Stock Code: 600299 Stock Name: Adisseo No: 2018-023

Bluestar Adisseo Company

Announcement of Main operating data for Half-year 2018

The Board of Directors of Bluestar Adisseo Company as well as all the directors hereby confirm that this announcement is true, accurate and complete, and no false statement, misleading statements or important omissions carried in this report, and that they shall take all responsibilities jointly and individually for such content.

In accordance with SSE industrial information disclosure guidance No. 18-Chemical Industry, the notice of HY report disclosure, here present the 2018 half-year operating data:

1. Production volume, sales volume and earned income of the principal products

Main operation analysis by industry, by product

Unit: Yuan Currency: RMB

Main operations by industry							
By industry	Operating revenue	Cost of sales	Gross profit	Gross profit ratio (%)	Increase/ de-crease in operating revenue on the same period of last year (%)	Increase/ decrease in operating cost on the same period of last year (%)	Variation in GP ratio on the same period of last year
Health and Nutrition	5,749,988,088	3,744,717,664	2,005,270,424	35%	17%	21%	-2%

Unit: Yuan Currency: RMB

Main operations by product							
By product	Operating revenue	Cost of sales	Gross profit	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 (%)	Variation in GP ratio on the same period of last year
Performance products	4,328,945,279	3,014,458,198	1,314,487,081	30%	13%	17%	-3%
Specialty products	1,105,749,525	554,448,763	551,300,762	50%	33%	50%	-6%
Other products	315,293,284	175,810,703	139,482,581	44%	24%	16%	4%
Total	**5,749,988,088**	**3,744,717,664**	**2,005,270,424**	**35%**	**17%**	**21%**	**-2%**

Analysis of the factors impacting the income from sale of products

In comparison with 2017 H1	Change in Volume	Change in sales price	Change in scope	Exchange rate impact
Performance products	208,320,093	351,765,694		-74,918,144
Specialty products	6,159,793	-38,408,295	328,222,916	-24,502,995

Performance products

Operating revenue from Performance products increased by 13% thanks to the impact of double-digit volume growth in liquid methionine and exceptional high price on Vitamins arising from the supply shortage on the market.

Facing with deteriorated macro-environment, such as increased raw material cost, the gross margin level reduced to 30% (-3ppt) for performance products.

Regarding the methionine business, Adisseo confirmed its leadership especially in liquid methionine which recorded above-market double-digit volume growth although facing more and more fierce competition. The leading position will be further strengthened with the commercialization of Rhodimet A-Dry+, and the completion of capacity expansion on the European platform in 2018. The construction of the 180KT liquid methionine plant in Nanjing has been progressed on schedule. The investment agreement has been signed between Adisseo and the local authority in June 2018. Upon completion, the new plant will enable Adisseo to satisfy ever-increasing customer needs and their growth as well as to improve Adisseo cost efficiency.

In the first half of 2018, the selling price of vitamins is still at high level, which contributed significantly to the interim results. With the relaunching of BASF plants, the vitamins market is coming back to normal. Adisseo is implementing a new strategic long term cooperation agreement in the production of Vitamin A.

Specialty products

Operating revenue in Specialty products achieved significant growth of 33% compared with HY

2017 thanks to the fast growth of new product range as well as portfolio expansion including Nutriad integration Innovation & portfolio expansion will be the source for the growth of specialty business. The gross profit margin contribution of this business segment achieved 27% in total. Business portfolio is becoming more balanced with the continued growth momentum in new products including the promising launch of RumenSmart with the application of A-dry+ technology. During the period under review, Selisseo® recorded a significant sales volume growth of 40%. With the completion of registration in all main markets, Alterion® achieved above-expectation growth at the speed of more-than-doubled increase level.

Profit level of specialty business is impacted by ruminant business exposed to milk crisis in US market as well as less profitable Nutriad business, which is going to pick up along with the full realization of the synergies into the business.

2. Price variation of the principal products and raw materials

Pricing strategy and price variation of principal product

Our global pricing policy is implemented at three levels: global, regional and national. Our global pricing strategy is established by our global business directors. The responsibility of the regional business managers is to adapt this global pricing strategy according to the specific market and competitive environment of the countries under their responsibility.

Regular reviews facilitate Adisseo ability to secure contracts with key customers at the right price and to seize profit-maximizing opportunities. A substantial number of our contracts across all our business lines are concluded on a quarterly basis with fixed pricing for such period.

Global market demand for methionine is rather strong, continuing to grow at a pace of 5-6% per year but margins remain under pressure due to demand and supply dynamics and raw material condition.

Basic information of principal raw material

Raw material	Purchasing pattern	Market value of raw material	Prices Fluctuation vs HY 2017
Propylene 95%	Long-term contract	467,738,734	22%
Methanol	Long-term contract	111,515,958	4%
Sulphur	Long-term contract	85,510,215	24%

3. Other events that have significant impact over the company's production and operation

None.

(This is an English translation. If there is any conflict between the Chinese version and its English translation, the Chinese version will prevail.)

Bluestar Adisseo Company
July 25th, 2018