Company Code: 600299 Company Abbreviation: Adisseo

Bluestar Adisseo Company
2018 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 annual report is authentic, accurate and complete, and contains no false statement, misleading presentation or material omissions, and they assume individual and several & joint legal liabilities for the half-year report.

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

III. The half-year financial report has 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 Company did not have profit distribution plan or the plan to use the statutory reserve to perform a capital increase in the reporting period.

VI. Statement on the risks of forward-looking information

√ Applicable ☐ Not applicable

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

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

No.

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

No.

IX. Risk factors

√ Applicable ☐ Not applicable

During the reporting period, no material risks have been identified that will have a substantial impact on the operations of the Company. The Company has disclosed the relevant kinds of business and production risks as well as their corresponding solutions. For more information, please refer to Section 4, Discussion and Analysis of the Operation, part II.2 “Risks factors”.

X. Other information

√ Applicable ☐ Not applicable

Chinese version of this report

This is an English translation of the 2018 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	Indicate	Bluestar Adisseo Company
BNCM	Indicates	Bluestar New Chemical Material Co., Ltd
Group, the Group, or Adisseo	Indicate	Bluestar Adisseo Company and its subsidiaries
ChemChina	Indicates	China National Chemical Corporation
China Bluestar	Indicates	China National Bluestar (Group) Co., Ltd.
BANG	Indicates	Bluestar Adisseo Nutrition Group Ltd
Board of Directors	Indicates	The Board of Directors of Bluestar Adisseo Company
Board of Supervisors	Indicates	The Board of Supervisors of Bluestar Adisseo Company
General Shareholders' Meeting	Indicates	The Shareholders' General Meeting of Bluestar Adisseo Company
CSRC	Indicates	China Securities Regulatory Commission
SSE	Indicates	Shanghai Stock Exchange
Yuan, 10 thousand Yuan, 100 million Yuan	Indicate	RMB Yuan, RMB ten thousand Yuan, RMB one hundred million Yuan
Reporting period	Indicates	Jan 1, 2018 ~ Jun. 30, 2018
The transaction	Indicates	In 2015, 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.
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	Indicate	One of the naturally occurring, sulfur-containing essential amino acid, which cannot be synthetized by animals and need to be added to the feed. Methionine product refers to those contain methionine itself or chemicals that can be bio-transformed to methionine in animals.
Liquid methionine ("HMTBA")	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.

Interpretations of the terms in common use		
Ammonium sulfate	Indicates	A colorless crystalline salt, which is a by-product during the liquid methionine production process, and mainly be used as a fertilizer.
Sodium sulfate	Indicates	A white crystalline compound, which is a by-product during the powder 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.
Ruminants	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.
Performance products*	Indicate	The following products: methionine, methionine hydroxyl analogue, vitamins, ammonium sulfate and sodium sulfate.
Specialty products	Indicate	The following products: enzymes preparation, rumen-protected methionine, organic selenium additives and probiotics additives.
Other products	Indicates	The following products: carbon disulfide, sulfuric acid and services of processing powder.
KT	Indicates	Kilo ton

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

Section 2 Company Profile and Financial highlights

I. Company profile

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

II. Contact Person and Contact Methods

	Secretary to the Board of Directors
Name	Mrs. Liang Qinan
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

On January 19, 2018, Mr. Wang Peng resigned from his job position due to his job change. The related announcement has been made to the market accordingly. In March 2018, Mrs. Liang Qinan has been appointed as the new company secretary by the Board of Directors.

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	Nil

V. Brief Information on the Company's Shares

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

VI. Other Related Information

None.

VII. Main financial data and financial ratios

1. Main financial data

Unit: Yuan Currency: RMB

Main accounting data	**1/1/2018-30/6/2018**	**1/1/2017-30/6/2017**	**Changes in comparison with the same period of last year (%)**
Operating revenue	5,749,988,088	4,932,120,233	17%
Net profit attributable to the shareholders of the Company	489,211,568	577,370,721	-15%
Net profit attributable to the shareholders of the Company after deduction of non-recurring profit or losses	482,454,350	573,063,037	-16%
Net cash flow arising from operating activities	364,737,893	1,207,291,875	-70%
	30/6/2018	**31/12/2017**	**Changes in comparison with the end of last year (%)**
Net assets attributable to the shareholders of the Company	13,016,652,869	13,164,279,736	-1%
Total assets	20,295,408,804	21,329,082,225	-5%

2. Main financial ratios

Main financial ratios	**1/1/2018-30/6/2018**	**1/1/2017-30/6/2017**	Change of the present period over the same period of last year
Basic earnings per share (Yuan/ share)	0.18	0.22	-18%
Diluted earnings per share (Yuan/ share)	0.18	0.22	-18%
Basic earnings per share after deduction of non-recurring profit or loss (Yuan/ share)	0.18	0.21	-14%

Main financial ratios	**1/1/2018-30/6/2018**	**1/1/2017-30/6/2017**	Change of the present period over the same period of last year
Weighted average return on net asset (%)	3.75	4.63	(0.88)
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	3.68	4.59	(0.91)

Explanations of main financial data and financial ratios:

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

IX. 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 2018 to June 30 2018**	**Description (if applicable)**
Net profit or loss on disposal of non-current assets	(2,120,244)	Scrapping of obsolete equipment
Gain on disposal of subsidiary companies and business investments		
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	13,485,557	Mainly grants for land use right and industrial structure adjustment in Nanjing plant
Liabilities waived		
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		
Other non-operating income or expenses other than the above	(168,632)	Miscellaneous expenses
Other profit or loss that meets the definition of non-recurring profit or loss		
Impacts attributable to minority interests (after tax)	(1,192,450)	
Impact of income tax	(3,247,013)	
Total	**6,757,218**	

X. Others

☐ Applicable √ Not applicable

Section 3 Basic Overview of the Company

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

The primary businesses of the Group are as follows: research, development, production and sale of feed additives for animal nutrition.

Adisseo is a global leader in nutrition and health feed solutions including research and development, production and sales with over 75 years' experience. Adisseo supplies three types of products: Performance products (including methionine, vitamins, ammonium sulfate and sodium sulfate), Specialty products (including enzymes, rumen-protected methionine, organic selenium and probiotics additives) and Other products (including carbon disulfide, sulfuric acid and services of processing powder). By relying on its rich product mix, expansive sales, distribution platforms and strong technical support team, the Company provides innovative feed additives solutions to around 3,500 customers located in over 130 countries globally.

The Group owes its success to a strategy in which innovation is the driving force. As such, Adisseo has around 200 people dedicated to research, in a commitment to continuously bringing new, ever more effective products to market. The Company has actively implemented its "two-business-pillar" strategy in recent years, i.e. continuous consolidating its leadership in methionine industry, while at the same time accelerating its development in Specialty business.

Adisseo's mission is to provide the world with healthy, sustainable, affordable, high quality food without compromising the principles of sustainability.

By 2050, the world's population will have risen to more than nine billion. Providing food and nutrition security is becoming more complex with respect to the long-term environmental sustainability. The combination of natural resources scarcity, climate change and population growth further aggravate this complexity.
The feed-food chain face a dual challenge: producing larger quantities of high quality and affordable meat, milk, and eggs in response to an increasing global demand, while doing so through production systems that are environmentally sound, socially responsible and economically viable. Today it is acknowledged that Animal nutrition plays an important role to improve end-product quality and safety, increase livestock production efficiency, reduce/minimize its environmental impact, and keep animal healthy and feeling well.

From this perspective, Adisseo contribute effectively in developing and providing innovative products and services to the feed and food industry contributing to the sustainable growth of the planet. Especially, Adisseo currently provides animal nutrition additives for essential nourishment and digestibility improvement, stabilization of gut flora, helping specifically animal health by strengthening the animals' intestinal tract and therefore increase their resistance to harmful micro-organisms. As such, we contribute to the prudent use of antibiotics, reducing the risk of Antimicrobial resistance (AMR).

As well Adisseo feed ingredients contribute to support sustainable production and environmental protection by the reduction of effluent (e.g. methane, nitrogen, and phosphorus), the increase of resource efficiency and the balance of animal productivity and welfare.

Adisseo is a global leader in its main product lines:

- Adisseo is a world leader in methionine market and the world's second largest producer of methionine in 2017 by market share. Adisseo is one of the few global methionine producers capable of producing methionine in both powder and liquid forms. Adisseo is also one actor with a complete offer of methionine products;
- Adisseo is the world-leading producer of rumen-protected methionine;
- Adisseo is a world-leading and the most recognized supplier of Non-Starch Polysaccharide enzymes;

- Adisseo is uniquely positioned in the vitamin business in the feed industry, who endeavors to provide a packaged offer of vitamin solutions with high quality and complete traceability of the products.

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 includes methionine, vitamins and specialties to satisfy the customers' demand for multiple products, and consistently provides high-quality products and after-sales service in all product lines.

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.

Adisseo is present worldwide and operates on all continents with ten manufacture plants and nine R&D centers globally together with sales force organized in five business areas: Europe/Africa/Middle East, North & Central America, South America, Asia Pacific and China.

The global manufacture platforms enable Adisseo manage the majority of its production internally, some vitamins are traded and Adisseo works with industrial partnerships for the production of specialties.

The nine R&D centers represent true engines of its development. In order to ensure sustainable growth, Specialty products will become a second business-pillar and thus Adisseo allocates financial resources on R&D for new products.

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

- Worldwide meat consumption. The animal feed additives market is driven by the worldwide consumption of meat on which the poultry industry is the main one. This market grows sustainably each year due to the growth of the world population, the increase of meat consumption worldwide and to the industrialization of the feed industry;
- Currency exchange rates. Adisseo sells 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, it purchases a significant portion of its raw material in Euro, US dollar and RMB;
- Brent oil. Adisseo uses raw materials that are partly derivatives of Brent oil.

II. Major changes to the main assets of the company

☐ Applicable √ Not applicable

III. Core competitiveness analysis in the reporting period

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**: Adisseo is one of the major player in feed business thanks to its well-known range of products: the Group is world's second largest producer of methionine and a key player for vitamins. Adisseo also developed a leading position in the feed enzymes market and has actively developed rumen-protected methionine. Adisseo is seen as expert company in animal nutrition thanks to its teams and R&D research centers.
- **Having actively implemented its "two-business-pillar" strategy in recent years**: Adisseo continues to consolidate its leadership in methionine industry ("first-business-pillar"), while at the same time accelerates its development in Specialty business (”second-business-pillar"). Adisseo has the ambition to become one of the worldwide leader of specialty additives in animal nutrition thanks

to the development of its existing product range, the launch of new products and external acquisitions (notably acquisition of Nutriad in February 2018).

- **Having a global production and sales network**: Adisseo's supply chain systems are based on the distribution of its regional customers in over 130 countries;
- **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, Adisseo's strategy is to launch one new product every year. Hence, Selisseo®, a specialty product based on selenium was launched in 2014, Rovabio Advance®, a new Non-Starch Polysaccharide enzyme, in 2015 and Alterion®, a new probiotic, in 2016. In 2017, Adisseo developed Rhodimet® A-Dry+, a new powder methionine, the commercialization is ready to be started in US market. In line with the strategic roadmap, the Innov'L@b (created during 2017) seeks, selects and develops innovative solutions based on the needs, developments and challenges of Adisseo's customers, markets and internal partners. As part of the Innov'L@b tools, the AVF fund, managed by Seventure, was launched. The objective of that fund is to invest in early stage start-up and is dedicated to the feed industry. The Group owns more than 500 patents (including patent applications);
- **Having scientific and reasonable cost control measures implemented in a continuous improvement way**: Thanks to its vertically integrated upstream and downstream production processes as well as on-going perfection, Adisseo is able to monitor the product quality at each production step, and appropriately lower the production costs and become even more and 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. Adisseo's management team has focused on effectively integrating and allocating Adisseo's global business and resources. Additionally, at Adisseo, the commitment of its people is a key performance indicator alongside safety and financial results. Adisseo has built employee development and incentive programs, which provides internal drive for sustainable growth.

Section 4 Discussion and Analysis of the Operation

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

Adisseo's businesses focus on research, development, production and sale of feed additives for animal nutrition. Its main products are classified within 3 categories of products: Performance products, Specialty products and Other Products for other animal feed additives.

Its performance, financial position and future are affected by the global macro economy. Although the global macro economy has demonstrated signs of slow recovery, significant disparity exists among the recovery process for each competitor. Trade imbalances and exchange rate fluctuations also increase the uncertainty of such recovery. Thanks to the fact that Adisseo is a key important player in the food value chain, Adisseo has high resilience in facing with those uncertainties, which can be proved by the stable profit generation in the past 10 years.

Adisseo faces competition from large and well-known companies with strong financial positions as well as competition from smaller companies in the regional or local markets. Chinese New Comers (CUC / NHU) have started their new units during the years 2016-2017. All Historical players have communicated about new facilities to come during the period 2018-2021 (Sumitomo, Evonik, Novus and Adisseo). CJ is advancing with their objective to diversify towards more competitive raw material sources, as its production process is partially independent from petroleum based raw materials.

Adisseo has taken steps to improve its competitiveness, including tightening cost control, improving production technologies, increasing its production capacity, providing value-added services and enriching product portfolio:

- European platform expansion project: it is increasing about 50 KT the production capacity of the European plants by adding a new complete production line in downstream unit (Burgos) and in upstream unit (Les Roches), and some adjustments in existing intermediate products units. In line with budget and schedule, it is being completed by the end of the year;
- Launch of Rhodimet® A-Dry+: in 2017 Adisseo also finalized the development of this truly innovative product. It is a brand new powder methionine product, based on the liquid methionine ("HMTBA") technology in order to offer the advantages of this molecule to customers whose manufacturing process does not allow the use of liquid form. The commercialization of this innovative product is ready to be started in H2 2018. The new A-Dry+ production unit, about 9 KT capacity consolidates the long-term future of the Burgos plant;
- Approval of the construction of a new platform: to meet the continuously growing demand of customers and thus consolidate its leadership role, the construction project of a new liquid methionine plant with a capacity of 180 KT per year was approved in January 2018 with a commissioning expected for mid-2021. The new facility will be located in the Nanjing Liuhe Chemical Park, adjacent to the existing Adisseo plant in Nanjing. An investment agreement has been signed with local authority by the end of June 2018;
- Specialty products are under active development as a second-business-pillar to enhance animal performance and health. The Company sees great growth potential in Specialty products and actively explores innovative products. Adisseo also acquired Nutriad in February 2018: Nutriad's product range, the species addressed, and its target markets are highly complementary to Adisseo's and will allow to implement integrated solutions to offer even more value to customers.

1. Analysis of main businesses

(1) Analysis of changes in accounts of financial statements

Unit: Yuan Currency: RMB

Items	Amount of current period	Amount in the same period of last year	Change (%)
Operating revenue	5,749,988,088	4,932,120,233	17%
Cost of sales	3,744,717,664	3,086,426,606	21%
Selling and distribution expenses	525,516,980	471,895,384	11%
General and administrative expenses	491,758,277	363,539,550	35%
Financial expenses	20,848,316	9,246,326	125%
Net cash flow from operating activities	364,737,893	1,207,291,875	-70%
Net cash flow from investing activities	(1,677,619,124)	(509,375,412)	-229%
Net cash flow from financing activities	(1,293,438,066)	(755,576,426)	-71%
Research and development expenditure	178,658,653	121,685,278	47%

For the first half of 2018, the Company recorded an operating revenue of RMB 5.75 billion and a gross profit of RMB 2.01 billion, representing a yoy increase of 17% and 9% respectively thanks to the double-digit volume growth in liquid methionine, exceptional contribution from vitamins in a context of market supply shortage and accelerated growth of 34% in sales of specialty products including Nutriad's offerings.

The increase of cost of sales was mainly due to significant higher raw material costs as well as unfavorable FX impact.

The increase of selling expenses was in line with the increase of sales volumes as well as the further expansion of the Specialties business team to support the second-pillar strategy including the scope effect due to Nutriad acquisition.

The increase of financial expenses was mainly due to the decrease in currency exchange result in 2018.

The decrease of net cash flow from operating activities was explained by the lower margins.

The decrease of net cash flow from investing activities was mainly due to the acquisition of Nutriad, the on-going investing projects on both historic European & Nanjing platforms and the launch of the construction of the third platform in Nanjing.

The decrease of net cash flow from financing activities is due to the early redemption of the preferred shares, issued on March 27, 2014 by BANG, for USD 80 million.

The increase of R&D expenditures reflected management decision to invest continuously on innovation, which is the drive of future growth.

(2) Others

a. Details on significant changes of profits structure and sources

None.

b. Others

None.

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

☐ Applicable √ Not applicable

3. Analysis of assets and liabilities

(1) Information of assets and liabilities

Unit: Yuan

Items	As at June 30, 2018		As at December 31 , 2017		% change	Explanation
	Amount	Percentage to total assets (%)	Amount	Percentage to total assets (%)		
Cash at bank and on hand	5,016,686,121	25%	7,659,509,312	36%	-35%	Nutriad acquisition
Derivative financial assets	8,263,620	0%	19,287,286	0%	-57%	Change related to hedging of EUR/USD
Other current assets	559,516,526	3%	371,771,619	2%	51%	Tax prepayment
Long-term receivables	59,508,536	0%	33,774,008	0%	76%	Nutriad acquisition
Construction in progress	1,203,453,762	6%	887,324,323	4%	36%	Increase linked to European and Nanjing platforms expansion and A-Dry+ projects.
Goodwill	1,526,831,628	8%	872,298,201	4%	75%	Nutriad acquisition
Other non-current assets	32,009,340	0%	8,468,000	0%	278%	Miscellaneous prepayments for tangible assets
Derivative financial liabilities	26,290,554	0%	9,495,399	0%	177%	Change related to hedging of EUR/USD
Wages and benefits payable	406,375,717	2%	690,155,511	3%	-41%	Decrease linked to the payment of employee benefits with maturity less than one year at the end of 2017
Taxes payable	333,365,985	2%	221,281,764	1%	51%	Tax provision for the year 2018
Interests payable	5,045,499	0%	8,559,892	0%	-41%	Interests accrued
Dividends payable	0	0%	154,485,540	1%	-100%	Payment on June 13
Current portion of non-current liabilities	59,254,417	0%	85,191,616	0%	-30%	Reversal of provision

(2) Restricted assets at the end of reporting period

☐ Applicable √ Not applicable

(3) Other information

☐ Applicable √ Not applicable

4. Summary of Analysis of overall investments

☐ Applicable √ Not applicable

(1) Significant equity investment acquired in the reporting period

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

(3) Financial Assets measured at fair value

√ Applicable ☐ Not applicable

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

For further detail, please refer to paragraph 49 “Hedging” in Section 10.

5. Sales of Major Assets and Equity

☐ Applicable √ Not applicable

6. Analysis of companies controlled by or invested in the Company

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

Company Name	Registered/Subscribed Capital	Business	Total assets	Net assets	Net profit	Change
Adisseo France S.A.S	EUR 83,417,000	R&D, production and distribution	7,493,580,692	4,338,045,547	388,843,362	*NA*
Bluestar Adisseo Nanjing Co., Ltd	RMB 1,969,000,000	R&D, production and distribution	3,861,247,400	2,888,585,967	53,089,237	*NA*
Adisseo Life Science (Shanghai) Co., Ltd	USD 700,000	Distribution & Sourcing	843,458,682	546,829,499	24,844,271	*NA*
Adisseo USA Inc.	USD 3,139,000	Distribution	349,786,133	263,740,599	-9,701,273	*NA*
Adisseo Brasil Nutriçao Animal Ltda	BRL 1,987,106	Distribution	352,327,034	7,097,399	1,767,946	*NA*

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

Company Name	Adisseo France S.A.S	Bluestar Adisseo Nanjing Co., Ltd
Business	R&D, production and distribution	R&D, production and distribution
Revenue	4,599,991,726	661,135,677

Adisseo France S.A.S is an important subsidiary of Adisseo: the main businesses of this company are R&D, manufacturing as well as 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 liquid methionine produced at Burgos plant (Spain).

Bluestar Adisseo Nanjing Co., Ltd is the second largest entity within the Adisseo Group and deals with producing liquid methionine.

7. Structured entities controlled by the Company

☐ Applicable √ Not applicable

II. Other disclosure items

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. Risk Factors

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

As an international company, Adisseo provides products and services to around 3,500 customers in over 130 countries and regions. Its performance, financial position and future will be affected by the global macro economy. Although the global economy has demonstrated signs of slow recovery, there exists significant disparity among the recovery process for each economic actor. Trade imbalances, exchange rate fluctuation and other issues also increase the uncertainty of such recovery. The fluctuation of the global economy will increase fluctuation in Adisseo business.

(2) Risks related to imbalance of supply and demand

The methionine market is affected by global methionine production capacities, the imbalance between supply and demand, the availability and pricing of raw materials and various factors such as the global macro economy.

(3) Risks related to market competition

Adisseo faces competition from large and well-known companies with strong financial positions as well as competition from smaller companies in regional or local markets as well as new comers. Adisseo has taken steps to improve its competitiveness, including tightening cost control, improving production technologies, providing value-added services, introducing brand-new products and increasing capacities in the Nanjing and European plants.

(4) Risks related to cross-border operations

As a global producer of nutritional feed additives, Adisseo is implementing and is operating businesses all over the world. Cross-border operations are exposed to the risks related to changes in the market, economy, geopolitics, demographics, public consensus, exchange rates, trade barriers, exchange control, regulatory, tax regimes, restrictions on foreign investment in some regions. Although Adisseo has extensive experience in operating a global business, changes in policies and laws and regulations of the countries in which its assets and business are located may affect the operation of its business in such countries. Investors should be aware of the risks associated with Adisseo’s cross-border operations worldwide considering that Adisseo is also developing its network of subsidiaries and participations all over the world.

(5) Risks related to environmental protection policies

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

(6) Risks related to hazardous chemicals

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

(7) Risks related to raw materials and energy

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

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

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

(9) Risks related to Human Resources

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

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

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

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

Adisseo's performance may be restrained by its production capacity. Adisseo has made progressive investments over the last years to increase its production capacities and proactively manage its inventories. However, customers' orders may not be fulfilled in a timely manner as a result of inappropriate production planning, malfunction of the production facilities, repairs of the production facilities or failure to convert the new production capacity into actual production. Failure to meet customers' needs may damage Adisseo's reputation and image as well as its relationship with its main customers, which may result in customers choosing its competitors' products. This may adversely affect future sales of the Company.
Furthermore, if Adisseo over-estimates the future demand of its products and increases its production capacity based on such estimates but if such future demand fails to materialize, Adisseo's business, financial condition and results of operations could be materially and adversely affected.

(12)Risks related to exchange rate

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

BANG (subsidiary held at 85% by the Company, functional currency in EUR) issued, on March 27, 2014, 400,000,000 preferred shares with nominal value of 1 US Dollar per share. It has been agreed with these shareholders that BANG redeem 80,000,000 preferred shares on January 5, 2018 at nominal value (i.e. USD 80 million), generated a foreign exchange loss of RMB 61,406,011. As of June 30 2018, the net exposure on shareholders' equity amounts to a potential loss of RMB 180,366,341.

(13)Risks related to customer credit

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

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

As an international company, Adisseo may be investigated by the tax authorities in the relevant countries with respect to its tax matters from time to time. Tax audits or investigations may result in Adisseo losing its tax benefits, exemptions, other tax incentives or favorable tax arrangements or schemes with the tax authorities, which may subject Adisseo to a higher effective tax rate. Although Adisseo had no material tax-related issues so far, there is no assurance that the provisions made by Adisseo will be sufficient; or that Adisseo will not be subject to a higher tax rate.

(15)Risks related to break-down of information system

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

(16)Product liability claims and litigation

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

(17)Risks related to insurance policy coverage

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

(18)Risks related to intellectual property

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

(19)Risks related to labor disputes

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

In addition, Adisseo's suppliers may also be subject to strikes or claims brought about by their own employees, which may in turn affect the ordinary operations of Adisseo.

(20)Risk related to cross-border oversight

Of Adisseo's 49 subsidiaries, 43 are located outside China, over 80% of its sales and a significant part of its production are outside China. Adisseo fails to properly sustain those oversight and internal control policies to ensure the Group's normal operations, the Company's business, financial position, and results from operations may be materially and adversely affected.

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

In its day-to-day operations, Adisseo may be involved in material lawsuits, arbitration, administrative penalties or other disputes due to products, labor, taxes and other related matters, which may damage Adisseo's operations and reputation. Adisseo is improving its processes in accordance with the requirement of a listed company's corporate governance and process with the professional assistance of external advisors.

3. Other disclosed events

None.

Section 5 Significant Matters

I. Brief introduction to General Shareholders' Meetings

Meetings	Convening Date	Index Reference for the Resolutions published on the website	Disclosure date of the resolution published
2017 Annual General Meeting	April 25,2018	2018 Temp 016	April 26,2018

II. Profit distribution of ordinary shares or capitalization of reserves

1. The profit distribution plan and the plan to use the statutory reserve to perform a capital increase in the reporting period

Profit distribution of ordinary shares or capitalization of reserves	No
Share dividend per 10 shares	N/a
Cash dividend per 10 shares	N/a
Capitalization of reserves per 10 shares	N/a
Explanation on Profit distribution of ordinary shares or capitalization of reserves	
N/a	

III. Fulfilment of Commitments

1. During the reporting period or subsequent to the reporting period, commitment items of the actual controller, the shareholders, the related parties, the acquirer, and the listed company

√ Applicable Not applicable

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
Other commitments to minority shareholders of the company	Stock restricted to sales	Bluestar	Newly issued shares	36 months for Bluestar	Y	Y	Not applicable	Not applicable

IV. Appointment and resignation of Statutory Auditor

Explanation on appointment or resignation of Statutory Auditor
√ Applicable ☐ Not applicable

On March 20, 2018, the board of directors deliberated the proposal to appoint KPMG LLP as statutory

Auditor for 2018. This proposal is approved by the 2017 annual General Assembly on April 25, 2018.

Change of Statutory Auditor
☐ Applicable √ Not applicable

Explanation on “Qualified” opinion issued by Statutory Auditor for this reporting period
☐ Applicable √ Not applicable

Explanation on “Qualified” opinion issued by Statutory Auditor for last financial year
☐ Applicable √ Not applicable

V. Restructuring matters relating to bankruptcy

☐ Applicable √ Not applicable

VI. Significant lawsuits and arbitrations

☐ Applicable √ Not applicable

VII. 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

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

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

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

1. Incentive measures with no subsequent modifications, after announced publicly in the reporting period (interim announcements).

☐ Applicable √ Not applicable

2. Incentive measures with further subsequent modifications, or not announced publicly in the reporting period (interim announcements).

Descriptions of equity incentive measures
☐ Applicable √ Not applicable

Others:
☐ Applicable √ Not applicable

Employee stock
☐ Applicable √ Not applicable

Other incentive measures
√ Applicable ☐ Not applicable

In order to help attract and retain "highly qualified" executives with expertise and experience, the Company has set up a long-term incentive plan that can lead to global growth and to motivate executives to create long-term shareholder value and achieve interim milestones.

For details, please refer to related footnotes No. 20 in Section 10.V.

X. Significant related-party transactions

1. Related-party transactions in association with daily transactions

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

(3) Undisclosed items in interim announcement

☐ Applicable √ Not applicable

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

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

(3) Undisclosed items in interim announcements

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

3. Related Party transactions in association with external investments

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

(3) Undisclosed items in interim announcements

☐ Applicable √ Not applicable

4. Related Party transactions in association with loans and debt

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

(3) Undisclosed items in interim announcements

☐ Applicable √ Not applicable

5. Other Material Related Party transactions

☐ Applicable √ Not applicable

6. Others

☐ Applicable √ Not applicable

XI. Major Contracts and Implementation

1. Custody, contracting, leasing

☐ Applicable √ Not applicable

2. Guarantees

☐ Applicable √ Not applicable

3. Other major contracts

None.

XII. Description of anti-poverty work

√ Applicable ☐ Not applicable

1. Anti-poverty work plan

√ Applicable Not applicable

According to Gulang County's natural environment and economy, society and education, technology and resource, as well as people's living hood and development needs, Adisseo, by virtue our expertise, exerts advantages in technology, talents and industry, and promotes green growth in Gulang. Therefore realizing the poverty alleviation through modernization of agriculture.

2. An overview of anti-poverty work during the reporting period

√ Applicable Not applicable

Under the guidance of the basic principles of targeted anti-poverty project, all sectors of society and walks of life have mobilized and coalesced. As a central state-owned enterprise, Adisseo is always shouldering its responsibility for poverty alleviation. On June 4, the management team of Adisseo also came to Gulang County of Gansu Province and donated RMB 100,000 to the local breeder organization for support. The fund contributes to the development of aquaculture industry, promoting industrial transformation, and helping the Gulang County to get rid of poverty.

3. Anti-poverty achievement

√ Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Category	Achievement
1. General information	
1.1 Capital	10
1.2 Goods	
1.3 Number of people out of poverty (person)	
2. Sub-investment	
2.1 Industrial poverty alleviation	
a. Type of projects	√ Agriculture and forestry ☐ Tourism ☐ E-commerce ☐ Asset poverty alleviation ☐ Technology

	☐ Others
b. Number of projects	1
c. Capital investment	10
d. Number of people out of poverty (person)	
2.2 Added employment	
a. Investment in vocational skills training	
b. Number of trained people (person/time)	
c. Number of people out of poverty (person)	
2.3 Relocation	
a. Number of people out of poverty (person)	
2.4 Education	
a. Funding for students	
b. Number of students	
c. Investment in improving educational resources	
2.5 Health	
a. Capital investment	
2.6 Ecological protection	
a. Type of projects	☐Ecological protection and construction ☐ Establish compensation methods for ecological protection ☐ Create ecological public welfare jobs ☐ Others
b. Capital investment	
2.7 Helping for maintain basic living standard	
a. Funding for left-behind people	
b. Number of left-behind people	
c. Funds for disable people	
d. Number of disable people	
2.8 Social poverty alleviation	
a. Capital investment in west area	
b. Capital investment in targeted area	
c. Charity fund	
2.9 Others	
a. Number of projects	
b. Capital investment	
c. Number of people out of poverty (person)	
d. Illustration	
3. Award	

4. Progress in the implementation of social responsibility for anti- poverty work

√ Applicable Not applicable

Adisseo is focusing on the key directions of poverty alleviation in Gulang County, working closely with the local government, specializing in researching and finding the measures of targeted anti-poverty projects, providing support from technical and financial aspects, and helping enterprises implement role model of the targeted anti-poverty policy. It is believed that both sides will take this as an opportunity to introduce Adisseo's internationalization strategy and management system into Gulang's economic development and poverty alleviation, and will do its best to assist Gulang County in winning the battle against poverty.

5. Follow-up anti-poverty work plan

√ Applicable Not applicable

Adisseo will continue on strengthening self-development capabilities in impoverished areas, actively providing financial, material, and intellectual support, conscientiously fulfilled the central corporate social responsibility, and made every effort to help poor people get out of poverty.

XIII. Convertible corporate bonds

☐ Applicable √ Not applicable

XIV. Environmental information

√ Applicable ☐ Not applicable

1. Environmental issues of listed companies and their subsidiaries declared as major pollutant discharge units by the competent environmental protection authorities

√ Applicable ☐ Not applicable

Bluestar Adisseo Nanjing Co., Ltd (hereafter as BANC) has implemented strict environment protection policies since its establishment with our priority of reducing our impact on the environment at the first place. From the first date of the operation, the emissions have always complied with the requirement of environment protection regulations. BANC has been continuously making investment in the area of environment protection and is endeavored to contribute to the sustainability development. To avoid nuisance around our industrial sites, a zero odor project has been launched to realize odor cartography of each plants, identify most problematic areas and define specific actions plans, share good practices.

(1) Information about discharge

√ Applicable ☐ Not applicable

BANC has been continuously making investment in the area of environment protection and is endeavored to contribute to the sustainability development.

(2) Information about anti-pollution facilities' construction and operation

√ Applicable ☐ Not applicable

(3) Environmental impact assessment and other environmental protection administrative permits of construction projects

√ Applicable ☐ Not applicable

To avoid nuisance around our industrial sites, a zero odor project has been launched to realize odor cartography of each plants, identify most problematic areas and define specific actions plans, share good practices.

(4) Prepared plan for environmental emergencies

√ Applicable ☐ Not applicable

Environmental emergencies are managed in BANC Emergency Preparedness and Response plan including periodical simulations and emergency response training sessions.

(5) Environment related self-monitoring program

√ Applicable ☐ Not applicable

As validated by Authorities, BANC applied a strict self-monitoring program of water discharges and gaseous emissions based on several tens of thousands of analysis to demonstrate the compliance with regulations requirements standards

(6) Other environmental information

√ Applicable ☐ Not applicable

Bluestar Adisseo Nanjing Co., Ltd (hereinafter referred to as 'BANC'), the holding subsidiary of Bluestar Adisseo Company (hereinafter referred to as 'the Company'), received "Written decision of administrative penalty" from Nanjing Environmental Protection Bureau (hereinafter referred to as 'the Bureau') on July 23, 2018, the main contents are as follows:

a. Background information

On March 13, 2018, the Bureau entrusted Environment Monitor Center of Jiangsu Province and Environment Monitor Center of Nanjing City to undertake site inspection on BANC's pollution source and battery limit. The inspection result showed that the maximum emission rate of organized ammonia is 33.4 kg/hour, discharged through ammonia washing tower, H2S concentration is 0.107 mg/m3, discharged downwind. Both of the emissions exceed sheet 2 of Emission Standard of Odorant Pollutants (GB14554-93).

BANC violated Article 18 of Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution.

Hence stipulated on Item 2 of Article 99 on Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, fine BANC RMB 480,000 on exceeding the limit on organized emission of ammonia from washing tower and RMB 740,000 on exceeding the limit on disorganized emission of H2S. In total the fine amounts RMB 1.22 million. And demand BANC to take immediate actions to correct the illegal behavior on environment

b. Rectification measures

Adhering to the concept of 'green production and environmental friendliness', the Company has been committed to improve the environmental protection technology, facilities and operational management, and has carried out fundamentally analysis for every suspicious environmental event.

BANC stated that the test result on March 13, is affected by the surrounding environment, the Company's normal production or shut down has no obvious influence for the area's H2S concentration, and submitted the "Defense statement "to the Bureau on July 9, 2018.

In response to this notice, BANC set up an environmental emergency response team to conduct investigation and urge rectification of the incident, and entrusted NJTECH Environment Technology Co., Ltd. to upgrade the processing equipment of the relevant outlets to ensure stable and qualified discharge of subsequent devices. After thoroughly investigation, it was confirmed that the Company's production equipment involving hydrogen sulfide was in well condition, and the valves leading to the high-altitude torch as an accident emergency device were all closed with recorded valve state history. According to the monitoring data of the unorganized emission of hydrogen sulfide from the plant boundary of BANC from April 11 to July 5 as inspected by Baiyun, a 3rd independent inspection firm, all the hydrogen sulfide concentrations met the standard. In addition, BANC has also actively carried out research and improvement work on related processes to prevent such incidents from happening in the future.

c. Impact on the Company

This administrative penalty has insignificant impact on the production and operation activities of the Company. Adisseo has requested all subsidiaries to further strengthen the compliance of laws and regulations related to environmental protection, and strictly control and supervise the environmental protection in the production process to avoid such incidents.

The Company's liquid methionine plant project with annual capacity of 180KT in Nanjing was not affected. On June 12, 2018, BANC signed a project investment agreement with the Chemical Industry Transformation and Development Management Office of Jiangbei New District, Nanjing. At the same time, to ensure the implementation of the project, additional capital injection of RMB 590 million to BANC was completed on July 5, 2018. Construction progress has been ahead of the original plan.

2. Information about Listed Companies not declared as major pollutant discharge units

☐ Applicable √ Not applicable

3. Listed Companies not declared as major pollutant discharge units, whose reasons for not disclosing environmental information

☐ Applicable √ Not applicable

4. A description of the subsequent progress or changes in the disclosure of environmental information during the reporting period

☐ Applicable √ Not applicable

XV. Description of Other Important Matters

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

None

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 was 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	21,314

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.	0	2,389,387,160	89.09	2,107,341,862	Frozen	10,000,000	Stated owned legal entity
Perseverance Asset Management (Shanghai) LLP.	39,990,000	39,990,000	1.49	0	Unknown	0	Unknown
China Securities Finance Corporation Limited	0	13,794,697	0.51	0	Unknown	0	Unknown

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	
Shaanxi Internathional Trust-SITI No.39 Jubaopen Security Plan	0	10,635,789	0.40	0	Unknown	0	Unknown
Jiangsu Juhe Chuangyi Emerging Industry Investment Fund LLP	600,000	6,600,000	0.25	0	Unknown	0	Unknown
Changshi Investment Company Ltd	0	6,563,822	0.24	0	Pledged	6,560,000	Unknown
MacroLink Holdings Limited	0	6,068,074	0.23	0	Unknown	0	Unknown
China Electronic Investment Holding Company	0	5,185,185	0.19	0	Unknown	0	Unknown
Wu Mengling	（5,666,461）	3,892,824	0.15	0	Unknown	0	Unknown
Beijing Research and Design Institute of Rubber Industry	0	3,737,262	0.14	0	Unknown	0	Unknown

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
Preseverance Asset Management (Shanghai) LLP.	39,990,000	RMB Common shareRMB Common shareRMB Common share	39,990,000
China Securities Finance Corporation Limited	13,794,697	RMB ordinary shares	13,794,697
Shaanxi Internathional Trust-SITI No.39 Jubaopen Security Plan	10,635,789	RMB ordinary shares	10,635,789
Jiangsu Juhe Chuangyi Emerging Industry Investment Fund LLP	6,600,000	RMB Common shareRMB Common shareRMB Common share	6,600,000
Changshi Investment Company Ltd	6,563,822	RMB ordinary shares	6,563,822
MacroLink Holdings Limited	6,068,074	RMB ordinary shares	5,918,074
China Electronic Investment Holding Company	5,185,185	RMB ordinary shares	5,185,185
Wu Mengling	3,892,824	RMB ordinary shares	3,892,824
Beijing Research and Design Institute of Rubber Industry	3,737,262	RMB ordinary shares	3,737,262
Statement on related relationship or acting in concert among the above shareholders	The State-owned corporation shareholders, China National Bluestar (Group) Co., Ltd. and Beijing Research and Design Institute of Rubber Industry (who owns 3,737,262 shares), 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	2018/10/29	2,107,341,862	36 months

3. Strategic investor or normal legal entity getting into top 10 shareholders due to new share allocation

Applicable √ Not applicable

III. Changes in Controlling Shareholder and Ultimate controlling shareholder

Applicable √ Not applicable

Section 7 Information on Preferred Shares

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

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	Description of change
Qian Liang	Board Secretary	Appointed
Peng Wang	Board Secretary	Resigned

Detailed description on the change of directors, supervisors and senior management
√ Applicable ☐ Not applicable
On January 19, 2018, Mr. Wang Peng resigned from his job position due to his job change. The related announcement has been made to the market accordingly. In March 2018, Mrs. Liang Qinan has been appointed as the new company secretary by the Board of Directors.

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

June 30, 2018

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	5,016,686,121	7,659,509,312
Financial assets at fair value through profit or loss			
Derivative financial assets	VII.2	8,263,620	19,287,286
Notes receivable			
Accounts receivable	VII.3	1,540,313,919	1,400,215,744
Advances to suppliers	VII.4	58,546,934	60,193,006
Interest receivable		9,148,560	9,693,743
Other receivables		47,251,042	43,080,271
Inventories	VII.5	1,593,922,264	1,600,497,917
Other current assets	VII.6	559,516,526	371,771,619
Total current assets		**8,833,648,986**	**11,164,248,898**
Non-current assets:			
Available-for-sale financial assets	VII.7	20,581,877	16,866,929
Long-term receivables	VII.8	59,508,536	33,774,008
Long-term equity investments			
Investment properties			
Fixed assets	VII.9	6,083,757,544	6,348,953,422
Construction in progress	VII.10	1,203,453,762	887,324,323
Construction materials			
Fixed assets pending for disposal			
Intangible assets	VII.11	2,308,533,781	1,781,185,185
Development costs	VII.12	81,312,491	78,920,265
Goodwill	VII.13	1,526,831,628	872,298,201
Long-term prepaid expenses			
Deferred tax assets	VII.14	145,770,859	137,042,994
Other non-current assets		32,009,340	8,468,000
Total non-current assets		**11,461,759,818**	**10,164,833,327**
Total assets		**20,295,408,804**	**21,329,082,225**
Current liabilities:			
Short-term borrowings	VII.15		
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities	VII.16	26,290,554	9,495,399
Notes payable			
Accounts payable	VII.17	1,008,933,850	1,219,258,270
Advances from customers		4,508,129	4,551,000
Wages and benefits payable	VII.18	406,375,717	690,155,511
Taxes payable	VII.19	333,365,985	221,281,764
Interest payable		5,045,499	8,559,892

Items	Notes	Closing balance	Opening balance
Dividends payable	VII.20	0	154,485,540
Other payables	VII.21	327,940,210	383,467,988
Current portion of non-current liabilities	VII.22	59,254,417	85,191,616
Other current liabilities	VII.23	20,701,865	23,477,500
Total current liabilities		**2,192,416,226**	**2,799,924,480**
Non-current liabilities:			
Long-term borrowings	VII.24	11,111,366	12,531,930
Long-term payables	VII.25	8,897,018	9,894,097
Long-term employee benefit payable	VII.26	437,377,473	407,467,115
Special payables			
Provisions	VII.27		
Deferred income	VII.28	162,106,637	169,014,905
Deferred tax liabilities	VII.14	809,809,649	673,175,847
Other non-current liabilities			
Total non-current liabilities		**1,429,302,143**	**1,272,083,894**
Total liabilities		**3,621,718,369**	**4,072,008,374**
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	(604,800,771)	(484,132,396)
Special reserves			
Surplus reserve	VII.32	351,907,924	351,560,696
Undistributed profits	VII.33	8,355,187,095	8,382,492,815
Total equity attributable to equity holders of the company		**13,016,652,869**	**13,164,279,736**
Non-controlling interests		3,657,037,566	4,092,794,115
Total owner's equity		**16,673,690,435**	**17,257,073,851**
Total liabilities and owner's equity		**20,295,408,804**	**21,329,082,225**

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

Chief Accountant: ___________

Balance Sheet of the Company

June 30, 2018

Prepared by: Bluestar Adisseo Company

Unit: Yuan Currency: RMB

Items	Notes	Closing balance	Opening balance
Current assets:			
Cash at bank and on hand	XVIII (1)	2,635,091,968	2,241,610,694
Notes receivable			
Accounts receivable			
Advances to suppliers		85,107	89,591
Interest receivables		8,590,000	9,210,000
Dividends receivables	XVIII (2)	0	875,418,060
Other receivables		20,000,000	
Inventories			
Other current assets			
Total current assets		2,663,767,075	3,126,328,345
Non-current assets			
Available-for-sale financial assets			
Long-term equity investments	XVIII (3)	7,492,295,416	7,492,295,416
Investment properties			
Fixed assets		82,802	98,632
Construction in progress			
Construction materials			
Fixed asset pending for disposal			
Intangible assets		21,616	32,424
Long-term prepaid expenses			
Deferred tax assets			
Other non-current assets		2,528,068	2,141,853
Total non-current assets		7,494,927,902	7,494,568,325
Total assets		10,158,694,977	10,620,896,670
Current liabilities:			
Short-term borrowings			
Notes payable			
Accounts payable			
Advances from customers			
Wages and benefits payable		84,000	84,000
Taxes payable		121,065	110,877
Interest payable			
Other payables		32,938,967	34,654,210
Current portion of non-current liabilities			
Total current liabilities		33,144,032	34,849,087
Non-current liabilities:			
Long-term borrowings			
Long-term payables			
Long-term employee benefits payable			
Special payables			

Items	Notes	Closing balance	Opening balance
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities		33,144,032	34,849,087
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		351,907,924	351,560,696
Undistributed profits		410,184,120	871,027,986
Total owner's equity		10,125,550,945	10,586,047,583
Total liabilities and owner's equity		10,158,694,977	10,620,896,670

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

Chief Accountant: ___________

Consolidated Income Statement

January- June 2018

Unit: Yuan Currency: RMB

Items	Notes	Amount incurred during the current period	Amount incurred during the last period
I. Total operating revenue		**5,749,988,088**	**4,932,120,233**
Including: Operating revenue	VII.34	5,749,988,088	4,932,120,233
II. Total operating costs		**4,838,491,026**	**3,967,134,155**
Including: Cost of sales	VII.34	3,744,717,664	3,086,426,606
Taxes and surcharge	VII.35	48,465,537	47,363,608
Selling and distribution expenses	VII.36	525,516,980	471,895,384
General and administrative expenses	VII.37	491,758,277	363,539,550
Financial expenses –net	VII.38	20,848,316	9,246,326
Asset impairment loss	VII.39	7,184,252	(11,337,319)
Add: Gains (losses) from changes in fair value	VII.40	(23,836,514)	80,174,309
Investment income (loss)			
Including: Income from investments in associates and joint ventures			
Gain (loss) from disposal of assets		(2,120,244)	
Other income		13,485,557	
III. Operating profit (loss)	VII.45	**899,025,861**	**1,045,160,387**
Add: Non-operating income	VII.41	133,285	13,356,659
Including: Gain from disposal of non-current assets			
Less: Non-operating expenses	VII.42	301,917	6,114,909
Including: Losses from disposal of non-current assets			219,998
IV. Total profit (Total loss)		**898,857,229**	**1,052,402,137**
Less: Income tax expenses	VII.43	260,666,669	315,918,636
V. Net profit (Net loss)		**638,190,560**	**736,483,501**
Net profit attributable to equity holders of the Company		489,211,568	577,370,721
Net profit attributable to non-controlling interests		148,978,992	159,112,780
Net profit (loss) from continuing operations		638,190,560	736,483,50
Net profit (loss) from discontinued operations		0	0
VI. Net other comprehensive income		**(183,046,655)**	**552,646,691**
Other comprehensive income (net of tax) attributable to the owners of the Company	VII.31	**(120,668,375)**	**359,191,321**
1. Other comprehensive income which will not be reclassified subsequently to profit or loss			**1,624,984**
1) Actuarial differences on defined benefits plans			1,624,984
2. Other comprehensive income which will be reclassified subsequently to profit or loss		**(120,668,375)**	**357,566,337**
1) Effective hedging portion of gains or losses arising from cash flow hedging instruments		(491,296)	17,565,002
2) Differences on translation arising on translation of foreign currency financial statements		(120,177,079)	340,001,335
Net other comprehensive income attributable to non-controlling interests after tax	VII.31	**(62,378,280)**	**193,455,370**
VII. Total comprehensive income		**455,143,905**	**1,289,130,192**
Total amount of comprehensive income attributable to equity holders of the Company		368,543,193	936,562,042
Total amount of comprehensive income attributable to non-controlling interests		86,600,712	352,568,150

Items	Notes	Amount incurred during the current period	Amount incurred during the last period
VIII. Earnings per share:			
(I) Basic earnings per share (Yuan/ share)	VII.44	0.18	0.22
(II) Diluted earnings per share (Yuan/ share)	VII.44	0.18	0.22

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

Chief Accountant: ___________

Income Statement of the Company

January- June 2018

Unit: Yuan Currency: RMB

Items	Notes	Amount incurred during the current period	Amount incurred during the last period
I. Operating revenues			
Less: Cost of sales			
Business taxes and surcharge			
Selling and distribution expenses			
General and Administrative expenses		8,440,077	8,480,448
Financial expenses - net		(11,932,359)	(60,254,932)
Asset impairment losses			
Add: Gains from changes in fair values (losses)			
Investment income (loss)			
Including: Income from investments in associates and joint ventures			
Gain (loss) from disposal of assets			
Other income			
II. Operating profit (loss)		3,492,282	51,774,484
Add: Non-operating income		60,000	0
Including: Gains on disposal of non-current assets			
Less: Non-operating expenses		80,000	0
Including: Losses from disposal of non-current assets			
III. Total profit (Total Loss)		3,472,282	51,774,484
Less: Income tax expenses			
IV. Net profit (Net Loss)		3,472,282	51,774,484
Net profit (loss) from continuing operations			
Net profit (loss) from discontinued operations			
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		3,472,282	51,774,484
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 2018

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		6,477,103,371	5,069,925,693
Refunds of taxes and surcharges			
Cash received relating to other operating activities	VII.46(1)	52,533,733	20,791,226
Subtotal of cash inflows from operating activities		**6,529,637,104**	**5,090,716,919**
Cash paid for goods and services		4,675,583,169	2,838,963,742
Cash paid to and on behalf of employees		1,109,150,891	696,343,638
Payments of taxes and surcharges		319,302,083	312,284,890
Cash paid relating to other operating activities	VII.46(2)	60,863,068	35,832,774
Subtotal of cash outflows for operating activities		**6,164,899,211**	**3,883,425,044**
Net cash flow generated from operating activities		**364,737,893**	**1,207,291,875**
II. Cash flows from investing activities:			
Cash received from disposals of investment			
Cash received from investment income and interest income		47,999,427	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		398,407	82,135
Net cash received from disposals of subsidiaries and other business units			
Cash received relating to other investing activities		173,071	163,593
Subtotal cash inflows from investing activities		**48,570,905**	**245,728**
Cash paid to purchase fixed assets, intangible assets and other long-term assets		549,357,194	508,617,029
Cash paid to acquire investments		4,069,085	
Net cash paid for acquisitions of subsidiaries and other business units		1,151,333,837	
Cash paid relating to other investing activities		21,429,913	1,004,111
Subtotal of cash outflows for investing activities		**1,726,190,029**	**509,621,140**
Net amount of cash flow from investing activities		**(1,677,619,124)**	**(509,375,412)**
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			
Cash received from issuance of debentures			
Cash received relating to other financing activities	VII.46(3)		40,485,733
Subtotal of cash inflows from financing activities		**0**	**40,485,733**
Cash repayments of borrowings		79,165,281	6,525,408
Cash payments for interest expenses and distribution of dividends or profits		703,563,339	789,536,751
Including: dividends and profits paid to non-controlling		215,839,048	64,069,431

Items	Notes	Amount incurred during the current period	Amount incurred during the last period
shareholders of subsidiaries			
Cash paid for acquisition of non-controlling interests		510,709,446	
Cash paid relating to other financing activities	VII.46(4)		
Subtotal of cash outflows for financing activities		**1,293,438,066**	**796,062,159**
Net cash flow from financing activities		**(1,293,438,066)**	**(755,576,426)**
IV. Effect of Foreign exchange rate changes on Cash and Cash Equivalents		**(36,503,894)**	**195,302,224**
V. Net increase in cash and cash equivalents		**(2,642,823,191)**	**137,642,261**
Add: Opening balance of cash and cash equivalents		7,659,509,312	6,681,296,187
VI. Closing balance of cash and cash equivalents	**VII.47(4)**	**5,016,686,121**	**6,818,938,448**

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

Chief Accountant: ___________

Cash Flow Statement of the Company

January- June 2018

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			
Refunds of taxes and surcharges			
Cash received relating to other operating activities		44,959,537	36,775,801
Subtotal of cash inflows from operating activities		44,959,537	36,775,801
Cash paid for goods and services			
Cash paid to and on behalf of employees		1,278,459	2,826,670
Payments of taxes and surcharges		548,143	296,828
Cash paid relating to other operating activities		31,118,797	6,602,389
Subtotal cash outflows from operating activities		32,945,399	9,725,887
Net cash flow generated from operating activities		12,014,138	27,049,914
II. Cash flow from investing activities:			
Cash received from disposals of investments			
Cash received from investment income and interest income		845,438,220	614,763,374
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		845,438,220	614,763,374
Cash paid to purchase fixed assets, intangible assets and other long-term assets		13,749	0
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			
Subtotal of cash outflows from investing activities		13,749	0
Net amount of cash flow from investing activities		845,424,471	614,763,374
III. Cash flows from financing activities:			
Cash received from capital contributions			
Cash received from borrowings			
Cash received from issuance of shares			
Cash received from other financing activities			
Subtotal of cash inflows from financing activities			
Cash repayments of borrowings			
Cash payments for interest expenses and distribution of dividends or profits		463,968,920	611,473,490
Cash payments relating to other financing activities			
Subtotal of cash outflows from financing activities		463,968,920	611,473,490
Net cash flow from financing activities		(463,968,920)	(611,473,490)
IV. Effect of Foreign Exchange rate changes on cash and cash equivalents		11,585	0

Items	Notes	Amount incurred during the current period	Amount incurred during the last period
V. Net increment of cash and cash equivalents		393,481,274	30,339,798
Add: Opening balance of cash and cash equivalents		2,241,610,694	2,188,578,354
VI. Closing balance of cash and cash equivalents		2,635,091,968	2,218,918,152

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

Chief Accountant: ___________

Consolidated Statement of Changes in Owners' Equity

January- June 2018

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**	**0**	**2,232,457,348**	**(484,132,396)**	**0**	**351,560,696**	**8,382,492,815**	**4,092,794,115**	**17,257,073,851**
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**	**0**	**2,232,457,348**	**(484,132,396)**	**0**	**351,560,696**	**8,382,492,815**	**4,092,794,115**	**17,257,073,851**
3.Increase/(decrease) for current period(									
(1)Total comprehensive income				(120,668,375)			489,211,568	86,600,712	455,143,905
(2)Owner's contributions and withdrawals of capital							(52,195,105)	(458,514,341)	(510,709,446)
(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							(52,195,105)	(458,514,341)	(510,709,446)

Items	Current period								
	Equity attributable to shareholders of the company							Non-controlling interests	Total
	Paid-in capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits		
(3)Profits distribution						347,228	(464,316,148)	(63,248,368)	(527,217,288)
(a)Appropriation of surplus reserve						347,228	(347,228)		
(b)Distribution to owner/shareholder							(463,968,920)	(63,248,368)	(527,217,288)
(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							(6,035)	(594,552)	(600,587)
4.Ending balance of current period	**2,681,901,273**	**0**	**2,232,457,348**	**(604,800,771)**	**0**	**351,907,924**	**8,355,187,095**	**3,657,037,566**	**16,673,690,435**

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	**2,681,901,273**	**0**	**2,232,457,348**	**(860,732,283)**	**0**	**256,211,737**	**7,766,000,584**	**3,811,179,607**	**15,887,018,266**
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**	**0**	**2,232,457,348**	**(860,732,283)**	**0**	**256,211,737**	**7,766,000,584**	**3,811,179,607**	**15,887,018,266**
3.Increase/(decrease) for current period(				359,191,321		5,177,448	(39,290,399)	288,497,078	613,575,448
(1)Total comprehensive income				359,191,321			577,370,721	352,568,150	1,289,130,192
(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						5,177,448	(616,650,938)	(64,069,431)	(675,542,921)

Items	Last period								
	Equity attributable to shareholders of the company							Non-controlling interests	Total
	Paid-in capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits		
(a)Appropriation of surplus reserve						5,177,448	(5,177,448)		
(b)Distribution to owner/shareholder							(611,473,490)	(64,069,431)	(675,542,921)
(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							(10,182)	(1,641)	(11,823)
4.Ending balance of current period	**2,681,901,273**	**0**	**2,232,457,348**	**(501,540,962)**	**0**	**261,389,185**	**7,726,710,185**	**4,099,676,685**	**16,500,593,714**

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

Chief Accountant: ___________

Statement of Changes in Owners' Equity of the Company

January- June 2018

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				351,560,696	871,027,986	10,586,047,583
II. Opening balance of current year	2,681,901,273				6,681,557,628				351,560,696	871,027,986	10,586,047,583
III. Amount increased or decreased of current period (decrease filled out with "-")									347,228	(460,843,866)	(460,496,638)
(I) Total amount of comprehensive income										3,472,282	3,472,282
(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									347,228	(464,316,148)	(463,968,920)
1. Withdrawal of surplus reserve									347,228	(347,228)	0
2. Distribution to owners										(463,968,920)	(463,968,920)

(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 current period											
2. Used in current period											
IV. Closing balance of current period	2,681,901,273				6,681,557,628				351,907,924	410,184,120	10,125,550,945

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	2,681,901,273				6,681,557,628				256,211,737	624,360,836	10,244,031,474
Add: Change of accounting policies											
Correction of previous errors											
Others											
II. Opening balance of last year	2,681,901,273				6,681,557,628				256,211,737	624,360,836	10,244,031,474
III. Amount increased or decreased of last period (decrease filled out with "-")									5,177,448	(564,876,454)	(559,699,006)
(I) Total amount of comprehensive income										51,774,484	51,774,484
(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									5,177,448	(616,650,938)	(611,473,490)
1. Withdrawal of surplus reserve									5,177,448	(5,177,448)	
2. Distribution to owners (or shareholders)										(611,473,490)	(611,473,490)
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											
2. Used in last period											

(VI) Others												
IV. Closing balance of last period	2,681,901,273				6,681,557,628					261,389,185	59,484,382	9,684,332,468

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 plants 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

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.

1. 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 January 1, 2018 to June 30, 2018.

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 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 (21)).

  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 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%

Adisseo is managing credit risk by covering sales through Credit Insurance or Bank guarantee. When Adisseo has a third party Guarantee, the statistic doubtful provision is adjusted and reduced on a case by case basis.

(3) 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.

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:

Type	Depreciation method	Depreciation life (year)	Average residual value (%)	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
Land use right	50 years
Software	3-5 years
Patents	The legal protection (10-15years) or the useful life if shorter
Technology	Expected benefit life (10-15) or the contractual useful life if shorter
Customer relationships	Expected benefit life (8-20)

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
- long-term deferred expense

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.

(5) Long-term bonus payment

In order to attract and motivate high qualified executives with expertise and experience, the Group has set up an incentive plan based on BANG's (the Company's subsidiary, which is a Hong-Kong company) phantom stocks. This incentive plan entitles the executives to a cash payment after three years and half or four years of service, with certain performance conditions. The fair value of the incentive plan is based on BANG's share value, with reference to BAC's stock value at the date of the evaluation. The bonus will be paid out from April 1, 2018 to June 30, 2020.

For incentive plan do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognizes costs or expenses as services are received, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting. Until the liability is settled, the enterprise shall remeasure the fair value of the liability at each balance sheet date and at the date of settlement, with changes recognized in profit or loss for the current period.

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 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.

Except for accounting estimates relating to depreciation and amortization of assets such as fixed assets and intangible assets (see Notes V (13) and (16)) and provision for impairment of various types of assets (see Notes V (10), (11), (18)). Other significant accounting estimates are as follows:

Note VII (26) – Post-employment benefits – defined benefit plans
Note XI - Fair value of financial instruments.

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 (for French affiliates)	1.5%
(4) Stamp tax	Taxable sales amount	0.02% to 2%
(5) Property tax	Rental value (France) or cost of the property (China)	<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%
Adisseo Espana S.A.	25%
Bluestar Adisseo Company	25%
Bluestar Adisseo Nanjing Co., Ltd	25%
Adisseo Life Science (Shanghai) Co., Ltd	25%
Adisseo USA Inc.	21%
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, 2018 to June 30, 2018 and from January 1, 2017 to June 30, 2017.

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	5,016,686,121	7,659,509,312
Other monetary funds		
Total	**5,016,686,121**	**7,659, 509, 312**

As at June 30, 2017 and December 31, 2017, 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		
Cash flow hedge instruments	2,609,161	15,144,265
Fair value hedge instrument	5,654,459	4,143,021
Total	**8,263,620**	**19,287,286**

3. Accounts receivable

(1) 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	1,588,066,769	99,89%	47,752,850	96,38%	1,540,313,919	1,422,513,960	100%	22,298,216	100%	1,400,215,744
Individually insignificant but assessed individually for impairment	1,793,343	0,11%	1,793,343	3,62%	0					0
Total	**1,589,860,112**	**100%**	**49,546,193**	**100%**	**1,540,313,919**	**1,422,513,960**	**100%**	**22,298,216**	**100%**	**1,400,215,744**

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	1,457,941,852	0	0,00%
Within 60 days	59,118,682	799,582	1,35%
61 days to 90 days	11,233,368	1,082,040	9,63%
91 days to 180 days	9,827,062	4,097,430	41,70%
More than 180 days	49,945,805	41,773,798	83,64%
Total	**1,588,066,769**	**47,752,850**	**3,01%**

Accounts receivable collectively assessed for impairment using the percentage of balance method at the end of the period:
Applicable √ Not applicable

(2) 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	**22,298,216**
Acquisition of subsidiary companies or businesses	24,338,207
Addition during the period	6,891,401
Recovery or reversal during the period	(1,510,494)
Write-off during the period	0
Currency translation difference	(2,471,137)
Balance at the end of the period	**49,546,193**

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

Unit: Yuan Currency: RMB

	Gross balance	Amount of bad debt reserve	Proportion to the total balance of accounts receivable
The five largest accounts receivable	**277,094,318**	**0**	**17,99%**

(4) Derecognition of amounts receivable due to transfer of financial assets

Adisseo Group derecognizes receivables for which the contractual rights to receive the cash flows have been transferred along with substantially all of the risks and rewards of ownership. Transferred receivables are not derecognized when the default risk is retained by the Group. Costs incurred in transferring a receivable are recognized in financial expenses.
As at June 30, 2018, the derecognized account receivables amounted to RMB 256,926,385 (2017: RMB 270,044,183). Cost incurred and recognized as financial expenses amounted to RMB 1,104,695 (2017: RMB 642,409).

4. Advances to suppliers

(1) The ageing analysis of advances to suppliers is as follows

Unit: Yuan Currency: RMB

Account age	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	56,906,150	97,19%	52,484,481	87.19%
1-2 years	665,912	1,14%	7,616,995	12.65%
2-3 years	882,391	1,51%	39,227	0.07%
More than 3 years	92,481	0,16%	52,303	0.09%
Total	**58,546,934**	**100%**	**60,193,006**	**100%**

As at June 30, 2018, the advances to suppliers with an account age of more than 1 year were 1,640,784 (Dec. 31, 2017: 7,708,525), which were mainly advance payment for purchasing of materials and services. The goods were not received or service delivered yet, so the accounts were not settled.

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

Unit: Yuan Currency: RMB

	Amount	Proportion to the total amount of advances to suppliers
Total of the five largest advances to suppliers	21,633,268	36,95%

5. 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	474,349,749	28,731,821	445,617,928	370,840,657	25,490,340	345,350,317
Work in progress	141,490,442	6,182,412	135,308,030	120,092,897	6,304,258	113,788,639
Finished goods	1,028,085,064	15,088,758	1,012,996,306	1,157,704,780	16,345,819	1,141,358,961
Total	**1,643,925,255**	**50,002,991**	**1,593,922,264**	**1,648,638,334**	**48,140,417**	**1,600,497,917**

At the period end, the inventories pledged as security by the Group amounted to RMB 0 (2017: 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	Acquisition of subsidiary companies and businesses	Currency translation differences	Closing Balance
Raw materials	370,840,657	2,772,133,970	(2,702,328,031)	39,875,487	(6,172,334)	474,349,749
Work in progress	120,092,897	378,838,111	(360,278,690)	5,134,102	(2,295,978)	141,490,442
Finished goods	1,157,704,780	3,383,366,252	(3,550,740,528)	58,171,508	(20,416,948)	1,028,085,064
Total	**1,648,638,334**	**6,534,338,333**	**(6,613,347,249)**	**103,181,097**	**(28,885,260)**	**1,643,925,255**

(3) Provision for impairment of inventories

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in the current period		Decrease in the current period	Currency translation difference	Closing balance
		Provision	Acquisition of subsidiary companies and businesses			
Raw materials	25,490,340	1,803, 345	1,975,948	0	(537,812)	28,731,821
Work in progress	6,304,258	0	0	0	(121,846)	6,182,412
Finished goods	16,345,819	0	0	(947,912)	(309,149)	15,088,758
Total	**48,140,417**	**1, 803, 345**	**1,975,948**	**(947,912)**	**(968,807)**	**50,002,991**

	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.

6. Other current assets

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Value added tax	247,086,206	278,711,015
Income tax receivable	312,430,320	93,060,604
Total	**559,516,526**	**371,771,619**

7. 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	20,581,877		20,581,877	16,866,929		16,866,929
Measured at fair value						
Measured at cost	20,581,877		20,581,877	16,866,929		16,866,929
Total	**20,581,877**	**0**	**20,581,877**	**16,866,929**	**0**	**16,866,929**

(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 S.A.S	780,230			(15,080)	765,150					8.69%	
Osiris G.I.E	1,960,273			(37,887)	1,922,386					12.87%	
Well Eating Sustainable Territory S.A.S	23,407			(452)	22,955					5.00%	
Nor-Feed Holding S.A.S	7,802,222			(150,799)	7,651,423					18,18%	
Metabolium Ltd.	3,901,181			(75,400)	3,825,781					9,81%	
Applifarm S.A.S	1,560,398			(30,159)	1,530,239					4,88%	
Animal feed & health Venture Fund	0	4,069,085		(29,093)	4,039,992					100,00%	
Other	839,218			(15,267)	823,951						
Total	**16,866,929**	4,069,085	0	(354,137)	**20,581,877**						

(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	0	0
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	0	0

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.

8. 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	59,015,833		59,015,833	33,271,594		33,271,594	
Loans to suppliers	491,295		491,295	500,978		500,978	
Others	1,408		1,408	1,436		1,436	
Total	**59,508,536**		**59,508,536**	**33,774,008**	**0**	**33,774,008**	

As at June 30, 2018, the part due within one year was RMB 22,150,072 (as at December 31, 2017 it was RMB 2,192,446).

(2) An analysis of the movements of provision is as follows

☐ Applicable √ Not applicable

9. 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	**2,800,162,532**	**91,375,763**	**8,241,119,341**	**11,132,657,636**
2. Increase in current period				
1) Purchasing	562,330		18,645,000	19,207,330
2) Transfer from construction in process	8,253,769		91,406,952	99,660,721
3) Acquisition of subsidiary companies and businesses	27,323,283	1,677,259	80,975,485	109,976,027
4) Others increase				
3. Decrease in current period				
1) Disposal or retirement	(207,904)		(6,108,940)	(6,316,844)
2) Disposal of subsidiary companies and businesses				
3) Other decrease				
4. Currency translation	(22,136,030)	(1,702,252)	(117,343,023)	(141,181,305)
5. Closing balance	**2,813,957,980**	**91,350,770**	**8,308,694,815**	**11,214,003,565**
II. Accumulated depreciation				
1. Opening balance	**(716,557,180)**		**(3,925,808,369)**	**(4,642,365,549)**
2. Increase in current period				
1) Current year depreciation	(61,719,000)		(284,606,485)	(346,325,485)
2) Other Increase				
3) Acquisition of subsidiary companies and businesses	(19,391,703)		(61,609,645)	(81,001,348)
3. Decrease in current period				
1) Disposal or retirement	207,904		3,603,289	3,811,193
2) Disposal of subsidiary companies and businesses				
3) Other decrease				
4. Currency translation	9,721,263		64,520,828	74,242,091
5. Closing balance	**(787,738,716)**		**(4,203,900,382)**	**(4,991,639,098)**

Items	Houses and buildings	Freehold land	Machinery equipment	Total
III. Impairment reserve				
1. Opening balance			**(141,338,665)**	**(141,338,665)**
2. Increase in current period				
1) Current period depreciation				
3. Decrease in current period				
1) Disposal or retirement				
2) Disposal of subsidiary companies and businesses				
4. Currency translation			2,731,742	2,731,742
5. Closing balance	**0**	**0**	**(138,606,923)**	**(138,606,923)**
IV. Carrying amount				
1. Closing carrying amount	**2,026,219,264**	**91,350,770**	**3,966,187,510**	**6,083,757,544**
2. Opening carrying amount	**2,083,605,352**	**91,375,763**	**4,173,972,307**	**6,348,953,422**

(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	31,940,468	(21,536,100)		10,404,368
Machinery equipment	1,140,715	(1,087,687)		53,028
Total	**33,081,183**	**(22,623,787)**		**10,457,396**

(4) Fixed assets held under operating lease

☐ Applicable √ Not applicable

(5) Fixed assets held with unattained certificate

☐ Applicable √ Not applicable

10. 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 E	615,562,646		615,562,646	445,255,725		445,255,725
Project F	76,147,000		76,147,000	6,808,547		6,808,547
Others	511,744,116		511,744,116	435,260,051		435,260,051
Total	**1,203,453,762**	**0**	**1,203,453,762**	**887,324,323**	**0**	**887,324,323**

(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 E	841,665,000	445,255,725	180,201,046		(9,894,125)		615,562,646	73%	73%				100% equity
Project F	380,000,000	6,808,547	69,338,453				76,147,000	20%	20%				100% equity
Others		435,260,051	184,400,717	(99,660,721)	(8,255,931)		511,744,116						Current account
Total	**1,221,665,000**	**887,324,323**	**433,940,216**	**(99,660,721)**	**(18,150,056)**	**0**	**1,203,453,762**						

There is no indicator of impairment for CIP projects.

(3) Analysis of provision for impairment

Applicable √ Not applicable

Unit: Yuan Currency: RMB

Items	Amounts incurred in the current period	Amounts incurred in the last period
Opening balance	0	0
Increase in current period		
Decrease in current period		
Disposal of subsidiary companies and businesses		
Currency translation differences		
Total	**0**	**0**

11. 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**	**688,202,953**	**457,799,153**	**1,207,634,885**	**874,273,159**	**171,593,835**	**3,510,280,985**
2. Increase in current period							-
1) Purchasing			583,405	14,048,256		738,040	**15,369,701**
2) Transferred from construction in process							
3) Acquisition of subsidiary companies and businesses		26,805,287			585,793,598	4,681,269	**617,280,154**
4) Others increase						38,533	**38,533**
3. Decrease in current period							

Items	Land use rights	Trademark	Patents	Technology	Customer relationships	Software and others	Total
1) Disposal				(4,975,950)			**(4,975,950)**
2) Disposal of subsidiary companies and businesses							
3) Other decrease				(82,784)		(924,792)	**(1,007,576)**
4. Currency translation		137,351	(8,510,865)	(245,786)	4,489,103	(1,915,748)	**(6,045,945)**
5. Closing balance	**110,777,000**	**715,145,591**	**449,871,693**	**1,216,378,621**	**1,464,555,860**	**174,211,137**	**4,130,939,902**
II. Accumulated amortization							
1. Opening balance	**(17,020,000)**	**(160,564,315)**	**(412,231,092)**	**(465,391,711)**	**(539,946,261)**	**(133,942,421)**	**(1,729,095,800)**
2. Increase in current period							
1) Current year depreciation	(1,098,000)	(9,402,629)	(2,976,325)	(35,756,967)	(47,891,297)	(7,684,478)	**(104,809,696)**
2) Others increase							
3) Acquisition of subsidiary companies and businesses						(3,035,352)	**(3,035,352)**
3. Decrease in current period							
1) Disposal				4,975,950			**4,975,950**
2) Disposal of subsidiary companies and businesses							
3) Other decrease				31,840			**31,840**
4. Currency translation		37,356	7,827,582	(544)	274,182	1,388,361	**9,526,937**
5. Closing balance	**(18,118,000)**	**(169,929,588)**	**(407,379,835)**	**(496,141,432)**	**(587,563,376)**	**(143,273,890)**	**(1,822,406,121)**
III. Impairment reserve							
1. Opening balance							
2. Increase in current period							
1) Current period depreciation							
3. Decrease in current period							
1) Disposal of subsidiary companies and businesses							

Items	Land use rights	Trademark	Patents	Technology	Customer relationships	Software and others	Total
4. Currency translation							
5. Closing balance							
IV. Carrying amount							
1. Closing carrying amount	**92,659,000**	**545,216,003**	**42,491,858**	**720,237,189**	**876,992,484**	**30,937,247**	**2,308,533,781**
2. Opening carrying amount	**93,757,000**	**527,638,638**	**45,568,061**	**742,243,174**	**334,326,898**	**37,651,414**	**1,781,185,185**

(2) Land use rights held with unattained certificate

Applicable √ Not applicable

12. 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	78,920,265	8,269,182			(4,323,403)		(1,553,553)	81,312,491
Total	**78,920,265**	**8,269,182**	**0**	**0**	**(4,323,403)**	**0**	**(1,553,553)**	**81,312,491**

13. 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")	729,445,890			(14,098,463)	715,347,427
Nutriad Holding B.V. ("Nutriad")		684,303,904		(12,332,563)	671,971,341
Innov'ia S.A. ("Innov'ia")	142,852,311			(3,339,451)	139,512,860
Total	**872,298,201**	**684,303,904**	**0**	**(29,770,477)**	**1,526,831,628**

The Goodwill on Drakkar Group S.A. concerns Performance Products. The Goodwill of Innov'ia is related to the services of processing powder included in the Other products segment. The Goodwill on Nutriad is related to the acquisition of the Nutriad Holding B.V., a multinational company headquartered in Dendermonde, Belgium, February 9, 2018.

(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")							
Nutriad Holding b.V. ("Nutriad")							
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	3.5%	2.0%
Operating margin	38.4%	32.0%
Discount rate	8.6%	8.6%

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.

14. Deferred income tax assets/ deferred income tax liabilities

(1) Deferred tax assets without taking into consideration the offsetting of balances

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred income tax assets
Deductible losses	248,796,498	79,545,033	30,342,293	10,400,876
Accrued expenses	155,739,249	50,492,792	115,903,381	35,632,771
Change in fair value of derivative financial instruments	23,675,883	8,150,300	2,815,264	977,088
Property plant equipment and intangible assets	75,342,206	23,926,310	80,094,392	25,573,001
Unrealized profits of internal transactions	223,846,335	53,737,754	329,228,476	87,389,024

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred income tax assets
Payroll	428,204,224	134,354,714	526,947,242	166,956,580
Others	33,415,206	8,903,079	33,659,598	10,757,601
Total before offsetting	**1,189,019,601**	**359,109,982**	**1,118,990,646**	**337,686,941**

(2) Deferred tax liabilities without taking into consideration the offsetting of balances

√ Applicable Not applicable

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	3,730,678,326	1,015,331,464	3,233,170,080	872,826,393
Change in fair value of derivative financial instruments	19,576,430	6,740,165	16,023	5,513
Others	4,350,635	1,077,143	4,608,133	987,888
Total before offsetting	**3,754,605,391**	**1,023,148,772**	**3,237,794,236**	**873,819,794**

(3) Net amounts of deferred assets and liabilities taking into consideration the offsetting of balances

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance of mutual offset amount of deferred tax assets and deferred tax liabilities	Closing balance of net amount of deferred tax assets and deferred tax liabilities after offset	Opening balance of mutual offset amount of deferred tax assets and deferred tax liabilities	Opening balance of net amount of deferred tax assets and deferred tax liabilities after offset
Deferred tax assets	(213,339,123)	145,770,859	(200,643,947)	137,042,994
Deferred tax liabilities	(213,339,123)	809,809,649	(200,643,947)	673,175,847

(4) 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	30,482,677	
Total	**30,482,677**	**0**

(5) 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	30,482,677	
Total	**30,482,677**	**0**

15. Short-term borrowings

Applicable √ Not applicable

16. 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	5,524,383	1,357,600
Cash flow hedge instruments	61,212	7,693,068
Fair value hedge instruments	20,704,959	444,731
Total	**26,290,554**	**9,495,399**

17. 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	1,008,933,850	1,219,258,270
Total	**1,008,933,850**	**1,219,258,270**

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

√ Applicable Not applicable

As at June 30, 2018, the accounts payable with account age of more than one year were RMB 7,070,728 (as at December 31, 2017: RMB 0).

18. 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	Acquisition of subsidiary companies and businesses	Currency translation difference	Closing balance
Short-term employee benefits	260,431,667	462,478,218	(589,870,235)	1,527 ,009	159,504,536	(8,840,287)	285,230,908
Post-employment benefits	12,033,685	38,108,947	(42,157,767)	208,078		(176,258)	8,016,685
Termination benefits	0						0
French profit-sharing plans – short term	135,120,231	41,893,078	(95,322,935)	(15,444,026)		(2,119,126)	64,127,222
Other benefits due within one year	282,569,928	146,409,987	(372,714,666)	(735)		(7,263,612)	49,000,902
Total	**690,155,511**	**688,890,230**	**(1,100,065,603)**	**(13,709,674)**	**159,504,536**	**(18,399,283)**	**406,375,717**

(2) Short-term employee benefits

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increased in current period	Decrease in current period	Reclassification	Acquisition of subsidiary companies and businesses	Currency translation difference	Closing balance
I. Salary, bonus, allowance and subsidy	186,807,636	301,471,176	(434,869,021)	486,618	158,196,961	(7,424,017)	204,669,353
II. Employee welfare benefit							
III. Social insurance premium	14,676,955	122,870,086	(107,024,995)	616,528		(404,116)	30,734,458
Wherein: Medical insurance premium	14,662,525	122,424,011	(106,578,920)	616,528		(404,116)	30,720,028
Industrial injury insurance premium	4,080	276,857	(276,857)				4,080
Maternity insurance premium	10,350	169,218	(169,218)				10,350
IV. Housing fund	37,000	3,047,000	(3,048,000)				36,000
V. Labor union outlay and employee education outlay	461,892	309,265	(307,000)				464,157
VI. Others	58,448,184	34,780,691	(44,621,219)	423,863	1,307, 575	(1,012,154)	49,326,940
Total	**260,431,667**	**462,478,218**	**(589,870,235)**	**1,527,009**	**159,504,536**	**(8,840,287)**	**285 ,230, 908**

(3) Post-employment benefits

√ Applicable Not applicable

Items	Opening balance	Amount increased of current period	Amount decreased of current period	Reclassification	Acquisition of subsidiary companies and businesses	Currency translation difference	Closing balance
Post-employment benefits	12,033,685	38,108,947	(42,157,767)	208,078	0	(176,258)	8,016,685

19. Taxes payable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Value-added-tax	11,477,864	17,891,894
Business tax	13,288,900	14,978,506
Enterprise income tax	289,134,877	175,076,199
Individual income tax	600,626	1,099,545
City maintenance and construction tax	0	602,000
Others	18,863,718	11,633,620
Total	**333,365,985**	**221,281,764**

20. Dividends payable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Dividends of common shares	0	154,485,540
Total	**0**	**154,485,540**

Dividends payable as at December 31, 2017 correspond to dividends distributed by BANG to the non-controlling shareholders. Dividends from 2017 distribution have been paid on June 13, 2018.

21. Other payables

(1) Details of other payables listed by nature

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Loans due to related parties	17,527,023	18,317,882
Payables for acquisition of property, plant and equipment	263,484,265	323,669,447
Cautions and guaranties received	11,654,955	13,888,465
Others	35,273,967	27,592,194
Total	**327,940,210**	**383,467,988**

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

√ Applicable Not applicable

As at June 30, 2018, other payables with an account age of more than 1 year were RMB 32,555,546 (as at December 31, 2017: RMB 15,683,374), 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	2,580,759	2,691,794
Current portion of long-term payables	1,665,393	1,689,738
Current portion of provisions	55,008,265	80,810,084
Total	**59,254,417**	**85,191,616**

23. Other current liabilities

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Government subsidy	13,362,470	13,394,890
Others	7,339,395	10,082,610
Total	**20,701,865**	**23,477,500**

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	13,692,125	15,223,724
Less: the part due within one year	(2,580,759)	(2,691,794)
Total	**11,111,366**	**12,531,930**

As at June 30, 2018, the range of interest rate for long-term loans was 1.83%~3.22.% (as at December 31, 2017: 1.83%~3.22%).

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	4,119,083	5,013,518
Other long-term payable	6,443,328	6,570,317
Less : the part paid in one year	(1,665,393)	(1,689,738)
Total	**8,897,018**	**9,894,097**

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

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Within one year	1,702,996	1,760,751
Between 1 and 2 years	1,499,694	1,630,681
Between 2 and 3 years	979,392	1,490,239
Over 3 years	15,303	257,476
Sub-total	**4,197,385**	**5,139,147**
Less: unrecognized finance charges	(78,302)	(125,629)
Total	**4,119,083**	**5,013,518**

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
Defined benefit plans	215,867,518	221,121,159
French profit-sharing plans	246,309,436	302,214,288
Long-term bonus payment	88,328,643	301,821,827
Less: The part paid in one year	(113,128,124)	(417,690,159)
Total	**437,377,473**	**407,467,115**

The part due within one year includes the short term part of French profit-sharing plan RMB (64,127,222), and the short term part of long term bonus payments RMB (49,000,902).

(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	**145,879,603**	**56,160,955**	**19,080,601**	**221,121,159**
II. Defined benefit plan recognized through profit and loss for the period in which they occur				
1. Service cost of current period	4,254,043	2,219,501	287,036	6,760,580
2. Previous service cost				
3. Settlement losses (gains)				
4. Net amount of interest	1,024,977	277,438	0	1,302,415
III. Re-measurement of the net liabilities of defined benefit plans				
1. Actuary losses (profit)				
IV. Other movements				
1. Price paid during settlement	(5,887,842)	(1,418,014)	(1,779,431)	(9,085,287)
2. Currency translation differences	(2,815,154)	(1,093,173)	(323,022)	(4,231,349)
V. Closing balance	**142,455,627**	**56,146,707**	**17,265,184**	**215,867,518**

Plan assets

☐ Applicable √ Not applicable

Net liabilities (net assets) of defined benefit plan

☐ Applicable √ Not applicable

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
End of Career Benefits (IFC)	
Discount rate	1,20%
Inflation rate	2,00%
Wages increase rate	2,80%
Mortality Table (1)	TH/TF 00-02
Retirement age	62 years - 64 years
Bonuses of Seniority (GA)	
Discount rate	0,75%
Inflation rate	2,00%
Wages increase rate	2,80%
Mortality Table (1)	TH/TF 00-02
Retirement age	62 years - 64 years

(1) Mortality tables TH/TF 00-02 have been approved by decree of the Ministery of the Economy in 2015. They are based on data collected by INSEE (French national bureau of statistics). Table TH 00-02 is for males and table TF 00-02 for females.

(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) Long-term bonus payment

Long-term bonus payments includes two types of bonus. The first one is a bonus only based on Adisseo's results. The second one is detailed below:
In order to attract and motivate high qualified executives with expertise and experience, the Group has set up an incentive plan based on BANG's (the Company's subsidiary, which is a Hong-Kong company) phantom stocks. This incentive plan entitles the executives to a cash payment after three years and half or four years of service, with certain performance conditions. The fair value of the incentive plan is based on BANG's share value, with reference to BAC's stock value at the date of the evaluation. The bonus is paid out since April 1, 2018 to June 30, 2020. As the exercise is at the option of grantees and all the phantom stocks have been vested, all the balance of long-term bonus payment was classified as current liabilities as of December 31, 2017.

For incentive plan do not vest until the completion of services for a period, and/or until the achievement of a specified performance condition, the Group recognizes costs or expenses as services are received, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting. Until the liability is settled, the enterprise shall remeasure the fair value of the liability at each balance sheet date and at the date of settlement, with changes recognized in profit or loss for the current period.
For incentive plan vested, the enterprise shall remeasure the fair value of the liability at each balance sheet date and at the date of settlement, with changes recognized in financial expenses for the current period.

The amount accounted for the plan are:

Unit: Yuan Currency: RMB

Items	Current period
Accumulated amounts of the liabilities	27,505,919
Total expenses recognized during the period	45,322,965

(5) 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
IFC	7,177,107	971,741	38,188,637	300,925,844	347,263,329
GA	7,582,637	3,290,145	21,278,822	87,709,145	119,860,749
Others	2,570,904	4,971,428	3,201,141	8,004,220	18,747,693

27. Provisions

Applicable √ Not applicable

Unit: Yuan Currency: RMB

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	182,409,795	6,800,000	(13,485,557)	(255,131)	175,469,107
Sub-Total	**182,409,795**	**6,800,000**	**(13,485,557)**	**(255,131)**	**175,469,107**
Less: Part due within one year	13,394,890		(300)	(32,120)	13,362,470
Total	**169,014,905**	**6,800,000**	**(13,485,257)**	**(223,011)**	**162,106,637**

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	9,916,723		(525,406)		(186,562)	9,204,755	Assets
Project C	168,837,000	6,800,000	(12,667,300)			162,969,700	Assets
Others	3,656,072		(292,851)		(68,569)	3,294,652	Assets
Total	**182,409,795**	**6,800,000**	**(13,485,557)**		**(255,131)**	**175,469,107**	

29. Paid-in 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**	**0**	**0**	**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	**(26,049,358)**						**(26,049,358)**
Including: remeasurement of changes in liabilities under defined benefit plans	(26,049,358)						(26,049,358)
Items that may be reclassified to profit or loss	(458,083,038)	**(116,607,763)**	**(4,316,086)**	**255,474**	**(120,668,375)**	**(62,378,280)**	**(578,751,413)**
Including: effective portion of gain or loss of cash flow hedge	2,782,241	3,569,316	(4,316,086)	255,474	(491,296)	(86,699)	2,290,945
Translation difference of foreign financial statements	(460,865,279)	(120,177,079)			(120,177,079)	(62,291,581)	(581,042,358)
Total	**(484,132,396)**	**(116,607,763)**	**(4,316,086)**	**255,474**	**(120,668,375)**	**(62,378,280)**	**(604,800,771)**

32. Surplus reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	351,560,696	347,228		351,907,924
Total	**351,560,696**	**347,228**		**351,907,924**

In accordance with the Company Law of the People's Republic of China and the Articles of Association, prior to the distribution of the Company's net profit, the Company should provide 10% as statutory reserve for the net profit available for distribution, after covering the accumulated losses from prior years. 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	Last period
Undistributed profit of last period before adjustment		**8,382,492,815**	**7,766,000,584**
Total adjustments (increased +/ decreased -)			
Undistributed profit at the beginning of period after adjustment		8,382,492,815	7,766,000,584
Add: Net profit attributable to the Company's owners in current period		489,211,568	577,370,721
Appropriation of special reserves			
Others			
Less: Withdrawal of statutory surplus reserve		347,228	5,177,448
Dividend distribution	(1)	463,968,920	611,473,490
Others		52,201,140	10,182
Undistributed profit at the end of period	**(2)**	**8,355,187,095**	**7,726,710,185**

(1). Distribution of dividends of ordinary shares declared during the year:
The dividend distribution, amounting to RMB 463,968,920.23, has been approved by the General Shareholders' Meeting on April 25, 2018 and paid on June 13, 2018.

(2). Retained earnings at the end of the year:
As at June 30, 2018, the consolidated retained earnings attributable to the Company included an appropriation of RMB 224,023,942to surplus reserve made by the Company's subsidiaries.

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	5,749,988,088	3,744,717,664	4,932,120,233	3,086,426,606
Other businesses				
Total	**5,749,988,088**	**3,744,717,664**	**4,932,120,233**	**3,086,426,606**

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	4,328,945,279	3,014,458,198	3,843,777,636	2,565,741,170
Specialties products	1,105,749,525	554,448,763	834,278,107	368,915,653
Other products	315,293,284	175,810,703	254,064,490	151,769,783
Total	**5,749,988,088**	**3,744,717,664**	**4,932,120,233**	**3,086,426,606**

35. Taxes and surcharge

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Business taxes	24,052,299	22,502,068
Property tax	16,412,386	15,597,871
City maintenance and construction tax	3,777,445	4,727,838
Education surcharge and local education surcharges	2,340,797	3,091,812
Others	1,882,610	1,444,019
Total	**48,465,537**	**47,363,608**

36. Selling and distribution costs

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Depreciation expense	7,781,825	2,196,387
Transportation expenses	207,690,702	191,291,767
Personnel expenses	97,423,321	85,485,475
Storage expenses	110,605,677	95,231,140
Commission expenses for delegating agent	34,876,637	29,619,671
Travel expenses	16,667,577	16,130,040
Others	50,471,241	51,940,904
Total	**525,516,980**	**471,895,384**

37. General and administrative expenses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Depreciation expense	14,203,477	13,712,019
Amortization of intangible assets	70,555,990	50,649,254
Employee benefit expenses	179,798,211	162,161,305
Consulting and other expert services	97,157,851	72,413,111
Travel expenses	22,907,435	8,876,378
Rent expenses	15,536,819	8,651,208
Insurance expenses	4,262,646	1,696,351
Research and exploitation expenses (without Payroll & External Expenses)	57,007,067	7,773,442
Others	30,328,781	37,606,482
Total	**491,758,277**	**363,539,550**

38. Financial expenses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Interest expenditure	2,402,193	4,270,586
Less: Interest income	(47,602,919)	(40,254,004)
Net exchange losses / gains	8,087,055	33,663,841
Other financial expenses	57,961,987	11,565,903
Total	**20,848,316**	**9,246,326**

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	5,380,907	3,842,063
Provision for other receivables		(3,760,977)
Provision for decline in value of inventories	1,803,345	(11,418,405)
Impairment loss for available-for-sale financial assets		
Provision for Long term receivable		
Total	**7,184,252**	**(11,337,319)**

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	(23,836,514)	80,174,309
Total	**(23,836,514)**	**80,174,309**

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			
Compensation income	107,000	3,823,757	
Government grant		7,348,663	
Others	26,285	2,184,239	
Total	**133,285**	**13,356,659**	

(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		500,097
Project C		6,566,000
Other projects		282,566
Government subsidy related to benefits		
Total	0	**7,348,663**

42. Non-operating expenses

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		219,998	
Including:			
Losses on disposal of fixed assets		219,998	
Compensation expenditure			
Donations			
Others	301,917	5,894,911	
Total	**301,917**	**6,114,909**	

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	259,690,191	256,656,504
Deferred income tax	976,478	59,262,132
Total	**260,666,669**	**315,918,636**

(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	898,857,229	1,052,402,137
Income tax expenses calculated at applicable tax rates (1)	**309,476,544**	**362,342,056**
Credit Tax	(9,275,635)	(12,013,995)
Difference of tax rates applicable to subsidiary companies (2)	(44,062,825)	(35,047,525)
Change in tax rate	-	(10,787,276)
Income not subject to tax	(4,980,209)	(723,124)
Costs, expenses and losses not deductible for tax purposes	1,042,399	250,640
Tax losses for which no deferred income tax asset was recognized	6,221,212	4,975,086
Utilization of previously unrecognized tax losses	(4,716,188)	
Others	6,961,371	6,922,774
Income tax expenses	**260,666,669**	**315,918,636**

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 June 30, 2018 and December 31, 2017). 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.

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)	489,211,568	577,370,721
Common stock	2,681,901,273	2,681,901,273
Basic earnings per share/(loss)	0.18	0.22
Basic earnings per share from continue operation (i)	0.18	0.22
Basic losses per share/(loss) from discontinue operation (ii)	0.00	0.00

(i) The weighted average number of shares used for the calculation of the EPS on June 2018 and December 2017 is 2,681,901,273.

(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 January 1	2,681,901,273	2,681,901,273
Effect of new shares		
Weighted average number of ordinary shares at the end of the period	**2,681,901,273**	**2,681,901,273**

(2) Diluted earnings per share

The Company does not have dilutive potential ordinary share in the periods from January 1, 2018 to June 30, 2018 and January 1, 2017 to June 30, 2017. 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	5,749,988,088	4,932,120,233
Less: Changes in inventories of raw materials, finished goods and work-in-progress	79,008,916	105,630,775
Raw materials, purchased equipment and consumables purchased	2,772,133,970	2,077,364,923
Employee benefit expenses	644,869,680	619,878,252
Depreciation/amortization expenses	455,458,584	417,107,787
Transportation expenses	207,690,702	191,291,767
Storage expenses	110,605,677	95,231,140
Consulting and other expert services	111,750,356	90,881,010
Travel expenses	39,575,012	25,006,418
Rent expenses	22,065,362	12,337,298
Insurance expenses	6,989,071	5,842,572
Commission expenses for delegating agent	34,876,637	29,619,671
Research and exploitation expenses	57,007,067	7,773,442
Taxes	48,465,537	47,363,608

Items	Amount incurred of current period	Amount incurred of last period
Asset impairment losses	7,184,252	(11,337,319)
Losses/(gain) arising from changes in fair value	23,836,514	(80,174,309)
Investment loss / (income)		
Loss / (Gain) from disposal of assets	2,120,244	
Other (income)	(13,485,557)	
Others	240,810,203	253,142,811
Total Operating profit	**899,025,861**	**1,045,160,387**

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		
Interest income		
Others	52,533,733	20,791,226
Total	**52,533,733**	**20,791,226**

(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
Travel expenses	19,089,529	10,471,591
Rent	12,947,350	8,619,867
Insurances	3,552,205	2,011,229
Others	25,273,984	14,730,087
Total	**60,863,068**	**35,832,774**

(3) Cash received relating to other financing activities

Applicable √ Not applicable

(4) Cash paid relating to other financing activities

Applicable √ Not applicable

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)	**638,190,560**	**736,483,501**
Add: Impairment provisions for assets	7,184,252	(11,337,319)
Depreciation of fixed assets	346,325,485	327,738,464
Amortization of intangible assets	104,809,696	84,995,367
Amortization of expenditures on research and development	4,323,403	4,373,956
Amortization of long-term deferred expenses		2,410,139
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	2,120,244	219,998
Losses (gains) on changes in fair value	23,836,514	(80,174,309)
Decrease (increase) of deferred tax assets	40,519,129	24,941,931
Increase (decrease) of deferred tax liabilities	(39,542,651)	34,320,201
Financial expenses (income)	(47,087,632)	75,754,425
Losses (gains) arising from investment		
Amortization of deferred income	(13,485,557)	(7,348,663)
Decrease (increase) in gross inventories	79,008,916	105,630,775
Decrease (increase) in receivable from operating activities	(161,345,170)	203,036,515
Increase (decrease) in payable from operating activities	(620,119,296)	(293,753,106)
Net cash flow from operating activities	**364,737,893**	**1,207,291,875**
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	5,016,686,121	6,818,938,448
Less: Opening balance of cash	7,659,509,312	6,681,296,187
Add: Closing balance of cash equivalent		
Less: Opening balance of cash equivalent		
Net increase of cash and cash equivalent	**(2,642,823,191)**	**137,642,261**

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

Unit: Yuan Currency: RMB

	Amount of current period
Cash and cash equivalents paid this year for acquiring subsidiaries and other business units during the period	1,374,734,051
Including: Nutriad	1,374,734,051
Less: Cash and cash equivalents held by acquired subsidiaries and other business units on the date of purchasing	223,400,214
Including: Nutriad	223,400,214
Add: Cash or cash equivalent paid in current period for acquiring subsidiaries and other business units in previous period	
Including: Nutriad	
Net amount of cash paid for obtaining subsidiary companies	1,151,333,837

(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	5,016,686,121	7,659,509,312
Including: Cash on hand		
Bank deposit available for payment anytime	5,016,686,121	7,659,509,312
Other monetary resources available on demand	-	
II. Cash equivalents		
III. Closing balance of cash and cash equivalents	5,016,686,121	7,659,509,312
Including: Use-restricted cash and cash equivalent of the Company or its subsidiaries		

48. Foreign-currency monetary items

√ Applicable Not applicable

The Group's exposure to currency risk arising from recognized assets and liabilities denominated in foreign currencies at each affiliate level as at June 30, 2018 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: EUR	6,949,347	7,6515	53,172,931
RMB	12,258,270	1,0000	12,258,270
USD	19,486,935	6,6058	128,726,829
GBP	1,136,953	8,6438	9,827,608
BRL	3,293,026	1,6991	5,595,154
CAD	451,062	4,9692	2,241,394
MXN	18,302,533	0,3326	6,086,738
SGD	859,682	4,8332	4,155,049
OTHER			3,297,925
Total			**225,361,898**
Accounts receivable			
Wherein: EUR	8,174,008	7,6515	62,543,420
RMB	10,211,631	1,0000	10,211,631
USD	42,991,969	6,6058	283,996,419
GBP	2,015,914	8,6438	17,425,173
BRL	70,812,851	1,6991	120,317,555
OTHER			1,841,797
Total			**496,335,995**
Accounts payable			
Wherein: EUR	(79,795,527)	7,6515	(610,555,473)
RMB	(2,673,077)	1,0000	(2,673,077)
USD	(22,175,315)	6,6058	(146,485,731)
GBP	(1,153,288)	8,6438	(9,968,804)
BRL	(3,343,980)	1,6991	(5,681,729)

Items	Closing balance at foreign currency	Exchange rate for conversion	Closing balance at RMB equivalent
CAD	(160,327)	4,9692	(796,689)
MXN	(7,865,880)	0,3326	(2,615,897)
SGD	(337,586)	4,8332	(1,631,633)
OTHER			(908,460)
Total			**(781,317,493)**
Long-term receivables			
Wherein: EUR	113,097	7,6515	865,360
USD	23,166	6,6058	153,030
BRL	20,073,791	1,6991	34,107,220
MXN	75,481	0,3326	25,102
SGD	112,242	4,8332	542,495
OTHER			46,241
Total			**35,739,448**
Current portion of non-current liabilities			
Wherein: EUR	(3,086)	7,6515	(23,609)
Total			**(23,609)**
Gross balance sheet exposure			
Wherein: EUR	(64,562,161)	7,6515	(493,997,371)
RMB	19,796,824	1,0000	19,796,824
USD	40,326,756	6,6058	266,390,547
GBP	1,999,579	8,6438	17,283,977
BRL	90,835,688	1,6991	154,338,200
CAD	290,735	4,9692	1,444,705
MXN	10,512,134	0,3326	3,495,943
SGD	634,338	4,8332	3,065,911
OTHER			4,277,503
Total			**(23,903,761)**

(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

49. Hedging

√ Applicable Not applicable

Operations of the Group are exposed to global market risks, including the effect of changes in currency exchange rates, interest rates and raw materials. 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 2018, the change in fair value on these derivatives has a negative impact of RMB 878,552 (June 2017: gains of RMB 31,510,333) recorded in other comprehensive income as cash flow hedge accounting, including RMB 4,199,195 of change in fair value and RMB (5,077,748) of reclassification into P&L.
From January to June 2018, the change in fair value on these derivatives has a negative impact of RMB (23,836,514) (June 2017: gains of RMB 80,174,309) charged to the income statement as fair value hedge accounting, cash flow hedge ineffectiveness or non-hedge.

50. Other Government subsidy

(1) Brief introduction of government grant

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Balance	Presentation of projects	Amount recorded in current profit and loss
Government grants related to assets			
Project B	9,204,755	Industrial investment in Burgos plant	525,406
Project C	162,969,700	Land use right and industrial structure adjustment in Nanjing plant	12,667,300
Other projects	3,294,652		292,851
Government grants related to income			
Items offset against operating costs			841,220

(2) Refund of government grant

Applicable √ Not applicable

Unit: Yuan Currency: RMB

Items	Amount	Explanation

Other explanation

51. Other

None

VIII. Change of Consolidation Scope

1. Business combination not under common control

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Name of the acquiree	Acquisition date of equity investment	Cost of Equity investment	Shareholding acquired (%)	Acquisition method	Acquisition date	Basis of acquisition date determination	Income from the acquisition date to year end	Net profit from the acquisition date to year end	Net cash inflow from the acquisition date to year end
Nutriad Holding B.V.	09/02/2018	1,374,734,051	100.00%	Acquisition not under common control	09/02/2018	The date Drakkar Group S.A.obtains control over Nutriad Holding B.V.	328,222,916	15,515,401	(129,356,059)

The overseas subsidiary of Bluestar Adisseo Company, Drakkar Group S.A, executed a Share Purchase Agreement to acquire 100% equity of Nutriad Holding B.V. with existing cash resources for a consideration of RMB 1,374,734,051.
Nutriad is a multinational company headquartered in Dendermonde, Belgium, which operates 4 laboratories and 5 plants located in Belgium, Spain, the UK, China and the USA. This business generates sales of about USD100 million per year. The transaction is one of the important actions to implement the “Two-Pillar” strategy of the Company, which will accelerate the development of the specialty business.

a. Acquisition cost and goodwill

Unit: Yuan Currency: RMB	Acquisition of Nutriad Holding B.V.
Cash	1,374,734,051
Total acquisition cost	1,374,734,051
Less: share of the fair value of the identifiable net assets acquired	690,430,147
Goodwill	**684,303,904**

b. Identifiable assets and liabilities of the acquiree at the acquisition date

Unit: Yuan Currency: RMB

Items	Nutriad Holding B.V.	
	Book value	Fair value
Assets:		
Cash at bank and on hand	223,400,214	223,400,214
Accounts receivable	144,061,206	141,682,727

Items	Nutriad Holding B.V.	
	Book value	Fair value
Advances to suppliers	8,685,587	8,685,587
Other receivables	9,407,401	9,410,262
Inventories	101,205,147	101,205,147
Long-term receivables	30,022,850	30,022,850
Fixed assets	28,974,679	28,974,679
Intangible assets	1,645,917	614,244,802
Goodwill	33,966,595	0
Deferred tax assets	15,337,855	44,967,504
Liabilities:		
Accounts payable	68,596,672	68,596,672
Wages and benefits payable	21,535,760	159,504,536
Taxes payable	3,922,712	3,922,712
Other payables	25,812,135	25,812,132
Current portion of non-current liabilities	74,772,924	74,772,924
Long-term payables	13,180	13,180
Deferred tax liabilities		179,541,469
Net assets	402,054,071	690,430,147
Net assets obtained	**402,054,071**	**690,430,147**

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, Ltd	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
Fondoir de Bayonne Blancpignon (ex Adisseo Développement S.A.S)	France	France	Production and sales of chemical products		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 S.A.R.L	Luxembourg	Luxembourg	Investment holding		85%	Business combination under common control
Casper G.I.E	France	France	Production and sales of chemical products		68%	Business combination under common control
Adisseo Eurasie S.A.R.L	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 Ltd	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 Asia Pacific Pte. Ltd	Singapore	Singapore	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 Trading (Thailand) Co., Ltd	Thailand	Thailand	Production and sales of chemical products		85%	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 S.A.R.L	France	France	Powder designer for chemical industry		84.94%	Business combination under common control
IDCAPS S.A.S.U	France	France	Powder designer for chemical industry		84.94%	Business combination under common control
Innov'ia 3I S.A.	France	France	Powder designer for chemical industry		84.94%	Business combination under common control
Innov'ia USA Inc.	USA	USA	Powder designer for chemical industry		84.94%	Business combination under common control
Capsulae S.A.S	France	France	Powder designer for chemical industry		67.95%	Business combination not 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
Adisseo Animal Nutrition Pte Ltd	India	India	Production and sales of chemical products		85%	Business combination under common control
Adisseo Malaysia SDN. BHD	Malaysia	Malaysia	Production and sales of chemical products		85%	Established
Adisseo Nutrition & Healthcare (Nanjing) Co. Ltd	China	China	Production and sales of chemical products		85%	Established
Adipex S.A.S	France	France	Production and sales of chemical products		72.25%	Established

Name of subsidiary companies	Main business place	Registered place	Business nature	Shareholding proportion (%)		Acquisition method
				Direct	Indirect	
Nutriad Holding B.V.	Netherlands	Netherlands			85%	Business combination not under common control
Nutriad Temp Holding B.V.	Netherlands	Netherlands			85%	Business combination not under common control
Nutriad LatAm Holding B.V.	Netherlands	Netherlands			85%	Business combination not under common control
Nutriad Latin America B.V.	Netherlands	Netherlands			85%	Business combination not under common control
Nutriad Europe N.V.	Belgium	Belgium			85%	Business combination not under common control
Nutriad America s, Inc.	USA	USA			85%	Business combination not under common control
Nutriad International N.V.	Belgium	Belgium			85%	Business combination not under common control
Nutriad Ltd	UK	UK			85%	Business combination not under common control
Nutriad Asia Ltd	Hong Kong	Hong Kong			85%	Business combination not under common control
Nutriad Trading Shanghai Co., ltd	China	China			85%	Business combination not under common control
Feed Flavor Internationals (Jiangsu) Co., Ltd	China	China			85%	Business combination not under common control
Nutriad, Inc.	USA	USA			85%	Business combination not under common control
BFI Innovations Mexico SA de C.V.	Mexico	Mexico			85%	Business combination not under common control
Nutriad Nutrição Animal Ltda	Brazil	Brazil			85%	Business combination not under common control
Nutriad Polska Sp. Z o.o. Ul.	Poland	Poland			85%	Business combination not under common control
Nutriad España S.A.	Spain	Spain			85%	Business combination not under common control
Nutriad Italia srl	Italy	Italy			85%	Business combination not under common control
Nutriad Hellas	Greece	Greece			85%	Business combination not under common control

(2) Important non-wholly owned subsidiaries

Unit: Yuan Currency: RMB

Name of subsidiary	Proportion of ordinary share 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%	148,978,992	63,248,368	3,657,037,566

Non-controlling interests include the 15% of shares owned by Bluestar Group in BANG and the preferred shares of BANG.

(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	6,167,353,842	11,461,654,989	17,629,008,831	2,029,997,192	1,429,302,143	3,459,299,335	8,911,196,760	10,164,701,861	19,075,898,621	3,511,218,453	1,272,083,894	4,783,302,347

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	5,749,988,088	634,718,285	451,671,630	404,026,201	4,932,120,233	697,652,485	1,250,299,176	1,497,805,546

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:

- foreign exchange risk
- interest rate risk
- raw material 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:

Hedged currencies	Increase of the euro by 10%		Decrease of the euro by 10%	
	Impact P&L	Impact OCI	Impact P&L	Impact OCI
USD	24,210,468	975,669	(89,468,952)	744,812
Other currencies	727,200	1,341,898	(2,005,703)	(1,202,877)

Non-hedged currencies	Increase of the euro by 10%		Decrease of the euro by 10%	
	Impact P&L	Impact OCI	Impact P&L	Impact OCI
BRL	(15,735,570)	0	15,735,570	0
Other currencies	(2,908,142)	0	2,908,142	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 June 30, 2018 and December 31, 2017, the Group's has no more significant floating rate borrowings.

(3) Raw material risk

The raw material risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market commodities. The Group is exposed to fluctuations in mainly propylene, sulphur and gas prices and in order to limit this exposure, the Group enters into some derivative financial instruments (caps and swaps).
In volume, the outstanding derivatives contracts on propylene were 19,800Bbl as of 30 June 2018 and the sensitivity is not significant.

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 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					0
Accounts payable	1,001,863,122	7,070,728			1,008,933,850
Derivative financial instruments-liabilities	26,290,554				26,290,554
Interest payables	5,045,499				5,045,499
Dividends payable					0
Other payables	295,384,664	3,079,086	27,997,370	1,479,090	327,940,210
Long-term borrowings		2,476,870	1,594,060	7,040,436	11,111,366

Items	Closing balance				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Long-term payables		1,499,694	979,392	6,417,932	8,897,018
Current portion of long-term payables	1,702,996				1,702,996
Current portion of long-term borrowings	2,580,759				2,580,759
Total	**1,332,867,594**	**14,126,378**	**30,570,822**	**14,937,458**	**1,392,502,252**

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					
Accounts payable	1,219,258,270				1,219,258,270
Derivative financial instruments-liabilities	9,495,399				9,495,399
Interest payables	8,559,892				8,559,892
Dividends payable	154,485,540				154,485,540
Other payables	378,556,308	2,686,450	897,092	1,328,138	383,467,988
Long-term borrowings		2,505,974	2,036,400	7,989,556	12,531,930
Long-term payables		1,630,681	1,490,239	6,773,177	9,894,097
Current portion of long-term payables	1,760,751				1,760,751
Current portion of long-term borrowings	2,691,794				2,691,794
Total	**1,774,807,954**	**6,823,105**	**4,423,731**	**16,090,871**	**1,802,145,661**

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 June 30, 2018, 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		8,263,620		8,263,620
Total amount of assets measured with fair value continuously		**8,263,620**		**8,263,620**
(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		26,290,554		26,290,554
Total amount of liabilities measured with fair value continuously		**26,290,554**		**26,290,554**
Net assets	**0**	**(18,026,934)**	**0**	**(18,026,934)**

As at December 31, 2017, 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		19,287,286		19,287,286
Total amount of assets measured with fair value continuously		**19,287,286**		**19,287,286**
(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		9,495,399		9,495,399
Total amount of liabilities measured with fair value continuously		**9,495,399**		**9,495,399**
Net assets	**0**	**9,791,887**	**0**	**9,791,887**

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	18,168,869,029	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 Note IX (1).

3. Other related parties of the Company

√ Applicable Not applicable

Name of other related parties	Relationship of other related parties with the enterprise
Lanzhou Bluestar Cleaning Co., Ltd	Controlled by the same parent company
Bluestar Silicon Investment Co., Ltd	Controlled by the same parent company
Elkem Silicones France SAS	Controlled by the same parent company
Hangzhou Water Treatment R&D Center	Controlled by the same parent company
Bluestar Adisseo TIANJING Co., Ltd	Controlled by the same ultimate controlling shareholder
Bluestar Shanghai Cleaning Technology Co., Ltd	Controlled by the same ultimate controlling shareholder
Lianyungang Lianyu Construction Supervision Co., Ltd	Controlled by the same ultimate controlling shareholder
ChemChina Finance Co., Ltd	Controlled by the same ultimate controlling shareholder
Bluestar Nanjing Chemical New Materials Co., Ltd	Joint venture of the same ultimate controlling shareholder
GDEM Conseil	Company owned by the chairman of the board

4. Related party transactions

√ Applicable Not applicable

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

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
Lanzhou Bluestar Cleaning Co., Ltd	Purchase of services	2,500,000	
Bluestar Nanjing Chemical New Materials Co., Ltd	Purchase of goods/ services		30,644,000
Bluestar Shanghai Cleaning Technology Co., Ltd	Purchase of services	248,000	932,000
Lianyungang Lianyu Construction Supervision Co., Ltd	Purchase of services		123,000
Hangzhou Water Treatment R&D Center	Purchase of goods/services	159,000	
GDEM conseil	Purchase of services	21,273,985	605,042

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
Elkem Silicones France SAS	Sales of goods/providing of services	6,311,705	5,302,090

(2) Trust / contracting with related parties

Applicable √ Not applicable

(3) Leases with related parties

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Related party	Category of asset	Current period	Last period
China National Bluestar (Group) Co, Ltd	Office building	360,000	324,000
Bluestar Nanjing Chemical New Materials Co., Ltd	Office building	137,000	
Bluestar Nanjing Chemical New Materials Co., Ltd	Equipment	1,031,000	

(4) Compensation paid for key management personnel

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Current period
Remuneration of key management	33,701,802

(5) Other related party transactions

√ Applicable Not applicable

ChemChina Finance Co., Ltd. has the financial institution's license in China and the Group accounts for the deposits with ChemChina Finance Co., Ltd.as part of its cash at bank. In the reporting period, total deposits made to Chemchina Finance Co., Ltd. amounted to RMB 974,530,678 and the interest income earned in the current period amount to RMB 17,606,452.

The balances of the above related party transactions:

Unit: Yuan Currency: RMB

Items	Related party	Closing book value	Opening book value
Cash at bank	ChemChina Finance Co., Ltd.	974,530,678	956,924,226

5. Accounts receivable from and payable to related parties

(1) Accounts receivable

Unit: Yuan Currency: RMB

Items	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	7,613,243		7,763,289	
Accounts receivable	Elkem Silicones France SAS	2,425,526		2,137,830	
Other Receivables	China National Bluestar (Group) Co., Ltd	420,833		429,127	
Advances to suppliers	China National Bluestar (Group) Co., Ltd	6,355,000		6,355,000	
Advances to suppliers	Bluestar Nanjing Chemical New Materials Co., Ltd			3,235,165	

(2) Accounts payable

Unit: Yuan Currency: RMB

Items	Related parties	Closing book value	Opening book value
Accounts payable	Bluestar Silicones Investment Co., Ltd	237,197	
Accounts payable	GDEM conseil	602,556	1,248,337
Other payables	Bluestar Silicones Investment Co., Ltd	10,907,172	10,771,694
Other payables	China National Bluestar (Group) Co., Ltd	4,780,851	4,420,851
Other payables	Bluestar Shanghai Cleaning Technology Co., Ltd.		185,000
Other payables	Lianyungang Lianyu Construction Supervision Co., Ltd	322,450	322,000
Other payables	Lanzhou Bluestar Cleaning Co., Ltd	1,500,000	1,370,000
Other payables	Hangzhou Water Treatment R&D Center	16,550	

XIII. Share-based payments

Applicable √ Not applicable

XIV. 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	13,692,125	15,223,724
Less : Cash at bank and on hand	5,016,686,121	7,659,509,312
Net Debt	(5,002,993,996)	(7,644,285,588)
Total owners' equity	16,673,690,435	17,257,073,851
Total Capital	11,670,696,439	9,612,788,263
Gearing ratio	**N/A**	**N/A**

XV. 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	1,139,600,248	657,489,918
Total	**1,139,600,248**	**657,489,918**

(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	90,798,453	63,810,173
Between 1 and 2 years	43,306,113	18,563,706
Between 2 and 3 years	32,741,913	9,764,736
Over 3 years	96,528,368	11,393,248
Total	**263,374,847**	**103,531,863**

2. Contingencies

Applicable √ Not applicable

3. Other

None

XVI. 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

XVII. 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

Reporting segments are determined according to operating segments, which is in accordance with the Group's internal organization structure, management requirements and internal reporting system. The Group only has one reporting segment – Health and nutrition.

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

Current period

Unit: Yuan Currency: RMB

Items	Health and nutrition	Total
Revenue from external customers	5,749,988,088	5,749,988,088
Revenue from transactions with other segments		
Operating cost	3,744,717,664	3,744,717,664
Impairment for the period	7,184,252	7,184,252
Interest income	47,602,919	47,602,919
Interest expense	2,402,193	2,402,193
Depreciation, amortization	455,458,584	455,458,584
Profit before income tax		0
Income tax expense or benefit	260,666,669	260,666,669
Net profit	638,190,560	638,190,560
Other items:		
Total assets	20,295,408,804	20,295,408,804
Total liabilities	3,621,718,369	3,621,718,369

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

None

(4) Major customers

None single external customer amounts to 10 per cent or more of the consolidated operating income or the Company's operating income.

(5) Other explanation

Operating revenue from external customers by product
Refer to the Note VII.34 - *Detail of main businesses*.

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	1,891,341,555	1,538,547,097
North & Central America	1,186,571,758	1,114,859,552
Asia / Pacific (excluded China)	1,036,034,286	840,364,552
South America	917,927,111	738,160,839
China	538,734,079	567,054,134
Others	179,379,299	133,134,059
Total	**5,749,988,088**	**4,932,120,233**

Specified non-current assets by geographical location

Unit: Yuan Currency: RMB

Country or region	Non-current assets other than financial assets and deferred income tax assets	
	Closing balance	Opening balance
Europe / Africa/MO	7,997,446,968	6,740,774,981
North & Central America	17,918,061	17,959,526
Asia / Pacific(excluded China)	21,527,647	20,126,057
South America	13,403,171	12,833,849
China	3,185,602,699	3,185,454,983
Total	**11,235,898,546**	**9,977,149,396**

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

None

8. Others

None

XVIII. Main Items in the Financial Statements of the Company

1. Cash at bank and on hand

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Cash on hand		
Cash at bank	2,635,091,968	2,241,610,694
Other monetary funds		
Total	**2,635,091,968**	**2,241,610,694**

As at June 30, 2018 and December 31, 2017, no restricted funds within the company.

2. Dividends receivables

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Bluestar Adisseo Nutrition Group Limited	0	875,418,060
Total	**0**	**875,418,060**

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	0	0	7,492,295,416	0	7,492,295,416
Total	**7,492,295,416**	0	0	7,492,295,416	0	7,492,295,416

XIX. 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	(2,120,244)	Scrapping of non-conform or defective equipment
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	13,485,557	Mainly grants for land use right and industrial structure adjustment in Nanjing plant
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		
Net income from compensation		
Profit or loss arising from external entrusted loans		
Profit or loss on changes in the fair value of investment properties that are subsequently measured using the fair value mode		
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the requirements of tax laws and accounting laws and regulations		
Custodian fees earned from entrusted operation		

Non-recurring profit or loss items	Amount of current period	Description (if applicable)
Other non-operating income or expenses other than the above	(168,632)	Miscellaneous expenses
Other profit or loss that meets the definition of non-recurring profit or loss		
Impact of income tax	(3,247,013)	
Effects attributable to minority interests (after tax)	(1,192,450)	
Total	**6,757,218**	

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	3.75	0.18	0.18
Net profit attributable to the Company's common shareholders after deduction of non-recurring gain or loss	3.68	0.18	0.18

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.

Chairmain: Deman Gerard

Approved by the Board for submission on: July 25th, 2018