,565 |
| Business tax | 83,648,353 | 49,534,277 |
| Enterprise income tax | 152,585,310 | 191,572,398 |
| Individual income tax | 50,948,721 | 2,910,748 |
| City maintenance and construction tax | 1,521,131 | 1,970,385 |
| Others | 14,770,854 | 14,846,689 |
| **Total** | **312,394,840** | **277,285,062** |

## 25. Other payables

### (1) Details of other payables listed by nature

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Loans from related parties | 14,874,937 | 3,823,130,659 |
| Construction cost payable | 0 | 704,750,070 |
| Payables for acquisition of property, plant and equipment | 154,965,858 | 325,160,590 |
| Professional fees payables | 47,541,258 | |
| Others | 54,885,952 | 306,173,366 |
| **Total** | **272,268,004** | **5,159,214,686** |

### (2) Significant other payables with ageing of more than one year

As at 31 December 2015, other payables with an account age of more than 1 year were RMB 1,697,000 (as at 31 December 2014: RMB 265,358,171), which were mainly the cash deposit as collateral and loans from associated parties. Such loans from associated parties did not have interest and fixed repayment period, and the other parties did not require repayment, so they were not settled yet; such cash deposit as collateral did not come due, and was not settled yet.

## 26. Current portion of non-current liabilities

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Current portion of long-term borrowings | 2,873,556 | 618,817,070 |
| Current portion of long-term payables | 1,658,290 | 3,188,529 |
| Current portion of provisions | 80,361,754 | 70,438,672 |
| **Total** | **84,893,599** | **692,444,271** |

### (1) Current portion of long-term borrowings

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Secured | | |
| - Pledged | | |
| - Guaranteed (i) | | 563,000,000 |
| Unsecured | 2,873,556 | 55,817,070 |
| **Total** | **2,873,556** | **618,817,070** |

As at 31 December 2014, the borrowings as below represents the borrowings related to former BNCM busniess:

- For the bank guarantee loan RMB 413,000,000.00, the guarantee was provided by the Company's ultimate controller ChemChina.
- For the bank guarantee loan 50,000,000.00 Yuan, the guarantee was provided by the Company's parent company Bluestar Group.
- For the bank guarantee loan 100,000,000.00 Yuan, the guarantee was provided by the Company for its subsidiary company Bluestar Silicon Materials Co., Ltd.

### (2) Current portion of long-term payables

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Within one year | 1,781,537 | 3,352,977 |
| Less: unrecognized finance charges | (123,247) | (164,448) |
| **Total** | **1,658,290** | **3,188,529** |

### (3) Current portion of provisions

Unit: Yuan Currency: RMB

| Items | Opening balance | Increase in current year | Decrease in current year | Other | Currency translation difference | Ending balance |
|---|---|---|---|---|---|---|
| Provision for liabilities and charges | 70,438,672 | 42,641,225 | (30,106,656) | 290,971 | (2,902,457) | 80,361,754 |
| **Total** | **70,438,672** | **42,641,225** | **(30,106,656)** | **290,971** | **(2,902,457)** | **80,361,754** |

## 27. Other current liabilities

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Government subsidy | 13,272,658 | 13,574,533 |
| Others | 56,762 | 59,645 |
| **Total** | **13,329,420** | **13,634,178** |

## 28. Long-term borrowings

### (1) Classification of long-term borrowings

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Secured | | |
| Guarantee loan | | 2,823,940,000 |
| Unsecured | 15,535,140 | 302,004,770 |
| Total | **15,535,140** | **3,125,944,770** |

As at 31 December 2014, long-term guarantee loans were all related to former BNCM business and included:

- Bank guarantee loan RMB 100,000,000.00, for which the guarantee was provided by the Company's parent company Bluestar Group.
- Bank guarantee loan RMB 2,723,940,000.00, for which, the guarantee was provided by the Company's ultimate controller ChemChina.

As at 31 December 2015, the range of interest rate for long-term loans was 3,06%~3,58% (as at 31 December 2014: 5.70%~ 7.60%).

## 29. Long-term payables

### (1) Long-term payables listed by nature

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Financial lease | 7,856,305 | 15,433,807 |
| Other long-term payable | 5,975,875 | 6,277,616 |
| Less : the part paid in one year | (1,658,290) | (3,188,529) |
| **Total** | **12,173,890** | **18,522,894** |

### (2) Details of obligations under finance leases included in long-term payables

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Within one year | 1,781,537 | 3,352,977 |
| Between 1 and 2 years | 1,731,949 | 3,278,451 |
| Between 2 and 3 years | 1,600,605 | 3,259,059 |
| Over 3 years | 3,074,811 | 6,288,739 |
| **Sub-total** | **8,188,902** | **16,179,226** |
| Less: unrecognized finance charges | (332,598) | (745,418) |
| **Total** | **7,856,305** | **15,433,807** |

There is no finance lease guaranteed by independent third party.

The payable for finance lease is recorded at the amount equal to the minimum lease payments less the unrecognized finance charge.

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

**(1) Long-term employee benefits payable**

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Termination benefits payable | | 14,102,473 |
| Defined benefit plans | 207,245,453 | 235,127,121 |
| French profit-sharing plans | 160,388,550 | 196,873,245 |
| Less: The part paid in one year | (86,651,527) | (54,176,862) |
| Total | **280,982,475** | **391,925,977** |

The part due within one year includes the short term part of French profit-sharing plan RMB 52,023,560.

**(2) Change of defined benefit plan**

**a. Change of defined benefit plan**

Present value of defined benefit plan obligation

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | | | | Amount incurred during the last period | | | |
|---|---|---|---|---|---|---|---|---|
| | IFC | MDT | Others | Total | IFC | MDT | Others | Total |
| I. Opening balance | 141,480,694 | 53,688,909 | 39,957,518 | 235,127,121 | 129,286,698 | 51,556,939 | 38,383,199 | 219,226,836 |
| II. Defined benefit plan recognized through profit and loss for the period in which they occur | | | | | | | | |
| 1. Service cost of current period | 7,282,408 | 3,560,209 | 3,076,288 | 13,918,905 | 6,460,255 | 3,392,982 | 9,560,280 | 19,413,517 |
| 2. Previous service cost | | | | | | | | |
| 3. Settlement gains (losses) | | | | | | | | |
| 4. Net amount of interest | 1,460,277 | 457,858 | 139,500 | 2,057,635 | 3,683,408 | 1,240,246 | 525,249 | 5,448,903 |
| III. Re-measurement of the net liabilities of defined benefit plans | | | | | | | | |
| 1. Actuary profit (loss filled out with "-") | (16,465,533) | (1,853,310) | 103,822 | (18,215,021) | 15,965,631 | 6,259,652 | 1,810,786 | 24,036,069 |
| IV. Other movements | | | | | | | | |
| 1. Price paid during settlement | (3,103,720) | (3,309,014) | (7,507,036) | (13,919,771) | (2,294,085) | (4,343,546) | (6,240,803) | (12,878,434) |
| 2. Currency translation differences | (13,193,608) | 886,842 | 583,350 | (11,723,416) | (11,621,213) | (4,417,364) | (4,081,193) | (20,119,771) |
| V. Closing balance | **117,460,518** | **53,431,493** | **36,353,442** | **207,245,453** | **141,480,694** | **53,688,909** | **39,957,518** | **235,127,121** |

Plan assets:

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | | | | Amount incurred during the last period | | | |
|---|---|---|---|---|---|---|---|---|
| | IFC | MDT | Others | Total | IFC | MDT | Others | Total |
| I. Opening balance | | | | | | | | |
| II. Defined benefit cost recorded in the gain or loss of current period | | | | | | | | |
| III. Defined benefit cost recorded in other composite benefit | | | | | | | | |
| IV. Other changes | | | | | | | | |
| V. Closing balance | | | | | | | | |

Net liabilities (net assets) of defined benefit plan

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | | | | Amount incurred during the last period | | | |
|---|---|---|---|---|---|---|---|---|
| | IFC | MDT | Others | Total | IFC | MDT | Others | Total |
| I. Opening balance | | | | | | | | |
| II. Defined benefit cost recorded in the gain or loss of current period | | | | | | | | |
| III. Defined benefit cost recorded in other composite benefit | | | | | | | | |
| IV. Other changes | | | | | | | | |
| V. Closing balance | | | | | | | | |

Description about the contents of defined benefit plan, related risks, and influences on the Company's future cash flow, time and uncertainty:

- Defined benefit plans of the Group include end of Career Benefits (IFC); bonuses of Seniority (GA) and other benefit plans.
- End of Career Benefits (IFC): All employees working for Adisseo France are entitled on retirement to a lump-sum as a result of legislation applicable in France. The amount of End of Career Benefits depends on employee's length of service in the Group and on the rights guaranteed by contractual agreements. The employee's final salary is taken into account when calculating the amount of these retirement benefits.
- Bonuses of Seniority (GA): All employees working for Adisseo in France are entitled on Bonuses of Seniority as well, the amount of which depends on their seniority in the Group.

**b. Main actuarial assumptions**

| Items | Closing balance | Opening balance |
|---|---|---|
| **End of Career Benefits(IFC)** | | |
| Discount rate | 2.25% | 1.20% |
| Inflation rate | 2.00% | 2.00% |
| Wages increase rate | 2,40 % - 3,00 % | 2,40 % - 3,00 % |
| Mortality Table | TH/TF 00-02 | TH/TF 00-02 |
| Retirement age | 60 years - 64 years | 60 years - 64 years |
| **Bonuses of Seniority (GA)** | | |
| Discount rate | 1.75% | 1.00% |
| Inflation rate | 2.00% | 2.00% |
| Wages increase rate | 2,40 % - 3,00 % | 2,40 % - 3,00 % |
| Mortality Table | TH/TF 00-02 | TH/TF 00-02 |
| Retirement age | 60 years - 64 years | 60 years - 64 years |

**c. Sensitivity analysis**

| Discount rate | Assumption volatility | Impact on the present value of the defined benefit obligation | |
|---|---|---|---|
| | | assumption increase | assumption decrease |
| **End of career benefits(IFC)** | | | |
| Current period | +/- 0,25 % | (3,068,873) | 3,202,525 |
| Last period | +/- 0,25 % | (3,882,369) | 4,059,142 |
| **Bonuses of Seniority (GA)** | | | |
| Current period | +/- 0,25 % | (988,688) | 1,025,299 |
| Last period | +/- 0,25 % | (1,137,329) | 1,181,109 |

### (3) French profit-sharing plans

Profit sharing plans gives employees a share in the profits of the company. Each employee receives a percentage of those profits based on the company's earnings. All companies employing 50 workers or more are obliged by law to participate employees in the financial success of the company. All such companies must establish a profit-sharing plan (RSP), the level of which is calculated on the basis of a legally binding or otherwise pre-determined profit-sharing formula.

### (4) Undiscounted maturity analysis of defined benefit plans

Unit: Yuan Currency: RMB

| | Within one year | One to two years | Two to five years | More than five years | Total |
|---|---|---|---|---|---|
| Defined benefit plans of Adisseo France | 11,785,318 | 21,013,327 | 40,281,012 | 343,494,548 | 416,574,206 |
| French profit-sharing plans | 52,023,560 | 32,673,479 | 75,681,117 | | 160,378,156 |
| Others | 2,991,300 | 2,991,300 | 8,973,899 | 2,555,733 | 17,512,231 |

## 31. Provisions

Unit: Yuan Currency: RMB

| Items | Opening balance | Increase in current year | Decrease in current year | Currency translation difference | Closing balance | rReason of recognition |
|---|---|---|---|---|---|---|
| Provision | 63,233,657 | 120,113,902 | (24,843,449) | (497,774) | 158,006,336 | Provision for liabilities and charges |
| **Total** | **63,233,657** | **120,113,902** | **(24,843,449)** | **(497,774)** | **158,006,336** | |

## 32. Deferred income

Unit: Yuan Currency: RMB

| Items | Opening balance | Increase in current period | Decrease in current period | Currency translation differences | Closing balance |
|---|---|---|---|---|---|
| Government subsidies | 458,795,783 | 11,454,673 | (264,048,913) | (514,711) | 205,686,832 |
| **Sub-Total** | **458,795,783** | **11,454,673** | **(264,048,913)** | **(514,711)** | **205,686,832** |
| Less: Part due within one year | 13,574,533 | | (207,837) | (94,038) | 13,272,658 |
| **Total** | **445,221,250** | **11,454,673** | **(263,841,076)** | **(420,673)** | **192,414,174** |

Government subsidies:

Unit: Yuan Currency: RMB

| Liability projects | Opening balance | Amount of newly increased subsidy in current period | Amount recognized in non-operating income | Other changes | Currency translation differences | Closing balance | Related to assets / Income |
|---|---|---|---|---|---|---|---|
| Project B | 6,255,248 | 6,900,188 | (3,990,470) | | (232,110) | 8,932,857 | Assets |
| Project C | 204,035,000 | - | (11,733,000) | | - | 192,302,000 | Assets |
| Others related to assets | 248,505,535 | - | (5,985,700) | (237,785,258) | (282,602) | 4,451,975 | Assets |
| Others related to income | | 4,554,485 | (4,554,485) | - | - | - | Income |
| **Total** | **458,795,783** | **11,454,673** | **(26,263,655)** | **(237,785,258)** | **(514,711)** | **205,686,832** | |

Others related to assets mainly include BNCM subsidies (amount at the opening balance: RMB 243,029,672). Others related to income correspond to BNCM subsidies.

### 33. Share Capital

Unit: Yuan Currency: RMB

| | Opening balance | Changes during the year (+ / -) | | | | | Closing balance |
|---|---|---|---|---|---|---|---|
| | | New shares issued | Shares distributed | Conversion from reserves to shares | Others | Subtotal | |
| Total shares | 522,707,560 | 2,159,193,713 | | | | 2,159,193,713 | 2,681,901,273 |

For the details of change in number of shares, please refer to note VIII.1.

### 34. Capital reserve

Unit: Yuan Currency: RMB

| Items | Opening balance | Increase in current period | Business combination impact | Closing balance |
|---|---|---|---|---|
| Capital premium (capital stock premium) | 1,789,557,621 | 630,682,230 | (1,577,433,934) | 842,805,917 |
| Other capital reserve | 1,389,651,431 | | | 1,389,651,431 |
| **Total** | **3,179,209,052** | **630,682,230** | **(1,577,433,934)** | **2,232,457,348** |

The increase corresponds to the premium of the private placement share issuance of RMB 699,999,988.50, which was verified by the Capital Verification Report (No.: Li An Da Yan Zi [2015] No. 2096) provided by Reanda Certified Public Accountants (Special General Partnership) on October 27, 2015, net off underlying, registration and professional fees. Please refer to Note VIII. Change of Consolidation Scope.

### 35. Other comprehensive income

Unit: Yuan Currency: RMB

| Items | Balance at the beginning of the year attributable to shareholders of the Company | Amount incurred during the current period | | | | | Balance at the end of the year attributable to shareholders of the Company |
|---|---|---|---|---|---|---|---|
| | | Before tax amount | Less: transfer to profit or loss that previously recognized | Less: income tax expense | Net-of-tax amount attributable to shareholders of the Company | Net-of-tax amount attributable to non-controlling interests | |
| **Items that will not be reclassified to profit or loss** | **(30,807,371)** | **15,482,768** | **-** | **(5,314,496)** | **10,168,272** | **1,794,401** | **(20,639,099)** |
| Including: remeasurement of | (30,807,371) | 15,482,768 | - | (5,314,496) | 10,168,272 | 1,794,401 | (20,639,099) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| changes in liabilities under defined benefit plans | | | | | | | |
| **Items that may be reclassified to profit or loss** | **(1,107,392,584)** | **(203,461,242)** | **4,705,083** | **(2,708,809)** | **(201,464,968)** | **(36,095,546)** | **(1,308,857,552)** |
| Including: effective portion of gain or loss of cash flow hedge | (1,978,835) | 2,608,701 | 4,705,083 | (2,708,809) | 4,604,975 | 812,643 | 2,626,140 |
| Translation difference of foreign financial statements | (1,105,413,750) | (206,069,943) | - | - | (206,069,943) | (36,908,189) | (1,311,483,693) |
| **Total** | **(1,138,199,955)** | **(187,978,474)** | **4,705,083** | **(8,023,304)** | **(191,296,696)** | **(34,301,145)** | **(1,329,496,651)** |

### 36. Special reserve

Unit: Yuan Currency: RMB

| Items | Opening balance | Increase in current period | Decrease in current period | Disposal of subsidiary companies and businesses | Closing balance |
|---|---|---|---|---|---|
| Safety production fee | 18,409,432 | 15,121,381 | (10,536,042) | (22,994,771) | |
| **Total** | **18,409,432** | **15,121,381** | **(10,536,042)** | **(22,994,771)** | |

### 37. Surplus reserve

Unit: Yuan Currency: RMB

| Items | Opening balance | Increase in current period | Decrease in current period | Closing balance |
|---|---|---|---|---|
| Statutory surplus reserve | 137,670,120 | | | 137,670,120 |
| **Total** | **137,670,120** | | | **137,670,120** |

In accordance with the Company Law of the People’s Republic of China and the Articles of Association, the Company withdraws statutory surplus reserve according to 10% of annual net profit after covering of previous losses. When the statutory surplus reserve accumulatively reaches more than 50% of registered capital, it may not be withdrawn any more. If approved, statutory surplus reserve may be used to cover losses or increase capital stock.

### 38. Undistributed profit

Unit: Yuan Currency: RMB

| Items | Note | Current period | Last period |
|---|---|---|---|
| Undistributed profit of last period before adjustment | | (1,513,241,893) | (1,756,736,404) |
| Total adjustments (increased +/ decreased -) | (1) | 6,428,397,450 | 5,621,507,008 |
| Undistributed profit at the beginning of period after adjustment | | 4,915,155,558 | 3,864,770,604 |
| Add: Net profit attributable to the Company’s owners in current period | | 1,528,651,062 | 1,475,377,366 |

| | | | |
|---|---|---|---|
| Others | | 22,994,771 | 7,587 |
| Less: Withdrawal of statutory surplus reserve | | | |
| Dividend distribution | | | (425,000,000) |
| Others | | 1,634 | |
| Undistributed profit at the end of period | | 6,466,803,025 | 4,915,155,558 |

(1). Details about adjustment of undistributed profit at the beginning of period:

a. The undistributed profit at the beginning of period affected by the tracing adjustment of the Accounting Standard for Business Enterprises and its related new regulations: RMB0.
b. The undistributed profit at the beginning of period affected by the change of accounting policies: RMB0.
c. The undistributed profit at the beginning of period affected by the correction of major accounting errors: RMB0.
d. The undistributed profit at the beginning of period affected by the change of consolidation scope resulted from business combinations involving entities under common control: RMB 6,428,397,450 (RMB 5,621,507,008 at the beginning of the last period) (See Note VIII. Change of Consolidation Scope).
e. The undistributed profit at the beginning of period affected by the total amount of other adjustments: RMB0.

### 39. Operating revenue and operating cost

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | | Amount incurred during the last period | |
|---|---|---|---|---|
| | Operating revenue | Operating Cost | Operating revenue | Operating Cost |
| Main businesses | 14,995,749,165 | 8,722,855,655 | 18,210,623,147 | 14,247,500,819 |
| Other businesses | 177,582,493 | 183,517,245 | 1,253,970,131 | 1,022,708,432 |
| **Total** | **15,173,331,658** | **8,906,372,900** | **19,464,593,278** | **15,270,209,251** |

### (1) Detail of main businesses

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | | Amount incurred during the last period | |
|---|---|---|---|---|
| | Revenue | Cost | Revenue | Cost |
| Performance products | 10,310,991,380 | 4,980,878,515 | 8,085,442,622 | 5,215,491,849 |
| Specialties products | 1,380,894,340 | 615,935,606 | 1,256,279,978 | 669,196,930 |
| BNCM products | 2,793,176,283 | 2,781,219,377 | 8,290,467,275 | 7,967,495,140 |
| Other products | 510,687,162 | 344,822,158 | 578,433,272 | 395,316,901 |
| **Total** | **14,995,749,165** | **8,722,855,655** | **18,210,623,147** | **14,247,500,819** |

### 40. Business taxes and surcharge

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|
| Business taxes | 81,189,156 | 60,810,777 |
| Property tax | 22,799,719 | 24,191,401 |
| City maintenance and construction tax | 8,056,812 | 8,441,713 |
| Education surcharge and local education surcharges | 6,497,662 | 8,152,981 |
| Others | 3,262,580 | 553,009 |

| | | |
|---|---|---|
| **Total** | **121,805,929** | **102,149,881** |

### 41. Selling and distribution costs

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|
| Depreciation expense (Fixed Asset) | 4,795,084 | 19,042,979 |
| Transportation expenses | 439,752,270 | 575,374,095 |
| Personnel expenses | 174,589,316 | 33,662,534 |
| Storage expenses | 127,376,849 | 118,589,332 |
| Commission expenses for delegating agent | 79,081,438 | 69,381,185 |
| Travel expenses | 38,191,381 | 8,798,661 |
| Others | 89,085,227 | 37,547,438 |
| **Total** | **952,871,565** | **862,396,224** |

### 42. General and administrative expenses

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|
| Depreciation expense (Fixed Asset) | 37,969,914 | 85,525,780 |
| Amortization of intangible assets | 111,540,828 | 152,940,056 |
| Employee benefit expenses | 291,838,416 | 664,450,462 |
| Consulting and other expert services | 247,665,303 | 188,097,559 |
| Travel expenses | 21,710,591 | 54,683,509 |
| Rent expenses | 14,785,756 | 21,143,340 |
| Insurance expenses | 4,197,706 | 14,492,643 |
| Research and exploitation expenses (without Payroll & External Expenses) | 26,523,188 | 48,588,674 |
| Professional service fee for restructuring | 16,132,887 | 19,290,926 |
| Loss due to production suspension | 40,683,684 | 39,565,115 |
| Expenses for water, electricity, gas, energy and power | 6,103,639 | 19,305,047 |
| Fixed asset repair cost | 10,074,638 | 33,023,755 |
| Taxes | 27,052,689 | 26,712,002 |
| Administrative expenses | 36,951,796 | 5,699,100 |
| Others | 87,342,442 | 174,214,522 |
| **Total** | **980,573,478** | **1,547,732,491** |

### 43. Financial expenses

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|
| Interest expenditure | 287,920,175 | 730,638,860 |
| Less: Interest income | 22,785,962 | 40,555,084 |
| Net exchange losses / gains | 149,658,124 | (238,319,465) |
| Other financial expenses | 87,776,819 | 30,435,610 |
| **Total** | **502,569,156** | **482,199,104** |

### 44. Asset impairment loss

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|
| Account receivables | 46,668,151 | 21,756,215 |
| Inventories | 103,823,193 | 51,375,595 |
| Available-for-sale financial assets | | 2,000,000 |
| Long term receivable | 19,018,282 | (7,440,319) |
| **Total** | **169,509,627** | **67,691,491** |

### 45. Gains (losses) from changes in fair value

Unit: Yuan Currency: RMB

| Source generating the gain (loss) of change on fair value | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|
| Change in fair value of derivative financial instruments | 67,616,304 | (103,739,774) |
| **Total** | **67,616,304** | **(103,739,774)** |

### 46. Investments income (loss)

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|
| Gain on investments obtained from available-for-sale financial assets, etc. | 0 | 7,000,000 |
| Gain on investment from disposal of subsidiary companies and businesses | 0 | 1,121,023,602 |
| Others | | (614,956) |
| **Total** | **0** | **1,127,408,646** |

### 47. Non-operating income

### (1) Non-operating income by item is as follows

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | Amount incurred during the last period | Amount recorded in non-recurring gain or loss of current period |
|---|---|---|---|
| Gains on disposal of non-current assets | | 3,221,518 | |
| Including: | | | |
| Gains on disposal of fixed assets | | 3,221,518 | |
| Gains on disposal of intangible assets | | | |
| Liabilities waived | | 4,251,981 | |
| Compensation income | 946,981 | 104,901,072 | 946,981 |
| Government grant | 23,218,358 | 66,819,195 | 23,218,358 |
| Individually non-significant amounts | 17,118,703 | 7,984,874 | 17,118,703 |
| **Total** | **41,284,042** | **187,178,640** | **41,284,042** |

### (2) Details of government grants

Unit: Yuan Currency: RMB

| Grant items | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|
| Amortization of government subsidy related to assets | 18,663,873 | 26,896,623 |
| Government subsidy related to benefits | 4,554,485 | 39,922,572 |
| **Total** | **23,218,358** | **66,819,195** |

## 48. Non-operating expenditure

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | Amount incurred during the last period | Amount recorded in the non-recurring gain or loss of current period |
|---|---|---|---|
| Items | | | |
| Losses on disposal of non-current assets | 10,585,542 | 22,202,240 | 10,585,542 |
| Including: | | | |
| Losses on disposal of fixed assets | 10,585,542 | 22,006,227 | 10,585,542 |
| Losses on disposal of intangible assets | 0 | 196,013 | 0 |
| Compensation expenditure | 2,143,802 | 266,986 | 2,143,802 |
| Donations | 20,000 | 198,500 | 20,000 |
| Others | 9,926,826 | 10,093,104 | 9,926,826 |
| **Total** | **22,676,170** | **32,760,831** | **22,676,170** |

## 49. Income tax expenses

### (1) Income tax expenses

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|
| Current tax expense for the year based on tax law and regulations | 1,704,868,463 | 822,302,244 |
| Deferred income tax | (81,810,906) | (211,707,842) |
| **Total** | **1,623,057,557** | **610,594,402** |

### (2) Accounting profit and expense of income tax adjustment process

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period |
|---|---|
| Total profit before tax | 3,625,853,179 |
| **Income tax expenses calculated at applicable tax rates** | **1,377,824,208** |
| Credit Tax | (22,133,089) |
| Difference of tax rates applicable to subsidiary companies | (32,182,776) |
| Change in tax rate | (58,658,804) |
| Income not subject to tax | (13,780,269) |
| Costs, expenses and losses not deductible for tax purposes | 35,246,181 |
| Tax losses for which no deferred income tax asset was recognized | 202,858,062 |
| Utilization of previously unrecognized tax losses | (1,339,020) |
| Others | 135,223,065 |
| **Income tax expenses** | **1,623,057,557** |

## 50. Basic earnings per share

### (1) Basic earnings per share

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|
| Total amount of composite benefits attributable to the Company's owners/(loss) | 1,528,651,062 | 1,475,377,366 |
| Common stock (i) | 2,638,691,397 | 2,630,049,422 |
| Basic earnings per share/(loss) | 0.58 | 0.56 |
| Basic loss per share from continue operation | 0.86 | 0.47 |
| Basic earnings per share/(loss) from discontinue operation (ii) | -0.28 | 0.09 |

(i) As part of the restructuring operation, BNCM is issuing 2,107,341,862 shares to Bluestar. As it is the business combination under common control and the asset exchange has been completed, the number of shares will be deemed exist starting from the first comparative period. Therefore, the weighted average number of shares used for the calculation of the EPS on December 2014 is 2,630,049,422, including the new shares to Bluestar. The weighted average number of shares used for the calculation of the EPS on December 2015 is 2,681,691,397, also including the new shares issued in the RMB700 million private placement on 28th October 2015.

(ii) Basic earnings per share/(loss) from operation termination is the total effected amount of termination of some of business operation and disposal proceeds.

Weighted average number of ordinary shares is calculated as follows:

| Number of shares | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|
| Issued ordinary shares at 1 January | 2,630,049,422 | 2,630,049,422 |
| Effect of new shares | 8,641,975 | - |
| **Weighted average number of ordinary shares at 31 December** | **2,638,691,397** | **2,630,049,422** |

### (2) Diluted earnings per share

The Company does not have dilutive potential ordinary share in 2014 and 2013. The diluted earnings per share/ (loss) is equal to basic earnings per share/ (loss).

## 51. Supplement to income statement

Unit: Yuan Currency: RMB

| Items | Amount incurred of current period | Amount incurred of last period |
|---|---|---|
| Raw materials, purchased equipment and consumables used | 6,090,797,184 | 12 029 496 088 |
| Changes in inventories of raw materials, finished goods and work-in-progress | 88,386,316 | (331 164 767) |
| Depreciation/amortization expenses | 1,116,676,470 | 1 512 191 973 |
| Employee benefit expenses | 1,405,217,132 | 2 006 661 782 |
| Transportation expenses | 444,967,100 | 589 381 854 |
| Storage expenses | 127,376,849 | 118 589 332 |
| Consulting and other expert services | 276,125,387 | 243 530 106 |
| Travel expenses | 53,326,124 | 73 473 494 |
| Rent expenses | 22,120,078 | 21 143 340 |
| Insurance expenses | 11,134,358 | 14 976 776 |
| Commission expenses for delegating agent | 79,081,438 | 69 381 185 |
| Research and exploitation expenses (without Payroll & External Expenses) | 26,523,188 | 48 588 674 |
| Professional service fee for restructuring | 16,132,887 | 19 290 926 |
| Loss due to production suspension | 40,683,684 | 39 565 115 |
| Expenses for water, electricity, gas, energy and power | 352,584,627 | 534 899 235 |
| Fixed asset repair cost | 27,730,388 | 108 874 513 |
| Taxes | 148,859,338 | 130,598,339 |
| Asset impairment losses | 169,509,627 | 67,691,491 |
| Losses/(gain) arising from changes in fair value | (67,616,304) | 103,739,774 |
| Investment loss / (gain) | 0 | (1,127,408,646) |
| Others | 1,136,470,477 | 1,035,208,985 |
| **Total** | **11,566,086,350** | **17,308,709,569** |

## 52. Items in cash flow statement

### (1) Cash received relating to other operating activities

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|
| Government grant | 4,554,485 | 26,169,004 |
| Interest income | 10,211,554 | 32,236,105 |
| Compensation income | | 104,901,072 |
| Others | 56,482,216 | 33,189,773 |
| **Total** | **71,248,255** | **196,495,954** |

### (2) Cash paid relating to other operating activities

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|
| Transport costs | 80,500,143 | 171,707,050 |
| Cash paid for deposit and credit | 10,920,393 | 45,738,789 |
| Business entertainment expenses | 5,195,904 | 16,895,152 |
| Office expenses | 4,286,295 | 8,059,055 |
| Bank charges | 7,383,585 | 14,356,012 |
| Fixed asset repair cost | | 33,023,755 |
| Research and development expenses | | 34,996,773 |
| Travel expenses | 26,283,796 | 57,555,179 |
| Rent | 15,845,354 | 20,919,248 |
| Insurances | 5,913,529 | 14,644,749 |
| Others | 57,234,815 | 181,483,954 |
| **Total** | **213,563,813** | **599,379,716** |

### (3) Cash received relating to other investing activities

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|
| Cash received relating to other investment activities | | 6,300,000 |
| **Total** | **0** | **6,300,000** |

### (4) Cash received relating to other financing activities

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|
| Leaseback money of financing lease received | 653,100,000 | |
| Cash-in from business combination under common control | 429,429,823 | |
| **Total** | **1,082,529,823** | **0** |

### (5) Cash paid relating to other financing activities

Unit: Yuan Currency: RMB

| Items | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|
| Rent of financing lease | 106,047,552 | |
| **Total** | **106,047,552** | **0** |

## 53. Supplementary data of cash flow statement

### (1) Supplement to cash flow statement

Unit: Yuan Currency: RMB

| Items | Amount of current period | Amount of last period |
|---|---|---|
| 1. Reconciliation of net profit to cash flow from operating activities: | | |
| Net profit / (loss) | **2,002,795,622** | **1,699,707,117** |
| Add: Impairment provisions for assets | 169,509,627 | 67,691,491 |
| Depreciation of fixed assets | 929,472,239 | 1,241,101,101 |
| Amortization of intangible assets | 215,803,609 | 262,869,399 |
| Amortization of expenditures on research and development | 3,526,301 | 4,157,105 |
| Amortization of long-term deferred expenses | 2,349,451 | 4,064,368 |
| Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets | 10,585,542 | 18,956,221 |
| Losses (gains) on changes in fair value | (67,616,304) | 103,739,774 |
| Decrease (increase) of deferred tax assets | 129,413,538 | (128,154,612) |
| Increase (decrease) of deferred tax liabilities | (211,224,444) | (83,553,233) |
| Financial expenses (income) | 438,091,410 | 509,141,911 |
| Losses (gains) arising from investment | | (1,127,408,646) |
| Amortization of deferred income | (13,419,459) | (26,896,623) |
| Increase of capital with restrictions | | (322,701,978) |
| Decrease (increase) in gross inventories | (75,381,448) | (188,517,412) |
| Decrease (increase) in receivable from operating activities | (379,668,145) | (822,686,048) |
| Increase (decrease) in payable from operating activities | 401,564,772 | 1,267,273,912 |
| Safety production fee withdrawn but not used yet | | (7,489,978) |
| **Net cash flow from operating activities** | **3,555,802,311** | **2,471,293,869** |
| | | |
| **2. Investing and financing activities not requiring the use of cash or cash equivalents** | | |
| Debts converted into capital | | |
| Convertible corporate bonds due within one year | | |
| Fixed assets acquired under finance leases | | |
| | | |
| **3. Change in cash and cash equivalents:** | | |
| Closing balance of cash | 4,941,121,304 | 1,697,549,319 |
| Less: Opening balance of cash | 1,697,549,319 | 1,506,661,393 |
| Add: Closing balance of cash equivalent | | |
| Less: Opening balance of cash equivalent | | |
| **Net increase of cash and cash equivalent** | **3,243,571,986** | **190,887,926** |

### (2) Net amount of cash paid in current period for obtaining subsidiary companies

The exchange of assets is treated as a financing operation as the assets are under common controls.

### (3) Net amount of cash received from disposal of subsidiary companies in current period

The exchange of assets is treated as a financing operation as the assets are under common controls.

### (4) Composition of cash and cash equivalent

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| I. Cash at bank and on hand | 4,941,121,304 | 1,697,549,319 |
| Including: Cash on hand | | 1,827,153 |
| Bank deposit available for payment anytime | 4,941,121,304 | 1,695,722,166 |
| Other monetary resources available on demand | - | |
| II. Cash equivalents | | |
| III. Closing balance of cash and cash equivalents | 4,941,121,304 | 1,697,549,319 |
| Including: Use-restricted cash and cash equivalent of the Company or its subsidiaries | | |

## 54. Foreign-currency monetary items

### (1) Foreign-currency monetary balances

Unit: Yuan

| Items | Closing balance at foreign currency | Exchange rate for conversion | Closing balance at RMB equivalent |
|---|---|---|---|
| Monetary resources | | | |
| Wherein: USD | 46,342,479 | 6.494 | 300,941,935 |
| RMB | 424,160,509 | 1.000 | 424,160,509 |
| JPY | 4,063,679 | 0.054 | 218,993 |
| HKD | 26,022,007 | 0.838 | 21,802,131 |
| RUB | 31,878,880 | 0.089 | 2,838,080 |
| GBP | 205,164 | 9.614 | 1,972,466 |
| BRL | 2,322,432 | 1.669 | 3,876,839 |
| THB | 141,240,000 | 0.180 | 25,477,349 |
| Other | | | 16,647,844 |
| Total | | | 797,936,146 |
| | | | |
| Accounts receivable | | | |
| Wherein: USD | 116,435,363 | 6.494 | 756,115,862 |
| GBP | 2,033,190 | 9.614 | 19,547,276 |
| JPY | 1,992,139 | 0.054 | 107,357 |
| RMB | 87,591,901 | 1.000 | 87,591,901 |
| BRL | 56,749,805 | 1.669 | 94,732,546 |
| THB | 168,037,002 | 0.180 | 30,311,083 |
| Other | | | 4,798,256 |
| Total | | | 993,204,281 |
| | | | |
| Accounts payable | | | |
| Wherein: USD | 11,358,777 | 6.494 | 73,762,395 |
| RMB | 182,470,202 | 1.000 | 182,470,202 |
| BRL | 1,225,656 | 1.669 | 2,045,989 |
| THB | 4,741,069 | 0.180 | 855,210 |
| GBP | 92,250 | 9.614 | 886,900 |
| RUB | 478,181 | 0.089 | 42,571 |
| Other | | | 3,967,507 |
| Total | | | 264,030,774 |
| | | | |
| Long-term receivables | | | |
| Wherein: THB | 383,999 | 0.180 | 69,267 |
| USD | 51,624 | 6.494 | 335,240 |

| Items | Closing balance at foreign currency | Exchange rate for conversion | Closing balance at RMB equivalent |
|---|---|---|---|
| BRL | 4,956,077 | 1.669 | 8,273,188 |
| other | | | 512,727 |
| Total | | | 9,190,422 |
| | | | |
| Current portion of non-current liabilities | | | |
| Wherein: THB | 933,002 | 0.180 | 168,298 |
| Total | | | 168,298 |

**(2) Description about foreign business entities, including important foreign business entities, foreign main business place, recording currency and selection basis, and reasons for change of recording currency.**

√ Applicable ☐Not applicable

| Name of the subsidiary | Principal place of business | Functional Currency | Basis for determining the functional currency |
|---|---|---|---|
| Adisseo France S.A.S | France | EUR | Local currency of principal place of business |
| Bluestar Adisseo Nanjing Co., Ltd | China | RMB | Local currency of principal place of business |
| Adisseo Life Science (Shanghai) Co., Ltd | China | RMB | Local currency of principal place of business |
| Adisseo USA Inc. | USA | USD | Local currency of principal place of business |
| Adisseo Brasil Nutriçao Animal Ltd | Brazil | USD | Currency of principal flows of business |

## 55. Hedging

Operations of the Group are exposed to global market risks, including the effect of changes in currency exchange rates and interest rates. Derivative financial instruments are used to manage these financial exposures as an integral part of the Group's overall risk management program. Derivatives are not used for speculative purposes. For most of those transactions, the Group applies cash flow hedge accounting and documents, at the inception of the hedge, the type of hedging relationship, the hedging instruments, the nature and the term of the hedged item.

Cash flow hedge accounting means that the Group hedges exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.
The fair value of derivatives is based on the market price at the balance sheet date. In the balance sheet, they are carried as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

Applying cash flow hedge accounting has the following consequences:

- The portion of the gain or loss on the hedging instrument that is determined to be effective is recognized directly in equity, while the change in the fair value of the hedged item is not yet recognized in the balance sheet. The amounts directly recognized in equity are reclassified to profit or loss when the hedged transactions occur and are recorded;
- The change in fair value of the ineffective portion recognized directly in the income statement, in net foreign exchange gains/(losses).

From January to December 2015, the change in fair value on these derivatives has a positive impact of RMB 8,673,731 (2014: losses of RMB 29,614,267) recorded in other comprehensive income as cash flow hedge accounting.

From January to December 2015, the change in fair value on these derivatives has a negative impact of RMB 67,616,304 (2014: losses of RMB 103,739,774) charged to the income statement as fair value hedge accounting, cash flow hedge ineffectiveness or non-hedge.

## VIII. Change of Consolidation Scope

### 1. Business combination under common control

#### (1) Business combination under common control occurring in the current period

Unit: Yuan Currency: RMB

| Name of the acquiree | Proportion of equity acquired in business combination | Basis of business combination under common control | Combination date | Basis for determination for combination date | Income from the beginning of the year to the combination date | Net profit from the beginning of the year to the combination date | Net cash inflow from the beginning of the year to the combination date | Income in comparison period | Net profit in comparison period |
|---|---|---|---|---|---|---|---|---|---|
| Bluestar Adisseo Nutrition Group Limited | 85% | BNCM and BANG are ultimately controlled by the same Parent Company, Bluestar Group, both before and after the combination and the control is not temporary as both the combining parties BNCM and BANG are ultimately controlled by Bluestar before and after the combination. | 27/07/2015 | The date BAC obtain control over BANG. | 5,979,069,321 | 1,548,467,983 | 1,068,824,666 | 9,920,155,872 | 1,555,956,859 |

#### (2) Combination cost

Unit: Yuan Currency: RMB

| | Combination cost |
|---|---|
| Cash | 350,000,000 |
| Book value of non-cash assets | (879,907,940) |
| Nominal value of equity securities issued | 2,107,341,862 |

Pursuant to the Resolution of Board of Directors of the Company on January 30, 2015, Report of Significant Assets Exchange, and purchasing of assets and raising of through share issuance and cash payment and associated private placement of Bluestar Chemical New Material Co., Ltd. (Draft) were approved. In addition, the Company entered into conditional agreements of Assets exchange and transferring of assets exchanged out and Purchasing of assets through share issuance and cash payment with Bluestar Group, which agreed on the scope and terms in related to assets exchange, assets transfer, share issuance and cash payment.

On April 15, 2015, Report of Significant Assets Exchange, and purchasing of assets and raising of through share issuance and cash payment and associated private placement of Bluestar Chemical New Material Co., Ltd. (Draft) were approved by shareholders at 1st interim meeting of stockholders of the Company in 2015.

On July 24, 2015, the Company received the Reply on Approval related to Bluestar Chemical New Material Co., Ltd. to Purchase assets through share issuance to Bluestar Group and raise funds through share issuance (Zheng Jian Xu Ke [2015] No. 1770) from China Securities Regulatory Commission, which approved the Company to issue no more than 2,107,341,862 new shares to Bluestar Group and no more than 83,932,853 new shares for fund raising non-publicly, respectively.

On July 27, 2015, the Company entered into the Settlement Agreement on Assets Exchange with Bluestar Group. July 27, 2015 was agreed to the settlement date. According to the Settlement Agreement on Assets Exchange, the Company obtained the relevant 85% shareholders' right of Bluestar Adisseo Nutrition Group Limited ("BANG") and afforded the responsibility of shareholder, operation risk and profit or loss since July 27, 2015. In addition, Bluestar Group obtained the title, use right, profit or loss, right of disposal of the assets exchanged out. The risk, obligation and responsibility of the assets exchanged out was transferred to Bluestar Group as well.

The key information of significant restructuring is as follows:

(1) The Company exchanged the Assets exchanged out with the Assets exchanged in owned by Bluestar Group. Assets exchanged out included all the assets and liabilities owned by the Company, excluding Assets Sold and other payables of RMB1,671,000,400, which was payable to Bluestar Group. Assets Sold referred to the 100% equity interest of Bluestar (Beijing) Chemical Equipment Co., Ltd, 100% equity interest of China Bluestar Harbin Chemical Co., Ltd and the construction and design business of the Company. On December 26, 2014, the Company has completed the disposal of the Assets Sold and received cash consideration of RMB 1,090,338,400. The rest of the consideration was net off with the RMB 1,671,000,400 payables to Bluestar Group. The consideration of Assets Sold was maintained by the Company, which was excluded from the Assets exchange out. The Assets exchanged in referred to the 85% of ordinary shareholder interests in BANG (excluding the cash dividend of RMB 425,000,000 (85%) distributed to the ordinary shareholders after the valuation date.)

(2) The transaction price of the restructuring was appraised by Beijing Zhong Qi Hua Assets Appraisal Company ("Zhong Qi Hua"). And June 30, 2014 was the valuation date. The valuation result was filed with State-owned Assets Supervision and Administration Commission. According to the valuation reports of Zhong Qi Hua Ping Bao Zi (2014) No. 1266-1 and Zhong Qi Hua Ping Bao Zi (2014) No.1266-2, as of the valuation date, the appraised value of the Assets exchanged out amounting to RMB1,700,845,200 and the appraised value of the Assets exchanged in amounting to RMB10,648,800,000.

(3) The difference between appraised value of Assets exchanged in and Assets exchanged out was paid by the Company through share issuance to Bluestar Group and cash payment. RMB 350,000,000 was paid in cash and the rest of difference was paid by issuing ordinary shares through private placement to Bluestar Group.

BANG is a limited liability company established on November 21, 2005 in Hong Kong. BANG and its subsidiaries' primary business includes production, development and sales of additives for nutritional feed. Prior to the restructuring mentioned above, BANG was a wholly owned subsidiary of the Company's parent Company – Bluestar Group.

### (3) Book value of the combined party's assets and liabilities on combination date

Unit: Yuan Currency: RMB

| Items | Bluestar Adisseo Nutrition Group Limited | |
|---|---|---|
| | Combination date | End of last period |
| Assets: | | |
| Cash at bank and on hand | 2,237,421,410 | 1,168,596,744 |
| Derivative financial assets | 15,608,413 | 15,187,057 |
| Accounts receivable | 1,734,072,348 | 1,507,561,523 |
| Advances to suppliers | 47,324,067 | 45,902,667 |

| Items | Bluestar Adisseo Nutrition Group Limited | |
|---|---|---|
| | Combination date | End of last period |
| Interest receivable | 865,813 | 387,915 |
| Other receivables | 34,153,692 | 19,209,834 |
| Inventories | 1,141,056,122 | 1,315,954,012 |
| Other current assets | 212,192,856 | 347,651,119 |
| Available-for-sale financial assets | 3,173,866 | 3,444,457 |
| Long-term receivables | 51,517,433 | 55,715,026 |
| Fixed assets | 6,108,291,202 | 6,422,532,282 |
| Construction in progress | 283,691,636 | 215,246,053 |
| Intangible assets | 2,074,964,480 | 2,170,826,644 |
| Development costs | 65,793,032 | 57,042,796 |
| Goodwill | 765,447,042 | 830,709,309 |
| Long-term prepaid expenses | 10,228,745 | 14,001,035 |
| Deferred tax assets | 212,914,899 | 237,460,523 |
| Other non-current assets | 37,500,796 | 82,448,680 |
| | | |
| Liabilities: | | |
| Short-term borrowings | 97,642 | 134,134 |
| Financial liabilities at fair value through profit or loss | | |
| Derivative financial liabilities | 41,130,091 | 108,173,300 |
| Accounts payable | 862,741,580 | 965,484,265 |
| Advances from customers | 15,079,559 | 0 |
| Wages and benefits payable | 338,779,248 | 371,457,341 |
| Taxes payable | 510,841,770 | 259,620,597 |
| Interest payable | 1,619,974 | 5,889,671 |
| Other payables | 238,348,734 | 333,496,371 |
| Current portion of non-current liabilities | 89,825,197 | 129,444,271 |
| Other current liabilities | 7,775,832 | 13,634,178 |
| Long-term borrowings | 23,206,334 | 301,004,770 |
| Long-term payables | 12,962,449 | 18,522,894 |
| Long-term employee benefits payable | 305,156,305 | 379,310,441 |
| Provisions | 76,098,597 | 63,233,657 |
| Deferred income | 202,417,674 | 202,191,578 |
| Deferred tax liabilities | 1,068,449,122 | 1,118,058,687 |
| Short-term borrowings | 97,642 | 134,134 |
| Derivative financial liabilities | 41,130,091 | 108,173,300 |
| | | |
| Net assets | 11,241,687,745 | 10,240,221,522 |
| Less: Minority shareholders' equity | 3,749,392,329 | 3,599,912,425 |
| **Net assets obtained** | **7,492,295,416** | **6,640,309,097** |

## 2. Disposal of subsidiaries

Whether the circumstance exists that single disposal of subsidiary company induces the loss of control right

√Applicable ☐ Not applicable

| Name of subsidiary companies | Equity disposal price | Proportion of disposal (%) | Disposal method | Loss of control date | Basis of determination of loss of control date | Difference between consideration of investments and the share of net assets of consolidated financial statements |
|---|---|---|---|---|---|---|
| All subsidiaries held by BNCM before the operation date | Note 1 | 100% | Exchange of Assets | 27/07/2015 | All the rights and obligations of these subsidiaries were transferred to Bluestar Group by entering into the Asset Exchange agreement on July 27, 2015 | Note 1 |

Note 1: Refer to the consideration in VIII Change of Consolidation Scope 1.Business combination under common control (2).Combination cost

Whether the circumstance exists that the Company disposes the investments in subsidiary companies by steps through multiple transactions and loses control right in the current period.

☐Applicable √Not applicable

## 3. Change of consolidation scope for other reasons

The Group established a new subsidiaries in India, Adisseo Animal Nutrition Pte Ltd.

# IX. Rights and Interests in Other Subjects

## 1. Rights and interests in subsidiaries

### (1) Composition of enterprise group

#### a. Subsidiaries owned as at 31 December 2015

| Name of subsidiary companies | Main business place | Registered place | Business nature | Shareholding proportion (%) | | Acquisition method |
|---|---|---|---|---|---|---|
| | | | | Direct | Indirect | |
| Bluestar Adisseo Nutrition Group Limited (ii) | Hong Kong | Hong Kong | Investment holding | 85.00% | | Business combination under common control |
| Drakkar Group S.A. (ii) | Belgium | Belgium | Investment holding | | 84.99% | Business combination under common control |
| G4 S.A.S (ii) | France | France | Investment holding | | 85% | Business combination under common control |
| Adisseo Développement S.A.S (ii) | France | France | Investment holding | | 85% | Business combination under common control |

| Name of subsidiary companies | Main business place | Registered place | Business nature | Shareholding proportion (%) | | Acquisition method |
|---|---|---|---|---|---|---|
| | | | | Direct | Indirect | |
| Adisseo France S.A.S (ii) | France | France | Production and sales of chemical products | | 85% | Business combination under common control |
| Rafferty 3 SARL (ii) | Luxembourg | Luxembourg | Investment holding | | 85% | Business combination under common control |
| G.I.E.Casper (ii) | France | France | Production and sales of chemical products | | 68% | Business combination under common control |
| Adisseo Eurasie Sarl (ii) | Russia | Russia | Production and sales of chemical products | | 85% | Business combination under common control |
| Adisseo Life Science (Shanghai) Co., Ltd (ii) | China | China | Production and sales of chemical products | | 85% | Business combination under common control |
| Adisseo Canada Inc. (ii) | Canada | Canada | Production and sales of chemical products | | 85% | Business combination under common control |
| Adisseo Ireland Limited (ii) | Ireland | Ireland | Production and sales of chemical products | | 85% | Business combination under common control |
| Adisseo de Mexico S.A. de C.V. (ii) | Mexico | Mexico | Production and sales of chemical products | | 85% | Business combination under common control |
| Adisseo USA Inc. (ii) | USA | USA | Production and sales of chemical products | | 85% | Business combination under common control |
| Adisseo Manufacturing Inc. (ii) | USA | USA | Production and sales of chemical products | | 85% | Business combination under common control |
| Adisseo Asia Pacific Pte. Ltd (ii) | Singapore | Singapore | Production and sales of chemical products | | 85% | Business combination under common control |
| Adisseo Holding (Thailand) Co., Ltd (i) (ii) | Thailand | Thailand | Production and sales of chemical products | | 41.57(i) | Business combination under common control |
| Adisseo Trading (Thailand) Co., Ltd (i) (ii) | Thailand | Thailand | Production and sales of chemical products | | 84.99% | Business combination under common control |
| Adisseo GMBH (ii) | Germany | Germany | Production and sales of chemical products | | 85% | Business combination under common control |
| Adisseo Espana S.A. (ii) | Spain | Spain | Production and sales of chemical products | | 85% | Business combination under common control |
| Adisseo Brasil Nutriçao Animal Ltda (ii) | Brazil | Brazil | Production and sales of chemical products | | 85% | Business combination under common control |

| Name of subsidiary companies | Main business place | Registered place | Business nature | Shareholding proportion (%) | | Acquisition method |
|---|---|---|---|---|---|---|
| | | | | Direct | Indirect | |
| Innov'ia S.A. (ii) | France | France | Powder designer for chemical industry | | 84.94% | Business combination under common control |
| INNOCAPS (ii) | France | France | Powder designer for chemical industry | | 85% | Business combination under common control |
| IDCAPS (ii) | France | France | Powder designer for chemical industry | | 85% | Business combination under common control |
| Innov'ia 3I S.A. (ii) | France | France | Powder designer for chemical industry | | 85% | Business combination under common control |
| Innov'ia USA Inc. (ii) | USA | USA | Powder designer for chemical industry | | 85% | Business combination under common control |
| Bluestar Adisseo Nanjing Co., Ltd (ii) | China | China | Production and sales of chemical products | | 85% | Business combination under common control |
| Adisseo Philippines Inc. (ii) | Philippines | Philippines | Production and sales of chemical products | | 85% | Business combination under common control |
| Aidsseo Animal Nutrition Pte Ltd (ii) | India | India | Production and sales of chemical products | | 85% | Business combination under common control |

(i) According to Articles of Association of Adisseo Holding (Thailand) Co., Ltd. , the Group held 48.90% Adisseo Holding (Thailand) Co., Ltd. share, all of these shares are ordinary shares, possess 90.57% voting rights of the company and 80.00% dividend rights.

(ii) Subsidiaries exchanged in during the transaction of business combination under common control: 85% common equity interest of BANG held by Bluestar Group.

**b. Subsidiaries owned as at 31 December 2014**

| Name of the Subsidiary | Principal place of business | Registrati on place | Business nature | Shareholding (%) | | Acquisition method |
|---|---|---|---|---|---|---|
| | | | | Direct | Indirect | |
| Bluestar Organic Silicon (Tianjin) Co, Ltd, (iii) | Tianjin | Tianjin | Production and sale of chemical products | 72.69% | | Establishment or investment |
| Jiangxi Xinghuo Aviation New Chemical Co, Ltd, (iii) | Jiangxi | Yongxiu County Jiangxi Province | Production and sale of chemical products | 100% | | Establishment or investment |
| China Bluestar Lehigh Engineering Corporation (iii) | Jiangsu | Lianyung ang Jiangsu Province | Engineering design contracting consulting | 100% | | Establishment or investment |
| China Bluestar Changhua Engineering Technology Co, Ltd, (iii) | Hunan | Changsha Hunan Province | Engineering investigation design contracting | 100% | | Establishment or investment |

| Name of the Subsidiary | Principal place of business | Registration place | Business nature | Shareholding (%) | | Acquisition method |
|---|---|---|---|---|---|---|
| | | | | Direct | Indirect | |
| Nantong Xingchen Synthetic Material Co, Ltd, (iii) | Jiangsu | Nantong Jiangsu Province | Production and sale of chemical products | 100% | | Establishment or investment |
| Guangxi Bluestar Dahua Chemical Co, Ltd, (iii) | Guangxi | Baise Guangixi Province | Production and sale of chemical products | 100% | | Establishment or investment |
| Nantong China Bluestar Engineering Plastic-Rubber Co, Ltd, (iii) | Jiangsu | Nantong Jiangsu Province | Production and sale of engineering plastics and modified products | | 72% | Establishment or investment |
| Bluestar Silicon Material Co, Ltd, (iii) | Gansu | Lanzhou Gansu Province | Production and sale of chemical products | 100% | | Business combination under common control |
| Shanxi Synthetic Rubber Group Co, Ltd, (iii) | Shanxi | Datong Shanxi Province | Production and sale of chemical products | 100% | | Business combination under common control |
| China Bluestar International Chemical Co, Ltd, (iii) | Beijing | Beijing | Trade of chemical products | 100% | | Business combination under common control |
| Shana Synthetic Rubber Co, Ltd, (iii) | Shanxi | Datong Shanxi Province | Production and sale of chemical products | | 60% | Business combination under common control |
| Bluestar Bidding (Jiangsu) Co, Ltd, (iii) | Jiangsu | Lianyungang Jiangsu Province | Engineering design contracting consulting | | 100% | Business combination under common control |
| Jiangsu Lehigh Test Co, Ltd, (iii) | Jiangsu | Lianyungang Jiangsu Province | Engineering investigation measurement consulting | | 100% | Business combination under common control |
| Lianyungang Lianyu Construction Supervision Co, Ltd, (iii) | Jiangsu | Lianyungang Jiangsu Province | Engineering construction supervision technical consulting and service | | 100% | Business combination under common control |
| Changsha Huaxing Construction Supervision Co, Ltd。 (iii) | Hunan | Changsha Hunan Province | Engineering supervision engineering technical consulting service | | 100% | Business combination under common control |

(iii) Subsidiaries exchanged out during the transaction of business combination under common control: all entities held by BNCM as of July 27th, 2015.

**(2) Important non-wholly owned subsidiaries**

**a. Subsidiaries exchanged in, included in the scope as at 31 December 2015**

Unit: Yuan Currency: RMB

| Name of subsidiary | Proportion of ownership interest held by non-controlling interests | Profit or loss allocated to non-controlling interests during the period | Dividends declared to distributed to non-controlling interests during the period | Balance of non-controlling interests at the end of the year |
|---|---|---|---|---|
| Bluestar Adisseo Nutrition Group Limited | 15% | 540,059,316 | 113,095,887 | 3,992,576,905 |

**b. Subsidiaries exchanged out, out of the scope as at 31 December 2015**

Unit: Yuan Currency: RMB

| Name of subsidiary | Proportion of ownership interest held by non-controlling interests | Profit or loss allocated to non-controlling interests during the period | Dividends declared to distributed to non-controlling interests during the period | Balance of non-controlling interests at the end of the year |
|---|---|---|---|---|
| Bluestar Organic Silicon (Tianjin) Co, Ltd, | 27.31% | (11,738) | 0 | 0 |
| Nantong China Bluestar Engineering Plastic-Rubber Co., Ltd. | 28% | (1,086,037) | 0 | 0 |
| Shana Synthetic Rubber Co., Ltd. | 40% | (64,816,981) | 0 | 0 |

**(3) Main financial information of important non-wholly owned subsidiaries**

**a. Subsidiaries exchanged in, included in the scope as at 31 December 2015**

Unit: Yuan Currency: RMB

| Name of subsidiary | Closing balance | | | | | |
|---|---|---|---|---|---|---|
| | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| Bluestar Adisseo Nutrition Group Limited | 6,830,342,768 | 9,591,640,242 | 16,421,983,010 | 2,011,249,149 | 1,549,749,710 | 3,560,998,859 |

Unit: Yuan Currency: RMB

| Name of subsidiary | Opening balance | | | | | |
|---|---|---|---|---|---|---|
| | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| Bluestar Adisseo Nutrition Group Limited | 4,420,450,871 | 10,089,426,805 | 14,509,877,676 | 2,187,334,128 | 2,082,322,026 | 4,269,656,154 |

Unit: Yuan Currency: RMB

| Name of subsidiary | Amount incurred during the current period | | | |
|---|---|---|---|---|
| | Operating revenue | Net profit | Total amount of comprehensive income | Cash flow from operating activities |
| Bluestar Adisseo Nutrition Group Limited | 12,202,572,882 | 2,959,452,526 | 2,733,854,686 | 3,779,933,760 |

Unit: Yuan Currency: RMB

| Name of subsidiary | Amount incurred during the last period | | | |
|---|---|---|---|---|
| | Operating revenue | Net profit | Total amount of comprehensive income | Cash flow from operating activities |
| Bluestar Adisseo Nutrition Group Limited | 9,920,155,872 | 1,555,956,859 | 650,105,548 | 2,304,709,024 |

**b. Subsidiaries exchanged out, out of the scope as at 31 December 2015**

Unit: Yuan Currency: RMB

| Name of subsidiary | Closing balance | | | | | |
|---|---|---|---|---|---|---|
| | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| | | | | | | |

Unit: Yuan Currency: RMB

| Name of subsidiary | Opening balance | | | | | |
|---|---|---|---|---|---|---|
| | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| Bluestar Organic Silicon (Tianjin) Co, Ltd, | 10,777,818 | 984,940,044 | 995,717,861 | 748,072,028 | 2,000,000 | 750,072,028 |
| Nantong China Bluestar Engineering Plastic-Rubber Co, Ltd, | 141,536,933 | 6,695,264 | 148,232,196 | 119,442,442 | 0 | 119,442,442 |
| Shana Synthetic Rubber Co, Ltd, | 224,381,764 | 2,211,644,498 | 2,436,026,262 | 2,498,714,285 | 32,592,857 | 2,531,307,142 |

Unit: Yuan Currency: RMB

| Name of subsidiary | Amount incurred during the current period | | | |
|---|---|---|---|---|
| | Operating revenue | Net profit | Total amount of comprehensive income | Cash flow from operating activities |
| Bluestar Organic Silicon (Tianjin) Co, Ltd, | | (42,980) | (42,980) | (5,485) |
| Nantong China Bluestar Engineering Plastic-Rubber Co, Ltd, | 73,778,725 | (3,878,705) | (3,878,705) | 37,321,301 |
| Shana Synthetic Rubber Co, Ltd, | 233,605,255 | (162,042,454) | (162,042,454) | (6,399,209) |

Unit: Yuan Currency: RMB

| Name of subsidiary | Amount incurred during the last period | | | |
|---|---|---|---|---|
| | Operating revenue | Net profit | Total amount of comprehensive income | Cash flow from operating activities |
| Bluestar Organic Silicon (Tianjin) Co, Ltd, | | (550,352) | (550,352) | 6 |
| Nantong China Bluestar Engineering Plastic-Rubber Co, Ltd, | 166,310,542 | 1,417,778 | 1,417,778 | (54,897,892) |
| Shana Synthetic Rubber Co, Ltd, | 573,952,239 | (249,977,324) | (249,977,324) | 3,366,684 |

## 2. Rights and interests in Associates and joint ventures

### (1) Last year transactions concerning Joint venture

In May 2014, BBCM, an affiliate of BNCM, by making an investment of RMB 6,271,980.00 and together with Asahi-Kasei Co., Ltd., established the cooperative enterprise Bluestar Asahi-Kasei (Beijing) Energy Conservation and Electrolysis Technology Co., Ltd.
In June 2014, BBCM, by making an investment of RMB 5,250,000.00 and together with Shanghai Jieli Valve Co., Ltd. And China Hong Kong Aiersuo Electromechanical Equipment Co., Ltd., established the cooperative enterprise Landian (Beijing) Fluid Control Equipment Co., Ltd.
The Group adopted equity method for accounting of the abovementioned equity investments, and confirmed according to shareholding proportion that, the loss on investments in 2014 was RMB 614,955.98.
The Group transferred its 100% stock equity in BBCM to Bluestar Group in 2014, and finished delivery on Dec. 26, 2014. Since completion of this stock equity transaction, Bluestar Asahi-Kasei (Beijing) Energy Conservation and Electrolysis Technology Co., Ltd. And Landian (Beijing) Fluid Control Equipment Co., Ltd. did not belong to the Group's cooperative enterprises any more at the end of last year.

### (2) Current year transactions concerning Joint venture

There is no joint venture in the Group.

# X. Risks Related to Financial Instruments

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

## 1. Market risk

### (1) Foreign exchange risk

The Group's major operational activities are carried out in France, Spain, United States, mainland China and a majority of the transactions are denominated in EURO, US Dollars and RMB. The Group is exposed to foreign exchange risk arising from the recognized assets and liabilities and future transactions denominated in foreign currencies primarily with respect to US Dollars and RMB. The Group's finance department at its headquarters is responsible for monitoring the amount of assets and liabilities and transactions denominated in foreign currencies to minimize the foreign exchange risk. Therefore the Group may consider entering into financial derivatives contracts to mitigate the foreign exchange risk.

As at 31 December 2015 and 2014 the carrying amounts in RMB equivalent of the Group's assets and liabilities denominated in foreign currencies are summarized below:

Unit: Yuan Currency: RMB

| Items | Closing balance | | | |
|---|---|---|---|---|
| | USD | RMB | Others | Total |
| Financial assets denominated in foreign currency - | | | | |
| Cash at bank and on hand | 300,941,935 | 424,160,509 | 72,833,701 | 797,936,145 |
| Accounts receivable | 756,115,862 | 87,591,901 | 149,496,517 | 993,204,280 |
| Long-term receivables | 335,240 | 0 | 8,855,181 | 9,190,421 |
| **Total** | **1,057,393,037** | **511,752,410** | **231,185,399** | **1,800,330,846** |
| Financial liabilities denominated in foreign currency - | | | | |
| Payables | 73,762,395 | 182,470,202 | 7,798,178 | 264,030,775 |
| Long-term borrowings | | | | 0 |
| Current portion of non-current liabilities | | | 168,298 | 168,298 |
| **Total** | **73,762,395** | **182,470,202** | **7,966,476** | **264,199,073** |

Unit: Yuan Currency: RMB

| Items | Opening balance | | | |
|---|---|---|---|---|
| | USD | RMB | Others | Total |
| Financial assets denominated in foreign currency - | | | | |
| Cash at bank and on hand | 56,175,402 | 435,928,932 | 57,516,914 | 549,621,248 |
| Accounts receivable | 796,825,946 | 21,968,058 | 165,110,478 | 983,904,482 |
| Long-term receivables | 581,537 | | 9,736,081 | 10,317,618 |
| **Total** | **853,582,885** | **457,896,990** | **232,363,473** | **1,543,843,348** |
| Financial liabilities denominated in foreign currency - | | | | |
| Payables | 157,884,000 | 168,085,000 | 13,884,234 | 339,853,234 |
| Long-term borrowings | | 274,500,000 | | 274,500,000 |
| Current portion of non-current liabilities | | 48,500,000 | 179,598 | 48,679,598 |
| **Total** | **157,884,000** | **491,085,000** | **14,063,832** | **663,032,832** |

The table below summarizes the sensitivity of the Group's profit before income tax ("P&L") and Other Comprehensive Income ("OCI") to a change of plus or minus 10% in foreign exchange rates against the euro, calculated on the net exposure presented above and on derivatives hedging future cash flows. The impacts of the derivative financial instruments only take into account the changes in their efficient portions / intrinsic values:

| | | **Other currencies** | |
|---|---|---|---|
| | **USD** | **Hedged** | **Non hedged** |
| Increase of the euro by 10% | | | |
| - Impact P&L | (130,391,963) | (435,111) | (553,844) |
| - Impact OCI | 29,008,412 | 3,360,522 | |
| Decrease of the euro by 10% | | | |
| - Impact P&L | 115,404,354 | 1,263,393 | 676,920 |
| - Impact OCI | (25,997,864) | (1,832,057) | |

### (2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk mainly relates to its net indebtedness.

The Group's finance department at its headquarters continuously monitors the interest rate position of the Group.

As at 31 December 2014, the Group's outstanding floating rate borrowings was at RMB 274,500,000 from china Development Bank. As at 31 December 2014, if interest rates on the floating rate borrowings had risen/fallen by 50 basis points while all other variables had been held constant the Group’s net profit would have decreased/increased by approximately RMB 991,594.

As at 31 December 2015, the Group's has no more significant floating rate borrowings.

## 2. Credit risk

The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities (including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments).

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

The Group has a credit policy, approved by the Group Chief Finance Officer (CFO), which is designed to ensure that consistent processes are in place throughout the Group to measure and control credit risk. Such risk is considered as part of the risk-reward balance of doing business. Key requirements of the policy are formal delegated authorities to the sales and marketing teams to incur credit risk and to a specialized credit function to set counterparty limits. Systems to monitor exposure against limits and report regularly on those exposures have been put in place; any excesses are immediately detected. Before trading with a new counterparty can start, its creditworthiness is assessed and credit exposure limit is determined. Such exposure limit also depends on the limits of the credit insurer of the Group (Coface) which is used for clients located in high-risk countries according to the Group. The assessment process takes into account all available qualitative and quantitative information about the counterparty and the group, if any, to which the counterparty belongs. Creditworthiness continues to be evaluated after transactions have been initiated with follow up on payment performances.

## 3. Liquidity risk

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

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

Unit: Yuan Currency: RMB

| Items | Closing balance | | | | |
|---|---|---|---|---|---|
| | Within 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total |
| Financial liabilities - | | | | | |
| Short-term borrowings | 90,694 | | | | 90,694 |
| Accounts payable | 945,645,366 | 240,000 | 11,000 | | 945,896,366 |
| Derivative financial instruments-liabilities | 19,717,561 | | | | 19,717,561 |
| Interest payables | 3,132,185 | | | | 3,132,185 |

| Items | Closing balance | | | | |
|---|---|---|---|---|---|
| | Within 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total |
| Other payables | 270,571,004 | 74,000 | 1,623,000 | | 272,268,004 |
| Long-term borrowings | | 2,015,037 | 2,114,370 | 11,405,734 | 15,535,140 |
| Long-term payables | | 1,660,515 | 4,303,359 | 6,210,017 | 12,173,890 |
| Current portion of long-term payables | 1,658,290 | | | | 1,658,290 |
| Current portion of long-term borrowings | 2,873,556 | | | | 2,873,556 |
| **Total** | **1,243,688,655** | **3,989,551** | **8,051,728** | **17,615,751** | **1,273,345,686** |

Unit: Yuan Currency: RMB

| Items | Opening balance | | | | |
|---|---|---|---|---|---|
| | Within 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total |
| Financial liabilities - | | | | | |
| Short-term borrowings | 6,633,423,035 | | | | 6,633,423,035 |
| Accounts payable | 1,935,259,465 | | | | 1,935,259,465 |
| Derivative financial instruments-liabilities | 108,173,300 | | | | 108,173,300 |
| Interest payables | 21,821,400 | | | | 21,821,400 |
| Other payables | 5,159,214,686 | | | | 5,159,214,686 |
| Current portion of long-term borrowings (a) | 3,188,529 | | | | 3,188,529 |
| Current portion of long-term payables (b) | 618,817,072 | | | | 618,817,072 |
| Long-term borrowings | | 941,391,185 | 1,670,597,136 | 513,956,449 | 3,125,944,770 |
| Long-term payables | | 3,135,416 | 3,136,809 | 12,250,669 | 18,522,894 |
| **Total** | **14,479,897,487** | **944,526,601** | **1,673,733,945** | **526,207,118** | **17,624,365,151** |

## XI. Disclosure of Fair Value

Based on the lowest level input that is significant to the fair value measurement in its entirety, the fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

### 1. Closing fair value of the assets and liabilities measured with fair value

As at 31 December 2015, the assets measured at fair value on a recurring basis by the above three levels are analyzed below:

Unit: Yuan Currency: RMB

| Items | Closing fair value | | | |
|---|---|---|---|---|
| | Level 1 fair value measurement | Level 2 fair value measurement | Level 3 fair value measurement | Total |
| Financial instruments | | | | |
| Derivative financial assets | | 9,479,187 | | 9,479,187 |
| Derivative financial liabilities | | 19,717,561 | | 19,717,561 |
| **Net assets** | | **(10,238,374)** | | **(10,238,374)** |

As at 31 December 2014, the assets measured at fair value on a recurring basis by the above three levels are analyzed below:

Unit: Yuan Currency: RMB

| Items | Opening fair value | | | |
|---|---|---|---|---|
| | Level 1 fair value measurement | Level 2 fair value measurement | Level 3 fair value measurement | Total |
| Financial instruments | | | | |
| Derivative financial assets | | 15,187,057 | | 15,187,057 |
| Derivative financial liabilities | | 108,173,300 | | 108,173,300 |
| **Net assets** | | **(92,986,243)** | | **(92,986,243)** |

**2. Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorized within Level 2**

The fair value of financial instruments traded in an active market is determined at the quoted price in the active market; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise discounted cash flow model and market comparable corporate model. The inputs of the valuation technique mainly include risk-free interest rate, benchmark rate, exchange rate, credit spread, liquidity premium, EBITDA multiplier and restricted discount.

**3. The reasons for transfer of different levels, and the policy about the timing of those transfers for recurring fair value measurements**

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognizing the transfers. There is no transfer between Level 1 and Level 2 for current year.

**4. The change of appraisal technology in the current period and the reasons for change**

During 2015, there were no changes in valuation techniques for the recurring and non-recurring fair value measurements.

**5. The fair value of the financial assets and financial liabilities not measured with fair value**

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

## XII. Related party relationships and transactions

### 1. Parent(s) of the Company

| Name of parent company | Registered place | Business nature | Registered capital | Proportion of shares held by the parent company in the enterprise (%) | Proportion of voting right held by the parent company in the enterprise (%) |
|---|---|---|---|---|---|
| China National Bluestar (Group) Co, Ltd | Beijing | research, development of new chemical materials, chemical cleaning, antisepsis, water treatment technology and fine chemical products | 15,365,589,192 | 89.09% | 89.09% |

The enterprise's ultimate controller is China National Chemical Corporation.

### 2. Subsidiaries of the Company

For details about the enterprise's subsidiary companies, please refer to the Notes.

### 3. Other related parties of the Company

| Name of other related parties | Relationship of other related parties with the enterprise |
|---|---|
| Beijing Bluestar Energy Conservation Investment Management Co., Ltd. | Controlled by the same parent company |
| Beijing Bluestar Technology Co., Ltd. | Controlled by the same parent company |
| Beijing Chemical Machinery Co., Ltd. | Controlled by the same parent company |
| Bluestar (Beijing) Chemical Machinery Co., Ltd. | Controlled by the same parent company |
| Bluestar (Beijing) Special Fiber Technology Research & Development Center Co., Ltd. | Controlled by the same parent company |
| Bluestar (Beijing) Technology Center Co., Ltd. | Controlled by the same parent company |
| Bluestar (Chengdu) New Material Co., Ltd. | Controlled by the same parent company |
| Bluestar (Hangzhou) Membrane Industry Co., Ltd. | Controlled by the same parent company |
| Bluestar Environment Engineering Co., Ltd. | Controlled by the same parent company |
| Bluestar Organic Silicon Hong Kong Trade Co., Ltd. | Controlled by the same parent company |
| Bluestar Organic Silicon Investment Co., Ltd. | Controlled by the same parent company |

| Name of other related parties | Relationship of other related parties with the enterprise |
|---|---|
| Bluestar Organic Silicon Shanghai Co., Ltd. | Controlled by the same parent company |
| Bluestar Silicones France SAS | Controlled by the same parent company |
| BLUESTAR SILICONES USA CORP | Controlled by the same parent company |
| Changsha Huaxing Construction Supervision | Controlled by the same parent company |
| China Bluestar Chengrand Research Institute of Chemical Industry | Controlled by the same parent company |
| China Bluestar Chengrand Research Institute of Chemical Industry Co., Ltd. Xinjin Branch | Controlled by the same parent company |
| China Bluestar Harbin Petrochemical Co., Ltd. | Controlled by the same parent company |
| Elkem International Trade (Shanghai) Co., Ltd. | Controlled by the same parent company |
| Gansu Bluestar Cleaning Technology Co., Ltd. | Controlled by the same parent company |
| Guangzhou Research Institute of Synthetic Materials | Controlled by the same parent company |
| Lanzhou Bluestar Daily Chemical Co., Ltd. | Controlled by the same parent company |
| Lianyungang Lianyu Construction Supervision | Controlled by the same parent company |
| Lianyungang Lianyu Construction Supervision Co., Ltd | Controlled by the same parent company |
| Shenyang Paraffin Chemical Co., Ltd. | Controlled by the same parent company |
| Sichuan Chengrand Engineering Design Institute | Controlled by the same parent company |
| Wuxi Bluestar Petrochemical Co., Ltd. | Controlled by the same parent company |
| Anhui Yuhe Agricultural Production Material Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Beijing Xingdie Equipment Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Bluestar (Tianjin) Chemical Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Bluestar Hainan Aviation Chemical Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Bluestar Shenyang Project & Research Institute of Light Industry Machinery | Controlled by the same ultimate controlling shareholder |
| Bluestar Trading Corporation | Controlled by the same ultimate controlling shareholder |
| Bluestar Xichang Aviation Chemical Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Cangzhou Dahua Co., Ltd. Juhai Branch | Controlled by the same ultimate controlling shareholder |
| Changsha Design and Research Institute of the Ministry of Chemical Industry | Controlled by the same ultimate controlling shareholder |

| Name of other related parties | Relationship of other related parties with the enterprise |
|---|---|
| ChemChina Finance Corporation | Controlled by the same ultimate controlling shareholder |
| China Bluestar Lehigh Engineering Corporation | Controlled by the same ultimate controlling shareholder |
| China Bluestar Petrochemical Corporation | Controlled by the same ultimate controlling shareholder |
| China Haohua Engineering Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| China National Chemical Equipment Corporation | Controlled by the same ultimate controlling shareholder |
| China National Tire & Rubber Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Chonche Group Tianshui No. 7452 Factory | Controlled by the same ultimate controlling shareholder |
| Daqing China Bluestar Petrochemical Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Dezhou Shihua Chemical Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Guangxi Dahua Chemical Factory | Controlled by the same ultimate controlling shareholder |
| Haohua Yuhang Chemical Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Haohua Yuhang Chemical Co., Ltd. Qinyang Chlor-Alkali Branch | Controlled by the same ultimate controlling shareholder |
| Haohua Zhongyi GFRP Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Hebei Shenghua Chemical Industry Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Heilongjiang Haohua Chemical Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Huasi Anti-Corrosion Engineering Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Hubei Sanonda Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Jiamusi Heilong Agricultural and Industrial Chemical Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Jiangsu Anpon Electrochemical Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Jiangsu Huaihe Chemical Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Lanzhou Bluestar Machinery Factory | Controlled by the same ultimate controlling shareholder |
| Qingdao Xiangliu Group Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Qingdao Yellow Sea Rubber Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Qinyang Changhuai Electric Power Co.,Ltd. | Controlled by the same ultimate controlling shareholder |
| Sanonda (Jingzhou) Pesticide Chemical Co., Ltd. | Controlled by the same ultimate controlling shareholder |

| Name of other related parties | Relationship of other related parties with the enterprise |
|---|---|
| Sichuan Bluestar Machinery Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Sichuan Haohua Chemical Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Sichuan Tianyi Science & Technology Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Southwest Research & Design Institute of Chemical Industry | Controlled by the same ultimate controlling shareholder |
| Tianjin Tiandatianjiu Polytron Technologies Co., Ltd. | Controlled by the same ultimate controlling shareholder |
| Zhonghao Chenguang Research Institute of Chemical Industry | Controlled by the same ultimate controlling shareholder |
| Zhonghao Chenguang Research Institute of Chemical Industry Chengdu Branch Factory | Controlled by the same ultimate controlling shareholder |
| Bluestar Chemical Co., Ltd. | Joint venture of same ultimate controlling shareholder |
| Bluestar Petrochemical Co., Ltd. | Joint venture of same ultimate controlling shareholder |
| Bluestar Petrochemical Co., Ltd. Tianjin Petrochemical Factory | Joint venture of same ultimate controlling shareholder |
| Guoxin Junchuang (Yueyang) 6906 Technology Co., Ltd. | Joint venture of same ultimate controlling shareholder |
| Jinan Yuxing Chemical Co., Ltd. | Joint venture of same ultimate controlling shareholder |
| Lanzhou Bluestar Co., Ltd. | Joint venture of same ultimate controlling shareholder |
| Lanzhou Bluestar Fiber Co., Ltd. | Joint venture of same ultimate controlling shareholder |
| Nanjing Bluestar Chemical New Material Co., Ltd. | Joint venture of same ultimate controlling shareholder |
| Shanghai Bluestar POM Co., Ltd. | Joint venture of same ultimate controlling shareholder |
| ChemChina | Ultimate Controlling Shareholder |

## 4. Related party transactions

### (1) Related party transactions of purchasing and sale of goods, rendering and receiving of labor services

The transactions and balances for the year ended December 31, 2014 mainly represented the related party transactions and balances related to former BNCM business.

Purchasing of goods/ receiving of labor services

Unit: Yuan Currency: RMB

| Related parties | Contents of Related party transactions | Amount incurred of current period | Amount incurred of last period |
|---|---|---|---|
| Bluestar Nanjing Chemical New Materials Co.,Ltd | Purchase of goods | 42,536,645 | 32,107,900 |

| Related parties | Contents of Related party transactions | Amount incurred of current period | Amount incurred of last period |
|---|---|---|---|
| Gansu Bluestar Cleaning Technology Co., Ltd. | Purchase of goods | 201,073,186 | 282,629,938 |
| Beijing Xingdie Equipment Co., Ltd. | Purchase of goods | 0 | 121,002,735 |
| Daqing China Bluestar Petrochemical Co., Ltd. | Purchase of goods | 0 | 84,673,755 |
| Anhui Yuhe Agricultural Production Material Co., Ltd. | Purchase of goods | 51,186,829 | 78,909,422 |
| Shenyang Paraffin Chemical Co., Ltd. | Purchase of goods | 0 | 23,702,933 |
| Guangzhou Research Institute of Synthetic Materials | Purchase of goods | 0 | 21,419,415 |
| Wuxi Bluestar Petrochemical Co., Ltd. | Purchase of goods | 6,980,000 | 21,189,231 |
| Bluestar Shenyang Project & Research Institute of Light Industry Machinery | Purchase of goods | 0 | 12,607,045 |
| Jiangsu Anpon Electrochemical Co., Ltd. | Purchase of goods | 0 | 10,617,232 |
| Chonche Group Tianshui No. 7452 Factory | Purchase of goods | 0 | 9,536,692 |
| Bluestar Organic Silicon Shanghai Co., Ltd. | Purchase of goods | 0 | 9,015,907 |
| Jiamusi Heilong Agricultural and Industrial Chemical Co., Ltd. | Purchase of goods | 0 | 7,772,786 |
| Bluestar Petrochemical Co., Ltd. Tianjin Petrochemical Factory | Purchase of goods | 0 | 7,688,051 |
| Jiangsu Huaihe Chemical Co., Ltd. | Purchase of goods | 0 | 6,877,949 |
| Jinan Yuxing Chemical Co., Ltd. | Purchase of goods | 0 | 6,189,316 |
| Beijing Bluestar Technology Co., Ltd. | Purchase of goods | 0 | 3,244,000 |
| Guangxi Dahua Chemical Factory | Purchase of goods | 0 | 1,087,438 |
| Beijing Bluestar Energy Conservation Investment Management Co., Ltd. | Purchase of goods | 0 | 1,363,748 |
| Bluestar Environment Engineering Co., Ltd. | Purchase of goods | 0 | 791,758 |
| Sichuan Tianyi Science & Technology Co., Ltd. | Purchase of goods | 0 | 452,830 |
| Lanzhou Bluestar Daily Chemical Co., Ltd. | Purchase of goods | 0 | 141,026 |
| BLUESTAR SILICONES USA | Purchase of goods | 0 | 157,226 |
| Bluestar (Chengdu) New Material Co., Ltd. | Purchase of goods | 0 | 11,624 |
| China Bluestar Harbin Petrochemical Co.,Ltd. | Purchase of goods | 35,711,460 | 0 |
| Bluestar Organic Silicon Investment Co.,Ltd. | Purchase of goods | 12,255,710 | 0 |
| Gansu Bluestar Cleaning Technology co.,ltd. | Purchase of services | 4,316,992 | 9,299,151 |
| Bluestar Silicones France SAS | Purchase of services | 437,961 | 0 |
| BLUESTAR SILICONES FRANCE SAS | Purchase of services | 0 | 70,118,595 |
| Beijing Chemical Machinery Co., Ltd. | Purchase of services | 0 | 18,399,563 |
| Elkem International Trade (Shanghai) Co., Ltd. | Purchase of services | 0 | 11,809,171 |

| Related parties | Contents of Related party transactions | Amount incurred of current period | Amount incurred of last period |
|---|---|---|---|
| Bluestar Environment Engineering Co., Ltd. | Purchase of services | 0 | 4,946,332 |
| Beijing Bluestar Energy Conservation Investment Management Co., Ltd. | Purchase of services | 0 | 4,716,981 |
| Sichuan Chengrand Engineering Design Institute | Purchase of services | 0 | 2,000,000 |
| Bluestar Organic Silicon Shanghai Co., Ltd. | Purchase of services | 0 | 548,113 |
| China Haohua Engineering Co., Ltd. | Purchase of services | 0 | 500,000 |
| Huasi Anti-Corrosion Engineering Co., Ltd. | Purchase of services | 0 | 21,690 |
| Others | Purchase of goods/Purchase of services | 53,286,908 | 0 |

Sale of commodities/ rendering of labor services

Unit: Yuan Currency: RMB

| Related party | Contents of related party transactions | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|---|
| China National Bluestar (Group) Co., Ltd | Sales of Services | - | 4,718,544 |
| Bluestar Silicones France SAS | Sales of Services | 10,417,733 | 0 |
| Nanjing Bluestar Chemical New Material Co., Ltd. | Sales of goods | - | 28,044,770 |
| Jinan Yuxing Chemical Co., Ltd. | Sales of goods | 42,882,013 | 118,630,196 |
| Beijing Xingdie Equipment Co., Ltd. | Sales of goods | - | 98,753,650 |
| Bluestar Organic Silicon Shanghai Co., Ltd. | Sales of goods | - | 57,305,997 |
| Hubei Sanonda Co., Ltd. | Sales of goods | - | 52,640,427 |
| BLUESTAR SILICONES USA CORP | Sales of goods | - | 31,157,896 |
| Guangzhou Research Institute of Synthetic Materials | Sales of goods | - | 17,817,129 |
| Haohua Yuhang Chemical Co., Ltd. Qinyang Chlor-Alkali Branch | Sales of goods | - | 13,392,342 |
| Elkem International Trade (Shanghai) Co., Ltd. | Sales of goods | - | 9,910,899 |
| Wuxi Bluestar Petrochemical Co., Ltd. | Sales of goods | 5,079,631 | 9,746,825 |
| Bluestar Organic Silicon Hong Kong Trade Co., Ltd. | Sales of goods | - | 7,879,387 |
| Lanzhou Bluestar Fiber Co., Ltd. | Sales of goods | - | 6,611,976 |
| Heilongjiang Haohua Chemical Co., Ltd. | Sales of goods | - | 6,201,453 |

| Related party | Contents of related party transactions | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|---|
| Beijing Bluestar Energy Conservation Investment Management Co., Ltd. | Sales of goods | - | 5,522,872 |
| BLUESTAR SILICONES France SAS | Sales of goods | - | 3,366,306 |
| Bluestar (Chengdu) New Material Co., Ltd. | Sales of goods | - | 2,695,479 |
| Shanghai Bluestar POM Co., Ltd. | Sales of goods | - | 2,222,222 |
| Haohua Yuhang Chemical Co., Ltd. | Sales of goods | - | 1,584,231 |
| Daqing China Bluestar Petrochemical Co., Ltd. | Sales of goods | - | 1,581,197 |
| Sichuan Haohua Chemical Co., Ltd. | Sales of goods | - | 973,803 |
| China Haohua Engineering Co., Ltd. | Sales of goods | - | 873,019 |
| Bluestar Environment Engineering Co., Ltd. | Sales of goods | - | 786,325 |
| Hebei Shenghua Chemical Industry Co., Ltd. | Sales of goods | - | 390,427 |
| China National Bluestar (Group) Co, Ltd | Sales of goods | - | 196,472 |
| Dezhou Shihua Chemical Co., Ltd. | Sales of goods | 56,275,459 | 191,453 |
| Jiangsu Anpon Electrochemical Co., Ltd. | Sales of goods | 43,698,318 | 153,761 |
| Chonche Group Tianshui No. 7452 Factory | Sales of goods | - | 89,744 |
| Bluestar (Beijing) Technology Center Co., Ltd. | Sales of goods | - | 76,247 |
| China Bluestar Chengrand Research Institute of Chemical Industry Co., Ltd. Xinjin Branch | Sales of goods | - | 69,402 |
| Beijing Bluestar Technology Co., Ltd. | Sales of goods | - | 20,464 |
| Anhui Yuhe Agricultural Production Material Co., Ltd. | Sales of goods | - | 28,983 |
| China National Tire & Rubber Co., Ltd. | Sales of goods | - | 17,512 |
| Cangzhou Dahua Co., Ltd. Juhai Branch | Sales of goods | - | 7,692 |
| ChemChina Finance Corporation | Sales of goods | - | 7,385 |
| Gansu Bluestar Cleaning Technology Co., Ltd. | Sales of goods | - | 2,617,599 |
| China Bluestar Chengrand Research Institute of Chemical Industry | Sales of goods | - | 2,051 |

| Related party | Contents of related party transactions | Amount incurred during the current period | Amount incurred during the last period |
|---|---|---|---|
| Jiangsu Huaihe Chemical Co., Ltd. | Sales of goods | 10,197,020 | 0 |
| Beijing Chemical Machinery Co., Ltd. | Sales of goods | 21,444,199 | 0 |
| Qinyang Changhuai Electric Power Co.,Ltd. | Sales of goods | 37,866,629 | 0 |
| China Bluestar Harbin Petrochemical Co.,Ltd. | Sales of goods | 23,577,574 | 0 |
| Bluestar Organic Silicon Investment Co.,Ltd. | Sales of goods | 52,348,103 | 0 |
| Bluestar (Beijing) Technology Center Co., Ltd. | Sales of Services | - | 6,000,000 |
| Jinan Yuxing Chemical Co., Ltd. | Sales of Services | - | 2,706,589 |
| Southwest Research & Design Institute of Chemical Industry | Sales of Services | - | 2,084,905 |
| Nanjing Bluestar Chemical New Material Co., Ltd. | Sales of Services | - | 1,654,865 |
| Gansu Bluestar Cleaning Technology Co., Ltd. | Sales of Services | - | 1,709,402 |
| Guoxin Junchuang (Yueyang) 6906 Technology Co., Ltd. | Sales of Services | - | 1,000,000 |
| Bluestar (Beijing) Special Fiber Technology Research & Development Center Co., Ltd. | Sales of Services | - | 563,704 |
| Daqing China Bluestar Petrochemical Co., Ltd. | Sales of Services | - | 550,000 |
| Shenyang Paraffin Chemical Co., Ltd. | Sales of Services | - | 391,350 |
| Bluestar (Tianjin) Chemical Co., Ltd. | Sales of Services | - | 213,340 |
| Jinan Yuxing Chemical Co., Ltd. | Sales of Services | - | 44,401 |
| Others | Sales of goods | 35,361,335 | 0 |

### (2) Leases with related parties

### (3) Guarantees with related parties

### (4) Borrowings/loans with related parties

Unit: Yuan Currency: RMB

| Related parties | Loan amount | Starting date | Date due | Description |
|---|---|---|---|---|
| Loans from other banks | | | | |

| | | | | |
|---|---|---|---|---|
| | | | | |
| | | | | |

### (5) Assets transfer/debt restructuring with related parties

Unit: Yuan Currency: RMB

| Related parties | Contents of related parties transactions | Amount incurred of current period | Amount incurred of last period |
|---|---|---|---|
| | | | |
| | | | |

## 5. Accounts receivable from and payable to related parties

### (1) Accounts receivable

Unit: Yuan Currency: RMB

| Item | Related parties | Closing balance | | Opening balance | |
|---|---|---|---|---|---|
| | | Book value | Provision for bad debts | Book value | Provision for bad debts |
| Accounts receivable | China National Bluestar (Group) Co., Ltd | 7,825,005 | - | 6,792,052 | - |
| Accounts receivable | BLUESTAR SILICONES France SAS | 1,871,884 | - | 15,126,105 | - |
| Accounts receivable | Nanjing Bluestar Chemical New Material Co., Ltd. | - | - | 13,140,756 | - |
| Accounts receivable | China Bluestar Harbin Petrochemical Co., Ltd. | - | - | 23,011,595 | - |
| Accounts receivable | Beijing Bluestar Energy Conservation Investment Management Co., Ltd. | - | - | 6,461,760 | - |
| Accounts receivable | Bluestar (Beijing) Technology Center Co., Ltd. | - | - | 6,360,000 | - |
| Accounts receivable | Jinan Yuxing Chemical Co., Ltd. | - | - | 6,066,457 | - |
| Accounts receivable | Bluestar Organic Silicon Hong Kong Trade Co., Ltd. | - | - | 4,914,464 | - |
| Accounts receivable | Bluestar Organic Silicon Shanghai Co., Ltd. | - | - | 4,906,732 | - |
| Accounts receivable | BLUESTAR SILICONES USA CORP | - | - | 3,306,839 | - |
| Accounts receivable | Guangzhou Research Institute of Synthetic Materials | - | - | 2,241,701 | - |
| Accounts receivable | Bluestar Environment Engineering Co., Ltd. | - | - | 845,868 | - |

| Item | Related parties | Closing balance | | Opening balance | |
|---|---|---|---|---|---|
| | | Book value | Provision for bad debts | Book value | Provision for bad debts |
| Accounts receivable | Bluestar Hainan Aviation Chemical Co., Ltd. | - | - | 484,900 | - |
| Accounts receivable | Bluestar Shenyang Project & Research Institute of Light Industry Machinery | - | - | 353,495 | - |
| Accounts receivable | Shenyang Paraffin Chemical Co., Ltd. | - | - | 219,976 | - |
| Accounts receivable | Beijing Bluestar Technology Co., Ltd. | - | - | 175,708 | - |
| Accounts receivable | Sichuan Bluestar Machinery Co., Ltd. | - | - | 172,615 | - |
| Accounts receivable | Qingdao Yellow Sea Rubber Co., Ltd. | - | - | 160,000 | - |
| Accounts receivable | Bluestar (Hangzhou) Membrane Industry Co., Ltd. | - | - | 117,450 | - |
| Accounts receivable | Bluestar Adisseo (Nanjing) Co., Ltd. | - | - | 658,044 | - |
| Accounts receivable | Heilongjiang Haohua Chemical Co., Ltd. | - | - | 90,268 | - |
| Accounts receivable | China Bluestar Chengrand Research Institute of Chemical Industry Co., Ltd. Xinjin Branch | - | - | 81,200 | - |
| Accounts receivable | Shanghai Bluestar POM Co., Ltd. | - | - | 50,000 | - |
| Accounts receivable | Zhonghao Chenguang Research Institute of Chemical Industry | - | - | 34,773 | - |
| Accounts receivable | Elkem International Trade (Shanghai) Co., Ltd. | - | - | 23,750 | - |
| Accounts receivable | Bluestar Xichang Aviation Chemical Co., Ltd. | - | - | 13,940 | - |
| Accounts receivable | Heilongjiang Haohua Chemical Co., Ltd. | - | - | 7,636 | - |
| Other Receivable | China National Bluestar (Group) Co. Ltd | 390,236 | - | 3,266,610 | - |
| Other receivables | Changsha Design and Research Institute of the Ministry of Chemical Industry | - | - | 13,940,789 | - |
| Other Receivables | Bluestar Nanjing Chemical New Materials Co., Ltd | 919,000 | - | - | - |
| Other receivables | China Bluestar Petrochemical Corporation | - | - | 43,332,983 | - |

| Item | Related parties | Closing balance | | Opening balance | |
|---|---|---|---|---|---|
| | | Book value | Provision for bad debts | Book value | Provision for bad debts |
| Other receivables | Nanjing Bluestar Chemical New Material Co., Ltd. | - | - | 28,536,844 | - |
| Other receivables | Beijing Bluestar Energy Conservation Investment Management Co., Ltd. | - | - | 12,131,141 | - |
| Other receivables | Bluestar (Beijing) Chemical Machinery Co., Ltd. | - | - | 45,957 | - |
| Advances to suppliers | Bluestar Nanjing Chemical New Materials Co., Ltd | 6,939,000 | - | - | - |
| Advances to suppliers | Nanjing Bluestar Chemical New Material Co., Ltd. | - | - | 90,426,469 | - |
| Advances to suppliers | Lanzhou Bluestar Fiber Co., Ltd. | - | - | 50,000,000 | - |
| Advances to suppliers | Shanghai Bluestar POM Co., Ltd. | - | - | 20,000,000 | - |
| Advances to suppliers | Gansu Bluestar Cleaning Technology Co., Ltd. | - | - | 10,928,997 | - |
| Advances to suppliers | China Bluestar Harbin Petrochemical Co., Ltd. | - | - | 3,926,215 | - |
| Advances to suppliers | Chonche Group Tianshui No. 7452 Factory | - | - | 2,741,746 | - |
| Advances to suppliers | Lanzhou Bluestar Co., Ltd. | - | - | 1,953,478 | - |
| Advances to suppliers | Changsha Design and Research Institute of the Ministry of Chemical Industry | - | - | 100,000 | - |
| Advances to suppliers | Anhui Yuhe Agricultural Production Material Co., Ltd. | - | - | 36,301 | - |
| Advances to suppliers | Hebei Shenghua Chemical Co., Ltd. | - | - | 6,400 | - |

## (2) Accounts payables

Unit: Yuan Currency: RMB

| Items | Related parties | Closing book value | Opening book value |
|---|---|---|---|
| Accounts payable | Bluestar Nanjing Chemcial New Materials Co.,Ltd | - | 3,494,000 |
| Accounts payable | Anhui Yuhe Agricultural Production Material Co., Ltd. | - | 51,504,740 |
| Accounts payable | Gansu Bluestar Cleaning Technology Co., Ltd. | - | 30,543,081 |
| Accounts payable | Elkem International Trade (Shanghai) Co., Ltd. | - | 13,016,883 |

| Items | Related parties | Closing book value | Opening book value |
|---|---|---|---|
| Accounts payable | Guangzhou Research Institute of Synthetic Materials | - | 1,097,979 |
| Accounts payable | Lanzhou Bluestar Daily Chemical Co., Ltd. | - | 520,272 |
| Accounts payable | China Haohua Engineering Co., Ltd. | - | 50,000 |
| Accounts payable | Bluestar Environment Engineering Co., Ltd. | - | 47,419 |
| Accounts payable | Jiangsu Anpon Electrochemical Co., Ltd. | - | 22,183 |
| Other payables | China National Bluestar (Group) Co., Ltd | 4,103,680 | 3,620,492,892 |
| Other payables | Changsha Huaxing Construction Supervision | - | 654,941 |
| Other payables | Bluestar Silicon Investment Co Ltd | 10,771,257 | - |
| Other payables | Lianyungang Lianyu Construction Supervision | 75,000 | 1,570,000 |
| Other payables | Gansu Bluestar Cleaning Technology co.,ltd. | 455,000 | - |
| Other payables | China Bluestar Lehigh Engineering Corporation | - | 272,422,845 |
| Other payables | China Bluestar Harbin Petrochemical Co., Ltd. | - | 45,187,143 |
| Other payables | China National Chemical Equipment Corporation | - | 43,564,977 |
| Other payables | Guangxi Dahua Chemical Factory | - | 24,617,795 |
| Other payables | BLUESTAR SILICONES France SAS | - | 23,843,548 |
| Other payables | Bluestar (Beijing) Chemical Machinery Co., Ltd. | - | 11,224,774 |
| Other payables | Guangzhou Research Institute of Synthetic Materials | - | 9,448,003 |
| Other payables | Bluestar Environment Engineering Co., Ltd. | - | 9,723,069 |
| Other payables | Lanzhou Bluestar Machinery Factory | - | 7,000,000 |
| Other payables | Gansu Bluestar Cleaning Technology Co., Ltd. | - | 6,258,260 |
| Other payables | Changsha Design and Research Institute of the Ministry of Chemical Industry | - | 6,216,391 |
| Other payables | Bluestar (Beijing) Technology Center Co., Ltd. | - | 5,700,000 |
| Other payables | Bluestar Petrochemical Co., Ltd. | - | 5,289,768 |
| Other payables | Bluestar Shenyang Project & Research Institute of Light Industry Machinery | - | 4,076,505 |
| Other payables | Lanzhou Bluestar Co., Ltd. | - | 947,373 |

| Items | Related parties | Closing book value | Opening book value |
|---|---|---|---|
| Other payables | ChemChina | - | 610,000 |
| Other payables | Sichuan Bluestar Machinery Co., Ltd. | - | 561,916 |
| Other payables | Tianjin Tiandatianjiu Polytron Technologies Co., Ltd. | - | 356,808 |
| Other payables | Bluestar Chemical Co., Ltd. | - | 345,655 |
| Other payables | Haohua Zhongyi GFRP Co., Ltd. | - | 217,709 |
| Other payables | Bluestar Organic Silicon Shanghai Co., Ltd. | - | 100,000 |
| Other payables | Beijing Bluestar Technology Co., Ltd. | - | 4,026 |
| Advances from customers | Bluestar Group | - | 71,641,050 |
| Advances from customers | Anhui Yuhe Agricultural Production Material Co., Ltd. | - | 44,500,000 |
| Advances from customers | Bluestar (Beijing) Chemical Machinery Co., Ltd. | - | 9,386,827 |
| Advances from customers | China Bluestar Petrochemical Corporation | - | 7,382,527 |
| Advances from customers | Lanzhou Bluestar Fiber Co., Ltd. | - | 5,902,679 |
| Advances from customers | Bluestar (Chengdu) New Material Co., Ltd. | - | 575,000 |
| Advances from customers | Bluestar Trading Corporation | - | 499,826 |
| Advances from customers | Daqing China Bluestar Petrochemical Co., Ltd. | - | 310,000 |
| Advances from customers | Bluestar Xichang Aviation Chemical Co., Ltd. | - | 255,269 |
| Advances from customers | Bluestar Hainan Aviation Chemical Co., Ltd. | - | 215,640 |
| Advances from customers | Bluestar (Beijing) Technology Center Co., Ltd. | - | 60,791 |
| Advances from customers | Zhonghao Chenguang Research Institute of Chemical Industry Chengdu Branch Factory | - | 8,460 |

## XIII. Capital management

The Group’s capital management policies aim to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is calculated as ‘shareholder’s equity’ as shown in the consolidated balance sheet.

The Group is not subject to external mandatory capital requirements, and manages capital using gearing ratio.

Unit: Yuan Currency: RMB

| Items | Closing balance | Opening balance |
|---|---|---|
| Total Borrowings | 15,625,834 | 9,759,367,804 |
| Less : Cash at bank and on hand | 4,941,121,304 | 1,697,549,320 |
| Net Debt | (4,925,495,470) | 8,061,818,485 |
| Total owners' equity | 14,181,912,020 | 11,271,898,848 |
| Total Capital | 9,256,416,550 | 19,333,717,332 |
| **Gearing ratio** | **N/A** | **42%** |

## XIV. Commitments and Contingencies

### 1. Important commitments

#### (1) Capital commitments

Capital expenditures contracted for but not yet necessary to be recognized on the balance sheet:

Unit: Yuan Currency: RMB

| Commitment type | Closing balance | Opening balance |
|---|---|---|
| Houses, buildings and machinery equipment | 42,493,153 | 491,906,027 |
| Labor services received | 0 | 0 |
| Total | **42,493,153** | **491,906,027** |

#### (2) Operating lease commitments

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

Unit: Yuan Currency: RMB

| | Closing balance | Opening balance |
|---|---|---|
| Within one year | 36,195,052 | 17,763,526 |
| Between 1 and 2 years | 34,030,038 | 13,916,638 |
| Between 2 and 3 years | 25,623,698 | 11,578,428 |
| Over 3 years | 20,485,509 | 9,681,462 |
| Total | **116,334,297** | **52,940,053** |

### 2. Contingencies

#### (1) Important contingencies on the date of balance sheet

#### (2) It shall be specified if the Company does not have important contingencies to be disclosed:

## XV. Matters after the Date of Balance Sheet

### 1. Important non-adjustment matters

### 2. Profit distribution

### 3. Sales return

## XVI. Other Important Matters

### 1. Debt reorganization

### 2. Annuity plan

### 3. Discontinued operation

Unit: Yuan Currency: RMB

| Items | Income | Expenses | Total profit | Income tax | Net profit | Operating profit attributable to shareholders of the Company |
|---|---|---|---|---|---|---|
| All subsidiaries held by BNCM before the operation date | 2,970,758,776 | 3,762,857,193 | (791,244,838) | 8,277,932 | (799,522,770) | (733,608,013) |

As part of the restructuring as mentioned in Section 6, the Company disposed all its original business prior to the settlement date of July 27, 2015.

## 4. Segment information

### (1) Identifying reportable segments and accounting policy

Based on the Group's internal organization structure, management requirements and internal reporting system, the operations of the Group are classified into 2 reportable segments, which are health and nutrition and others. The reporting segments are determined based on product and business. Major products and services delivered or provided by each of the reporting segments are chemical new material products and nutritional feed.
Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements.

### (2) Financial information of segment

Current Period

Unit: Yuan Currency: RMB

| Item | Health and nutrition | Others | Inter-segment eliminations | Total |
|---|---|---|---|---|
| Revenue from external customers | 12,202,572,882 | 2,970,758,776 | | 15,173,331,658 |
| Revenue from transactions with other segments | | | | |
| Operating cost | 5,941,636,279 | 2,964,736,621 | | 8,906,372,900 |
| Impairment for the period | 48,306,191 | 121,203,436 | | 169,509,627 |
| Interest income | 10,583,558 | 10,215,725 | | 20,799,283 |
| Interest expense | 15,544,645 | 272,375,531 | | 287,920,175 |
| Investment income from associates and joint ventures | | | | |
| Depreciation, amortization | 813,326,842 | 303,201,787 | | 1,116,528,629 |
| Profit before income tax | 4,471,957,152 | (846,103,972) | | 3,625,853,179 |
| Income tax expense or benefit | 1,512,504,625 | 110,552,932 | | 1,623,057,557 |
| Net profit | 2,959,452,526 | (956,656,905) | | 2,002,795,622 |
| | | | | |
| Other items: | | | | |
| Non-cash expenses other than depreciation and amortization | 5,379,888 | | | 5,379,888 |
| Investment in associates and joint ventures | | | | |
| Total assets | 17,913,081,071 | | | 17,913,081,071 |
| Total liabilities | 3,731,169,051 | | | 3,731,169,051 |

Prior Period (Restated)

Unit: Yuan Currency: RMB

| Item | Health and nutrition | Others | Inter-segment eliminations | Total |
|---|---|---|---|---|
| Revenue from external customers | 9,920,155,872 | 9,544,437,406 | | 19,464,593,278 |
| Revenue from transactions with other segments | | | | |
| Operating cost | 6,280,005,680 | 8,990,203,571 | | 14,549,386,641 |
| Impairment for the period | 3,660,453 | 64,031,038 | | 67,691,491 |
| Interest income | 8,318,979 | 32,236,105 | | 40,555,084 |
| Interest expense | 111,764,428 | 618,874,433 | | 738,957,840 |
| Investment income from associates and joint ventures | | | | |
| Depreciation, amortization | 835,462,268 | 676,729,704 | | 1,511,913,417 |
| Profit before income tax | 2,169,805,536 | 140,495,983 | | 2,310,301,519 |
| Income tax expense or benefit | 613,848,677 | 3,254,275 | | 617,102,952 |

| | | | | |
|---|---|---|---|---|
| Net profit | 1,555,956,859 | 143,750,258 | | 1,699,707,117 |
| | | | | |
| Other items: | | | | |
| Non-cash expenses other than depreciation and amortization | 9,018,083 | 278,556 | | 9,296,639 |
| Investment in associates and joint ventures | | | | |
| Total assets | 14,509,877,676 | 18,202,365,487 | | 32,712,243,163 |
| Total liabilities | 4,269,656,154 | 17,170,688,161 | | 21,440,344,315 |

Operating revenue from external customers

Unit: Yuan Currency: RMB

| Country or region | Amount recognized in the current period | Amount recognized in the prior period |
|---|---|---|
| Europe / Africa/MO | 3,898,268,9473 | 3,359,594,847 |
| North & Central America | 2,161,590,191 | 1,751,487,186 |
| Asia / Pacific(excluded China) | 2,053,860,102 | 1,534,205,014 |
| South America | 2,089,681,695 | 1,385,113,311 |
| China | 1,680,570,420 | 1,653,223,945 |
| Others | 318,601,526 | 236,531,570 |
| **Subtotal of Health and Nutrition** | **12,202,572,882** | **9,920,155,872** |
| Mainland China | 2,553,253,188 | 7,419,349,025 |
| Others | 417,505,588 | 2,125,088,382 |
| **Subtotal of Others** | **2,970,758,776** | **9,544,437,406** |
| **Total** | **15,173,331,658** | **19,464,593,278** |

Specified non-current assets by geographical location

Unit: Yuan Currency: RMB

| Country or region | Closing balance | Opening balance |
|---|---|---|
| Europe / Africa/MO | 3,025,752,739 | 3,317,632,874 |
| North & Central America | 1,677,779,941 | 1,729,610,781 |
| Asia / Pacific(excluded China) | 1,594,162,157 | 1,515,042,504 |
| South America | 1,621,966,109 | 1,367,812,985 |
| China | 1,304,422,712 | 1,632,574,867 |
| Others | 247,291,671 | 233,577,246 |
| **Subtotal of Health and Nutrition** | **9,471,375,329** | **9,796,251,257** |
| Mainland China | | 13,140,437,150 |
| Others | | |
| **Subtotal of Others** | | **13,140,437,150** |
| **Total** | **9,471,375,329** | **22,936,688,407** |

# XVII. Main Items in the Financial Statements of the Company

## 1. Accounts receivable

### (1) Classified disclosure of accounts receivable:

Unit: Yuan Currency: RMB

| Type | Closing balance | | | | | Opening balance | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Book balance | | Bad debt reserve | | Book value | Book balance | | Bad debt reserve | | Book value |
| | Amount | Proportion (%) | Amount | Withdrawal proportion (%) | | Amount | Proportion (%) | Amount | Withdrawal proportion (%) | |
| Accounts receivable with significant single amount and with bad debt reserve withdrawn separately | - | - | - | - | - | 13,134,694 | 9 | 3,391,757 | 26 | 9,742,936 |
| Accounts receivable with bad debt reserve withdrawn according to credit risk characteristic combination | - | - | - | - | - | 111,386,127 | 76 | - | - | 111,386,127 |
| Accounts receivable with insignificant single amount, but having bad debt reserve withdrawn separately | - | - | - | - | - | 22,044,478 | 15 | 17,687,808 | 80 | 4,356,670 |
| **Total** | - | - | - | - | - | 146,565,299 | / | 21,079,566 | / | 125,485,733 |

As at December 31, 2014, the balance of accounts receivable represents the accounts receivable related to former BNCM business.

Accounts receivable with significant single amount and with bad debt reserve withdrawn separately at the end of period:
☐Applicable √Not applicable

Unit: Yuan Currency: RMB

| **Accounts receivable (by unit)** | **Closing balance** | | | |
|---|---|---|---|---|
| | **Accounts receivable** | **Bad debt reserve** | **Withdrawal proportion** | **Reason for withdrawal** |
| - | - | - | - | - |
| | | | | |
| **Total** | | | | |

Accounts receivable with bad debt reserve withdrawn by adopting account age analysis method in the combination:
☐Applicable √Not applicable

Unit: Yuan Currency: RMB

| Account age | Closing balance | | |
|---|---|---|---|
| | Accounts receivable | Bad debt reserve | Withdrawal proportion |
| Within 1 year | - | - | - |
| Wherein: Sub items within 1 year | - | - | - |
| | | | |
| | | | |
| Subtotal of within 1 year | - | - | - |
| 1-2 years | - | - | - |
| 2-3 years | - | - | - |
| More than 3 years | - | - | - |
| 3-4 years | - | - | - |
| 4-5 years | - | - | - |
| More than 5 years | - | - | - |
| Total | - | - | - |

Description about the basis for determination of the combination:

Accounts receivable with bad debt reserve withdrawn by adopting balance percentage method in the combination:
☐Applicable √Not applicable

Accounts receivable with bad debt reserve withdrawn by adopting other methods in the combination:

**(2) Bad debt reserve withdrawn, recovered or transferred back in current period**

**(3) Accounts receivable actually cancelled after verification in the current period**

Unit: Yuan Currency: RMB

| Items | Amount cancelled after verification |
|---|---|
| Accounts receivable actually cancelled after verification | |

Wherein, important accounts receivable cancelled after verification

Unit: Yuan Currency: RMB

| Unit name | Nature of accounts receivable | Amount cancelled after verification | Reason for cancellation after verification | Procedure of cancellation after verification implemented | Whether the accounts are generated from associated transaction |
|---|---|---|---|---|---|
| - | - | - | - | - | - |
| | | | | | |
| Total | / | | / | / | / |

Description about cancellation after verification of accounts receivable:

**(4) Top 5 accounts receivable in terms of Closing balance as classified by owing party**

| | Balance | Amount of bad debt reserve | Proportion to total balance of accounts receivable |
|---|---|---|---|
| Total amount of top 5 accounts receivable in terms of balance | - | - | - |

**(5) Accounts receivable on which the confirmation is terminated for transfer of financial assets:**

**(6) Amount of assets and liabilities formed from transfer and continuous involvement of accounts receivable:**

Other description:

## 2. Other receivables

### (1) Classified disclosure of other receivables:

Unit: Yuan Currency: RMB

| Type | Closing balance | | | | | Opening balance | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Book balance | | Bad debt reserve | | Book value | Book balance | | Bad debt reserve | | Book value |
| | Amount | Proportion (%) | Amount | Withdrawal proportion (%) | | Amount | Proportion (%) | Amount | Withdrawal proportion (%) | |
| Other receivables with significant single amount and with bad debt reserve withdrawn separately | - | - | - | - | - | 5,815,908 | 0 | 5,815,908 | 100 | - |
| Other receivables with bad debt reserve withdrawn according to credit risk characteristic combination | - | - | - | - | - | 4,558,121,110 | 100 | - | - | 4,558,121,110 |
| Other receivables with insignificant single amount, but having bad debt reserve withdrawn separately | - | - | - | - | - | 11,796,924 | 0 | 7,598,847 | 64 | 4,198,077 |
| Total | - | - | - | - | - | 4,575,733,942 | / | 13,414,755 | / | 4,562,319,187 |

As at December 31, 2014, the balance of other receivable represents the other receivable related to former BNCM business.

Other receivables with significant single amount and with bad debt reserve withdrawn separately at the end of period:
☐Applicable √Not applicable

Unit: Yuan Currency: RMB

| Other receivables (by unit) | Closing balance | | | |
|---|---|---|---|---|
| | Other receivables | Bad debt reserve | Withdrawal proportion | Reason for withdrawal |
| - | - | - | - | - |
| | | | | |

| | | | | |
|---|---|---|---|---|
| | | | | |
| **Total** | | | | |

Other receivables with bad debt reserve withdrawn by adopting account age analysis method in the combination:
☐Applicable √Not applicable

Unit: Yuan Currency: RMB

| Account age | Closing balance | | |
|---|---|---|---|
| | Other receivables | Bad debt reserve | Withdrawal proportion |
| Within 1 year | - | - | - |
| Wherein: Sub items within 1 year | - | - | - |
| | - | - | - |
| | - | - | - |
| Subtotal of within 1 year | - | - | - |
| 1-2 years | - | - | - |
| 2-3 years | - | - | - |
| More than 3 years | - | - | - |
| 3-4 years | - | - | - |
| 4-5 years | - | - | - |
| More than 5 years | - | - | - |
| Total | - | - | - |

Description about the basis for determination of the combination:

Other receivables with bad debt reserve withdrawn by adopting balance percentage method in the combination:
☐Applicable √Not applicable

Other receivables with bad debt reserve withdrawn by adopting other methods in the combination:

**(2) Bad debt reserve withdrawn, recovered or transferred back in the current period**

**(3) Other receivables actually cancelled after verification in current period**

Unit: Yuan Currency: RMB

| Items | Amount cancelled after verification |
|---|---|
| Other receivables actually cancelled after verification | - |

Wherein: Important other receivables cancelled after verification:

Unit: Yuan Currency: RMB

| Unit name | Nature of other receivables | Amount cancelled after verification | Reason for cancellation after verification | Procedure of cancellation after verification implemented | Whether the money is generated from related parties transactions |
|---|---|---|---|---|---|
| - | - | - | - | - | - |
| | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Total | / | | / | / | / |

Description about cancellation after verification of other receivables:

### (4) Classification of other receivables by nature

| Nature of money | Closing book balance | Opening book balance |
|---|---|---|
| - | - | - |
| | | |
| Total | | |

### (5) Top 5 other receivables in terms of Closing balance, as classified by owing party:

Unit: Yuan Currency: RMB

| Unit name | Nature of money | Closing balance | Account age | Proportion to the total amount of the Closing balance of other receivables (%) | Bad debt reserve Closing balance |
|---|---|---|---|---|---|
| - | - | - | - | - | - |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Total | / | | / | | |

### (6) Accounts receivable involving the government subsidy

Unit: Yuan Currency: RMB

| Unit name | Name of government subsidy projects | Closing balance | Account age at the end of period | Predicted collection time, amount and basis |
|---|---|---|---|---|
| - | - | - | - | - |
| | | | | |
| Total | / | | / | / |

Other description

### (7) Other receivables on which the confirmation is terminated for transfer of financial assets:

### (8) Amount of the assets and liabilities formed from transfer and continuous involvement of other receivables

Other description:

## 3. Long-term equity investments

Unit: Yuan Currency: RMB

| Items | Closing balance | | | Opening balance | | |
|---|---|---|---|---|---|---|
| | Book balance | Impairment reserve | Book value | Book balance | Impairment reserve | Book value |
| Investments in subsidiaries | 7,492,295,416 | - | 7,492,295,416 | 1,666,287,471 | - | 1,666,287,471 |
| Investments in joint ventures and associates | - | - | - | | - | - |
| **Total** | 7,492,295,416 | - | 7,492,295,416 | 1,666,287,471 | - | 1,666,287,471 |

## (1) Investments in subsidiary companies

Unit: Yuan Currency: RMB

| Invested units | Opening balance | Amount increased of current period | Amount decreased of current period | Closing balance | Impairment reserve withdrawn in current period | Closing balance of impairment reserve |
|---|---|---|---|---|---|---|
| Bluestar Adisseo Nutrition Group Limited | - | 7,492,295,416 | - | 7,492,295,416 | - | - |
| Nantong Xingchen Synthetic Material Co., Ltd. | 797,581,955 | - | 797,581,955 | - | - | - |
| Shanxi Synthetic Rubber Group Co., Ltd. | 261,839,036 | - | 261,839,036 | - | - | - |
| Bluestar Organic Silicon (Tianjin) Co., Ltd. | 178,793,440 | - | 178,793,440 | - | - | - |
| Bluestar Silicon Material Co., Ltd. | 160,399,836 | - | 160,399,836 | - | - | - |
| Guangxi Bluestar Dahua Chemical Co., Ltd. | 94,478,194 | - | 94,478,194 | - | - | - |
| China Bluestar Lehigh Engineering Corporation | 60,000,000 | - | 60,000,000 | - | - | - |
| China Bluestar Changhua Engineering Technology Co., Ltd. | 50,000,000 | - | 50,000,000 | - | - | - |
| China Bluestar International Chemical Co., Ltd. | 43,195,010 | - | 43,195,010 | - | - | - |
| Jiangxi Xinghuo | 20,000,000 | - | 20,000,000 | - | - | - |

| Invested units | Opening balance | Amount increased of current period | Amount decreased of current period | Closing balance | Impairment reserve withdrawn in current period | Closing balance of impairment reserve |
|---|---|---|---|---|---|---|
| Aviation New Chemical Co., Ltd. | | | | | | |
| Total | 1,666,287,471 | 7,492,295,416 | 1,666,287,471 | 7,492,295,416 | - | - |

### (2) Investments in jointly run and cooperative enterprises

Unit: Yuan Currency: RMB

| Invested units | Opening balance | Amount increased or decreased of current period | | | | | | | | Closing balance | Closing balance of impairment reserve |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Additional investments | Investment decreased | Gain or loss on investments confirmed under equity method | Adjustment of other comprehensive income | Change of other equity | Cash dividends or profit declared to distribute | Impairment reserve withdrawn | Others | | |
| I. Cooperative enterprises | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - |
| Subtotal | - | - | - | - | - | - | - | - | - | - | - |
| II. Jointly run enterprises | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - |
| Subtotal | - | - | - | - | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - | - | - | - | - |

Other description:

### 4. Operating revenue and operating cost

Unit: Yuan Currency: RMB

| Items | Amount incurred of current period | | Amount incurred of last period | |
|---|---|---|---|---|
| | Income | Cost | Income | Cost |
| Main businesses | 732,849,676 | 846,060,533 | 2,006,039,211 | 2,034,732,352 |
| Other businesses | 132,241,756 | 128,582,324 | 1,045,763,858 | 833,481,123 |
| Total | 865,091,432 | 974,642,857 | 3,051,803,069 | 2,868,213,475 |

The operating revenue and operating cost of the Company for the year of 2015 and 2014 represents the operating revenue and operating cost related to former BNCM business.

Other description:

## 5. Gain on investments

Unit: Yuan Currency: RMB

| Items | Amount incurred of current period | Amount incurred of last period |
|---|---|---|
| Gain on investments generated from disposal of subsidiary companies and businesses | | 1,476,541,743 |
| Gain on long-term equity investments subject to accounting with equity method | | |
| Gain on investments generated by disposal of long-term equity investments | | |
| Gain on investment during the holding period of the financial assets measured with fair value and having the change of fair value recorded in the gain or loss of current period | | |
| Gain on investments obtained from disposal of the financial assets measured with fair value and having the change of fair value recorded in the gain or loss of current period | | |
| Gain on investments during the holding period of the held-to-maturity investments | | |
| Gain on investments obtained from available-for-sale financial assets during their holding period | | 7,000,000 |
| Gain on investments obtained from disposal of available-for-sale financial assets | | |
| Gain on re-measurement as per fair value of remained stock equity after losing control right | | |
| | | |
| | | |
| Total | - | 1,483,541,743 |

Gain on investments generated from disposal of subsidiary companies and businesses of 2014 represents BNCM disposal of its subsidiaries and business.

## 6. Others

### Important Subsequent Event

On March 31, 2016, BANG shareholders accepted the Board proposal regarding dividend distribution. Therefore, BANG will distribute as dividend a total amount of EUR 185 million. Holding 85% of BANG, BAC will receive EUR 157.25 million.

With these dividends, the balance of the Company’s accumulated profit for distribution will become positive (as of December 31 2015, it had a negative balance of RMB 585.6 million).

## XVIII. Supplementary Data

### 1. Schedule of non-recurring gain or loss of current period

Unit: Yuan Currency: RMB

| Non-recurring profit or loss items | Amount of 2015 | Description (if applicable) |
|---|---|---|
| Net profit or loss on disposal of non-current assets | (10,422,606) | |
| Gain on disposal of subsidiary companies and business investments | | |
| Tax refunds or reductions with ultra vires approval or without official approval | | |
| Government grants recognized in profit or loss, other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard | 16,472,021 | |
| Income earned from lending funds to non-financial institutions and recognized in profit or loss | | |
| The excess of attributable fair value of identifiable net assets over the consideration paid for the acquisition of subsidiaries, associates and joint ventures | | |
| Profit or loss on exchange of non-monetary assets | | |
| Profit or loss on entrusted investments or assets management | | |
| Impairment losses on assets due to force majeure events, e.g. natural disasters | | |
| Liabilities unnecessary to pay | | |
| Profit or loss on debt restructuring | | |
| Entity restructuring expenses, e.g., expenditure for layoff of employees, integration expenses, etc. | | |
| Profit or loss attributable to the evidently unfair portion of transaction price, being transacted price in excess of fair transaction price, of a transaction | | |
| Net profit or loss of earning p from the beginning of the period up to the business combination date recognized as a result of business combination of enterprises under common control | 1,548,467,983 | Consolidated profit of BANG from January 1 2015 to the completion date of the transaction |
| Gain on disposal of subsidiary companies and business investments | | |
| Profit or loss arising from contingencies other than those related to normal operating business | | |
| Profit or loss on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those used in the effective hedging activities relating to normal operating business | | |
| Reversal of provision for accounts receivable that are tested for impairment losses individually | | |
| Net income from compensation | | |
| Profit or loss arising from external entrusted loans | | |
| Profit or loss on changes in the fair value of investment properties that are subsequently measured using the fair value mode | | |
| Effects on profit or loss of one-off adjustment to profit or loss for the period according to the requirements of tax laws and accounting laws and regulations | | |

| Non-recurring profit or loss items | Amount of 2015 | Description (if applicable) |
|---|---|---|
| Custodian fees earned from entrusted operation | | |
| Other non-operating income or expenses other than the above | 5,468,433 | |
| Other profit or loss that meets the definition of non-recurring profit or loss | | |
| Effects attributable to minority interests (after tax) | (287,172,798) | |
| Impact of income tax | (3,800,649) | |
| **Total** | **1,269,012,384** | |

As for the non-recurring gain or loss items defined by the Company according to the definition of the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 --- Extraordinary Profit and Loss and the recurring gain or loss items defined according to the non-recurring gain or loss items listed therein, the Company shall specify the reasons.

Unit: Yuan Currency: RMB

| Items | Amount involved | Reasons |
|---|---|---|
| | | |
| | | |

## 2. Net return on assets and earnings per share

| Profit of the reporting period | Weighted average return on net assets (%) | Earnings per share | |
|---|---|---|---|
| | | Basic earnings per share | Diluted earnings per share |
| Net profit attributable to the Company's common share holders | 17.60 | 0.58 | 0.58 |
| Net profit attributable to the Company's common shareholders after deduction of non-recurring gain or loss | 5.19 | 0.16 | 0.16 |

# Section 12 Document for Reference

| | |
|---|---|
| 1 | Financial statements signed and sealed by principal, person in charge of financial function, person in charge of the financial department. |
| 2 | The original auditors report sealed by the CPA firm and signed and chopped by the certified public accountant. |
| 3 | The original copies of all documents and announcements of the Company publicly disclosed in the newspapers designated by the CSRC during the reporting period. |

Chairman of the Board: *Gérard Deman*
Approved by the Board for submission on: *Apr. 13, 2016*