Bluestar Adisseo Company

2023 Annual Report

Important Notice

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

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

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

IV. **Zhigang HAO, the Company's principal, Virginie CAYATTE, the person in charge of the accounting function, and Virginie CAYATTE, the person in charge of the accounting department (the personnel in charge of accounting) state that, they ensure the authenticity, accuracy and completeness of the financial statements in the annual report.**

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

As audited by KPMG Huazhen LLP, the net profit attributable to the shareholders of the Company at the consolidated level for the year ended December 31, 2023 amounted to RMB 52,165,518 and the accumulated profits available for distribution at parent company level as at December 31, 2023 amounted to RMB 489,335,867.

Therefore, in order to share the Company's operation achievements with all shareholders, as well as enabling the Company for further development in consideration of the Company's actual operation situations, the Company proposes that: based on the Company's total share capital on registration date, the Company will distribute to all shareholders, cash dividend of RMB 0.6 yuan per 10 shares (inclusive of tax). The total amount of the cash dividends to be distributed is RMB 160,914,076.

If the total share capital of the Company changes before the date of registration, it is proposed to maintain the same distribution ratio per share and adjust the total amount of distribution accordingly. An announcement shall be released accordingly.

The above proposal is still subject to the approval of 2023 Annual General Shareholders' Meeting.

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. Has more than half of the directors not guaranteed the authenticity, accuracy and completeness of the annual report disclosed by the company?

No.

X. 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 3 Management's Discussion and Analysis VI. Discussion and Analysis of the Company's Future Development 4 "Possible risks in the future".

XI. Other information

√ Applicable ☐ Not applicable

Chinese version of this report

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

CONTENTS

Reference file	Financial statements signed and chopped by the company's legal representative, the person in charge of accounting work and the person in charge of accounting department.
	Original audit report sealed by the accounting firm, signed and sealed by the certified public accountant.
	Originals of all publicly disclosed documents and originals of public announcements during the reporting period

Section 1 Interpretations

I. Interpretations

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

Interpretations of the terms in common use		
a. General terms		
Company, the Company	Indicate	Bluestar Adisseo Company
BNCM	Indicates	Bluestar New Chemical Material Co., Ltd
Nutriad	Indicates	The Nutriad Holding B.V. company and its subsidiaries acquired by Adisseo in February 2018
Calysta	Indicates	A US-based technology firm that has developed a proprietary Single Cell Protein and its innovative associated manufacturing process
Calysseo	Indicates	Adisseo has formed a joint-venture company called Calysseo together with Calysta in March 2020
FRAmelco	Indicates	The Franklin Group BV and its subsidiaries acquired by Adisseo in December 2020
Nor-feed	Indicates	A French group that designs, manufactures and markets plant-based specialty ingredients and plant extracts for animal nutrition
Nanjing Plant	Indicate	Bluestar Adisseo Nanjing Co., Ltd.
Group, the Group, or Adisseo	Indicate	Bluestar Adisseo Company and its subsidiaries
ChemChina	Indicates	China National Chemical Corporation
SinoChem	Indicates	SinoChem Group Co., Ltd.
SinoChem Holdings	Indicates	SinoChem Holdings Co., Ltd. is a new company established by the SASAC of the State Council on behalf of the State Council to perform the duties of investor for the purpose of joint reorganization between SinoChem Group and ChemChina. SinoChem Group and ChemChina will be included in the new company as a whole.
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
Shareholders' General Meeting	Indicates	The Shareholders' General Meeting of Bluestar Adisseo Company
Articles of association ("AOA")	Indicate	The Articles of Association of Bluestar Adisseo Company
CSRC	Indicates	China Securities Regulatory Commission
SSE	Indicates	Shanghai Stock Exchange
SASAC of the State Council	Indicates	State Assets Supervision and Administration Commission of China of the State Council
Yuan, 10 thousand Yuan, 100 million Yuan	Indicate	RMB Yuan, RMB ten thousand Yuan, RMB one hundred million Yuan
Reporting period	Indicates	1st Jan 2023 ~ 31st Dec 2023
Transaction and restructuring	Indicates	In 2015, the company purchased 85% of the common stock of Adisseo through major asset restructuring with related party by issuing shares and cash payment and disposed of all the original businesses of the listed company.
Company Law	Indicates	Company Law of the People's Republic of China

Interpretations of the terms in common use		
Securities Law	Indicates	Securities Law of the People's Republic of China
Listing Rules	Indicates	Listing Rules of the Shanghai Stock Exchange
b. Technical terms		
Feed additives for animal nutrition	Indicates	Feed additives are food supplements for farm animals that cannot get enough nutrients from regular feeds and have to be added to the feed for nutritional purpose; which could promote the growth, development and wellbeing of animals.
Methionine / Methionine product	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.
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, probiotics additives and other specialties.
Other products	Indicates	The following products: carbon disulfide, sulfuric acid and services of processing powder.
MMP	Indicates	3-(Methylthio) propionaldehyde. This substance is the first intermediate in the synthesis of methionine. It is generated by the chemical reaction between methane thiol and propylene.
FeedKind	Indicates	FeedKind protein is a natural, traceable and safe non-animal source of high protein produced using the world's only commercially validated gas fermentation process. It is a sustainable alternative to high protein feed ingredients such as fishmeal.
KT	Indicates	Kilo ton

Interpretations of the terms in common use		
TWh	Indicates	The unit of measurement of the amount of electricity produced

**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	Hao Zhigang

II. Contact Person and Contact Methods

	Secretary to the Board of Directors
Name	Ms. Cai Yun
Contact address	9 West Beitucheng Road, Chaoyang District, Beijing
Tel	010-61958802
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
Change of registered address	Not applicable
The Company's office address	9 West Beitucheng Road, Chaoyang District, Beijing
The Company's website	www.adisseo.com.cn
E-mail	Investor-service@bluestar-adisseo.com

IV. Information Disclosure and Preparation Site

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

V. Brief Information on the Company's Shares

Type of security	Stock exchange on which the securities are listed	Share abbreviation	Share code	Share abbreviation before modification
Ordinary Shares	Shanghai Stock Exchange	Adisseo	600299	BNCM

VI. Other Related Information

Accounting firm (domestic) employed by the Company	Name	KPMG Huazhen LLP
	Office address	8th Floor, KPMG Tower, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing
	Name of signing Certified Public Accountant	Zhang Huan, Wang Shan

VII. Main financial data for the latest three reporting periods

1. Main financial data

Unit: Yuan Currency: RMB

Main accounting data	2023	2022	Changes in comparison with the same period of last year (%)	2021
Operating revenue	13,183,748,624	14,529,015,609	-9.26%	12,868,681,379
Net profit attributable to the shareholders of the Company	52,165,518	1,246,679,835	-95.82%	1,471,648,465
Net profit attributable to the shareholders of the Company after deduction of non-recurring profit or losses	12,996,165	1,206,010,948	-98.92%	1,482,347,878
Net cash flow arising from operating activities	2,764,212,304	1,728,821,216	59.89%	2,601,939,265
	As of the end of 2023	As of the end of 2022	Changes in comparison with the end of last year (%)	As of the end of 2021
Net assets attributable to the shareholders of the Company	15,036,928,489	14,933,588,455	0.69%	14,094,301,631
Total assets	21,513,367,642	21,343,401,913	0.80%	20,905,892,136

2. Main financial ratios

Main financial ratios	2023	2022	Change of the present period over the same period of last year (%)	2021
Basic earnings per share (Yuan/ share)	0.02	0.46	-95.65%	0.55
Diluted earnings per share (Yuan/ share)	0.02	0.46	-95.65%	0.55
Basic earnings per share after deduction of non-recurring profit or loss (Yuan/ share)	0.0048	0.45	-98.93%	0.55
Weighted average return on net asset (%)	0.35	8.71	-8.36ppt	10.54
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	0.09	8.43	-8.34ppt	10.61

Explanations of main financial data and financial ratios:

Facing with on-going volatility and uncertainty, low demand progressively recovering and intensified industry competition in 2023, the company's performance has been impacted by the price decrease of performance products and squeezed margin arising from the increased raw material and energy costs in European plant.

Net profit attributable to the shareholders of the Company in 2023 decreased by 95.82% year-on-year, mainly due decrease in gross profit as well as asset impairment and restructuring costs linked to, Innov'ia old factory, and Kallo factory in Belgium.

In 2023, Adisseo recorded a positive cashflow from operating activities of CNY2.8 billion thanks to stringent cash and working capital optimization with optimized net debt position.

√Applicable ☐ Not applicable

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

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

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

Unit: Yuan Currency: RMB

	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Operating revenue	3,151,977,858	3,176,397,897	3,285,968,031	3,569,404,838

Net profit attributable to the shareholders of the Company	1,487,743	31,912,543	(67,806,277)	86,571,509
Net profit attributable to the shareholders of the Company after deduction of non-recurring profits and losses	(22,863,841)	33,504,513	(71,254,446)	73,609,939
Net cash flow from operating activities	525,623,605	649,709,714	617,861,383	971,017,602

Operating performance (excluding one-off impacts) has been improving since Q3 2023. Q4 showed clear signs of rebound with a positive annual net result.

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

☐Applicable √ Not applicable

X. Non-recurring Profit or Loss Items

√ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	**Amount in 2023**	**Description (if applicable)**	**Amount in 2022**	**Amount in 2021**
Net profit or loss on disposal of non-current assets	(5,243,116)	Scrapping of non-conform or defective equipment	(14,174,293)	(29,681,576)
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	31,557,892	Mainly grants for land use right and industrial structure adjustment in Nanjing plant	14,847,101	16,394,349
Profit or loss on changes in the fair value of investment properties that are subsequently measured using the fair value mode	27,838,350	Fair value AVF		
Other non-operating income or expenses other than the above	(3,936,006)		51,466,791	13,658,843
Other items of profit or loss that meet the definition of non-recurring profit or loss				(15,237,200)
Impacts attributable to minority interests (after tax)				
Impact of income tax	(11,047,767)		(11,470,712)	4,166,171
Total	**39,169,353**		**40,668,887**	**(10,699,413)**

For the non-recurring profit and loss items defined by the Company according to the definition of the Explanatory Announcement of Information Disclosure of Companies that Offer Securities to the Public No. 1 - Non-recurring Profit and Loss, and the non-recurring profit and loss items listed in the Explanatory Announcement of Information Disclosure of Companies that Offer Securities to the Public No. 1 - Non-recurring Profit and Loss, the reasons shall be explained.

☐ Applicable √ Not applicable

XI. Items measured using fair value

Currency: RMB Unit: Yuan

Item Name	Beginning Balance	Closing Balance	Change in current period	Impact to gain and loss in the current period
Derivative financial instruments assets	4,884,268	16,278,030	11,393,762	12,735,315
Derivative financial instruments liabilities	(363,722)	(8,818)	354,904	(414,944)
Investments in other equity instruments	262,657,438	277,802,940	15,145,502	
Other non-current financial assets	75,870,564	109,023,611	33,153,047	27,838,350
Total	**343,048,548**	**403,095,763**	**60,047,215**	40,158,721

XII. Others

☐ Applicable √ Not applicable

Section 3 Management's Discussion and Analysis

I. Discussion and Analysis of the Operation

The world's population encompasses about 8 billion people and it is expected to continue to rise to be around 10billion by 2050. The combination of natural resources scarcity, climate change and population growth aggravate the complexity of providing food and nutrition security.

The feed-food chain faces 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 its environmental impact, and keep animals healthy and feeling well.

Being a worldwide leader in the feed additives market for animal nutrition and health, Adisseo provides a solution approach through partnerships, products and services, research & innovation, Adisseo's mission is to feed the planet in a high-quality, affordable, safe and sustainable way.

Adisseo contributes effectively in developing and providing innovative products and services to the feed and food industry already for more than 80 years while continuously enhancing its sustainable footprint. Adisseo provides feed additives for animal nutrition including essential nutrients and specialty feed ingredients including but not limited to digestibility improvement, preserving precious resources and qualitatively formulated feed, stabilization of gut flora, improving 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). Meanwhile, Adisseo's feed ingredients contribute to support sustainable production and environmental protection by the reduction of effluent (e.g. nitrogen, phosphorus, and methane), the increase of raw material usage efficiency and the balance of animal productivity and welfare.

Adisseo is bringing solutions to premixers, feed mills, farms, integrators and animals in every food producing category: poultry, swine, ruminants and aqua. A global team serves about 4,200 customers in over 110 countries globally to partner in solving issues related to production efficiency, improve livestock performance, optimize animal nutrition and raw material usage, keep animals healthy and feeling well while reducing/minimizing its environmental impact.

Adisseo is present worldwide and operates on all continents with sales force organized in seven business areas: Europe/CIS, Middle East/Africa, Indian sub-continent, North America, South & Central America, Asia Pacific and China. A team of acknowledgeable sales and technical support brings expertise to offer professional consultation on additive application technologies and feed formulation and finished products analysis, strengthening its position as the go-to supplier through its distribution platforms for and its long-term and productive relationships with its customers.

Leveraging safety and sustainability DNA, the Company pursues the implementation of its "two-business-pillar" strategy, i.e. continuously consolidating its leadership in methionine industry, while accelerating its development in Specialty business.

To do so, Adisseo brings a full range of products and services to the market that supports customers in every step of the feed and animal production for all animal species:

- Performance products:
  - Adisseo is the world leader in liquid methionine and is aiming to become the world's largest producer in the global methionine market. Adisseo is one of the few global methionine producers capable of producing methionine in both liquid and powder forms.
  - Adisseo is uniquely positioned in the vitamin business in the feed industry, who endeavors to provide a full range of vitamin offerings with high quality and complete traceability.
- Specialties:
  - Monogastric business including
    - Feed Digestibility (enzymes, lysolecithins, etc.): Adisseo is a world-leading and the most recognized supplier of Non-Starch Polysaccharide enzymes resulted from 25^{+} years development history in this sector.
    - Animal Resilience (products to support animal performance like gut health products, Selisseo, Alterion, Adimix, etc): Adisseo is one of the world leading companies in animal performance products like gut health. The acquisition of FRAmelco is further reinforcing Adisseo's position in the promising and fast-growing animal resilience market segment.
    - The acquisition of Norfeed allows Adisseo to complement its offering with natural ingredients additives
    - Other products (Palatability, Mycotoxin management, Feed Preservation) to support customers in raw material evaluation, feed formulation, feed production, storage and animal well-being and performance.
  - Ruminant (protected methionine, etc.): With notably its Protected Methionine and undisputable market positioning. Adisseo is the world-leading producer of rumen-protected methionine for amino-acid balanced diet with 30 years of experience.
  - Aqua and new alternative protein (aqua feed additive and FeedKind®, the new, safe, healthy, traceable and nutritional protein): A new highly promising segment for Adisseo.
- Services: Adisseo brings a comprehensive range of products and services to support customers in every step of the production process of feed and animals.

The global research and innovation centers with around 300 people dedicated to research and innovation, are represent solid engines to support the "two-business-pillar" strategy.

Adisseo relies on its production sites based in Europe, USA, Southeast Asia and China to design, produce and market nutritional solutions. The manufacturing platforms enable Adisseo to manage the majority of its production internally, some vitamins are traded and Adisseo works with industrial partnerships for the production of some specialties.

To guarantee a sustainable growth model, Adisseo is keen to strike the right balance between economic and human development and the preservation of the planet's resources.

Thanks to innovative methods and constant awareness, all staff members are mobilized to reach "Zero Accidents": occupational safety, process safety, product safety, transportation safety and environmental safety.

Adisseo is also engaged to minimize environmental impact. Adisseo is pursuing its reduction policy for the impact of its activities on the environment and has set the ambitious new environmental objective of decreasing by 37% its GHG emissions from 2020 to 2035 while pursuing business growth.

Adisseo had actually been committed since 2015 to reduce its greenhouse gas emissions by 20% as well as its water and energy consumption per kilogram of product over a ten-year period.

As of December 31st, 2023, Adisseo is ahead of its 2025 target thanks to projects to develop and optimize processes, improve energy efficiency and the purchasing of renewable or decarbonated energy.

Improvement in energy consumption is built around 3 main areas: operational rigor to avoid losses, technical and economic studies aimed at improving the energy efficiency of our processes, optimization of purchasing contracts and the search of subsidies.

A control of water consumption. Adisseo also ensures continuous improvement processes to increase water efficiency and recycling initiatives.

In 2023, Adisseo finalized a process with a leading French sustainable development external consultant to establish its carbon reduction roadmap to 2050.

Sustainability is critical for Adisseo and the company has defined clear guidelines based on carbon neutrality and the limitation of its environmental impact. Adisseo's objectives are aligned on international standards such as Paris agreements, the COP21 and contribute to the UN Sustainable Development goals such as SDG 2 "Zero hunger", SDG 8 "Decent work and economic growth", SDG 12 "Responsible conception and production" and SDG 13 "Climate action".

Adisseo's ambition is to establish Sustainable Development at the heart of Adisseo Strategy in order to build a sustainable future for the Group, and to align Adisseo environmental footprint objectives with the COP21 Paris agreement objectives. Four priorities have been defined:

- Reduce Adisseo environmental footprint,

- Contribute to the reduction of the environmental footprint of our value chain,
- Ensure a responsible behavior towards employees, stakeholders and the society,
- Strengthen Adisseo Governance and SD reporting.

Adisseo's commitment is long-term. Each year, Adisseo decides on new initiatives and new progress which allows to build and continue to advance on the path of sustainable development for the company and for the entire food production chain.

II. Analysis of the industry of the company during the reporting period

Please see detail analysis in V. Analysis of results of operations of main businesses in the reporting period, 4. Analysis of chemical industry business information

III. Analysis of business of the company during the reporting period

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. The global macro economy is experiencing high inflations, rising trade barriers, increasing commercial and geopolitical tensions, exchange rate fluctuations, animal diseases such as bird flu, African Swine Fever etc. Volatility and uncertainty are prevailing. The market demand has been impacted accordingly.

Being a key player in the food value chain, Adisseo has shown its resilience in facing the challenges.

Adisseo has taken steps to improve its competitiveness, including improving production technologies, increasing its production capacity, providing value-added services and enriching product portfolio as well as on-going competitiveness enhancement program launched since 2019 and extra cost control plan further implemented since Q2 2023 to address the serious challenges from energy crisis.

- The European platform expansion project successfully increased in total of 80 KT production capacity of the European plants during past years by adding new complete production line in downstream unit (Burgos) and in upstream unit (Les Roches), and some adjustments in existing intermediate products units.
- DynOmik™, a new ruminant product launched in the US market in Q3 2023, will increase efficiency and sustainability of milk production;
- In addition to production capacity, digitalization transformation projects have been launched in European and Nanjing plant, which enables Adisseo's industrial activities to improve safety, gain cost competitiveness, operation efficiency and better anticipation on future process development;
- On 15 September 2022, the new 180KT BANC2 project started up successfully, and the total capacity of Adisseo's Nanjing production platform has now reached 350KT, making it one of the largest production platforms in the world, offering the strongest cost advantage.

Expanded capacity across the globe will be fully leveraged to best serve our customers and further improve our cost competitiveness, allowing Adisseo to leverage the highly competitive platform to best serve Adisseo customers across the world while optimizing production and supply.

- To meet the demand of all methionine customers and to further consolidate leadership in methionine industry, not only in liquid form, but also in powder form, Adisseo decided to construct of a new powder methionine plant with a capacity of 150KT per year in Quanzhou where Adisseo can fully leverage integration synergies with SinoChem group with expected start-up in 2027.
- 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. The full integration of Nutriad, FRAmelco and Nor-Feed into Adisseo allows a high complement to existing product range, the addressed species, and the target markets and enables Adisseo to offer an integrated solution and to provide more value to customers. Solutions are covering a large range of issues faced by farmers, feed millers and integrators including prevention of nutritional loss in grains and feed during storage; reduction of antibiotic usage; improvement of animal welfare; reduction of feed cost; improvement of cows' longevity etc. Synergies are being developed as well in terms of market, product and operations. Despite slow recovery in market demand, specialty business continued its revenue growth thanks to growth in aqua and new monogastric products and strong growth in RumenSmart [Ca-MHA] despite weak dairy market in the U.S. and China.
- On Vitamin A, the volumes were optimized to protect margins due to downward pressure in pricing. Margin is tightly managed by optimization of sourcing strategy, notably for Vitamin E and Vitamin B.
- Adisseo formed a joint-venture company called Calysseo together with Calysta, a US-based technology firm that has developed a proprietary Single Cell Protein and its innovative associated manufacturing process, in which Adisseo took a minority stake, in early March 2020, with the intention to develop this business opportunity on an exclusive basis in Asia. Calysseo Chongqing Plant, the world's first industrial-scale FeedKind® facility, completed its construction by the end of 2022. Calysseo has entered trial production progressively. First strategic alliance agreement on FeedKind® has been signed with one of top feed producers in China. The innovative single-cell protein obtained MARA registration in mid-January, allowing to start selling the product in the market.
- "In science, we trust" mindset is deeply rooted in Adisseo. Innovation is the heritage and a key competitive edge for Adisseo, both for the optimization of the processes of performance products (methionine, Vitamin A) as well as the development of new customer driven solutions for specialty products.
- More efforts have been spent on the optimization of R&I organization with 5 research directions: Producing Tomorrow, Experimenting Tomorrow, Influencing Tomorrow, Winning Together and Aiming 4 Efficiency.
- The new Adisseo Research & Innovation Center in China ("RICA") has been operational (trial) since early 2022, which allows Adisseo to benefit from another global R&I center, aiming to become an "innovation engine" and accelerator in Asian markets.

- Research & Innovation Center in France now complete with two new R&I Centers. One was operational since Q4 2023 in Lyon where all chemistry, engineering, nutrition and analytical capabilities have been put together and the other one, operational since early 2022, in La Rochelle as a unique platform fully dedicated to develop product formulation capabilities including encapsulation, drying, additives protection and many other techniques.
- Adisseo also continues to develop its innovation pipeline of products and services. Nestor, a new Adisseo service, was launched to market in Q3 2022, and is now being used by a great deal of Adisseo key customers. It provides nutritional recommendations and nutritional values to customers, a step further in formulation accuracy for more sustainable production. In Nov 2023, a new Chinese-version PNE (Precise Nutrition Evaluation) system successfully launched to Chinese market, enabling better and faster services to local customers. The roll out of Rovabio Advance Phy is now almost complete with most of the foreseen countries covered by the product. DynOmik™, a new ruminant product was launched, as a soft launch (2 States only) in Q3 2023, has now been rolled out in the whole North American market. It will help increase efficiency and sustainability of milk production.
- To complement the “internal” technologies and solutions developments, Innov’L@b (Adisseo open-innovation structure) is pursuing its investments in new venture through Adisseo own fund, AVF. A new investment has been made by AVF in 2023, and a few projects have started with several startups from the BitsxBites fund in China, and from the SP Venture fund in Brazil. Innov’L@b is also pursuing its initiatives in the digital farming domain with a few proofs of concepts being conducted during the year.

IV. Core competitiveness analysis in the reporting period

√ Applicable ☐ Not applicable

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

1. Global Industry Leader

Adisseo awareness is improving all over the world. Adisseo is seen as expert company in animal nutrition thanks to its highly qualified teams and R&D research centers.

➢ **<u>Performance products</u>**

Performance products include mainly methionine and vitamins. Consolidating its leadership on methionine market is the first business-pillar of Adisseo.

<u>Methionine</u>

Methionine is Adisseo’s main product categories. The complicated production processes of chemical synthesis of methionine require significant expertise and large initial capital investment.

The whole production process is regulated and supervised strictly from the perspective of environmental protection and production safety. Therefore, only a few producers in the world can produce methionine safely, sustainably and on a large scale. Adisseo is also one of the few global methionine producers capable of producing methionine in both powder and liquid forms.

Adisseo has currently two platforms (Europe and Nanjing), allowing Adisseo to serve our customers in a most cost-effective and reliable way. In addition, Adisseo has started the feasibility study on the next methionine production platform for the purpose to meet the ever-increasing customer demand.

- European platform

It is the historical platform, which is structured around four main plants: Les Roches plants is the upstream unit where the first intermediate in the synthesis of methionine, MMP, is produced before being supplied then converted to powder methionine in Roussillon (France) and to liquid methionine in Burgos plant (Spain).

To increase its liquid methionine production in Europe, there has been consecutive capacity expansion projects performed in recent years, which have successfully provided additional capacity of 80KT/year to the market since Q3 2021, allowing Adisseo to address the continuously growing market and to further improve competitiveness.

Furthermore, Adisseo finalized the development of Rhodimet® A-Dry+, a brand-new methionine product, based on the liquid methionine ("HMTBA") technology also offering a new product for the dairy market: RumenSmart. The new production unit constructed in European platform expansion project was built in Burgos (Spain) and is now producing with continuously increasing production volumes to meet the market demand. Designed to incorporate many aspects of sustainability, the Burgos plant optimizes energy consumption (by recycling waste steam), reduces CO2 emissions, and imposes the minimum possible level of environmental impact.

- Nanjing platform

In 2009, Adisseo established the Nanjing plant to firstly supply China market, the world's largest methionine consumption market. Adisseo is one of the first global companies to establish major production facilities to produce methionine in China. Adisseo is continuously improving its cost competitiveness thanks to its fully integrated manufacturing platform, continuous improvement in the manufacturing process thanks to the research and innovation efforts as well as continuously expanded capacity. The gradual increase of investment and production including debottlenecking enabled Adisseo to seize the opportunities afforded by China's rapidly growing methionine demand, swiftly respond to the changes in the market, and further enhance its competitiveness and market position.

To meet the continuously growing demand of customers and to maximize the economic scale of the production platform, thus to further consolidate its leadership role, another new liquid methionine plant with a capacity of 180KT per year was constructed and started up in September, 2022. The new facility is located in the Nanjing Jiangbei New Material Technology Park, adjacent to the existing Adisseo plant in Nanjing. It embeds some specific changes to production processes to improve environmental protection and to further reduce already world leading production costs. Accompanying with the stable operation of the plant with the high-capacity utilization rate, Nanjing Plant has now become one of the largest, most technically advanced, and most competitive liquid methionine production platforms in the world. This is a major step in Adisseo's strategy to build a complete global industrial layout. The company ambitions to make full use of it to best meet the growing market demand in the world and to provide most efficient and reliable products and services to its customers in China, in Asia and in the rest of the world. Adisseo is expecting great benefits from the Second Nanjing Plant thanks notably to the important economy of scale effect arising from the synergy with the existing Nanjing plant. More than that, the new integrated platform is on its way to make further investment to optimize its energy consumption so as to improve its environmental impact.

- Quanzhou platform – a new powder platform in China

To meet the demand of all methionine customers and to further consolidate leadership in methionine industry, not only in liquid form, but also in powder form, on August 4, 2023, the Board of Directors of Bluestar Adisseo Company decided to construct of a new powder methionine plant with a capacity of 150KT per year in Quanzhou where Adisseo can fully leverage integration synergies with SinoChem group with expected start-up in 2027.

Thanks notably to the Nanjing platform, although there was new capacity from both existing players and newcomers, Adisseo managed to increase its market share from 24% to 27% from 2012 to 2017 and stabilize the market share since then in a context of continuously growing market. Adisseo expects to reinforce its leading position in the coming years and is pursuing its investment path with further capacity expansion projects.

Adisseo markets methionine under Rhodimet®. Adisseo is considered as the best at the "global picture and global supply" for methionine in liquid form by key customers.

Adisseo is a key participant in each regional market across the world. Main competitors are Novus, Evonik, Sumitomo, CJ, NHU and CUC.

Following exceptional economic situation including lower demand of meat and milk, higher raw material prices and sky rocketing energy prices arising from Ukraine crisis, Adisseo decided to take immediate mitigation plan including adapted and optimized European operations to protect margins. In Jan 2024, Adisseo decided to definitely not restart ts powder methionine production plant in Commentry to improve overall cost competitiveness of methionine business.

<u>Vitamins</u>

Adisseo is also a major player in vitamins with full range of products, including A, B, D3, E and H. Adisseo markets the vitamin portfolio under Microvit® which is recognized as a reliable and qualitative range of vitamins by our customers. Adisseo selects suppliers and guarantees quality through the Microvit Certification System.

Adisseo holds around 20% of Vitamin A production capacity in feed industry. Adisseo buys raw materials from different sources to avoid supply issues, including large chemical companies to produce its Vitamin A.

One main player has returned to the market in Q2 2022 after its production difficulties in recent years. As a result, Vitamin A experienced a sharp drop in prices since April 2022.

In parallel, the global demand in the feed additives sector reduced, triggered by bird flu outbreaks, and high inflation impacting meat demand. Adisseo has reduced production level at its Vitamin A plant since Q4 2022 to ensure a tight working capital management.

The weak demand situation has also impacted on the Vitamins Portfolio activity, pushing prices and margins to low levels for all suppliers.

Thanks to the optimized production as well as careful management of volumes and prices, the overall profitability level of Vitamin business is now stabilizing despite significant downward pricing pressure on Vitamin A business.

- **Specialty products**

Specialty products includes 1) rumen business mainly rumen-protected amino acids dedicated to the ruminant species, 2) specialties for monogastric business including feed digestibility (enzymes & emulsifiers); animal resilience (incl. probiotic, short and medium chain fatty acids, botanicals and organic selenium); palatability, mycotoxin management, feed preservation, 3) aqua & new alternative protein, etc.

Accelerating the development of Specialty products is the second business-pillar of the Adisseo Group. Adisseo has the ambition to become one of the worldwide leaders of specialty additives in animal nutrition thanks to the organic growth of its existing product range, the launch of new products and external acquisitions.

1. Ruminant (Rumen-protected amino-acids)

Based on the world's leading methionine technology, Adisseo has actively developed two rumen-protected methionine: Smartamine®M and MetaSmart®, which are recognized as the best protected methionine for ruminants with excellent performance. These products improve milk composition as well as overall production, reproduction, and health of cows. Ultimately these products contribute to a more sustainable milk production through decrease of the release of nitrogen into the environment, reduce ration carbon footprints and increase longevity in the herd.

Promotion of two new products, complementary to the existing range, continued as planned: RumenSmart® which has proven its role in mitigating milk fat depression and Smartamine®ML, a rumen-protected lysine, which benefits from the unique coating technology that made the success of Smartamine®. These new products are reinforcing Adisseo offering and its amino acids balancing diet nutritional program. A new ruminant product, DynOmik™ was launched to the market in Q3 2023, which will improve milk production and reduce methane emissions from cows at the same time.

Adisseo continues investing in R&I to develop innovative technology on Rumen-protected amino acids and new knowledge related to dairy cow nutrition and health.

2. Monogastric

a) Feed Digestibility (Enzymes)

Adisseo developed a leading position in the feed enzymes market. Enzymes improve digestibility and efficiency of feed, which in turn reduces feed costs, cereals consumption (soya, corn…) and nitrogen and phosphorus emissions. Consequently, feed enzymes contribute strongly to a more sustainable animal production. Feed enzymes market can be divided into different segments:

- Non-starch polysaccharide enzymes are used in poultry and swine diets to enhance digestibility of cereals and meals; Rovabio® is a leading brand in the NSPases segment for more than 25 years, supported with the Precise Nutrition Evaluation (PNE by Adisseo), a prediction service to evaluate feedstuff quality and help our customers to formulate the feed in line with the animal needs. PNE service has been completed with Addict, an innovative software which translates automatically the analytical values predicted by PNE into nutritional values used for feed formulation.
- Phytase enzymes are used to break down phytate in poultry, swine and aqua diets to release bound phosphorus. Thanks to this mechanism, phytase enzymes allow for an optimized utilization of phosphorus found in cereals (soya, corn, wheat, II), thus resulting to less excretion of phosphorus into the environment while assuring high performance animal production.

Rovabio Advance®, a Non-Starch Polysaccharide enzyme launched in 2015 continues its nice successful career thanks to an unmatched efficiency.

In 2019, Adisseo has launched Rovabio Advance Phy®, an innovative enzyme product covering the needs of the two above mentioned categories. This product is being made available gradually in liquid and powder form depending on regulatory approvals; consequently, since 2021, acceleration of Rovabio Advance Phy penetration has been witnessed.

In Oct 2021, Rovabio Phyplus, the newest generation phytase product was launched, representing a cornerstone in term of feed digestibility solutions – this new product, used in combination with Rovabio Advance, will reinforce the competitiveness and sustainability of our customers' poultry and swine operations. In addition to its efficiency and its intrinsic thermostability, the product leads to a new way of applying phytase in liquid form in the feed mixer, which will contribute to the simplification, cost-efficiency and safety of operations in feed mills. This new product is now available in all major countries/regions.

b) <u>Animal Resilience including</u>

1. <u>Organic selenium</u>

Since the launch in 2014 of Selisseo® (organic selenium), Adisseo became one of the leaders in this segment thanks to an innovative and patented product, supported by extensive R&D and technical work.

Organic selenium helps to enhance reproduction of livestock (poultry, swine and ruminants) improve livability in shrimp and fish, and support production performance and health in challenging conditions (heat stress, physiological and sanitary stress). Thanks to the higher selenium transfer in tissues, organic selenium is also able to improve the quality of the eggs, meat and milk enabling to produce selenium enriched food. Usage of organic selenium increases steadily in all geographies and species.

Adisseo keeps gaining market share, not only in the breeder segment but as well in all other species (broilers, layers, swine, aqua and dairy cows). After successful sales in the USA, penetration into the China market with huge potential is currently being launched.

2. <u>Gut health products</u>

Alterion probiotic is one of the solutions offered by Adisseo to help animal producers to reduce antibiotic usage. Adimix sodium butyrate and Apex botanicals complement nicely Adisseo's offering. The recent acquisition of FRAmelco reinforces further Adisseo's position in the promising and fast-growing Health by Nutrition market segment thanks to short and medium chain fatty acids which complement the existing product portfolio.

R&I work is ongoing to develop more products and solutions that will help farmers to produce poultry, swine, fish, and shrimps in a more sustainable way (reduced usage of antibiotics, animal welfare).

c) <u>Palatability</u>

Palatability products stimulate feed intake and consequently support performance and health of animals (swine, horses, ruminant), especially in hot or stressful conditions. Sales growth is driven by innovation, species expansion (dairy) and geographic expansion.

d) <u>Mycotoxin management and Feed preservation</u>

Global warming tends to favor development of fungi on the grains and consequently increases the prevalence of mycotoxins in grains and feeds. Mycotoxin management products alleviate the negative impact of mycotoxins on health, reproduction and performance of poultry, swine, ruminant, and aqua species. Development of these products is supported by analytical services which help customers to better assess mycotoxin risk in their feeds.

Feed preservation products inhibit the development of mold and bacterial pathogens in grains and feeds, thus allowing better use of feed resources and limiting wastes. Adisseo is gradually phasing out acid-based feed preservation products to limit its exposure to this volatile and commoditized markets and to refocus commercial efforts on higher value specialty additives. Beyond, these acid-based products, the product range also includes antioxidants that prevent degradation of fat and thus protect the nutritional value of feed.

To improve operational efficiency and better focus on high margin products, Adisseo has merged the two-above family of products into a new category called Feed integrity. The purpose of this category is to deliver to customers Solutions that ensure protection of feed nutritional value and prevent any negative effects of mycotoxin on animal health and performance.

3. Aqua & New Alternative Protein

Adisseo offers innovative nutritional and health solutions to sustain fish and shrimp farming in the key markets. Aqua, especially in Asia, represents a great growth opportunity for Adisseo. Adisseo reinforces steadily its field presence in Asia, Latin America as well as in new geographies as Middle East and Africa to develop its sales.

The establishment of Calysseo, the joint venture with Calysta, to develop an innovative protein business FeedKind® for the Aquaculture industry in China and Asia, could be a potential game-changer in the aqua feed sector, which allows Adisseo to tap into a new sector: alternative protein business with great potential. Calysseo Chongqing plant, the world's first commercial FeedKind® facility, completed its construction in 2022, and is now in trial production phase. First strategic alliance agreement on FeedKind® has been signed with one of top feed producers in China. The innovative single-cell protein obtained MARA registration in mid-January, allowing to sell the product in the market.

2. Global Production and Sales Network

Adisseo has set up local supply chain systems operating in an efficient and highly responsive way based on the distribution of its regional customers. Its main manufacturing network is spread over Europe, USA and China. In the main regional markets, Adisseo associates to this network some toll-manufacturers for specific products or operations. From those plants, it delivers its finished products directly or indirectly to its customers in the world. It either ships directly to its customers or regional warehouses.

On the Chinese market, for example, to ensure to all of the products safely delivered to customers all over the country on time, Adisseo has established a multipurpose supply chain with a distribution center in Nanjing, combined with 9 distribution warehousing centers national-wide according to where and how much the customers are concentrated. At the same time, this organization allows to Adisseo to export worldwide their products from China.

Adisseo also has a dedicated warehouse in Shanghai for traded products that are sourced in China, grouped in this warehouse and shipped worldwide either to customers or to its regional warehouses.

The Adisseo sales team has regularly opened distribution subsidiaries or offices globally. Adisseo will gradually establish and refine the local sales organizations according to the development of the emerging economies. With the integration of Nutriad, the Group benefits from sales offices in Italy, Spain, Poland, and Greece. In addition, to further develop the sales network globally, Adisseo has set up sales subsidiaries in India, Malaysia, Dubai and Turkey in past years to better provide our products and services to local market by our own team and is now reinforcing our position in South-east Asian market by establishing new entities in Indonesia and Vietnam. In addition to Adisseo's own sales force, Adisseo has set up close long-term relationships with sales agents and distributors around the world to better serve the local market and customers.

In 2018, Adisseo finalized the development of its e-commerce site through the e-platform of SinoChem Group. The main benefits of this platform are to digitalize the ordering process and allowing them to follow their complete ordering process, payment process as well as goods receipt process online. Especially in recent years, the digital platform played an important role for Adisseo China to effectively respond to the market and customer demand. Adisseo has strengthened customer relationship through the e-commerce platform by providing customers with more accurate, timely, high-quality and innovative services and will continue to improve the e-commerce platform and strive to maintain the leading position in the industry.

Since 2018, Adisseo has decided to deploy a Global Key Account strategy to better manage their Global Key Customers (with operations in different regions). Key account managers have been nominated for each account.

3. Specialized and Comprehensive Feed Solutions

Because of Adisseo's brand awareness, consistent product quality, competitive prices and rich product portfolio, most of its main customers purchase more than one kind of product. Adisseo has a long and distinguished history in animal feed nutrition, an outstanding market position, technological innovation and powerful R&D capabilities that allows to develop scientific programs related to customer pain point.

Adisseo has integrated Nutriad, FRAmelco and recently Nor-Feed's product portfolio to offer new solution possibilities to its customers. Solutions are covering a large range of issues faced by farmers, feed millers and integrators including prevention of nutritional loss in grains and feed during storage;

reduction of antibiotic usage; improvement of animal welfare; reduction of feed cost; improvement of cows' longevity etc.

In addition, dedicated customer programs and training sessions are organized to explore a total approach for e.g. mycotoxin contamination, gut health issues and preventive measurements for antibiotic reduction and AGP (antibiotic growth promotor) ban in husbandry. Nestor, a new Adisseo service, was launched to market in Q3 2022, providing nutritional recommendations and nutritional values to customers, a step further in formulation accuracy for more sustainable production.

In the context of global surge of raw material cost for feed production, solutions have been developed and introduced to customers to enhance product efficiency and control production costs such as low-protein application, A special on-line "protect your margin" program has been launched in 2023 as raw material cost for feed production remains high.

To further improve customer preference and differentiate from competition, Innov'l@b is continuously scouting disruptive technologies, products, and services to improve efficiency, sustainability, and animal wellbeing at customer level.

4. Unparalleled Market Explorer and Pioneer

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

To fulfill its mission which consists in feeding the planet in a high-quality, affordable, safe and sustainable way, Adisseo strives to keep a leading position on methionine market (first business-pillar of Adisseo's strategy) and to bring new solutions by accelerating the development of Specialty products (second business-pillar).

Methionine

Adisseo is actively preparing future development by combining extensions and debottlenecking of existing production facilities, while, at the same time, improving their reliability, performance and environmental compliance:

- Adisseo secures sourcing for strategic raw materials. In 2016, Adisseo integrates sulfur melting activity of Sobegi in European platform;
- Adisseo increases its production capacities in both Europe and China plants. The construction of a new liquid methionine plant in Nanjing and the project of another new powder methionine plant in Quanzhou are key steps to implement the "two-business-pillar" strategy and important action to consolidate leadership role in methionine industry.

Adisseo conducts each year new surveys and initiates new projects to reduce the environmental impact of its activities: high level of environmental investments conducted in past several years, such as new electrostatic filter to reduce dust in fumes and a wastewater pre-treatment plant in Nanjing, new furnace to maximize energy recovery on a MMP (intermediary product in the synthesis of methionine) production unit, investment of a new waste water treatment unit at Commentry which was put into use in fall 2021. Nanjing plant wastewater treatment project is well on track, expecting to start its construction in Q2 2024. The steam recycling project in Nanjing construction was completed in Q3 2023 and the turbine is now in use since January 2024. It will contribute to the energy consumption efficiency as well as cost competitiveness of the plant.

Specialties

Adisseo reinforces its core businesses and diversifies its portfolio in high growth segments by developing strategic partnerships, innovative products and external acquisition. Main industry drivers include high feed cost, antibiotics replacement, yield improvement, quest for sustainability, animal welfare, etc. with target to build a complete, tailor-made solution offering using the following key criteria to select the best development opportunities:

- technology (added value, 'solutions' to client's needs, growth & profitability)
- access to market
- services to be provided (digitalization)
- species dimension (Poultry, Swine, Ruminants, Aqua)

5. Strong Research and Innovation Capabilities

Adisseo R&I is progressing with a few new projects in the pipeline for the "Producing Tomorrow" dimension, a strong step-change (improved by data science) in the "Experimenting Tomorrow" dimension, several co-development projects being initiated with key customers in the "Winning Together" dimension and the introduction of the new Project and Portfolio Management tool in the "Aiming 4 Efficiency" dimension. These 5 research directions which have been set up to deliver the Adisseo R&I vision: "Together we deliver customer-driven innovation by impulsing and driving science and technology to feed sustainably our future" are well progressing on track with expectations.

Adisseo is committed to have a long-term implication in research and is fully involved to find sustainable and meaningful innovations in animal nutrition field. The 5 Adisseo Research Grant (ARG) projects (selected in 2021 and 2022) are progressing well. A scientific seminar to present the progress was organized in 2023 and based on these successes, a new ARG will be launched in 2024. These research grants aim to encourage international labs to collaborate on some of the main challenges of the feed industry. Those challenges include sustainability, antibiotic bans, new feedstuffs, early feeding, and hot conditions. The objective is to offer up to 1M€, over 3 years, to collaborative projects addressing key feed industry challenges.

In parallel, being the only subsidiary in SinoChem focused on animal nutrition industry, Adisseo R&I has been positioned by SinoChem as "SinoChem Animal Nutrition Central Institute" in early 2023.

As such, Adisseo and the Sinochem Animal Nutrition Central Institute, reinforce their cooperation with several international laboratories, universities, and research institutions, strengthens its bonds with the scientific community, encourages the passion for innovation, and attracts technical talents by sponsoring R&I projects on the different topics/challenges. After partnerships officially started with the Sichuan University in Chengdu on swine nutritional research, with the University of Arkansas in Fayetteville (US) on poultry nutritional research, with the Nanyang Technical University in Singapore on aquaculture nutritional research, with the University of Wisconsin on ruminant research, and one with INRAe in France on specific critical global nutritional topics, 2 new long-term partnerships have been formalized in China recently with Beijing University Chemical Technology Institute, Tianjing university to develop disruptive technologies and product development in bioengineering and new crystallization technology and the National Key Laboratory of Animal Nutrition of the CAU(Chinese Academy of Agriculture) in Beijing.

In the aquaculture Research & Innovation center in Singapore, the support to development of Adisseo aquaculture business and to the new Adisseo-Calysta joint venture on alternative proteins (Single Cell Proteins) are pursued. In the meantime, starting from its French experimental farm, Adisseo is fully engaged in the development of new data management techniques to run its experimental farms. Following a long-term development for its Precise Nutrition Evaluation (PNE tool), the system is now also operational and being further developed and customerized in China where the specificities of the available raw materials needed specific developments.

Along with the nutritional competencies, Adisseo remains an industry pioneer through its own prominent Research and Innovation capabilities since the release of powder methionine in 1945. Adisseo is one of the first companies in the world to synthesize methionine and vertically integrate its upstream and downstream production processes, one of the first companies to develop rumen-protected methionine for the ruminant market and is one of the first companies to develop the coated Vitamin A product. Adisseo was the first company to launch a high concentrated Vitamin A (1 million unit/g), which became the new market standard.

From 2014 onwards, Adisseo launched one new product/service per year, and it is targeted that 20% of revenue of specialties business will come from new products by 2026. After the launch of Rovabio Advance Phy early 2022, Nestor, a new Adisseo service, was launched to market in Q3 2022, providing nutritional recommendations and nutritional values to customers, a step further in formulation accuracy for more sustainable production. The launch of Dynomik in the US in 2023, represents a first solution improving milk production and reducing methane emissions from cows at the same time.Rovabio Phyplus, Adisseo's latest generation of phytase enzyme, contributes to overall nutrient efficiency and sustainability and improves the overall digestibility of feed.

6. Scientific and Competitive Cost Operational Structure

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

7. Experienced Management Team with Rich Industry Experience

The Adisseo management team has over decades of industry and management experience in animal feed additives and international company management on average. 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 an internal drive for sustainable growth.

Adisseo is investing in technical and scientific expertise through the creation of a Sales academy, a Research and Innovation academy, a project academy, and an internal school for production efficiency. Adisseo is also investing in technical and scientific expertise through individual development program dedicated to high potential scientists selected every year for a strategic list of expertise, and through an associated specific recognition program.

V. Analysis of results of operations of main businesses in the reporting period

1. Analysis of main business

(1) Analysis of main changes in items of profit & loss statement and cash flow statement

Unit: Yuan Currency: RMB

Items	Amount of current period	Amount in the same period of last year	Change (%)
Operating revenue	13,183,748,624	14,529,015,609	-9.26%
Cost of sales	10,365,457,058	10,531,745,480	-1.58%
Selling and distribution expenses	1,227,058,560	1,163,177,395	5.49%
General and administrative expenses	768,915,157	700,000,381	9.84%
Financial expenses	118,691,147	169,404,162	-29.94%
Research and development expenditure	419,245,587	354,780,506	18.17%
Net cash flow from operating activities	2,764,212,304	1,728,821,216	59.89%
Net cash flow from investing activities	(1,834,644,430)	(1,800,535,535)	N/A
Net cash flow from financing activities	(797,816,869)	(1,163,859,702)	N/A

The net cash flow from operating activities increased by 59.89% year-on-year thanks to stringent cash control and working capital management.

The decrease in net cash outflow from financing activities is mainly due to a significant decrease in cash received from borrowings.

(2) Revenue & Cost Analysis

√ Applicable ☐ Not applicable

a. Analysis by industry, by product and by region

Main operations by industry						
By industry	Operating revenue	Cost of sales	Gross profit ratio (%)	Increase/de-crease in operating revenue on the same period of last year (%)	Increase/decrease in operating cost on the same period of last year (%)	Variation in GP ratio on the same period of last year
Health and Nutrition	13,183,748,624	10,365,457,058	21%	-9%	-2%	-7ppt

Main operations by product						
By product	Operating revenue	Cost of sales	Gross profit ratio (%)	Increase/decrease in operating revenue on the same period of last year (%)	Increase/decrease in operating cost on the same period of last year (%)	Variation in GP ratio on the same period of last year
Performance products	8,807,341,566	7,739,219,470	12%	-15%	-3%	-11ppt
Specialty products	3,593,810,639	2,063,062,141	43%	8%	17%	-4ppt
Other products	782,596,419	563,175,447	28%	-10%	-32%	23ppt
Total	**13,183,748,624**	**10,365,457,058**	**21%**	**-9%**	**-2%**	**-7**

Main operations by region						
By region	Operating revenue	Cost of sales (*)	Gross profit ratio (%)	Increase/decrease in operating revenue on the same period of last year (%)	Increase/decrease in operating cost on the same period of last year (%)	Variation in GP ratio on the same period of last year
Europe / Africa/MO	4,494,658,018			-13%		
North & Central America	2,327,741,678			-3%		
Asia / Pacific (excluded China)	1,895,185,662			-16%		
South America	2,524,510,349			-11%		
China	1,793,361,133			11%		

Other	148,291,784			-38%		
Total	**13,183,748,624**			**-9%**		

Explanation on main business by industry, by product and by regions
(*) The Company discloses only operating revenue by region due to the fact that neither operating cost nor gross margin is monitored by region.

Analysis of the factors impacting the income from sale of products

In comparison with 2022	Change in Volume	Change in sales price	Exchange rate impact
Performance products	977,110,346	(2,944,127,307)	437,613,659
Specialty products	119,315,008	(43,115,555)	195,805,426

Adisseo's operating revenue in 2023 totaled RMB 13,183,748,624 and decreased by 13.92% at constant EUR/CNY rate and decreased by 9.26% at current EUR/CNY rate, compared to 2022.

b. Production, Sales and Inventory Quantity analysis

☐ Applicable √ Not applicable

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

c. Execution of major purchase and sales contracts

☐ Applicable √ Not applicable

d. Cost analysis table

Unit: Yuan

By industry							
By industry	Cost composition items	Amount of current period	Proportion to the total cost of current period (%)	Amount of the same period of last year	Proportion to the total cost of the same period of last year (%)	Proportion of change in the amount of current period over the same period of last year (%)	Explanation
Health and Nutrition		10,365,457,058	100%	10,531,745,480	100%	-2%	Decrease in raw material and energy costs offsetting volume increase

By product							
By product	Cost composition items	Amount of current period	Proportion to the total cost of current period (%)	Amount of the same period of last year	Proportion to the total cost of the same period of last year (%)	Proportion of change in the amount of current period over the same period of last year (%)	Explanation
Performance products	Raw materials, purchased equipment and consumables used (68%), Depreciation and amortization (15%), Other (17%)	7,739,219,470	75%	7,942,507,619	75%	-3%	Decrease in raw material and energy costs offsetting volume increase
Specialty products	Raw materials, purchased equipment and consumables used (80%), Depreciation and amortization (5%), Other (15%)	2,063,062,141	20%	1,763,015,566	17%	17%	Higher production costs, Strong increase of sea freight
Other products	Raw materials, purchased equipment and consumables used (44%), Depreciation and amortization (28%), Other (28%)	563,175,447	5%	826,222,295	8%	-32%	Decrease in raw material and energy costs

Other explanations related to cost analysis

☐ Applicable √ Not applicable

e. Changes in consolidation scope caused by changes in equity of major subsidiaries during the reporting period

☐ Applicable √ Not applicable

f. Major changes in the company's business, products or services during the reporting period

☐ Applicable √ Not applicable

g. Main customers and main suppliers

√ Applicable ☐ Not applicable

The total amount of sales revenue from Adisseo’s top 5 customers amounted to RMB 1,511 million, accounting for 11% of the Group's total operating revenue, in which the amount of sales with related parties is nil.

The total amount of purchasing from the Company's top 5 suppliers amounted to RMB 2,298 million accounting for around 22% of the Company's total purchase, in which the amount of purchasing from the related parties is nil.

(3) Expenses

√ Applicable ☐ Not applicable

Unit: Yuan

Items	Amount of current period	Amount in the same period of last year	Change (%)
Selling and distribution expenses	1,227,058,560	1,163,177,395	5.49%
General and administrative expenses	768,915,157	700,000,381	9.84%
Financial expenses/(income) – net	118,691,147	169,404,162	-29.94%

The decrease of financial expenses was mainly due to optimization of cash and debt position as well as more favorable F/X impact.

(4) R&D expenditures

a. Table of R&D expenditures

√ Applicable ☐ Not applicable

Unit: Yuan

Research and development expenditure recorded in expenses of current period	475,732,652
Research and development expenditure capitalized of current period	42,509,795
Total research and development expenditure	518,242,447
Proportion of total research and development expenditure to operating revenue (%)	3.93%
% of capitalized R&D expenditure over total amount	8.20%

b. Table of R&D headcount

R&D headcount as of December 31 2023	288
% of R&D headcount over total headcount	11%
Education background of R&D headcount	
Education background	Headcount
Doctor	76
Master	104
Undergraduate	62
Specialty	32
Highschool and below	14
Age structure of R&D headcount	
Age	Headcount
Under 30 years old (excluding 30 years old)	54
30-40 years old (including 30 years old and excluding 40 years old)	128
40-50 years old (including 40 years old and	64

excluding 50 years old)	
50-60 years old (including 50 years old and excluding 60 years old)	31
60 years old and beyond	11

c. Explanation

√ Applicable ☐ Not applicable

The research and development expenses in the consolidated income statement are offset by a tax credit effect of RMB 56,487,065.

In recent years, Adisseo has reinforced its R&D resources across the worlds, notably in Europe, China and Singapore and set-up new strategic alliance with famous universities in different regions for the purpose to be close to the market needs and to provide timely support and innovation to all animal species.

Research and development expenditure of 2023 increased significantly compared with 2022, mainly due to the accelerated investment in research and development for future growth.

d. Causes of major changes in the composition of R&D personnel and its impact on the company's future development

☐ Applicable √ Not applicable

(5) Cash flow

√ Applicable ☐ Not applicable

The Adisseo net cash flow from operating activities amounts to RMB 2,764,212,304 compared to RMB 1,728,821,216 last year.

The increase in net cash flow from operating activities compared to the same period of last year is mainly due to stringent cash and working capital management.

The operating cash flow generated enabled Adisseo to pay dividends for an amount of RMB 404,967,092 in 2023.

The decrease in net cash flow from investing activities in 2023 is mainly due to NOR-FEED acquisition.

2. Significant change in the Company’s profit composition or profit sources in the reporting period arises from non-major businesses.

☐ Applicable √ Not applicable

3. Analysis of assets and liabilities

√ Applicable ☐ Not applicable

(1) Information of assets and liabilities

Unit: Yuan

Items	As at December 31, 2023		As at December 31, 2022		% change	Explanation
	Amount	Percentage to total assets (%)	Amount	Percentage to total assets (%)		
Derivative financial assets	16,278,030	0.08%	4,884,268	0.02%	233.27%	Mainly due to the EUR appreciation
Other current assets	432,276,726	2.01%	686,504,941	3.19%	-37.03%	Mainly due to decreased income tax prepayment receivables
Long-term receivables	567,652,324	2.64%	356,217,439	1.66%	59.36%	Mainly due to increased anti-dumping deposits
Other non-current financial assets	109,023,611	0.51%	75,870,564	0.35%	43.70%	Mainly due to AVF fair value
Construction in progress	672,347,033	3.13%	517,223,599	2.40%	29.99%	Progress in the projects
Right-of-use assets	490,395,275	2.28%	339,662,669	1.58%	44.38%	New lease contracts
Development costs	132,529,949	0.62%	96,777,098	0.45%	36.94%	Capitalization of R&I projects
Long-term prepaid expenses	5,617,363	0.03%	8,267,247	0.04%	-32.05%	Decrease in commissions
Deferred tax assets	293,670,538	1.37%	134,152,929	0.62%	118.91%	Mainly due to Anti-dumping liabilities
Other non-current assets	63,280,873	0.29%	28,491,983	0.13%	122.10%	Mainly due to increase in long-term recoverable tax
Derivative financial liabilities	8,818	0.00%	363,722	0.00%	-97.58%	Mainly due to the EUR appreciation
Contract liabilities	3,021,746	0.01%	8,934,000	0.04%	-66.18%	Decreased advances payment from customers
Provisions	621,303,990	2.89%	296,836,310	1.38%	109.31%	Anti-dumping liabilities accrual
Other comprehensive income	(443,642,906)	N/A	(899,784,514)	N/A	50.69%	Mainly due to translation difference
Non-controlling interests	27,940,008	0.13%	19,245,905	0.09%	45.17%	Mainly due to the acquisition of Nor-Feed

(2) Summary of overseas assets

√ Applicable ☐ Not applicable

(1) Assets amount
Overseas assets amount was CNY11,738,245,328, accounts for 55% of the Company's total Assets.

(2) Description of overseas assets
As a global manufacturer of animal nutrition additives, Adisseo's sales and distribution network, production capacity, research and innovation strength are distributed all over the world. Our reliable and efficient production network is mainly composed of two production platforms located in Europe and China.

(3) Restricted assets at the end of reporting period

☐ Applicable √ Not applicable

(4) Other information

☐ Applicable √ Not applicable

4. Analysis of chemical industry business information

√ Applicable ☐ Not applicable

(1) Basic information of the industry

a. Modifications in regulation

☐ Applicable √ Not applicable

b. Basic information of the subdivided sectors industry and the companies' position in the industry

√ Applicable ☐ Not applicable

- Industry trend

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

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

Among which, methionine industry is further characterized by high entry barriers, such as high technological know-how, increasingly stringent regulations to obtain permits and authorizations, compliance with national and regional environmental and health and safety regulations, the ability to source key intermediates and the large capital investments required to develop new methionine production capacities.

The chemical process to manufacture methionine requires significant manufacturing expertise and process technology. Access to, or development of, such expertise and technology constitutes a significant barrier to entry in this market. Furthermore, technical, and commercial expertise and on-going investment in product and process innovation are critical factors to remain competitive.

Based on industry practice, the initial capital expenditure to build a world-scale, greenfield chemical methionine production facility would require a large amount of capital investment and could require at least four years to permit, plan and construct. Furthermore, access to key intermediates and raw materials used for manufacturing methionine, such as MMP for which there is only a limited number of merchant suppliers, is critical to the establishment of new production facilities.

Thanks to the grasp of best available liquid methionine technology as well as our continuous optimization of the process, Adisseo has strong cost leadership and is among one of the few manufactures with lowest production cost.

In H1 2023, in the context of challenging macro-environment, gross margin has been decreasing due to decrease in selling prices while cost of raw materials were increasing. Since Q3 2023, market demand is slowly recovering and Adisseo operational performance is improving thanks to volume growth, stabilization of prices, reduced raw material and energy costs and on-going margin protection measures.

With economic recession, high inflation might continue to impact the feed market. However the demand for poultry meat and eggs is expected to be maintained as it is the cheapest animal protein.

- Adisseo's Competitive landscape in each Business

Methionine

Production capacity in the global methionine market is concentrated, large companies such as Evonik, Adisseo, Novus and Sumitomo Chemical (SCC) are key players. Due to population growth, economic development of emerging economies, and the modernization of the animal husbandry sector, the demand for methionine in the Asia-Pacific area, including China, continues to increase rapidly. China has one of the world's highest production volumes for pork, poultry, and livestock. Its animal husbandry sector continues to grow rapidly, which leads to steady growth in demand for methionine, which was resilient in recent years despite Covid crisis. All the key methionine players has increased investments in Asia in the past years for the purpose either to expand their production capacity or to enhance their sustainability level in manufacturing process.

Thanks to the exceptional marketing, successful production expansion and debottlenecking projects in Europe and in China, Adisseo consolidates its leadership in global market share in 2023.

On July 29th, 2020, Novus International filed an antidumping petition against imports of methionine from France, Japan and Spain into the United States. Adisseo is committed to fighting this trade action, for the benefit of our customers and downstream U.S. consumers and has decided to appeal against this decision. Regardless of the outcome of these cases, Adisseo is committed to remain a stable and reliable supplier of liquid methionine in the U.S. market. Adisseo has decided to stop exporting powder methionine to the USA from France since this was a limited volume sold in the USA and to ship these volumes to other regions and countries.

In 2023, macro-environment situation has been chaotic with the combination of sluggish economy, geopolitical conflicts, European energy crisis. It has triggered a slow-down of global demand. Adjustment measures, including the definitive shut-down of a European powder plant and the adjustment of liquid production in Europe, have been taken in Europe to reduce costs. The positive effect due to the decrease of raw material and energy price has reflected on the variable cost since 2023 Q3. Adisseo is taking all actions to protect margins including fully leveraging of our reinforced global industrial footprint as well as our agile and responsive sourcing ability.

Vitamins

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

All European Vitamin producers have all been impacted by energy crisis with some production shutdown. Thanks to the optimized production as well as careful management of volumes and prices, the overall profitability level of Vitamin business is now stabilizing despite significant pricing pressure on Vitamin A business.

Specialty products

a) Rumen-protected amino-acids

The rumen-protected amino-acids market (for dairy cows and beef) mainly comprises of protected methionine and protected lysine and is a quite concentrated market. Adisseo main competitors in this field are Balchem, Ajinomoto, Evonik, Novus and Kemin.

b) Monogastric Products

1. **Feed Digestibility (Enzymes)**

Feed enzymes are included in feeds of all species to improve the utilization of energy and nutrients or to degrade several undesired components. These feed enzymes primarily improve the gut health and performance of animals while considerably reducing feed and waste management costs.

The enzymes market needs extensive research & development, patented technology and capital expenditure for the production. Novozymes / DSM alliance, IFF, DuPont, Ab Vista, BASF, and

Adisseo are the main players worldwide. In China, the market is mainly monopolized by several domestic companies, the market share of imported products continues to shrink. Main Chinese players are VTR, Vland Biotech, SunHY, CJ Youtell, Challenge and Smistyle.

2. <u>Animal Resilience (Health by Nutrition)</u>

This field includes different types of technologies and products like organic selenium, probiotics, sodium butyrate and phytogenics in Adisseo portfolio, to target all the main species on the market. There are a lot of players worldwide on these different solutions but the most important are ADM, Alltech, Angel Yeast, Arm & Hammer, Biomin, Calpis, Chr. Hansen, Cargill/Delacon/Diamond V, Danisco Animal Nutrition, DSM / Biomin, Evonik, EW Nutrition, Huvepharma, Kemin, Lallemand, Norel, Orffa, Perstorp, Phileo, and Phytobiotics, Trouw Nutrition / Selko, Zinpro.

3. <u>Palatability</u>

The palatants are mainly used in swine and ruminants' markets to improve feed intake. In addition to Adisseo, the market comprises of western companies (ADM, Lucta, Norel, Phodé) and Chinese companies (Dadi, Menon).

4. <u>Mycotoxin Management</u>

The addition of mycotoxin management products in the feed is useful for all the animal species around the world. Adisseo, Alltech, DSM/Biomin, EW Nutrition, Impextraco, Innovad, Kemin, Norel and Olmix are the main players on this market.

5. <u>Feed preservation</u>

Like for mycotoxin management products, the feed preservation additives are used widely for all species around the world. Adisseo main competitors on this market are Alltech, Anpario, BASF, Eastman, Kemira, FF Chemicals, Impextraco, Innovad, Kemin, Lucta, Norel, Perstorp and Selko.

c) <u>Aquaculture</u>

Alltech, Biomin, Kemin, Liptosa and Novus are among the main competitors of Adisseo in the Aquaculture specialties field.

(2) Product and production

a. Main operating mode

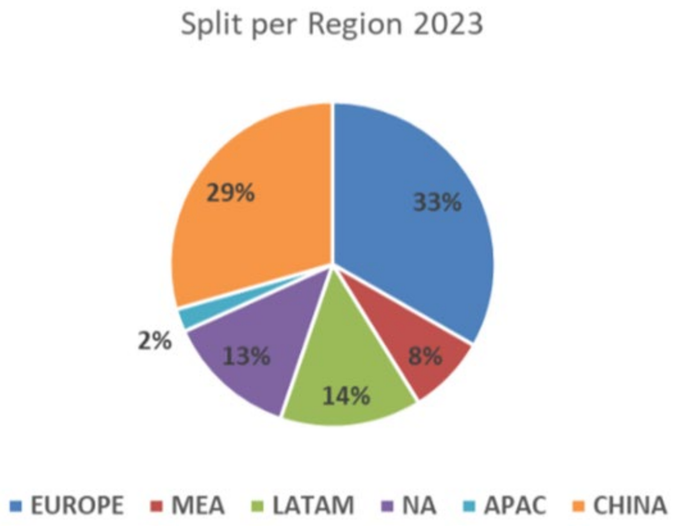
√ Applicable □ Not applicable

Adisseo still adapts its distribution network as per the evolution of flows of goods and production and sales.

Raw materials transportation is entirely managed by its suppliers. For intermediary products Adisseo moved mainly by railway for safety and security reasons, 103,000 MT specifically in Europe in dedicated Tank rail car fleet.

In 2023 for the finished products, Adisseo moved worldwide around 1,318,000 MT compared to

1,098,000 MT in 2022. Adisseo ships the finished goods with all the transportation modes. The main one is the road transport. The transport unit are various: truck, dry and reefer containers for packed goods and tank truck, rail tank cars, isotanks and parcel tankers for bulk.
Our transportation policy aims to give priority to the safest and least polluting means. To reduce our carbon footprint and save on our logistics costs, a new multimodal isotank transport mode has been implemented in some transportation routes.
Below the split per region and per mode in terms of number of shipments in 2023:



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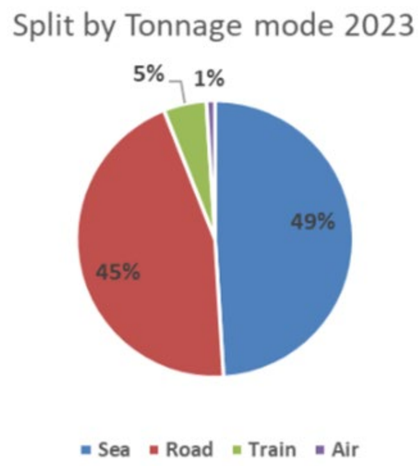


Adisseo's production materials and finished products inventories are stored in tanks for liquid products and traditional warehouses for the other products. Warehouses located in its factories are managed by its own people and warehouses outside its factories are all outsourced to logistics providers. For both outsourced and insourced warehouses, Adisseo has established policies regarding warehouse management. These policies are regularly audited and improved.

Change of main operating mode during the reporting period

☐ Applicable √ Not applicable

b. Information of principal product

√ Applicable □ Not applicable

Products	Subdivided sectors industry	Main raw material	Field of Application	Factors affecting the price
Methionine, methionine hydroxyl analogue, vitamins, ammonium sulfate and sodium sulfate	Performance products	Propylene, gas, ammoniac, sulphur, methanol. E-oil	Animal Feeds	Energy and raw material costs, Brent oil and US dollar level.
Enzyme preparation, rumen-protected methionine, organic selenium additives, probiotics additives, appetite stimulants, mycotoxins protection, Butyrate additives, Feed quality, Aqua products	Specialty products	Enzymes: visco, cellulose, wheat flour. Rumen-protected methionine: propylene, gas, ammoniac, Sulphur, methanol, latex, isobutyl propionate Butyrate, Yeast, Saccharin, Carbonate Silica, organic selenium	Animal Feeds	Energy and raw material costs, Brent oil and US dollar level.
Carbon disulfide, sulfuric acid and services of processing powder	Other products	Gas, sulphur.	Industrial application	Energy and raw material costs, Brent oil and US dollar level.

Adisseo is a major player in the feed ingredients industry sector. As such, the company portfolio represents a large variety of products that supports and promotes ingestion, absorption, assimilation of nutrients, growth, and health in livestock and aquaculture.

Adisseo benefits from accessing global markets thanks to effective Global Market Access organization and processes able to determine applicable technical regulations and manage product compliance to those regulations in this respect.

In the absence of harmonized standards and requirements as well as differing national standards across countries, feed business operators need to be aware of the regulations for each country they want to access. Some countries and jurisdictions impose specific technical restrictions such as product testing, certification, and shipment inspection requirements. In addition, the complex regulatory framework in some countries is constantly being updated and expanded.

In response to recent global sanitary or political crisis, trade measures are being tightened and spread and new nation-centric policies started to emerge as well.

In this complex technical and sanitary trade environment, Adisseo ensures products market access in more than 120 countries.

Adisseo acknowledges its responsibility for food and feed safety and consecutively control associated risks. During the manufacture of feed products, Adisseo places the highest priority on the safety and health of our products and as such, places the highest emphasis on ensuring that each product is safe and fit for animal consumption and is following the current industry standards.

For this purpose, company management has decided to implement and maintain an integrated management system through its worldwide activities (manufacturing and trade), complying in general to the ISO 9001 standard, and in addition, where applicable, complying to the FAMI-QS or equivalently recognized Code of Practice.

Adisseo is recognized by its stakeholders as a visible and credible global leader, as such the company holds membership and chair positions at major worldwide feed industry associations and committees in North America, Latin America, Europe, Asia Pacific and China.

c. R&D and innovation

√ Applicable □ Not applicable

Adisseo R&D program is structured into 3 activities:

- Discovery – fundamental research, developing in partnership with academics or start-up companies.
- New/Product/Process (Service) Development, NPD – project and portfolio management to develop new products, processes or services.
- Support – ongoing activities to support customers and to support industrial activities.

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

Adisseo promotes a policy of reinforced and continuous research and innovation for its products, production processes as well as its businesses, work and organization methods. There are 4 research and development centers and 2 experimental stations focused on several different areas such as analytical, nutrition, formulation, biotechnology, chemical processes, chemistry, formulation. During recent years, Innov'L@b, dedicated to disruptive technologies, has seen and analyzed several hundreds of POCs (Proof of Concepts) and build up a start up deal flow, and realized several investments up till now in the areas of contaminants detection, insect and parasite control, smartfarming and in the field of antibiotic replacement respectively. In 2023, the Company's total research and development expenditures amounted to RMB 518,242,447 (including expenditure capitalized for the period) and its proportion to net assets and operating revenue was 3.4% and 3.9%, respectively.

d. Manufacturing techniques

√ Applicable □ Not applicable

Adisseo’s vertically integrated production process ensures a reliable supply for the key intermediates in methionine production and capturing the full value versus competition.

Main raw materials sourced externally are propylene, ammoniac, methanol, natural gas and sulphuric products. Some intermediates produced in excess are sold (sulphuric acid and carbon disulphide). The end products are powder and liquid methionine; sodium sulphate and ammonium sulphate constitute by products.

Adisseo manufacturing network for performance products includes seven plants: five in France, one in Spain and one in China. In the main regional markets, Adisseo associates to this network some toll-manufacturers for specific products or operations. From those plants, it delivers its finished products directly or indirectly to its customers in the world. It either ships direct to its customers or regional warehouses.

e. Production capacity and operation situation

√ Applicable ☐ Not applicable

Main Plant or projects	New Plant/Capacity under construction (Ton)	Investment Up till now	Expected completion date
New Quanzhou Plant	150,000	CNY170mil	2027

Change in capacity production during the reporting period

√ Applicable ☐ Not applicable

To meet the demand of all methionine customers and to further consolidate leadership in methionine industry, not only in liquid form, but also in powder form, Adisseo decided to construct of a new powder methionine plant with a capacity of 150KT per year in Quanzhou where Adisseo can fully leverage integration synergies with SinoChem group with expected start-up in 2027.

Adjustment and improvement on product line or product capacity structure

√ Applicable ☐ Not applicable

After completion of debottlenecking project in current Nanjing plant, and synergies with Second Nanjing Plant, the new nameplate capacity of the Nanjing Plant may achieve 350 KT per year.

Description of unusual production halts

√ Applicable ☐ Not applicable

In Jan 2024, Adisseo decided to definitely not restart our powder methionine production plant in Commentry to improve overall cost competitiveness of methionine business.

(3) Purchasing of raw material

a. Basic information of principle raw material

√ Applicable □ Not applicable

Unit: RMB

Raw material	Purchasing pattern	Purchase value of raw material	Prices Fluctuation vs 2022	Impact on operating cost of the company due to the fluctuation in the purchase price
Propylene 95%	Long-term contract	1,161,158,287	-17%	Decrease in operating cost
Methanol	Long-term contract	251,067,663	-14%	Decrease in operating cost
Sulphur	Long-term contract	325,597,820	-43%	Decrease in operating cost

b. Basic information of principle energy used

√ Applicable □ Not applicable

Unit: RMB

Mainly used energy used	Purchase mode (channel)	Settlement (payment) method	Price fluctuation YOY	Purchased volume	Consumption volume
Natural Gas	Yearly Contract	Periodic settlement	-33%	2.9TWh	2.9TWh
Electricity	Yearly Contract	Periodic settlement	-29%	0.42TWh	0.42TWh

c. Measures to address the risk of price variation of raw materials

Description of financing approaches (including derivatives deals)

□ Applicable √ Not applicable

d. Description of other methods (including periodically reserve)

□ Applicable √ Not applicable

(4) Description of sales of product

a. information of main business by subdivided sectors industry

√ Applicable □ Not applicable

Information on Adisseo's main operations by business is specified above in Adisseo's "Income and Cost analysis". Refer to Section 3 V . Revenue & Cost Analysis of Operations from analysis of main businesses in the reporting period.
Adisseo' industry is "Health and Nutrition".

b. Basic information of main operating by sales channel

√ Applicable □Not applicable

Sales through distributors represent less than 15% of Adisseo total turnover (2022: less than 15%). The main part is performed directly by Adisseo own commercial network.

Accounting policy of revenue recognition of every marketing channel

√ Applicable ☐ Not applicable

For details on the accounting policy of revenue recognition, please refer to the accounting policies described in Section 10.

(5) Environmental protection and safety production

a. Description of significant accidents happened in safety production

☐ Applicable √ Not applicable

b. Major environmental violations

☐ Applicable √ Not applicable

5. Analysis of investment

(1) Summary of Analysis of overall investments

☐ Applicable √ Not applicable

a. Significant equity investment acquired in the reporting period

☐ Applicable √ Not applicable

b. Significant non-equity investment made in the reporting period

☐ Applicable √ Not applicable

c. Financial Assets measured at fair value

√ Applicable ☐ Not applicable

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

For further detail, please refer to Section 10 Part VII Note 58 “Hedging”.

6. Sales of Major Assets and Equity

☐ Applicable √ Not applicable

7. Analysis of companies controlled or invested by the Company

√ Applicable ☐ Not applicable

The following figures are based on financial information before elimination of the entities. If not specified, unit in RMB.

Company Name	Registered/Subscribed Capital	Business	Total assets	Net assets	Net profit
Adisseo France S.A.S	EUR 83,417,000	R&D, production and distribution	7,963,897,480	4,815,003,899	319,727,657
Bluestar Adisseo Nanjing Co., Ltd	RMB 3,037,640,586	R&D, production and distribution	5,706,358,051	4,835,950,173	226,030,347
Adisseo Life Science (Shanghai) Co., Ltd	USD 700,000	Distribution & Sourcing	1,708,833,895	232,387,502	31,458,729
Adisseo USA Inc.	USD 3,139,000	Distribution	1,162,311,811	479,675,721	19,245,062
Adisseo Brasil Nutriçao Animal Ltd	BRL 1,987,106	Distribution	435,197,720	16,094,601	-27,064,180

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

Company Name	Business	Revenue
Adisseo France S.A.S	R&D, production and distribution	8,372,133,562
Bluestar Adisseo Nanjing Co., Ltd	R&D, production and distribution	3,277,714,003
Adisseo Life Science (Shanghai) Co., Ltd	Distribution & Sourcing	3,184,266,226
Adisseo USA Inc.	Distribution	2,227,688,612
Adisseo Brasil Nutriçao Animal Ltd	Distribution	828,302,206

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 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 the production of liquid methionine and is building Research & Innovation Center in China.

Adisseo Life Science (Shanghai) Co., Ltd. Adisseo USA Inc., and Adisseo Brasil Nutriçao Animal Ltd are responsible for the sales in China, the USA, and Mid and South America respectively.

8. Structured entities controlled by the Company

☐ Applicable √ Not applicable

VI. Discussion and Analysis of the Company's Future Development

1. Economic trends in the industry

√ Applicable ☐ Not applicable

(1) Global Economic

The global economy heavily impacted by Ukraine crisis in 2022 and the subsequent, European energy crisis resulted in higher-than-expected inflations across the world which continued in 2023. According to recent IMF forecast, global growth is projected to remain at 3.1% in 2024, similar to 2023.

(2) Emerging Economies Present Growth Opportunities in Protein Demand

Historically, the continuous global growth, particularly that of the emerging economies such as China and India, has driven urbanization and continuous improvement of people's living standards and has promoted a higher consumption of animal protein per person (poultry, beef, pork, fish, eggs, etc.).

In 2023, global inflation has led to a general decrease of meat consumption in most parts of the world which has put pressure on the profitability of meat products. The milk sector has also been facing profitability issues. In such a global unfavorable environment for the animal protein industry, the only sector which benefitted from this consumption crisis was the egg sector the cheapest source of animal protein.

Although 2023 has generally been a difficult year for the sector in general, a recovery of the demand is being perceived since Q3 2023.
In addition the pressure on the development of more sustainable production practices puts pressure on meat producers to adopt best feeding practices including the use of specialty feed ingredients like, amino acids, enzymes and gut health ingredients such as probiotics or short and medium chain fatty acids.

2. Development strategy of the Company

√ Applicable ☐ Not applicable

Adisseo's businesses are as follows: research, development, production and sale of feed additives for animal nutrition.

Safety & sustainability is always our priority. The Company has actively implemented its "two-business-pillar" strategy in recent years, i.e. continuous consolidating its leadership in Methionine (liquid in particular), while at the same time accelerating its development in Specialty business. The Company will keep its unique position in Vitamin business.

The Company bases its growth's strategy on five distinctive capabilities:

- Global reach in terms of sales coverage, a global footprint across the world.

- Worldwide manufacturing set-up on main markets resulting in a well-balanced organization. This reliable and efficient production network consists of 2 manufacturing platforms one in Europe and one in China with a total of 18 existing production plants. Our global set-up enables us to optimize our services and supply to our clients, to spread global macro risks and to ensure the availability of raw materials, resulting in a natural hedging situation and the capacity to benefit from local subsidies.
- Cost competitiveness capabilities. Adisseo started from a very competitive base thanks to the grasp of the best available methionine technology. All these has been evidenced and further sharpened through the implementation of competitiveness enhancement program launched in 2019. It has helped us to realize accumulated recurring savings of more than CNY900million since then. This program will continue in the following years to deliver additional sustainable savings.
- Strong Research and Innovation capabilities. "In science, We trust" mindset is deeply rooted in Adisseo. Numerous projects in different phases in the pipeline to fuel organic growth. To complement the "internal" technologies and solution developments, Innov'L@b, Adisseo's open-innovation structure, is pursuing its investments in venture. It is targeted that 20% of revenue of specialties business will come from new products by 2026.
- Dedicated China Development Strategy. One-China Strategy, initiated in 2020, has been progressing successfully in 2023:
  - excellent penetration of liquid methionine in China market
  - Nanjing Plant (BANC360) operates at full capacity and competitive cost, with excellent safety performance
  - all key projects on track, including powder methionine plant in Quanzhou, start of construction of our 1st Speciality Blending Facility in Nanjing, SmartPlant, Smart HSE transformation and sustainability optimization projects in Nanjing plant.
  - FeedKind®, the innovative single-cell protein obtained MARA registration in mid-January, allowing to sell product in the market
  - Research & Innovation in China:
    - Adisseo granted the Animal Nutrition Center in Sinochem Central Academy system.
    - New liquid acidifier formulation and production batch finished, and now in test marketing at selected customers.
    - PNE China V1 service system formally launched in Dec 2023 with more integrated data lake and more user friendliness to customers formulators.
    - AdiService (Customer Lab Service) launched in China Feed Expo in Mar 2023
    - Optimization innovation in Nanjing plant achieved cost saving, dramatic improvement in emission control of NOx, and process safety improvement.

        - Joint collaboration with BUCT (Beijing Univ of Chem Tech) and MAFIC (Ministry of Agri Feed Industry Center)
    - Strategic projects:
        - Ground-breaking ceremony of Chinese Specialty Blending Facility in Nanjing was held on 31st August, aiming to complete construction by the end of 2024
        - European Specialties Expansion Project on track, the start-up of the new factory is expected in H1 2024

M&A and partnerships: To reinforce its core businesses and diversify its portfolio in high growth segments in feed specialties and food nutrition. We are willing to continue to seize M&A opportunities to accelerate growth notably in China, to expand innovative product and services range and to create synergies and scale.

Thanks to these levers, Adisseo is confident in its ability to manage its businesses growth and performance challenges with confidence, by expanding its product portfolio and reinforcing overall competitiveness in a sustainable way.

3. Business plan

√ Applicable ☐ Not applicable

In 2024, volatility and uncertainty keep prevailing. Thanks to its unique SOE status and international footprint, Adisseo is fully engaged to support growth, improve margins, and pursue strategic investment for the future:

- Continuous operational excellence improvement, while reinforcing cost leadership and delivering sustainability
- Acceleration of liquid methionine growth and revamping of powder methionine footprint
- Dynamic pricing management
- Continuous growth in specialties
- Continuous acceleration of innovation
- Significant strategic investment plan to support sustainable and profitable business growth

Developments in Research & Development and Capital expenditures should lead Adisseo to develop its Performance & Specialty products and to launch new products.

Adisseo plans for capital expenditure in the upcoming years mainly consist of:

- Further capacities expansion to support sales growth;
- R&D expenditures on innovation of products as well as optimization of manufacturing process;
- Close connection with disruptive new technology via Innov@lab;
- Additional enhancement of the Health, Safety and Environment policies

The revenue growth is expected to be boosted by a successful M&A as Adisseo is targeting to accelerate its growth via leveraging external opportunities.

In addition, ADISSEO is accelerating its development in China to bring its position to the next level by doubling our methionine capacity in NANJING, building a greenfield powder methionine plant in Quanzhou, reinforcing our leading position in Dairy, developing in Aquaculture and alternative protein, reinforcing customer-centricity via leveraging value added services & digital tools, establishing and developing a world-class research & innovation center in China, building a local blending facility, pursing M&A opportunities to accelerate growth, developing partnerships with Vitamin producers, leveraging our listing position in A-share market and last but not least, building a strong integrated management team under One-China strategy. Adisseo is heading to become an undisputed leader in methionine and a leader in providing high-end specialty solutions in China market.

The Business Plan may not be considered as a guarantee of profitability as committed to the investors.

4. Possible risks in the future

Adisseo's insurance coverage policy is in line with risk management.

The material and specific risks to which the Group is exposed, based on its own assessment are divided into seven categories of risks:

- Political and regulatory risks;
- Risks deriving from climate and environmental issues;
- Economic and competitive risks;
- Financial risks;
- Industrial risks;
- Other operational risks;
- Social and societal risks.

(1) Political and regulatory risks

Adisseo is sensitive to the structural and economic risk factors that affect nutritional feed additives. These risks are all analyzed as part of strategic planning processes that allow Adisseo to anticipate certain changes in the external environment and prepare for them. The Group's research and innovation policy also helps to deal with strategic developments.

a. Risks related to cross-border operations, oversight and business expansion

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. For example, of Adisseo's 53 subsidiaries, 47 are located outside China Mainland, over 85% of its sales and a significant part of its production are outside China.

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. In this respect, the Ukraine crisis enhanced the level of uncertainties and weigh on the availability of certain raw materials and energy such as natural gas. The recent Houthi attacks on shipping vessels in the Red Sea is impacting the global containers shipping activities as rerouted vessels lead to higher shipping costs and scheduling disruptions. Furthermore, the economic effects of the Israel-Hamas War are still evolving, the larger Middle Eastern region could potentially be directly impacted as the war unfolds. In this context, the likelihood of supply interruptions and impacts on Adisseo' s sales, cost of procuring raw materials, or distribution costs may increase in future periods.

b. Risks related to compliance, law and regulatory framework

Compliance means lawful business conduct. The principal compliance rules are set out in the Adisseo's Code of Ethics, which explicitly prohibits e.g., all forms of corruption, including "facilitation payments," and violation of antitrust regulations or international sanctions regulations. Risks could result from failure to comply with the corresponding regulations. To minimize such risks, extensive training and sensitization of Adisseo Group employees is undertaken at face-to-face training sessions and/or through e-learning programs. In its operating business, the Adisseo Group is exposed to liability risks, especially in connection with product liability, patent law, tax law, competition law, antitrust law, social law and environmental law (detail please see below). Any major change of the regulation applicable to Adisseo' s activities or changes in public law could also give rise to legal risks or impact Adisseo' s business, growth or profitability.

In terms of ethical risks, the main risks identified are corruption, non-compliance with competition rules, fraud, and breaches of personal data (privacy). Any breach of the ethical principles of Adisseo in own operations or through its supply chain could constitute a legal, judicial and reputational risk. In order to prevent the occurrence of such risks, ethical compliance policies and procedure are rolled out throughout Adisseo and apply to all the Group entities.

(2) Risks deriving from climate and environmental issues

In the longer term, climate change could have a greater impact on Adisseo's activities, for example through changes in regional or seasonal energy demand, changes to the network's production, the obligation to reduce CO^2 equivalent emissions, heightened regulations and neutrality carbon.

Adisseo is firmly committed to contributing to fight against climate change by reducing its greenhouse gas emissions and energy consumptions.

c. Risks related to environmental protection policies

As a feed additives producer, Adisseo is subject to strict regulation and monitoring by governmental authorities with respect to discharge of sewage water, exhaust gas and solid wastes. As the global environmental impact awareness become more pregnant, if countries in which Adisseo operates facilities amend the current environmental laws and regulations or alter the current pollutant discharge standards, Adisseo may need to incur additional costs and expenses to adapt its facilities to new applicable environmental protection rules. Although Adisseo continuously invests on sustainable development, Adisseo' s effort to minimize its products or activities potential environmental impacts may not provide the expected outcome which is likely to impact its business growth.

In addition, confirmed or suspected breach of any environmental regulation may prompt governmental authorities to temporarily suspend or to cancel permits to operate the manufacturing plants.

Health safety is also at the heart of Adisseo concerns. All manufacturing sites are FAMI-QS certified. The risk methodology retained is HACCP (Hazard Analysis Critical Control Point).

(3) Economic and competitive risks

d. Risks related to the cyclical fluctuation of the global macro economy.

As an international company, Adisseo provides products and services to around 4,200 customers in over 110 countries and regions. Its performance, financial position and future will continue to be affected by the global macro economy. The debt crisis, trade imbalances, exchange rate fluctuation and other issues also increase the uncertainty of such recovery. The fluctuation of the global economy will increase fluctuation in Adisseo business.

e. 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.

f. Risks related to market competition

Adisseo faces competition from large and well-known companies with strong financial positions as well as competition from other companies in regional or local markets as well as newcomers. 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 Chinese and European plants.

g. Risks related to raw materials and energy

Adisseo continues to operate in an uncertain, and challenging environment, characterized by volatile prices of raw materials, energy and logistics costs. Raw materials used by Adisseo mainly include propylene, sulphur, methanol, ammonia and natural gas. Adisseo has a limited number of suppliers for such materials because 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. Restrictions to cross-borders shipments, the ongoing Ukraine crisis as well as natural disasters damaging supplier's physical assets could increase the risk of interruption in the sourcing of raw materials and energy.

In addition, Adisseo may unwillingly be involved in business with raw material and energy suppliers whose practices may appear to not comply with Human Rights or internationally recognized environmental or business standards. This might cause risks of reputational damage, financial loss and liabilities.

h. Risks related to product research and development, technology upgrade and alternative methionine production technologies

In order to maintain competitiveness, Adisseo continues 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 because 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 may be impacted, 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 if not developed by latter.

(4) Financial risks

The Group is exposed to foreign exchange risk, defined as the impact of the financial position and income statement of exchange rate fluctuations, in the performance of its operational and financial activities.

Due to its operational activities, Adisseo is exposed to the risk of default by its counterparties (customers, suppliers, partners, intermediaries, and banks).

i. 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, operations 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.

j. 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.

k. 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.

As provided under paragraph (a) above, geopolitical tensions and restrictions to free trade could increase risks and uncertainties regarding import regulations and custom taxes.

(5) Industrial risks

The areas of activity in which Adisseo operates carry industrial risks capable of causing harm to individuals, property or the environment. These risks could expose Adisseo to claims for civil, criminal and/or environmental liability. These may relate to facilities that belong to the Group or are managed by it on behalf of customers, or facilities where employees work. The process safety of the facilities that Adisseo operates is one of its major concerns. The handling of these risks is subject to in-depth monitoring and specific targeted investments, and audits of the facilities in question are performed regularly. Some of Adisseo French facilities are classified under European Union Directives as "upper tier" Seveso sites (as posing a particular risk to their surrounding environment).

l. 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 huge 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. Should this case arise, Adisseo may be exposed to serious civil or criminal liabilities and may be held liable to pay financial compensation, which may materially and adversely affect its business, financial position and results from operations.

m. Risks related to accidents and disasters including diseases outbreak

In order to minimize the potential risks of shutdown of production facilities or accidents involving the production facilities which may adversely affect the company, the local Group's Companies conduct periodic inspections for manufacturing facilities.

However, there is no guarantee that such accidents arising out of production facilities or negative effects caused by natural disasters are completely prevented or reduced. For example, 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 as a consequence, the 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 Group.

In the event of an accident that causes environmental damaging releases, property damage and/or human injury during transportation, near the plant, or a system network failure, such circumstances may, in addition to undermining Adisseo's business activities, involve major costs and have a significant impact on market perceptions of the Group, which, in turn, may adversely affect the operational results and financial condition of the Group.

(6) Other operational risks

n. 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 decreasing purchases of Adisseo products. This may adversely affect future sales of the Group.

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. Certain loss events – such as fire or machinery breakdown – may result in a temporary incapacity to operate productions facilities.

o. Risks related to break-down of information system

Adisseo is continually exposed to new cyber threats due to the use of new technologies, the multiplication of connected objects, the evolution of industrial control systems, the spread of mobility tools, cloud computing, and the development of new uses, including social networks and the in-depth analysis of data.

Adisseo continually adjust its prevention, detection and protection measures for all its information systems and critical data.

In addition, the business activities of the Group's Companies are becoming increasingly dependent on computer network systems, and although the Group's Companies are working to protect their systems or data by means of sophisticated security systems, there is still the possibility that system network failures may occur owing to electric power interruptions, natural disasters, or criminal attacks on the system, including computer viruses and hackers.

Information technology system and/or network disruptions, whether caused by acts of sabotage, employee error, malfeasance or other actions, could have an adverse impact on the Group's operations as well as the operations of the Group's customers and suppliers. Other business disruptions may also be caused by security breaches, which could include, for example, attacks on information technology and infrastructure by hackers, viruses, breaches due to employee error, malfeasance or other actions or other disruptions.

Adisseo and/or the Group's suppliers may fail to effectively prevent, detect and recover from these or other security breaches and, therefore, such breaches could result in misuse of the Company's assets, loss of property including trade secrets and confidential or personal information, some of which is subject to privacy and security laws, and other business disruptions. As a result, Adisseo may be subject to legal claims or proceedings, reporting errors, processing inefficiencies, negative media attention, loss of sales, interference with regulatory compliance which could result in sanctions or penalties, liability or penalties under privacy laws, disruption in the Company's operations, and damage to the Company's reputation, which could adversely affect the Company's business, results of operations, financial condition and cash flows.

Like other companies, Adisseo is the target of industrial espionage, including cyber-attacks, from time to time. Adisseo is experiencing an increase in attempts to breach its information technology systems, including in conjunction with implementation of work-from-home protocols adopted in response to COVID-19. These cyber-security threats include phishing, spam emails, hacking, social engineering, and malicious software. Adisseo has determined that these attacks could result if they occur, in unauthorized parties gaining access to certain confidential business information. Although

Adisseo has not experienced any material losses to date related to security breaches, including cybersecurity incidents, there can be no assurance that Adisseo will not suffer such losses in the future. Adisseo seeks to actively manage the risks within the Group's control that could lead to business disruptions and security breaches. As these threats continue to evolve, particularly around cybersecurity, Adisseo may be required to expend significant resources to enhance the Company's control environment, processes, practices and other protective measures. Despite these efforts, such events could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

p. Product liability claims and litigation

Through its policies, organization, procedures and governance, Adisseo endeavors to prevent operational risks that could affect its reputation.

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 infringement 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 any authorities is made against Adisseo regarding products liability, Adisseo may notably need to recall its products, change the formula of its products or stop selling its products. In addition, even without a court decision, confirmed or suspected defectiveness of a batch of product may prompt customers to launch a recall of products.

q. 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.

r. 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.

s. Risks related to acquisitions and equity alliances

Adisseo is engaging in domestic and international acquisitions and equity alliances with the aim of expanding its business and enhancing its competitiveness. Adisseo is committed to generate the synergies or other positive effects it originally expected due to changes in the business environment surrounding the Group or its acquisition.

t. 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.

u. Risks related to inappropriate communication on social media

Adisseo and its employees are active on numerous social media channels. The use of these media is important in terms of increasing awareness of Adisseo brand and products. Adisseo takes precautions and implements processes to ensure awareness of the proper handling of social media, controlling publication, and actively managing communication.

Nevertheless, unauthorized communications on social media, purported to be issued by Adisseo, may contain information that is false or damaging and could have an adverse impact on Adisseo 's image and reputation.

(7) Social and societal risks

Adisseo is also exposed to risks with direct financial impact which is difficult to assess and, with non-financial impact which may be considered as significant.

Adisseo is committed to eradicating serious accidents and continuing to reduce occupational accidents among its employees, to improving well-being at work and to preventing psychosocial risks.

v. 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 or to reduce its key employees' dependencies, 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.

w. 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.

5. Others

☐ Applicable √ Not applicable

VII. Explanation of those non-disclosure parts due to national security or commercial confidentiality reasons

√ Applicable ☐ Not applicable

For confidentiality purpose, Adisseo does not disclose information related to produced volumes by products during the reporting period, neither costs paid for raw materials. The amount of production volumes disclosed relates to production capacity and the cost of raw materials disclosed relates to market prices. Financial information by product is based on segment information (Performance products, Specialty products and Other products).

Section 4 Corporate Governance

I. Governance of the Company and insider registration management

√ Applicable □ Not applicable

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

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

1. Shareholders and General Shareholders' Meetings

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

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

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

2. Directors and Board of Directors

All the Directors can, based on the *Rules of Procedure of the Meetings of the Board of Directors* and other rules, attend the Board meetings earnestly and all independent directors may perform their duties in good faith and with diligence. The 8^{th} Board of Directors comprises 9 directors, 3 of whom are independent directors. The Board of Directors set up four special committees, namely the Audit, Risk and Compliance Committee, the Strategic and Development Committee, the Nomination Committee, the Remuneration and Appraisal Committee, three of which are headed by independent directors, except for the Strategic Committee, headed by the Board Chairman. Committee Chairmen made their own working rules and gave fully performed heir specialty functions in the operational management of the Company.

3. Supervisors and the Board of Supervisors

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

4. Information disclosure and transparency

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

During the reporting period, the Company was not criticized, condemned, or punished by any regulatory institution for violation of rules regarding information disclosure.

If the corporate governance situations of the Company have significant variance in comparison with CSRC requirements, please state the reason as below:

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

If situation of having horizontal competition within controlling shareholders, please explain the measure to be taken, the progress as well as its action plan to be taken.
□ Applicable √ Not applicable

III. Brief introduction to General Shareholders' Meetings of shareholders

Meetings	Convening Date	Index Reference for the Resolutions published on the website	Disclosure date of the resolution published
2022 Annual General Meeting	31st May 2023	2023-015	1st June 2023

2023 1st Interim Meeting of Shareholders	11th December 2023	2023-031	12th December 2023

Shareholders of preferred shares whose voting rights are restored request to convene an interim general meeting of shareholders.

□ Applicable √ Not applicable

Detailed description on general shareholders' meetings of shareholders:

√ Applicable □ Not applicable

The company held two shareholders meetings in reporting period: General Assembly of Shareholders for FY2022 and the 1st Interim Meeting of Shareholders for FY2023.

The General Assembly of Shareholders for FY2022 reviewed and approved proposals on periodic reports, board working reports, supervisor working reports, profit distribution plan, appointment of financial auditor and internal control auditor, renewal of D&O insurance policy, finance service between Sinochem Finance Co., Ltd. & Bluestar Adisseo Company, allowance of independent directors and election of director.

The 1st Interim Meeting of Shareholders for FY2023 reviewed and approved proposal on election of director.

For more information about the meetings, please refer to the relevant announcement above.

IV. Directors, Supervisors, Senior Management, and Employees

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

√ Applicable □ Not applicable

Name	Position	Gender	Age	Start date of term of office	Termination date of term of office	Shares held at beginning of the year	Shares held at end of the year	Changes in share ownership during the period	Reason for change	Total compensation for the reporting period (RMB '0000) (before tax)	Has any part of compensation been paid by related parties of the Company
Zhigang Hao	Chairman/CEO	Male	45	2017.12.15/2023.07.01	2024.09.22					114	N
Jean-Marc Dublanc	Vice Chairman/CEO	Male	69	2020.03.22/2015.10.22	2024.09.22/2023.07.01					437	N
Gérard Deman	Director	Male	77	2015.10.22	2024.09.22						Y
Yanfeng Sun	Director	Male	41	2023.12.11	2024.09.22						Y
Jingwan Wu	Director	Male	54	2020.04.27	2023.10.27						Y
Xiaolei Zhu	Director, Deputy General Manger	Male	41	2023.05.31/2023.12.22	2024.09.22/2024.09.22						Y(as of 22nd December 2023)
Hao Wang	Director, Deputy General Manger	Male	50	2021.09.23/2020.07.30	2023.04.26/2023.12.31					582	N
Yougen Ge	Director	Male	54	2018.10.17	2024.09.22						Y

Yuan Ding	Independent director	Male	54	2018.10.17	2024.09.22					25	N
Caroline Grégoire Sainte-Marie	Independent director	Female	66	2021.09.23	2024.09.22					25	N
Hengchang Zang	Independent director	Male	59	2021.09.23	2024.09.22					25	N
Yan Wang	Chairman of the Board of supervisors	Male	54	2018.10.17	2024.09.22						Y
Wei Lu	Supervisor	Male	46	2018.10.17	2024.09.22						Y
Yong Pan	Supervisor	Male	45	2018.10.17	2024.09.22					93	N
Frederic Jacquin	COO & Deputy General Manger	Male	56	2023.04.26	2024.09.22					481	N
Virginie Cayatte	CFO	Female	53	2023.04.26	2024.09.22					508	N
Fabien Siguier	Deputy General Manger	Male	49	2023.04.26	2024.09.22					342	N
Frank Chmitelin	Deputy General Manger	Male	61	2023.04.26	2024.09.22					326	N
Jean-François Rous	Deputy General Manger	Male	56	2023.04.26	2024.09.22					340	N
Dengjie Gu	Deputy General Manger	Male	59	2015.10.22	2024.09.22					298	N
Yun Cai	Board Secretaty/CFO	Female	49	2023.10.27/2015.10.23	2024.09.22/2023.04.26					164	N

Qinan Liang	Secretary to the Board of Directors	Female	36	2018.03.20	2023.10.27					90	N
Total	/	/		/	/					3,850	/

*Jean-Marc retired in H2 2023, the data excluding retirement and other bonus payment.

Name	*Professional background and main work experience*
Zhigang Hao	Dr. Hao was born in 1978, Chinese, member of the Communist Party of China. He obtained a Ph.D. in Chemical Engineering from the Institute of Process Engineering, Chinese Academy of Science, and an MBA from The Open University of Hong Kong. Dr. Hao used to work in Shanxi Synthetic Rubber Group and ChemChina. And he used to be an engineer, Board Secretary, Director of Administration Office, Deputy Party Secretary, Party Secretary, Chairman at China National Bluestar (Group) Co., Ltd, and now works as Deputy Party Secretary in China National Bluestar (Group) Co., Ltd. From 2017 to 2018, Dr. Hao was the Deputy Chairman of the Company. Since October 2018, he has been the Chairman of the Company. Since July 2023, he has been the General Manager (CEO) of the Company.
Jean-Marc Dublanc	Mr. Dublanc was born in 1954, French. He graduated from the ESCP in 1979. Mr. Dublanc began his career at Indosuez Bank and then joined the financial management of Rhone-Poulenc in 1981. He subsequently held senior operational and management positions in several subsidiaries in France and the USA. Before joining Adisseo, he was in charge of a subsidiary in the field of human nutrition. He joined Adisseo in 2006 as director of innovation, marketing and sales. From 2010 to 2023, he was the CEO of Adisseo France and Bluestar Adisseo Nutrition Group Limited. From October 2015 to June 2023, he was the CEO of Adisseo. Since 1st July 2023, he applied to resign as the Company's General Manager due to retirement (announcement no. 2023-010). Since 2020, he has been the Deputy Chairman of the Company.
Gérard Deman	Mr. Deman was born in 1946, Bachelor of Chemical Engineering, Polymer Engineering. Mr. Deman has nearly 45 years of experience in the global chemical industry and is an expert in government relationship. He used to be a professor of organic chemistry in University of Algiers and worked in the animal nutrition division of Rhone Poulenc as Director of Operations. Then in 2002, he took part alongside CVC at the leveraged buyout that gave birth to Adisseo. In 2006, he became president of Adisseo at its acquisition by Bluestar till 2010. Since 2010, he has been the Chairman of the management board at Adisseo France and member of the 6th session of the board of directors and strategic advisor for Bluestar Group. From 2015 to 2018, he was the Chairman of the Company. Since 2015, he has been the Director of the Company.
Yanfeng Sun	Mr. Sun was born in 1982, Chinese, member of the Communist Party of China. He obtained a master's degree in accounting, Central University of Finance and Economics. Mr. Sun used to serve as the Business Manager of the Analysis and Evaluation Department of China National Chemical Plastics Co., Ltd. and Sinochem Corporation, Deputy Director of the Strategic Execution Department of SinoChem Holdings Co., Ltd., Supervisor of China National Chemical Energy Co., Ltd., and Supervisor of Shenyang Chemical Research Institute Co., Ltd. Currently he is as member of the Party Committee and Chief Financial Officer of China National Bluestar (Group) Co., LTD. Since December 2023, he has been the Director of the Company.
Xiaolei Zhu	Mr. Zhu was born in 1982, Chinese, member of the Communist Party of China. He obtained a master's degree in Polymer Chemical Engineering from the School of Chemical Engineering, Tianjin University. Mr. Zhu used to serve as the Chief Staff Member of the Production and Operation Office of China National Chemical Corporation, Senior Deputy Director of Personnel Management and Performance Assessment, and the Deputy Secretary of the Party Committee, Director and Deputy General Manager of China National Bluestar (Group) Co., Ltd. He is currently as Director and member of the Party Committee of China National Bluestar (Group) Co., LTD. Since May 2023, he has been the Director of the Company. Since December 2023, he has been the Deputy General Manager of the Company.
Yougen Ge	Mr. Ge was born in 1969, Chinese, member of the Communist Party of China, and obtained a bachelor's degree in chemistry from Lanzhou University and an MBA from the Open University of Hong Kong. Mr. Ge used to be Deputy Director and engineer of Bluestar Xinghuo Factory, General Manager of Bluestar (Tianjin) Chemical Co., Ltd., Deputy Director and then Director of organic silicon division of China National Bluestar (Group) Co, Ltd., Deputy General Manager and party committee member of China Bluestar Chemical Co., Ltd., Assistant General Manager and Director of Strategy and Investment Department of China Bluestar (Group) Co., Ltd. He is currently serving as the Deputy Director of Strategy and Investment Department of Sinochem Holdings Co., Ltd.mSince 2018, he has been the Director of the Company.

Name	Professional background and main work experience
Yuan Ding	Dr. Ding was born in 1969, French. Dr. Ding received his Ph.D. from the Institute of Enterprises Administration at the University Montesquieu Bordeaux IV, France in May 2000. Mr. Ding has over 20 years of experience in teaching and research in financial accounting, financial statement analysis, corporate governance and mergers and acquisitions. From September 1999 to September 2006, Mr. Ding was a tenured professor of accounting and management control at HEC School of Management, Paris, France. Since September 2006, Mr. Ding joined CEIBS currently as Cathay Capital Chair Professor in Accounting. mHe has also served and continues to serve on the Boards of Directors of several listed firms and financial institutions: Man Wah Holdings Limited (2016.12-, stock code: 1999), Zhuolang Smart Technology limited Company(2018.05-,stock code:600545), Gujing Group (2008.07-2011.06, stock code: 000596), Shanghai Lujie Kunchi Group Co., Ltd (2020.12-), JS Global Life Co., Ltd (2022.09-, stock code: 01691(HK)), H&H (2023.01-, stock code:01112(HK)), Anhui Gujing Gongjiu Co., Ltd (2008.06-2011.06, stock code: 000596), TCL (2008.06 - 2014.06, stock code: 000100), Red Star Macalline (2012.03–2018.12, stock code: 001528(HK), 601828(SH)), MagIndustries Corp. (2011.07 – 2015.06, stock code: MAA), Landsea Group (2013.07-2019.05, stock code:00106(HK)).)Since 2018, he has been the Independent Director of the Company and the Chairman of Audit, Risk and Compliance Committee.
Caroline Grégoire Sainte-Marie	Ms. Caroline Grégoire Sainte-Marie was born in 1957, French. She graduated from Institut d'Études Politiques Paris and Université Droit Paris Sorbonne in 1979. She has served as Chief Financial Officer and Finance and IT Manger for Volkswagen France (1996-1997), Chief Financial Officer for Lafarge Specialty Products (1997-1999), Senior Vice President Mergers & Acquisitions with Lafarge Cement Division (2000-2004), Chief Executive Officer Germany and Czech Republic Groupe Lafarge (2004-2006), President and Chief Executive Officer Tarmac France/Belgium (2007-2009) and President, Chief Executive Officer Frans Bonhomme (2009-2011), independent director of Elkem (2018-2021.4), independent director of GROUPAMA (2011-2022.6) and investor of Calyos Belgium (2014-2022.7). Since 2018, she has served as independent director of FNAC DARTY. Since 2019, she has served as independent director of VINCI (Euronext Paris (compartment A), FR0000125486). Since 2021, she has been the Independent Director of the Company and the Chairman of Remuneration Committee.
Hengchang Zang	Mr. Zang was born in 1964, Chinese, graduated from school of pharmacy, Shandong University, majoring in Microbiology and biochemical pharmacy, with a doctor's degree. From July 1985 to September 1987, Mr. Zang served as assistant professor of Department of health chemistry, Shandong Medical University. From July 1990 to April 1991, he served as assistant professor of Laboratory Animal Laboratory of Shandong Medical University. From May 1991 to July 2000, he was the factory director, engineer and senior engineer of experimental pharmaceutical factory of Shandong Medical University. From July 2000 to April 2007, he was the general manager, senior engineer and researcher of Shandong Shanda Kangnuo Pharmaceutical Co., Ltd. Since April 2007, he has been a researcher in School of Pharmacy of Shandong University and director of Key Laboratory of National Medical Products Administration. Since April 2022, he has been the external director of Shandong Luhua Longxin Biotechnology Co., Ltd.. Since 2021, he has been the Independent Director of the Company and the Chairman of Nomination Committee.
Yan Wang	Mr. Wang was born in 1969, Chinese, member of the Communist Party of China, obtained a bachelor's degree in Radiochemistry from Lanzhou University. Mr. Wang used to work as the Assistant Engineer in Bluestar Cleaning Corporation, Engineer in Bluestar Engineering Company, Project Manager in Bluestar Petrochemical Corporation, Assistant General Manager and Deputy General Manager in Bluestar Chemical Company, Deputy Director of silicone and Director of Strategy Implementation Department in China National Bluestar (Group) Co., Ltd. Currently Mr. Wang is the Assistant General Manager and Director of Production and Operations Department in China National Bluestar (Group) Co., Ltd and Manager and Executive Director of Zhonglan Petrochemical Co., Ltd. Since October 2018, Mr. Wang has been the Chairman of the Board of Supervisors of the Company.
Wei Lu	Mr. Lu was born in 1977, Chinese, member of the Communist Party of China, obtained a bachelor's degree in accounting in Northwest Normal University. Mr. Lu used to work as the Accountant in Bluestar Cleaning Corporation, Assistant of the financial management officer and Senior Deputy Director of the Finance Department in China National Bluestar (Group) Co., Ltd. He is currently serving as the Deputy Director of Finance Department in Bluestar Group. Since October 2018, Mr. Lu has been a member of the Board of Supervisors of the Company.

Name	*Professional background and main work experience*
Yong Pan	Mr. Pan was born in 1978, Chinese, major in applied chemistry, bachelor's degree. Mr. Pan used to work as Shift Supervisor in DSM Oriental Nanjing chemical co. LTD, Operation Supervisor in Bayer polyurethane Shanghai co., LTD., Assistant Plant Manager in Wacker chemical Nanjing co., LTD. He joined Bluestar Adisseo Nanjing co., LTD. and worked as Intermediate Section Manager since June 2014. From July 2018 to August 2020 worked as Process and Project department Manager. From September 2020 to November 2022 transferred back to Intermediate Section as Production Manager. Since December 2022, he has been Intermediate Section Operation Director. Since September 2023 transferred to Quanzhou Powder Methionine Project as Deputy Project Director. Since October 2018, Mr. Pan has been the Employee Representative Supervisor.
Frederic Jacquin	Born in 1967, French, Master of Marketing and Communication from La Sorbonne French University (Celsa) and Executive MBA from the ESSEC French Business School, graduated & certified from INSEAD for Independent Directors Program. He has a long experience with specialty chemicals and has thereby acquired a broad and international experience in specialty chemicals business development and industrial marketing. He was working for Elkem Silicones International for 11 years. He joined Adisseo in November 2022 responsible for Specilty Business Department and appointed as Deputy General Manager in December 2022. Since April 2023, he has been the Deputy General Manager and Chief Operating Officer of the Company.
Virginie Cayatte	Born in 1970, French, graduated from Ecole Polytechnique and Ecole des Mines de Paris and French Financial Analyst Certificate cum laude. She served as the Director of Financial Market Regulation at the French Ministry of Finance from 2002 to 2006, the Secretary of the Finance and Innovation Cluster from 2006 to 2007, the CFO of AXA IM from 2010 to 2015, and the Chief Financial Officer (CFO) of SOLOCAL (a French communication and local digital advertising company) from 2015 to 2018. Since 2018, she joined Adisseo Group as Group CFO, in charge of Finance, IS&T, Legal and Compliance. Since April 2023, she has been as Chief Financial Officer of the Bluestar Adisseo Company.
Fabien Siguier	Born in 1974, French, graduated from IAE Lyon, Sciences Po Paris, and Diplomatic institute CHEID. He served as the Organizational Manager of Sodiaal from 1997 to 2001, the Director of Human Resources at BEL Group from 2001 to 2006, the Director of Human Resources Restructuring at the French Ground Weapon Industry Group from 2006 to 2009, and the Director of Human Resources, Director of Human Resources Change, and Vice President of Human Resources and Compliance at Valeo from 2009 to 2018. Since 2018, he has joined Adisseo Group as the Executive Vice President. Since April 2023, he has been the Deputy General Manager of the Company.
Frank Chmitelin	Born in 1962, French, graduated from the National Vetinary School in Lyon and from AgroPariTech (1989) and earned an MBA from ESSEC in 2000. He began his carrier in 1989 at Sanders and then Alltech, before joining Adisseo in 1994, holding various positions in marketing and international sales management. In 2010, he became Vice President WorldWide Sales and was Secretary General of the FEFANA from 2009 to 2012. Since 2022, he took the position of Executive Vice President Strategy and Sustainable Development. Since April 2023, he has been Deputy General Manager of the Company.
Jean-François Rous	Born in 1967, French. He served as Research Scientist and R&D Manager for Unilever (UK). From 1992 to 2000, R&D Department Manager for Rhodia Group (France) from 2000 to 2005, worked at the Industrial Innovation Agency of the French Prime Minister Office from 2007 to 2008, and served as the Vice President of Innovation for Groupe AVRIL (France) from 2008 to 2017. From 2017 to 2018, he served as the Chief Innovation Officer of Elephant Vert (France and Morroco). Since 2019, he has joined Adisseo as the Executive Vice President of Research & Innovation. Since April 2023, he has been Deputy General Manager of the Company.
Dengjie Gu	Mr. Gu was born in 1964, Chinese. Mr. Gu holds a bachelor's degree from Zhejiang University and a master's degree and doctorate from China University of Mining and Technology (Beijing). He also completed a mini-MBA training course at ESSEC Business School in France. Mr. Gu has successively worked for China Huaneng Group as Engineer, Senior Engineer, Rhône-Poulenc (China) Co., Ltd as Project Manager, Bohai (Tianjin) Rhône-Poulenc Methionine Co., Ltd as Deputy General Manager and Aventis International Trade (Shanghai) Co., Ltd as Sales Manager China. Since 2002, Mr. Gu has been working with Adisseo Life Science (Shanghai) Co., Ltd. as General Manager. From 2018 to 2021, he was the Director of the Company. Since 2015, he has been the Deputy General Manager of the Company.
Yun Cai	Ms. Cai was born in 1974, Chinese. She has a bachelor's degree in international economics from Fudan University and is member of CICPA and HKCPA. She also completed a mini-MBA training course at ESSEC Business School in France. Ms. Cai has successively worked in PwC Shanghai Branch as an Auditor and then as a Senior Auditor. Finally, she became Finance & HR manager, Deputy General Manager at Adisseo Life Science (Shanghai) Co., Ltd. (Previously: Aventis International Trading (Shanghai) Co., Ltd). Ms. Cai has been Group Project & Internal Audit Director since April 2015. From 2015 to April 2023, she has been Person in charge of Finance of the Company. Since April 2020, she has been Senior Director of Communication & Digital Transformation for Adisseo China. Since October 2023, she has been the Board Secretary of the Company.

Name	*Professional background and main work experience*
Qinan Liang	Ms. Liang was born in 1987, Chinese, member of the Communist Party of China, member of China National Democratic Construction Association. Master's degree and she is a member of Fellowship of the Association Chartered Certified Accountant (FCCA) as well as Senior Professional Accounting Title. Ms. Liang has successively worked as Auditor at Pwc Beijing Branch, then worked for China Distance Education Holdings Limited. (NYSE: DL) and Universal Medical (HK.2666). Ms. Liang hold Board Secretary Certificate and Independent Board Director Qualification. From March 2018 to October 2023, she was the Board Secretary of the Company. Since 27th October 2023, she has applied to resign as the Board Secretary of the Company due to job changes. After her resignation, she will continue to hold the other important management position in the Company (announcement no. 2023-025).

Other information

□ Applicable √ Not applicable

2. Position assumed of Directors, Supervisors, and Senior Management

(1) Position assumed in shareholding entities

√ Applicable ☐ Not applicable

Name	Name of the shareholding entity Position	Position	Starting date of office term	Expiry date of office term
Zhigang Hao	China Bluestar	Party Secretary, Chairman of the board	September 2017	September 2023
Zhigang Hao	China Bluestar	Deputy Party Secretary	September 2023	To date
Gérard Deman	China Bluestar	Director	September 2008	To date
Yanfeng Sun	China Bluestar	Director of Finance Department	September 2023	To date
Yanfeng Sun	China Bluestar	Member of the Party Committee	January 2024	To date
Jingwan Wu (Resigned)	China Bluestar	Chief Financial Officer	October 2018	July 2023
Jingwan Wu (Resigned)	China Bluestar	Director of Finance Department	October 2018	October 2023
Xiaolei Zhu	China Bluestar	Deputy General Manager	December 2022	December 2023
Xiaolei Zhu	China Bluestar	Member of the Party Committee	June 2018	To date
Xiaolei Zhu	China Bluestar	Director	September 2020	To date
Yan Wang	China Bluestar	Director of Strategy Implementation Department	February 2019	December 2023
Yan Wang	China Bluestar	Assistant General Manager and Director of Production and Operations Department	December 2023	To date
Wei Lu	China Bluestar	Deputy Director of Finance Department	March 2017	To date
Descriptions on position assumed in shareholding entities	No			

(2) Position assumed in other entities

√ Applicable ☐ Not applicable

Name	Name of the entity	Position	Starting date of office term	Expiry date of office term
Zhigang Hao	Qenos Holding Co. Ltd	Chairman	November 2016	To date
Zhigang Hao	Elkem AS	Chairman	December 2019	To date

Zhigang Hao	Bluestar Adisseo Nutrition Group	Deputy Chairman	September 2017	To date
Zhigang Hao	Bluestar Finance Holdings Limited	Director	November 2016	To date
Zhigang Hao	Bluestar Fibres Investment co. Limited	Director	October 2017	To date
Zhigang Hao	Bluestar Elkem Investment Co. Limited	Director	October 2017	To date
Zhigang Hao	China National Chemical (Hong Kong) Investment Co. Limited	Director	December 2016	To date
Zhigang Hao	ChemChina International Holding (Hong Kong) Co., Limited	Director	December 2016	To date
Zhigang Hao	Bluestar Silicones Investment Co. Limited	Director	October 2017	To date
Zhigang Hao	Elkem Luxembourg	Director	December 2019	To date
Jean-Marc Dublance	Calysta Inc.	Board Observer member	October 2023	To date
Gérard Deman	GDEM conseil	Chairman	October 2011	To date
Gérard Deman	Bluestar Adisseo Nutrition Group Limited	Chairman	June 2016	July 2023
Gérard Deman	Drakkar Group S.A.	Director	September. 2006	June 2023
Gérard Deman	Innov'ia	Vice President of the Supervisory Board	September 2011	To date
Gérard Deman	G4	Chairman	July 2011	To date
Yanfeng Sun	Sinochem Energy Co., Ltd	Supervisor	July 2021	September 2023
Yanfeng Sun	Shenyang Chemical Research Institute Co., Ltd	Supervisor	April 2022	September 2023
Jingwan Wu	Qenos Holding Co. Ltd	Director	March 2019	October 2023
Jingwan Wu	TAL/BSF	Director	December 2019	October 2023
Jingwan Wu	Elkem Luxembourg	Director	September 2019	December 2023
Jinwan Wu	Nantong Xingchen Synthetic Material Co., Limited	Director	August 2021	February 2024
Xiaolei Zhu	Zhonglan Petrochemical Co., Ltd	Executive Director	September 2020	December 2023
Yougen Ge	Elkem AS	Director	January 2019	To date
Yougen Ge	Bluestar Adisseo Nutrition Group Limited	Director	March 2020	To date
Yougen Ge	Shenyang Chemical Co., Limited	Director	April 2021	To date
Yougen Ge	Sinochem Holdings Co., Ltd.	Deputy Director of Strategy and Investment Department	December 2022	To date
Yan Wang	Qenos Holding Co. Ltd.	Director	December 2019	To date
Yan Wang	Shenyang Chemical Co., Limited	Director	April 2019	To date
Wei Lu	ChemChina Finance Co., Ltd.	Director	December 2019	November 2023
Wei Lu	Shanna Synthetic Rubber Co., Limited	Director	June 2014	To date
Wei Lu	Technology Absorption Limited (TAL)	Director	October 2023	To date
Yuan Ding	CEIBS	Tenured professor of	September	To date

		accounting	2006	
Yuan Ding	Man Wah Holdings Limited (HK. 01999)	Independent director	December 2016	To date
Yuan Ding	Zhuolang Intelligent Technology Co., Limited	Director	May 2018	To date
Yuan Ding	Shanghai Lujie Kunchi Group Co., Limited	Independent director	December 2020	To date
Yuan Ding	JS (HK.01691)	Independent director	September 2022	To date
Yuan Ding	H&H (HK.01112)	Independent director	January 2023	To date
Caroline Grégoire Sainte-Marie	FNAC DARTY	Independent director	2018	To date
Caroline Grégoire Sainte-Marie	VINCI(FR0000125486)	Independent director	2019	To date
Hengchang Zang	School of pharmacy, Shandong University	Deans and professors	May 2007	To date
Hengchang Zang	Shandong Luhua Longxin Biotechnology Co., Ltd.	External director	April 2022	To date
Descriptions on position assumed in other entities	No			

3. Compensation for directors, supervisors and senior management

√ Applicable ☐ Not applicable

Procedures for deciding the compensation for directors, supervisors, and senior management	The compensation for directors and supervisors is determined by the General Shareholders' Meeting and for senior management is determined by the Board of Directors.
Whether directors recuse from the discussion of their own remuneration matters at the board meetings	Yes.
Recommendations made by the Remuneration and Appraisal Committee or special meetings of independent directors on the remuneration matters for directors, supervisors, and senior management	The Remuneration and Appraisal Committee has assessed the performance of the senior management in FY2022 in accordance with the Management Incentive Plan and the Implementation Rules and agrees to submit them to the board of directors for deliberation. The Remuneration and Appraisal Committee proposed to link the independent director's allowance with the job responsibilities.
Basis of compensation for directors, supervisors, and senior management	The Company is responsible for applying the basic salary and performance bonus system for directors and senior management. Compensation is determined according to the results of the Company, in line with the principle and method of linking compensation with working performance. Compensation for independent directors is determined using an annual allowance.
Compensation payments for directors, supervisors, and senior management	Determined in line with the above-mentioned principles.
Total compensation of all directors, supervisors, and senior management in the reporting period	After performance review and according to the payment plan, 5,244 (10 thousand) yuan is paid in the reporting period including pension and bonuses.

Note: The Company subscribed to a Directors & Officers (D&O) liability insurance to protect the members of the Board of Directors, Supervisors and senior officers who perform obligations in connection with their positions. The Company plans to insure these directors, supervisors and senior officers. The net annual premium is around RMB 215,000 and the limits are RMB 108,000,000. The D&O proposal was approved by the Shareholders' General Meeting on 31st May 2023. On 28th March 2024, the Board has approved the renewal of the D&O policy, and this proposal will be presented to the upcoming Shareholders' General Meeting for approval.

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

√Applicable ☐ Not applicable

Name	Position	Description of change
Zhigang Hao	General Manager	Appointed
Jean-Marc Dublanc	General Manager	Retired
Yanfeng Sun	Director	Elected
Xiaolei Zhu	Director, Deputy General Manager	Elected
Jingwan Wu	Director	Resigned
Hao Wang	Director, Deputy General Manager	Resigned
Frederic Jacquin	Deputy General Manager and Chief Operating Officer	Appointed
Fabien Siguier	Deputy General Manager	Appointed
Frank Chmitelin	Deputy General Manager	Appointed
Jean-François Rous	Deputy General Manager	Appointed
Virginie Cayatte	Chief Financial Officer	Appointed
Yun Cai	Person in charge of Finance	Resigned
Yun Cai	Board Secretary	Appointed
Qinan Liang	Board Secretary	Resigned

Detailed description on the change of directors, supervisors and senior management:

a. On 26th April 2023, being approved by the tenth meeting of the 8th session of board, Mr. Hai Zhigang was appointed as General Manager (CEO) of the Company. The term is from the 1st July 2023 to 22nd September 2024 which is the expiry date of the 8th board of directors (announcement no. 2023-009 and 2023-010).
b. Mr. Jean-Marc Dublanc applied to resign as the Company's General Manager since 1st July 2023 due to retirement. After his resignation, he will continue to work for the Company as Director and Special Committee members (announcement no. 2023-010).
c. On 27th October 2023 and 11th December 2023, being approved by the thirteenth meeting of the 8th session of board and the 1st interim meeting of shareholders for FY2023, Mr. Sun Yanfeng has officially been elected as the Director of the 8th board of director (announcement no. 2023-024, 2023-027 and 2023-031).
d. On 26th April 2023 and 31st May 2023, being approved by the tenth meeting of the 8th session of board and the annual shareholder meeting for FY2022, Mr. Zhu Xiaolei has officially been elected as the Director of the 8th board of director (announcement no. 2023-009, 2023-010 and 2023-015).
e. On 22nd December 2023, being approved by the sixteenth meeting of the 8th session of board, Mr. Zhu Xiaolei was appointed as Deputy General Manager of the Company (announcement no. 2023-033 and 2023-034).

f. Since 27th October 2023, Mr. Wu Jingwan has applied to resign as the Director of the Company due to job changes. After his resignation, he will not continue to work for the Company (announcement no. 2023-025).

g. Due to personal reasons, Mr. Wang Hao has applied to resign as the Company's Director since 26th April 2023 and resign as the Company's Deputy General Manager since 31st December 2023 (announcement no. 2023-010 and 2024-001).

h. On 26th April 2023, being approved by the tenth meeting of the 8th session of board, Mr. Frederic Jacquin was appointed to be the Deputy General Manager and Chief Operating Officer of the Company, Ms. Virginie Cayatte is appointed to be the Chief Financial Officer of the Company, Mr. Fabien Siguier is appointed to be the Deputy General Manager of the Company, Mr. Frank Chmitelin is appointed to be the Deputy General Manager of the Company, Mr. Jean-François Rous is appointed to be the Deputy General Manager of the Company (announcement no. 2023-009 and 2023-011).

i. Since 26th April 2023, Ms. Cai Yun has applied to resign as the Person in charge of Finance of the Company due to job changes. On 27th October 2023, being approved by the thirteenth meeting of the 8th session of board, Ms. Cai Yun was appointed as Board Secretary of the Company (announcement no. 2023-011, 2023-024 and 2023-027).

j. Since 27th October 2023, Ms. Qinan Liang has applied to resign as the Board Secretary of the Company due to job changes. After her resignation, Ms. Qinan Liang will continue to hold the other important management position in the Company (announcement no. 2023-025).

5. The punishment or penalties made by CSRC or SSE in past 3 years

☐Applicable √ Not applicable

6. Others

☐Applicable √ Not applicable

V. Information about the board meeting held during the reporting period

Meeting	Date	Meeting Resolution
The ninth meeting of the 8th session of board	2023.3.30	Deliberated and passed: 1. Proposal on 2022 Annual Report and the Executive Summary 2. Proposal on 2022 Annual Final Accounts 3. Proposal on 2022 and 2023 Day-to-day Connected Transactions 4. Proposal on the Board’s Report for FY2022 5. Proposal on General Manager’s Report for FY 2022 and Independent Directors’ Report for FY2022 (listen to this proposal) 6. Proposal on Audit, Risk and Compliance Committee’s Report for FY2022 (listen to this proposal) 7. Proposal on 2022 Annual Plan of Dividends Distribution

		8. Proposal on the Special Report on Occupancy of Non-Operation Funds and Other Fund Transactions with Connected Parties for FY2022 9. Proposal on Self-Assessment Report on Internal Control for FY2022 and Audit Report on Internal Control for FY2022 10. Proposal on Appointment of Auditor and Internal Control Auditor for the Year 2023 11. Proposal on Auditing Fees for FY2022 12. Proposal on Renewal of D&O Insurance Policy 13. Proposal on Bluestar Adisseo Company Deposit Risk Management Preplan for Deposits in Sinochem Finance Co., Ltd. 14. Proposal on the Approval of Risk Report of Sinochem Finance Co., Ltd. for FY2022 15. Proposal on Signing Finance Service between Sinochem Finance Co., Ltd. & Bluestar Adisseo Company 16. Proposal on Remuneration of Senior Management 17. Proposal on Allowance of independent directors of 8th Board 18. Proposal on Convening the Shareholders' Annual Assembly for FY2022
The tenth meeting of the 8th session of board	2023.4.26	Deliberated and passed: 1. Proposal on 2023 Q1 Report 2. Proposal on Appointing Mr. HAO Zhigang as General Manager (CEO) 3. Proposal on Nominating Mr. ZHU Xiaolei as Director Candidate 4. Proposal on Nominating Executive Management
The eleventh meeting of the 8th session of board	2023.6.1	Deliberated and passed: 1. Proposal on Changing Members of the Special Committees of 8th Session of the Board 2. Proposal on Foreign Exchange Hedging Business 3. Proposal on Bluestar Adisseo Company Management Measure for Foreign Exchange Hedging Business
The twelfth meeting of the 8th session of board	2023.8.4	Deliberated and passed: 1. Proposal on H1 2023 Report and the Executive Summary 2. Proposal on the Approval of Risk Report of Sinochem Finance Co., Ltd. for 2023 H1 **3.** Proposal on Construction of New

		Powder Methionine Plant
The thirteenth meeting of the 8th session of board	2023.10.27	Deliberated and passed: 1. Proposal on 2023 Q3 Report 2. Proposal on Nominating Mr. SUN Yanfeng as Director Candidate 3. Proposal on Appointing Ms. CAI Yun as Board Secretary
The fourteenth meeting of the 8th session of board	2023.11.24	Deliberated and passed: 1. Proposal on Convening the 1st Interim General Meeting for FY2023
The fifteenth meeting of the 8th session of board	2023.12.13	Deliberated and passed: 1. Proposal on Update of Bluestar Adisseo Company Rules for the Work of the Independent Director and Bluestar Adisseo Company Management Measures for Donation
The sixteenth meeting of the 8th session of board	2023.12.22	Deliberated and passed: 1. Proposal on Appointing Mr. ZHU Xiaolei as Deputy General Manage

VI. Fulfilment of duties by Directors

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

Name of directors	Independent directors	Attendance at Board meetings						Attendance at general shareholders' meetings
		Required attendance at Board meetings in the term of office this year	Attendance in Person	Participation by other communications	Attendance by proxy	Absence	Consecutively Absent From two meetings	Attendance frequency at the general meeting of shareholders
Zhigang Hao	N	8	8	8	0	0	N	2
Jean-Marc Dublanc	N	8	8	8	0	0	N	1
Gérard Deman	N	8	8	8	0	0	N	1
Yanfeng Sun	N	2	2	2	0	0	N	0
Jingwan Wu	N	4	4	4	0	0	N	0
Xiaolei Zhu	N	6	6	6	0	0	N	0
Hao Wang	N	1	1	1	0	0	N	0
Yougen Ge	N	8	8	8	0	0	N	0
Yuan Ding	Y	8	7	7	1	0	N	1

Name of directors	Independent directors	Attendance at Board meetings						Attendance at general shareholders' meetings
		Required attendance at Board meetings in the term of office this year	Attendance in Person	Participation by other communications	Attendance by proxy	Absence	Consecutively Absent From two meetings	Attendance frequency at the general meeting of shareholders
Caroline Grégoire Sainte-Marie	Y	8	8	8	0	0	N	0
Hengchang Zang	Y	8	8	8	0	0	N	2

Detailed description on consecutively absent from two meetings:

√ Applicable ☐ Not applicable

Number of Board meetings held this year	8
Including: Number of meetings held on-site	0
Number of meetings held by other communications	8
Number of meetings held on-site combined with other communications	0

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

☐ Applicable √ Not applicable

3. Others

☐ Applicable √ Not applicable

VII. Special committees under the Board of Directors

√ Applicable ☐ Not applicable

1. Members of special committee under the board of directors

Type of special committee	Name of committee member
Audit, Risk and Compliance Committee	1. Mr. Ding Yuan 2. Mr. Sun Yanfeng 3. Ms. Caroline Grégoire Sainte-Marie
Nomination Committee	1. Mr. Zang Hengchang 2. Mr. Hao Zhigang 3. Mr. Jean-Marc Dublanc 4. Mr. Ding Yuan 5. Ms. Caroline Grégoire Sainte-Marie
Remuneration and Appraisal Committee	1. Ms. Caroline Grégoire Sainte-Marie 2. Mr. Ding Yuan 3. Mr. Zhu Xiaolei
Strategic Committee	1. Mr. Hao Zhigang 2. Mr. Gérard Deman

	3. Mr. Jean-Marc Dublanc 4. Mr. Ge Yougen 5. Mr. Sun Yanfeng 6. Mr. Zang Hengchang

2. Special Committees held 18 meetings during the reporting period

Date	Content	Important opinions and suggestions	Other performance of duties
2023-02-15	The ninth audit, risk and compliance committee meeting of the 8th session of the board reviewed: 1. Quick report of FY 2022	The Company's Quick report of FY 2022, its composition and deliberation comply with the requirements of laws, rules and the Company's bylaws. The contents of Quick report of FY 2022 reflects the main financial data and ratios of the Company, initially disclosed after the end of accounting period and before the announcement of financial report, which may differ from the final audited data. Quick report improves the timeliness of information disclosure for listed companies and helps to promote the right to know of small and medium investors.	No
2023-02-27	The third strategic committee meeting of the 8th session of the board reviewed the proposal on 1. 2023 Budget and Strategic Plan	The budget is only the Company's internal management KPI and is not the Company's forecast on its profit. There are uncertainties in the realization involving various factors, such as economic environment and market demand evolution.	No
2023-03-21	The third nomination committee meeting of the 8th session of the board reviewed the proposal on 1. Nominating Mr. Frederic Jacquin as Deputy General Manager	Report to nomination committee members.	No
2023-03-21	The sixth remuneration and appraisal committee meeting of the 8th session of the board deliberated and passed the proposal on 1. Remuneration of Senior Management 2. The Allowance of Independent	The Remuneration and Appraisal Committee has assessed the performance of the senior management in FY2022 in accordance with the Management Incentive Plan and the Implementation Rules and agrees to submit them to the board of directors for deliberation.	No

	Directors of 8th Board	The Remuneration and Appraisal Committee proposed to link the independent director's allowance with the job responsibilities.	
2023-03-28	The tenth audit, risk and compliance committee meeting of the 8th session of the board deliberated and passed the proposal on 2022 Annual Report and the Executive Summary 2022 Annual Final Accounts 2022 and 2023 Day-to-day Connected Transactions Audit, Risk and Compliance Committee's Report for FY2022 The Special Report on Occupancy of Non-Operation Funds and Other Fund Transactions with Connected Parties for FY2022 Self-Assessment Report on Internal Control for FY2022 and Audit Report on Internal Control for FY2022 Appointment of Auditor and Internal Control Auditor for the year 2023 Auditing Fees for FY2022 Signing Finance Service between Sinochem Finance Co., Ltd. & Bluestar Adisseo Company	The committee's opinions on the proposals of the meeting are as follows and agrees to submit them to the board of directors for deliberation: The Company's 2022 Annual Report the Executive Summary, and its composition and deliberation comply with the requirements of laws, rules, AOA and the Company's bylaws. The contents and format of the 2022 Annual Report and the Executive Summary comply with requirements of CSRC and SSE. The information contained reflects the actual management and financial situations of the Company. No violation of confidentiality conducted by the personnel participating in composition and deliberation of the 2022 Annual Report and the Executive Summary has been found currently. Same as 1 The connected transaction strictly follows the Company's Connected Transaction Management System, meets the requirement of that associated directors withdraw from voting, persists with the principles of being open, fair and just, and does not involve any inside transaction. The transaction is necessary for the Company, and also, the transaction price is fair and reasonable, does not impair the benefits of the Company and non-associated stockholders, and it is fair to	No

		all stockholders. During the reporting period, the Audit, Risk and Compliance Committee, according to the Code of Corporate Governance for Listed Companies, the C-Sox, the Shanghai Stock Exchange Listing Rules, the Articles of Association of Bluestar Adisseo Company and the Detailed Rules for the Implementation of the Audit Committee, fulfilled their duties with their profound expertise and experience in a diligent and conscientious manner; focused on key issues including regular reports, related transaction, C-Sox as well as major events etc.; contributed to the continuous improvement of the corporate governance; and protected the interests of the Company and shareholders, especially minority shareholders. See Audit, Risk and Compliance Committee's Report for FY2022 for further details. KPMG Huazhen LLP has composed a special report on occupancy of non-operation funds and other fund transactions with connected parties for FY2022. It confirmed that the controlling shareholder and other connected party do not occupy any of the Company's non-operation capital. In the reporting period, Company has set up and is enhancing the internal control system, pursuant to the Basic Standards of Internal Control for Enterprises and other laws and regulations. The internal control system is running effectively. The Company has composed the Self-Assessment Report on Internal Control to reflect the actual performance in internal control. KPMG Huazhen LLP has issued a	

		standard and unqualified audit report. Kindly find attached such reports.eTo maintain the continuity of auditing, as proposed by the Audit, Risk and Compliance Committee of the board, the Company proposes to continue to engage KPMG Huazhen LLP as the Company's 2023 annual auditor for financial and internal control auditing. The Company also proposes to authorize the board of directors to determine service fees for this engagement, depending on the service items, the workload and other factors.cAs authorized by the Annual Shareholders' Assembly for FY2021, the board of the Company will, based on its work scope and the quality, pay RMB 5.73 million as the annual auditing fees for financial auditing, and RMB 1.42 million for internal control auditing to KPMG Huazhen (LLP).eThe Company signed a Financial Services Agreement with Sinochem Finance Co., Ltd. ("Finance Company") for the purposes of optimizing financial management, improving efficiency of capital utilization, and reducing financing costs and risks. The agreement specified that the Finance Company shall provide the Company with such financial services as deposit, settlement and credit for a valid period of 3 years.ee	
2023-04-17	The fourth nomination committee meeting of the 8th session of the board deliberated and passed the proposal on Appointing Mr. HAO Zhigang as General Manager Nominating Mr. ZHU Xiaolei as Director Candidate	The committee's opinions on the proposals of the meeting are as follows and agrees to submit them to the board of directors for deliberation: In order to improve the corporate governance structure and ensure the standardized operation of the Company, in accordance with the provisions of the Company Law, the Articles	No

		of Association and relevant laws and regulations, the Company's nomination committee has nominated and reviewed the qualifications of director candidate Mr. ZHU Xiaolei and CEO candidate Mr. HAO Zhigang, and submitted it to the board of directors for review.	
2023-04-26	The eleventh audit, risk and compliance committee meeting of the 8th session of the board deliberated and passed the proposal on 2023 Q1 Report Foreign Exchange Hedging Business Bluestar Adisseo Company Management Measure for Foreign Exchange Hedging Business	The committee's opinions on the proposals of the meeting are as follows and agrees to submit them to the board of directors for deliberation: The Audit Committee reviews the Company's 2023 Q1 Report and confirms that the Company's 2023 Q1 Report and its composition and deliberation comply with the requirements of laws, rules, AOA and the Company's bylaws. The contents and format of 2023 Q1 Report comply with requirements of CSRC and SSE. The information contained reflects the actual management and financial situations of the Company. No violation of confidentiality conducted by the personnel participating in composition and deliberation of the 2023 Q1 Report has been found currently. And agrees to submit it to the board of directors for deliberation. To effectively avoid and prevent the foreign exchange market risk and prevent the large fluctuation of exchange rate from adversely affecting the Company's production and operation, the Company continuously monitors the exchange rate risk and plans to carry out foreign exchange hedging business in combination with the use of derivative financial instruments. The Company has formulated the Measures for Foreign Exchange Hedging	No

		Business, which clearly stipulates the operation, organization, business process, confidentiality system, risk management and other aspects of foreign exchange hedging business.	
2023-04-26	The fifth nomination committee meeting of the 8th session of the board deliberated and passed the proposal on Nominating Executive Management	The committee's opinions on the proposals of the meeting are as follows and agrees to submit them to the board of directors for deliberation: Mr. Frederic JACQUIN is appointed to be the Deputy General Manager and Chief Operating Officer of the Company; Ms. Virginie CAYATTE is appointed to be the Chief Financial Officer of the Company; Mr. Fabien SIGUIER is appointed to be the Deputy General Manager of the Company; Mr. Jean-François ROUS is appointed to be the Deputy General Manager of the Company; Mr. Frank CHMITELIN is appointed to be the Deputy General Manager of the Company.	No
2023-07-13	The twelfth audit, risk and compliance committee meeting of the 8th session of the board reviewed: 1. 2023 H1 Performance Reduction Forecast	The Company's 2023 H1 Performance Reduction Forecast, its composition and deliberation comply with the requirements of laws, rules and the Company's bylaws. The contents of the Performance Reduction Forecast reflect the main financial data and ratios of the Company, initially disclosed after the end of accounting period and before the announcement of financial report, which may differ from the final audited data. Performance forecast improves the timeliness of information disclosure for listed companies and helps to promote the right to know of small and medium investors. d	No
2023-07-24	The seventh remuneration and appraisal committee meeting of the 8th session	The committee has discussed 2023-25 mid-term incentive plan and agrees to submit them to the board of	No

	of the board deliberated and passed the proposal on 1. 2023-25 mid-term incentive plan	directors for deliberation.	
2023-07-25	The fourth strategic committee meeting of the 8th session of the board deliberated and passed the proposal on 1. Construction of New Powder Methionine Factory 2. VISAR	The committee has through discussed the methionine market and believed the project plays an important role in the Company's implementation of its "two-pillar" development strategy, which will strengthen the Company's leading position in the methionine industry as well as optimize its methionine product structure and global production capacity layout.	
2023-07-26	The thirteenth audit, risk and compliance committee meeting of the 8th session of the board deliberated and passed the proposal on H1 2023 Annual Report and the Executive Summary VISAR Review the item on Update on Risk, Internal Audit and Internal Control matters Update on Auditor fees Matters	The committee's opinions on the proposals of the meeting are as follows and agrees to submit them to the board of directors for deliberation: The Audit Committee reviews the Company's H1 2023 Report the Executive Summary and confirms that the Company's H1 2023 Report the Executive Summary, and its composition and deliberation comply with the requirements of laws, rules, AOA and the Company's bylaws. The contents and format of the H1 2023 Report and the Executive Summary comply with requirements of CSRC and SSE. The information contained reflects the actual management and financial situations of the Company. No violation of confidentiality conducted by the personnel participating in composition and deliberation of the H1 2023 Report and the Executive Summary has been found currently. And agrees to submit it to the board of directors for deliberation. Review the update on risk, internal audit and internal control matters and auditor	No

		fees.	
2023-10-16	The sixth nomination committee of the 8th session of the board reviewed the item on Nominating Mr. SUN Yanfeng as Director Candidate Appointing Ms. CAI Yun as Board Secretary	The committee's opinions on the proposals of the meeting are as follows and agrees to submit them to the board of directors for deliberation: In order to improve the corporate governance structure and ensure the standardized operation, in accordance with the provisions of the Company Law, the Articles of Association and relevant laws and regulations, nomination committee of the Company has nominated and reviewed the qualifications of director candidate Mr. Sun Yanfeng and board secretary candidate Mr. Cai Yun and submitted it to the board of directors for review.	No
2023-10-25	The fourteenth audit, risk and compliance committee meeting of the 8th session of the board deliberated and passed the proposal on 2023 Q3 ReportReview the item on Updates on _ Risk, Audit and Compliance	The committee's opinions on the proposals of the meeting are as follows and agrees to submit them to the board of directors for deliberation: The Audit Committee reviews the Company's 2023 Q3 Report and confirms that the Company's 2023 Q3 Report and its composition and deliberation comply with the requirements of laws, rules, AOA and the Company's bylaws. The contents and format of 2023 Q3 Report comply with requirements of CSRC and SSE. The information contained reflects the actual management and financial situations of the Company. No violation of confidentiality conducted by the personnel participating in composition and deliberation of the 2023 Q3 Report has been found currently. And agrees to submit it to the board of directors for deliberation. Review the update on risk, internal audit and internal control matters	No

2023-12-12	The fifteenth audit, risk and compliance committee meeting of the 8th session of the board deliberated and passed the proposal on 2023 KPMG Huazhen Audit Plan Bluestar Adisseo Company Management Measures for External Guarantees	The committee's opinions on the proposals of the meeting are as follows and agrees to submit them to the board of directors for deliberation: The audit committee reviewed the audit plan, including work scope, audit approach and planning and confirmation of independence, and confirms that the audit plan implements the whole audit process, properly evaluates the audit importance and audit risk, and reasonably determines the audit purpose, audit scope and key audit areas. In order to implement the Plan of Bluestar Adisseo Company on the Functions and Powers of the Board of Directors, the Company revises *Bluestar Adisseo Company Management Measures for Donation* .	No
2023-12-12	The eighth remuneration and appraisal committee meeting of the 8th session of the board reviewed Discussion of Remuneration of Senior Management	The management reports to the committee about the remunaration of senior management.	No
2023-12-11	The fifth strategic committee meeting of the 8th session of the board deliberated and passed the proposal on 2024 Budget and Strategic Plan	The budget is only the Company's internal management KPI and is not the Company's forecast on its profit. There are uncertainties in the realization involving various factors, such as economic environment and market demand evolution.	No
2023-12-22	The seventh nomination committee meeting of the 8th session of the board deliberated and passed the proposal on 1. Appointing Mr. ZHU Xiaolei as Deputy General Manager	Through reviewing Mr. ZHU Xiaolei's personal resume and data, he has the qualification and ability to serve as the Company's senior management, and there is no situation that he is not allowed to serve as the Company's senior management as stipulated in	No

		the Company Law and AOA; There is no case that the CSRC has determined that the market entry is prohibited, and the prohibition has not been lifted; There is no case that the stock exchange has publicly determined that it is not suitable to serve as senior management of listed companies and the term has not expired; Nor has it been punished or disciplined by the CSRC and the stock exchange. Therefore, the nomination committee agreed to this proposal and submit this proposal to the board for deliberation.	

3. Details of objections

□ Applicable √ Not applicable

VIII. Risks identified by the Board of Supervisors

□ Applicable √ Not applicable

The board of supervisors has no objection to the supervision matters during the reporting period.

IX. Employees of the Company and its main subsidiaries

1. Employees

Number of on-job employees of the Company	16
Number of on-job employees of major subsidiaries	2,718
Total number of on-job employees	2,734
Number of retirees whose expenditures should be borne by the Company and major subsidiaries	0
Professional structure	
Classifications of Profession	Number of people
Production personnel	1,446
Sales personnel	348
Technical personnel	584
Finance and Administration personnel	304
Management personnel	52
Total	2,734
Degree of Education	
Education background	Number of people
Doctor	96

Master	582
Bachelor	631
Senior college	861
Other	564
Total	2,734

2. Compensation policy

√ Applicable □ Not applicable

The compensation policy for senior executives of the group and the listed company's executive management remuneration policy were deliberated and approved as follow:

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

Guiding Principles

- **Pay Comparator Group**—The comparator group will be comprised taking into consideration, comparability of size (primarily based on revenue, as well as market capitalization and assets), industry, international geographic scope (including in terms of location of assets), and complexity of business.
- **Total Compensation Positioning to Pay Comparator Group**—Total compensation is defined according to each country best practices, including a global vision of compensation and benefits. The total compensation packaged is yearly benchmark with external remuneration study in each of our major country. All managerial positions are rated based on an international position ranking system. This ranking system allows a perfect equity in package definition per position, and competitivity versus market, linked to added value generated by the position for the company.
- **Compensation Mix**—The Company intends to target a mix of salary, annual bonus, and long-term incentive that places a significant portion of pay at risk.
- **Performance Comparator Group**—To reduce the impact of exogenous risk factors on corporate or business unit performance, the company may assess performance against comparators exposed to similar risk factors.
- **Performance Measures and Goal-Setting**— Long-term performance criteria will be aligned with sustainable shareholder value creation, and therefore could include total shareholder return, return on existing assets, profitable growth, and the quality of corporate earnings. Long-term performance goals will be aligned with shareholder expectations of company performance. Annual performance measure(s) will emphasize line of sight, and link to the value-drivers that can be materially impacted by individual executives in a one-year timeframe. Annual performance goals will be based on the Company's approved

business plan. For all incentive plans, actual payouts should be superior to target when expectations are exceeded and should be below target when actual performance falls short of objectives.

- **Emphasis Organizational Linkage**—The primary determinant of executive long-term incentive compensation will be performance at corporate level, while annual executive incentives will emphasize line of sight through the granularity of performance metrics and individual performance objectives. Overall individual performance will be recognized through base salary increases and annual incentive payouts.

3. Training program

√ Applicable □ Not applicable

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

In addition, the Group review yearly the potential assessment of its employee in order to anticipate 5 years horizon of career development. This allows the Group to secure a succession plan for critical position for business continuity. Specific individual development plans are developed to prepare the employees for their next step in the company, including a training part, but also mentoring, exposition and exposure.

In recent years, despite COVID19 and European war context, the Group has increased its investment in people, through individual development plan execution and Group training program.
Five main Group programs have been rolled out remotely with success:

- Research & innovation scientific training, built and delivered by our scientific expert
- Project academy to develop a project awareness across the organization, and develop our project leaders to best worldwide practices
- Adisseo Management Program for our future global leaders, a one-year part time program, co-built with ESSEC
- Adisseo HR academy to transform HR management and coaching practices according to new context, developed with Josh BERSIN academy
- A digital e-learning platform with reach content accessible to all our employees worldwide

4. Labor outsourcing

□ Applicable √ Not applicable

X. Profit distribution or capitalization of reserves

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

√ Applicable □ Not applicable

(1) Policy for profit distribution

Adisseo has set up a profit distribution policy. The Articles of Association of the Company have clearly regulated the basic principle, the specified policy as well as the deliberation procedure related with the profit distribution plan. The Company gives priority to cash dividends as a profit distribution method and the Company will distribute the profit in cash no less than 30% of the distributable profit in the consolidated statements annually except under specific conditions as specified in the AoA.

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

The formulation and revision of the Company's profit distribution policies is strictly in compliance with the rules and procedures of the company. The standard and proportion of dividends distribution is clear and definitive and its deliberation process as well as its mechanism has also been well established.

(2) The execution of policy for profit distribution in the reporting period

The Board of the Company as of 30th March 2023 has proposed a final dividend distribution for year 2022 amounting to RMB 404,967,09.22 which represents 32.48% of the net profit attributable to shareholders of the Company. It has been approved by the General Shareholders' Meeting on 31st May 2023. On 6th July 2023, the Company made an announcement of the dividend implementation. The Company completed the final dividend distribution on 13th July 2023.

2. Formulation, performance or adjustment of cash profit distribution policy

√ Applicable □ Not applicable

Whether it complies with the provisions of the articles of association or the requirements of the resolution of the general meeting of shareholders	√ Yes □ No
Whether the dividend standard and proportion are clear and clear	√ Yes □ No
Are the relevant decision-making procedures and mechanisms complete	√ Yes □ No
Whether the independent directors have performed their duties and played their due role	√ Yes □ No
Whether minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests have been fully protected	√ Yes □ No

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

☐ Applicable √ Not applicable

4. Summary of pofit distribution and capitalization of capital reserves.

√ Applicable ☐ Not applicable

Number of bonus shares per 10 shares (shares)	0
Dividends of per 10 shares (tax included)	1.51
Number of additional shares per 10 shares (shares)	0
Amount of cash dividends	404,967,092.22
Net profit attributable to shareholders of the Company in the consolidated financial statements in the year of profit distribution	1,246,679,835
The ratio of cash dividends to net profit attributable to shareholders of the Company in the consolidated financial statements	32.48
Amount of cash dividends by share repurchase	0
Total amount of profit distribution (tax included)	404,967,092.22
The ratio of profit distribution to net profit attributable to shareholders of the Company in the consolidated financial statements	32.48

XI. 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. The seventeen meeting of 8^{th} Session of the Board deliberated and approved the proposal on . The incentive plan set up relevant performance indicators, some of which are related to the share price of the company in order to ensure that the interests of management and shareholders are aligned to achieve a win-win situation.

3. Equity incentives granted to directors and senior management during the reporting period

☐ Applicable √ Not applicable

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

√ Applicable ☐ Not applicable

Please refer to Section 4 – IX part 2 the description of the compensation policy.

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

√ Applicable ☐ Not applicable

Based on the materiality principle, the Company has established a well-rounded internal control policy for those scope-in business or companies and ensure an effective implementation of the policies. The Company has performed adequate self-assessment on the effectiveness of the design as well as the implementation of the whole internal control system and it is confirmed that the Company has reached its target on the internal control and there is no material deficiency identified during the assessment.

For the current reporting period, the Company will issue separately its self-assessment report on internal control based on C-SOX requirement.

Explanation if there is material deficiency noted during reporting period

☐ Applicable √ Not applicable

XIII. Management control over subsidiaries during the reporting period

√ Applicable ☐ Not applicable

The internal control assessment report of the Company brings the subsidiaries into the evaluation scope and evaluates the internal control from the main business and events of the company, which including Entity-Level Controls, Sales, Purchasing, Inventory, Human Resources, Tax, Treasury, Fixed & Intangible Assets, Research & Development, Pensions, Consolidation, Budget, IT system. For more information, please refer to Internal Control Assessment Report of 2023.

XIV. Information related to Audit Report on Internal Control

√ Applicable ☐ Not applicable

KPMG Huazhen LLP issued a clean audit opinion on the Internal Control Report.

Whether to disclose the audit report on Internal Control: Yes

Type of audit opinion on the Internal Control Report: Standard unqualified opinion.

XV. Rectification of problems in self-inspection of special actions for governance of listed companies

The company earnestly implements the spirit of the Opinions of The State Council on *Further Improving the Quality of Listed Companies*, actively carries out special actions on governance of listed companies in accordance with the requirements of regulatory authorities, carries out a series of self-examination and self-correction, and organizes and fills in the Special Self-inspection List for Governance of Listed Companies.

XVI. Others

□ Applicable √ Not applicable

Section 5 Environment and Social Responsibilities

I. Environmental information

Whether a mechanism of environmental protection is established	Yes
Funds invested in environmental protection in the reporting period (Unit: RMB 10k)	2,338

1. Explanation of environmental protection conditions of companies belonging to key pollutant discharge units and their main subsidiaries announced by the environmental protection department

√ Applicable ☐ Not applicable

Since its establishment, Bluestar Adisseo Nanjing Co., Ltd.(hereafter as BANC), Adisseo's plant in Nanjing, has been strictly implementing environmental protection policies, continuing to implement environmental management optimization projects, constantly increasing investment in environmental protection, and earnestly achieving green and sustainable development of advanced chemical industry.

With the release of the FORUS system of Sinochem Holdings Corporation Ltd., Nanjing Plant has also upgraded the current environmental protection management system to align with the FORUS system, so as to ensure that the management foundation is continuously consolidated and the environmental protection performance is continuously improved.

(1) Discharge information

√ Applicable ☐ Not applicable

Bluestar Adisseo Nanjing Co., Ltd. has been strictly implementing the environmental protection policy since its establishment, taking reducing its impact on the surrounding environment as the top priority. In 2023, the waste gas, wastewater and noise in its daily operation met the requirements of stable discharge standards, and the legal disposal rate of hazardous wastes and general solid wastes reached 100%. The detailed information of discharge is as follows:

Company name	Names of major pollutants	Distribution of emission outlets	Major pollutants	Discharge mode	Number of emission outlets (pieces)	Emission concentration/emission rate	Permissible emission limit	Executive standard of pollutant emission	Total annual emissions (tons)	Excessive emission
Bluestar Adisseo (Nanjing) Co., Ltd.	Waste gas	Plant area	Sulfur dioxide (SO_2)	Organized emission	10	1.148mg/m3	200mg/m3	Integrated emission standard of air pollutants in Jiangsu Province	3.65	N/A
		Plant area	Nitrogen oxides (NOx)		12	53.04mg/m3	200mg/m3 300mg/m3	Integrated emission standard of air pollutants in Jiangsu Province, Standard for pollution control on hazardous waste incineration	134.47	N/A
		Plant area	Particulate matter (dust)		13	1.64mg/m3	20mg/m3 1kg/h 30mg/m3	Integrated emission standard of air pollutants in Jiangsu Province, Standard for pollution control on hazardous waste incineration	4.59	N/A
		Plant area	Ammonia (NH_3)		5	0.136kg/h	75kg/h 27kg/h 35kg/h 4.9kg/h	Emission standards for odor pollutants	5.13	N/A
		Plant area	Hydrogen cyanide (HCN)		2	ND	1mg/m3 0.05kg/h	Integrated emission standard of air pollutants in Jiangsu Province	0.00436	N/A
		Plant area	Sulfuretted hydrogen (H_2S)		3	0.006854kg/h	6.225kg/h 0.33kg/h	Emission standards for odor pollutants	0.42	N/A

		Plant area	Carbon disulfide (CS2)		3	0.01488kg/h	28.75kg/h 1.5kg/h	Emission standards for odor pollutants	0.56	N/A
		Plant area	Sulfuric acid mist (H2SO4 mist)		2	ND	5mg/m3 1.1kg/h	Integrated emission standard of air pollutants in Jiangsu Province	0	N/A
		Plant area	Methyl mercaptan (MSH)		3	0.0003	0.69kg/h	Emission standards for odor pollutants	0.07	N/A
		Plant area, laboratory, hazardous waste warehouse and logistics center	Non-methane total hydrocarbon (NMHC)		18	1.25mg/m3	80mg/m3 182.52kg/h 108kg/h 7.2kg/h	Emission standard of volatile organic compounds for chemical industry	4.149	N/A
		Plant area	Acrolein		4	0.41	3mg/m3	Integrated emission standard of air pollutants in Jiangsu Province	0.22	N/A
		Plant area	Acrylic Acid		4	ND	20mg/m3	Integrated emission standard of air pollutants in Jiangsu Province	0	N/A
		Laboratory	Methane (CH4)		1	1.52mg/m3	/	N/A	0.01	N/A
		Plant area	Propyl alcohol		1	/	/	N/A	/	N/A
		Plant area	Formic acid (CH3COOH)		1	/	/	N/A	/	N/A
		Plant area	Methanol (CH3OH)		2	NDmg/m3 0.026kg/h	60mg/m3 54kg/h	Integrated emission standard of air pollutants in Jiangsu	0.84	N/A

								Province		
		Plant area	Ammonia (NH3)	Unorganized emission	4	0.15mg/m3	1.5mg/m3	Emission standards for odor pollutants	/	N/A
		Plant area	Methanol (CH3OH)		4	ND	12mg/m3	Integrated emission standard of air pollutants in Jiangsu Province	/	N/A
		Plant area	Sulfuric acid mist (H2SO4 mist)		4	ND	0.3mg/m3	Integrated emission standard of air pollutants in Jiangsu Province	/	N/A
		Plant area	Hydrogen cyanide (HCN)		4	ND	0.024mg/m3	Integrated emission standard of air pollutants in Jiangsu Province	/	N/A
		Plant area	Methyl mercaptan (MSH)		4	ND	0.007mg/m3	Emission standards for odor pollutants	/	N/A
		Plant area	Carbon disulfide (CS2)		4	ND	3mg/m3	Emission standards for odor pollutants	/	N/A
		Plant area	Total suspended particulates (TSP)		4	0.22mg/m3	1mg/m3	Integrated emission standard of air pollutants in Jiangsu Province	/	N/A
		Plant area	Sulfuretted hydrogen (H2S)		4	ND	0.06mg/m3	Emission standards for odor pollutants	/	N/A
		Plant area	Non-methane total hydrocarbon (NMHC)		8	0.46mg/m3	4mg/m3	Integrated emission standard of air pollutants in Jiangsu Province	/	N/A
		Plant area	Acrolein		4	ND	0.4mg/m3	Integrated emission standard of air	/	N/A

								pollutants in Jiangsu Province		
		Plant area	Odor concentration (Odor)		8	ND	20 (Dimensionless)	Emission standards for odor pollutants	/	N/A
	Wastewater	Plant area	Chemical oxygen demand (COD)	Continuous emission	1	122mg/L	500mg/L	Regulations on the Management of Enterprise Sewage Discharge in Nanjing Jiangbei New District New Material Science & Technology Park (2020 Edition)	44.11	N/A
		Plant area	Ammonia nitrogen (NH3-N)	Continuous emission	1	6.2mg/L	45mg/L	Regulations on the Management of Enterprise Sewage Discharge in Nanjing Jiangbei New District New Material Science & Technology Park (2020 Edition)	2.07	N/A
		Plant area	pH value	Continuous emission	1	7.68 (Dimensionless)	6-9 (Dimensionless)	Regulations on the Management of Enterprise Sewage Discharge in Nanjing Jiangbei New District New Material Science & Technology Park (2020 Edition)	N/A	N/A
		Plant area	Suspended solid (SS)	Continuous emission	1	31mg/L	400mg/L	Regulations on the Management of Enterprise Sewage Discharge in Nanjing Jiangbei New District New Material Science	10.96	N/A

								& Technology Park (2020 Edition)		
		Plant area	Five-day biochemical oxygen demand (BOD5)	Continuous emission	1	36mg/L	300mg/L	Regulations on the Management of Enterprise Sewage Discharge in Nanjing Jiangbei New District New Material Science & Technology Park (2020 Edition)	12.84	N/A
		Plant area	Sulfide (S-)	Continuous emission	1	0.02mg/L	1mg/L	Integrated emission standard of air pollutants in Jiangsu Province	0.06	N/A
		Plant area	Cyanide (CN-)	Continuous emission	1	0.0011mg/L	0.5mg/L	Integrated emission standard of air pollutants in Jiangsu Province	0.0004	N/A
		Plant area	Total phosphorus (TP)	Continuous emission	1	1.10mg/L	5.0mg/L	Regulations on the Management of Enterprise Sewage Discharge in Nanjing Jiangbei New District New Material Science & Technology Park (2020 Edition)	0.39	N/A
		Plant area	Total nitrogen (TN)	Continuous emission	1	11.68mg/L	70mg/L	Regulations on the Management of Enterprise Sewage Discharge in Nanjing Jiangbei New District New Material Science & Technology Park (2020 Edition)	4.21	N/A
	Noise	Boundary	Equivalent	Continuous	/	59.98dB(A)	65dB(A)	Emission standard for	/	N/A

			continuous sound level A Leq (A)	emission		(Daytime) 52.29dB(A) (Nighttime)	(daytime) 55dB(A) (Nighttime)	industrial enterprises noise at boundary		

Solid waste	Actual discharge (tons)	Discharged transferred (tons)	Discharge processed (tons)	Remaining discharge (tons)
Hazardous Waste: Waste sulfuric acid, waste acrolein catalyst, waste resin, fluorescent tube, incineration furnace contamination, waste mineral oil, activated carbon, dust collector waste cloth bag, contaminated chemical solid waste, electronic waste, laboratory analysis waste, laboratory reagent bottles, digestion tubes, etc., polymer residue, organic waste, waste acid ammonium sulfide residue, sulfur filter residue, recycled liquid sulfur, expired chemicals, carbon disulphide cleaning waste Liquid, workshop sewage collection tank sludge, biochemical sludge, used catalytic mesh, waste WSA catalyst, MMP primary distillation and rectification tower waste, MMP primary distillation tower waste, methyl mercaptan and methionyl ether separation tower waste, acrylic acid stripping and acrylein rectification waste, lead acid battery General industrial solid waste: waste wood, waste thermal insulation cotton, waste glass steel, waste rubber, waste PE film, waste quartz stone, waste firebrick, waste paper box, waste ton bag, waste office furniture, waste security filter element, waste PP pipe, waste glass, waste debris	91,405.67	402.73	91,002.95	0

(2) Construction and operation of pollution prevention and control facilities

√ Applicable ☐ Not applicable

Actively carry out communication and exchange on technical solutions. In 2023, the Company has completed the elevated flare environment online monitoring system and networked it with the platform of the environmental protection authority; The production devices in the two phases have all been networked with the platform of the environmental protection authority and the acceptance and filing have been completed; The outlet dust meter has been updated and accepted for filing to ensure the stable operation of the environmental protection online analysis system.

The sewage pretreatment facility adopts the world-leading technology developed by international benchmark water treatment companies, which has the advantages of strong impact load resistance, large operation flexibility and compact structure. At present, the mean concentration of effluent fully meets the connection standard of COD concentration ≤ 500mg/L after the standard upgrading of Nanjing Jiangbei New District New Materials Science & Technology Park.

The waste liquid incinerator, waste gas incinerator and corresponding environmental protection facilities such as denaturation, desulfurization and dust removal device are in normal operation. Their overhauling and shutdown have all been reported in advance according to the requirements of government departments and recorded in the process of pollutant discharge permit management.

The waste heat power generation project of Nanjing Plant entered the testing stage in January 2024. After the project is put into use, the surplus steam generated by Nanjing Plant will be used more effectively, more energy will be saved and more benefits will be created.

The acrylic acid wastewater treatment and reclaimed water reuse project has been put on record, and the preliminary design and budget estimate have been approved. It is expected that the project construction will start in 2024 and the project will be put into use in 2025. After the project is put into use, the emission of nitrogen oxides will be greatly reduced, the consumption of natural gas be significantly reduced and the consumption of fresh water will also be reduced.

(3) Environmental impact assessment on construction projects and other environmental protection administrative licenses

√ Applicable ☐ Not applicable

In February 2023, Adisseo China R&D Center obtained new EIA approval and passed the acceptance on September 18. Nanjing Plant passed the second round of cleaner production reviewers meeting held on February 20, 2023, reaching the Cleaner Production Class I (international advanced level). The completion acceptance on the environmental protection of Nanjing Plant Phase II Project was completed on June 30, 2023. The acrylic acid wastewater treatment and reclaimed water reuse project passed the Environmental Impact Assessment on August 9, 2023.

(4) Emergency plan for environmental pollution accidents

√ Applicable ☐ Not applicable

In 2023, no environmental emergencies occurred in Bluestar Adisseo Nanjing Co., Ltd., and the Company established emergency plans for accidents including environmental emergencies. The emergency plan for environmental pollution accidents has been revised and filed with the local competent department. The Company carried out two emergency drills for environmental emergencies in 2023 and will continue to carry out drills in 2024 to continuously improve its ability to respond to environmental emergencies.

(5) Environment self-monitoring scheme

√ Applicable ☐ Not applicable

According to the annual meteorological data of NCIP and the general layout of BANC, six unorganized emission online monitoring points were set up at the plant boundary, considering the surrounding sensitive target locations. H2S and other eight malodorous pollutants and malodorous OU values were being monitored. There are 7 monitoring sub-stations in this project (including a reserved one for BANC2). Each monitoring sub-station provides real-time continuous monitoring of unorganized emissions of gas pollutants at the plant boundary through a wireless self-organizing monitoring network. 24 hours of stench supervision and control shown on the screen at the northeast gate of the plant, web-linked with NJCUO's environment surveillance network. This is the first in NCIP, which meets the latest requirements of Jiangsu Province for safety and environmental protection supervision. The Company also planned to build an environmental protection information system with the basis of HSE five-sphere integrated plan, and further integrate, monitor and statistically analyze all current online monitoring data, so as to find deviations and anomalies more quickly, intervene as early as possible, and ensure compliant and up-to-standard discharge all the time.

According to the monitoring frequency requirements of the pollutant discharge permit, the self-monitoring scheme is prepared, and the actual monitoring frequency exceeds the requirements of the pollutant discharge permit.

(6) Administrative punishment due to environmental problems during the reporting period

☐ Applicable √ Not applicable

(7) Other environmental information that should be disclosed

√ Applicable ☐ Not applicable

The second round of cleaner production audit was carried out in 2022, and the on-site audit and acceptance was completed on February 10, 2023.

2. Description of environmental protection situation of companies other than key pollutant discharge units

√ Applicable ☐ Not applicable

Other subsidiaries except Nanjing Plant are not key pollutant discharge units. During the reporting period, the Company attached great importance to the publicity and implementation of environmental protection laws and regulations, and strengthened the awareness of abiding by the law through studying and publicizing the newly revised laws and regulations. During the reporting period, no environmental pollution incidents occurred, and no administrative punishment was received from the environmental protection department for environmental violations.

(1) Administrative penalties for environmental problems during the reporting period

☐ Applicable √ Not applicable

(2) Disclosure of other environmental information with reference to major pollutant discharge units

☐ Applicable √ Not applicable

(3) Reason for not disclosing other environmental information

√ Applicable ☐ Not applicable

Neither the company nor its holding subsidiaries belong to the key pollutant discharge units announced by the environmental protection department. In its daily business activities, the company earnestly implemented environmental protection laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Water Pollution Prevention and Control Law of the People's Republic of China*. During the reporting period, there was no environmental pollution incident and no administrative punishment from the environmental protection department due to environmental violations.

3. Other information beneficial to protecting ecology, preventing pollution and fulfilling environmental responsibility

√ Applicable ☐ Not applicable

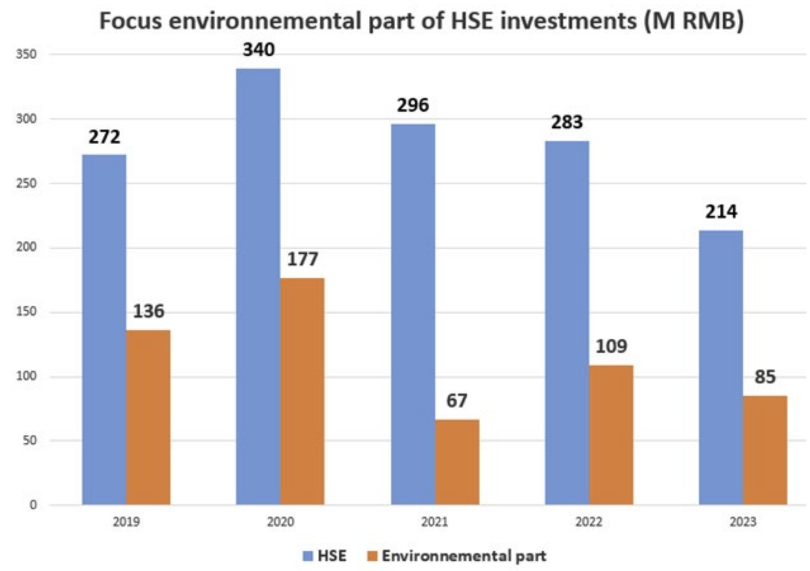
We are also maintaining our level of investments and initiatives:

- Development of renewable power supply of our industrial sites (Decarbonated energy purchase contract at Nanjing plant already in place since the beginning of 2021 and renewable power supply at Burgos since 2020/01/01). In total, these various contracts account for more than two thirds of the company's electricity purchases. Most of the remaining purchases are related to electricity purchases in France, whose energy mix has a lower environmental impact. Since the beginning of 2023, 20% of power supply of Nanjing plant has also been switched from nuclear source to green electricity.
- Adisseo Nanjing plant is optimizing the process to recover energy from excess steam produced. From early-2024, the plant will operate a steam turbine (30 MW) producing

around 800 TJ/y of electricity. It will be directly consumed by the plant, leading to a reduction of consumption from the Chinese electricity grid with a strong impact on energy absolute consumption at group level.

- Implementation of several variable frequency drivers for the biggest motors such as cooling water pumps. These improvements reduce electrical consumption.
- Since 2020, the French sites helped by R&I have launched the TOURNESOL program to reduce energy consumption in response to the energy intensity target. Heat recovery projects (like ARES project at Roussillon plant in 2023) have been implemented in all the plants, leading to a reduction of steam imported or a decrease of steam boilers by natural gas. After 3 years program, it is more than 10 projects implemented with an energy reduction about 288 TJ/y.
- Several projects linked to the optimization of the new wastewater treatment station (WWTS) in Commentry (France) started in 2021 with better performance than expected, and also related to monitoring and savings on water consumption.
- A working group on the reduction of water consumption is operational for through the GREEN project, which also aims to reduce aqueous effluents and waste volumes generated by our activities. In addition to seeking direct savings, recycling is the other preferred solution. The Green project has already identified various paths avenues for progress in water saving which will require significant investments.
-

Environment related part in the investments in HSE (unit: million RMB)



ADISSEO has defined a deliberate HSE investment strategy of close to RMB 280 million per year over the last five years. Each industrial project is made good use of to improve and strengthen our management of safety and environmental risks and to reduce their impact in a strategy of sustainable growth. Environmental related investments represent 40% of the total of HSE investments and related to projects and initiatives mentioned above.

4. Measures taken to reduce carbon emissions during the reporting period and their effects

Whether measures are taken to reduce carbon emissions	Yes
Emissions reduced of carbon dioxide	-13,560

equivalent (unit: ton)	
Types of measures to reduce carbon emissions (*e.g. use clean energy to generate electricity, implement carbon reduction technology in production, or research and development in new products to help carbon reduction*)	See below

√ Applicable ☐ Not applicable

The increase observed between 2023 and 2022 is due to a growth of activities and production disruptions in Europe, and it cannot be totally compensated by our reduction actions in 2023.

Adisseo is still dedicated to aligning its business growth with the Paris Agreement, aiming to restrict global warming to less than 2°C and ultimately achieving net-zero emissions by 2050. This commitment involves a reduction in greenhouse gas (GHG) emissions (Scope 1+2+3) associated with its operations.

Adisseo is committed to reducing its greenhouse gas emissions intensity (scope1+2) by 20% as well as its water and energy consumptions per kilogram of product over a ten-year period since 2015. As of December 31st, 2023 Adisseo is ahead of its original 2025 target on GHG emission thanks to projects to develop and optimize processes, improve energy efficiency and the on-going purchasing renewable or decarbonated energy.

In 2022, Adisseo reinforced its ambition again regarded the GHG emissions in absolute (scope 1+2). The company decided to adopt a reduction of 21% in 2025 compared to 2020, allowing to be fully aligned on the 1,5°C SBT (Science Based targets) trajectory while including growth activities.

In 2023, the total scope 1 emissions (sum of direct emissions from our industrial activities) were 398 864 tons CO2e, same level than in 2022. We are maintaining the cap with high expectations for the coming years.

Adisseo's scope 2 emission (indirect emissions from our energy purchases) were 29 559 tons CO2e, an increase about 11 000 tons CO2e compared to 2022, mainly due to production disruptions in Europe.

Adisseo's commitment is long-term. Each year, Adisseo decides on new initiatives and new progress which allows to build and continue to advance on the path of sustainable development for the company and for the entire food production chain.

- In 2023, Adisseo has installed a new steam economizer in Roussillon site to reduce the imported steam by 25%, leading to a decrease of 17 800 tons/year.
- Regarding electricity, Burgos plant is already supplied by green electricity since a supply contract signed in 2020. In Jan 1st 2023, it was Nanjing plant's turn to sign a new purchase contract to supply 42 GWh of green electricity.
- A partnership agreement has been signed end of 2022 with Air Liquide to create an underground pressurized hydrogen (H2) pipeline to supply Roches site. This pipeline will be commissioned in early 2024. Thanks to this H2 access, it is expected to replace part of natural gas used as raw material and to reduce energy consumption. Overall, the site's GHG emissions will be significantly reduced.

- Adisseo is already working for the future, studying breakthroughs technology to avoid use of natural gas for the incineration of pollutants. In China, a new wastewater treatment project is understudy in which it is expected to produce a by-product biogas of about 7 million cubic meters/year, which will be used to partially replace the fuel gas consumption of the existing device, corresponding to carbon emissions reduction by approximately 45 000 tons/year, while nitrogen oxide (NOx) emissions will reduce by approximately 70 tons/year.
- At the latest, Adisseo will consider CO2 capture and reuse for the hard to abate. In this objective, Adisseo is part of working group for CCUS in Rhône Valley and participates in the ZIBAC DECLYC project.
- In order to continuously improve and reduce our impact on the environment, Adisseo has had its global carbon footprint and its Scope 3 (indirect GHG emissions resulting from upstream and downstream of the activity) evaluated in 2023 by a third party, leading to 2 000 ktCO2e (for 2020 reference). 74% of the global carbon footprint (Scope 1+2+3) is represented by Scope 3 where the purchases of goods and services represent 80%. This study has, also, enabled us to create an action plan to improve the quality of GHG emissions measurement and monitoring for Scope 3. To this end, we have set up a systematic and perpetual calculation of Scope 3 GHG emissions in our entities. Therefore, Adisseo plans to communicate in greater detail on Scope 3 for the 2024 Sustainable Development Report.

II. Fulfilment of social responsibility

1. Whether to disclose the social responsibility report, sustainable development report or ESG report separately.

√ Applicable □ Not applicable

Pls refer to 2023 ESG report disclosed to the market.

2. Details of social responsibility work

√ Applicable □ Not applicable

External donations / public welfare programs	Amount / content	Explanations
Total amount (in RMB 10,000)	112.31	
Including: cash (in RMB 10,000)	112.31	Collaborate with union organizations and employees to participate in donation for education, book donations, visiting and consoling families in difficulty in Nanjing Changlu Street, and consumption assistance in areas such as Gulang County in Gansu, Linxi County in Inner Mongolia, and Pingshan County in Hebei.
Non-cash (in RMB 10,000)	None	
Number of beneficiaries (persons)		In 2023, donations for education, community consolation, and consumption assistance benefited thousands of people.

Detailed explanations

√ Applicable □ Not applicable

Social Diversity, equality, and inclusion (DEI)

Adisseo strives to contribute to its sustainable growth by promoting diversity and ethics and guarantee decent and sustainable working conditions.

We believe that the **multiculturalism** and the **diversity** of our employees, not only represents a significant part of our culture, but also our reputation and achievements.

By embracing a diverse and inclusive company culture, Adisseo aims to increase our customer centricity, cultural awareness, compliance and innovation.

Getting involved with people with disabilities

Adisseo is committed to the professional integration and retention of people with disabilities. Each year, numerous awareness-raising actions are carried out for the company's employees.

For example, The **European Week for the Employment of People with Disabilities** from 20 to 24 November 2023 was an opportunity to reinforce these messages:

- Several of the company's entities set up a wide variety of activities such as escape games, quizzes, virtual reality presentations of disability situations, or accounts by employees or external people.
- A "Duo Day" allowed people with disabilities to immerse themselves for a day in the life of Adisseo and in the daily life of its employees.

Cultural diversity

In 2023, Adisseo pursued its growth and diversification strategy to meet the growing needs of the world's population for animal proteins and to expand its range of services in order to accelerate the ecological transition of food chain manufacturers.

These recruitments largely concerned production activities, particularly with the commissioning of new units in China and Europe.

In 2023, Adisseo also **welcomed 40 young people on work-study contracts**, as part of its participation in the French government's "1 Young Person, 1 Solution" plan. This training policy has led to similar initiatives in many countries, including China. Adisseo has participated in numerous job fairs and has been able to establish links with new schools to anticipate the company's future needs. Particular attention is being paid to extending this practice to fairs that bring together companies and talented people with disabilities.

Adisseo has good multi-cultural spread in the organization. This is measured by the distribution of employees that belong to nationalities outside the country in which they work.

Contributing to the social development of communities

We have implemented a corporate social responsibility Program named 'WeCare´

WeCare Volunteers Team aims to share and incentive mainly local initiatives but also in some cases transnational projects bring visibility and fostering the voluntary societal initiatives at Adisseo.

The result should benefit people on our surrounding communities and at the same time being aligned and coherent with our values, behaviors and company's mission.

This engagement is focused mainly on the fight of malnutrition and improve life quality, 2023 initiatives were:

- food supply and feed supply fighting against hunger,
- increase poverty alleviation and assist on community development
- Improvement of community quality through Education assistance, including financial contributions for scholarships, book donation, coaching for job interviews, help to insert people at risk of exclusion into the labor market, World Reading Day
- Food collection and Food Bank
- Blood Donation Campaigns and Blood Bank needs awareness

- Sport Sponsorship (Rugby, Cycling, Running and Soccer)
- Support to NGOs to pay for children/infantile milk (France & Brazil)
- E-commerce poverty alleviation (China)
- Stimulus on local purchasing

BANC has organized unpaid blood donation activities for two years. A total of 45 people participated, with a cumulative blood donation of 10500ml. They have made positive contributions to epidemic prevention and control, and people's health through practical actions.

III. Description of consolidating the achievements in anti-poverty and rural revitalization

√ Applicable ☐ Not applicable

Poverty alleviation and rural revitalization projects	Amount/content	Explanations
Total amount (in RMB 10,000)	112.31	
Including: cash (in RMB 10,000)	112.31	Collaborate with union organizations and employees to participate in donation for education, book donations, visiting and consoling families in difficulty in Nanjing Changlu Street, and consumption assistance in areas such as Gulang County in Gansu, Linxi County in Inner Mongolia, and Pingshan County in Hebei.
Non-cash (in RMB 10,000)	None	
Number of beneficiaries		In 2023, donations for education, community consolation, and consumption assistance benefited thousands of people.
Forms of poverty alleviation (*e.g. by developing industries, promoting employment, or improving educatio*n)	Educational donations, consumption assistance, and educational poverty alleviation	Consumption assistance benefited Gulang County in Gansu, Linxi County in Inner Mongolia, Pingshan County in Hebei, and Pancheng in Nanjing.

Detailed explanations

√ Applicable ☐ Not applicable

While pursuing the company's high-quality development and business diversification, Adisseo focuses on the "decisive battle against poverty alleviation to realize a well-off society in an all-round way" and actively participates in the poverty alleviation in China. It not only raises funds for special poverty alleviation in Lixian County, Longnan, Gansu Province, but also involves its employees and social forces in fashionable and healthy activities and continues to join China's poverty alleviation cause in various ways.

In response to China's targeted poverty alleviation, Adisseo has explored a mode of combining its advantages with local advantages. Adisseo has been promoting the integrated solution of green growth and pushing ahead the development of agricultural modernization for poverty alleviation through industrial development of poverty-stricken areas. Adisseo has been fulfilling its social responsibility in an in-depth and targeted way to make more contributions to the country in comprehensive, coordinated and sustainable development.

Adisseo focuses on "consolidating and expanding the achievements of poverty alleviation and revitalizing the rural areas", and actively undertakes corporate social responsibility. Adisseo called on its employees to join the initiative of “helping wisdom + helping aspirations” to assist cultural poverty alleviation in Huili County, Sichuan Province in southwestern regions.. Moreover, in order to further support, consolidate and expand the achievements in poverty alleviation and continue to promote the products and consumption in poverty-stricken areas, from 2020 to now, Adisseo China has purchased materials from poverty alleviation units in Gulang County, Gansu Province through the forms of "purchasing instead of donating" trade union collective procurement and subsidy vouchers to support employees’ individual procurement, so as to promote the quality and efficiency improvement of local characteristic industries.

In 2021, the China Rural Revitalization Bureau was established and the "Law on the Promotion of Rural Revitalization " was promulgated. The grand strategy of "rural revitalization" that will last for more than 30 years has started to be implemented. While seeking in-depth development in China, Adisseo will continue to support rural education in China, increase surgical funding for children with congenital heart disease. As such, the Company is committed to making contribution to the revitalization of rural areas and the modernization of agriculture and rural areas by actively providing financial, material and intellectual supports in China, and supporting China's rural revitalization and accelerate its entry into the fast lane of agricultural and rural modernization.

Section 6 Significant Matters

I. 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

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

☐ Profit forecasts achieved ☐ Profit forecasts not achieved √ Not applicable

3. Completion of performance commitment and its impact on goodwill impairment

☐ Applicable √ Not applicable

II. Funds occupied by controlling shareholders and other related parties for non-operating purpose during the reporting period

☐ Applicable √ Not applicable

III. Illegal guarantee

☐ Applicable √ Not applicable

IV. Explanation by the Company on the CPA firm's "non-standard audit report"

☐ Applicable √ Not applicable

V. Analysis of the reasons and impacts of changes in accounting policies and accounting estimates or correction of significant accounting errors

1. Analysis of the reasons and impacts of changes in accounting policies or accounting estimates

☐ Applicable √ Not applicable

2. An analysis of the reasons and impacts of correction of significant accounting errors

☐ Applicable √ Not applicable

3. Description of communication with predecessor auditor

☐ Applicable √ Not applicable

4. Other explanation

☐ Applicable √ Not applicable

VI. Appointment and resignation of Statutory Auditor

Unit: Yuan Currency: RMB

	Current accounting firm
Name of domestic accounting firm	KPMG Huazhen LLP
Fees paid to domestic accounting firm	1,180,000
Audit period under review by the domestic accounting firm (in year)	9
Name of certified public account(s) of domestic accounting firm	Zhang Huan, Wang Shan
Audit period under review by the certified public accountant(s) of domestic accounting firm	4, 1
Name of overseas accounting firm	KPMG outside mainland China
Fees paid to overseas accounting firm	4,440,000
Audit period under review by the overseas accounting firm	9

	Name	Fee
Accounting firm in charge of internal control audit	KPMG Huazhen LLP	620,000
	KPMG offices outside mainland China	910,000

Engagement and Dismissal of the accounting firm:
☐ Applicable √ Not applicable

Explanation if the accounting firm was changed during the audit period:
☐ Applicable √ Not applicable

Explanation if the audit fees have decreased by more than 20% (including 20%) compared to the previous year:
☐ Applicable √ Not applicable

VII. Description of listing suspension of the Company’s shares

1. Description of reason for listing suspension of the Company’s shares

☐ Applicable √ Not applicable

2. The responsive measures adopted by the Company

☐ Applicable √ Not applicable

3. Description and reason of delisting of the Company’s shares

☐ Applicable √ Not applicable

VIII. Restructuring matters relating to bankruptcy

☐ Applicable √ Not applicable

IX. Significant lawsuits and arbitrations

□ There was major legal action or arbitration during the reporting period
√ There was no major legal action or arbitration during the reporting period

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

☐ Applicable √ Not applicable

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

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

☐ Applicable √ Not applicable

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.

XII. 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. Financial business between the Company and related financial companies or between financial companies held by the Company and other related parties

√ Applicable ☐Not applicable

(1) Deposit

√ Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Related party	Relation	Limit amount of daily deposit	Interest rate	Beginning balance	Deposit in the preiod	Withdrawn in the period	Ending balance
Sinochem Finance Co, Ltd	Controlled by the same ultimate controlling shareholder	2,000,000,000	0.55%-2.1%	103,895,052	11,149,340,974	11,080,721,487	172,514,539
Total	/	/	/	103,895,052	11,149,340,974	11,080,721,487	172,514,539

(2) Loan

√ Applicable ☐Not applicable

Related party	Relation	Loan limit amount	Interest rate	Beginning balance	Transaction amount in the period		Ending balance
					Borrowing	Repayment	
Sinochem Finance Co, Ltd	Controlled by the same ultimate controlling shareholder	1,200,000,000	2.6%-3.05%	260,000,000	640,000,000	430,000,000	470,000,000
Total	/	/	/	260,000,000	640,000,000	430,000,000	470,000,000

(3) Credit and other business

√ Applicable ☐Not applicable

Related party	Relation	Business type	Top limit	Granted
Sinochem Finance Co, Ltd	Controlled by the same ultimate controlling shareholder	Comprehensive credit line	2,000,000,000	470,000,000

(4) Other description

☐ Applicable √ Not applicable

6. Other Related Party transactions

☐ Applicable √ Not applicable

XIII. Major Contracts and Implementation

1. Custody, contracting, leasing

(1) Entrusted Assets

☐ Applicable √ Not applicable

(2) Subcontracted Assets

☐ Applicable √ Not applicable

(3) Leasing Assets

☐ Applicable √ Not applicable

2. Guarantees

☐ Applicable √ Not applicable

3. Cash management entrusted to third parties

(1) Entrusted Funds Investment

☐ Applicable √ Not applicable

(2) Entrusted Loans

☐ Applicable √ Not applicable

(3) Others

☐ Applicable √ Not applicable

4. Other major contracts

☐ Applicable √ Not applicable

XIV. Description of other significant matters that have a significant impact on investors' value judgment and investment decisions

☐ Applicable √ Not applicable

Section 7 Share Change and Shareholders

I. Change in share capital in the reporting period

1. Changes in share capital

(1) Table of change in share capital

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

(2) Description on change of share capital

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

2. Changes in shares with trading restrictions

□ Applicable √ Not applicable

II. Securities Issuance and Listing

1. Securities issued as of the reporting period

√ Applicable □ Not applicable

Unit: Share Currency: RMB

Type of share or relevant derivative	Issuance Date	Issuance price (or interest rate）	Amount of issuance	Listing date	Amount of listed	Termination date of transaction
Common share						
IPO	1st April 2000	6.41	80,000,000	20th April 2000	80,000,000	n/a
Private placement to public	30th August 2007	39.06	42,082,738	30th August 2007	42,082,738	n/a
Private placement to China Bluestar	10th October 2015	4.08	2,107,341,862	0th October 2015	2,107,341,862	n/a
Private placement to public	30th October 2015	13.50	51,851,851	0th October 2015	51,851,851	n/a

Description of security issuance（for bonds with different interest rate, describe separately):
□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

3. Existing employee shares

□ Applicable √ Not applicable

III. Shareholders and ultimate controlling shareholder

1. Total number of shareholders

Total number of shareholders by the end of reporting period	29,564
Total number of shareholders at the end of the last month before the date when the annual report was published	28,514
Total Number of Preferred Stockholders with reinstated voting rights at the end of reporting Period	0
Total number of Preferred Stockholders whose voting rights have been restored as of the end of the preceding month	0

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

Unit: Share

Shares held by top ten shareholders							
Name of shareholder (full name)	Change in the reporting period	Number of shares held by end of the period	Proportion of shares held (%)	Number of shares with trading restrictions	Status of pledged or frozen shares		Type of shareholder
					Share status	Number	
China National Bluestar (Group) Co., Ltd.	0	1,709,387,160	63.74	0	Fronzen	13,520,000	Stated owned legal entity
Blusstar-GTJA-19 Bluestar EB Guarantee and Trust Property Account	0	592,078,113	22.08	0	Not applied	0	Others
National Social Security Fund	2,388,169	10,160,377	0.38	0	Not applied	0	Others
Hong Kong Central Clearing Limited	- -6,326,600	6,827,709	0.25	0	Not applied	0	Foreign legal en tity

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	
Jiangsu Juhe Chuangyi Emerging Industry Investment Fund LLP	0	6,607,000	0.25	0	Not applied	0	Others
China Electronic Investment Holding Company	0	5,185,185	0.19	0	Not applied	0	Stated owned legal entity
Agricultural Bank of China Limited - Rich Country CSI 500 Index Enhanced Securities Investment Fund (LOF)	2,996,959	3,961,459	0.15	0	Not applied	0	Others
China Merchants Securities Co., Ltd. - Tianhong CSI 500 Index Enhanced Securities Investment Fund	3,748,900	3,748,900	0.14	0	Not applied	0	Others
Beijing Research and Design Institute of Rubber Industry	0	3,737,262	0.14	0	Not applied	0	Stated owned legal entity
Liu Jun	1,883,236	3,548,827	0.13	0	Not applied	0	Individual

Shares held by top ten shareholders without trading restrictions

Unit: share

Name of shareholder	Number of shares without trading restrictions held	Type and number of shares	
		Type	Number
China National Bluestar (Group) Co., Ltd.	1,709,387,160	RMB ordinary shares	1,709,387,160
Blusstar-GTJA-19 Bluestar EB Guarantee and Trust Property Account	592,078,113	RMB ordinary shares	592,078,113
National Social Security Fund	10,160,377	RMB ordinary shares	10,160,377
Hong Kong Central Clearing Limited	6,827,709	RMB ordinary shares	6,827,709
Jiangsu Juhe Chuangyi Emerging	6,607,000	RMB ordinary shares	6,607,000

Name of shareholder	Number of shares without trading restrictions held	Type and number of shares	
		Type	Number
Industry Investment Fund LLP			
China Electronic Investment Holding Company	5,185,185	RMB ordinary shares	5,185,185
Agricultural Bank of China Limited - Rich Country CSI 500 Index Enhanced Securities Investment Fund (LOF)	3,961,459	RMB ordinary shares	3,961,459
China Merchants Securities Co., Ltd. - Tianhong CSI 500 Index Enhanced Securities Investment Fund	3,748,900	RMB ordinary shares	3,748,900
Beijing Research and Design Institute of Rubber Industry	3,737,262	RMB ordinary shares	3,737,262
Liu Jun	3,548,827	RMB ordinary shares	3,548,827
The top ten shareholders of the buyback account information	Not applicable		
Explanation of the above shareholders' entrustment voting right, entrusted voting right and abandonment of voting right	Not applicable		
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 are subsidiaries of Sinochem Holdings Co., Ltd. Bluestar-GTJA-19 Bluestar EB guarantee and trust property account (who owns 680,000,000 shares) is a special account for China National Bluestar (Group) Co., Ltd. to guarantee and trust some of its shares when issuing exchangeable bonds. For more information, please refer to the announcements 2019-008, 2019-014, 2019-029, 2019-034 and 2020-024. Except for the above-mentioned 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		

The top ten shareholders participating in the lending of shares through refinancing business

□ Applicable √ Not applicable

The top ten shareholders have changed compared to the previous period

□ Applicable √ Not applicable

Shares held by top ten shareholders with trading restrictions

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

IV. Changes in Controlling Shareholder and Ultimate controlling shareholder

1. Controlling shareholder

(1) Corporation

√ Applicable □ Not applicable

Name	China National Bluestar (Group) Co., Ltd.
The entity's person responsible or legal representative	Bo Li
Date of creation	3rd April 1989
Main businesses	Licensed project: Feed additive production [branch operation]; Food additive production [branch operation]. (Projects that need to be approved according to law can only be operated with the approval of relevant departments. The specific operation items are subject to the approval documents or licenses of relevant departments.) General projects: research and development of new materials technology; New material technology promotion service; Production of chemical products (excluding licensed chemical products); Sales of chemical products (excluding licensed chemical products); Sales of special equipment for oil refining and chemical production; Manufacture of special equipment for oil refining and chemical production; Sales of food additives; Sales of feed additives; Manufacture of special chemical products (excluding hazardous chemicals); Sales of special chemical products (excluding hazardous chemicals); Technical research and development of biochemical products; Domestic trade agent: professional cleaning, cleaning and disinfection services; Manufacturing of daily chemical products; Sales of daily chemical products; Manufacturing of synthetic materials (excluding hazardous chemicals); Petroleum products manufacturing (excluding hazardous chemicals); Manufacturing of special equipment for environmental protection; Water environment pollution prevention and control services; Manufacturing of ecological environmental materials; Manufacturing of special machinery and equipment for water resources; Gas and liquid separation and purification equipment manufacturing; Sales of gas and liquid separation and purification equipment; Engineering and technical research and test development; Technical service, technical development, technical consultation, technical exchange, technology transfer and technology promotion; Special equipment manufacturing (excluding licensed professional equipment manufacturing); Technology import and export; Energy conservation management services; Industrial engineering design services; Engineering management services; Import and export of goods; Foreign contracted projects; Research and development of carbon emission reduction, carbon conversion, carbon capture and carbon storage technology; General equipment manufacturing (excluding special equipment manufacturing); Non-residential real estate leasing: leasing services (excluding licensed leasing services); Environmental consulting services. (Except for the projects that need to be approved according to law, the business activities shall be carried out independently according to law with the business license) (The business activities of the projects prohibited and restricted by the national and municipal industrial policies are not allowed.)
Shareholding interest in other domestic and overseas listed companies controlled and shared in the reporting period	In the reporting period, China Bluestar directly held 158,585,867 shares and indirectly held 218,663,539 shares of Shenyang Chemical Industry Co.,Ltd (stock code 000698), accounting for 46.03% in total, and 338,338,536 shares of ELkem ASA (Stock Code: ELK), accouting for 52.91%.
Others	NA

(2) Natural Person

□ Applicable √ Not applicable

(3) Explanation if there is no controlling shareholders

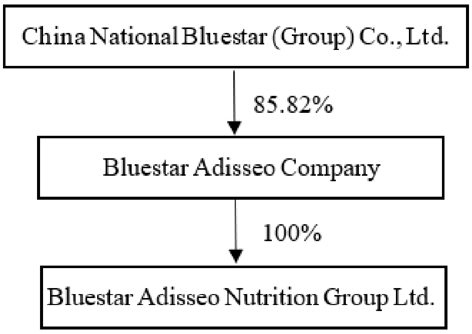
□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

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

√ Applicable □ Not applicable



2. Ultimate controlling shareholder

(1) Corporation

√ Applicable □ Not applicable

Name	SASAC of the State Council

(2) Natural Person

□ Applicable √ Not applicable

(3) Explanation if there is no controlling shareholder

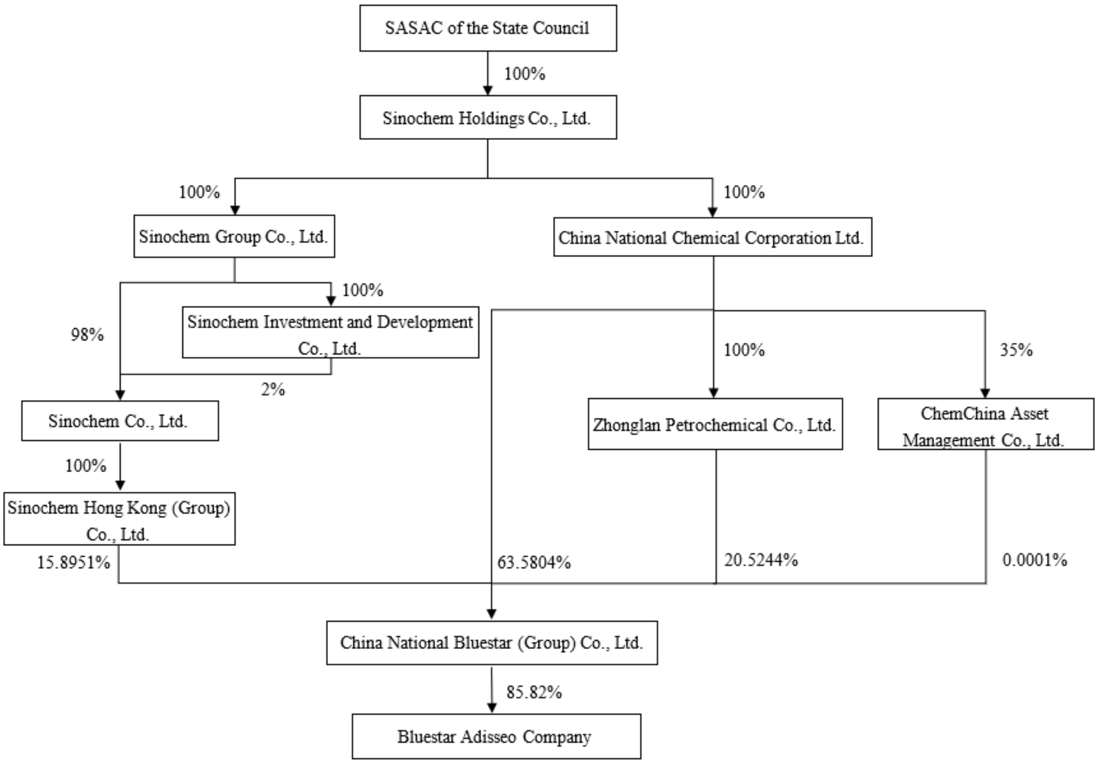
□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

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

√ Applicable □ Not applicable



Note: On 29th December 2022, Sinochem Holdings Co., Ltd. issued the Reply on Consent to Transfer Relevant Shares of China Bluestar (Group) Co., Limited. (Sinochem Holdings Zhantou Department No. 129 [2022]), agreeing that Sapphires Limited, Stella Limited, Cuarzo Limited and Raccolta Limited would pay a nominal consideration of HK $1 respectively, and transfer 15.8951% of the total shares of Bluestar to Sinochem Hong Kong (Group) Co., Ltd. Bluestar is revising the Articles of Association for this equity transfer and going through the industrial and commercial filing procedures for the new Articles of Association.

(6) Ultimate controlling shareholder control the Company through entrust arrangement or asset management plan

☐ Applicable √ Not applicable

3. Other information regarding controlling shareholder and ultimate controlling shareholder

√ Applicable ☐ Not applicable

V. The company's controlling shareholder or the largest shareholder pledged accumulatively more than 80% of shares held by him

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

VII. Introduction of limit on share disposal

☐ Applicable √ Not applicable

VIII. Repurchase of shares in the reporting period

☐ Applicable √ Not applicable

Section 8 Information on Preferred Shares

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

Section 9 Corporate bonds

I. Corporate bonds, corporate bonds and non-financial corporate debt financing instruments

□ Applicable √ Not applicable

II. Convertible bonds

□ Applicable √ Not applicable

Section 10 Financial Report

I. Audit report

√ Applicable □ Not applicable

II. Financial Statements

Consolidated Balance Sheet

December 31, 2023

Prepared by: Bluestar Adisseo Company

Unit: Yuan Currency: RMB

	Notes	Closing balance 31 Dec 2023	Opening balance 31 Dec 2022
Current Assets:			
Cash at bank and on hand	VII.1	1,005,227,559	796,360,472
Financial assets at fair value through profit or loss			
Derivative financial assets	VII.2	16,278,030	4,884,268
Notes receivable			
Accounts receivable	VII.4	1,696,411,504	1,966,254,021
Receivable financing			
Advances to suppliers	VII.5	107,109,970	106,820,399
Other receivables		219,694,077	169,719,213
Including: interests receivable		24,731	1,499
dividend receivable			
Inventories	VII.7	1,921,560,051	2,371,157,023
Other current assets	VII.8	432,276,726	686,504,941
Total current assets		**5,398,557,917**	**6,101,700,337**
Non-current Assets:			
Available-for-sale financial assets			
Long-term receivables	VII.9	567,652,324	356,217,439
Long-term equity investments	VII.10	207,184,364	275,944,401
Investments in other equity instruments	VII.11	277,802,940	262,657,438
Other non-current financial assets	VII.12	109,023,611	75,870,564
Investment properties			
Fixed assets	VII.13	8,976,432,846	9,158,021,828
Construction in progress	VII.14	672,347,033	517,223,599
Right-of-use assets	VII.15	490,395,275	339,662,669
Intangible assets	VII.16	2,182,228,959	2,064,713,837
Development costs	VII.17	132,529,949	96,777,098
Goodwill	VII.18	2,136,643,650	1,923,700,544
Long-term prepaid expenses		5,617,363	8,267,247
Deferred tax assets	VII.19	293,670,538	134,152,929
Other non-current assets	VII.20	63,280,873	28,491,983
Total non-current assets		**16,114,809,725**	**15,241,701,576**
TOTAL ASSETS		**21,513,367,642**	**21,343,401,913**
Current Liabilities:			
Short-term borrowings	VII.21	913,311,108	850,296,856
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities	VII.22	8,818	363,722
Notes payable			
Accounts payable	VII.23	1,409,744,715	1,536,944,038
Advances from customers			
Contract liabilities		3,021,746	8,934,000
Wages and benefits payable	VII.24	384,195,200	403,573,983
Taxes payable	VII.25	133,406,041	142,516,899
Other payables	VII.26	488,558,013	571,091,319
Including: interests payable		6,843,423	6,019,947
dividends payable		0	0
Current portion of non-current liabilities	VII.27	238,059,843	288,069,057
Other current liabilities	VII.28	5,022,901	6,638,993

	Notes	Closing balance 31 Dec 2023	Opening balance 31 Dec 2022
Total current liabilities		**3,575,328,385**	**3,808,428,867**
Non-current Liabilities:			
Long-term borrowings	VII.29	709,030,203	843,596,515
Lease liabilities	VII.30	353,834,739	281,545,289
Long-term payables	VII.31	14,711,857	14,631,033
Long-term employee benefits payable	VII.32	247,543,365	245,908,163
Provisions	VII.33	621,303,990	296,836,310
Deferred income	VII.34	146,913,087	147,451,798
Deferred tax liabilities	VII.19	779,833,519	752,169,578
Other non-current liabilities			
Total non-current liabilities		**2,873,170,760**	**2,582,138,686**
TOTAL LIABILITIES		**6,448,499,145**	**6,390,567,553**
SHAREHOLDERS' EQUITY:			
Paid-in capital	VII.35	2,681,901,273	2,681,901,273
Other equity instruments			0
Capital reserve	VII.36	1,004,724,989	1,004,724,989
Other comprehensive income	VII.37	(443,642,906)	(899,784,514)
Special reserve		0	0
Surplus reserve	VII.38	639,920,315	597,195,660
Undistributed profits	VII.39	11,154,024,818	11,549,551,047
Total equity attributable to equity holders of the Company		**15,036,928,489**	**14,933,588,455**
Non-controlling interests		27,940,008	19,245,905
TOTAL OWNERS' EQUITY		**15,064,868,497**	**14,952,834,360**
TOTAL LIABILITIES AND OWNERS' EQUITY		**21,513,367,642**	**21,343,401,913**

Legal Representative: Zhigang Hao Person in Charge of the Accounting Body: Virginie Cayatte

Chief Accountant: Virginie Cayatte

Balance Sheet of the Company

December 31st, 2023

Prepared by: Bluestar Adisseo Company

Unit: Yuan Currency: RMB

Item	Notes	Closing balance	Opening balance
Current Assets:			
Cash at bank and on hand	XIX.1	15,901,315	1,644,457
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivable financing			
Advances to suppliers			59,144
Other receivables	XIX. 2	7,150,208	5,059,040
Including: interest receivable			0
dividend receivable			
Inventories			
Assets held for sale			
Other current assets			
Total Current Assets		**23,051,523**	**6,762,641**
Non-current Assets:			
Available-for-sale financial assets			
Long-term receivables			
Long-term equity investments	XIX. 3	10,500,492,549	10,500,492,549
Investment properties			
Fixed assets		6,643	11,875
Construction in progress			
Assets from right of use			
Intangible assets			
Development costs			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets			
Other non-current assets		308,340	294,059
Total Non-current Assets		**10,500,807,532**	**10,500,798,483**
TOTAL ASSETS		**10,523,859,055**	**10,507,561,124**
Current Liabilities:			
Short-term borrowings			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable			
Advances from customers			
Wages and benefits payable		347,226	324,930
Taxes payable		259,642	535,653
Other payables	XIX. 4	30,537,104	36,264,914
Including: interest payable			2,583,000
dividend payable			
Liabilities held for sale			
Current portion of non-current liabilities			
Other current liabilities			
Total Current Liabilities		**31,143,972**	**37,125,497**
Non-current Liabilities:			
Long-term borrowings			
Notes payables			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			

Deferred tax liabilities			
Other non-current liabilities			
Total Non-current Liabilities			
TOTAL LIABILITIES		**31,143,972**	**37,125,497**
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 reserve			
Surplus reserve		639,920,315	597,195,660
Undistributed profits		489,335,867	509,781,066
Total Owners' Equity		**10,492,715,083**	**10,470,435,627**
TOTAL LIABILITIES AND OWNERS' EQUITY		**10,523,859,055**	**10,507,561,124**

Legal Representative: Zhigang Hao Person in Charge of the Accounting Body: Virginie Cayatte

Chief Accountant: Virginie Cayatte

Consolidated Income Statement

January - December 2023

Unit: Yuan Currency: RMB

Items	Notes	Amount incurred during the current period	Amount incurred during the last period
I. Total operating revenue		**13,183,748,624**	**14,529,015,609**
Including: Operating revenue	VII.40	13,183,748,624	14,529,015,609
II. Total operating costs		**12,949,920,207**	**12,964,395,442**
Including: Cost of sales	VII.40	10,365,457,058	10,531,745,480
Taxes and surcharge	VII.41	50,552,698	45,287,518
Selling and distribution expenses	VII.42	1,227,058,560	1,163,177,395
General and administrative expenses	VII.43	768,915,157	700,000,381
Research and development expenses	VII.44	419,245,587	354,780,506
Financial expenses	VII.45	118,691,147	169,404,162
Including: Interest expenses		84,644,522	43,482,147
Interest income		20,457,754	9,039,371
Add: Other income		31,557,892	14,847,101
Investment income (loss)	VII.46	(42,393,664)	(9,590,907)
Including: Income from investments in associates and joint ventures		(42,393,664)	(9,590,907)
Gains (losses) from disposal of financial assets at amortized cost			
Gains (losses) from changes in fair value	VII.47	38,441,839	30,584,863
Credit losses	VII.48	(32,524,544)	(3,526,499)
Asset impairment losses	VII.49	(155,293,321)	(93,320,803)
Gain (loss) from disposal of assets		(5,243,116)	(1,018,882)
III. Operating profit (loss)		**68,373,503**	**1,502,595,040**
Add: Non-operating income	VII.50	22,288,784	51,744,065
Less: Non-operating expenses	VII.51	26,224,790	13,432,685
IV. Total profit (Total loss)		**64,437,497**	**1,540,906,420**
Less: Income tax expenses	VII.52	11,757,316	291,063,606
V. Net profit (Net loss)		**52,680,181**	**1,249,842,814**
Net profit classified by continuity			
Net profit (loss) from continuing operations		52,680,181	1,249,842,814
Net profit (loss) from discontinued operations		0	0
Net profit classified by ownership			
Net profit attributable to equity holders of the Company		52,165,518	1,246,679,835
Net profit attributable to non-controlling interests		514,663	3,162,979
VI. Net other comprehensive income		**457,681,392**	**326,573,994**
Other comprehensive income (net of tax) attributable to the owners of the Company	VII.37	**456,141,608**	**326,222,779**
1. Other comprehensive income which will not be reclassified subsequently to profit or loss		**21,984,579**	**36,492,999**
1) Actuarial differences on defined benefits plans		4,870,512	36,492,999
2) Other comprehensive income that will not be reclassified into profit or loss under equity method			
3) Profit/Loss from changes in fair value of Investments in other equity instruments		17,114,067	
2. Other comprehensive income which will be reclassified subsequently to profit or loss		**434,157,029**	**289,729,780**

Items	Notes	Amount incurred during the current period	Amount incurred during the last period
1) Effective hedging portion of gains or losses arising from cash flow hedging instruments		(847,811)	13,099,675
2) Differences on translation arising on translation of foreign currency financial statements		435,004,840	276,630,105
Net other comprehensive income attributable to non-controlling interests after tax	VII.37	**1,539,784**	**351,215**
VII. Total comprehensive income		**510,361,573**	**1,576,416,808**
Total amount of comprehensive income attributable to equity holders of the Company		508,307,126	1,572,902,614
Total amount of comprehensive income attributable to non-controlling interests		2,054,447	3,514,194
VIII. Earnings per share:			
(I) Basic earnings per share (Yuan/ share)	VII.53	0.02	0.46
(II) Diluted earnings per share (Yuan/ share)	VII.53	0.02	0.46

Legal Representative: Zhigang Hao　　Person in Charge of the Accounting Body: Virginie Cayatte

Chief Accountant: Virginie Cayatte

Income Statement of the Company

January- December 2023

Unit: Yuan Currency: RMB

Items	Notes	Amount incurred during the current period	Amount incurred during the last period
I. Operating revenues		10,601,780	10,926,573
Less: Cost of sales		10,255,277	8,718,476
Business taxes and surcharge		70	872
Selling and distribution expenses			
General and Administrative expenses		7,189,027	11,385,755
Research and development expenses			
Financial expenses – net		(2,840,363)	10,899,576
Including: Interest expenses		5,096,500	2,583,000
Interest income		212,071	656,830
Add: Other income			
Investment income (loss)	XIX.5	431,173,470	455,546,000
Including: Income from investments in associates and joint ventures			
Gains (losses) from disposal of financial assets at amortized cost			
Gains from changes in fair values (losses)			
Credit losses			
Asset impairment losses			
Gain (loss) from disposal of assets			
II. Operating profit (loss)		427,171,239	435,467,894
Add: Non-operating income		75,309	64,770
Less: Non-operating expenses		0	54,471
III. Total profit (Total Loss)		427,246,548	435,478,193
Less: Income tax expenses		0	3,045
IV. Net profit (Net Loss)		427,246,548	435,475,148
Net profit classified by continuity			
Net profit (loss) from continuing operations		427,246,548	435,475,148
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		427,246,548	435,475,148
VII. Earnings per share:			
(I) Basic earnings per share		Not applicable	Not applicable
(II) Diluted earnings per share		Not applicable	Not applicable

Legal Representative: Zhigang Hao Person in Charge of the Accounting Body: Virginie Cayatte

Chief Accountant: Virginie Cayatte

Consolidated Cash Flow Statement

January- December 2023

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		14,162,393,433	15,616,033,098
Refunds of taxes and surcharges		232,828,233	1,417,491
Cash received relating to other operating activities	VII.55(1)	12,959,957	1,362,342
Subtotal of cash inflows from operating activities		**14,408,181,623**	**15,618,812,931**
Cash paid for goods and services		9,475,828,751	11,356,775,860
Cash paid to and on behalf of employees		1,735,351,252	1,684,485,340
Payments of taxes and surcharges		247,414,728	705,379,695
Cash paid relating to other operating activities	VII.55(1)	185,374,588	143,350,820
Subtotal of cash outflows for operating activities		**11,643,969,319**	**13,889,991,715**
Net cash flow generated from operating activities		**2,764,212,304**	**1,728,821,216**
II. Cash flows from investing activities:			
Cash received from disposals of investment			
Cash received from investment income and interest income		20,408,965	10,217,304
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		562,096	11,671,258
Net cash received from disposals of subsidiaries and other business units			
Cash received relating to other investing activities		28,012,096	3,946,211
Subtotal cash inflows from investing activities		**48,983,157**	**25,834,773**
Cash paid to purchase fixed assets, intangible assets and other long-term assets		1,447,093,582	1,542,290,070
Cash paid to acquire investments		7,451,681	23,887,610
Net cash paid for acquisitions of subsidiaries		164,241,237	0
Cash paid relating to other investing activities	VII.55(2)	264,841,087	260,192,628
Subtotal of cash outflows for investing activities		**1,883,627,587**	**1,826,370,308**
Net amount of cash flow from investing activities		**(1,834,644,430)**	**(1,800,535,535)**
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		690,160,489	2,216,607,109
Cash received from issuance of debentures			0
Cash received relating to other financing activities			
Subtotal of cash inflows from financing activities		**690,160,489**	**2,216,607,109**
Cash repayments of borrowings		863,785,556	1,207,013,774
Cash payments for interest expenses and distribution of dividends or profits		525,480,354	542,094,800
Including: dividends and profits paid to non-controlling shareholders of subsidiaries		126,393	3,114,069
Cash paid relating to other financing activities	VII.55(3)	98,711,448	1,631,358,237

Items	Notes	Amount incurred during the current period	Amount incurred during the last period
Subtotal of cash outflows for financing activities		**1,487,977,358**	**3,380,466,811**
Net cash flow from financing activities		**(797,816,869)**	**(1,163,859,702)**
IV. Effect of Foreign exchange rate changes on Cash and Cash Equivalents		**77,116,082**	**(82,775,988)**
V. Net increase in cash and cash equivalents		**208,867,087**	**(1,318,350,009)**
Add: Opening balance of cash and cash equivalents		796,360,472	2,114,710,481
VI. Closing balance of cash and cash equivalents	**VII.56(4)**	**1,005,227,559**	**796,360,472**

Legal Representative: Zhigang Hao Person in Charge of the Accounting Body: Virginie Cayatte

Chief Accountant: Virginie Cayatte

Cash Flow Statement of the Company

January- December 2023

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		0	6,143,943
Cash received relating to other operating activities		12,618,095	14,527,083
Subtotal of cash inflows from operating activities		12,618,095	20,671,026
Cash paid for goods and services			
Cash paid to and on behalf of employees		10,596,336	12,591,894
Payments of taxes and surcharges		2,597,533	4,010,680
Cash paid relating to other operating activities		12,244,716	8,103,850
Subtotal cash outflows from operating activities		25,438,585	24,706,424
Net cash flow generated from operating activities		(12,820,490)	(4,035,398)
II. Cash flow from investing activities:			
Cash received from disposals of investments			
Cash received from investment income and interest income		439,723,921	449,629,330
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		439,723,921	449,629,330
Cash paid to purchase fixed assets, intangible assets and other long-term assets			
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			
Net amount of cash flow from investing activities		439,723,921	449,629,330
III. Cash flows from financing activities:			
Cash received from capital contributions			
Cash received from borrowings		470,000,000	460,000,000
Cash received from issuance of shares			
Cash received from other financing activities			
Subtotal of cash inflows from financing activities		470,000,000	460,000,000
Cash repayments of borrowings		470,000,000	460,000,000
Cash payments for interest expenses and		412,646,592	477,378,428

Items	Notes	Amount incurred during the current period	Amount incurred during the last period
distribution of dividends or profits			
Cash payments relating to other financing activities			2,173,106
Subtotal of cash outflows from financing activities		882,646,592	939,551,534
Net cash flow from financing activities		(412,646,592)	(479,551,534)
IV. Effect of Foreign Exchange rate changes on cash and cash equivalents		19	(43)
V. Net increment of cash and cash equivalents		14,256,858	(33,957,645)
Add: Opening balance of cash and cash equivalents		1,644,457	35,602,102
VI. Closing balance of cash and cash equivalents		15,901,315	1,644,457

Legal Representative: Zhigang Hao Person in Charge of the Accounting Body: Virginie Cayatte

Chief Accountant: Virginie Cayatte

Consolidated Statement of Changes in Owners' Equity

January- December 2023

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**		**1,004,724,989**	**(899,784,514)**		**597,195,660**	**11,549,551,047**	**19,245,905**	**14,952,834,360**
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**		**1,004,724,989**	**(899,784,514)**		**597,195,660**	**11,549,551,047**	**19,245,905**	**14,952,834,360**
3.Increase/(decrease) for current period				**456,141,608**		**42,724,655**	**(395,526,229)**	**8,694,103**	**112,034,137**
(1) Total comprehensive income				456,141,608			52,165,518	2,054,447	**510,361,573**
(2) Owner's contributions and withdrawals of capital									
(a)Common stock contributed by owners									
(b)Capital contributed by other equity instruments holders									

Items	Current period								
	Equity attributable to shareholders of the company							Non-controlling interests	Total
	Paid-in capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits		
(c)Share-based payment recorded in owner's equity									
(d) Others									
(3)Profits distribution						42,724,655	(447,691,747)	(126,393)	(405,093,485)
(a)Appropriation of surplus reserve						42,724,655	(42,724,655)		**0**
(b)Distribution to owner/shareholder							(404,967,092)	(126,393)	**(405,093,485)**
(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)Other									
(5) Special reserve									
(a)Transfer to special reserve in the period					10,646,014				10,646,014
(b) Amount used in the period					(10,646,014)				(10,646,014)
(6) Other								6,766,049	6,766,049
4.Ending balance of current period	**2,681,901,273**		**1,004,724,989**	**(443,642,906)**		**639,920,315**	**11,154,024,818**	**27,940,008**	**15,064,868,497**

Legal Representative: Zhigang Hao Person in Charge of the Accounting Body: Virginie Cayatte Chief Accountant: Virginie Cayatte

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**		**1,260,973,699**	**(1,226,007,293)**		**553,648,145**	**10,823,785,807**	**1,331,467,674**	**15,425,769,305**
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**		**1,260,973,699**	**(1,226,007,293)**		**553,648,145**	**10,823,785,807**	**1,331,467,674**	**15,425,769,305**
3.Increase/(decrease) for current period(			**(256,248,710)**	**326,222,779**		**43,547,515**	**725,765,240**	**(1,312,221,769)**	**(472,934,945)**
(1)Total comprehensive income				326,222,779			1,246,679,835	3,514,194	**1,576,416,808**
(2)Owner's contributions and withdrawals of capital			(256,248,710)					(1,312,568,000)	**(1,568,816,710)**
(a)Common stock contributed by owners									
(b)Capital contributed by other equity instruments holders									
(c)Share-based payment recorded in owner's equity									

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		
(d) Others			(256,248,710)					(1,312,568,000)	**(1,568,816,710)**
(3)Profits distribution						43,547,515	(520,925,943)	(3,114,069)	(480,492,497)
(a)Appropriation of surplus reserve						43,547,515	(43,547,515)	-	**-**
(b)Distribution to owner/shareholder							(477,378,428)	(3,114,069)	**(480,492,497)**
(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					8,310,859				8,310,859
(b) Amount used in the period					(8,310,859)				(8,310,859)
(6) Other	**0**		0			0	11,348	(53,894)	(42,546)
4.Ending balance of current period	**2,681,901,273**		**1,004,724,989**	**(899,784,514)**		**597,195,660**	**11,549,551,047**	**19,245,905**	**14,952,834,360**

Legal Representative: Zhigang Hao   Person in Charge of the Accounting Body: Virginie Cayatte   Chief Accountant: Virginie Cayatte

Statement of Changes in Owners' Equity of the Company

January- December 2023

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				597,195,660	509,781,066	10,470,435,627
II. Opening balance of current year	2,681,901,273				6,681,557,628				597,195,660	509,781,066	10,470,435,627
III. Amount increased or decreased of current period (decrease filled out with "-")									42,724,655	(20,445,199)	22,279,456
(I) Total amount of comprehensive income										427,246,548	427,246,548
(II) Capital input and decreased by owners											
1. Common shares input by shareholders											
2. Capital input by other equity instrument holders											
3. Amount paid with shares and recorded in the owner's equity											
4. Others											
5. Disposal of subsidiaries and businesses											
(III) Profit distribution											
1. Withdrawal of surplus reserve									42,724,655	(42,724,655)	-
2. Distribution to owners (or shareholders)										(404,967,092)	(404,967,092)
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				639,920,315	489,335,867	10,492,715,083

Legal Representative: Zhigang Hao Person in Charge of the Accounting Body: Virginie Cayatte Chief Accountant: Virginie Cayatte

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				553,648,145	595,231,861	10,512,338,907
II. Opening balance of last year	2,681,901,273				6,681,557,628				553,648,145	595,231,861	10,512,338,907
III. Amount increased or decreased of last period (decrease filled out with "-")									43,547,515	(85,450,795)	(41,903,280)
(I) Total amount of comprehensive income										435,475,148	435,475,148
(II) Capital input and decreased by owners											
1. Common shares input by shareholders											
2. Capital input by other equity instrument holders											
3. Amount paid with shares and recorded in the owner's equity											
4. Others											
(III) Profit distribution											
1. Withdrawal of surplus reserve									43,547,515	(43,547,515)	0
2. Distribution to										(477,378,428)	(477,378,428)

owners (or shareholders)											
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Capital reserve converted to increase capital (or capital stock)											
2. Surplus reserve converted to increase capital (or capital stock)											
3. Losses covered with surplus reserve											
4. Others											
(V) Special reserves											
1. Withdrawn in last period											
2. Used in last period											
(VI) Others											
IV. Closing balance of last period	2,681,901,273				6,681,557,628				597,195,660	509,781,066	10,470,435,627

Legal Representative: Zhigang Hao Person in Charge of the Accounting Body: Virginie Cayatte Chief Accountant: Virginie Cayatte

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. (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.

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 2,159,193,713 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.

Bluestar Group is the parent company of Company, Sinochem Holdings is the Company’s ultimate controlling shareholder.

IV. Basis for Preparation of Financial Statements

1. Basis for preparation

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 (11)), inventory valuation method (Note V (16)), amortization/depreciation for fixed/intangible assets (Note V (21) (26)), condition for capitalized development expenditure (Note V (26)), revenue recognition (Note V (37)), etc.

See Note V (45) for the key judgments in applying the significant accounting policies adopted by Group.

2. Going concern

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

V. Important Accounting Policies and Accounting Estimates

√ Applicable □ Not applicable

The accounting policies related to the recognition and measurement of the Group's bad debt provisions for receivables, method of inventory costing, depreciation of fixed assets, amortization of intangible assets, capitalization terms for research and development expenses, and the recognition and measurement of revenue are determined in accordance with the Group's business. Refer to the notes for details.

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 present the consolidated and company financial position of the Company as at 31 December 2023, and the consolidated and company financial performance and cash flows of the Company for 2023.

In addition, the Company's financial statements also comply with the No.15 Rules for Information Disclosure of Companies Offering Publicly Issued Securities - General Provisions for Financial Reporting revised by the CSRC in 2023.

2. Fiscal period

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

3. Business cycle

□ Applicable √ Not applicable

4. Functional currency

The Company’s financial statements are presented in Renminbi.

5. Determination method and selection basis of materiality threshold

√ Applicable □ Not applicable

Items	Materiality Threshold
Material construction in progress	Amount ⩾ RMB 50 million

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

√ Applicable □ Not applicable

A transaction or event constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets) which meet the definition of a business. Business combinations are classified as either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, the acquirer determines whether an acquired set of assets constitutes a business. The Group may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is a business. If the concentration test is met, the set of assets is determined not to be a business. If the concentration test is not met, the Group should perform the assessment according to the guidance on the determination of a business.

When the set of assets or net assets the Group acquired does not constitute a business, acquisition costs should be allocated to each identifiable asset and liability on the basis of their relative fair values at the date of acquisition. The accounting treatments for business combinations described below are not applied.

(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 (27)). 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.

In a business combination achieved in stages and control obtained in the reporting period, the previously held equity interest is remeasured at the fair value as of the acquisition date by the Group, and the difference between the fair value and book value is recognized in investment income or other comprehensive income of the current period. Other comprehensive income and other changes in shareholders' equity under equity method that will be reclassified to profit or loss (Note V,19 (2)(b)) arising from the previously held equity interest are recognized as investment income as of the acquisition date. If the previously held equity interest is classified as an investment in equity instruments measured at fair value and fair value changes charged into other comprehensive income, the other comprehensive income previously recognized is reclassified to retained earnings.

7. The judgement of control and method for preparation of consolidated financial statements

√ Applicable □ Not applicable

(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 based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party 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 over a subsidiary, any resulting disposal gains or losses are recognized as investment income for the current period.

(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 proportion interests of the subsidiary's net assets being acquired or disposed 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.

8. Joint venture arrangement and accounting treatment

√ Applicable □ Not applicable

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 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.

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.

9. 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.

10. Foreign currency businesses and conversion of foreign-currency statements

√ Applicable □ Not applicable

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of receipt. Other transactions in foreign currencies are translated to Renminbi at the spot exchange rate at the occurrence date for initial recognition.

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 (23)). 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 "Undistributed profit", 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 other comprehensive income with respect to a foreign operation is transferred to profit or loss in the period when the foreign operation is disposed.

11. Financial instruments

√ Applicable □ Not applicable

Financial instruments include cash at bank and on hand, equity securities other than those classified as long-term equity investments (see Note V (19)), receivables, payables, loans and borrowings, and share capital.

(1) Recognition and initial 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.

A financial asset or financial liability is 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. Trade receivables that do not have a significant financing component or do not account for the significant financing component in one-year-or-less contracts under the practical expedient are initially measured at the transaction price in accordance with Note V.(37).

(2) Classification and subsequent measurement of financial assets

a) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortized cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at For other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

b) Subsequent measurement of financial assets

- Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. A gain or loss on a financial asset that is measured at amortized cost and is not part of a hedging relationship shall be recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize impairment gains or losses.

- Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

- Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortized cost.

- Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss, unless the financial liabilities are part of a hedging relationship.

- Financial liabilities at amortized cost

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

(4) Offsetting 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.

(5) Derecognition of financial assets and financial liabilities

Financial asset is derecognized when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;

- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or

- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

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 measured at the date of derecognition;

- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognized directly in other comprehensive income for the part derecognized.

The Group derecognizes a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(6) Impairment of financial assets

The Group recognizes loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortized cost; and

Financial assets measured at fair value, including debt investments or equity securities at FVPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the group is exposed to credit risk.
Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for trade receivables arising from sales of goods or rendering of services are always measured at an amount equal to lifetime ECL. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for trade receivables, the Group measures loss allowance at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments.

- If the financial instrument is determined to have low credit risk at the balance sheet date;
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

Bad debt provision for accounts receivable
(a) Categories and determination basis for bad debt provision of accounts receivable grouped by credit risk characteristics

Accounts receivable	According to the historical experience of the Group, there is no significant difference in the losses arising from different customer segments. Therefore, the Group collectively assess all accounts receivable, and does not further distinguish different customer groups when calculating the bad debt provision for accounts receivable.
Other receivables	According to the nature of other receivables and their credit risk characteristics, the Group divides other receivables into 3 groups, specifically: Interests receivable, dividends receivable and other receivables.
Long-term receivables	According to the nature of long-term receivables and their credit risk characteristics, the Group divides long-term receivables into 2 groups, specifically: Guarantees and cautions, and others.

(b) Criteria of individual assessment of provision for bad debt

For accounts receivable, other receivables and long-term receivables, the Group usually assesses the expected credit loss for a group with the same credit risk characteristics collectively. If the credit risk characteristics of an account are significantly different from those of other accounts in the group, or the credit risk characteristics of the account change significantly, the provision for expected credit losses shall be assessed individually. For example, when an account is in serious financial distress, and the expected credit loss rate of the receivables from the counterparty has been significantly higher than the expected credit loss rate of its overdue ageing range, the provision for losses shall be assessed individually.

Financial instruments that have low credit risk
The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant increases in credit risk
In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:
- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Credit-impaired financial assets
At each balance sheet date, the Group assesses whether financial assets carried at amortized cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL
ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(7) Equity instrument

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

12. Notes receivables

□ Applicable √ Not applicable

13. Accounts receivables

√ Applicable □ Not applicable

Methods of determining expected credit loss of accounts receivable and accounting treatment

√ Applicable □ Not applicable

Please refer to V.11

Categories and determination basis for bad debt provision of accounts receivable grouped by credit risk characteristics

√ Applicable □ Not applicable

Please refer to V.11

Criteria of individual assessment of provision for bad debt

√ Applicable □ Not applicable

Please refer to V.11

14. Accounts receivable financing

□ Applicable √ Not applicable

15. Other receivables

√ Applicable □ Not applicable

Methods of determining expected credit loss of other receivables and accounting treatment

√ Applicable □ Not applicable

Please refer to V.11

Categories and determination basis for bad debt provision of other receivables grouped by credit risk characteristics

√ Applicable □ Not applicable

Please refer to V.11

The calculation of ageing for other receivables grouped by risk characteristics of ageing

√ Applicable □ Not applicable

Please refer to V.11

Criteria of individual assessment of provision for bad debt

√ Applicable □ Not applicable

Please refer to V.11

16. Inventory

√ Applicable □ Not applicable

Inventory types, inventory costing method, inventory system, and the amortization method of low-value consumables and packaging

√ Applicable □ Not applicable

(1) Inventory types

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) Inventory costing method

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

(3) Inventory system

The Group maintains a perpetual inventory system.

(4) Amortization method of low-value consumables and packaging

Consumables, including low-value consumables and packaging materials, are charged to profit or loss upon receipt. The amortization charge is included in the cost of the related assets or recognized in profit or loss for the current period.

Basis for determining the net realizable value and provisioning methods for impairment losses of inventories

√ Applicable □ Not applicable

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.

17. Contract assets

□ Applicable √ Not applicable

18. Non-current assets or disposal groups held for sale

□ Applicable √ Not applicable

19. Long-term equity investments

√ Applicable □ Not applicable

(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 unless the investment is classified as held for sale. 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 (28).

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 (28).

(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.

20. Investment properties

□ Applicable √ Not applicable

21. Fixed assets

(1) Recognition of fixed assets

√ Applicable □ Not applicable

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, and any other costs (Note V (23)) 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

√ Applicable □ Not applicable

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	5-40 years	0%	2.5%~20%
Machinery equipment	Straight-line method	2-15 years	0%	7%~ 50%

Note: According the CAS, permanent land ownership is classified as fixed assets and 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.

22. Construction in progress

√ Applicable □ Not applicable
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 progress, when reaching the predicted usable state, will be transferred into fixed assets, and have depreciation withdrawn from the next month. The standards and timing for transferring different types of construction in progress into fixed assets are:

Types	Standards and timing
Buildings and constructions	When the construction completion and acceptance standards are met
Machinery equipment	When the relevant requirements or contract standards after installation or commissioning are met

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (Note V (28).

When an enterprise sells products or by-products produced before a fixed asset is available for its intended use, the proceeds and related cost are accounted for in accordance with CAS 14 – Revenue and CAS 1 – Inventories respectively, and recognized in profit or loss for the current period.

23. Borrowing costs

√ Applicable □ Not applicable
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 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.

24. Biological assets

□ Applicable √ Not applicable

25. Oil and gas assets

□ Applicable √ Not applicable

26. Intangible assets

(1) Useful life and its determination basis, estimates, amortization or review procedures

√ Applicable □ Not applicable

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 (28). 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, determination basis and amortization method for such intangible assets are as follows:

Items	Amortization period	Determination basis	Amortization method
Land use right	50 years	Useful life	Straight-line
Trademark	20-40 years	Useful life	Straight-line
Software and others	3-15 years	Useful life	Straight-line
Patents	The legal protection (10-15years) or the useful life if shorter	Useful life	Straight-line
Technology	Expected benefit life (15-25 years)	Useful life	Straight-line
Customer relationships	Expected benefit life (8-20 years)	Useful life	Straight-line

The Group reviews the useful life and amortization method of intangible assets with finite useful lives at least at the end of each year.

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.

(2) Scope of research and development expenses and related accounting treatments

√ Applicable □ Not applicable

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 is 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 (20). Other development expenditure is recognized as an expense in the period in which it is incurred.

When an enterprise sells products or by-products produced in the course of research and development, the proceeds and related cost are accounted for in accordance with CAS 14 – Revenue and CAS 1 – Inventories respectively, and recognized in profit or loss for the current period.

27. 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 (28). 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.

28. 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
- right of use assets
- development costs
- Long-term prepaid expenses
- long-term equity investments
- goodwill etc.

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 (29) 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.

29. 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.

30. Long-term prepaid expenses

□ Applicable √ Not applicable

31. Contract liabilities

□ Applicable √ Not applicable

32. Employee benefits

(1) Short-term employee benefits

√ Applicable □ Not applicable

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 accrued 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

√ Applicable □ Not applicable

- 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 of payables are recognized as liabilities based on the above provisions in the accounting period in which the service has been rendered by the employees, and as costs of assets or expenses to whichever the employee service is attributable.

- Defined benefit plans

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

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

(4) Termination benefits

√ Applicable □ Not applicable

When the Group terminates an employee's employment before the employment contract expires, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognized with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits provided in an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to

implement that plan or announcing its main features to those affected by it.

(5) Long-term bonus payment

√ Applicable □ Not applicable

In order to retain and engage Executives Committee Members, the Group has set up a a three years period plan, based on presence and performance business plan achievement on the period (Matrix ROCE/EBITDA reviewed annually), also based on the Company's phantom stocks and a personal co-investment.

This incentive plan entitles the executives to a cash payment after three years, with business plan performance conditions. The fair values of the incentive plan payment are based on the Company's stock price at the date of the evaluation for the incentive plan.

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.

33. Lease liabilities

√ Applicable □ Not applicable

Refer to paragraph 41 hereafter related to "leases".

34. Provisions and contingent liabilities

√ Applicable □ Not applicable

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.

35. Share-based payment

□ Applicable √ Not applicable

36. Preferred shares, perpetual bonds, and other financial instruments

□ Applicable √ Not applicable

37. Revenue recognition

Disclosure of revenue recognition and accounting policies applied by business types

□ Applicable √ Not applicable

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.

(a) Sales revenue

Revenue is recognized when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices.

For the contract with a warranty, the Group analyses the nature of the warranty provided, if the warranty provides the customer with a distinct service in addition to the assurance that the product complies with agreed-upon specifications, the Group recognizes for the promised warranty as a performance obligation. Otherwise, the Group accounts for the warranty in accordance with the requirements of CAS No.13 – Contingencies.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognizes the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where the contract contains a significant financing component, the Group recognizes the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortized using an effective interest method over the contract term.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer can control the asset created or enhanced during the Group's performance; or
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognizes revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognizes revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

A performance obligation is satisfied when « controlling right » of the promised good or service is transferred to the customer. In order to determine the point in time at which control transfers (i.e., and the point at which revenue recognition will occur), entities shall consider the transfer of the significant risks and rewards of ownership as one of the indicators in this assessment.

According to the characteristics of production and management of the group and the terms of relevant sales contracts with customers, revenue for domestic sales is generally recognized when the goods are delivered to the designated places and accepted by the customers, revenue for export sales is generally recognized when the goods are received by the shipping companies.

- the Group has a present right to payment for the goods or services;
- the Group has transferred physical possession of the goods to the customer;
- the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- the customer has accepted the goods or services.

A contract asset is the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. The Group recognizes loss allowances for expected credit loss on contract assets. Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

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 and the terms of relevant sales contracts with customers, revenue for domestic sales is generally recognized when the goods are delivered to the designated places and accepted by the customers, revenue for export sales is generally recognized when the goods are received by the shipping companies.

(b) Interest revenue

Interest income is recognized on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

Different revenue recognition and accounting treatment applied to the same type of business under different business models

□ Applicable √ Not applicable

38. Contract costs

√ Applicable □ Not applicable

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained ,e.g. an incremental sales commission. The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are

explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Assets recognized for the incremental costs of obtaining a contract and assets recognized for the costs to fulfil a contract (the "assets related to contract costs") are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognized in profit or loss for the current period. The Group recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

The Group recognizes an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services that have not yet been recognized as expenses.

39. 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.

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 as deferred income and amortized over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income . A grant that compensates the Group for expenses or losses to be incurred in the future is recognized initially as deferred income, and offset against related expenses in the periods in which the expenses or losses are recognized. Otherwise, the grant is included in other income or non-operating income directly.

40. Deferred tax assets/deferred tax liabilities

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 net 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 single transaction that is not a business combination and that affects neither accounting profit and loss nor taxable profit (or deductible loss), and the assets and liabilities initially recognized does not generate equivalent taxable profit and 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 balance sheet 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.

41. Leases

√ Applicable □ Not applicable

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly speicied in a contrat and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the ecomonic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the lessee has the right to direct the use of the asset.

For a contract that contains more separate lease componets, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components. For a contract that contains lease and non-lease components, the lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(1) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the duration of contract. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note V.28.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:
- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Judgement basis for applying simplified treatment to short-term leases and low-value leases and the accounting treatments
√ Applicable □ Not applicable
The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

(2) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognizes the finance lease receivable and derecognizes the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. Variable lease payments not included in the measurement of net investment in the lease are recognized as income as they are earned.

Lease receipts from operating leases is recognized as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortized in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognized as income as they are earned.

42. Hedge accounting

Hedge accounting is a method which recognizes in profit or loss (or other comprehensive income) the gain or loss on the hedging instrument and the hedged item in the same accounting period(s) to represent the effect of risk management.

Hedged items are the items that expose the Group to risks of changes in fair value or cash flows and that are designated as being hedged and can be reliably measured. 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 financial instrument 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 Group assesses at the inception of a hedging relationship, and on an ongoing basis, whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship is regarded as having met the hedge effectiveness requirements if all of the following conditions are satisfied:

- There is an economic relationship between the hedged item and the hedging instrument,
- The effect of credit risk does not dominate the value changes that result from the economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

When a hedging relationship no longer meets the hedge effectiveness requirements due to the hedge ratio, but the risk management objective of the designated hedging relationship remains unchanged, the Group rebalances the hedging relationship. Rebalancing refers to the adjustments made to the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship for the purpose of maintaining the hedge ration that complies with the hedge effectiveness requirements.

The Group discountinues applying hedge accounting in any of the following circumstances :

- The hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting.
- The hedge instrument expires or is sold, terminated or exercised.

- There is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from the economic relationship.
- The hedging relationship no longer meets other criteria for applying hedge accounting.

(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 a hedging instrument that is determined to be an effective hedge is recognized directly in other comprehensive income as a cash flow hedge reserve. The amount of the cash flow hedge reserve is adjusted to the lower 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 change in the amount of the cash flow hedge reserve is recognized in other comprehensive income in each period.

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

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve and includes it in the initial costs or other carrying amount of the asset or liability.

For cash flow hedges other than those covered above, that amount is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

When the Group discontinues hedge accounting for a cash flow hedge, the amount of the accumulated cash flow hedge reserve recognized in other comprehensive income is accounted for as follows:
- If the hedged future cash flows are still expected to occur, that amount will remain in the cash flow hedge reserve, and be accounted for in accordance with the above policy.
- If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(2) Fair value hedges

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

The gain or loss from re-measuring the hedging instrument 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 recognized hedged item not measured at fair value and is recognized in profit or loss.

Any adjustment to the carrying amount of a hedged item is amortized to profit or loss if the hedged item is a financial instrument (or a component thereof) measured at amortized cost. The amortization is based on a recalculated effective interest rate at the date that amortized begins.

43. 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.

44. 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.

45. 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 VII (13), (15) and (16) and provision for impairment of various types of assets (see Notes VII (4), (7), (14), (15) , (16) and (18)). Other significant accounting estimates are as follows:

Note VII (32) – Post-employment benefits – defined benefit plans
Note XII – Disclosure relating to Fair value.

46. Changes of important accounting policies and accounting estimates

(1) Changes of important accounting policies

√ Applicable □ Not applicable

In 2023, the Group has adopted the following regulations and guidelines released by MOF in recent years.

(a) "The accounting treatment of deferred tax related to assets and liabilities arising from a single transaction excluded from the scope of the initial recognition exemption" in CAS Bulletin No.16 (Caikuai [2022] No.31) ("CAS Bulletin No.16")

According to the provisions, the Group does not apply the initial recognition exemption under CAS 18 Income Taxes to temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination, affects neither accounting profits nor taxable profit (or deductible losses) and gives rise to equal taxable and deductible temporary differences, such as leases. When such transactions occur, the Group recognizes the corresponding deferred tax liabilities for the new taxable temporary differences arising from the initial recognition of the transaction in accordance with relevant provisions in CAS 18 Income Tax.

(2) Changes of important accounting estimates

☐ Applicable √ Not applicable

(3) Adjustments on the financial statements as of beginning of the year due to adoption of new accounting standards or explanations since 2023

47. Other information

□ Applicable √ Not applicable

VI. Taxes

1. Main tax type and tax rate

Main tax type and tax rate
√ Applicable □ Not applicable

Category	Tax base	Tax rate
(1) Enterprise income tax	Taxable income	15% to 34%
(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, transactions between shareholders, Property	0.02% to 2%
(5) Property tax	Rental value (France) or cost of the property (China)	0 to 1.2%

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 (%)
Bluestar Adisseo Company	25
Adisseo France S.A.S	25.83
Adisseo Espana S.A.	25
Bluestar Adisseo Nanjing Co., Ltd	15
Adisseo Life Science (Shanghai) Co., Ltd	25
Adisseo USA Inc.	21
Adisseo Brasil Nutriçao Animal Ltd	34
Nutriad International N.V	25

2. Tax preferences

√ Applicable □ Not applicable
The Group has a new tax preferences for one of its subsidiaries, BANC, and uses the tax rate of 15% for 2023. In October 2022, BANC received official certificate from JiangSu science and technology committee for second batch name list of high new technology enterprises and BANC have the qualification on the HNTE.

3. Other

□ Applicable √ Not applicable

VII. Notes to the Items in Consolidated Financial Statements

1. Cash at bank and on hand

□ Applicable √ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Cash on hand		
Cash at bank	832,713,020	692,465,420
Other monetary funds		
Cash deposited in finance companies	172,514,539	103,895,052
Total	**1,005,227,559**	**796,360,472**
Including: cash deposited abroad	796,888,668	637,310,739

As at December 31, 2023 and December 31, 2022, no restricted funds within the Group.

2. Derivative financial assets

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Cash flow hedge instruments	-	371,145
Fair value hedge instrument	16,278,030	4,513,123
Total	**16,278,030**	**4,884,268**

The Group manages the foreign exchange risk arising from the expected sales in foreign currency through forward foreign exchange contracts with banks. The Group does not apply hedge accounting, measures forward foreign exchange contracts at fair value and recognizes their changes in profit or loss for the period. For the relevant disclosure of hedging business, please refer to Notes VII, 58.

3. Notes receivable

□ Applicable √ Not applicable

4. Accounts receivable

(1) Disclosure by ageing analysis

√ Applicable □ Not applicable

The ageing is counted starting from the date when accounts receivable are recognized	Closing balance	Opening balance
Within 1 year	1,735,787,538	1,932,450,139
1 to 2 years	30,469,238	61,376,946
Over 2 years	14,108,806	19,164,819
Less: provision for bad debts	83,954,078	46,737,883
Total	**1,696,411,504**	**1,966,254,021**

(2) Disclosure by method of bad debt provisions

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book Value		Bad debts provision		Carrying amount	Book Value		Bad debts provision		Carrying amount
	Amount	Percentage	Amount	Percentage		Amount	Percentage	Amount	Percentage	
Individual Assessment										
Collective Assessment										
Including:										
Provisions based on ageing analysis	1,780,365,582	100%	83,954,078	4.72%	1,696,411,504	2,012,991,904	100%	46,737,883	2.32%	1,966,254,021
Total	1,780,365,582	/	83,954,078	/	1,696,411,504	2,012,991,904	/	46,737,883	/	1,966,254,021

Individual assessment
□ Applicable √ Not applicable

Collective assessment
√ Applicable □ Not applicable

	Closing balance		
	Accounts receivable	Bad debts provision	Provision rate
Not due	1,534,575,113	0	0%
Past due within 60 days	123,152,018	0	0%
61-180 days past due	48,722,918	19,709,324	40.45%
Over 180 days past due	73,915,533	64,244,754	86.92%
Total	**1,780,365,582**	**83,954,078**	**4.72%**

Explanation for collective assessment:
√ Applicable □ Not applicable
At all times the Group measures the impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the number of overdue days and the loss given default. According to the historical experience of the Group, there are no significant differences in the losses of different customer groups. Therefore, different customer groups are no further distinguished when calculating impairment loss based on the overdue information.

ECL model used for bad debts provision
□ Applicable √ Not applicable

Basis for determining stages and provision rate of the ECL model
Not applicable

Explanations on significant changes in the balance of accounts receivable with changes in provision for bad debts
□ Applicable √ Not applicable

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

Type	Opening balance	Movements During the period				Ending balance
		Additions	Recovery/Reverse	Write-offs	Other changes	
Individual Assessment						
Collective Assessment	46,737,883	45,290,177	(12,765,633)		4,691,651	83,954,078

Significant recovery/reverse of bad debts provision during the period
□ Applicable √ Not applicable

Other explanations:
□ Applicable √ Not applicable

(4) Write-offs during the period

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Write-off amount
Write-offs of bad debts	0

Significant write-offs of bad debts provision during the period
□ Applicable √ Not applicable

Explanations on write-offs of accounts receivable
□ Applicable √ Not applicable

(5) Top 5 accounts receivable or contract liabilities by ending balance

□ Applicable √ Not applicable
The total balance of top 5 accounts receivable by ending balance is RMB 389,045,452, accounting for 22.93% of total accounts receivable.

Other explanations
□ Applicable √ Not applicable

5. Advances to suppliers

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

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Account age	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	100,166,190	93.52%	93,116,729	87.17%
1-2 years	1,845,878	1.72%	5,747,417	5.38%
2-3 years	841,664	0.79%	4,106,241	3.84%
More than 3 years	4,256,238	3.97%	3,850,012	3.61%
Total	**107,109,970**	**100%**	**106,820,399**	**100%**

Explanations on unsettled advances to suppliers with ageing over 1 year：
As at December 31, 2023, the advances to suppliers with an account age of more than 1 year were 6,943,780

(Dec. 31, 2022: 13,703,670), which were mainly advance payment for purchasing of materials and services. The goods have not been received or service not delivered yet, so the accounts were not settled.

(2) Top 5 advances to suppliers by ending balance

The total balance of top 5 advances to suppliers by ending balance is RMB 33,538,571, accounting for 31.31% of total advances to suppliers.

Other explanations
□ Applicable √ Not applicable

6. Other receivables

Items of other receivables
√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Interests receivable	24,731	1,499
Dividends receivable		0
Other receivables	219,669,346	169,717,714
Total	**219,694,077**	**169,719,213**

Other explanations
□ Applicable √ Not applicable

Interest receivable
□ Applicable √ Not applicable

Dividends receivable
□ Applicable √ Not applicable

Other receivables
(1). Other receivables by ageing
√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Ageing	Closing balance	Opening balance
Within 1 year	219,669,346	169,717,714
1 to 2 years		
2 to 3 years		
Above 3 years		
Total	**219,669,346**	**169,717,714**

(2). Other receivables by nature
√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Nature of other receivables	Closing balance	Opening balance
Related-party receivables	121,411,017	83,174,977
Others	98,258,329	86,542,737
Total	**219,669,346**	**169,717,714**

(3) Bad debt provisions made during the period

□ Applicable √ Not applicable

Basis for determining stages and provision rate of the ECL model
Not applicable

Explanations on significant changes in the balance of other receivables with changes in provision for bad debts
□ Applicable √ Not applicable

Basis for provisions made during the period and determination whether credit risks have significantly increased
□ Applicable √ Not applicable

(4). Bad debts provisions
□ Applicable √ Not applicable

Significant recovery or reversals of bad debts provision during the period:
□ Applicable √ Not applicable

Other explanations
□ Applicable √ Not applicable

(5). Write-offs
□ Applicable √ Not applicable

Significant write-offs of bad debts provision during the period:
□ Applicable √ Not applicable

Explanations on write-offs
□ Applicable √ Not applicable

(6). Top 5 other receivables by ending balance
√ Applicable □ Not applicable
As at 31 Dec 2023, the top 5 accounts of Other receivables by ending balance amounted to RMB 209,857,963, 95.53% of the total amount of other receivables.

(7). Funds classified as other receivables due to funds concentration
□Applicable √ Not applicable

Other explanations
□ Applicable √ Not applicable

7. Inventories

(1) Inventories by category

□ Applicable √ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Book value	Provision for decline in	Carrying amount	Book value	Provision for decline in	Carrying amount

		value of inventories			value of inventories	
Raw materials	566,763,436	45,283,265	521,480,171	643,835,261	69,889,702	573,945,559
Work in progress	165,978,793	0	165,978,793	190,276,252	1,907,685	188,368,567
Finished goods	1,262,534,116	28,433,029	1,234,101,087	1,633,001,254	24,158,357	1,608,842,897
Total	**1,995,276,345**	**73,716,294**	**1,921,560,051**	**2,467,112,767**	**95,955,744**	**2,371,157,023**

At the period end, the inventories pledged as security by the Group amounted to RMB 0 (2022: RMB 0).

(2) Provision for impairment of inventories

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in the current period		Decreased in the current period		Currency translation difference	Closing balance
		Provision	Others	Reversal or write-off	Others		
Raw materials	69,889,702	9,425,929	0	(36,370,110)	0	2,337,744	45,283,265
Work in progress	1,907,685	382,500	0	(2,312,267)	0	22,082	0
Finished goods	24,158,357	12,997,350	0	(11,379,551)	0	2,656,873	28,433,029
Total	**95,955,744**	**22,805,779**	**0**	**(50,061,928)**	**0**	**5,016,699**	**73,716,294**

Items	Basis for determining net realizable value	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.

Reasons for reversal or write-offs of provision for inventory impairment

□ Applicable √ Not applicable

Collective assessment for inventory impairment

□ Applicable √ Not applicable

Criteria of collective assessment for inventory impairment

□ Applicable √ Not applicable

(3) Capitalized interest expenses in the ending balance of inventory and its calculation

□ Applicable √ Not applicable

(4) Amortization of contract performance cost during the period

□ Applicable √ Not applicable

Other explanations

□ Applicable √ Not applicable

8. Other current assets

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Value added tax deductible	274,855,071	320,375,583
Income tax receivable	157,421,655	366,129,358
Total	**432,276,726**	**686,504,941**

9. Long-term receivables

√ Applicable □ Not applicable

(1) Long-term receivables

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance			Range of discount rate
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount	
Guarantees and cautions	567,649,437	0	567,649,437	356,213,609	0	356,213,609	
Others	2,887	0	2,887	3,830	0	3,830	
Total	**567,652,324**	**0**	**567,652,324**	**356,217,439**	**0**	**356,217,439**	

As at December 31, 2023, the part due within one year was RMB 1,240,790 (as at December 31, 2022: RMB 822,918).

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

□ Applicable √ Not applicable

10. Long-term equity investments

(1) Movements during the period of Long-term equity investments

√ Applicable □ Not applicable

Investee	Opening balance	Movements during the reporting period					Closing balance
		Additions of investment	P&L recognized under equity method	OCI recognized under equity method	Dividends distribution announced	FX impact	
I. Joint ventures							
Calysseo Limited	275,944,401		(42,393,664)			(26,366,373)	207,184,364
Subtotal of joint ventures	**275,944,401**		**(42,393,664)**			**(26,366,373)**	**207,184,364**

(2) Impairment test on long-term equity investments

□ Applicable √ Not applicable

11. Investment in other equity instruments

√ Applicable □ Not applicable

(1) Details of investments in other equity instruments

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Calysta Inc	242,707,792	230,850,194
PigChamp	14,146,560	7,422,900
Bits x Bites Growth Fund I, L.P.	7,808,830	7,375,327
AG Venture	6,850,865	3,560,745
Entobel	3,389,632	3,201,458
Osiris G.I.E	1,974,569	1,864,952
Nor-Feed Holding S.A.S	0	7,422,826
Others	924,692	959,036
Total	**277,802,940**	**262,657,438**

(2) Explanations on de-recognition during the period

□ Applicable √ Not applicable

Other explanations
□ Applicable √ Not applicable

12. Other non-current financial assets

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items		Closing balance	Opening balance
Animal feed & health Venture Fund (AFV FCPI)		109,023,611	75,870,564
Total		**109,023,611**	**75,870,564**

Other explanations
□ Applicable √ Not applicable

13. Fixed assets

Items of fixed assets

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Fixed assets	8,976,432,846	9,158,021,828
Disposal of fixed assets	0	0
Total	**8,976,432,846**	**9,158,021,828**

Fixed assets

(1) Movements of fixed assets

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Houses and buildings	Freehold land and other attachments	Machinery equipment and Others	Total
I. Original book value				
1. Opening balance	**5,001,310,941**	**96,726,214**	**12,511,122,225**	**17,609,159,380**

Items	Houses and buildings	Freehold land and other attachments	Machinery equipment and Others	Total
2. Increase in current period				
1) Purchasing	100,074,514		200,766,258	300,840,772
2) Transfer from construction in process	35,373,646	2,535,478	518,468,131	556,377,255
3) Acquisition of subsidiary companies and businesses	26,278,179	1,554,244	13,616,241	41,448,664
4) Others increase			150,337	150,337
3. Decrease in current period				
1) Disposal or retirement	(1,868,200)		(140,085,679)	(141,953,879)
2) Disposal of subsidiary companies and businesses				
3) Other decrease				
4. Currency translation	100,805,704	5,848,843	500,272,447	606,926,994
5. Closing balance	**5,261,974,784**	**106,664,779**	**13,604,309,960**	**18,972,949,523**
II. Accumulated depreciation				
1. Opening balance	**(1,350,598,576)**	**0**	**(6,966,073,142)**	**(8,316,671,718)**
2. Increase in current period				
1) Current period depreciation	(226,474,295)		(938,735,651)	(1,165,209,946)
2) Other			(150,337)	(150,337)
3) Acquisition of subsidiary companies and businesses	(5,618,052)		(5,333,710)	(10,951,762)
3. Decrease in current period				
1) Disposal or retirement	1,853,218		139,338,703	141,191,921
2) Disposal of subsidiary companies and businesses				
3) Other decrease				
4. Currency translation	(47,932,648)		(307,706,721)	(355,639,369)
5. Closing balance	**(1,628,770,353)**		**(8,078,660,858)**	**(9,707,431,211)**
III. Impairment reserve				
1. Opening balance			**(134,465,834)**	**(134,465,834)**
2. Increase in current period				
1) Current period depreciation			(142,810,700)	(142,810,700)
3. Decrease in current period				
1) Disposal or retirement				
2) Disposal of subsidiary companies and businesses				
4. Currency translation			(11,808,932)	(11,808,932)
5. Closing balance			**(289,085,466)**	**(289,085,466)**
IV. Carrying amount				
1. Closing carrying amount	**3,633,204,431**	**106,664,779**	**5,236,563,636**	**8,976,432,846**
2. Opening carrying amount	**3,650,712,365**	**96,726,214**	**5,410,583,249**	**9,158,021,828**

(2) Temporarily idle fixed assets

There are no significant temporarily idle fixed assets.

(3) Fixed assets held under operating lease

☐ Applicable √ Not applicable

(4) Fixed assets held with unattained certificate

☐ Applicable √ Not applicable

(5) Impairment test of of fixed assets

√ Applicable ☐ Not applicable

In accordance with the accounting policies described in Note V (28), the Group conducted an impairment test on the fixed assets showing signs of impairment at the balance sheet date and made a provision for the impairment of fixed assets of RMB142,810,700 in 2023.

14. Construction in progress

Items of construction in progress

√ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items		Closing balance	Opening balance
Construction in progress	(1)	672,347,033	517,223,599
Construction materials	(2)		
Total		**672,347,033**	**517,223,599**

Other explanations

☐ Applicable √ Not applicable

Fixed assets

(1) Breakdown of construction in progress

√ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Project H				10,742,464		10,742,464
Project O				30,241,637		30,241,637
Project P				3,393,008		3,393,008
Project Q	85,043,766		85,043,766			
Project R	5,498,019		5,498,019			
Project S	35,610,035		35,610,035			
Others	546,195,213		546,195,213	472,846,490		472,846,490
Total	**672,347,033**		**672,347,033**	**517,223,599**		**517,223,599**

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

√ Applicable ☐ Not applicable

Current period

Unit: Yuan Currency: RMB

Project name	Budget	Opening balance	Increase in current period	Transfer to fixed assets and intangible assets	Currency translation differences	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 H	3,058,320,000	10,742,464		(10,742,464)			100%	100%	3,334,009			Equity, shareholder loans,

												bank loans
Project O	55,564,544	30,241,637	15,505,785	(46,672,650)	925,228		86%	100%				Equity
Project P	59,729,920	3,393,008	57,204,405	(60,701,220)	103,807		104%	100%				Equity
Project Q	100,000,000		85,043,766			85,043,766	85%	85%				Equity
Project R	127,556,320		5,498,019			5,498,019	4%	4%				Equity
Project S	166,615,040		145,768,117	(114,505,200)	4,347,118	35,610,035	92%	92%				Equity
Others		472,846,490	418,766,790	(368,684,936)	23,266,869	546,195,213						Equity
Total	**3,567,785,824**	**517,223,599**	**727,786,882**	**(601,306,470)**	**28,643,022**	**672,347,033**	/	/	**3,334,009**		/	

(3) Provision for impairment of construction in progress

□ Applicable √ Not applicable

Construction materials

(1) Breakdown of construction materials

□ Applicable √ Not applicable

15. Right-of-use assets

(1) Movements of right-of-use assets

Unit: Yuan Currency: RMB

Items	Rolling stock - vehicles- Wagon & other transport equipment	Buildings	Technical Equipment & Machinery	Other tangible assets	Total
I. Original book value					
1. Opening balance	**99,889,020**	**326,995,730**	**23,252,919**	**6,979,030**	**457,116,699**
2. Increase in current period					
1) Purchasing	70,771,976	93,689,869	7,889,534	9,587,614	181,938,993
2) Other increase			143,693,968		143,693,968
3) Acquisition of subsidiary companies and businesses					
4) Others increase					
3. Decrease in current period					
1) Disposal or retirement	(766,895)	(13,683,157)	(888,925)	(4,230,461)	(19,569,438)
2) Disposal of subsidiary companies and businesses					
4. Currency translation	6,858,500	11,788,674	515,700	43,352	19,206,226
5. Closing balance	**176,752,601**	**418,791,116**	**174,463,196**	**12,379,535**	**782,386,448**
II. Accumulated depreciation					
1. Opening balance	**(45,170,310)**	**(56,305,407)**	**(9,878,462)**	**(6,099,851)**	**(117,454,030)**
2. Increase in current period					
1) Current year depreciation	(54,985,069)	(44,101,251)	(7,172,743)	(5,391,277)	(111,650,340)
2) Other increase			(80,235,509)		(80,235,509)
3) Acquisition of subsidiary companies and businesses					
3. Decrease in current period					
1) Disposal or retirement	375,521	13,683,157	888,925	4,230,461	19,178,064
2) Disposal of subsidiary companies and businesses					
4. Currency translation	(3,668,261)	1,943,854	(205,447)	100,496	(1,829,358)
5. Closing balance	**(103,448,119)**	**(84,779,647)**	**(96,603,236)**	**(7,160,171)**	**(291,991,173)**

III. Impairment reserve					
1. Opening balance					
2. Increase in current period					
1) Current year depreciation					
3. Decrease in current period					
1) Disposal or retirement					
2) Disposal of subsidiary companies and businesses					
4. Currency translation					
5. Closing balance					
IV. Carrying amount					
1. Closing carrying amount	**73,304,482**	**334,011,469**	**77,859,960**	**5,219,364**	**490,395,275**
2. Opening carrying amount	**54,718,710**	**270,690,323**	**13,374,457**	**879,179**	**339,662,669**

(2) Impairment test on right-of-use assets

□ Applicable √ Not applicable

16. Intangible assets

(1) Movements of 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	**153,144,120**	**734,530,754**	**431,956,257**	**1,089,680,620**	**1,574,809,551**	**884,560,581**	**4,868,681,883**
2. Increase in current period							
1) Purchasing	177,989,876	20,258	94,113			114,415,490	292,519,737
2) Transferred from construction in process						44,929,215	44,929,215
3) Acquisition of subsidiary companies and businesses		6,538,090		25,585,252	60,495,150	567,377	93,185,869
4) Other increase		81,235				258,042	339,277
3. Decrease in current period							
1) Disposal			(2,317,950)			(156,118,490)	(158,436,440)
2) Disposal of subsidiary companies and businesses							
4. Currency translation		2,273,678	22,520,204	3,390,399	21,921,745	36,422,449	86,528,475
5. Closing balance	**331,133,996**	**743,444,015**	**452,252,624**	**1,118,656,271**	**1,657,226,446**	**925,034,664**	**5,227,748,016**
							-
II. Accumulated amortization							
1. Opening balance	**(30,978,840)**	**(257,192,306)**	**(416,665,115)**	**(627,236,545)**	**(1,041,868,517)**	**(430,026,723)**	**(2,803,968,046)**
2. Increase in current period							
1) Current period depreciation	(3,046,240)	(20,216,823)	(10,713,428)	(45,826,990)	(93,737,769)	(114,049,222)	(287,590,472)
2) Others increase	(144,330)	(81,235)				(258,042)	(483,607)
3) Acquisition of subsidiary companies and businesses							

3. Decrease in current period							
1) Disposal			2,317,950			90,436,720	92,754,670
2) Disposal of subsidiary companies and businesses							
4. Currency translation		(590,400)	(21,783,596)	(1,531,479)	(7,653,459)	(14,672,668)	(46,231,602)
5. Closing balance	**(34,169,410)**	**(278,080,764)**	**(446,844,189)**	**(674,595,014)**	**(1,143,259,745)**	**(468,569,935)**	**(3,045,519,057)**
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							
4. Currency translation							
5. Closing balance							
IV. Carrying amount							
1. Closing carrying amount	**296,964,586**	**465,363,251**	**5,408,435**	**444,061,257**	**513,966,701**	**456,464,729**	**2,182,228,959**
2. Opening carrying amount	**122,165,280**	**477,338,448**	**15,291,142**	**462,444,075**	**532,941,034**	**454,533,858**	**2,064,713,837**

(2) Land use rights held with unattained certificate

□ Applicable √ Not applicable

(3) Impairment test on intangible assets

□ Applicable √ Not applicable

17. Development costs

√ Applicable □ Not applicable

Current period

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	96,777,098	42,509,795			(13,245,547)		6,488,603	132,529,949
Total	**96,777,098**	**42,509,795**			**(13,245,547)**		**6,488,603**	**132,529,949**

18. Goodwill

√ Applicable □ Not applicable

(1) Changes in goodwill

√ Applicable □ Not applicable

Current period

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")	699,594,399			35,179,101	734,773,500
Specialties	1,224,106,145	94,323,800		83,440,205	1,401,870,150
Total	**1,923,700,544**	**94,323,800**		**118,619,306**	**2,136,643,650**

The Goodwill on Drakkar Group S.A. concerns Performance Products. The Goodwill on specialties is related to the acquisition of Innov'ia in 2011, the acquisition of Nutriad during the year 2018, Framelco during the year 2020 and Nor-Feed during the year 2023.

(2) Impairment provision for goodwill

√ Applicable □ Not applicable

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")							
Specialties							
Total	**0**						**0**

(3) Information about assets group or assets group combination that contains goodwill

□ Applicable √ Not applicable

(4) Method used to determine recoverable amount

□ Applicable √ Not applicable

(5) Performance commitment and related goodwill impairment

□ Applicable √ Not applicable

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 assumptions:

Despite the sharp temporary decrease in profitability, the mid-term and long-term key parameters remain unchanged.

	DGSA	Specialties
Long-term growth rate of sales	3.5%	2.5%
Operating margin	32.7%	43.6%
Discount rate	9.2%	9.2%

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.

19. 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 tax assets
Deductible losses	159,078,513	41,089,980	89,551,715	23,131,208
Accrued expenses	453,888,659	117,239,441	174,503,665	65,120,254
Leasing assets and liabilities	432,952,652	86,590,530	343,841,468	68,768,294
Fair value change of derivative financial instruments	25,787,803	6,660,990	21,584,351	5,575,238
Property plant equipment and intangible assets	55,985,680	14,461,101	33,733,916	8,713,471
Unrealized profits of internal transactions	168,780,231	43,595,934	188,886,136	48,789,289
Payroll	206,854,196	53,430,439	242,526,628	62,644,628
Others	70,007,269	18,082,878	37,740,721	9,748,427
Total before offsetting	**1,573,335,003**	**381,151,293**	**1,132,368,600**	**292,490,809**

(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	2,953,337,251	762,847,012	3,123,691,600	826,895,498
Leasing assets and liabilities	490,395,275	98,079,055	343,841,468	68,768,294
Balance in fair value of derivative financial instruments	8,442,963	2,180,817	37,098,373	9,582,510
Others	16,288,777	4,207,390	20,368,397	5,261,156
Total before offsetting	**3,468,464,266**	**867,314,274**	**3,524,999,838**	**910,507,458**

(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	(87,480,755)	293,670,538	(158,337,880)	134,152,929
Deferred tax liabilities	(87,480,755)	779,833,519	(158,337,880)	752,169,578

(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	296,311,370	41,897,924
Total	**296,311,370**	**41,897,924**

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

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Year	Closing balance	Opening balance
Within expiration date	28,540,000	24,613,000
No expiration date	267,771,370	17,284,924
Total	**296,311,370**	**41,897,924**

20. Other non-current assets

√ Applicable □ Not applicable

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Advance payments to CAPEX suppliers	22,188,727		22,188,727	28,491,983		28,491,983
Others	41,092,146		41,092,146	-		-
Total	**63,280,873**		**63,280,873**	**28,491,983**		**28,491,983**

21. Short-term borrowings

(1) Categories of short-term borrowings

√ Applicable □ Not applicable

Items	Closing balance	Opening balance
Pledged loan		
Guarantee loan		
Mortgage loan		
Unsecured loan	913,311,108	850,296,856
TOTAL	**913,311,108**	**850,296,856**

(2) Defaulted borrowings

□ Applicable √ Not applicable

22. 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	7,796	29,692
Cash flow hedge instruments	1,022	7,422
Fair value hedge instruments	-	326,608
Total	**8,818**	**363,722**

Explanations:
At December 2023 closing, not any more derivatives with negative value due to the EUR appreciation on a derivatives portfolio consisting solely of forward transactions. At December 2022 closing, the impact of the EUR appreciation on collar (buy and sell of options with asymmetry) to hedge the receivable/payable balance in USD, explain the amount booked in liabilities as FVH instruments and derivatives financial instruments held at FV through profit or loss.

23. Accounts payable

a. Details of accounts payable are as follows

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Payable for suppliers	1,409,744,715	1,536,944,038
Total	**1,409,744,715**	**1,536,944,038**

b. Accounts payable with account age of more than 1 year

√ Applicable □ Not applicable

As at December 31, 2023, the accounts payable with account age of more than one year were RMB 1,888,075 (as at December 31, 2022: RMB 2,984,006).

24. Wages and benefits payable

(1) Wages and benefits payable

√ Applicable □ Not applicable

Current period

Unit: Yuan Currency: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Acquisition of subsidiary companies and businesses	Currency translation difference	Closing balance
Short-term employee benefits	300,704,734	1,552,006,372	(1,541,201,158)	4,048,563	14,728,904	330,287,415
Post-employment benefits	8,989,589	83,026,462	(81,768,105)	210,439	1,207,475	11,665,860
Termination benefits						

French profit-sharing plans – short term	55,843,890	3,249,648	(44,150,490)	0	2,083,532	17,026,580
Long-term bonus payments – short term	38,035,770	0	(14,229,913)	0	1,409,488	25,215,345
Total	**403,573,983**	**1,638,282,482**	**(1,681,349,666)**	**4,259,002**	**19,429,399**	**384,195,200**

(2) Short-term employee benefits

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increased in current period	Decrease in current period	Acquisition of subsidiary companies and businesses	Currency translation difference	Closing balance
I. Salary, bonus, allowance and subsidy	255,073,524	1,204,812,310	(1,196,270,739)	2,587,782	12,725,061	278,927,938
II. Employee welfare benefit						
III. Social insurance premium	32,060,088	266,390,699	(263,769,427)	744,591	1,721,285	37,147,236
Wherein: Medical insurance premium	31,995,826	263,317,680	(260,863,366)	744,591	1,712,337	36,907,068
Injury from work insurance premium	63,449	2,420,316	(2,253,481)	0.000	8,948	239,232
Maternity insurance premium	813	652,703	(652,580)	0	0	936
IV. Housing fund	110,306	10,227,695	(10,210,877)	0	0	127,124
V. Labor union outlay and employee education outlay	254,439	3,229,518	(2,375,279)			1,108,678
VI. Others	13,206,377	67,346,150	(68,574,836)	716,190	282,558	12,976,439
Total	**300,704,734**	**1,552,006,372**	**(1,541,201,158)**	**4,048,563**	**14,728,904**	**330,287,415**

(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
Adisseo post-employment benefits	8,989,589	83,026,462	(81,768,105)		210,439	1,207,475	11,665,860

25. Taxes payable

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Value-added-tax	53,715,258	67,789,348
Business tax	10,199,555	11,734,365
Enterprise income tax	34,157,863	44,119,606
Individual income tax	8,033,315	1,744,746
Others	27,300,050	17,128,834
Total	**133,406,041**	**142,516,899**

26. Other payables

(1) Items of Other payables

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items		Closing balance	Opening balance
Interest payable		6,843,423	6,019,947
Dividends payable		-	0
Other payables		481,714,590	565,071,372
Total		**488,558,013**	**571,091,319**

(2) Interest payable

□ Applicable √ Not applicable

(3) Dividends payable

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Dividends for ordinary shares	0	0
Total	**0**	**0**

(4) Other payables

Other payables by nature

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Loans due to related parties	13,435,700	22,165,004
Payables for acquisition of property, plant and equipment	396,507,046	485,666,412
Cautions and guaranties received	25,457,998	17,991,158
Others	46,313,846	39,248,798
Total	**481, 714,590**	**565,071,372**

Significant payables with ageing or overdue past 1 year

√ Applicable □ Not applicable

As at December 31, 2023, other payables with an account age of more than one year were RMB 7,957,851 (as at December 31, 2022: RMB 6,227,471), which were mainly the payables for acquisition of property, plant and equipment.

27. Current portion of non-current liabilities

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Current portion of long-term borrowings	2,970,778	3,481,385
Current portion of long-term payables	818,441	773,006
Current portion of provisions*	155,152,711	221,518,487
Current portion of lease liabilities	79,117,913	62,296,179
Total	**238,059,843**	**288,069,057**

* The current portion of provisions mainly represents fiscal, custom risks and litigations. The Company made relevant provisions according to its best estimate based on the current available information. Any increase or decrease in such provisions will be charged to profits or losses.

28. Other current liabilities

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Government subsidy		
Others	5,022,901	6,638,993
Total	**5,022,901**	**6,638,993**

29. Long-term borrowings

(1) Classification of long-term borrowings

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Pledged loan		
Guarantee loan		
Mortgage loan		
Unsecured	712,000,981	847,077,900
Less: the part due within one year	(2,970,778)	(3,481,385)
Total	**709,030,203**	**843,596,515**

Other explanation:
As at December 31, 2023, the range of interest rate for long-term loans was 0%-4.48% (as at December 31, 2022: 0%-3.22%).

30. Leases liabilities

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Leases liabilities	432,952,652	343,841,468
Less: the part due within one year	(79,117,913)	(62,296,179)
Total	353,834,739	281,545,289

Items	Amount incurred during the current period
Short-term lease expenses charged into P&L under the simplified accounting method	31,784,476
Payment related to leases during the period	98,711,448

31. Long-term payables

Unit: Yuan Currency: RMB

Items		Closing balance	Opening balance
Acquisition of financial assets			
Other long-term payable		15,530,298	15,404,039
Less : the part to be paid in one year		(818,441)	(773,006)
Total		**14,711,857**	**14,631,033**

Long-term payables by nature

□ Applicable √ Not applicable

Special payables by nature

□ Applicable √ Not applicable

32. 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	187,197,837	173,224,219
French profit-sharing plans	33,846,368	82,847,094
Long-term bonus payments	68,741,085	83,716,510
Less: The part to be paid in one year	(42,241,925)	(93,879,660)
Total	**247,543,365**	**245,908,163**

The part due within one year includes the short-term part of French profit-sharing plan RMB 17,026,580, and the short term part of long term bonus payments RMB 25,215,345.

(2) Change of defined benefit plan

√ Applicable □ Not applicable

Present value of defined benefit plan obligation

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period				Amount incurred during the last period			
	IFC	GA	Others	Total	IFC	GA	Others	Total
I. Opening balance	**99,534,980**	**47,319,199**	**26,370,040**	**173,224,219**	**131,694,548**	**56,833,478**	**26,146,560**	**214,674,586**
II. Defined benefit plan recognized through profit and loss for the period in which they occur	8,644,500	13,441,050	4,611,854	26,697,404	9,218,817	4,719,580	4,681,041	18,619,438
1. Service cost of current period	4,918,950	11,750,400	4,305,854	20,975,204	8,067,353	4,456,591	4,602,856	17,126,800
2. Previous service cost								
3. Settlement losses (gains)								
4. Net amount of interest	3,725,550	1,690,650	306,000	5,722,200	1,151,464	262,989	78,185	1,492,638
III. Re-measurement of the net liabilities of defined benefit plans	(5,798,700)	(550,800)	1,415,250	(4,934,250)	(35,332,874)	(10,995,767)	(1,174,340)	(47,502,981)
1. Actuary losses (profit)	(5,798,700)	(550,800)	1,415,250	(4,934,250)	(35,332,874)	(10,995,767)	(1,174,340)	(47,502,981)
IV. Other movements	(1,815,722)	(1,516,975)	(4,456,839)	(7,789,536)	(6,045,511)	(3,238,092)	(3,283,221)	(12,566,824)
1. Price paid during settlement	(7,535,250)	(4,528,800)	(5,277,465)	(17,341,515)	(8,230,832)	(4,371,297)	(1,445,770)	(14,047,899)
2. Currency translation differences	5,719,528	3,011,825	1,194,800	9,926,153	2,185,321	1,133,205	437,869	3,756,395
3. Other movements			(374,174)	(374,174)	0	0	(2,275,320)	(2,275,320)
V. Closing balance	**100,565,058**	**58,692,474**	**27,940,305**	**187,197,837**	**99,534,980**	**47,319,199**	**26,370,040**	**173,224,219**

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

√ Applicable ☐ Not applicable

- 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.

Explanations on significant actuarial assumptions in defined benefit plan and on the results of sensitivity analysis

√ Applicable ☐ Not applicable

Main actuarial assumptions used in defined benefit plan are as follows:

Items	Closing balance	Opening balance
End of Career Benefits (IFC)		
Discount rate	4,09%	3,77%
Inflation rate	2,20%	2,20%
Wages increase rate *(including inflation rate)*	2,20%	2,20%
Mortality Table (1)	INSEE 2014-2016	INSEE 2014-2016
Retirement age	62 years - 64 years	62 years - 64 years
Bonuses of Seniority (GA)		
Discount rate	4,00%	3,63%
Inflation rate	2,20%	2,00%
Wages increase rate *(including inflation rate)*	2,20%	2,00%
Mortality Table (1)	INSEE 2014-2016	INSEE 2014-2016
Retirement age	62 years - 64 years	62 years - 64 years

1.Mortality tables TH/TF 00-02 have been approved by decree of the Ministry 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.

Sensitivity analysis is as follows:

Discount rate	Assumption volatility	Impact on the present value of the defined benefit obligation	
		assumption increase	assumption decrease
End of career benefits (IFC)			
Current period	+/- 0.50 %	(5,327,434)	5,794,685
Bonuses of Seniority (GA)			
Current period	+/- 0.50 %	(2,158,003)	2,312,867

1. 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.

2. Long-term bonus payments

a. Yearly Mid-term incentive for executives and critical leaders for business plan

Long-term bonus payments (MIP – Management Incentive Program) are split in both awards which are the Unit Award (number of Phantom shares) and the Cash Award (based on Adisseo's performance results).
The detail of this program is described below:

(1) 2020 Plan for Executive Committee Members and high qualified Executives

The Company has, in accordance with Board of BAC, set out terms and conditions under which a right to receive a) discretionary variable cash settled compensations based on variable number of phantom shares and b) another discretionary variable cash settled compensation based on presence and certain performance conditions of the Group would be awarded. These terms and conditions are described below, in the Management Incentive Plan 2020-2022 (« the Plan »).

Eligibility to the Executive Committee and non Executive Committee, the Management Incentive Plan 2020-2022 does not predetermine eligibility to a later Plan and is not predetermined by the eligibility to a previous Plan. Neither eligibility nor the benefit of the Plan can be interpreted as an employment contract giving rise to obligation on the Company or its subsidiaries.

- **Unit Award**: a discretionary variable deferred number of phantom shares defined on share price and currency as of March 20th, 2020, and that will be definitively acquired subject to Presence Conditions. The Unit Award is not subject to Performance Conditions (One Unit Award value = the fair market value of BLUESTAR ADISSEO COMPANY (BAC) at closing on March 20th, 2020 converted in Euros (€) on March 20th, 2020, i.e. € 1.5628(" one euro and five thousand six hundred and twenty-two").
- **Cash Award**: a discretionary variable cash settled compensation that will be definitely acquired subject to both Presence and Performance Conditions.

Total grant of unit Award is 793,924. This management incentive plan entitles relevant senior management to a cash payment after completing a 3-year service period from 2020 to 2022 with certain performance conditions (ROCE/EBITDA matrix) to be achieved by the the Group during the service period. The amount of the cash payments are to be determined based on the share price of the Company at the time when the relevant senior management exercise the phantom stocks. These phantom stocks of the Company can be exercised from January 1, 2023 to January 31, 2023.

The amount accounted for the plan are:

Unit: Yuan Currency: RMB

Items	Current period
Accumulated amounts of the liabilities	0
Expenses accrued/(reversed) during the period	32,533,364

(2) 2021 Plan for Executive Committee Members and high qualified Executives

The Company has, in accordance with Board of BAC, set out terms and conditions under which a right to receive a) discretionary variable cash settled compensations based on variable number of phantom shares and b) another discretionary variable cash settled compensation based on presence and certain performance conditions of the

Group would be awarded. These terms and conditions are described below, in the Management Incentive Plan 2021-2023 (« the Plan »).

Eligibility to the Executive Committee and non-Executive Committee, the Management Incentive Plan 2021-2023 does not predetermine eligibility to a later Plan and is not predetermined by the eligibility to a previous Plan. Neither eligibility nor the benefit of the Plan can be interpreted as an employment contract giving rise to obligation on the Company or its subsidiaries.

In these both plans, two types of Awards will be granted:

- **Unit Award**: a discretionary variable deferred number of phantom shares defined on share price and currency as of March 30th, 2021, and that will be definitively acquired subject to Presence Conditions. The Unit Award is not subject to Performance Conditions (One Unit Award value = the fair market value of BLUESTAR ADISSEO COMPANY (BAC) at closing on March 30th, 2021 converted in Euros (€) on March 30th, 2021, i.e. € 1.8098("one euro and eight thousand and ninety-eight").
- **Cash Award**: a discretionary variable cash settled compensation that will be definitely acquired subject to both Presence and Performance Conditions.

Total grant of unit Award is 671,880 (at the grant date on March 30th 2021). This management incentive plan entitles relevant senior management to a cash payment after completing a 3-year service period from 2021 to 2023 with certain performance conditions (ROCE/EBITDA matrix) to be achieved by the Group during the service period. The amount of the cash payments is to be determined based on the share price of the Company at the time when the relevant senior management exercise the phantom stocks. These phantom stocks of the Company can be exercised from January 1, 2024 to January 31, 2024.

The amount accounted for the plan are:

Unit: Yuan Currency: RMB

Items	Current period
Accumulated amounts of the liabilities	24,260,437
Expenses accrued/(reversed) during the period	4,320,185

(3) 2022 Plan for Executive Committee Members and high qualified Executives

In order to continue to build up Adisseo, the Group has decided to offer Executive Committee Members and high qualified Executives an international recognition and implemented two plans.
The purpose of these Plans is to retain and motivate Executive Committee Members and high qualified Executives, key players to tackle our 3-years business plan.

The 2022 mid-term incentive plan has been approved by March 30th, 2022, Board of Directors of the Company on the proposal of Remuneration Committee.

In these both plans, two types of Awards will be granted:

- **Unit Award[1]:** a discretionary variable deferred number of phantom shares defined on share price and currency as of March 30th, 2022[1], and that will be definitively acquired subject to Presence Conditions. The Unit Award is subject to share price performance.
  One Unit Award value = the fair market value of BLUESTAR ADISSEO COMPANY (BAC) at closing on March 30, 2022, converted in Euros (EUR) on March 30, 2022, i.e., EUR 1.4018 ("one Euro and four thousand eighteen cents").

- **Cash Award:** a discretionary variable cash settled compensation that will be definitively acquired subject to both Presence and Performance Conditions. The right to receive the effective benefit of the

Cash Awards is based on achieving the combined objectives in strict respect of Adisseo Ethic Code of:
- Sales: measure the Amount of Gross Sales of the Group;
- EBITDA: measure the Operational Profitability of the Group;
- FCFTAT: measure the Free Cash Flow After Tax of the Group.

	Unit Award	**Cash Award**
Grant Date	July 20, 2022	July 20, 2022
Settlement as from	January 2025	N/A
Payment Period	Depending on unbuckling date: from January 1st, 2025, to December 31st, 2026	At latest May 2025

In these both plans, two types of Awards will be granted:

Unit: Yuan Currency: RMB

Items	Current period
Accumulated amounts of the liabilities	16,869,889
Expenses accrued/(reversed) during the period	6,805,202

(4) 2023 Plan In order to continue to build up Adisseo, the Group has decided to offer Executive Committee Members and high qualified Executives an international recognition and implemented two plans:
- ExCom Management Incentive Plan 2023-2025,
- Management Incentive Plan 2023-2025.

The purpose of these Plans is to implement discretionary variable cash settled compensations, in order to retain and motivate Executive Committee Members and high qualified Executives, key players to tackle our 3-years business plan.

The 2023 mid-term incentive plan has been approved by July 24th, 2023, Board of Directors of the Company on the proposal of Remuneration Committee.

Two types of Awards will be granted within the framework of these Plans:

- **Unit Award**: a discretionary variable deferred number of phantom shares defined on share price and currency as of July 24th, 2023, and that will be definitively acquired subject to Presence Conditions. The Unit Award is not subject to Performance Conditions.
  One Unit Award value = the fair market value of BLUESTAR ADISSEO COMPANY (BAC) at closing on July 24th, 2023, converted in Euros (EUR) on July 24th, 2023, i.e., EUR 1.0167 ("one Euro and one hundred sixty-seven cents").

- **Cash Award**: a discretionary variable cash settled compensation that will be definitively acquired subject to both Presence and Performance Conditions. The right to receive the effective benefit of the Cash Awards is based on achieving the combined objectives in strict respect of Adisseo Ethic Code:
  - Revenues: measure the Amount of Gross Sales of the Group;
  - EBITDA: measure the Operational Profitability of the Group;
  - Operating Working Capital / Revenues: measure the % of the revenue not converted into cash.

Other conditions:
- Financial KPIs excluding restructuring cost and/or impairment impact.
- If fatal accident => TRIR at 0 achievement rate.
- GHG results to be audited by independent third party.

The Unit Award and Cash Award are conditional and subject to Presence Conditions.
Payment of the Vested Awards requires that the Beneficiaries remain Employees within the Group from the Grant Date and until the Payment Date, and not under termination notice.

	Unit Award	**Cash Award**
Grant Date	July 20,2023	July 20, 2023
Settlement as from	January 2026	N/A
Payment Period	Depending on unbuckling date: from January 1st, 2026, to December 31st, 2027	At latest May 2026

The Cash Awards are also subject to Performance Conditions as mentioned. Please refer to the below performance targets table:

Unit: Yuan Currency: RMB

Items	Current period
Accumulated amounts of the liabilities	14,409,395
Expenses accrued/(reversed) during the period	14,409,395

3. Undiscounted maturity analysis of defined benefit plans

Current period

Unit: Yuan Currency: RMB

	Within one year	One to two years	Two to five years	More than five years	Total
IFC	3,843,149	5,800,090	11,757,363	145,835,315	167,235,917
GA	4,809,830	5,045,606	15,419,750	54,417,101	79,692,287
Others	2,061,697	10,609,944	6,140,125	11,937,780	30,749,546

33. Provisions

√ Applicable □ Not applicable

Current period

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in current period	Decrease in current period	Currency translation differences	Closing balance	Reason of recognition
Provision	296,836,310	320,542,844		3,924,836	621,303,990	
Total	**296,836,310**	**320,542,844**		**3,924,836**	**621,303,990**	

On July 29th, 2020, Novus International filed an antidumping petition against imports of methionine from France, Japan and Spain into the United States. The final decision in this proceeding led to a tax of 36% for liquid methionine produced in Spain and exported to the USA. The Company accrued relevant provision in 2023.

34. Deferred income

√ Applicable □ Not applicable

Current period

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in current period	Decrease in current period	Acquisition of subsidiary companies and businesses	Currency translation differences	Closing balance
Government	147,451,798	11,570,243	(15,603,600)	1,304,478	2,190,168	146,913,087

subsidies						
Total	**147,451,798**	**11,570,243**	**(15,603,600)**	**1,304,478**	**2,190,168**	**146,913,087**

35. 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

36. Capital reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Ending balance
Capital premium (capital stock premium)				
Other capital reserve	1,004,724,989			1,004,724,989
Total	**1,004,724,989**			**1,004,724,989**

37. Other comprehensive income

√ Applicable □ Not applicable

Current period

Unit: Yuan Currency: RMB

Items	Opening Balance	Amount incurred during the current period							Closing Balance
		Before tax amount	Less: reclassification of OCI into retained earning	Less: transfer to profit or loss that previously recognized	Less: income tax expense	Other	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	**13,544,939**	**21,984,579**					**21,984,579**		**35,529,518**
Including: remeasurement of changes in liabilities under defined benefit plans	15,089,339	4,870,512					4,870,512		19,959,851
Profit/Loss from changes in fair value Investments in other equity instruments	(1,544,400)	17,114,067					17,114,067		15,569,667
Items that may be reclassified to profit or loss	**(913,329,453)**	**435,774,019**		**(198,900)**	**276,106**		**434,157,029**	**1,539,784**	**(479,172,424)**
Including: effective portion of gain or loss of cash flow hedge	(1,332,967)	(770,605)		(198,900)	276,106		(847,811)		(2,180,778)
Translation difference of foreign financial statements	(911,996,486)	436,544,624					435,004,840	1,539,784	(476,991,646)
Total	**(899,784,514)**	**457,758,598**		**(198,900)**	**276,106**		**456,141,608**	**1,539,784**	**(443,642,906)**

38. Surplus reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	597,195,660	42,724,655		639,920,315
Total	**597,195,660**	**42,724,655**		**639,920,315**

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.

39. Undistributed profit

Unit: Yuan Currency: RMB

Items	Note	Current period	Last period
Undistributed profit of last period before adjustment		11,549,551,047	10,823,785,807
Total adjustments (increased +/ decreased -)			
Undistributed profit at the beginning of period after adjustment		11,549,551,047	10,823,785,807
Add: Net profit attributable to the Company's owners in current period		52,165,518	1,246,679,835
Appropriation of special reserves			
Others			
Less: Withdrawal of statutory surplus reserve		42,724,655	43,547,515
Dividend distribution	(1)	404,967,092	477,378,428
Other comprehensive income transferred to retained earnings			
Others			(11,348)
Undistributed profit at the end of period	**(2)**	**11,154,024,818**	**11,549,551,047**

(1). Distribution of dividends of ordinary shares declared during the year:
The dividend distribution, amounting to RMB 404,967,092 which has been approved by the General Shareholders' Meeting on May 31, 2023 and paid on September 19, 2023.
(2). Retained earnings at the end of the year:
As at December 31, 2023, the consolidated retained earnings attributable to the Company included an appropriation of RMB 361,957,658 (as at December 31,2022: RMB 344,926,216) to surplus reserve made by the Company's subsidiaries.

40. Operating revenue and operating cost

(1) Operating income and operating costs

□ Applicable √ Not applicable

Items	Amount incurred during current period		Amount incurred during last period	
	Income	Cost	Income	Cost
Principal activities	13,183,748,624	10,365,457,058	14,529,015,609	10,531,745,480
Other operating activities				

Total	13,183,748,624	10,365,457,058	14,529,015,609	10,531,745,480
Including: revenue from contracts with customers	13,183,748,624	10,365,457,058	14,529,015,609	10,531,745,480
Other income			0	0

(2) Breakdown of operating revenue and operating cost

□ Applicable √ Not applicable

Contract Classifications	Segment Health and nutrition		Total	
By product	Revenue	Cost	Revenue	Cost
- Performance products	8,807,341,566	7,739,219,470	8,807,341,566	7,739,219,470
- Specialties products	3,593,810,639	2,063,062,141	3,593,810,639	2,063,062,141
- Other products	782,596,419	563,175,447	782,596,419	563,175,447
By territory				
- EUROPA / AFRICA / MO	4,494,658,018		4,494,658,018	
- NORTH AMERICA	2,327,741,678		2,327,741,678	
- ASIA / PACIFIC	1,895,185,662		1,895,185,662	
- SOUTH AMERICA	2,524,510,349		2,524,510,349	
- CHINA	1,793,361,133		1,793,361,133	
- Others	148,291,784		148,291,784	
Total	**13,183,748,624**	**10,365,457,058**	**13,183,748,624**	**10,365,457,058**

(3) Explanations on contractual obligations

□ Applicable √ Not applicable

(4) Explanations on the allocation of transaction price to contractual obligations

□ Applicable √ Not applicable

(5) Significant changes in contracts or transaction prices

□ Applicable √ Not applicable

41. Taxes and surcharge

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Business taxes	9,419,950	11,258,755
Property tax	13,869,450	10,922,906
City maintenance and construction tax	7,356,553	35,539
Education surcharge and local education surcharges	6,708,181	1,051,954
Others	13,198,564	22,018,364
Total	**50,552,698**	**45,287,518**

42. Selling and distribution costs

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Depreciation expense	28,408,586	23,143,315
Replenishment and storage expenses	503,540,840	520,535,707
Personnel expenses	444,492,992	403,779,099
Commission expenses for delegating agent	66,715,868	63,624,023
Travel expenses	43,543,926	40,189,223

Others	140,356,348	111,906,028
Total	**1,227,058,560**	**1,163,177,395**

43. General and administrative expenses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Depreciation expense	68,573,562	63,203,436
Amortization of intangible assets	142,647,156	148,546,447
Employee benefit expenses	353,858,594	326,624,302
Consulting and other expert services	118,417,326	95,054,938
Travel expenses	14,592,453	11,992,632
Rent expenses	7,276,956	7,441,222
Insurance expenses	19,516,892	32,892,950
Others	44,032,218	14,244,454
Total	**768,915,157**	**700,000,381**

44. Research and development expenses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Depreciation expense	41,952,328	30,013,949
Amortization of intangible assets	1,960,041	1,518,498
Employee benefit expenses	186,688,184	177,092,624
Consulting and other expert services	48,628,469	34,970,826
Travel expenses	6,284,558	5,609,568
Rent expenses	8,437,565	2,334,862
Insurance expenses	588,813	511,450
Research and exploitation expenses (without Payroll & External Expenses)	117,009,713	100,180,811
Others	7,695,916	2,547,918
Total	**419,245,587**	**354,780,506**

45. Financial expenses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Interest expenditure	84,644,522	42,955,597
Less: Interest expense capitalized	0	(3,334,009)
Interest expense related to lease liabilities	12,956,967	3,860,559
Interest income	(20,457,754)	(9,039,371)
Net exchange losses / (gains)	5,002,296	105,697,765
Other financial expenses	36,545,116	29,263,621
Total	**118,691,147**	**169,404,162**

In 2023, the interest rate used to determine interest expenses capitalized was 0% (2022: 3.8%).

46. Investment income (loss)

Items	Amount incurred during the current period	Amount incurred during the last period
Gain (loss) from long-term equity investment measured by equity method	(42,393,664)	(9,590,907)
Other		
Total	**(42,393,664)**	**(9,590,907)**

47. Gain (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 phantom shares	(1,716,882)	(3,802,673)
Change in fair value of derivative financial instruments	12,320,371	34,387,536
Change in fair value of other non-current financial instruments	27,838,350	
Total	**38,441,839**	**30,584,863**

48. Credit Losses

√ Applicable □ Not applicable

Credit losses	Amount incurred of current period	Amount incurred of comparative period
Accounts receivable	(32,524,544)	(3,526,499)
Total	**(32,524,544)**	**(3,526,499)**

49. Asset impairment losses

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
I. Provision for bad debt		
II. Provision for decline in value of inventories	(12,482,621)	(93,320,803)
III. Impairment loss for available-for-sale financial assets		
IV.Impairment for restructuring	(142,810,700)	
Total	**(155,293,321)**	**(93,320,803)**

50. 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
Payables written-off		42,646,800	
Government grant			
Others	22,288,784	9,097,265	22,288,784
Total	**22,288,784**	**51,744,065**	**22,288,784**

51. Non-operating expenses

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
Losses on disposal of non-current assets	5,243,116	13,155,411	5,243,116
Including:			

Losses on disposal of fixed assets	250,504	13,155,411	250,504
Losses on disposal of intangible assets	632,112	0	632,112
Losses on disposal of other assets	4,360,500	0	4,360,500
Compensation expenditure			
Donations			
Others	20,981,674	277,274	20,981,674
Total	**26,224,790**	**13,432,685**	26,224,790

52. 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	196,161,825	252,651,027
Deferred income tax	(184,404,509)	38,412,579
Total	**11,757,316**	**291,063,606**

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

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period
Total profit before tax	64,437,497
Income tax expenses calculated at applicable tax rates (1)	**16,644,205**
Credit Tax	(31,947,870)
Difference of tax rates applicable to subsidiary companies (2)	(31,197,750)
Change in tax rate	
Income not subject to tax	6,990,752
Costs, expenses and losses not deductible for tax purposes	34,397,548
Tax losses for which no deferred income tax asset was recognized	24,604,950
Utilization of previously unrecognized temporary differences	(5,257,320)
Others	(2,477,199)
Income tax expenses	**11,757,316**

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. 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.

53. 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	52,165,518	1,246,679,835
Common stock	2,681,901,273	2,681,901,273
Basic earnings per share	0.02	0.46
Basic earnings per share from continue operation (i)	0.02	0.46
Basic losses per share from discontinue operation		

(i) The weighted average number of shares used for the calculation of the EPS of December 2023 and 2022 is 2,681,901,273.

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, 2023 to December 31, 2023 and January 1, 2022 to December 31, 2022. The diluted earnings per share/ (loss) is equal to basic earnings per share/ (loss).

54. Supplement to income statement

Unit: Yuan Currency: RMB

Items	Amount incurred of current period	Amount incurred of last period
Operating revenue	13,183,748,624	14,529,015,609
Less: Changes in inventories of raw materials, finished goods and work-in-progress	596,820,376	(288,219,291)
Raw materials, purchased equipment and consumables purchased	6,649,032,756	8,115,258,537
Employee benefit expenses	1,664,979,886	1,544,899,886
Depreciation/amortization expenses	1,608,856,665	1,271,253,130
Depreciation/amortization expenses right of use	111,650,340	62,593,142
Logistics	1,066,541,398	1,102,008,492
Consulting and other expert services	216,222,884	162,873,878
Travel expenses	65,408,194	57,791,423
Rent expenses	31,784,476	21,903,269
Insurance expenses	21,268,304	35,149,051
Commission expenses for delegating agent	66,715,868	63,624,023
Research and exploitation expenses	117,009,713	100,180,811
Taxes	50,552,698	45,287,518
Credit losses (reverse)	32,524,544	3,526,499
Asset impairment losses (reverse)	155,293,321	93,320,803
Gain arising from changes in fair value	(38,441,839)	(30,584,863)
Investment loss / (income)	42,393,664	9,590,907
Losses (gains) from asset disposals	5,243,116	1,018,882
Other income	(31,557,892)	(14,847,101)
Others	683,076,649	669,791,573
Total Operating profit	**68,373,503**	**1,502,595,040**

55. Items in cash flow statement

(1) Cashflows relating to operating activities

Cash received relating to other operating activities

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Others	12,959,957	1,362,342

Total	**12,959,957**	**1,362,342**

Cash paid relating to other operating activities
√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Travel expenses	65,408,194	58,617,008
Rent	31,784,476	39,223,594
Insurances	21,268,304	29,926,431
Others	66,913,614	15,583,787
Total	**185,374,588**	**143,350,820**

(2) Cashflows relating to investing activities

Cash received relating to other investing activities
□ Applicable √ Not applicable

Cash paid relating to other investing activities
√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Others	264,841,087	260,192,628
Total	**264,841,087**	**260,192,628**

(3) Cashflows relating to financing activities

Cash received relating to other financing activities
□ Applicable √ Not applicable

Cash paid relating to other financing activities
√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Amount incurred of current period	Amount incurred of last period
Redemption of preferred shares in subsidiaries		1,568,816,710
Leases payment	98,711,448	62,541,527
Total	**98,711,448**	**1,631,358,237**

56. 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	**52,680,181**	**1,249,842,814**
Add: Impairment provisions for assets	155,293,321	93,320,803
Credit losses	32,524,544	3,526,499
Depreciation/impairment of fixed assets	1,308,020,646	994,864,183
Amortization of assets from right of use	111,650,340	62,593,142

Items	Amount of current period	Amount of last period
Amortization of intangible assets	287,590,472	263,945,393
Amortization of expenditures on research and development	13,245,547	12,443,554
Amortization of long-term deferred expenses	4,523,904	2,401,868
Losses on disposal of fixed assets, intangible assets and other long-term assets	5,243,116	1,018,882
Losses (gains) on scrapping of fixed assets	0	13,155,411
Gains on changes in fair value	(38,441,839)	(30,584,863)
(Increase) decrease of deferred tax assets	(166,866,131)	(18,323,212)
Increase (decrease) of deferred tax liabilities	(17,538,378)	56,735,791
Financial expenses (income)	84,269,245	76,659,858
Losses (gains) arising from investment	42,393,664	9,590,907
Amortization of deferred income	(15,603,600)	(11,626,083)
Decrease (increase) in gross inventories	596,820,376	(288,219,291)
Decrease (increase) in receivable from operating activities	641,520,094	(459,480,134)
Increase (decrease) in payable from operating activities	(333,113,198)	(303,044,306)
Net cash flow from operating activities	**2,764,212,304**	**1,728,821,216**
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	1,005,227,559	796,360,472
Less: Opening balance of cash	796,360,472	2,114,710,481
Add: Closing balance of cash equivalent		0
Less: Opening balance of cash equivalent		0
Net increase of cash and cash equivalent	**208,867,087**	**(1,318,350,009)**

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

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

	Amount of current period	Amount of last period
Cash and cash equivalents paid this year for acquiring subsidiaries and other business units during the period	**178,691,592**	**0**
Including: NOR-FEED	178,691,592	0
Less: Cash and cash equivalents held by acquired subsidiaries and other business units on the date of purchasing	**14,450,355**	**0**
Including: NOR-FEED	14,450,355	0
Add: Cash or cash equivalent paid in current period for acquiring subsidiaries and other business units in previous period		
Net amount of cash paid for obtaining subsidiary companies	164,241,237	0

(3) Net amount of cash received from disposal of subsidiary companies in current period

□ Applicable √ Not applicable

(4) Composition of cash and cash equivalent

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
I. Cash at bank and on hand	1,005,227,559	796,360,472
Including: Cash on hand		
Bank deposit available for payment anytime	1,005,227,559	796,360,472
Other monetary resources available on demand		
II. Cash equivalents		
III. Closing balance of cash and cash equivalents	1,005,227,559	796,360,472
Including: Use-restricted cash and cash equivalent of the Company or its subsidiaries	NA	NA

57. 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 December 31, 2022 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

Current period

Unit: Yuan

Items	Closing balance at foreign currency	Exchange rate for conversion	Closing balance at RMB equivalent
Cash and cash equivalents			
Wherein: EUR	1,728,165	7.8592	13,581,992
RMB	17,987,823	1.0000	17,987,823
USD	20,465,303	7.0714	144,718,344
GBP	160,191	9.0273	1,446,093
THB	22,828,153	0.2047	4,672,923
BRL	2,147,530	1.4686	3,153,863
CAD	38,215	5.3471	204,339
MXN	16,014,634	0.4186	6,703,726
SGD	1,321,482	5.3672	7,092,656
OTHER			11,976,347
Total			211,538,106
Accounts receivable			
Wherein: EUR	2,496,667	7.8592	19,621,805
RMB	20,418,202	1.0000	20,418,202
USD	60,667,112	7.0714	429,001,418
GBP	2,612	9.0273	23,578
THB	25,038,481	0.2047	5,125,377
BRL	86,392,348	1.4686	126,875,802
CAD	0	5.3471	0
MXN	0	0.4186	0
SGD	0	5.3672	0
OTHER			19,593,345
Total			620,659,527
Accounts payable			

Wherein: EUR	(256,359)	7.8592	(2,014,780)
RMB	(5,328,538)	1.0000	(5,328,538)
USD	(35,652,896)	7.0714	(252,115,890)
GBP	(192,403)	9.0273	(1,736,883)
THB	(1,177,538)	0.2047	(241,042)
BRL	(4,266,170)	1.4686	(6,265,297)
CAD	(117,584)	5.3471	(628,736)
MXN	(12,669,806)	0.4186	(5,303,581)
SGD	(629,779)	5.3672	(3,380,149)
OTHER			(22,967,637)
Total			(299,982,533)
Other payables			
Wherein: EUR	0	7.8592	0
RMB	(6,397,389)	1.0000	(6,397,389)
USD	(3,041,385)	7.0714	(21,506,853)
GBP	0	9.0273	0
THB	(364,739)	0.2047	(74,662)
BRL	(2,248,647)	1.4686	(3,302,363)
CAD	0	5.3471	0
MXN	0	0.4186	0
SGD	(612,651)	5.3672	(3,288,220)
OTHER			(2,394,268)
Total			(36,963,755)
Long-term receivables			
Wherein: EUR	0	7.8592	0
RMB	0	1.0000	0
USD	90,024	7.0714	636,595
GBP	0	9.0273	0
THB	0	0.2047	0
BRL	39,387,438	1.4686	57,844,391
CAD	0	5.3471	0
MXN	118,251	0.4186	49,500
SGD	334,652	5.3672	1,796,146
OTHER			65,002
Total			60,391,634
Gross balance sheet exposure			
Wherein: EUR	3,968,472	7.8592	31,189,017
RMB	26,680,098	1.0000	26,680,098
USD	42,528,158	7.0714	300,733,614
GBP	(29,600)	9.0273	(267,212)
THB	46,324,358	0.2047	9,482,596
BRL	93,432,010	1.4686	137,214,250

CAD	(79,370)	5.3471	(424,397)
MXN	3,463,079	0.4186	1,449,645
SGD	413,704	5.3672	2,220,433
OTHER			6,272,788
Total			514,550,832

(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 Espana S.A.	Spain	EUR	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
Nutriad International N.V	Belgium	EUR	Local currency of principal place of business

58. Hedging

√ Applicable □ Not applicable

Operations of the Group are exposed to global market risks, including the effect of changes on currency exchange rates, on interest rates and commodity prices. Derivative financial instruments are used to manage these financial exposures as an integral part of the Group's overall risk management program. Derivatives are not used for speculative purposes. For most of those transactions, the Group applies cash flow hedge accounting and documents, at the inception of the hedge, the type of hedging relationship, the hedging instruments, the nature and the term of the hedged item.

Cash flow hedge accounting means that the Group hedges exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The fair value of derivatives is based on the market price at the balance sheet date. In the balance sheet, they are carried as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

Applying cash flow hedge accounting has the following consequences:

- The portion of the gain or loss on the hedging instrument that is determined to be effective is recognized directly in equity, while the change in the fair value of the hedged item is not yet recognized in the balance sheet. The amounts directly recognized in equity are reclassified to profit or loss when the hedged transactions occur and are recorded;

- The change in fair value of the ineffective portion recognized directly in the income statement, in net foreign exchange gains/(losses).

From January to December 2023, the change in fair value on these derivatives has a negative impact of RMB -571,705 (2022: Gains of RMB 18,598,856) recorded in other comprehensive income as cash flow hedge accounting, including RMB -372,805 of change in fair value and RMB -198,900 of reclassification into P&L.

From January to December 2023, the change in fair value on these derivatives has a positive impact of RMB +12,320,371 (2022: Gains of RMB +34,387,536) charged to the income statement as fair value hedge accounting, cash flow hedge ineffectiveness or non-hedge.

VIII. Change of Consolidation Scope

1. Business combination not under common control

√ Applicable □ Not applicable

(1). Business combination not under common control during this period

√ Applicable □ Not applicable

Acquiree's name	Date of shares acquired	Consideration	Shareholding acquired (%)	Acquisition terms	Acquisition date	Basis for determining the acquisition date	Revenue of the acquiree from the acquisition date to period end	Net profit of the acquiree from the acquisition date to period end	Net cashflow of the acquiree from the acquisition date to period end
Nor-Feed Holding	24 Feb. 2023	178,691,592	76.73	Cash payment	24 Feb. 2023	The date when he Group obtained the control of Nor-Feed	104,644,376	8,175,491	388,595

The overseas subsidiary of Bluestar Adisseo Company, Drakkar Group S.A, executed a Share Purchase Agreement in February 2023 to acquire 76.73% equity of Nor-Feed Holding S.A.S with existing cash resources for a consideration of EUR 23,358,000.

Nor-Feed is a French group that designs, manufactures and markets plant-based specialty ingredients and plant extracts for animal nutrition.

(2). Consideration and goodwill

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Consideration	Nor-Feed
--Cash	178,691,592
--Fair value of non-cash assets	
--Fair value of debts issued or assumed	

--Fair value of equity securities issued	
--Fair value of contingent consideration	
--Fair value of previously held interests on the acquisition date	24,764,067
--others (difference between average and opening rate)	(6,042,647)
Total consideration	197,413,012
Less: Fair value of the identifiable net assets acquired	103,089,212
Goodwill	94,323,800

(3). Fair value of identifiable assets and liabilities of the acquiree as at acquisition date

	Nor-Feed	
	Fair value at the acquisition date	Book value at the acquisition date
Assets:	185,893,315	99,690,732
Cash at bank and on hand	14,450,355	14,450,355
Receivables	17,832,113	17,832,113
Inventories	18,882,551	18,882,551
Fixed assets	30,496,902	30,496,902
Intangible assets	93,185,869	6,983,286
Other assets	11,045,525	11,045,525
Liabilities:	75,373,472	53,107,370
Loans	31,487,689	31,487,689
Payables	13,445,927	13,445,927
Deferred tax liabilities	22,266,102	0
Other liabilities	8,173,754	8,173,754
Net assets	110,519,843	46,583,362
Less: non-controlling interest	7,430,631	3,130,401
Net assets acquired	103,089,212	43,452,961

Method used to determine the fair value of identifiable assets and liabilities:
Third-party valuation

Contingent liabilities assumed by the acquirer:
Not applicable

(4). Gains/losses arising from remeasurement at fair value of previously held interests
Business combination achieved in stages and control obtained in the reporting period.
√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Acquiree's Name	Date when the previously held equity interest was acquired	Shareholding ratio of previously held equity interest (%)	Cost for acquiring the previously held equity interest	How the previously held equity interest was acquired	Book value of previously held equity interest	Fair value of previously held equity interest	Gains/losses arising from remeasurement at fair value of previously held interests	Methods and hypothesis used to determine the fair value of previously held interests	Other comprehensive income related to previously held interests
Nor-Feed Holding	27 Jul. 2016	16.55	7,306,727	Cash payment	7,422,826	24,764,067	17,114,067	Third-party valuation	227,174

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

In January 2023, the Group established a new subsidiary, Bluestar Adisseo Health and Nutrition (Nanjing) Co., Ltd.

In May 2023, the Group established a new subsidiary, Sinochem Bluestar Adisseo Animal Nutrition Technology (Quanzhou) Co., Ltd.

In August 2023, Fra CIS ooc has been liquidated.

In December 2023, Nutriad España S.A. was merged into Adisseo Nutricion Animal.

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 the Subsidiary	Principal place of business	Registration place	Business nature	Shareholding (%)		Acquisition method
				Direct	Indirect	
Bluestar Adisseo Nutrition Group, Ltd	Hong Kong	Hong Kong	Investment holding	100%		Business combination under common control
Drakkar Group S.A.	Belgium	Belgium	Investment holding		100%	Business combination under common control
G4 S.A.S	France	France	Investment holding		100%	Business combination under common control
Fondoir de Bayonne Blancpignon S.A.S	France	France	Production and sales of chemical products		100%	Business combination under common control
Adisseo France S.A.S	France	France	Production and sales of chemical products		100%	Business combination under common control
Casper G.I.E	France	France	Production and sales of chemical products		80%	Business combination under common control
Adisseo Eurasie S.A.R.L	Russia	Russia	Production and sales of chemical products		100%	Business combination under common control
Adisseo Life Science (Shanghai) Co., Ltd	China	China	Production and sales of chemical products		100%	Business combination under common control
Adisseo Canada Inc.	Canada	Canada	Production and sales of chemical products		100%	Business combination under common control
Adisseo Ireland Limited	Ireland	Ireland	Production and sales of chemical products		100%	Business combination under common control
Adisseo de Mexico S.A. de C.V.	Mexico	Mexico	Production and sales of chemical products		100%	Business combination under common control

Adisseo USA Inc.	USA	USA	Production and sales of chemical products		100%	Business combination under common control
Adisseo Asia Pacific Pte. Ltd	Singapore	Singapore	Production and sales of chemical products		100%	Business combination under common control
Adisseo Trading (Thailand) Co., Ltd	Thailand	Thailand	Production and sales of chemical products		100%	Business combination under common control
Adisseo GMBH	Germany	Germany	Production and sales of chemical products		100%	Business combination under common control
Adisseo Espana S.A.	Spain	Spain	Production and sales of chemical products		100%	Business combination under common control
Adisseo Brasil Nutriçao Animal Ltda	Brazil	Brazil	Production and sales of chemical products		100%	Business combination under common control
Innov'ia S.A.	France	France	Powder designer for chemical industry		99.95%	Business combination under common control
INNOCAPS S.A.R.L	France	France	Powder designer for chemical industry		99.95%	Business combination under common control
Innov'ia 3I S.A.	France	France	Powder designer for chemical industry		99.95%	Business combination under common control
Innov'ia USA Inc.	USA	USA	Powder designer for chemical industry		99.95%	Business combination under common control
Capsulae S.A.S	France	France	Powder designer for chemical industry		99.95%	Business combination not under common control
LC Immo	France	France	Powder designer for chemical industry		99.95%	Business combination not under common control

LC Inodry	France	France	Powder designer for chemical industry		99.95%	Business combination not under common control
Bluestar Adisseo Nanjing Co., Ltd	China	China	Production and sales of chemical products		100%	Business combination under common control
Adisseo Philippines Inc.	Philippines	Philippines	Production and sales of chemical products		100%	Business combination under common control
Adisseo Animal Nutrition Pte Ltd	India	India	Production and sales of chemical products		100%	Business combination under common control
Adisseo Malaysia SDN. BHD	Malaysia	Malaysia	Production and sales of chemical products		100%	Established
Adisseo Nutrition Health Products (Nanjing) Co.	China	China	Production and sales of chemical products		100%	Established
Adipex S.A.S	France	France	Production and sales of chemical products		85.00%	Established
Nutriad Holding B.V.	Netherlands	Netherlands	Investment holding		100%	Business combination not under common control
Nutriad International	Belgium	Belgium	Production and sales of chemical products		100%	Business combination not under common control
Nutriad Ltd	UK	UK	Production and sales of chemical products		100%	Business combination not under common control
Nutriad Asia Ltd	Hong Kong	Hong Kong	Production and sales of chemical products		100%	Business combination not under common control
Feed Flavor Internationals (Jiangsu) Co., Ltd	China	China	Production and sales of chemical products		100%	Business combination not under common control
Nutriad Nutrição Animal Ltda	Brazil	Brazil	Production and sales of		100%	Business combination not under common control

			chemical products			
Adisseo Polska Sp. Z o.o. Ul.	Poland	Poland	Production and sales of chemical products		100%	Business combination not under common control
Adisseo Italia Srl	Italy	Italy	Production and sales of chemical products		100%	Business combination not under common control
Adisseo Animal Nutrition DMCC	UAE	UAE	Production and sales of chemical products		100%	Established
Adisseo Yem Katkilari Ltd	Turkey	Turkey	Production and sales of chemical products		100%	Established
Adisseo Venture	Belgium	Belgium	Investment holding		100%	Established
Franklin Group B..V.	Netherlands	Netherlands	Investment holding		100%	Business combination not under common control
Adisseo NL B.V.	Netherlands	Netherlands	Production and sales of chemical products		100%	Business combination not under common control
Functional Lipids B.V	Netherlands	Netherlands	Production and sales of chemical products		100%	Business combination not under common control
Adisseo Nutricion Animal S.L.U	Spain	Spain	Production and sales of chemical products		100%	Business combination not under common control
Franklin Asia Ltd.	Thailand	Thailand	Production and sales of chemical products		100%	Business combination not under common control
Nor-Feed Holding	France	France	Investment holding		93.28%	Business combination not under common control
Nor-Feed SAS	France	France	Production and sales of chemical products		93.28%	Business combination not under common control
Nor-Feed Vietnam Co., Ltd	Vietnam	Vietnam	Production and sales of chemical products		93.28%	Business combination not under common control
SCI VERTE	France	France	Real Estate company		93.28%	Business combination not under common control

Bluestar Adisseo Health and Nutrition (Nanjing) Co., Ltd.	China	China	Production and sales of chemical products		100%	Established
Sinochem Bluestar Adisseo Animal Nutrition Technology (Quanzhou) Co., Ltd.	China	China	Production and sales of chemical products		100%	Established

2. Rights and interests in Associates and joint ventures

√ Applicable □ Not applicable

Financial information of unimportant joint ventures and associates

Items	Current period	Last period
Joint venture		
Book value of investment	207,184,364	275,944,401
Calculated based on shares on the joint venture		
- Net profit	(42,393,664)	(9,590,907)
- Other comprehensive income	(26,366,373)	20,262,714
- Total comprehensive income	(68,760,037)	10,671,807

3. Important joint operation

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

5. Others

None

X. Government subsidies

1. Government subsidies recognized as receivables as at the end of reporting period

□ Applicable √ Not applicable

Reasons for not receiving the subsidies as scheduled
□ Applicable √ Not applicable

2. Liabilities involving government subsidies

√ Applicable □ Not applicable

Liability projects	Opening balance	Acquisition of subsidiary companies and businesses	Amount of newly increased subsidy in current period	Amount recognized in non-operating income	Amount recognized in other income	Currency translation differences	Closing balance	Related to assets / Income
Project D	29,807,650		7,236,900		(3,144,150)	1,858,661	35,759,061	Assets
Project B	1,013,225					59,556	1,072,781	Assets
Project C	110,173,000				(11,732,700)		98,440,300	Assets
Others	6,457,923	1,304,478	4,333,343		(726,750)	271,951	11,640,945	Assets
Total	**147,451,798**	**1,304,478**	**11,570,243**		**(15,603,600)**	**2,190,168**	**146,913,087**	

3. Government subsidies recognized in the profit and loss of the current period

√ Applicable □ Not applicable

Items	Amount incurred during the current period	Amount incurred during the last period
Government grants related to assets	15,603,600	12,080,582
Government grants related to income	15,954,292	2,766,519
Total	**31,557,892**	**14,847,101**

XI. Risks Related to Financial Instruments

1. 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
- 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

(a) 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.47.

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:

Current period

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	16,764,997	(1,651,845)	8,833,747	1,034,562
Other currencies	858,480	(16,373)	(767,741)	(9,008)

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
All currencies	(3,926,008)	(13,022,203)	3,926,008	13,022,203

(b) 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 31 December 2023, the Group's oustanding floating rate borrowings was at RMB 668,032,000 from a bank pool. As at 31 December 2023, if interest rates on the floating rate borrowings had risen/fallen by 50 basis points while all other variables had been held constant the Group’s net profit would have decreased/increased by approximately RMB 3,340,160. (As at 31 December 2022, RMB 6,123,892.)

(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 undiscounted contractual cash flows (including interests calculated based on contractual interest rates (or the current interest rates on balance sheet date if floating rate)) of financial liabilities of the Group as 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	913,311,108				913,311,108
Accounts payable	1,409,744,715				1,409,744,715
Derivative financial instruments-liabilities	8,818				8,818
Other payables	480,600,162	3,230,496	2,220,200	2,507,155	488,558,013
Long-term borrowings		11,179,612	681,424,863	16,425,728	709,030,203
Long-term payables		818,442	818,441	13,074,974	14,711,857
Long-term lease liabilities		138,292,792	83,440,047	132,101,900	353,834,739
Current portion of long-term payables	818,441				818,441
Current portion of long-term borrowings	2,970,778				2,970,778
Current portion of lease liabilities	79,117,913				79,117,913
Total	**2,886,571,935**	**153,521,342**	**767,903,551**	**164,109,757**	**3,972,106,585**

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	850,296,856				850,296,856
Accounts payable	1,536,944,038				1,536,944,038
Derivative financial instruments-liabilities	363,722				363,722
Other payables	564,863,848	1,253,523	285,791	4,688,157	571,091,319
Long-term borrowings		202,888,901	633,692,973	7,014,641	843,596,515
Long-term payables		1,543,963	771,982	12,315,088	14,631,033
Long-term lease liabilities		35,102,748	90,003,771	156,438,770	281,545,289
Current portion of long-term payables	773,006				773,006
Current portion of long-term borrowings	3,481,385				3,481,385
Current portion of lease liabilities	62,296,179				62,296,179
Total	**3,019,019,034**	**240,789,135**	**724,754,517**	**180,456,656**	**4,165,019,342**

2. Hedging

(1) The Company uses hedging to manage risks
√ Applicable □ Not applicable
Please refer to Note VII 58 for details.

(2) The Company uses hedging and applies hedging accounting
Applicable √ Not applicable

(3) The Company uses hedging to manage risks and expects to achieve goals of risk management but does NOT apply hedging accounting
Applicable √ Not applicable

3. Transfers of financial assets

(1) Types of financial assets transfer
√ Applicable Not applicable

Types of transfer	Items	Amount transferred	Derecognition status	Basis for derecognition judgement
Factoring	Accounts receivable	499,784,777	Completely derecognized	Major risks, such as credit risk, and contractual rights to receive the cash flows have been transferred to the factoring company
Total	/	499,784,777	/	/

(2) Financial assets derecognized due to transfer
√ Applicable Not applicable

Items	Types of transfer	Amount derecognized	Profit or loss related to derecognition
Accounts receivable	Factoring	499,784,777	16,482,028
Total	/	499,784,777	/

(3) Transferred financial assets with continuous involvement
Applicable √ Not applicable

XII. 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 December 31, 2023, 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				
(1) Trading financial assets		16,278,030	109,023,611	125,301,641
a) Financial assets measured with fair value and having the change of fair value recorded in the gain or loss of current period				
i) Investments in debt instruments				
ii) Investment in equity instruments			109,023,611	109,023,611
iii) Derivative financial assets		16,278,030		16,278,030
b) Financial assets specified to measure with fair value and have the change of fair value recorded in the gain or loss of current period				
i) Investments in debt instruments				
ii) Investment in equity instruments				
(2) Investments in other bonds				
(3) Investment in other equity instruments			277,802,940	277,802,940
Total amount of assets with continuous fair value measurement		**16,278,030**	**386,826,551**	**403,104,581**
(4) Trading financial liabilities		8,818		8,818
a) Financial assets measured with fair value and having the change of fair value recorded in the gain or loss of current period		8,818		8,818
Including: Trading bonds issued				
Derivative financial liabilities		8,818		8,818
Others				
b) Financial liabilities specified to measure with fair value and have the change of fair value recorded in the gain or loss of current period				
Total amount of liabilities with continuous fair value measurement		**8,818**		**8,818**

2. Market value definition for recurring and non-recurring fair value measurements categorized within Level 1

□ Applicable √ Not applicable

3. 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.

4. Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorized within Level 3

The financial assets measured within level 3 mainly includes the Group's investment in equity instruments of non-listed companies. The Group has determined the fair value of relevant equity instruments with reference to the initial investment cost of the companies and considering the development stage of the invested companies, also relevant indicators of comparable companies

5. Sensitivity analysis of adjustment information and unobservable parameters between opening and closing book value for recurring and non-recurring fair value measurements categorized within Level 3

□ Applicable √ Not applicable

6. 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.

7. 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.

8. 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.

9. Other

□ Applicable √ Not applicable

XIII. Related party relationships and transactions

1. Parent(s) of the Company

Unit: Yuan Currency: RMB

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,	15,365,589,192	85.82%	85.82%

		antisepsis, water treatment technology and fine chemical products			

The enterprise's ultimate controller is Sinochem Holdings Corporation Ltd.

2. Subsidiaries of the Company

For details about the enterprise's subsidiary companies, please refer to the Note IX (1).

3. Joint venture of the Company

√ Applicable □ Not applicable

Calysseo Limited	Joint venture of the Group
Calysseo (Chongqing) Company Limited	Subsidiary of joint venture of the Group

4. Other related parties of the Company

√ Applicable □ Not applicable

Bluestar Silicon Investment Co., Ltd	Controlled by the same parent company
Bluestar Silicon Investment Co. Ltd	Controlled by the same parent company
Lanzhou Bluestar Cleaning Co., Ltd	Controlled by the same parent company
Elkem Silicones France SAS	Controlled by the same parent company
Hangzhou Water Treatment Technology Development Center Co., Ltd	Controlled by the same parent company
China Bluestar Lehigh Engineering Corp Co. Ltd	Controlled by the same parent company
Beijing Bluestar Cleaning Co, Ltd.	Controlled by the same parent company
Haohua Zhongyi Hebei New Materials Co. LTD	Controlled by the same parent company
Huaxia Hanhua Chemical Equipment Co., Ltd	Controlled by the same parent company
Tianhua Chemical Machinery and Automation Research and Design Institute Co. Ltd	Controlled by the same parent company
Sinochem Fertilizer Co. Ltd	Controlled by the same parent company
HaoHua Chemical Technology Group Co. Ltd	Controlled by the same parent company
China National Chemical Information Center Co.,Ltd. (CNCIC)	Controlled by the same parent company
Bluestar Engineering Co., Ltd	Controlled by the same parent company
Lianyungang Lianyu Construction Supervision Co., Ltd	Controlled by the same parent company
Changsha Huaxing Construction Supervision Co., Ltd	Controlled by the same ultimate controlling shareholder
Syngenta Crop Protection AG	Controlled by the same ultimate controlling shareholder
Southwest Chemical Research and Design Institute Co. LTD	Controlled by the same ultimate controlling shareholder
Sinochem Finance Co., Ltd	Controlled by the same ultimate controlling shareholder
SinoChem Environmental Technology Engineering Co., LTD	Controlled by the same ultimate controlling shareholder
Sinochem Information Technology Co., LTD	Controlled by the same ultimate controlling shareholder
Nanjing Sanfang Chemical Equipment Supervision Co., Ltd.	Controlled by the same ultimate controlling shareholder
Etexe Technologies Limited	Controlled by the same ultimate controlling shareholder
Sinochem Zhoushan Hazardous Chemicals Emergency Rescue Base Co., Ltd.	Controlled by the same ultimate controlling shareholder

GDEM Conseil	Other: Company owned by the Director of the Board

5. 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 party	Contents of Related party transactions	Amount incurred of current period	Amount incurred of last period
Huaxia Hanhua Chemical Equipment Co., Ltd	Purchase of goods	786,322	3,844,832
Elkem Silicones France SAS	Purchase of goods	492,071	183,033
Hangzhou Water Treatment Technology Development Center Co., Ltd	Purchase of goods	121,202	5,879,558
Haohua Chemical Technology Group Co. LTD	Purchase of goods	-	6,123,894
Haohua Zhongyi Hebei New Materials Co. LTD	Purchase of services	-	23,451
Tianhua Chemical Machinery and Automation Research and Design Institute Co. Ltd	Purchase of goods	783,012	3,192,142
Lianyungang Lianyu Construction Supervision Co., Ltd	Purchase of services	2,965,124	3,034,947
Changsha Huaxing Construction Supervision Co., Ltd	Purchase of services	2,185,773	3,029,996
China Bluestar Lehigh Engineering Corp Co. Ltd	Purchase of services	3,546,895	222,531
Beijing Bluestar Cleaning Co, Ltd.	Purchase of services	2,477,170	2,642,297
GDEM conseil	Purchase of services	252,488	123,534
Sinochem Information Technology Co., LTD	Purchase of goods	773,058	1,333,395
China National Chemical Information Center Co.,Ltd. (CNCIC)	Purchase of services		107,095
SinoChem Environmental Technology Engineering Co., LTD	Purchase of goods and services	273,585	
Nanjing Sanfang Chemical Equipment Supervision Co. LTD	Purchase of goods and services	411,365	491,330
Sinochem Zhoushan Hazardous Chemicals Emergency Rescue Base Co., Ltd	Purchase of goods and services	199,114	
Bluestar Engineering Co., Ltd	Purchase of goods and services	924,528	

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	16,610,580	16,374,735
Syngenta Crop Protection AG	Sales of goods	567,968	704,733
Sinochem Fertilizer Co. Ltd	Sales of goods		7,318,809
Calysseo Limited	Rendering of services	215,343	438,596-
Calysseo (Chongqing) Company Limited	Rendering of services	1,189,361	1,426,812-
Etexe Technologies Limited	Sales of goods	47,428,612	16,511,443

(2) Trust / contracting with related parties

□ Applicable √ Not applicable

(3) Leases with related parties

As lesser:

□ Applicable √ Not applicable

As lessee:

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Name of Leasers	Categories of leased assets	Lease expenses incurred on short-term leases and low value asset leases under simplified treatment (if applicable)		Lease paid	
		Current period	Last period	Current period	Last period
China National Bluestar (Group) Co, Ltd	Office building	476,544	532,599	476,544	532,599

(4) Guarantee with related parties

□Applicable √ Not applicable

(5) Lending and borrowing with related parties

□Applicable √ Not applicable

(6) Transfer of assets or debts restructuring with related parties

□Applicable √ Not applicable

(7) Compensation paid for key management personnel

√ Applicable □ Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Items	Current period	Last period
Remuneration of key management		2,712

(8) Other related party transactions

√ Applicable □ Not applicable

In 2023, the Group has made payments of RMB 35,118,250 related to construction projects to Calysseo Limited.

Refer to Section 6 XII. Significant related-party transactions for other related party transactions.

6. 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	8,629,402		8,506,643	
Accounts receivable	Elkem Silicones France SAS	1,972,659		3,021,120	
Accounts receivable	Etexe Technologies Limited	1,054		-	
Other receivables	Calysseo Limited	116,180,883		79,139,667	

Items	Related parties	Closing balance		Opening balance	
		Book value	Provision for bad debts	Book value	Provision for bad debts
Other receivables	Calysseo (Chongqing) Company Limited	5,229,534		3,968,811	
Other receivables	Changsha Huaxing Construction Supervision Co., Ltd	600		-	
Advances to suppliers	Haohua Chemical Technology Group Co. LTD	-		147,486	

(2) Accounts payable

Unit: Yuan Currency: RMB

Items	Related party	Closing book balance	Opening book balance
Other payables	Bluestar Silicon Investment Co. Ltd	11,675,901	11,714,009
Other payables	Lianyungang Lianyu Construction Supervision Co., Ltd	572,453	3,159,396
Other payables	Changsha Huaxing Construction Supervision Co., Ltd		2,148,901
Other payables	HaoHua Chemical Technology Group Co. LTD		180,000
Other payables	Haohua Zhongyi Hebei New Materials Co. LTD	46,903	46,903
Other payables	Hangzhou Water Treatment Technology Development Center Co., Ltd		3,733,066
Other payables	Huaxia Hanhua Chemical Equipment Co., Ltd	218,370	731,971
Other payables	Southwest Chemical Research and Design Institute Co. LTD		39,000
Other payables	Nanjing Sanfang Chemical Equipment Supervision Co., Ltd.	371,318	411,758
Other payables	Tianhua Chemical Machinery and Automation Research and Design Institute Co. Ltd	180,708	
Other payables	Sinochem Information Technology Co., LTD	253,135	
Other payables	Lanzhou Bluestar Cleaning Co., Ltd	1,100	
Other payables	Sinochem Zhoushan Hazardous Chemicals Emergency Rescue Base Co., Ltd.	94,812	
Other payables	GDEM Conseil	21,000	
Contract liabilities	Etexe Technologies Limited		64,666

7. Commitment to related parties

□ Applicable √ Not applicable

8. Other

□ Applicable √ Not applicable

XIV. Share-based payments

□ Applicable √ Not applicable

XV. 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	2,058,264,741	2,041,216,224
Less: Cash at bank and on hand	1,005,227,559	796,360,472
Net Debt	1,053,037,182	1,244,855,752
Total owners' equity	15,064,868,497	14,952,834,360
Total Capital	16,117,905,679	16,197,690,112
Gearing ratio	**6.53%**	**7.69%**

XVI. 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	467,740,948	307,742,726
Total	**467,740,948**	**307,742,726**

2. Contingencies

□ Applicable √ Not applicable

3. Other

□ Applicable √ Not applicable

XVII. Matters after the Date of Balance Sheet

1. Important non-adjustment matters

Applicable □ √ Not applicable

2. Profit distribution

√ Applicable □ Not applicable

On March 28th, 2024 the board of directors resolved a cash dividend plan for CNY 0.06 yuan per share (2022: CNY 0.151 yuan), with total amount of CNY 160,914,076 yuan (2022: CNY 404,967,092 yuan). The dividend proposal is subject for approval of Annual General Shareholders' Meeting. As of balance sheet day, the dividend is not recorded as a liability.

3. Sales return

□ Applicable √ Not applicable

4. Others

□ √ Applicable Not applicable

In 2024, the Group has decided to permanently shut down the methionine activities at the Commentry site to enhance overall cost competitiveness.

XVIII. 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

√ Applicable □ Not applicable

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

√ Applicable □ Not applicable

Current period

Unit: Yuan Currency: RMB

Items	Health & Nutrition	Total
Revenue from external customers	13,183,748,624	13,183,748,624
Revenue from transactions with other segments		
Operating cost	10,365,457,058	10,365,457,058
Asset impairment losses	(155,293,321)	(155,293,321)
Credit losses	(32,524,544)	(32,524,544)
Interest income	20,457,754	20,457,754

Interest expense	84,644,522	84,644,522
Investment income from associates and joint ventures	(42,393,664)	(42,393,664)
Depreciation, amortization	1,710,441,390	1,710,441,390
Profit before income tax	64,437,497	64,437,497
Income tax expense or benefit	11,757,316	11,757,316
Net profit	52,680,181	52,680,181
Other items:		
Total assets	21,513,367,642	21,513,367,642
Total liabilities	6,448,499,145	6,448,499,145

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

Applicable □ √ Not applicable

(4) Other explanation

√ Applicable □ Not applicable

Operating revenue from external customers by product
Refer to the Note VII.40 - *Detail of main businesses*.

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	9,045,011,354	8,536,878,878
North & Central America	184,171,431	163,671,522
Asia / Pacific(excluded China)	64,461,253	56,368,765
South America	35,292,274	22,526,649
China	5,289,447,490	5,357,412,991
Total	**14,618,383,802**	**14,136,858,805**

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

Applicable □ √ Not applicable

8. Others

Applicable □ √ Not applicable

XIX. 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	551,859	620,841
Other monetary funds		
Cash deposited in finance companies	15,349,456	1,023,616
Total	**15,901,315**	**1,644,457**

As at December 31, 2023 and December 31, 2022, no restricted funds within the company.

2. Other receivables

(1) Other receivables by categories are as follows:

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	7,150,208	5,059,040
Total	**7,150,208**	**5,059,040**

(2) Interest receivable by deposit type

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Fixed term deposit	0	0
Entrusted loan	0	0
Bond investments	0	0
Total	**0**	**0**

(3) Other receivables

□ Applicable √ Not applicable

3. Long-term equity investments

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	**Closing balance**			**Opening balance**		
	Book balance	**Impairment reserve**	**Book value**	**Book balance**	**Impairment reserve**	**Book value**
Investments in subsidiaries	10,500,492,549		10,500,492,549	10,500,492,549		10,500,492,549
Investments in joint ventures and associates						
Total	**10,500,492,549**		**10,500,492,549**	**10,500,492,549**		**10,500,492,549**

(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 in current period	Closing balance of impairment reserve
Bluestar Adisseo Nutrition Group Limited	10,500,492,549			10,500,492,549		
Total	**10,500,492,549**			**10,500,492,549**		

4. Other payables

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Amount incurred of current period	Amount incurred of last period
Loans due to subsidiaries	0	0
Interest due to subsidiaries	0	0
Others	30,537,104	36,264,914
Total	**30,537,104**	**36,264,914**

5. Gain on investments

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Amount incurred of current period	Amount incurred of last period
Gain on long-term equity investments subject to accounting with cost method	431,173,470	455,546,000
Gain on dividend from investment in other equity instrument		
Gain from disposal of investment in other equity instrument		
Total	**431,173,470**	**455,546,000**

6. Other

□ Applicable √ Not applicable

XX. 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	(5,243,116)	Scrapping of non-conform or defective equipment
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	31,557,892	Mainly grants for land use right and industrial structure adjustment in Nanjing plant
Profit or loss on changes in the fair value of other non-current financial assets	27,838,350	Fair value AVF
Other non-operating income or expenses other than the above	(3,936,006)	
Impact of income tax	(11,047,767)	
Effects attributable to minority interests (after tax)		
Total	**39,169,353**	

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	0.35	0.02	0.02
Net profit attributable to the Company's common shareholders after deduction of non-recurring gain or loss	0.09	0.00	0.00

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

□ Applicable √ Not applicable

4. Other

□ 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.

Legal representative: Jean-Marc Dublanc

Approved by the Board for submission on: March 30, 2023