Company Code: 600299 Company Abbreviation: Adisseo

Bluestar Adisseo Company
2016 Half-year Report

Important Notice

I. **The Company's Board of Directors, Board of Supervisors, directors, supervisors, and senior management guarantee that, the content of the half-year 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 half-year report.**

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

III. **The half-year financial statements have not been audited.**

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 half-year 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.**

The board of the Company as of April 15th, 2016 has proposed an interim dividend distribution for mid-term year 2016 amounting to RMB 442,513,710.05. It has been approved by the General Shareholders' Meeting as of May 20th, 2016. On June 2, the Company made announcement of the dividend implementation, stating June 7 would be the registration day and June 8 would be the payment day as well as ex-dividend day. This interim dividend payment is completed at present.

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. Other information

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 June 30, 2016, the procedures initiated in 2015, which are required to finalize the disposal of equity interest in certain remaining entities, have progressed. The Company believes that there are no substantial barriers outstanding to complete the disposals, which would result from these ongoing procedures.

The relevant comparative information of the Group's consolidated financial statements and operating data for the period from January 1, 2016 to June 30, 2016 has been restated retrospectively as if BANG had been controlled by BNCM as of January 1, 2015.

Chinese version of this report

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

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Section 1 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	Indicates	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
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, 2016 ~ June 30, 2016
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 RMB 1,671,000,400.
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
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.

Interpretations of the terms in common use		
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.
Non-Starch Polysaccharide enzyme	Indicates	Enzyme that degrades polymers which are not derived from starch
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.
Performance Products*	Indicate	Includes methionine, methionine hydroxyl 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

**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

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	Peng Wang	
Contact address	9 West Beitucheng Road, Chaoyang District, Beijing	
Tel	010-61958799	
Fax	010-61958805	
E-mail	investor-service@bluestar-adisseo.com	

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
Query index of changes during the reporting period	Nil

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 half-year report	www.sse.com.cn
Preparation site of the Company's half-year report	Board Secretary Office
Query index of changes during the reporting period	On January 16th 2016, the Company announced the change of "the Company's website" and "E-mail", please refer to SSE website as well as Shanghai Securities News and China Securities Journal.

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. Registration information

Registration date	May 31 1999
Registration place	Room 6518, Garden Hotel, 30 East Garden Road, Haidian District, Beijing
Business License No.	911100007109244940
Tax registration No.	911100007109244940
Organization No.	911100007109244940
Registration Change	N/a

Note, the Business License, Tax registration and organization License has the uniform code due to "three licenses combined to one" arrangement.

VII. Other related information

None

Section 3 Summary of Financial Data and Financial ratios

I. Main financial data and financial ratios

1. Main financial data

Unit: Yuan Currency: RMB

Main accounting data	1/1/2016-30/6/2016	1/1/2015-30/6/2015		Changes in comparison with the same period of last year (%)
		Restated	Before restatement	
Operating revenue	5,434,956,134	8,949,828,097	2,970,758,776	-39%
Net profit attributable to the shareholders of the Company	1,101,539,701	527,276,311	(733,608,013)	109%
Net profit attributable to the shareholders of the Company after deduction of non-recurring profit or losses	1,098,920,575	(735,824,975)	(735,824,975)	249%
Net cash flow arising from operating activities	1,513,959,890	1,832,892,702	(222,791,227)	-17%
	30/6/2016	31/12/2015		Changes in comparison with the end of last year (%)
Net assets attributable to the shareholders of the Company	11,360,583,079	10,189,335,115		11%
Total assets	18,908,348,767	17,913,081,071		6%

2. Main financial ratios

Main financial ratios	1/1/2016 - 30/6/2016	1/1/2015-30/6/2015		Change of the present period over the same period of last year (%)
		Restated	Before-Restatement	
Basic earnings per share (Yuan/ share)	0.41	0.20	(1.40)	105%
Diluted earnings per share (Yuan/ share)	0.41	0.20	(1.40)	105%
Basic earnings per share after deduction of non-recurring profit or loss (Yuan/ share)	0.41	(1.41)	(1.41)	129%
Weighted average return on net asset (%)	10.07	6.85	(116.42)	3.22%
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	10.04	(116.77)	(116.77)	126.81%

Explanations of main financial data and financial ratios:
The relevant comparative information of the Group's consolidated financial statements and operating data

for the period from January 1, 2016 to June 30, 2016 has been restated retrospectively as if Adisseo had been controlled by BNCM as of January 1, 2015.

II. Differences of Accounting Data under Domestic and Overseas Accounting Standards

☐ Applicable √ Not applicable

III. Non-recurring Profit or Loss Items

√ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	Amount For the period from Jan. 1 2016 to June 30 2016	Description (if applicable)
Net profit or loss on disposal of non-current assets	(1,158,600)	
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	6,691,439	
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 asset management		
Impairment losses on assets due to force majeure events, e.g. natural disasters		
Liabilities waived		
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		
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		

Non-recurring profit or loss items	Amount For the period from Jan. 1 2016 to June 30 2016	Description (if applicable)
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		
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	(961,139)	
Other profit or loss that meets the definition of non-recurring profit or loss		
Impacts attributable to minority interests (after tax)	(462,199)	
Impact of income tax	(1,490,375)	
Total	**2,619,126**	

IV. Others

None.

Section 4 Report of the Board of Directors

I. The Board of Directors' Discussion and Analysis of the Company's Operations

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 businesses of the Group switched to Adisseo's primary businesses, 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 2,600 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 is a global leader in its main product lines:

- According to Feedinfo, 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 establishing a production facility 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 category. 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 Group are the following:

- **Animal feed additives market on which the Group sells its products**. This market is driven by the worldwide consumption of meat. The Group is mainly exposed to business risk on the poultry segment and specifically on 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 Group 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, and the Group purchases a significant portion of its raw material in Euro, US dollar, and RMB.
- **Brent oil.** The Group 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 subsidiaries. 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 productivity and 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.

During this reporting period, the Group pursues its zero accident objective and continues to make safety the first priority.

The Group's results are in line with our expectations, despite less favorable market conditions on the methionine market and on the global dairy market.

In 2015, the Group benefited from exceptional methionine market prices due to a short market supply. During the reporting period, as expected, the balance between supply and demand has been restored leading to a decrease in methionine price.

In addition, the global milk crisis affected the performance of our ruminant related specialties products.

However the Group was able to reach good results for this reporting period thanks to the following elements:

- Additional production capacities especially in the Nanjing liquid methionine plant which is reaching its full capacity of 140,000 tons per annual;
- Favorable raw material cost due to low level of Brent oil price and to stronger USD versus Euro;
- High performance for vitamins due to increase in selling prices and improvement in production cost.

Furthermore, during this reporting period, Alterion, a new probiotic developed in partnership with Novozymes, was launched. This product is based on beneficial bacteria that improved feed utilization and provide a natural alternative to antibiotic growth promoters on poultry farms.

1. Analysis of main businesses

(1) Analysis on change in accounts of financial statement

Unit: Yuan Currency: RMB

Items	Amount of current period	Amount in the same period of last period	Change (%)
Operating revenue	5,434,956,134	8,949,828,097	-39%
Cost of sales	2,641,998,871	5,889,099,709	-55%
Selling and distribution expenses	411,228,931	403,684,618	2%
General and administrative expenses	362,264,270	643,203,458	-44%
Financial expenses	(4,332,746)	386,618,367	-101%
Net cash flow from operating activities	1,513,959,890	1,832,892,702	-17%
Net cash flow from investing activities	(215,654,761)	(574,137,949)	62%
Net cash flow from financing activities	(704,146,089)	(243,378,858)	-189%
Research and development expenditure	77,277,373	70,303,024	10%

Explanations of changes in operating revenue:

- Decrease by -33% linked to the restructuring;
- Decrease by -10% mainly due to decrease in prices;
- Partly offset by exchange rate impact at +4%.

Explanations of changes in cost of sales: decrease by -50% linked to the restructuring.

Explanations of changes in general and administrative expenses: decrease mainly due to the restructuring for -41%.

Explanations of changes in financial expenses:

- Mainly decrease in interests expenses due to restructuring (-75%) and;
- Impact from hedging settlement for -25%.

Explanations of changes in net cash flow from investing activities:

- Increase by +32% related to former BNCM businesses and;
- Increase by +28% related to investments in Adisseo plants in 2015.

Explanations of changes in net cash flow from financing activities: decrease by -102% related to former BNCM businesses.

(2) Others

1) Details on significant changes of profits structure and sources

During the reporting period, the main profit sources were feed additives for animal nutrition. There is no significant changes of profits structure and sources.

2) Analysis of progress of assets exchange and raising funds in early stage

None.

3) Analysis of operating plan progress

Despite less favorable market conditions, the Group’s results are in line with expectations. We are confident to achieve our operating plan in 2016.

4) Others

None.

2. Analysis of businesses by industry, by product and by region

(1) Main operation analysis by industry and by product

Unit: Yuan Currency: RMB

Main operations by industry						
By industry	Operating revenue	Cost of sales	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 (%)
Health and Nutrition	5,434,956,134	2,641,998,871	51%	-9%	-10%	1%
Others (i.e. BNCM*)	0	0	0	-100%	-100%	-100%
Main operations by product						
By product	Operating revenue	Cost of sales	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	4,500,905,491	2,159,731,126	52%	-12%	-12%	0%
Specialty products	637,786,615	318,935,497	50%	-1%	6%	-6%
Other products	296,264,028	163,332,248	45%	24%	-5%	59%
BNCM products*	0	0	0%	-100%	-100%	-100%

(*) As part of the Company's restructuring, all of the Company's previous BNCM businesses have been disposed of in 2015 (exchange-out).

Explanations of main operation analysis by industry and by product:

Performance products

Performance products are mainly driven by the methionine business. Unlike in 2015, the balance between supply and demand has been restored during the reporting period, as expected, which had a decreasing effect on methionine price. However thanks to the decrease of cost of raw material, mainly due to the low level of Brent oil price and the good performance of our plants, operating expenses have decreased by 12%.

Regarding vitamins, prices increased during the reporting period, which had a positive impact on margins.

The combination of the elements resulted in a stable gross margin ratio at +52%.

Specialty products

During the reporting period, sales are comparable to last year, despite the global milk market crisis.

Other products

Sales increased thanks to higher volumes with stable prices. As for performance products, the costs of other products benefited from the low level of Brent oil price.

(2) Main operation analysis by region

Unit: Yuan Currency: RMB

By region	Operating revenue	Increase/decrease in operating revenue on the same period of last year (%)
Europe / Africa/MO	1,741,155,562	-3%
North & Central America	1,033,478,850	-2%
Asia / Pacific (excluded China)	817,095,206	-23%
South America	939,833,921	-7%
China	734,978,769	-20%
Other	168,413,826	28%
Subtotal	**5,434,956,134**	**-9%**
BNCM products in Mainland China (*)		-100%
BNCM products in other regions (*)		-100%
Total	**5,434,956,134**	-9%

(*) As part of the Company's restructuring, all of the Company's previous businesses have been disposed of in 2015 (exchange-out).

Explanations of main operation analysis by region:

During the reporting period, in all regions, sales decreased mainly due to the decrease of methionine price.

3. Core competitiveness analysis

During the reporting period, there had been no significant change in the Group's core competitiveness.

The core competitiveness of the Group relies on the following elements:

- **Being a global industry leader**: the Group is world's second largest producer of methionine and a key player for vitamins;
- **Having a global production and sales network**: our local supply chain systems have been set up according to the distribution of its regional customers in more than 140 countries and regions;
- **Providing Specialized and Comprehensive Feed Solutions**: Most of our main customers purchase more than one kind of product, due to the Group's brand awareness, consistent product quality, competitive prices and rich product portfolio;
- **Being a unparalleled market explorer and pioneer**: the Group has continuously expanded its business to successfully seize opportunities presented by the growth in demand for protein and animal feed additives, especially in emerging economies (India, Philippines, Africa, Middle East);
- **Having strong Research and Development capabilities**: From 2014 onwards, the Group plans to launch a new product every year. The Group has launched Selisseo, a specialty product based on selenium and a new thermostable enzyme, in 2014, Advance®, a new Non-Starch Polysaccharide enzyme, in 2015 and Alterion, a new probiotic, in 2016. The Group owns more than 500 patents (including patent applications);
- **Having scientific and reasonable cost control measures**: Thanks to its vertically integrated upstream and downstream production processes, 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;

- **Being led by an experienced Management Team with Rich Industry Knowledge:** The management team of the Group has on average over 10 years of industry and management experience in animal feed additives.

4. Analysis of investments

(1) General analysis of equity investment

None

1) Information of security investment

☐Applicable √ Not applicable

2) Equity interest of other listing companies held by the Company

☐Applicable √ Not applicable

3) Equity interest of unlisted financial institution held by the Company

☐Applicable √ Not applicable

(2) Non-financial companies entrusted asset management and investment in derivatives

1) Entrusted asset management

☐ Applicable √ Non-applicable

2) Entrusted loans

☐ Applicable √ Non-applicable

3) Other investment financing and derivatives investment

☐ Applicable √ Non-applicable

(3) Use of raised funds

1) Overall use of raised funds

√ Applicable ☐ Non-applicable

Unit: Yuan Currency: RMB

Year of Fund raised	Method of raising fund	Total amount of fund	Total amount of fund used this year	Cumulative total amount of used fund	Total Amount of remaining unused fund	Usage and whereabouts of unused fund
2015	Non-public offering	692,999,988.5	344,312,638.09	694,312,638.09	0	n/a
Explanation for the overall use of fund				The gross amount of fund raised through private placement is CNY 699 million, while after payment of underwriting expense, the net amount is CNY 692 million. CNY 350 million has been used for part of the cash consideration to China Bluestar and the remaining funds have been used for working capital.		

2) Particulars of the proceeds used in investment projects committed

☐ Applicable √ Non-applicable

3) Particulars of change of use of proceeds in investment projects

☐ Applicable √ Non-applicable

4) Others

☐ Applicable √ Non-applicable

(4) 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	Explanations of change
Adisseo France SAS	EUR 83,417,000	R&D, production and distribution	9,076,914,000	5,118,165,468	1,111,341,228	*NA*
BANC Nanjing	RMB 1,833,000,000	R&D, production and distribution of other products	4,033,983,000	2,515,823,619	199,853,619	*NA*
Adisseo Life Science (Shanghai) Co., Ltd	USD 700,000	Distribution & Sourcing	885,722,032	439,050,731	19,000,731	*NA*
Adisseo USA Inc.	USD 3,139,000	Distribution	363,292,247	210,230,846	17,646,331	*NA*
Adisseo Brasil Nutriçao Animal Ltd	BRL 1,987,106	Distribution	308,200,518	31,132,222	19,661,393	*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	4,742,627,036	809,706,619

Adisseo France SAS is an important subsidiary of the Group: the main businesses of this company are R&D, 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.

(5) Projects not involving proceeds from fund raising

☐ Applicable √ Non-applicable

II. Profit distribution of ordinary shares or capitalization of reserves

1. Performance or adjustment of cash profit distribution policy

The board of the Company as of April 15th, 2016 has proposed an interim dividend distribution for mid-term year 2016 amounting to RMB 442,513,710.05. It has been approved by the General Shareholders' Meeting as of May 20th, 2016.On June 2, the Company made announcement of the dividend implementation, stating June 7 would be the registration day and June 8 would be the payment day as well as ex-dividend day. This interim dividend payment is completed at present.

2. The Company's preliminary plan for profit distribution or preliminary plan for capitalization of reserve during the reporting period

None

III. Other Disclosed Events

1. Warning declaration and explanation of predicting a possible loss for the accumulative net profit from the beginning of the year to the end of the following reporting period or a major change as compared with that of the corresponding period of the preceding year, the Company shall publish the warning declaration and give reasons.

☐ Applicable √ Not applicable

2. Description of the Board of Directors and supervisors for "non-standard audit report" issued by the CPA firm on the Company's financial report

☐ Applicable √ Not applicable

3. Other disclosed events

None

Section 5 Significant Matters

I. Significant lawsuits and arbitrations

☐ Applicable √ Not applicable

II. Restructuring matters relating to bankruptcy

☐ Applicable √ Not applicable

III. Assets transaction, enterprise consolidation

☐ Applicable √ Not applicable

IV. Condition and effects of company effects incentive

☐ Applicable √ Not applicable

V. Significant related-party transactions

☐ Applicable √ Not applicable

VI. Major Contracts and Implementation

1. Custody, contracting, leasing

☐ Applicable √ Not applicable

2. Guarantees

☐ Applicable √ Not applicable

3. Other major contracts

None

VII. Fulfilment of Commitments

√ Applicable ☐ Not applicable

1. During the reporting period or subsequent to the reporting period, commitment items of listed company, shareholders who have over 5% of shares, the controlling shareholder and actual controller

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 Forecasting Compensation Agreement	Bluestar	profit minimum guarantee for the exchange-in asset and compensation for the gap	2015, 2016 and 2017	Y	Y	N/A	N/A
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	N/A	N/A

VIII. Appointment and resignation of Statutory Auditor

√ Applicable ☐ Not applicable

On 20th May 2016, the shareholders' general meeting has approved the appointment of KPMG Huazhen LLP as accounting and internal control auditor for the fiscal year 2016.

IX. Judgments or fines rendered against the listed Company and its Directors, Supervisors, Senior management, shareholders who have over 5% of shares, Actual controller or Purchaser

☐ Applicable √ Not applicable

X. Convertible corporate bonds

☐ Applicable √ Not applicable

XI. Governance of the Company

During 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 has 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. There is no substantive difference between the Company's corporate governance compared with the guidelines promulgated by CSRC on listed companies' requirements.

(1) Shareholders and shareholders Assembly: During the reporting period, the Company has organized one shareholders' general meeting. The organization of the meeting is strictly complied with related regulations, which is to guarantee all shareholders, especially minority shareholders, can enjoy the equal of right, can fully exercise the voting rights; If there are some connected transactions to be deliberated in the general meetings, the connected shareholders are refrained from voting to ensure the fairness and reasonableness of the connected transactions and not to harm the interests of those minority shareholders.

(2) Controlling shareholders and the relationship with the Company: The controlling shareholder of the Company strictly regulates its own behavior in exercising the shareholder's rights and obligations. The management of assets, business, finance, personnel and other areas of the Company has been performed quite independently, i.e. strictly separated from its controlling shareholder. The operation of Board of Directors, Board of supervisors as well as other functional operations bodies are all independently organized.

(3) Board of Directors: During the reporting period, the Company has organized three boards of Directors and the organization of the meetings are strictly in line with related regulations. All Directors have actively participated in the Board meetings with adequate due diligence and have seriously carried out their duties to protect the legal rights and interests of the company and the shareholders. In the principle of protecting the best interests of the company and shareholders, the board has scrutinized and approved major issues of the company, including business strategy, dividend distribution proposal and so on.

(4) Supervisory Board: During the reporting period, the Company has organized two supervisory boards and the organization of the meetings are strictly in line with related regulations. All supervisors have actively participated to the meeting with adequate diligence and performed supervisions on the performances of directors and senior managers as well as on the legitimacy and compliance of business management of the Company for the purpose to protect the interests of the shareholders.

(5) Independent Director: All independent directors have performed their duties with adequate diligence and played their independent role. During the reporting period, the Company's Independent Directors have actively participated the related meetings in the first half-year of 2016 strictly in line with the regulations as regulated in Company Law, in the Listing rules and in the Guidelines of the Independent Director System of Listing Companies views, and have seriously exercised their rights via timely understanding the business information the Company and providing advices when necessary. For those connected transactions, the Independent Directors have carried out their duties faithfully by providing their independent and objective view. The independent role of the independent directors have been fully realized and the overall interests of the company, especially minority shareholders, have been securely safeguarded.

(6) Audit Committee: The Audit Committee of Company has effectively performed its role to support the Board of Directors to have better monitoring on the financial management as well as the internal control system of the Company and to ensure the completeness as well as the authenticity of the Company’s financial report

XII. Description of Other Important Matters

√ Applicable ☐ Not applicable

1. Board's analysis on the change in accounting policies, accounting estimates and calculation method

☐ Applicable √Not applicable

2. Board's analysis on important corrections of prior period errors

☐ Applicable √Not applicable

3. Others

The information on changes in the Company’s directors, supervisors or managers has been disclosed in Section 8- “Directors, Supervisors, Senior Managements”.

Section 6 Share Change and Shareholders

I. Change in share capital in the reporting period

1. Changes in share capital

(1) Changes in share capital

During the reporting period, there is no change in total amount and structure of share capital.

(2) Description of changes of share capital

☐ Applicable √ Not applicable

(3) Impact of share capital change taking place after the balance sheet day and before the disclosure of H1 report on EPS and net assets per share.

☐ Applicable √ Not applicable

(4) Others the Company want to disclose or the regulators request to disclose

☐ Applicable √ Not applicable

2. Changes in shares with trading restrictions

☐ Applicable √ Not applicable

II. Information on Shareholders

1. Total number of shareholders

Total number of shareholders by the end of reporting period	26,585
Total number of preferred shareholders whose voting rights have been exercised by the end of the reporting period	0

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			U/A
JunKang Life Insurance － All insurance Product		8,185,337	0.31				U/A
Ge Weidong		5,185,185	0.19	5,185,185			U/A
Guangxi Railway Development Investment Fund		5,185,185	0.19	5,185,185			U/A
National Machinery Holding		5,185,185	0.19	5,185,185			U/A
PingAn Dahua Fund － NO. 3 Asset Management Plan		5,185,185	0.19	5,185,185			U/A
China Electronic Investment Holding Company		5,185,185	0.19	5,185,185			U/A
Zhang Shaobo		5,185,185	0.19	5,185,185	Pledged	5,185,185	U/A
Jianxin Fund-Industriy Bank-No.1 Jianxinfuda Multiple clients Asset management plan		4,955,557	0.18	4,955,557			U/A

Shares held by top ten shareholders without trading restrictions			
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
JunKang Life Insurance － All insurance Product	8,185,337	RMB ordinary shares	8,185,337
Cao Wenqiao	4,085,100	RMB ordinary shares	4,085,100
Jiangsu Juhe Chuangyi Emerging Industry Investment Fund LLP	3,750,000	RMB ordinary shares	3,750,000
Beijing Research and Design Institute of Rubber Industry	3,737,262	RMB ordinary shares	3,737,262
Taiping Life Insurance-dividend-individual	2,500,000	RMB ordinary shares	2,500,000
Kuwait Investment Authority—Equity fund	1,974,062	RMB ordinary shares	1,974,062
Gu Yankun	1,800,000	RMB ordinary shares	1,800,000
Gu Bei	1,738,060	RMB ordinary shares	1,738,060
Shenzhen Qifeng Investment	1,691,968	RMB ordinary shares	1,691,968
Statement on related relationship or acting in concert among the above shareholders	Among the abovementioned 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		

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	29/10/2018		36 months
2	Taida Hongli Fund-Minsheng Bank- No. 300 Asset Management Plan	9,629,629	29/10/2016		12 months
3	Ge Weidong	5,185,185	29/10/2016		12 months
4	Guangxi Railway Development Investment Fund	5,185,185	29/10/2016		12 months
5	National Machinery Holding	5,185,185	29/10/2016		12 months
6	PingAn Dahua Fund – NO. 3 Asset Management Plan	5,185,185	29/10/2016		12 months
7	China Electronic Investment Holding Company	5,185,185	29/10/2016		12 months
8	Zhang Shaobo	5,185,185	29/10/2016		12 months
9	Jianxin Fund – Xinye Bank- No. 1 Jianxin Fuda Investment Asset Management Plan	4,955,557	29/10/2016		12 months
10	Caitong Fund-Xinye Bank-Hou Qingxin	2,207,407	29/10/2016		12 months
Statement on related relationship or acting in concert among the above shareholders	There is no relationship between the controlling shareholders, China National Bluestar (Group) Co., Ltd. and other shareholders subject to selling restrictions. The Company is not aware of any connected relationships among the top ten shareholders subject to selling restrictions whether they are parties acting in concert as defined in the "Measures for Administration of Acquisition of Listed Companies."				

3. Explanation on strategic investor or general legal person become one of the top ten shareholders as a result of allotment of new shares

Applicable √ Not applicable

III. Changes in Controlling Shareholder and Ultimate controlling shareholder

Applicable √ Not applicable

Section 7 Information on Preferred Shares

Applicable √ Not applicable

Section 8 Directors, Supervisors and Senior Management

I. Changes in shares held

1. 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

☐Applicable √ Not applicable

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

☐Applicable √ Not applicable

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

√ Applicable ☐ Not applicable

Name	Position	Status	Reason
Peng Wang	Secretary of the board of directors	Election	Election due to job change
Xinhua Feng	Secretary of the board of directors	Outgoing	Outgoing due to job change

III. Others

☐Applicable √ Not applicable

Section 9 Corporate Bonds

☐Applicable √ Not applicable

Section 10 Financial Report

I. Audit report

Applicable √ Not applicable

II. Financial Statements

Consolidated Balance Sheet

Jun. 30, 2016

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	5,658,722,089	4,941,121,304
Financial assets at fair value through profit or loss			
Derivative financial assets	VII.2	11,269,000	9,479,187
Notes receivable			
Accounts receivable	VII.3	1,724,554,593	1,776,051,652
Advances to suppliers	VII.4	42,419,385	42,894,418
Interest receivable		943,625	493,308
Other receivables	VII.5	16,066,834	20,606,793
Inventories	VII.6	1,505,303,864	1,234,840,168
Other current assets	VII.7	272,677,997	295,953,999
Total current assets		**9,231,957,387**	**8,321,440,829**
Non-current assets:			
Available-for-sale financial assets	VII.8	3,397,449	3,275,648
Long-term receivables	VII.9	30,944,496	24,751,553
Long-term equity investments			
Investment properties			
Fixed assets	VII.10	6,093,824,751	6,176,349,721
Construction in progress	VII.11	505,998,493	394,385,639
Construction materials			
Fixed assets pending for disposal			
Intangible assets	VII.12	1,946,051,211	2,006,549,556
Development costs	VII.13	84,377,375	84,560,594
Goodwill	VII.14	821,738,253	790,553,845
Long-term prepaid expenses		5,243,625	7,804,167
Deferred tax assets	VII.15	173,459,727	92,237,712
Other non-current assets		11,356,000	11,171,808
Total non-current assets		**9,676,391,380**	**9,591,640,242**
Total assets		**18,908,348,767**	**17,913,081,071**
Current liabilities:			
Short-term borrowings	VII.16	79,080	90,694
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities	VII.17	17,080,500	19,717,561
Notes payable			
Accounts payable	VII.18	966,088,663	945,896,366
Advances from customers		10,307,820	11,402,470
Wages and benefits payable	VII.19	338,579,193	518,294,201
Taxes payable	VII.20	330,191,677	312,394,840
Interest payable		1,368,431	3,132,185
Dividends payable			

Items	Notes	Closing balance	Opening balance
Other payables	VII.21	218,258,757	272,268,004
Current portion of non-current liabilities	VII.22	106,975,100	84,893,599
Other current liabilities	VII.23	12,817,125	13,329,420
Total current liabilities		**2,001,746,346**	**2,181,419,341**
Non-current liabilities:			
Long-term borrowings	VII.24	14,959,890	15,535,140
Long-term payables	VII.25	12,133,904	12,173,890
Long-term employee benefit payable	VII.26	365,619,464	280,982,475
Special payables			
Provisions	VII.27	182,813,033	158,006,336
Deferred income	VII.28	188,003,540	192,414,174
Deferred tax liabilities	VII.15	974,921,634	890,637,694
Other non-current liabilities			
Total non-current liabilities		**1,738,451,465**	**1,549,749,710**
Total liabilities		**3,740,197,811**	**3,731,169,051**
Shareholders' equity			
Paid-in capital	VII.29	2,681,901,273	2,681,901,273
Other equity instruments			
Capital reserve	VII.30	2,232,457,348	2,232,457,348
Other comprehensive income	VII.31	(817,318,902)	(1,329,496,651)
Special reserves			
Surplus reserve	VII.32	196,018,688	137,670,120
Undistributed profits	VII.33	7,067,524,672	6,466,803,025
Total equity attributable to equity holders of the company		**11,360,583,079**	**10,189,335,115**
Non-controlling interests		3,807,567,877	3,992,576,905
Total owner's equity		**15,168,150,956**	**14,181,912,020**
Total liabilities and owner's equity		**18,908,348,767**	**17,913,081,071**

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

Chief Accountant: ___________

Balance Sheet of the Company

Jun. 30, 2016

Prepared by: Bluestar Adisseo Co., Ltd.

Unit: Yuan Currency: RMB

Items	Notes	Closing balance	Opening balance
Current assets:			
Cash at bank and on hand		2,177,906,482	1,491,098,061
Notes receivable			
Accounts receivable	XV (1)		
Advances to suppliers		134,033	
Other receivables	XV (2)	420,000	
Inventories			
Other current assets			
Total current assets		2,178,460,515	1,491,098,061
Non-current assets			
Available-for-sale financial assets			
Long-term equity investments	XV (3)	7,492,295,416	7,492,295,416
Investment properties			
Fixed assets		84,271	
Construction in progress		72,500	
Construction materials			
Fixed asset pending for disposal			
Intangible assets			
Long-term prepaid expenses			
Deferred tax assets			
Total non-current assets		1,318,919	7,492,295,416
Total assets		7,493,771,106	8,983,393,477
Current liabilities:			
Short-term borrowings			
Notes payable			
Accounts payable			
Advances from customers			
Wages and benefits payable		100,000	277,704
Taxes payable			4,991,975
Interest payable			
Other payables		29,991,608	62,625,513
Current portion of non-current liabilities			
Total current liabilities		30,091,608	67,895,192
Non-current liabilities:			
Long-term borrowings			
Long-term payables			
Long-term employee benefits payable			
Special payables			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			

Items	Notes	Closing balance	Opening balance
Total non-current liabilities			
Total liabilities		30,091,608	67,895,192
Shareholders' equity			
Paid-in capital		2,681,901,273	2,681,901,273
Other equity instruments			
Including: Preferred shares			
Capital reserve		6,681,557,628	6,681,557,628
Other comprehensive income			
Special reserves			
Surplus reserve		196,018,688	137,670,120
Undistributed profits		82,662,424	(585,630,736)
Total owner's equity		9,642,140,013	8,915,498,285
Total liabilities and owner's equity		9,672,231,621	8,983,393,477

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

Chief Accountant: ___________

Consolidated Income Statement

January- June 2016

Unit: Yuan Currency: RMB

Items	Notes	Amount incurred during the current period	Amount incurred during the last period
I. Total operating revenue		**5,434,956,134**	**8,949,828,097**
Including: Operating revenue	VII.34	5,434,956,134	8,949,828,097
I Total operating costs		**3,433,592,238**	**7,464,174,493**
Including: Cost of sales	VII.34	2,641,998,871	5,889,099,709
Business taxes and surcharge	VII.35	57,893,163	65,471,393
Selling and distribution expenses	VII.36	411,228,931	403,684,618
General and administrative expenses	VII.37	362,264,270	643,203,458
Financial expenses –net	VII.38	(4,332,746)	386,618,367
Asset impairment loss	VII.39	(27,977,697)	133,545,607
Add: Gains (losses) from changes in fair value	VII.40	7,482,554	57,448,659
Investment income (loss)			
Including: Income from investments in associates and joint ventures			
III. Operating profit (loss)		**2,001,363,896**	**1,485,653,604**
Add: Non-operating revenue	VII.41	6,785,924	23,286,457
Including: Gain from disposal of non-current assets			
Less: Non-operating expenses	VII.42	2,214,224	15,342,853
Including: Losses from disposal of non-current assets		*1,158,600*	*7,099,884*
IV. Total profit (Total loss)		**2,005,935,596**	**1,493,597,208**
Less: Income tax expenses	VII.43	653,870,304	744,651,995
V. Net profit (Net loss)		**1,352,065,292**	**748,945,213**
Net profit attributable to equity holders of the Company		1,101,539,701	527,276,311
Net profit attributable to non-controlling interests		250,525,591	221,668,902
VI. Net other comprehensive income		**340,368,040**	**(481,935,889)**
Other comprehensive income (net of tax) attributable to the owners of the Company		512,177,749	(408,903,254)
1. Other comprehensive income which will not be reclassified subsequently to profit or loss		**(8,589,374)**	**10,906,376**
1) Actuarial differences on defined benefits plans		(8,589,374)	10,906,376
2. Other comprehensive income which will be reclassified subsequently to profit or loss		**520,767,123**	**(419,809,630)**
1) Effective hedging portion of gains or losses arising from cash flow hedging instruments		(1,336,963)	1,289,800
2) Differences on translation arising on translation of foreign currency financial statements		522,104,086	(421,099,430)
Net other comprehensive income attributable to non-controlling interests after tax		(171,809,709)	(73,032,635)
VI. Total comprehensive income	VII.31	**1,692,433,332**	**267,009,324**
Total amount of comprehensive income attributable to equity holders of the Company		1,613,717,450	118,373,057
Total amount of comprehensive income attributable to non-controlling interests		78,715,882	148,636,267
VII. Earnings per share:			
(I) Basic earnings per share* (Yuan/ share)	VII.44	0.41	0.20
(II) Diluted earnings per share* (Yuan/ share)	VII.44	0.41	0.20

For business combination involving entities under common control occurred during last period, net profit of the acquiree realized before the business combination is RMB [1,548,467,983] for the period from January 1, 2015 to June 30,2015.

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

Chief Accountant: ___________

Income Statement of the Company

January- June 2016

Unit: Yuan Currency: RMB

Items	Notes	Amount incurred during the current period	Amount incurred during the last period
I. Operating revenues	XV (4)		865,091,432
Less: Cost of sales			974,642,857
Business taxes and surcharge			30,253
Selling and distribution expenses			30,074,556
General and Administrative expenses		(251,477)	81,223,778
Financial expenses - net		(16,033,733)	132,053,819
Asset impairment losses			75,755,207
Add: Gains from changes in fair values (losses)			
Investment income (loss)	XV (5)	1,152,831,200	
Including: Income from investments in associates and joint ventures			
II. Operating profit (loss)		1,169,116,410	(428,689,038)
Add: Non-operating income			4,809,789
Including: Gains on disposal of non-current assets			
Less: Non-operating expenses			6,792,574
Including: Losses from disposal of non-current assets			6,732,389
III. Total profit (Total Loss)		1,169,116,410	(430,671,823)
Less: Income tax expenses			
IV. Net profit (Net Loss)		1,169,116,410	(430,671,823)
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		1,169,116,410	(430,671,823)
VII. Earnings per share:			
(I) Basic earnings per share		Not applicable	Not applicable
(II) Diluted earnings per share		Not applicable	Not applicable

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

Chief Accountant: ___________

Consolidated Cash Flow Statement

January- June 2016

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		5,456,918,518	7,737,937,738
Refunds of taxes and surcharges			52,817,117
Cash received relating to other operating activities	VII.46(1)	30,102,252	93,083,466
Subtotal of cash inflows from operating activities		**5,487,020,770**	**7,883,838,321**
Cash paid for goods and services		2,718,196,784	4,569,385,190
Cash paid to and on behalf of employees		702,500,676	760,586,174
Payments of taxes and surcharges		517,589,756	514,894,041
Cash paid relating to other operating activities	VII.46(2)	34,773,664	206,080,214
Subtotal of cash outflows for operating activities		**3,973,060,880**	**6,050,945,619**
Net cash flow generated from operating activities		**1,513,959,890**	**1,832,892,702**
II. Cash flows from investing activities:			
Cash received from disposals of investment		26,897,029	4,655,025
Cash received from investment income and interest income			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		183,972	215,578
Net cash received from disposals of subsidiaries and other business units			
Cash received relating to other investing activities			
Subtotal cash inflows from investing activities		**27,081,001**	**4,870,603**
Cash paid to purchase fixed assets, intangible assets and other long-term assets		242,735,762	579,008,552
Cash paid to acquire investments			
Net cash paid for acquisitions of subsidiaries and other business units			
Cash paid relating to other investing activities			
Subtotal of cash outflows for investing activities		**242,735,762**	**579,008,552**
Net amount of cash flow from investing activities		**(215,654,761)**	**(574,137,949)**
III. Cash flow from financing activities:			
Cash received from capital contributions			
Including: cash received from capital contributions by non-controlling interests of subsidiaries			
Cash received from borrowings			7,324,349,178
Cash received from issuance of debentures			
Cash received relating to other financing activities	VII.46(3)		653,100,000
Subtotal of cash inflows from financing activities		**0**	**7,977,449,178**
Cash repayments of borrowings		9,250,795	7,619,768,450
Cash payments for interest expenses and distribution of dividends or profits		694,895,294	495,012,034
Including: dividends and profits paid to non-controlling shareholders of subsidiaries		263,707,269	65,072,046
Cash paid relating to other financing activities	VII.46(4)		106,047,552
Subtotal of cash outflows for financing activities		**704,146,089**	**8,220,828,036**
Net cash flow from financing activities		**(704,146,089)**	**(243,378,858)**

Items	Notes	Amount incurred during the current period	Amount incurred during the last period
IV. Effect of Foreign exchange rate changes on Cash and Cash Equivalents		**123,441,745**	**(107,479,167)**
V. Net increase in cash and cash equivalents		**717,600,785**	**907,896,728**
Add: Opening balance of cash and cash equivalents		4,941,121,304	1,697,549,319
VI. Closing balance of cash and cash equivalents	**VII.47(4)**	**5,658,722,089**	**2,605,446,047**

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

Chief Accountant: ___________

Cash Flow Statement of the Company

January- June 2016

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
Refunds of taxes and surcharges			4,893,552
Cash received relating to other operating activities		12,715,276	7,244,586
Subtotal of cash inflows from operating activities		12,715,276	886,712,704
Cash paid for goods and services			771,418,764
Cash paid to and on behalf of employees		388,234	71,271,352
Payments of taxes and surcharges		10,367,765	3,452,371
Cash paid relating to other operating activities		4,992,568	78,998,753
Subtotal cash outflows from operating activities		15,683,367	925,141,240
Net cash flow generated from operating activities		(2,968,091)	(38,428,536)
II. Cash flow from investing activities:			
Cash received from disposals of investments			
Cash received from investment income and interest income		1,158,743,800	
Net cash received from disposals of fixed assets, intangible assets and other long-term assets			
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		1,158,743,800	
Cash paid to purchase fixed assets, intangible assets and other long-term assets		143,150	63,894,674
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		26,349,456	7,103,110
Subtotal of cash outflows from investing activities		26,492,606	70,997,784
Net amount of cash flow from investing activities		1,132,251,194	(70,997,784)
III. Cash flows from financing activities:			
Cash received from capital contributions			
Cash received from borrowings			6,348,698,611
Cash received from issuance of shares			
Cash received from other financing activities			653,100,000
Subtotal of cash inflows from financing activities			7,001,798,611
Cash repayments of borrowings			6,652,499,388
Cash payments for interest expenses and distribution of dividends or profits		442,474,682	245,450,774
Cash payments relating to other financing activities			106,047,553
Subtotal of cash outflows from financing activities		442,474,682	7,003,997,715
Net cash flow from financing activities		(442,474,682)	(2,199,104)
IV. Effect of Foreign Exchange rate changes on cash and cash equivalents			127,585
V. Net increment of cash and cash equivalents		686,808,421	(111,497,839)

Items	Notes	Amount incurred during the current period	Amount incurred during the last period
Add: Opening balance of cash and cash equivalents		1,491,098,061	189,591,727
VI. Closing balance of cash and cash equivalents		2,177,906,482	78,093,888

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

Chief Accountant: ___________

Consolidated Statement of Changes in Owners' Equity

January- June 2016

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 last year	2,681,901,273		2,232,457,348	-1,329,496,651		137,670,120	6,466,803,025	3,992,576,905	14,181,912,020
Add: increase/(decrease) due to changes in accounting policies									
Increase/(decrease) due to corrections of errors in prior period									
Business combination under common control									
2.Opening balance of current year	2,681,901,273		2,232,457,348	-1,329,496,651		137,670,120	6,466,803,025	3,992,576,905	14,181,912,020
3.Increase/(decrease) for current period(				512,177,749		58,348,568	600,721,647	-185,009,028	986,238,936
(1)Total comprehensive income				512,177,749			1,101,539,701	78,715,882	1,692,433,332
(2)Owner's contributions and withdrawals of capital									
(a)Common stock contributed by owners									
(b)Capital contributed by other equity instruments holders									

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		
(c)Share-based payment recorded in owner's equity									
(d) Others									
(3)Profits distribution						58,348,568	-500,862,278	-263,707,269	-706,220,979
(a)Appropriation of surplus reserve						58,348,568	-58,348,568		
(b)Distribution to owner/shareholder							-442,513,710	-263,707,269	-706,220,979
(c)Others									
(4)Transfer within owner's equity									
(a)Capitalization of capital reserve									
(b)Capitalization of surplus reserve									
(c)Loss offset by surplus reserve									
(d)Others									
(5) Special reserve									
(a)Transfer to special reserve in the period									
(b) Amount used in the period									
(6) Other							44,224	-17,641	26,583
4.Ending balance of current period	**2,681,901,273**		**2,232,457,348**	**-817,318,902**		**196,018,688**	**7,067,524,672**	**3,807,567,877**	**15,168,150,956**

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		18,409,432	137,670,120	-1,513,241,893	37,034,656	1,031,677,325
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	-1,138,199,955			6,428,397,451	3,599,912,425	10,240,221,523
2.Opening 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	3,636,947,081	11,271,898,848
3.Increase/(decrease) for current period(				-408,903,254	4,585,339		527,281,559	84,234,001	207,197,645
(1)Total comprehensive income				-408,903,254			527,276,311	148,636,267	267,009,324
(2)Owner's contributions and withdrawals of capital									
(a)Common stock contributed by owners									
(b)Capital contributed by other equity instruments holders									
(c)Share-based payment recorded in owner's equity									
(d) Others									
(3)Profits distribution								-65,072,046	-65,072,046
(a)Appropriation of surplus reserve									
(b)Distribution to								-65,072,046	-65,072,046

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		
owner/shareholder									
(c)Others									
(4)Transfer within owner's equity									
(a)Capitalization of capital reserve									
(b)Capitalization of surplus reserve									
(c)Loss offset by surplus reserve									
(d)Others									
(5) Special reserve					4,585,339			668,854	5,254,193
(a)Transfer to special reserve in the period					15,121,381			912,992	16,034,373
(b) Amount used in the period					10,536,042			244,138	10,780,180
(6) Other							5,248	926	6,174
4.Ending balance of current period	**522,707,560**		**3,179,209,052**	**-1,547,103,209**	**22,994,771**	**137,670,120**	**5,442,437,117**	**3,721,181,082**	**11,479,096,493**

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

Chief Accountant: ___________

Statement of Changes in Owners' Equity of the Company

January- June 2016

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	2,681,901,273				6,681,557,628				137,670,120	(585,630,736)	8,915,498,285
II. Opening balance of current year	2,681,901,273				6,681,557,628				137,670,120	-585,630,736	8,915,498,285
III. Amount increased or decreased of current period (decrease filled out with "-")											
(I) Total amount of comprehensive income										1,169,116,410	1,169,116,410
(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											
5. Disposal of subsidiaries and businesses											
(III) Profit distribution											
1. Withdrawal of surplus									58,348,5	-58,348,568	

reserve									68		
2. Distribution to owners (or shareholders)										-442,513,710	-442,513,710
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. Withdrawn in current period											
2. Used in current period											
(VI)Others										39,028	39,028
IV. Closing balance of current period	2,681,901,273				6,681,557,628				196,018,688	82,662,424	9,642,140,013

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. Opening balance of previous year	522,707,560				1,799,850,981			2,566,940	137,670,120	(102,562,303)	2,360,233,298
Add: Change of accounting policies											
Correction of previous errors											
Others											
II. Opening balance of last 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 last period (decrease filled out with "-")											
(I) Total amount of comprehensive income										(430,671,823)	(430,671,823)
(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											
(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. Withdrawn in last period								1,332,245			1,332,245
2. Used in last period								(1,436,660)			(1,436,660)

IV. Closing balance of last period	522,707,560				1,799,850,981			2,462,524	137,670,120		1,929,457,060

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

Chief Accountant: ___________

III. Basic Information on the Company

1. Basic information on the Company

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.

In 2015, the Company completed an exchange of assets. 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.

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.

2. Scope of consolidated financial statements

See Note VIII for the change of consolidation scope and Note IX for rights and interests in other subjects.

IV. Basis for Preparation of Financial Statements

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 (13) (16)), condition for capitalized development expenditure (Note V (15)), revenue recognition (Note V (24)) etc..

See Note V (32) 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 issued by MOF, truly and completely reflect the Company's consolidated financial standing, consolidated 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. The fiscal period of this financial statements is from 1 January 2016 to 30 June 2016.

3. Business cycle

The Company takes the period from the acquisition of assets for processing to their realization in cash or cash equivalents as a normal operating cycle.

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 (Note V (17)). 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

(1) General principles

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. 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.

(2) Subsidiaries acquired through a business combination

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.

(3) Disposal of subsidiaries

When the Group loses control of a subsidiary, the Group derecognises assets, liabilities, non-controlling interests and other related items in shareholders' equity in relation to that subsidiary.

(4) Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the amount by which the non-controlling interests are adjusted and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

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

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 (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.

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 (Note V (18)).

  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) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognized.

Objective evidence that a financial asset is impaired includes but is not limited to:
- significant financial difficulty of the issuer or obligor
- a breach of contract by the borrower, such as a default or delinquency in interest or principal payments
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization
- the disappearance of an active market for that financial asset because of financial difficulties faced by the issuer
- significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of an investment in an equity

instrument may not be recovered by the investor
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

For the calculation method of impairment of receivables, refer to Note V (10). The impairment of other financial assets is measured as follows:

- Available-for-sale financial assets

Available-for-sale financial assets are assessed for impairment on an individual basis and on a collective group basis. When an available-for-sale financial asset is impaired, the cumulative loss arising from a decline in fair value that has been recognized directly in shareholders' equity is reclassified to profit or loss even though the financial asset has not been derecognized.

If, after an impairment loss has been recognized on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. An impairment loss recognized for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. The impairment loss on an investment in an unquoted equity instrument whose fair value cannot be reliably measured is not reversed.

(5) 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

Receivables are assessed for impairment on an individual basis and on a collective group basis as follows.

Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate. Impairment losses are recognized in profit or loss.

The assessment is made collectively where receivables share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable factors reflecting current economic conditions.

If, after an impairment loss has been recognized on receivables, there is a recovery in the value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortized cost would have been had no impairment loss been recognized in prior years.

(1) Receivables with amounts that are individually significant and assessed individually for impairment

Judgment basis or criteria for receivables that are individually significant	Receivables individually greater than RMB40,000,000 are significant.
Method of provisioning for bad and doubtful debts for receivables that are individually significant and assessed individually	An impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate.

(2) Receivables with amounts that are not individually significant but assessed individually for impairment

Reasons for assessing individually for impairment of receivables that are individually insignificant	There are objective evidence indicate the Group cannot recover the receivables under the original terms.
Method of provisioning for bad and doubtful debts	An impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows discounted at the original effective interest rate.

(3) Receivables that are collectively assessed for impairment based on credit risk characteristics

Receivables that have not been individually assessed as impaired in the assessments in (1) and (2) above, are included in the collective assessment of impairment for receivables sharing similar credit risk characteristics.

Method of provisioning for receivables with similar credit risk characteristics that are collectively assessed for impairment	
No specific risk.	Ageing analysis method

The provision ratios used under the ageing analysis method are as follows:
√Applicable ☐Not applicable

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%

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.

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. The net realizable value of materials held for use in the production is measured based on the net realizable value of the finished goods in which they will be incorporated. The net realizable value of the inventory held to satisfy sales or service contracts is measured based on the contract price, to the extent of the quantities specified in sales contracts, and the excess portion of inventories is measured based on general selling prices.

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.

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

The Group maintains 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. 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.18.

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 (18).

(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.

13. Fixed assets

(1) Recognition of fixed assets

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 (Note V (15)), 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.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation method

The cost of a 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%

For the land outside China, no depreciation is provided.
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

The carrying amount of a fixed asset is derecognized:
- when the fixed asset is on disposal; or
- when no future economic benefit is expected to be generated from its use or disposal.

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.

14. 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 any other costs directly attributable to bringing the asset to working condition for its intended use.
The construction in process, when reaching the predicted usable state, will be transferred into fixed assets, and have depreciation withdrawn from the next month.
Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (Note V (18)).

15. Borrowing costs

Borrowing costs incurred directly attributable to the acquisition and construction of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as financial expenses when incurred.

During the capitalization period, the amount of interest (including amortization of any discount or premium on borrowing) to be capitalized in each accounting period is determined as follows:
- Where funds are borrowed specifically for the acquisition and construction of a qualifying asset, the amount of interest to be capitalized is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- To the extent that the Group borrows funds generally and uses them for the acquisition and construction of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognized amount of the borrowings.

During the capitalization period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalized as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognized as a financial expense when incurred.

The capitalization period is the period from the date of commencement of capitalization of borrowing costs to the date of cessation of capitalization, excluding any period over which capitalization is suspended. Capitalization of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition and construction [or production] that are necessary to prepare the asset for its intended use are in progress, and ceases when the assets become ready for their intended use. Capitalization of borrowing costs is suspended when the acquisition and construction activities are interrupted abnormally for a period of more than three months.

16. Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (Note V (18)). 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 during the research phase and expenditure during the development phase. Expenditure during the research phase expensed when incurred. Expenditure during 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 (Note V (18)). Other development expenditure is recognized as an expense in the period in which it is incurred.

17. 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 (Note V

(18)). 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.

18. 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
- long-term equity investments
- goodwill

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill 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 composed of assets directly related to cash-generation and 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.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (Note V (19)) 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.

19. 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.

20. Employee benefits

(1) Short-term employee benefits

Short-term employee benefits include employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accured at the applicable benchmarks and rates. The employee benefits are recognized as a liability in the accounting period in which the service has been rendered by the employees, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(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 – 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.

(4) Post-employment benefits – 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.

21. 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.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other,

the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:
- Where the contingency involves a single item, the best estimate is the most likely outcome
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

22. Preferred shares

At initial recognition, the Group classifies the preferred shares issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial assets, financial liabilities and equity instruments.

Preferred shares issued that should be classified as equity instruments are recognized in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the preferred shares and perpetual bonds are redeemed according to the contractual terms, the redemption price is charged to equity.

The preferred shares issued by the Company's subsidiary is classified as equity instruments, due to the following features:
- 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.
- The board of the directors shall be entitled at its sole discretion to pay or delay the payment of the preferred share dividend.

23. 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.

24. Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders. Revenue is recognized in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following conditions are met.
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 Group 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.

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.

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

25. Government grants

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.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets.
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.

26. 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.

27. Operating leases and finance 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) 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.

(2) 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 (13) and V (18), 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 (Note V (15)).

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.

28. 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.

29. 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.

30. 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.

31. Segment information

The Group identifies reportable segments based on operating segments determined based on internal organization structure of the Group, management requirements, and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment’s products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

32. 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.

Notes VII (14) and (26), and Note X contain information about the assumptions and their risk factors relating to impairment of goodwill, post-employment benefits – defined benefit plans, fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(1) Impairment of receivables

As described in Note V (10), receivables that are measured at amortized cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognized. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flows of an individual debtor or the portfolio of debtors, and significant changes in the financial environment that have an adverse effect on the debtor. If there is objective evidence of a recovery in the value of receivables which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

(2) Provision for impairment of inventories

As described in Note V (11), the net realizable value of inventories is under management's regular review, and as a result, provision for impairment of inventories is recognized for the excess of inventories' carrying amounts over their net realizable values. When making estimates of net realizable value, the Group takes into consideration the use of inventories and other information available to form the underlying assumptions, including the inventories' market prices and the Group's historical operating costs. The actual selling price, the costs of completion and the costs necessary to make the sale and related taxes may vary based on changes in market conditions and product sale ability, manufacturing technology and the actual use of the inventories, resulting in changes in the provision for impairment of inventories. The net profit or loss may then be affected in the period when the impairment of inventories is adjusted.

(3) Impairment of assets other than inventories and financial assets

As described in Note V (18), assets other than inventories and financial assets 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 (or an asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. When a market price of the asset (or the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably, the recoverable amount is calculated based on the present value of estimated future cash flows. In assessing the present value of estimated future cash flows, significant judgments are exercised to estimate 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.

(4) Depreciation and amortisation of assets such as fixed assets and intangible assets

As described in Note V (13) and (16), assets such as fixed assets and intangible assets are depreciated and amortized over their useful lives after taking into account residual value. The estimated useful lives of the assets are regularly reviewed to determine the depreciation and amortization costs charged in each reporting period. The useful lives of the assets are determined based on historical experience of similar assets and estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortization, the rate of depreciation or amortization is revised prospectively.

(5) Deferred income tax

When assessing whether there will be sufficient future taxable profits available against which the deductible temporary differences can be utilized, the Group recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized, using tax rates that would apply in the period when the asset would be utilized. In determining the amount of deferred tax assets, the Group exercises judgments about the estimated timing and amount of taxable profits of the following periods, and of the tax rates applicable in the future according to the existing tax policies and other relevant regulations. Differences between such estimates and the actual timing and amount of future taxable profits and the actual applicable tax rates affect the amount of deferred tax assets that should be recognized.

(6) 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.

33. 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

VI. Taxes

1. Main tax type and tax rate

√Applicable Not applicable

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 34.43%
(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%

Business income tax rates of major tax payer enterprises subject to different tax rates:
√Applicable Not applicable

Name of the company	Enterprise income tax rate
Adisseo France S.A.S	34.43%
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%

2. Tax preferences

There is no significant preferential tax policies that have material effect on the Group in the periods from January 1, 2016 to June 30, 2016 and from January 1, 2015 to June 30, 2015.

3. Other

Applicable √Not applicable

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		
Cash at bank	5,658,722,089	4,941,121,304
Other monetary funds		
Total	**5,658,722,089**	**4,941,121,304**

As at 30 June 2016 and 31 December 2015, no restricted funds within the Group.

2. Derivative financial assets

√Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Derivative financial instruments held at fair value through profit or loss	66,375	1,695,753
Cash flow hedge instruments	6,106,500	6,456,632
Fair value hedge instrument	5,096,125	1,326,802
Total	**11,269,000**	**9,479,187**

3. Accounts receivable

(1) Accounts receivable by customer type are as follows

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Accounts receivable for related parties	8,363,250	9,696,889
Other accounts receivable	1,733,330,072	1,783,637,717
Less: provision for bad debts	17,138,729	17,282,955
Total	**1,724,554,593**	**1,776,051,652**

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

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Within 1 year	1,734,274,918	1,785,764,028
1 to 2 years	7,418,404	7,570,578
2 to 3 years		
Over 3 years		
Total	**1,741,693,322**	**1,793,334,606**

(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										
Subject to provision on the Grouping basis	1,741,693,322	100%	17,138,729	100%	1,724,554,593	1,789,746,270	99.80%	13,694,618	79.24%	1,776,051,652
Individually insignificant but assessed individually for impairment						3,588,336	0.20%	3,588,336	20.76%	-
Total	**1,741,693,322**	**100%**	**17,138,729**	**100%**	**1,724,554,593**	**1,793,334,606**	**100%**	**17,282,955**	**100%**	**1,776,051,652**

Accounts receivable which are individually significant and assessed individually for impairment at the end of the period:

Applicable √ Not applicable

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	1,647,782,326		0.00%
Within 60 days	70,073,903	213,209	0.30%
61 days to 90 days	7,847,562	1,114,368	14.20%
91 days to 180 days	787,264	690,013	87.65%
More than 180 days	15,202,267	15,121,139	99.47%
Total	**1,741,693,322**	**17,138,729**	0.98%

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

Applicable √Not applicable

Accounts receivable which are individually non-significant and assessed individually for impairment at the end of the period:

Applicable √Not applicable

(4) Addition, recovery or reversal of provision for bad and doubtful debts during the period

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Amount incurred of current period
Balance at the beginning of the period	17,282,955
Addition during the period	1,538,404
Recovery or reversal during the period	(3,319,898)
Write-off during the period	0
Currency translation difference	1,637,268
Disposal of subsidiary companies or businesses	
Balance at the end of the period	**17,138,729**

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

Unit: Yuan Currency: RMB

	Balance	Amount of bad debt reserve	Proportion to the total balance of accounts receivable
The five largest accounts receivable	294,517,375	(10,458)	16.91%

4. Advances to suppliers

(1) The ageing analysis of prepayments is as follows

Unit: Yuan Currency: RMB

Account age	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	42,419,385	100%	24,999,896	58.28%
1-2 years	0	0%	17,660,381	41.17%
2-3 years	0	0%	28,381	0.07%
More than 3 years	0	0%	205,760	0.48%
Total	**42,419,385**	**100%**	**42,894,418**	**100%**

As at 30 June 2016, the advances to suppliers with an account age of more than 1 year were RMB 0 (Dec. 31, 2015: RMB 17,894,522), 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 period

	Amount	Proportion to the total amount of advances to suppliers
Total of the five largest advances to suppliers	13,458,304	31.73%

5. Other receivables

(1) Other receivables analyzed by categories as follow

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Receivables for related services	405,625	1,951,871
Employees - Receivables	2,799,209	4,393,406
Guarantees and cautions	6,032,750	12,125,860
Social Security - Receivables	560,500	326,379
Others	6,268,750	1,809,276
Sub-total	**16,066,834**	**20,606,793**
Less: provision for bad debts	0	0
Total	**16,066,834**	**20,606,793**

(2) Recovery or reversal of provision for bad and doubtful debts during the period

Applicable √ Not applicable

(3) Written off of provision for bad and doubtful debts during the period

Applicable √ Not applicable

(4) Five largest other receivables by debtor at the end of the period

Applicable √ Not applicable

(5) Other receivables related to government grant at the end of the period

Applicable √ Not applicable

6. 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	361,125,197	23,287,625	337,837,572	366,702,494	22,922,065	343,780,428
Work in progress	138,133,625	4,801,125	133,332,500	127,828,975	3,002,901	124,826,074
Finished goods	1,034,428,792	295,000	1,034,133,792	792,174,214	25,940,548	766,233,666
Total	**1,533,687,614**	**28,383,750**	**1,505,303,864**	**1,286,705,683**	**51,865,515**	**1,234,840,168**

At the period end, the inventories pledged as security by the Group amounted to RMB 0 (2015: RMB 0).

(2) Movements of inventories for the period

Unit: Yuan Currency: RMB

Items	Opening Balance	Increase in the current year	Decrease in the current year	Currency translation differences	Closing Balance
Raw materials	366,702,494	1,082,607,401	(1,100,107,481)	11,922,783	361,125,197
Work in progress	127,828,975	388,983,791	(383,486,926)	4,807,785	138,133,625
Finished goods	792,174,214	2,741,430,123	(2,533,781,327)	34,605,782	1,034,428,792
Total	**1,286,705,683**	**4,213,021,315**	**(4,017,375,734)**	**51,336,350**	**1,533,687,614**

(3) 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	Others		
Raw materials	22,922,065	1,582,125	(2,114,361)		897,796	23,287,625
Work in progress	3,002,901	0	0		1,798,224	4,801,125
Finished goods	25,940,548	0	(24,708,860)		(936,688)	295,000
Total	**51,865,515**	**1,582,125**	**(26,823,221)**	**0**	**1,759,331**	**28,383,750**

	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
Finished goods	Estimated selling less estimated selling expenses	Increase in net realizable value/sold.

7. Other current assets

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Value added tax	263,487,160	263,667,285
Income tax receivable	9,190,837	32,286,714
Total	**272,677,997**	**295,953,999**

8. Available-for-sale financial assets

√ Applicable Not applicable

(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 debt instruments						
Available-for-sale equity instruments						
Measured at fair value						
Measured at cost	3,397,449	0	3,397,449	3,275,648	-	3,275,648
Total	**3,397,449**	**0**	**3,397,449**	**3,275,648**	**-**	**3,275,648**

(2) Available-for-sale financial assets measured at fair value at the end of period

Applicable √ Not applicable

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

√ Applicable Not applicable

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	709,520			27,980	737,500					8.69%	
Osiris	1,782,619			70,298	1,852,917					12.87%	
West	21,286			840	22,126					5.00%	
Other	762,223			22,683	784,906	-					
Total	**3,275,648**			**121,801**	**3,397,449**	-					

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

Applicable √ Not applicable

Unit: Yuan Currency: RMB

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

Other explanations:

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.

9. Long-term receivables

√ Applicable Not applicable

(1) 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	29,075,933	-	29,075,933	25,982,683	23,570,254	2,412,429	
Loans to suppliers	1,865,245		1,865,245	21,918,414		21,918,414	
Others	3,318		3,318	420,710		420,710	
Total	**30,944,496**	**-**	**30,944,496**	**48,321,807**	**23,570,254**	**24,751,553**	/

As at 30 June 2016, the part due within one year was RMB 881,563 (as at 31 December 2015 it was RMB 1,090,993).

(2) 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	**23,570,254**
Addition during the period	
Reversal during the period	(24,220,370)
Write-off during the period	
Currency translation differences	650,116
Balance at the end of the period	-

10. Fixed assets

(1) Fixed assets

Unit: Yuan Currency: RMB

Items	Houses and buildings	Freehold land	Machinery equipment	Total
I. Original book value				
1. Opening balance	2,489,095,037	80,341,703	6,962,977,030	9,532,413,769
2. Increase in current period				
1) Purchasing	468,327	0	30,224,132	30,692,459
2) Transfer from construction in process	5,089,048	0	81,444,699	86,533,747
3) Others increase			55,800	55,800
3. Decrease in current period				
1) Disposal or retirement	0	0	(32,566,774)	(32,566,774)
2) Disposal of subsidiary companies and businesses	0	0	0	0
3) Other decrease	(349,963)		0	(349,963)
4. Currency translation	36,428,718	3,168,284	196,813,576	236,410,578
5. Closing balance	**2,530,731,167**	**83,509,987**	**7,238,948,463**	**9,853,189,617**
II. Accumulated depreciation				
1. Opening balance	(446,817,391)	(1,700,535)	(2,779,016,574)	(3,227,534,500)

Items	Houses and buildings	Freehold land	Machinery equipment	Total
2. Increase in current period				
1) Current period depreciation	(52,011,064)	(131,236)	(267,410,738)	(319,553,038)
2) Other				0
3. Decrease in current period				
1) Disposal or retirement	0	0	31,371,066	31,371,066
2) Disposal of subsidiary companies and businesses	0	0	0	0
3) Other decrease				0
4. Currency translation	(12,979,234)	(68,575)	(97,002,460)	(110,050,269)
5. Closing balance	**(511,807,689)**	**(1,900,346)**	**(3,112,058,706)**	**(3,625,766,741)**
III. Impairment reserve				
1. Opening balance			(128,529,548)	(128,529,548)
2. Increase in current period				
1) Current period depreciation				0
3. Decrease in current period				
1) Disposal or retirement				0
2) Disposal of subsidiary companies and businesses				0
4. Currency translation			(5,068,577)	(5,068,577)
5. Closing balance			**(133,598,125)**	**(133,598,125)**
IV. Carrying amount				
1. Closing carrying amount	**2,018,923,478**	**81,609,641**	**3,993,291,632**	**6,093,824,751**
2. Opening carrying amount	2,042,277,645	78,641,168	4,055,430,908	6,176,349,721

(2) Temporarily idle fixed assets

There are no significant temporarily idle fixed assets.

(3) Fixed assets held under finance lease

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Original book value	Accumulated depreciation	Impairment reserve	Book value
Buildings	21,919,009	(8,433,091)	0	13,485,918
Vehicles	1,261,230	(869,808)	0	391,422
Total	**23,180,239**	**(9,302,899)**	**0**	**13,877,340**

(1) Fixed assets held under operating lease

☐ Applicable √ Not applicable

(2) Fixed assets held with unattained certificate

☐ Applicable √ Not applicable

11. Construction in progress

√ Applicable Not applicable

(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 D	267,714,568		267,714,568	188,308,073		188,308,073
Others	238,283,925		238,283,925	206,077,565		206,077,565
Total	**505,998,493**	**-**	**505,998,493**	**394,385,639**	**-**	**394,385,639**

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

√ Applicable Not applicable

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 D	522,105,900	188,308,073	79,406,495	-	-	-	267,714,568	51%	85%				Loan/current account
Others	-	206,077,565	112,125,045	(86,533,747)	6,615,062	-	238,283,925	-	-				Current account
Total		**394,385,639**	**191,531,540**	**(86,533,747)**	**6,615,062**	-	**505,998,493**						

(3) Analysis of provision for impairment

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Amounts incurred in the current period
Opening balance	-
Increase in current period	
Decrease in current period	
Disposal of subsidiary companies and businesses	
Currency translation differences	
Total	

12. 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	110,777,000	687,541,107	416,245,089	1,175,234,483	866,784,584	130,233,024	**3,386,815,287**
2. Increase in current period							
1) Purchasing	0	0	94,782	17,982,004	0	1,248,153	**19,324,939**
2)							**0**

Items	Land use rights	Trademark	Patents	Technology	Customer relationships	Software and others	Total
Transferred from construction in process							
3) Others increase	0	0	0	26,538	0	294,164	**320,702**
3. Decrease in current period							
1) Disposal	0	0	0	(2,668,790)	0	(80,281)	**(2,749,071)**
2) Disposal of subsidiary companies and businesses							
4. Currency translation	0	261,893	15,719,025	3,247,176	2,962,989	3,351,310	**25,542,393**
5. Closing balance	**110,777,000**	**687,803,000**	**432,058,896**	**1,193,821,411**	**869,747,573**	**135,046,370**	**3,429,254,250**
II. Accumulated amortization							
1. Opening balance	(12,620,000)	(125,357,210)	(364,412,813)	(345,184,554)	(432,405,595)	(100,285,559)	**(1,380,265,731)**
2. Increase in current period							
1) Current period depreciation	(1,100,000)	(8,737,018)	(2,643,038)	(38,910,709)	(28,013,218)	(5,900,455)	**(85,304,438)**
2) Others increase	0	0	(7,291)	(4,065)	0	0	**(11,356)**
3. Decrease in current period							
1) Disposal	0	0		2,558,380	0	51,117	**2,609,497**
2) Disposal of subsidiary companies and businesses							**0**
4. Currency translation	0	(79,147)	(14,214,455)	(10,395,444)	7,408,914	(2,950,879)	**(20,231,011)**
5. Closing balance	**(13,720,000)**	**(134,173,375)**	**(381,277,597)**	**(391,936,392)**	**(453,009,899)**	**(109,085,776)**	**(1,483,203,039)**
III. Impairment reserve							
1. Opening balance							
2. Increase							**0**

Items	Land use rights	Trademark	Patents	Technology	Customer relationships	Software and others	Total
in current period							
1) Current period depreciation							**0**
3. Decrease in current period							
1) Disposal of subsidiary companies and businesses							**0**
4. Currency translation							**0**
5. Closing balance							**0**
IV. Carrying amount							
1. Closing carrying amount	97,057,000	553,629,625	50,781,299	801,885,019	416,737,674	25,960,594	**1,946,051,211**
2. Opening 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) Land use rights held with unattained certificate

Applicable √ Not applicable

Unit: Yuan Currency: RMB

Items	Carrying amount	Reasons for unattained certificate

13. Development costs

√ Applicable Not applicable

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	84,560,594	816,581		0	(4,294,340)		3,294,540	84,377,375
Total	**84,560,594**	**816,581**		**0**	**(4,294,340)**		**3,294,540**	**84,377,375**

14. Goodwill

√ Applicable   Not applicable

(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")	662,951,236			26,545,893	689,497,128
Innov'ia S.A. ("Innov'ia")	127,602,610			4,638,515	132,241,125
Total	**790,553,845**			**31,184,408**	**821,738,253**

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

(2) Impairment provision for goodwill

Unit: Yuan Currency: RMB

Name of investee or events from which goodwill arising	Opening balance	Increase in current period		Decrease in current period		Currency translation	Closing balance
		Withdrawal	Other	Disposal	Other		
Drakkar Group S.A.("DGSA")							
Innov'ia S.A. ("Innov'ia")							
Total							

Explanations of Impairment test, criteria and method of 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.

15. Deferred income tax assets/ deferred income tax liabilities

(1) Deferred tax assets and deferred tax liabilities

√ Applicable Not applicable

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	3,444,770	1,171,222	13,916,359	4,731,562
Accrued expenses	206,874,497	70,772,402	164,696,182	56,463,966
Change in fair value of derivative financial instruments	10,524,877	3,627,975	14,914,834	5,136,420
Property plant equipment and intangible assets	79,007,496	27,201,485	224,673,174	77,354,208
Unrealized profits of internal transactions	383,857,112	108,811,738	377,512,322	103,268,951
Payroll	266,631,750	90,281,411	347,579,444	117,296,946
Others	43,797,476	15,310,119	51,322,128	17,482,086
Sub-total	**994,137,978**	**317,176,352**	**1,194,614,443**	**381,734,139**
Amount of offsetting	(440,886,708)	(143,716,625)	(820,987,834)	(289,496,428)
Balance after offsetting	**553,251,270**	**173,459,727**	**373,626,609**	**92,237,712**

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	3,265,141,226	1,107,375,837	3,389,421,092	1,150,597,835
Change in fair value of derivative financial instruments	6,105,262	2,102,042	10,053,581	3,461,448
Others	30,554,714	9,160,380	98,300,092	26,074,839
Sub-total	**3,301,801,202**	**1,118,638,259**	**3,497,774,764**	**1,180,134,122**
Amount of offsetting	(440,886,708)	(143,716,625)	(820,987,834)	(289,496,428)
Balance after offsetting	**2,860,914,494**	**974,921,634**	**2,676,786,930**	**890,637,694**

(2) Details of non-recognized deferred income tax assets

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Deductible temporary differences		
Deductible losses		36,012
Total		**36,012**

(3) Expiration of deductible tax losses for unrecognized deferred tax assets

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Year	Closing amount	Opening amount
No expiration date		36,012
Total		**36,012**

16. Short-term borrowings

√ Applicable Not applicable

(1) Classification of short-term borrowings

Unit: Yuan Currency: RMB

Category	Closing balance	Opening balance
Pledged loan		
Guarantee loan		
Mortgage loan		
Unsecured loan (a)	79,080	90,694
Total	**79,080**	**90,694**

Description about the classification of short-term borrowings:

(a) No pledge or guarantee as of June 30, 2016. As at June 30, 2016, the weighted average interest rate of unsecured short-term borrowings is interest rate at 0% (31 December 2015: at 0%).

(2) Short-term borrowings past due not paid

Applicable √ Not applicable

17. Derivative financial liabilities

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Derivative financial instruments held at fair value through profit or loss	6,777,625	6,378,585
Cash flow hedge instruments	7,861,750	3,973,312
Fair value hedge instruments	2,441,125	9,365,664
Total	**17,080,500**	**19,717,561**

18. Accounts payable

(1) Details of accounts payable are as follows

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Payable for suppliers	966,088,663	945,896,366
Total	**966,088,663**	**945,896,366**

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

√ Applicable Not applicable

As at 30 June 2016, the accounts payable with account age of more than one year were RMB 3,812,061 (as at 31 December 2015: RMB 251,000).

19. Wages and benefits payable

(1) Wages and benefits payable

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Reclassification	Currency translation difference	Closing balance
Short-term employee benefits	431,646,066	449,749,303	(496,391,012)	(168,246,596)	9,060,411	225,818,172
Post-employment benefits	34,624,576	43,992,314	(55,466,890)	(13,794,951)	564,414	9,919,463
Termination benefits	0					
French profit-sharing plans – short term	52,023,560	67,593,934	(141,246,606)	117,794,043	6,676,627	102,841,558
Other benefits due within one year	0			-		
Total	**518,294,201**	**561,335,551**	**(693,104,508)**	**(64,247,504)**	**16,301,453**	**338,579,193**

(2) Short-term employee benefits

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increased in current period	Decrease in current period	Reclassification	Currency translation difference	Closing balance
I. Salary, bonus, allowance and subsidy	349,375,398	295,186,566	(316,089,298)	(147,416,970)	6,928,666	187,984,362
II. Employee welfare benefit	0					0
III. Social insurance premium	55,753,154	135,277,439	(145,135,355)	(24,215,237)	1,093,328	22,773,329
Wherein: Medical insurance premium	55,704,154	133,999,996	(143,969,416)	(24,491,560)	1,087,264	22,330,438
Industrial injury insurance premium	18,000	1,186,443	(1,091,821)	300,274	6,064	418,960
Maternity insurance premium	31,000	91,000	(74,118)	(23,951)		23,931
IV. Housing fund	293,000	1,609,264	(1,438,366)	199		464,097
V. Labor union outlay and employee education outlay	0					0
VI. Others	26,224,514	17,676,034	(33,727,993)	3,385,412	1,038,417	14,596,384
Total	**431,646,066**	**449,749,303**	**(496,391,012)**	**(168,246,596)**	**9,060,411**	**225,818,172**

(3) Post-employment benefits

√ Applicable   Not applicable

Items	Opening balance	Amount increased of current period	Amount decreased of current period	Reclassification	Currency translation difference	Closing balance
Post-employment benefits	34,624,576	43,992,314	(55,466,889)	(13,794,951)	564,413	9,919,463

20. Taxes payable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Value-added-tax	33,158,397	8,920,470
Business tax	45,250,748	83,648,353
Enterprise income tax	218,085,537	152,585,310
Individual income tax	13,884,609	50,948,721
City maintenance and construction tax	879,093	1,521,131
Others	18,933,293	14,770,854
Total	**330,191,677**	**312,394,840**

21. Other payables

(1) Details of other payables listed by nature

√ Applicable   Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Loans from related parties	16,612,257	14,874,937
Construction cost payable	-	-
Payables for acquisition of property, plant and equipment	157,722,750	154,965,858
Professional fees payables	15,124,000	47,541,258
Others	28,799,750	54,885,952
Total	**218,258,757**	**272,268,004**

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

√ Applicable   Not applicable

As at 30 June 2016, other payables with an account age of more than 1 year were RMB 4,046,966 (as at 31 December 2015: RMB 1,697,000), 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.

22. Current portion of non-current liabilities

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Current portion of long-term borrowings	2,891,000	2,873,556
Current portion of long-term payables	1,715,381	1,658,290
Current portion of provisions	102,368,719	80,361,754
Total	**106,975,100**	**84,893,599**

(1) Current portion of long-term borrowings

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Secured		
- Pledged		
- Guaranteed		
Unsecured	2,891,000	2,873,556
Total	**2,891,000**	**2,873,556**

(2) Current portion of long-term payables

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Within one year	1,833,107	1,781,537
Less: unrecognized finance charges	(117,726)	(123,247)
Total	**1,715,381**	**1,658,290**

(3) Current portion of provisions

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in current period	Decrease in current period	Other	Currency translation difference	Ending balance
Provision for liabilities and charges	80,361,754	25,889,155	(7,272,475)		3,390,285	102,368,719
Total	**80,361,754**	**25,889,155**	**(7,272,475)**		**3,390,285**	**102,368,719**

23. Other current liabilities

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Government subsidy	12,817,125	13,272,658
Others	0	56,762
Total	**12,817,125**	**13,329,420**

24. Long-term borrowings

√ Applicable   Not applicable

Classification of long-term borrowings

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Pledged loan		
Guarantee loan		
Mortgage loan		
Unsecured	14,959,890	15,535,140
Total	**14,959,890**	**15,535,140**

As at 30 June 2016, the range of interest rate for long-term loans was 3.06%~3.58% (as at 31 December 2015: 3.06%~3.58%).

25. Long-term payables

√ Applicable   Not applicable

(1) Long-term payables listed by nature

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Financial lease	7,306,922	7,856,305
Other long-term payable	6,542,363	5,975,875
Less : the part paid in one year	(1,715,381)	(1,658,290)
Total	**12,133,904**	**12,173,890**

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

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Within one year	1,833,107	1,781,537
Between 1 and 2 years	1,749,718	1,731,949
Between 2 and 3 years	1,632,949	1,600,605
Over 3 years	2,398,380	3,074,811
Sub-total	**7,614,154**	**8,188,902**
Less: unrecognized finance charges	(307,232)	(332,598)
Total	**7,306,922**	**7,856,305**

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.

26. Long-term employee benefits payable

√ Applicable Not applicable

(1) Long-term employee benefits payable

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Termination benefits payable		
Defined benefit plans	224,026,840	207,245,453
French profit-sharing plans	244,434,182	160,388,550
Less: The part paid in one year	(102,841,558)	(86,651,527)
Total	**365,619,464**	**280,982,475**

The part due within one year includes the short term part of French profit-sharing plan RMB 102,841,558.

(2) Change of defined benefit plan

√ Applicable Not applicable

a. Change of defined benefit plan

Present value of defined benefit plan obligation

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period			
	IFC	GA	Others	Total
I. Opening balance	117,460,518	53,431,493	36,353,442	207,245,453
II. Defined benefit plan recognized through profit and loss for the period in which they occur				
1. Service cost of current period	3,652,741	1,790,524	334,605	5,777,870
2. Previous service cost				
3. Settlement losses (gains)	(4,972,394)	0	0	(4,972,394)
4. Net amount of interest	1,254,035	422,872	80,200	1,757,107
III. Re-measurement of the net liabilities of defined benefit plans				
1. Actuary losses (profit)	11,439,422	2,661,179	1,305,071	15,405,672
IV. Other movements				
1. Price paid during settlement	(6,087,902)	(1,392,562)	(1,915,704)	(9,396,168)
2. Currency translation differences	14,100,665	(1,731,363)	(4,160,002)	8,209,300
V. Closing balance	**136,847,085**	**55,182,143**	**31,997,612**	**224,026,840**

Plan assets:

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period			
	IFC	GA	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			
	IFC	GA	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	1.25%	2.25%
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 ans - 64 ans	60 years - 64 years
Bonuses of Seniority (GA)		
Discount rate	1.00%	1.75%
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 ans - 64 ans	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)		(3,762,854)	3,933,618
Current period	+/- 0,25 %	(3,068,873)	3,202,525
Bonuses of Seniority (GA)		(1,131,266)	1,174,637
Current period	+/- 0,25 %	(988,688)	1,025,299

(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	12,216,758	20,931,094	43,904,762	346,283,285	423,335,899
French profit-sharing plans	102,841,558	29,837,880	111,754,745	0	244,434,183
Others	1,915,704	1,915,704	5,747,112	6,865,415	16,443,935

27. Provisions

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in current period	Decrease in current period	Currency translation difference	Closing balance	Reason of recognition
Provision	158,006,336	50,825,362	(32,362,148)	6,343,483	182,813,033	Provision for liabilities and charges
Total	**158,006,336**	**50,825,362**	**(32,362,148)**	**6,343,483**	**182,813,033**	

28. Deferred income

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in current period	Decrease in current period	Currency translation differences	Closing balance
Government subsidies	205,686,832	1,283,198	(6,691,439)	542,074	200,820,665
Sub-Total	**205,686,832**	**1,283,198**	**(6,691,439)**	**542,074**	**200,820,665**
Less: Part due within one year	13,272,658	-	(510,363)	54,830	12,817,125
Total	**192,414,174**	**1,283,198**	**(6,181,076)**	**487,244**	**188,003,540**

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	8,932,857	1,283,198	(497,349)	-	362,919	10,081,625	Assets
Project C	192,302,000	-	(5,866,000)	-	0	186,436,000	Assets
Others	4,451,975	-	(328,090)	-	179,155	4,303,040	Assets
Total	**205,686,832**	**1,283,198**	**(6,691,439)**	-	**542,074**	**200,820,665**	

29. Share Capital

Unit: Yuan Currency: RMB

	Opening balance	Changes during the period (+ / -)					Closing balance
		New shares issued	Shares distributed	Conversion from reserves to shares	Others	Subtotal	
Total shares	2,681,901,273						2,681,901,273

30. Capital reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in current period	Business combination impact	Closing balance
Capital premium (capital stock premium)	842,805,917			842,805,917
Other capital reserve	1,389,651,431			1,389,651,431
Total	**2,232,457,348**			**2,232,457,348**

31. Other comprehensive income

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Balance at the beginning of the period attributable to shareholders of the Company	Amount incurred during the current period					Balance at the end of the period 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	**(20,639,099)**	**(13,094,821)**	-	**4,505,447**	**(8,589,374)**	**(1,515,778)**	**(29,228,473)**
Including: remeasurement of changes in liabilities under defined benefit plans	(20,639,099)	(13,094,821)		4,505,447	(8,589,374)	(1,515,778)	(29,228,473)
Items that may be reclassified to profit or loss	**(1,308,857,552)**	**522,731,030**	**(2,807,361)**	**843,454**	**520,767,123**	**(170,293,931)**	**(788,090,429)**
Including: effective portion of gain or loss of cash flow hedge	2,626,140	626,944	(2,807,361)	843,454	(1,336,963)	(236,045)	1,289,176
Translation difference of foreign financial statements	(1,311,483,693)	522,104,086			522,104,086	(170,057,886)	(789,379,605)
Total	**(1,329,496,651)**	**509,636,209**	**(2,807,361)**	**5,348,901**	**512,177,749**	**(171,809,709)**	**(817,318,902)**

32. 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	58,348,568		196,018,688
Total	**137,670,120**	**58,348,568**		**196,018,688**

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 half-year 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.

33. Undistributed profit

Unit: Yuan Currency: RMB

Items	Note	Current period
Undistributed profit of last period before adjustment		6,466,803,025
Total adjustments (increased +/ decreased -)	(1)	-
Undistributed profit at the beginning of period after adjustment		6,466,803,025
Add: Net profit attributable to the Company's owners in current period		1,101,539,701
Others		
Less: Withdrawal of statutory surplus reserve		(58,348,568)
Dividend distribution	(2)	(442,513,710)
Others		44,224
Undistributed profit at the end of period	(3)	7,067,524,672

(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 at the beginning of current period: RMB0.
e. The undistributed profit at the beginning of period affected by the total amount of other adjustments: RMB0.

34. 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	5,434,956,134	2,641,998,871	8,772,245,604	5,705,582,465
Other businesses			177,582,493	183,517,244
Total	**5,434,956,134**	**2,641,998,871**	**8,949,828,097**	**5,889,099,709**

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	4,500,905,491	2,159,731,126	5,097,827,866	2,452,175,267
Specialties products	637,786,615	318,935,497	642,839,625	301,127,021
BNCM products			2,793,176,283	2,781,219,377
Other products	296,264,028	163,332,248	238,401,830	171,060,800
Total	**5,434,956,134**	**2,641,998,871**	**8,772,245,604**	**5,705,582,465**

35. Business taxes and surcharge

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Business taxes	35,280,665	40,629,592
Property tax	12,554,930	16,999,017
City maintenance and construction tax	5,318,164	3,850,477
Education surcharge and local education surcharges	3,916,945	2,726,101
Others	822,459	1,266,206
Total	**57,893,163**	**65,471,393**

36. 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)	2,434,896	7,801,217
Transportation expenses	185,429,667	250,002,093
Personnel expenses	83,687,940	22,120,009
Storage expenses	61,044,511	67,568,909
Commission expenses for delegating agent	34,194,731	39,999,588
Travel expenses	8,691,151	13,178,620
Others	35,746,035	3,014,182
Total	**411,228,931**	**403,684,618**

37. 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)	17,588,285	23,198,599
Amortization of intangible assets	51,498,226	65,072,622
Employee benefit expenses	98,639,072	273,354,046
Consulting and other expert services	122,304,973	74,268,405
Travel expenses	9,380,576	21,388,060
Rent expenses	8,926,746	8,917,427
Insurance expenses	3,093,625	6,709,898
Research and exploitation expenses (without Payroll & External Expenses)	13,397,234	13,453,122
Professional service fee for restructuring	0	4,607,168
Loss due to production suspension		40,683,684
Expenses for water, electricity, gas, energy and power		6,070,660
Fixed asset repair cost		10,074,638
Taxes		9,946,244
Administrative expenses		0
Others	37,435,533	85,458,885
Total	**362,264,270**	**643,203,458**

38. Financial expenses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Interest expenditure	5,078,389	333,771,240
Less: Interest income	17,408,790	13,971,214
Net exchange losses / gains	(1,798,512)	40,342,160
Other financial expenses	9,796,167	26,476,181
Total	**(4,332,746)**	**386,618,367**

39. Asset impairment loss

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Provision for bad debt	(1,781,494)	35,193,930
Provision for decline in value of inventories	(1,975,833)	98,351,677
Impairment loss for available-for-sale financial assets		
Provision for Long term receivable	(24,220,370)	
Total	**(27,977,697)**	**133,545,607**

40. Gains (losses) from changes in fair value

√ Applicable Not applicable

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	7,482,554	57,448,659
Total	**7,482,554**	**57,448,659**

41. 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			
Including:			
Gains on disposal of fixed assets			
Gains on disposal of intangible assets			
Compensation income		946,981	
Government grant	6,691,439	16,545,236	6,691,439
Individually non-significant amounts	94,485	5,794,240	94,485
Total	**6,785,924**	**23,286,457**	**6,785,924**

(2) Details of government grants

√ Applicable Not applicable

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		
Project B	497,349	466,896
Project C	5,866,000	5,867,474
Other projects	328,090	5,656,381
Government subsidy related to benefits		4,554,485
Total	**6,691,439**	**16,545,236**

42. 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
Losses on disposal of non-current assets	1,158,600	7,099,884	1,158,600
Including:			
Losses on disposal of fixed assets	1,158,600	7,099,884	*1,158,600*
Losses on disposal of intangible assets			
Compensation expenditure		2,143,802	
Donations		20,000	
Others	1,055,624	6,079,167	1,055,624
Total	**2,214,224**	**15,342,853**	**2,214,224**

43. 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 income tax	652,567,790	760,826,211
Deferred income tax	1,302,514	(16,174,216)
Total	**653,870,304**	**744,651,995**

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

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Total profit before tax	2,005,935,596	1,493,597,208
Income tax expenses calculated at applicable tax rates (1)	**690,643,626**	**567,566,939**
Credit Tax	(16,850,040)	(10,752,266)
Difference of tax rates applicable to subsidiary companies (2)	(41,416,480)	(2,712,207)
Change in tax rate	-	(2,006,618)
Income not subject to tax	(8,362,913)	(27,432,198)
Costs, expenses and losses not deductible for tax purposes	18,575,853	14,152,046
Tax losses for which no deferred income tax asset was recognized	-	189,535,101
Utilization of previously unrecognized tax losses	(27,033)	(1,308,895)
Others	11,307,291	17,610,093
Income tax expenses	**653,870,304**	**744,651,995**

Income tax expenses calculated at applicable tax rates (1) is calculated at the statutory income tax rate of France, which is the main operation jurisdiction of the Group (34.43% as at 30 June 2016 and 38% as at 30 June 2015). The impacts of different tax rates between local tax rate of subsidiaries in different jurisdictions and French tax rate are presented in “Difference of tax rates applicable to subsidiary companies (2)”; and other reconciliation items are calculated by local tax rate as applicable.
The tax position is prepared based on the deductibility of FTC in China and the final application of FTC is to be performed during annual tax filing period.

44. 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)	1,101,539,701	527,276,311
Common stock	2,681,901,273	2,630,049,422
Basic earnings per share/(loss)	0.41	0.20
Basic loss per share from continue operation (i)	0.41	0.48
Basic earnings per share/(loss) from discontinue operation (ii)	0.00	(0.28)

(i) As part of the restructuring operation in 2015, BNCM issued 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 June 2015 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 June 2016 is 2,638,901,273, also including the new shares issued in the 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	2,681,901,273	2,630,049,422
Effect of new shares	-	-
Weighted average number of ordinary shares at 30 June	**2,681,901,273**	**2,630,049,422**

(2) Diluted earnings per share

The Company does not have dilutive potential ordinary share in the periods from January 1, 2016 to June 30, 2016 and January 1, 2015 to June 30, 2015. The diluted earnings per share/ (loss) is equal to basic earnings per share/ (loss).

45. Supplement to income statement

Unit: Yuan Currency: RMB

Items	Amount incurred of current period	Amount incurred of last period
Operating revenue	5,434,956,134	8,949,828,097
Less: Changes in inventories of raw materials, finished goods and work-in-progress	(195,645,580)	12,372,999
Raw materials, purchased equipment and consumables used	1,941,389,033	4,176,097,252
Employee benefit expenses	562,141,027	809,213,753
Depreciation/amortization expenses	409,151,816	710,338,882
Transportation expenses	185,429,667	255,216,923
Storage expenses	61,044,511	67,568,909
Consulting and other expert services	131,670,298	74,628,082
Travel expenses	18,071,726	27,990,832
Rent expenses	12,770,333	8,917,427
Insurance expenses	6,428,457	6,787,943
Commission expenses for delegating agent	34,194,731	39,999,588
Research and exploitation expenses	13,397,234	13,453,122
Professional service fee for restructuring	0	4,607,168
Loss due to production suspension	0	40,683,684
Expenses for water, electricity, gas, energy and power	0	352,551,649
Fixed asset repair cost	0	27,730,388
Taxes	57,893,163	75,418,357
Asset impairment losses	(27,977,697)	133,545,607
Losses/(gain) arising from changes in fair value	(7,482,554)	(57,448,659)
Investment loss / (gain)	0	0
Others	231,116,073	684,500,587
Total	**2,001,363,896**	**1,485,653,604**

46. 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
Interest income		10,211,554
Others	30,102,252	78,317,427
Total	**30,102,252**	**93,083,466**

(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
Cash paid for deposit and credit		10,920,393
Business entertainment expenses		5,195,904
Office expenses		4,286,295
Bank charges		7,383,585
Travel expenses	9,010,981	23,346,709
Rent	8,415,457	9,468,841
Insurances	2,762,035	6,888,706
Others	14,585,191	58,089,638
Total	**34,773,664**	**206,080,214**

(3) 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
Total		**653,100,000**

(4) 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**

47. 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)	**1,352,065,292**	**748,945,213**
Add: Impairment provisions for assets	(27,977,697)	133,545,607
Depreciation of fixed assets	319,553,038	611,304,095
Amortization of intangible assets	85,304,438	111,444,600
Amortization of expenditures on research and development	4,294,340	1,750,856
Amortization of long-term deferred expenses		2,349,451
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	1,158,600	7,099,884
Losses (gains) on retirement of fixed assets		
Losses (gains) on changes in fair value	(7,482,554)	(57,448,659)
Decrease (increase) of deferred tax assets	(70,200,389)	(12,728,829)
Increase (decrease) of deferred tax liabilities	71,502,903	(3,445,387)
Financial expenses (income)	3,279,877	374,619,645
Losses (gains) arising from investment		
Amortization of deferred income	(6,691,439)	(6,746,337)
Increase of capital with restrictions		
Decrease (increase) in gross inventories	(218,910,844)	(14,990,576)
Decrease (increase) in receivable from operating activities	158,571,329	(327,043,077)
Increase (decrease) in payable from operating activities	(150,507,004)	248,201,841
Safety production fee withdrawn but not used yet		
Others		16,034,375
Net cash flow from operating activities	**1,513,959,890**	**1,832,892,702**
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	5,658,722,089	2,605,446,047
Less: Opening balance of cash	4,941,121,304	1,697,549,319
Add: Closing balance of cash equivalent		0
Less: Opening balance of cash equivalent	-	0
Net increase of cash and cash equivalent	**717,600,785**	**907,896,728**

(2) Net amount of cash paid in current period for obtaining subsidiary companies

Applicable √ Not applicable

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

Applicable √ Not applicable

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	5,658,722,089	4,941,121,304
Including: Cash on hand		-
Bank deposit available for payment anytime	5,658,722,089	4,941,121,304
Other monetary resources available on demand		-
II. Cash equivalents		
III. Closing balance of cash and cash equivalents	5,658,722,089	4,941,121,304
Including: Use-restricted cash and cash equivalent of the Company or its subsidiaries		-

a. Foreign-currency monetary items

√ Applicable Not applicable

The group treated the euro as the main currency, and the exposure of exchange rate risk of the foreign currency assets and liabilities in 30 June 2016 is as follows. For consideration of disclosure, the amount of exposure to the risk is shown in Renminbi to be converted at the spot exchange rate on the balance sheet date. Currency translation difference is not included.

(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	31,435,368	6.6501	209,049,450
RMB	2,663,720,914	1.0000	2,663,720,914
JPY	4,781,700	0.0648	309,750
HKD	240,915	0.8571	206,500
RUB	22,075,162	0.1036	2,286,250
GBP	113,094	8.9340	1,010,375
BRL	501,366	2.0825	1,044,071
THB	121,271,001	0.1870	22,679,519
Other			21,185,754
Total			**2,921,492,583**
Accounts receivable			
Wherein: USD	109,910,773	6.6501	730,921,504
GBP	2,043,113	8.9340	18,253,125
JPY	1,745,216	0.0648	113,052
RMB	110,483,026	1.0000	110,483,026
BRL	53,975,142	2.0825	112,400,586
THB	134,872,998	0.1870	25,223,299
Other			8,363,501
Total			**1,005,758,093**
Accounts payable			
Wherein: USD	34,104,931	6.6501	226,802,403
RMB	139,032,610	1.0000	139,032,610
HKD	77,437	0.8571	66,375
BRL	763,227	2.0825	1,589,382
THB	2,450,999	0.1870	458,374
GBP	147,765	8.9340	1,320,125

Items	Closing balance at foreign currency	Exchange rate for conversion	Closing balance at RMB equivalent
RUB	1,424,204	0.1036	147,500
Other			5,065,923
Total			**374,482,692**
Long-term receivables			
Wherein: THB	418,003	0.1870	78,173
USD	51,796	6.6501	344,450
BRL	5,243,591	2.0825	10,919,522
other			558,331
Total			**11,900,476**
Current portion of non-current liabilities			
Wherein: THB	891,003	0.1870	166,631
USD	164,454	6.6501	1,093,641
Total			**1,260,272**

(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

48. Hedging

√ Applicable Not applicable

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 June 2016, the change in fair value on these derivatives has a negative impact of RMB 2,565,197 (June 2015: gains of RMB 2,485,528) recorded in other comprehensive income as cash flow hedge accounting.

From January to June 2016, the change in fair value on these derivatives has a positive impact of RMB 7,482,554 (June 2015: gains of RMB 57,448,659) charged to the income statement as fair value hedge accounting, cash flow hedge ineffectiveness or non-hedge.

49. Other

None

VIII. Change of Consolidation Scope

1. Business combination not under common control

Applicable √Not applicable

2. Business combination under common control

Applicable √Not applicable

3. Reverse acquisitions

Applicable √Not applicable

4. Disposal of subsidiary companies

Whether the circumstance exists that single disposal of subsidiary company induces the loss of control right
Applicable √Not applicable

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

5. Change of consolidation scope for other reasons

Applicable √Not applicable

If applicable, description about the change of consolidation scope induced by other reasons (such as establishment of new subsidiary company, and liquidation of subsidiary company, etc.) and related situations.

6. Others

None

IX. Rights and Interests in Other Subjects

1. Rights and interests in subsidiaries

√ Applicable Not applicable

(1) Composition of enterprise group

Name of subsidiary companies	Main business place	Registered place	Business nature	Shareholding proportion (%)		Acquisition method
				Direct	Indirect	
Bluestar Adisseo Nutrition Group Limited	Hong Kong	Hong Kong	Investment holding	85.00%		Business combination under common control
Drakkar Group S.A.	Belgium	Belgium	Investment holding		84.99%	Business combination under common control
G4 S.A.S	France	France	Investment holding		85%	Business combination under common control
Adisseo Développement S.A.S	France	France	Investment holding		85%	Business combination under common control
Adisseo France S.A.S	France	France	Production and sales of chemical products		85%	Business combination under common control
Rafferty 3 SARL	Luxembourg	Luxembourg	Investment holding		85%	Business combination under common control
G.I.E.Casper	France	France	Production and sales of chemical products		68%	Business combination under common control
Adisseo Eurasie Sarl	Russia	Russia	Production and sales of chemical products		85%	Business combination under common control
Adisseo Life Science (Shanghai) Co., Ltd	China	China	Production and sales of chemical products		85%	Business combination under common control
Adisseo Canada Inc.	Canada	Canada	Production and sales of chemical products		85%	Business combination under common control
Adisseo Ireland Limited	Ireland	Ireland	Production and sales of chemical products		85%	Business combination under common control
Adisseo de Mexico S.A. de C.V.	Mexico	Mexico	Production and sales of chemical products		85%	Business combination under common control
Adisseo USA Inc.	USA	USA	Production and sales of chemical products		85%	Business combination under common control
Adisseo Manufacturing Inc.	USA	USA	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	
Adisseo Asia Pacific Pte. Ltd	Singapore	Singapore	Production and sales of chemical products		85%	Business combination under common control
Adisseo Holding (Thailand) Co., Ltd (i)	Thailand	Thailand	Production and sales of chemical products		41,57(i)	Business combination under common control
Adisseo Trading (Thailand) Co., Ltd	Thailand	Thailand	Production and sales of chemical products		84.99%	Business combination under common control
Adisseo GMBH	Germany	Germany	Production and sales of chemical products		85%	Business combination under common control
Adisseo Espana S.A.	Spain	Spain	Production and sales of chemical products		85%	Business combination under common control
Adisseo Brasil Nutriçao Animal Ltda	Brazil	Brazil	Production and sales of chemical products		85%	Business combination under common control
Innov'ia S.A.	France	France	Powder designer for chemical industry		84.94%	Business combination under common control
INNOCAPS	France	France	Powder designer for chemical industry		85%	Business combination under common control
IDCAPS	France	France	Powder designer for chemical industry		85%	Business combination under common control
Innov'ia 3I S.A.	France	France	Powder designer for chemical industry		85%	Business combination under common control
Innov'ia USA Inc.	USA	USA	Powder designer for chemical industry		85%	Business combination under common control
Bluestar Adisseo Nanjing Co., Ltd	China	China	Production and sales of chemical products		85%	Business combination under common control
Adisseo Philippines Inc.	Philippines	Philippines	Production and sales of chemical products		85%	Business combination under common control
Aidsseo Animal Nutrition Pte Ltd	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 41,57% 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.

(2) Important non-wholly owned subsidiaries

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 period
Bluestar Adisseo Nutrition Group Limited	15%	250,525,591	263,707,269	3,807,567,877

(3) Main financial information of important non-wholly owned subsidiaries

Unit: Yuan Currency: RMB

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Bluestar Adisseo Nutrition Group Limited	7,052,178,387	9,676,391,380	16,728,569,767	1,869,379,346	1,738,451,465	3,607,830,811	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	Amount incurred during the current period				Amount incurred during the last period			
	Operating revenue	Net profit	Total amount of comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total amount of comprehensive income	Cash flow from operating activities
Bluestar Adisseo Nutrition Group Limited	5,434,956,134	1,335,780,317	340,368,040	1,547,051,827	5,979,069,321	1,548,467,983	(481,935,889)	2,055,683,928

2. Transactions inducing the change of the shares of owners' equity in subsidiary companies, but remaining the control on subsidiary companies

Applicable √Not applicable

3. Rights and interests in Associates and joint ventures

Applicable √Not applicable

4. Important joint operation

Applicable √Not applicable

5. Rights and interests in the structuralized subjects not taken into the scope of consolidated financial statements

Applicable √Not applicable

6. Others

None

X. Risks Related to Financial Instruments

√ Applicable Not applicable

The Group's activities expose it to a variety of financial risks as follows:
- currency risk
- interest rate risk
- credit risk
- liquidity risk

The Group's risk management objectives are to achieve proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance. Based on these risk management objectives, the Group's basic risk management strategy is to identify and to analyze the industry's exposure to various risks, 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's finance department at its headquarters continuously monitors foreign exchange risk of the Group and combine with the use of derivative financial instruments.

Assets and liabilities denominated in foreign currencies are summarized in Note VII (48).

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:

	Increase of the euro by 10%		Decrease of the euro by 10%	
	Impact P&L	Impact OCI	Impact P&L	Impact OCI
USD	(329,179,051)	40,193,785	392,987,325	(46,381,138)
Other currencies				
- Hedged	644,296	1,696,394	(1,044,512)	©
- Non hedged	(507,704)	0	620,527	0

(2) Interest rate risk

The Group's exposure to the interest rate risk is primarily arising from net indebtedness including long-term interest-bearing debt and cash position.

The Group's finance department at its headquarters continuously monitors the interest rate position of the Group.

As at 30 June 2016 and 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).

Bank deposits of the Group are mainly put in large or medium-sized listed banks with high credit standard. Therefore, the Group believes they suffer no significant credit risks or cause any significant losses as a result of contract breach of the counterparts.

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. 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	79,080				79,080
Accounts payable	962,276,602	3,812,061			966,088,663
Derivative financial instruments-liabilities	17,080,500				17,080,500
Interest payables	1,368,431				1,368,431
Other payables	214,211,791	4,046,966			218,258,757
Long-term borrowings		1,979,890	6,195,000	6,785,000	14,959,890
Long-term payables		1,994,836	3,920,158	6,218,910	12,133,904
Current portion of long-term payables	1,715,381				1,715,381
Current portion of long-term borrowings	2,891,000				2,891,000
Total	**1,199,622,785**	**11,833,753**	**10,115,158**	**13,003,910**	**1,234,575,606**

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	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	Opening 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		2,015,036	2,114,370	11,405,734	15,535,140
Long-term payables		1,660,515	4,303,358	6,210,017	12,173,890
Current portion of long-term borrowings	1,658,290				1,658,290
Current portion of long-term payables	2,873,556				2,873,556
Total	**1,243,688,656**	**3,989,551**	**8,051,728**	**17,615,751**	**1,273,345,686**

XI. Disclosure of Fair Value

√ Applicable Not applicable

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 30 June 2016, 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
I. Continuous fair value measurement				
(I) Financial assets measured with fair value and having the change of fair value recorded in the gain or loss of current period				
Derivative financial assets		11,269,000		11,269,000
Total amount of assets measured with fair value continuously		**11,269,000**		**11,269,000**
(II) Financial liabilities specified to measure with fair value and have the change of fair value recorded in the gain or loss of current period				
Derivative financial liabilities		17,080,500		17,080,500
Total amount of liabilities measured with fair value continuously		**17,080,500**		**17,080,500**
Net assets		**(5,811,500)**	**0**	**(5,811,500)**

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
I. Continuous fair value measurement				
(I) Financial assets measured with fair value and having the change of fair value recorded in the gain or loss of current period				
Derivative financial assets		9,479,187		9,479,187
Total amount of assets measured with fair value continuously		**9,479,187**		**9,479,187**
(II) Financial liabilities specified to measure with fair value and have the change of fair value recorded in the gain or loss of current period				
Derivative financial liabilities		19,717,561		19,717,561
Total amount of liabilities measured with fair value continuously		**19,717,561**		**19,717,561**
Net assets	**0**	**(10,238,374)**	**0**	**(10,238,374)**

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 period.

4. The change of appraisal technology in the current period and the reasons for change

During current period, 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 VIII (1).

3. Other related parties of the Company

√ Applicable Not applicable

Name of other related parties	Relationship of other related parties with the enterprise
Beijing Chemical Machinery Co., Ltd	Controlled by the same parent company
Bluestar Organic Silicon Investment Co., Ltd	Controlled by the same parent company
Bluestar Silicones France SAS	Controlled by the same parent company
Bluestar Silicon Investment Co., Ltd	Controlled by the same parent company
China Bluestar Harbin Petrochemical Co., Ltd	Controlled by the same parent company
China National BlueStar (Group) Co. Ltd	Controlled by the same parent company
Gansu Bluestar Cleaning Technology Co., Ltd	Controlled by the same parent company
Hangzhou Development Centre of Water Treatment Technology	Controlled by the same parent company

Name of other related parties	Relationship of other related parties with the enterprise
Lianyungang Lianyu Construction Supervision Co., Ltd	Controlled by the same parent company
Wuxi Bluestar Petrochemical Co., Ltd	Controlled by the same parent company
Shanghai Bluestar Cleaning Co., Ltd	Controlled by the same parent company
Anhui Yuhe Agricultural Production Material Co., Ltd	Controlled by the same ultimate controlling shareholder
Dezhou Shihua 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
Qinyang Changhuai Electric Power Co., Ltd	Controlled by the same ultimate controlling shareholder
Jinan Yuxing Chemical Co., Ltd	Joint venture of same ultimate controlling shareholder
Bluestar Nanjing Chemical New Materials Co., Ltd	Joint venture of same ultimate controlling shareholder

4. Related party transactions

√ Applicable Not applicable

(1) Related party transactions of purchasing and sale of goods, rendering and receiving of labor services

The transactions and balances for the period ended 30 June 2015 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
Hangzhou Development Centre of Water Treatment Technology	Purchase of goods	97,000	
Bluestar Nanjing Chemical New Materials Co., Ltd	Purchase of goods	17,428,000	29,032,897
Gansu Bluestar Cleaning Technology Co., Ltd	Purchase of goods		201,073,186
Anhui Yuhe Agricultural Production Material Co., Ltd	Purchase of goods		51,186,829
Wuxi Bluestar Petrochemical Co., Ltd	Purchase of goods		6,980,000
China Bluestar Harbin Petrochemical Co., Ltd	Purchase of goods		35,711,460
Bluestar Organic Silicon Investment Co., Ltd	Purchase of goods		12,255,710
Gansu Bluestar Cleaning Technology Co., Ltd	Purchase of services	3,551,000	4,316,992
Bluestar Silicones France SAS	Purchase of services	291,636	
Lianyungang Lianyu Construction Supervision Co., Ltd	Purchase of services	1,174,000	

Related parties	Contents of Related party transactions	Amount incurred of current period	Amount incurred of last period
Others	Purchase of goods/Purchase of services		53,286,908

Sale of commodities/ rendering of labor services

Unit: Yuan Currency: RMB

Related party	Contents of related party transactions	Amount incurred of current period	Amount incurred of last period
Jinan Yuxing Chemical Co., Ltd	Sales of goods		42,882,013
Wuxi Bluestar Petrochemical Co., Ltd	Sales of goods		5,079,631
Dezhou Shihua Chemical Co., Ltd	Sales of goods		56,275,459
Jiangsu Anpon Electrochemical Co., Ltd	Sales of goods		43,698,318
Jiangsu Huaihe Chemical Co., Ltd	Sales of goods		10,197,020
Beijing Chemical Machinery Co., Ltd	Sales of goods		21,444,199
Qinyang Changhuai Electric Power Co., Ltd	Sales of goods		37,866,629
China Bluestar Harbin Petrochemical Co., Ltd	Sales of goods		23,577,574
Bluestar Organic Silicon Investment Co., Ltd	Sales of goods		52,348,103
Bluestar Silicones France SAS	Sales of goods	4,804,703	
Others	Sales of goods		35,361,335

(2) Trust / contracting with related parties

Applicable √ Not applicable

(3) Leases with related parties

Applicable √ Not applicable

(4) Guarantees with related parties

Applicable √ Not applicable

(5) Borrowings/loans with related parties

Applicable √ Not applicable

(6) Assets transfer/debt restructuring with related parties

Applicable √ Not applicable

(7) Compensation for key management personnel

√ Applicable Not applicable

Unit: Yuan Currency: RMB

	Current period	Last period
Remuneration of key management	12,418,009	21,730,510

(8) Other related party transactions

Applicable √ Not applicable

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	7,227,500		7,825,005	
Accounts receivable	Bluestar Silicones France SAS	1,135,750		1,871,884	
Other Receivable	China National Bluestar (Group) Co., Ltd	405,625		390,236	
Other Receivable	Bluestar Nanjing Chemical New Materials Co., Ltd			919,000	
Advances to suppliers	Bluestar Nanjing Chemical New Materials Co., Ltd			6,939,000	

(2) Accounts payable

Unit: Yuan Currency: RMB

Items	Related parties	Closing book value	Opening book value
Other payables	China National Bluestar (Group) Co., Ltd	4,097,000	4,103,680
Other payables	Bluestar Silicon Investment Co., Ltd	10,771,257	10,771,257
Other payables	Lianyungang Lianyu Construction Supervision Co., Ltd	193,000	75,000
Other payables	Bluestar Shanghai Cleaning Technology Co., Ltd.	580,000	
Other payables	Gansu Bluestar Cleaning Technology Co., Ltd	971,000	455,000

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	15,038,970	15,625,834
Less : Cash at bank and on hand	5,658,722,089	4,941,121,304
Net Debt	(5,643,683,119)	(4,925,495,470)
Total owners' equity	15,168,150,956	14,181,912,020
Total Capital	9,524,467,837	9,256,416,550
Gearing ratio	**N/A**	**N/A**

XIV. Commitments and Contingencies

1. Important commitments

√ Applicable Not applicable

(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	294,078,875	42,493,153
Total	**294,078,875**	**42,493,153**

(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	49,741,282	36,195,052
Between 1 and 2 years	35,662,363	34,030,038
Between 2 and 3 years	22,299,212	25,623,698
Over 3 years	14,768,895	20,485,509
Total	**122,471,752**	**116,334,297**

2. Contingencies

Applicable √ Not applicable

6. Other

None

XV. Matters after the Date of Balance Sheet

1. Important non-adjustment matters

Applicable √ Not applicable

2. Profit distribution

Applicable √ Not applicable

3. Sales return

Applicable √ Not applicable

4. Others

None

XVI. Other Important Matters

1. Corrections of prior period errors

Applicable √ Not applicable

2. Debt restructuring

Applicable √ Not applicable

3. Assets restructuring

Applicable √ Not applicable

4. Annuity plan

Applicable √ Not applicable

5. Discontinued operation

Applicable √ Not applicable

6. Segment information

√ Applicable Not applicable

(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 reportable segments

Unit: Yuan Currency: RMB

Item	Health and nutrition	Others	Inter-segment eliminations	Total
Revenue from external customers	5,434,956,134			5,434,956,134
Revenue from transactions with other segments				
Operating cost	2,641,998,871			2,641,998,871
Impairment for the period	(27,977,697)			(27,977,697)
Interest income	17,408,790			17,408,790
Interest expense	5,078,389			5,078,389
Investment income from associates and joint ventures				
Depreciation, amortization	409,151,816			407,288,125

Item	Health and nutrition	Others	Inter-segment eliminations	Total
Profit before income tax	2,005,935,596			2,005,935,596
Income tax expense or benefit	653,870,304			653,870,304
Net profit	1,352,065,292			1,352,065,292
Other items:				
Non-cash expenses other than depreciation and amortization	50,823,855			50,823,855
Investment in associates and joint ventures				
Total assets	18,908,348,767			18,908,348,767
Total liabilities	3,740,197,811			3,740,197,811

(3) Explanation of the Group without reportable segment or can not disclose the total assets or total liabilities of reportable segment

None

(4) Other explanation

Operating revenue from external customers by geographical location

Unit: Yuan Currency: RMB

Country or region	Amount recognized in the current period	Amount recognized in the prior period
Europe / Africa/MO	1,741,155,562	1,802,216,645
North & Central America	1,033,478,850	1,049,609,469
Asia / Pacific(excluded China)	817,095,206	1,065,462,735
South America	939,833,921	1,010,072,149
China	734,978,769	920,613,238
Others	168,413,826	131,095,085
Subtotal of Health and Nutrition	**5,434,956,134**	**5,979,069,321**
Mainland China	0	2,553,253,188
Others	0	417,505,588
Subtotal of Others	**0**	**2,970,758,776**
Total	**5,434,956,134**	**8,949,828,097**

Specified non-current assets by geographical location

Unit: Yuan Currency: RMB

Country or region	Closing balance	Opening balance
Europe / Africa/MO	3,033,380,073	3,025,752,739
North & Central America	1,800,490,558	1,677,779,941
Asia / Pacific(excluded China)	1,423,514,572	1,594,162,157
South America	1,637,345,651	1,621,966,109
China	1,280,454,200	1,304,422,712
Others	293,404,654	247,291,671
Total	**9,468,589,708**	**9,471,375,329**

7. Other important transactions and matters have impact on decision of investors

None

8. Others

None

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						-	-	-	-	-
Accounts receivable with bad debt reserve withdrawn according to credit risk characteristic combination						-	-	-	-	-
Accounts receivable with insignificant single amount, but having bad debt reserve withdrawn separately						-	-	-	-	-
Total						-	-	-	-	-

Accounts receivable with significant single amount and with bad debt reserve withdrawn separately at the end of period:
☐Applicable √Not applicable

Accounts receivable with bad debt reserve withdrawn by adopting aging analysis method in the combination:
☐Applicable √Not applicable

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:
None

(2). Bad debt reserve accrued, withdrawn or transferred back in current period

The amount of bad debt reserve accrued in current period was RMB [ ]; the amount of bad debt reserve withdrawn or transferred back in current period was RMB [ ].

Significant account receivables withdrawn or transferred back
☐Applicable √Not applicable

(3). Accounts receivable actually cancelled after verification in the current period

☐Applicable √Not applicable

Important accounts receivable cancelled after verification
☐Applicable √Not applicable

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						-	-	-	-	-
Other receivables with bad debt reserve withdrawn according to credit risk characteristic combination						-	-	-	-	-
Other receivables with insignificant single amount, but having bad debt reserve withdrawn separately						-	-	-	-	-
Total						-	-	-	-	-

Other receivables with significant single amount and with bad debt reserve withdrawn separately at the end of period:
☐Applicable √Not applicable

Other receivables with bad debt reserve withdrawn by adopting account age analysis method in the combination:
☐Applicable √Not applicable

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:
None

(2) Bad debt reserve withdrawn, recovered or transferred back in the current period

The amount of bad debt reserve accrued in current period was RMB [ ]; the amount of bad debt reserve withdrawn or transferred back in current period was RMB [ ].

Significant other receivables withdrawn or transferred back
☐Applicable √ Not applicable

(3) Other receivables actually cancelled after verification in current period

☐Applicable √Not applicable

Significant other receivables cancelled after verification:
☐Applicable √ Not applicable

(4) Other receivables classified by nature

☐Applicable √Not applicable

(5) Five largest other receivables by debtor at the end of the period

☐Applicable √Not applicable

(6) Other receivables related to government grant at the end of the period

☐Applicable √Not applicable

3. Long-term equity investments

√Applicable □Not applicable

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	7,492,295,416		7,492,295,416
Investments in joint ventures and associates						
Total	7,492,295,416		7,492,295,416	7,492,295,416		7,492,295,416

(1). Investments in subsidiary companies

√Applicable □Not applicable

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		
Total	7,492,295,416			7,492,295,416		

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
Other businesses	-	-	132,241,756	128,582,324
Total	-	-	865,091,432	974,642,857

5. Gain on investments

√Applicable ☐Not applicable

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		-
Gain on long-term equity investments subject to accounting with cost method	1,158,743,800	
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		
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		-

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 current period	Description (if applicable)
Net profit or loss on disposal of non-current assets	(1,158,600)	
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	6,691,439	
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 from the beginning of the period up to the business combination date recognized as a result of business combination of enterprises under common control		
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		
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		
Custodian fees earned from entrusted operation		
Other non-operating income or expenses other than the above	(961,139)	
Other profit or loss that meets the definition of non-recurring profit or loss		
Impact of income tax	(1,490,375)	
Effects attributable to minority interests (after tax)	(462,199)	
Total	**2,619,126**	

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	10.07	0.41	0.41
Net profit attributable to the Company's common shareholders after deduction of non-recurring gain or loss	10.04	0.41	0.41

3. Differences between amounts prepared under foreign accounting standards and China Accounting Standards

Applicable √ Not applicable

Section 11 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 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: Jean-Marc Dublanc

Approved by the Board for submission on: [ ]