Company Code: 600299 Company Abbreviation: Adisseo

Bluestar Adisseo Company
2020 Half-year Report

Important Notice

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

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

III. **The half-year report has not been audited.**

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

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

The Company did not have profit distribution plan or the plan to use the statutory reserve to perform a capital increase in the reporting period.

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

√ Applicable ☐ Not applicable

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

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

No.

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

No.

IX. **Risk factors**

√ Applicable ☐ Not applicable

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

X. 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

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
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
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	Indicates	State Assets Supervision and Administration Commission of China
Yuan, 10 thousand Yuan, 100 million Yuan	Indicate	RMB Yuan, RMB ten thousand Yuan, RMB one hundred million Yuan
Reporting period	Indicates	1st Jan 2020 ~ 30th June 2020
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
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.

Interpretations of the terms in common use		
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

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

Section 2 Company Profile and Financial highlights

I. Company profile

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

II. Contact Person and Contact Methods

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

III. Brief Information

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

IV. Information Disclosure and Preparation Site

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

V. Brief Information on the Company’s Shares

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

VI. Main financial data and financial ratios

Main financial data

Unit: Yuan Currency: RMB

Main accounting data	As of June 30 2020	As of June 30 2019	Changes in comparison with the same period of last year (%)
Operating revenue	5,885,775,768	5,357,393,662	10%
Net profit attributable to the shareholders of the Company	719,310,195	533,824,375	35%
Net profit attributable to the shareholders of the Company after deduction of non-recurring profit or losses	709,254,858	484,026,534	47%
Net cash flow arising from operating activities	1,575,513,241	1,405,977,848	12%
	As of June 30 2020	**As of Dec 31 2019**	**Changes in comparison with the end of last year (%)**
Net assets attributable to the shareholders of the Company	13,267,353,443	13,797,572,348	-4%
Total assets	19,788,630,594	21,127,258,090	-6%

Main financial ratios

Main financial ratios	As of June 30 2020	As of June 30 2019	Change of the present period over the same period of last year (%)
Basic earnings per share (Yuan/ share)	0.27	0.20	35%
Diluted earnings per share (Yuan/ share)	0.27	0.20	35%
Basic earnings per share after deduction of non-recurring profit or loss (Yuan/ share)	0.26	0.18	44%
Weighted average return on net asset (%)	5.27	3.91	increase of 1.36
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	5.19	3.55	increase of 1.64

Explanations of main financial data and financial ratios:
√ Applicable ☐ Not applicable

In 2020 first half year, the Company recorded operating revenues of CNY5.886 billion and gross profits of CNY2.332 billion, representing an increase of +10% and +23% respectively in the context of challenging macro-environment, which was mainly driven by double-digit volume growth in liquid methionine, firm Vitamin prices in the context of supply concern, and continued strong revenue growth in Specialties notably driven by diary market.

In 2020 first half year, the net profit contributed to shareholders recorded CNY719 million, and net profit contributed shareholders after deduction of non-recurring items recorded CNY709million, representing an increase of +35% and + 47% respectively thanks to the completion of 15% buy-back which allowed 100% consolidation of Adisseo's business into the listed entity upon the closing.

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

☐ Applicable √ Not applicable

VIII. Non-recurring Profit or Loss Items

√ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	**Amount in June 2020**	**Description (if applicable)**
Net profit or loss on disposal of non-current assets	25,165	
Government grants recognized in profit or loss, other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard	13,842,624	Mainly grants related to assets for land use right and industrial structure adjustment in Nanjing plant and related to R&D policy
Other income and other non-operating income or expenses other than the above	(4,269)	
Impacts attributable to minority interests (after tax)	(237,743)	
Impact of income tax	(3,570,440)	
Total	10,055,337	

IX. Others

☐ Applicable √ Not applicable

Section 3 Basic overview of the Company

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

The Group is developing in the feed additives market for animal nutrition where it delivers research, development, innovation, production sales.

Adisseo is a global leader in nutrition and health feed solutions including research and development, production and sales with over 80 years' experience. Adisseo supplies three types of products: Performance products (including methionine, vitamins, ammonium sulfate and sodium sulfate), Specialty products (including feed digestibility such as enzymes, additives for rumen such as rumen-protected amino acid, health by nutrition offerings such as organic selenium and probiotics, feed preservatives, mycotoxin management, palatability and additives for aquaculture) and Other products (including carbon disulfide, sulfuric acid and services of processing powder). By relying on its rich product mix, expansive sales, distribution platforms and strong technical support team, the Company provides innovative feed additives solutions to around 3,900 customers located in over 110 countries globally.

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

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

By 2050, the world's population is expected to rise to more than nine billion. Providing food and nutrition security is becoming more complex with respect to the long-term environmental sustainability. The combination of natural resources scarcity, climate change and population growth further aggravate this complexity.

The feed-food chain 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/minimize its environmental impact, and keep animal healthy and feeling well.

From this perspective, Adisseo contributes effectively in developing and providing innovative products and services to the feed and food industry contributing to the sustainable growth of the planet. Especially, Adisseo currently provides animal nutrition additives for essential nourishment, digestibility improvement, stabilization of gut flora, helping specifically animal health by strengthening the animals' intestinal tract and therefore increase their resistance to harmful micro-organisms. As such, we contribute to the prudent use of antibiotics, reducing the risk of Antimicrobial resistance (AMR). Meanwhile, Adisseo feed ingredients contribute to support sustainable production and environmental protection by the reduction of effluent (e.g. nitrogen, phosphorus and methane), the increase of resource efficiency and the balance of animal productivity and welfare.

Adisseo is a global leader in its main product lines:

- Adisseo is the world leader in liquid methionine and the world's second 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 also one actor with a complete offer of methionine products;
- Adisseo is the world-leading producer of rumen-protected methionine;
- Adisseo is a world-leading and the most recognized supplier of Non-Starch Polysaccharide enzymes;

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

Its global leadership in the methionine market and deep scientific know-how in feed nutrition have enabled Adisseo to establish long-term and stable relationships with its customers. Taking full advantage of its unparalleled global sales network, Adisseo provides its customers with a comprehensive and diverse product mix that includes methionine, vitamins and specialties to satisfy the customers' demand for multiple products, and consistently provides high-quality products and after-sales service in all product lines.

Furthermore, Adisseo has a powerful team of technical experts to offer professional consultation on additive application technologies and feed formulation and finished products analysis, strengthening its position as the go-to supplier for and its long-term and productive relationships with its customers.

Adisseo is present worldwide and operates on all continents and relies on its 10 R&D centers and its production sites based in Europe, USA, Singapore and China to design, produce and market nutritional solutions for sustainable animal feed with sales force organized in seven business areas: Europe/CIS, Africa/Middle East, Indian sub-continent, North America, South & Central America, Asia Pacific and China.

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 specialties.

The 10 R&D centers represent true engines of its development. In order to ensure sustainable growth, Specialty products will become a second business-pillar and thus Adisseo allocates financial resources on R&D for new products.

As always, safety and sustainability are key to our business. In order to guarantee a sustainable growth model, we are keen to strike a perfect balance between economic and human development and the preservation of our planet's resources. Safety is the most important priority for Adisseo. Thanks to innovative methods and constant awareness, all staff members are working together to ensure an accident-free workplace "Zero Accidents". Adisseo is also aiming for zero environmental impact. Adisseo is pursuing its reduction policy for the impact of its activities on the environment and has set ambitious new environmental objectives, i.e. Adisseo is committed to reducing our water and energy consumption by 20% as well as our greenhouse gas emissions per kilogram of product over a ten-year period.

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

- Worldwide meat, consumption. The animal feed additives market is driven by the worldwide consumption of meat on which the poultry industry is the main one. This market grows sustainably each year due to the growth of the world population, the increase of meat consumption worldwide, the diet change of developed countries from red meat to white meat recently for healthiness purpose, and to the industrialization of the feed industry;
- Currency exchange rates. Adisseo sells its products in different countries, mainly in US dollar, partly in Euro and partly in RMB. Regarding cost, its plants are mainly in Europe and China, it purchases a significant portion of its raw material in Euro, US dollar and RMB;
- Brent oil. Adisseo uses raw materials that are partly derivatives of Brent oil.

II. Major changes to the main assets of the company

☐ Applicable √ Not applicable

III. Core competitiveness analysis in the reporting period

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

1. Global Industry Leader

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

➢ **Performance products**

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

Methionine

Methionine is one of the Adisseo's main product categories. The complicated production processes of chemical synthesis of methionine require significant expertise and initial capital investment. The whole production process is regulated and supervised strictly from the prospective of environmental protection and production safety. Therefore, only a few producers in the world are capable of producing methionine safely, sustainably and in 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) and has decided in January 2018 to launch the construction of Second Nanjing Plant (next to the existing platform):

- 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 and Commentry plants (France) and to liquid methionine in Burgos plant (Spain).

To increase its liquid methionine production in Europe by 50 KT, the European platform expansion project has been completed by the end of 2018 as planned and has provided additional capacity to the market during 2019.

In parallel, the sustainable development project, "Liquid furnace for MMPS1", which will allow Adisseo to decrease by 25 to 50% its atmospheric environmental emissions (NOx, SOx, dust) in intermediary product ("MMP") unit has been completed by the end of 2019.

Furthermore, Adisseo finalized the development of the - Rhodimet® A-Dry+, which is a brand-new powder methionine product, based on the liquid methionine ("HMTBA") technology offering also a new product for the dairy market: Rumensmart.

The new Rhodimet® A-Dry+ production unit constructed in European platform expansion project, has been built in Burgos (Spain). 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 2013, Adisseo established the Nanjing plant to firstly supply China market, which is the world's largest methionine consumption market. Adisseo is one of the first global company to establish major production facilities to produce methionine in China. With its integrated production process and world-class manufacturing capability, the Adisseo Nanjing plant has become a worldwide leader in liquid methionine production both in production scale as well as in low production cost. 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 expansion. The gradual increase of investment and production including debottlenecking, enable Adisseo to seize the opportunities afforded by China's rapidly growing methionine demand, swiftly respond to the changes in the market and further enhance its competitiveness and market position.

- Nanjing Platform- Second Nanjing Plant

To meet the continuously growing demand of customers and thus consolidate its leadership role, the Board of Directors of Bluestar Adisseo Company has approved the construction of a new liquid methionine plant with a capacity of 180 KT per year, on January 16, 2018. The new facility locates in the Nanjing Liuhe Chemical Park, adjacent to the existing Adisseo plant in Nanjing. The project is now embedding some specific changes to production processes, for the purpose to improve environmental performance objectives and to further reduce already world leading production costs, and thus is expected to start in 2022 with some modest increase in the total investment. Adisseo is expecting huge benefits to be derived from the Second Nanjing Plant thanks notably to the important scale economy effect arising from the synergy with the existing Nanjing plant.

Thanks notably to the second platform, although there was new capacity from both existing players and newcomers, Adisseo managed to increase market share from 24% to 27% from 2012 to 2017 and stabilized in recent years. Adisseo expects to keep its leading position in the coming years, with projects such as the European platform expansion and the Second Nanjing Plant.

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 for every regional market worldwide. In North America, Novus is the main player; Evonik and Adisseo are also participants in that market. In China and Asia-Pacific, the key market participants are Evonik, Adisseo, Sumitomo, NHU and CUC. In other regions, Evonik, Adisseo and Novus are all major players.

Vitamins

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 as Adisseo select and guarantee through the Microvit Certification System.

Adisseo holds around 20% of Vitamin A production capacity in feed industry. Adisseo is operating a Vitamin A plant and production has been maintained during S1 2020 without any disruption despite COVID-19 crisis thanks to efficient safety measures to protect our employees. Adisseo buys raw materials from different sources to avoid supply issues, including large chemical companies to produce its Vitamin A. Production plant had not been impacted by any raw material supply issues.

There were several incidents experienced in 2019 and H1 2020 in the Vitamin market, such as difficulties for some Vitamin A producers to properly manage the formulation and production of Vitamin A shutdowns in China due to COVID-19 crisis. At the same time, market anticipated supply issues arising from COVID-19 crisis. As a result, in H1 2020, market price for Vitamins have been maintained at high level compared to average historical levels with a strong demand. Nevertheless, market started to slow down at the end of H1.

Supply of other vitamins had been constantly maintained during H1 2020.

- **Specialty products**

Specialty products includes feed digestibility (enzymes), rumen-protected amino acids, health by nutrition (probiotic, butyrate, botanicals, organic selenium), palatants, mycotoxin management, feed preservatives and additives for aquaculture. Accelerating the development of Specialty products is the second business-pillar of the Group. Adisseo has the ambition to act as one of the worldwide leaders of specialty additives in animal nutrition thanks to the development of its existing product range, the launch of new products and external acquisitions.

1. 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, raw material consumption (soya, corn…) and nitrogen and phosphorus emissions. Animal feed enzymes fall into two categories:

- Non-starch polysaccharide enzymes are digestive enzymes used in poultry and swine diets; Rovabio® is a leading brand in the NSPases segment for more than 20 years, supported with the Precise Nutrition Evaluation (PNEby Adisseo), a prediction services to evaluate feedstuff quality and help our customers to formulate the feed in line with the animal needs;
- Phytase enzymes are used to break down phytate in poultry, swine and aqua diets to release bound phosphorus.

Rovabio Advance®, a new Non-Starch Polysaccharide enzyme launched in 2015 continues its growth thanks an unmatched efficiency. It represents now about 70% of total Rovabio sales.

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, according to the schedule of regulatory approvals in each region or country. There is a significant growth potential for enzymes in all regions and Adisseo will be able to reinforce its leadership on the enzyme market thanks to continuous innovation.

2. 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 an increased cow longevity.

Adisseo is reinforcing its unique market positioning and leadership by:

- Consolidating its sales network in China, North America and South America;
- Developing its own Ruminant sales team in Europe, CIS, Middle East and Africa (will be fully operational from early 2020);
- Promoting in North America two new products, complementary to the existing range: a new methionine product, RumenSmart®; the other product is a rumen-protected Lysine, Smartamine® ML which benefits from the unique coating technology that made the success of Smartamine® M. These new products are reinforcing Adisseo offering and its amino acids balancing nutritional program;
- Continuously investing in R&D to develop new products and new knowledge related to cow nutrition and health.

3. Health by nutrition including

1) Organic selenium

Since the launch in 2014 of Selisseo® (organic selenium), Adisseo is becoming an important player 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 poultry and swine, improve livability in shrimp and fish, and support production performance and health in challenging conditions (heat stress, sanitary stress). 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 other species (broilers, layers, swine, aqua) and in other geographies. Product has been successfully launched in USA and sales have grown steadily in H1 2020; registration with Ministry of Agriculture has been obtained in China and product launch is expected to be performed early 2021.

2) Gut health products

Alterion probiotic, co-developed with Novozymes, is an efficient alternative to Antibiotic Growth Promoters in poultry. It enables Adisseo to penetrate the promising 'Gut Health' segment which will grow steadily as antibiotic usage is gradually reduced. Adimix sodium butyrate and Apex botanicals complement nicely Adisseo's offering as far as gut integrity and gut balance is concerned.

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

4. Aqua

Adisseo offers innovative nutritional and health solutions to fish and shrimp farmers all across the world. There is a great opportunity to develop a major business in Aqua Feed (feed and feed additive market) in Asia with a market size of USD28 billion, representing 70% of world market. In 2020, Adisseo reinforces its field presence in Asia as well as in new geographies as Middle East and Africa.

5. Palatability

Palatability products stimulate feed intake and consequently support performance and health of animals (swine, ruminant, horses). The commercial performance of this product range continues to be negatively impacted by the African Swine Fever epidemy in China and several Asian countries but new segments (dairy cows and calves) are being explored and good progress are registered in other geographies.

6. Mycotoxin management

These products alleviate the negative impact of mycotoxins on health, reproduction and performance (all species).

7. Feed Preservation

These products help suppress the growth of mold and bacterial pathogens in grains and feeds, thus allowing better use of feed resources. This product range addresses as well the need of protecting nutrients against oxidation.

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 direct to its customers or regional warehouses.

On the Chinese market, for example, in order 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 center distribution in Nanjing, combined with ten distribution warehousing centers national-wide according to where and how much the customers are concentrated. All 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. For example, Adisseo has set up sales subsidiaries in India in 2016, in Malaysia in 2017; in 2018, a new one was opened in Dubai. In addition; with the integration of Nutriad, the Group benefits from their subsidiaries in Italy, Spain, Poland, and Greece, further developing the sales network. In early 2020, Adisseo established a new subsidiary in Turkey to better provide our products and services to local market by our own team. In addition to Adisseo's own sales force, Adisseo has set up close long-term relationships with sales agents and distributors around the world in order to better serve the local market and customers.

In 2018, Adisseo finalized the development of its e-commerce site through the e-platform of ChemChina. 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 the context of COVID-19 epidemic at the beginning of 2020, the digital platform played an important role for Adisseo to effectively respond to the market and customer demand. Adisseo has strengthened customer relationship and opened up new markets 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.

Last but not least, since 2018, in addition to its Regional sales network, 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'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 foot dermatitis incidence); 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 eg. mycotoxin contamination, gut health issues and preventive measurements for antibiotic reduction and AGP (antibiotic growth promotor) ban in husbandry.

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 qualitative, 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 with above-mentioned projects (debottlenecking projects in China, European platform expansion, and A-Dry+ project);
- Every year, Adisseo conducts new surveys and initiates new projects to reduce the environmental impact of its activities: important increase of environmental investments part due to several major projects, such as new electrostatic filter to reduce dust in fumes at Nanjing , investment of a new waste water treatment unit at Commentry, new furnace to maximize energy recovery on a MMP production unit. In 2019, Nanjing designed and implemented a wastewater pre-treatment plant.

The project of construction of a new liquid methionine plant in Nanjing is a key step to implement the "two-business-pillar" strategy and important action to consolidate leadership role in methionine industry.

Specialties

Adisseo reinforces its core businesses and diversifies its portfolio in high growth segments by developing strategic partnerships. Focuses are made on key industry drivers, which include antibiotics replacement, yield improvement, health by nutrition, etc. with target to build a complete, tailor-made feed specialties solution offer using the following key criterias 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 Development Capabilities

Adisseo's Research & Development programs are organized around following aspects: 1) Environment and Biosecurity 2) Raw material and nutrition 3) Microbiota and gut balance 4) Protein quality. All these aspects are fed by a innovative stream of new technologies (chemistry and biotechnology).

To run all above R&D programs, Adisseo has 10 R&D centers worldwide which represent true engines of its development. Adisseo's R&D teams work closely with the strategic marketing, Methionine, Specialties and Vitamins SBUs, as well as Innov'L@b (internal structure dedicated to disruptive technologies, through starting up ventures, internal and external technology scouting), production and engineering departments to align the objectives of product/service development with its general business objectives. Recently Adisseo R&D Center in China (Nanjing) is accelerating its development to better serve the specific Chinese market needs.

In particular, the Innov'L@b (created during 2017) seeks, selects and develops innovative disruptive solutions to provide potential solutions to the different challenges.

Furthermore, Adisseo cooperates with a number of international laboratories, universities and research institutions, strengthens its bonds with the scientific community, encourages the passion for innovation, and attracts technical talents by sponsoring R&D projects on the different topics/challenges. After the partnership officially started with the Sichuan University in Chengdu on swine nutritional research, a new partnership started with the University of Arkansas in Fayetteville (US) on poultry nutritional research and a new partnership with Wisconsin University on ruminant research.

On 13 December 2019, Adisseo launched a new Research & Development Centre: Aquaculture Station by Adisseo ("ASA") in Singapore dedicated to aquaculture, which will focus on nutrition, aquatic animal health, and innovative aquatic science technologies. ASA aims to support the farmed fish and shrimp sectors and to answer some challenges of the farmed Fish and Shrimp industry by developing strong partnerships with academics in the APAC region and worldwide. To that aim, partnership has been established with JCU (James Cook University) in Singapore.

With this platform, Adisseo will be fully equipped to develop the solutions for the different species.

Along with the nutritional competencies, Adisseo remains an industry pioneer through its own prominent research and development capability 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.

There are currently several major research projects under development, concerning all of Adisseo's major products: methionine, enzymes, probiotics and also rumen-protected products as well as other new specialty products.

From 2014 onwards, Adisseo launched one new product every year: Selisseo®, a specialty product based on selenium in 2014, and Rovabio Advance®, a new Non-Starch Polysaccharide enzyme, in 2015 and Alterion®, a new probiotic, in 2016. In 2017, Adisseo developed Rhodimet® A-Dry+, a new powder methionine, its EU authorization has been obtained in early 2019. In 2018, Adisseo has launched a new protected methionine: RumenSmart® in North America, complementary to the existing range and in 2019 Smartamine ML and Rovabio Advance Phy were introduced to the market.

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 the production is not integrated. Through the production of these intermediates, Adisseo is able to monitor the product quality at each production step, and appropriately lower the production costs and become even more competitive at the same time.

7. Experienced Management Team with Rich Industry Experience

The Adisseo management team has over 10 years of industry and management experience in animal feed additives and international company management in 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 internal drive for sustainable growth.

In the context of COVID-19 epidemic, Adisseo has confirmed the priorities were to protect its employees and guarantee business continuity to serve its customers worldwide and feed the planet.

Adisseo is also welcoming a new Executive committee member of Adisseo Group, Mr Gary Wang as the deputy general manager of Bluestar Adisseo Company, (the proposal has been deliberated and passed by 12^{th} board meeting) to lead Adisseo China strategy, and is investing in technical expertise development through the creation of a Sales academy and a Research & Innovation academy.

Section 4 Discussion and Analysis of the Operation

I. Discussion and Analysis of the Operation

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 has demonstrated signs of slowing down with rising trade barriers, increasing commercial and geopolitical tensions now further weighted with COVID-19 impact. However, significant disparity exists in different regions: for developed countries, economics declined due to low productivity growth and ageing demographics and for developing countries, strong growth performances continued but impacted by COVID-19 in 2020. Trade imbalances, exchange rate fluctuations and the new norm formed from COVID-19 also increase the uncertainties. The China/Asian Afrian Swine Fever crisis has significantly impacted the Chinese meat sector. It has shown in 2019 that the shortfall in pork supply will be difficult to be filled in the short-term with imports, which resulted strong demand in poultry and strong recovery in pork production in Chima market. It is expected that the demand drivers will continue to sustain in the long run despite all challenges mentioned above although there will be big uncertainties due to COVID-19.

Adisseo as a key player in the food value chain, has high resilience in facing with those uncertainties, which can be proved by the stable profit generation in the past 10+ years.

Adisseo faces competition from large and well-known companies with strong financial positions as well as competition from other companies in the regional or local markets. Chinese Newcomers (CUC / NHU) have started their new units during the years 2016-2017. Almost all historical players (Sumitomo, Evonik, Adisseo) have communicated about new facilities to come during the period 2019-2023 with Novus announced the cancellation of new expansion in 2019. CJ is advancing with their objective to diversify towards more competitive raw material sources, as its production process is partially independent from petroleum based raw materials. There will be some new capacities coming into marke in H2 2020 from Chinese players.

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

- The European platform expansion project is completed and successfully started: it is increasing about 50 KT the production capacity of the European plants by adding a new complete production line in downstream unit (Burgos) and in upstream unit (Les Roches), and some adjustments in existing intermediate products units. ;
- The new powder methionine product, Rhodimet® A-dry, which is developed based on the liquid methionine ("HMTBA") technology, offering the benefits of this molecule to customers whose manufacturing process does not allow the use of liquid form of methionine, will further support Adisseo's position as a leading methionine supplier, offering the full-range of methionine sources valuable for feed producers and meeting their needs;
- Nanjing plant expansion project finalized smoothly in early 2019 enables Adisseo to increase its production capacity to 170KT per year and to improve further its manufacturing efficiency;
- The new 180KT liquid methionine plant in Nanjing is progressing. Upon completion, the new plant will enable Adisseo to satisfy ever-increasing customer needs as well as to improve cost efficiency. Adisseo is taking all actions to meet and anticipate new environmental regulations; The first phase of the project, which consisted of design, construction and setting to work of a logistics facility to handle 360KT/Y of AT88; was completed on time, with no accident, and the facility is in commercial operation. Detailed design continues to progress and the team is now recovering some of the delay caused by the COVID-19 epidemic. Preparatory work on site for construction is complete, the permitting is in place and construction activities continued as expected.

- 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 into Adisseo allows a high complement to existing product range, the addressed species, and the target markets and also enables Adisseo to offer an integrated solution and to provide more value to customers.
- After completion of the Research facility lab in Sinagpore late last year, Adisseo has 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. The first target of this joint-venture will be the construction of a manufacturing facility in China to commence production around late 2022. An Investment Agreement into Chongqing Changshou Economic Technology Development Area has been signed at the end of June 2020, which is an important milestone for the project.
- Innovation is the heritage and a key competitive edge for Adisseo. On top of internal research, Adisseo is also leveraging venture capital to incubate innovation and has completed a new investment in ViroVet, a Belgian company at the end of May 2020. ViroVet is dedicated to the development of disruptive technologies for the control of viral diseases in livestock. The strategy of ViroVet is to provide novel solutions to be used alone or in combination with biosecurity measures in order to provide livestock producers, national governments and international organizations with a multi-faceted arsenal of virus control weapons against endemic and epizootic viral diseases. It has been well recognized that that ViroVet have the potential to reduce the use of antibiotics and significantly improve the livestock industry worldwide.

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

I). 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	5,885,775,768	5,357,393,662	10%
Cost of sales	3,553,612,085	3,465,300,068	3%
Selling and distribution expenses	670,109,056	590,008,059	14%
General and administrative expenses	324,099,432	327,866,051	-1%
Research and development expenditure	136,076,697	125,019,635	9%
Financial expenses	65,613,038	(23,365,189)	-381%
Net cash flow from operating activities	1,575,513,241	1,405,977,848	12%
Net cash flow from investing activities	(1,064,255,856)	(712,102,515)	49%
Net cash flow from financing activities	(2,512,196,461)	(1,007,079,847)	149%

For the first half of 2020, the Company recorded an operating revenue of RMB 5.89 billion and a gross profit of RMB 2.33 billion, representing a yoy increase of 10% and 23% thanks to double-digit growth growth in liquid methionine, special contribution from Vitamin A as well as the continous increase of Specialties sales.

The decrease of financial expenses was mainly due to the translation gains and losses on purchases and sales.

The increase of net cash flow from operating activities is mainly due to performance improvement.

The decrease of net cash flow from investing activities is mainly due to the investment in Calysseo and other related investments.

The decrease of net cash flow from financing activities in 2020 is mainly due to share buy back.

2. Others

(1) Details on significant changes of profits structure and sources

☐ Applicable √ Not applicable

(2) Others

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

III). Analysis of assets and liabilities

(1) Information of assets and liabilities

Unit: Yuan

Balance Sheet Items	2020.06	Percentage to total assets (%)	2019.12	Percentage to total assets (%)	Total Fluctuation	Explanations on fluctuation
Cash at bank and on hand	3,318,298,349	17%	5,295,065,807	25%	-37%	Cash decreased due to 15% BANG share buy-back payment during the period
Derivative financial assets	14,640,279	0%	7,784,238	0%	88%	Fluctuations is due to the impact of EUR appreciation on derivatives portfolio, in particular options purchases.
Advances to suppliers	84,034,172	0%	60,862,071	0%	38%	Advance increase due to purchased material received less on time at 2020 June end
Other receivables	56,763,953	0%	41,123,604	0%	38%	Increase of receivable not related to main operations
Other current assets	246,115,429	1%	380,980,363	2%	-35%	Decrease of income Tax prepayment for French fiscally integrated companies
Long-term receivables	301,513,544	2%	62,752,154	0%	380%	Increase of loan to related parties
Other non-current financial assets	283,356,905	1%	32,676,606	0%	767%	Increase of minority equity investment
Other non-current assets	92,066,720	0%	48,589,640	0%	89%	Miscellaneous prepayments for tangible assets
Derivative financial liabilities	11,320,542	0%	2,063,292	0%	449%	Commodity derivatives transactions processed in 2020 with a negative valuation and the impact of EUR appreciation on options sold.
Contract liabilities	18,243,939	0%	0	0%	-	Reclassification due to adoption of new revenue standard.

						Increase in advance payment at period end.
Advances from customers	0	0%	7,568,111	0%	-100%	Reclassification due to adoption of new revenue standard
Other payables	782,848,228	4%	531,710,168	3%	47%	Consist of BANG 15% share buy-back payable of CNY 510 mil and payable due to Capex supplier
Current portion of non-current liabilities	268,813,611	1%	161,462,854	1%	66%	New provisions for risk
Capital reserve	1,260,973,699	6%	2,111,544,529	10%	-40%	Impact from 15% BANG share buy-back transaction
Non-controlling interests	1,467,572,612	7%	3,416,954,043	16%	-57%	Impact from 15% BANG share buy-back transaction

(2) Restricted assets at the end of reporting period

☐ Applicable √ Not applicable

(3) Other information

☐ Applicable √ Not applicable

IV). Summary of Analysis of overall investments

☐ Applicable √ Not applicable

(1) Significant equity investment acquired in the reporting period

√ Applicable ☐ Not applicable

Purchase of 15% shares of Bluestar Adisseo Nutrition Group Limited
On October 23, 2019, Adisseo held the 8th meeting of the 7th session of the board, deliberated and passed the proposal on related-party acquisition of 15% common shares in Bluestar Adisseo Nutrition Group Limited. On December 6, 2019, this proposal has been deliverated and passed by the second extraordinary shareholders' meeting held and is now in the filing procedures from / with relevant regulators.

On April 28, 2020 the the filing procedures have been completed as reflected in the "Announcement on the completion of the acquisition of assets and related-party transaction" (2020-014).

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

☐ Applicable √ Not applicable

(3) Financial Assets measured at fair value

√ Applicable ☐ Not applicable

Adisseo holds derivative financial instruments to manage the effect of changes in currency exchange rates. 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 Part VII No.55 "Hedging" in Section 10.

V). Sales of Major Assets and Equity

☐ Applicable √ Not applicable

VI). Analysis of companies controlled by or invested in the Company

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

Company Name	Registered/Subscribed Capital	Business	Total assets	Net assets	Net profit	Change
Adisseo France S.A.S	EUR 83,417,000	R&D, production and distribution	8,289,367,367	4,938,839,098	689,113,554	*NA*
Bluestar Adisseo Nanjing Co., Ltd	RMB 2,839,460,570	R&D, production and distribution	4,492,189,170	4,152,398,026	120,540,654	*NA*
Adisseo Life Science (Shanghai) Co., Ltd	USD 700,000	Distribution & Sourcing	1,487,305,426	662,673,047	29,387,588	*NA*
Adisseo USA Inc.	USD 3,139,000	Distribution	604,438,234	363,452,717	22,847,659	*NA*
Adisseo Brasil Nutriçao Animal Ltda	BRL 1,987,106	Distribution	346,286,568	-12,304,486	-10,393,956	*NA*

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

Company Name	Adisseo France S.A.S	Bluestar Adisseo Nanjing Co., Ltd
Business	R&D, production and distribution	R&D, production and distribution
Revenue	4,818,733,371	734,377,924

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

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

VII). Structured entities controlled by the Company

☐ Applicable √ Not applicable

III. Other Disclosure Matter

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

☐ Applicable √ Not applicable

2. Possible risks in the future

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

As an international company, Adisseo provides products and services to around 3,900 customers in over 110 countries and regions. Its performance, financial position and future will be affected by the global macro economy. Although the global economy has demonstrated signs of slow recovery, there exists significant disparity among the recovery process for each economic actor. 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.

(2) Risks related to imbalance of supply and demand

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

(3) Risks related to market competition

Adisseo faces competition from large and well-known companies with strong financial positions as well as competition from 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 Nanjing and European plants.

(4) 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 47 subsidiaries, 40 are located outside China Mainland, over 80% 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.

(5) Risks related to compliance, law, the regulatory framework and environmental protection policies

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. Risks could result from failure to comply with the corresponding regulations. To minimize compliance risks, extensive training and sensitization of 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, and environmental law (detail please see below). Changes in public law could also give rise to legal risks or materially alter such risk positions.

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

(6) Risks related to hazardous chemicals

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

(7) Risks related to raw materials and energy

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

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

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

(9) Risks related to Human Resources

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

(10) Risks related to accidents and disasters including diseases outbreak

In order to minimize the potential risks of the shutdown of production facilities or accidents involving the production facilities which will adversely affect the company, the local 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 will be 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 demand for the products used as nutritional ingredients for animal feed. Frequent outbreaks of poultry or livestock diseases around the world may materially and adversely affect the business, financial position and results of operations of the Company.

In addition, the business activities of the Companies are becoming increasingly dependent on computer network systems, and although the 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.

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

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

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

(12)Risks related to exchange rate

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

BANG (with functional currency in EUR) issued, on March 27, 2014, 400,000,000 preferred shares with nominal value of 1 US Dollar per share recorded at the historical value for RMB 2,416,862,000 as an equity instrument. As of June 30 2020, the net exposure on shareholders' equity amounts to a potential loss of RMB 253,241,376.

(13)Risks related to customer credit

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

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

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

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

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

(16)Product liability claims and litigation

During the normal course of its business, Adisseo may be subject to actual or threatened legal proceedings, arbitration or administrative penalties arising from disputes with respect to product liability, patents and other intellectual property rights or any other claim or action brought during the course of its business. Such disputes, legal proceedings or arbitration may adversely affect Adisseo's operations and reputation. If any of the judgments or arbitral awards or decisions of the authorities is made against Adisseo, Adisseo may need to recall its products, change the formula of its products or stop selling its products. In addition, even without a court decision, confirmed or suspected defectiveness of a batch of product may prompt a Adisseo or client to launch a recall of products.

(17)Risks related to insurance policy coverage

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

(18)Risks related to intellectual property

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

(19)Risks related to labor disputes

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

(20) 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, however, may not be able to generate the synergies or other positive effects it originally expected due to changes in the business environment surrounding the Company or its acquisition.

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

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

IV. 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 5 Significant Matters

I. Brief introduction to General Shareholders' Meetings

Meetings	Convening Date	Index Reference for the Resolutions published on the website	Disclosure date of the resolution published
2019 Annual General Meeting	April 27, 2020	2020 - 012	April 28, 2020

The company held one shareholder meeting during the reporting period: General Assembly of Shareholders for FY2019. The meeting reviewed and approved proposals on annual report, board working reports, profit distribution plan, appointment of auditor and internal control auditor, and approval of new director. For the resolution of this meeting, please refer to the relevant announcement above.

II. Profit distribution of ordinary shares or capitalization of reserves

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

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

III. Fulfilment of Commitments

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

☐ Applicable √ Not applicable

IV. Appointment and resignation of Statutory Auditor

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

On March 20, 2020, the board of directors deliberated and passed the proposal to appoint KPMG LLP as statutory Auditor for 2020. This proposal is approved by the 2019 Annual General Assembly on April 27, 2020.

Change of Statutory Auditor
☐ Applicable √ Not applicable

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

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

V. Restructuring matters relating to bankruptcy

☐ Applicable √ Not applicable

VI. Significant lawsuits and arbitrations

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

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

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

☐ Applicable √ Not applicable

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

Descriptions of equity incentive measures
☐ Applicable √ Not applicable

Others:
☐ Applicable √ Not applicable

Employee stock
☐ Applicable √ Not applicable

Other incentive measures
√ Applicable ☐ Not applicable

In order to help attract and retain "highly qualified" executives with expertise and experience, the Company has set up a long-term incentive plan that can lead to global growth and to motivate executives to create long-term shareholder value and achieve interim milestones. The fifth Meeting of 7th Session of the Board deliberated and approved the proposal on 2019 Short Term Remuneration Policy. The sixth Meeting of 7th Session of the Board deliberated and approved the proposal on listed company's executive management remuneration policy, which maks the compensation more directly tied to the market value.

For details, please refer to Section 10. Part V. Important Accounting Policies and Accounting Estimates No. 23 Employee benefits.

X. Significant related-party transactions

1. Related-party transactions in association with daily transactions

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

(3) Undisclosed items in interim announcement

☐ Applicable √ Not applicable

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

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

√ Applicable ☐ Not applicable

Purchase of 15% shares of Bluestar Adisseo Nutrition Group Limited
On October 23, 2019, Adisseo held the 8th meeting of the 7th session of the board, deliberated and passed the proposal on related-party acquisition of 15% common shares in Bluestar Adisseo Nutrition Group Limited. On December 6, 2019, this proposal has been deliverated and passed by the second extraordinary shareholders' meeting.

On April 28, 2020 the the filing procedures have been completed. More information please refere to the "Announcement on the completion of the acquisition of assets and related-party transaction" (2020-014).

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

☐ Applicable √ Not applicable

(3) Undisclosed items in interim announcements

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

3. Related Party transactions in association with external investments

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

(3) Undisclosed items in interim announcements

☐ Applicable √ Not applicable

4. Related Party transactions in association with loans and debt

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

(3) Undisclosed items in interim announcements

☐ Applicable √ Not applicable

5. Other Material Related Party transactions
☐ Applicable √ Not applicable

6. Others
☐ Applicable √ Not applicable

XI. Major Contracts and Implementation

1. Custody, contracting, leasing
☐ Applicable √ Not applicable

2. Guarantees
☐ Applicable √ Not applicable

3. Other major contracts
☐ Applicable √ Not applicable

XII. Description of anti-poverty work

√ Applicable ☐ Not applicable

1. Anti-poverty work plan
√ Applicable ☐ Not applicable

For Adisseo, its participation in China's targeted poverty alleviation under the guidance of the State Administration for Market Regulation fulfills its commitment to be "deeply rooted in China". As a French multinational enterprise founded for 80 years, Adisseo has been developing in China for more than a decade. In response to China's targeted poverty alleviation, it has explored a mode of combining its advantages with local advantages. On the one hand, it works to actively participate in a number of targeted poverty alleviation projects led by Bluestar Group, its shareholder, and introduce international resources to China's poverty alleviation work through education. Adisseo worked with Gulang County, Gansu Province to organize excellent students from poor families to attend the international summer camp held by Bluestar in Beijing. It also funded students from Huili Area of Sichuan Province to continue their studies and paid close attention to their development in education and life through Xinhua'ai Fund. On the other hand, by relying on its own expertise, it works to help the poverty alleviation through industrial development in poor areas. Considering the natural conditions, economy, social realities, education, science and technology, resources and environment of the target areas, as well as the livelihood and development needs of poor households, it focuses on enhancing the self-development ability of poor areas, and actively provides financial, material and intellectual support, so as to do its best to help the poor get rid of poverty as soon as possible through earnestly performing its social responsibility as a listed enterprise. By giving full play to its advantages in technology, talents and industry, Adisseo will promote the integrated solution of green growth, and push ahead the development of agricultural modernization for poverty alleviation through industrial development.

2. An overview of anti-poverty work during the reporting period
√ Applicable ☐ Not applicable

Adisseo donated 30,000 RMB as the special fund to Lixian County, Longnan City, Gansu Province, to support the poverty alleviation in Luoba Town, Lixian County. This is Adisseo's proactive response to the initiative of the State Administration for Market Regulation for helping and supporting the poor in Lixian County.

3. Anti-poverty achievement
√ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Category	Achievement
1. General information	
1.1 Capital	30,000
1.2 Goods	
1.3 Number of people out of poverty (person)	

4. Progress in the implementation of social responsibility for anti- poverty work
☐ Applicable √ Not applicable

5. Follow-up anti-poverty work plan
√ Applicable ☐ Not applicable

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

XIII. Convertible corporate bonds

☐ Applicable √ Not applicable

XIV. Environmental information

√ Applicable ☐ Not applicable

1. Environmental issues of listed companies and their subsidiaries declared as major pollutant discharge units by the competent environmental protection authorities
√ Applicable ☐ Not applicable

Bluestar Adisseo Nanjing Co., Ltd (hereafter as BANC) has implemented strict environment protection policies and continuous environment excellence projects since its establishment. BANC has been continuously making investment in the area of environment protection and is endeavored to contribute to the sustainability green development of advanced chemical industry.

(1) Information about discharge
√ Applicable ☐ Not applicable

BANC has been implementing strictly environment protection policies, and reducing impact on environment has been a top priority.

(2) Information about anti-pollution facilities' construction and operation
√ Applicable ☐ Not applicable

With one year VOC comprehensive management by controlling from the source, process management, and in-depth cleaning for tail gas, BANC's effluent concentration is far below national standard. All the disorganized waste gas is collected for treatment and OU at battery limit ＜20. BANC is the first plant in NCIP that installed online monitors and released the data to public. BANC continuously reduces disorganized odorous material by updating tank, pipelines, valves and flanges. No odor with Adisseo feature is spotted during patrols. With sulfur stripping process optimization, SO_2 effluent concentration ＜$20mg/m^3$. WESP project passed acceptance test and effluent concentration ＜$10mg/m^3$, which improved effectively tailing with traditional ammonia process of desulfurization.

The WWPT facility adopts the world-leading technology of an international benchmark water treatment company, which has the advantages of strong impact load resistance, large operation flexibility, and compact land size. At present, the average concentration of effluent fully meets the 500mg/L takeover standard of NCIP.

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

√ Applicable ☐ Not applicable

China R&D Center EIA was granted on July 2nd, 2020.

(4) Prepared plan for environmental emergencies

√ Applicable ☐ Not applicable

No environment emergent accident happened in BANC this year. BANC has established environment emergency plan, executed emergency drill regularly, to continuously improve its' capability handling emergent environment incidents.

(5) Environment related self-monitoring program

√ 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. H_2S, dimethyl sulfide, methanethiol, CS_2, NH_3 and other malodorous pollutants and malodorous OU values were 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. This is the first in NCIP, which meets the latest requirements of Jiangsu Province for safety and environmental protection supervision.

(6) Other environmental information

√ Applicable ☐ Not applicable

BANC received the "Administrative Punishment Decision" (Ningxin District Guanhuanzizi [2020] No. 41) from the Bureau of Ecology, Environment and Water Affairs (hereinafter referred to as "EPB") of the Management Committee of Jiangbei New District of Nanjing City on July 29, 2020. Of. The main contents are as follows:

On May 14, 2020, the law enforcement personnel of EPB on-site monitored the concentration of unorganized odors at the plant boundary, and the results showed that it exceeded the standard. EPB determined that the BANC violated Article 18 of the "*Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*". According to the second paragraph of Article 99 of the "*Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*", EPB imposed a fine on BANC. At the same time, because BANC has always attached great importance to environmental protection and has good performance, and the corrective measures are in place with good result, the penalty, decided by EPB, is 277,900 RMB.

BANC has been adhering to the concept of "green production and environmental friendliness", committed to the continuous improvement of environmental protection technology, facilities and operation management, and conduct complete and comprehensive root cause analysis of each suspicious environmental event. BANC completed the rectification of the odor problems found in the inspection immediately on the same day, and the on-site production and maintenance were carefully managed to avoid environmental impact to the greatest extent. BANC actively responds to the requirements of comprehensive improvement of NCIP, strengthens the diagnosis and inspection of effluent gas throughout the plant, and achieves green improvement through source control, process optimization and deep purification of effluent gas.

This administrative punishment has no significant impact on the Company's production and operation activities. Adisseo has requested each subsidiary to further strengthen the study of laws and regulations related to environmental protection, strictly follow the relevant procedures, and strengthen the control and supervision of environmental protection during the production process to avoid such incidents.

The company's 180KT liquid methionine plant in Nanjing was not affected.

2. Information about Listed Companies not declared as major pollutant discharge units
√ Applicable ☐ Not applicable

In the reporting period, the Company and its subsidiaries pay special attention to the education and implementation of environmental protection laws and regulations. The Company emphasized the management and employees the importance of learning the newly revised laws and regulations.

3. Listed Companies not declared as major pollutant discharge units, whose reasons for not disclosing environmental information
☐ Applicable √ Not applicable

4. A description of the subsequent progress or changes in the disclosure of environmental information during the reporting period
☐ Applicable √ Not applicable

5. Others
☐ Applicable √ Not applicable

XV. Description of Other Important Matters

1. Board's analysis on the change in accounting policies, accounting estimates and calculation method
√ Applicable ☐ Not applicable

Since January 1, 2020, the Group has applied CAS No. 14 - Revenue (Section 10, Note V(36)) revised by the Ministry of Finance in 2017.

2. Board's analysis on important corrections of prior period errors
☐ Applicable √ Not applicable

3. Others
☐ Applicable √ Not applicable

Section 6 Share Change and Shareholders

I. Change in share capital in the reporting period

1. Changes in share capital

(1) Changes in share capital

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

(2) Description of changes of share capital

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

2. Changes in shares with trading restrictions

☐ Applicable √ Not applicable

II. Information on Shareholders

1. Total number of shareholders

Total number of shareholders by the end of reporting period	28,957

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	Frozen	10,000,000	Stated owned legal entity
Blusstar-GTJA-19 Bluestar EB guarantee and trust property account	0	680,000,000	25.36	0	Unknown	0	Unknown
China Securities Finance Corporation Limited	0	13,794,697	0.51	0	Unknown	0	Unknown
Jiangsu Juhe Chuangyi Emerging Industry Investment Fund LLP	0	6,607,000	0.25	0	Unknown	0	Unknown
E Fund – ICBC fund No. 2	6,260,680	6,260,680	0.23	0	Unknown	0	Unknown
Hong Kong central clearing limited	2,390,390	5,487,329	0.20	0	Unknown	0	Unknown
China Electronic Investment Holding Company	0	5,185,185	0.19	0	Unknown	0	Unknown

Shares held by top ten shareholders							
Name of shareholder (full name)	Change in the reporting period	Number of shares held by end of the period	Proportion of shares held (%)	Number of shares with trading restrictions	Status of pledged or frozen shares		Type of shareholder
					Share status	Number	
E Fund – ICBC FOF fund	5,134,079	5,134,079	0.19	0	Unknown	0	Unknown
Beijing Research and Design Institute of Rubber Industry	0	3,737,262	0.14	0	Unknown	0	Unknown
Zhejiang Dazhong Import and Export Company	2,400,000	2,400,000	0.09	0	Unknown	0	Unknown

Shares held by top ten shareholders without trading restrictions			
Name of shareholder	Number of shares without trading restrictions held	Type and number of shares	
		Type	Number
China National Bluestar (Group) Co., Ltd.	1,709,387,160	RMB ordinary shares	1,709,387,160
Blusstar-GTJA-19 Bluestar EB guarantee and trust property account	680,000,000	RMB Common share	680,000,000
China Securities Finance Corporation Limited	13,794,697	RMB ordinary shares	13,794,697
Jiangsu Juhe Chuangyi Emerging Industry Investment Fund LLP	6,607,000	RMB ordinary shares	6,607,000
E Fund – ICBC fund No. 2	6,260,680	RMB Common share	6,260,680
Hong Kong central clearing limited	5,487,329	RMB ordinary shares	5,487,329
China Electronic Investment Holding Company	5,185,185	RMB ordinary shares	5,185,185
E Fund – ICBC FOF fund	5,134,079	RMB ordinary shares	5,134,079
Beijing Research and Design Institute of Rubber Industry	3,737,262	RMB ordinary shares	3,737,262
Zhejiang Dazhong Import and Export Company	2,400,000	RMB ordinary shares	2,400,000
Statement on related relationship or acting in concert among the above shareholders	The State-owned corporation shareholders, China National Bluestar (Group) Co., Ltd. and Beijing Research and Design Institute of Rubber Industry (who owns 3,737,262 shares), are subsidiaries of China National Chemical Corporation. 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 and 2019-034. 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		

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

III. Changes in Controlling Shareholder and Ultimate controlling shareholder

□ Applicable √ Not applicable

Section 7 Information on Preferred Shares

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

Section 8 Directors, Supervisors, Senior Management, and Employees

I. Changes in shares held

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

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

√ Applicable ☐ Not applicable

Name	Position	Description of change
Micheal Koenig	Director, deputy chairman	Resigned
Jean-Marc Dublanc	Deputy chairman	Elected
Wu Jingwan	Director	Elected

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

√ Applicable ☐ Not applicable

1. On February 14, 2020, due to change of work, Mr. Michael Koenig tendered his resignation as deputy chairman, the member of Remuneration and Appraisal Committee and the Strategy Committee (please refer to the announcement 2020-003).
2. On March 20, 2020 and March 27, 2020, being approved by the 9th board meeting and general shareholders' meeting for FY2019, Mr. Wu Jingwan has officially been a member of 7th board of director with the same tenure (please refer to the announcements 2020-005 and 2020-012).
3. On March 20, 2020, being approved by 9th board meeting, Jean-Marc Dublanc is appointed as deputy chairman of the 7th session of the board (please refer to the announcement 2020-005).

III. Others

√ Applicable ☐ Not applicable

On July 30, 2020, being approved by 12th board meeting, Gary Wang is appointed as deputy general manager of Adisseo (please refer to the announcement 2020-016).

Section 9 Corporate bonds

□ Applicable √ Not applicable

Section 10 Financial Report

I. Audit report

□ Applicable √ Not applicable

II. Financial Statements

Consolidated Balance Sheet

June 30, 2020

Prepared by: Bluestar Adisseo Company

Unit: Yuan Currency: RMB

	Notes	Current year closing balance	Current year openining balance
Current Assets:			
Cash at bank and on hand	VII.1	3,318,298,349	5,295,065,807
Financial assets at fair value through profit or loss		0	
Derivative financial assets	VII.2	14,640,279	7,784,238
Notes receivable		0	
Accounts receivable	VII.3	1,586,837,565	1,537,943,360
Advances to suppliers	VII.5	84,034,172	60,862,071
Other receivables		56,763,953	41,123,604
Including: interests receivable		12,383,726	10,627,617
dividend receivable		0	
Inventories	VII.6	1,781,908,732	1,678,375,682
Contract assets		0	0
Assets held for sale			
Other current assets	VII.8	246,115,429	380,980,363
Total current assets		**7,088,598,479**	**9,002,135,125**
Non-current Assets:			
Available-for-sale financial assets			
Long-term receivables	VII.9	301,513,544	62,752,154
Long-term equity investments	VII.10	36,740,819	
Investments in other equity instruments	VII.11	13,125,293	11,479,649
Other non-current financial assets	VII.12	283,356,905	32,676,606
Investment properties			
Fixed assets	VII.13	7,254,580,402	7,379,447,515
Construction in progress	VII.14	791,861,025	612,534,221
Assets from right of use			
Intangible assets	VII.15	2,070,015,860	2,154,707,108
Development costs	VII.16	74,679,052	79,629,097
Goodwill	VII.17	1,649,660,261	1,619,510,083
Long-term prepaid expenses		8,969,396	9,821,481
Deferred tax assets	VII.18	123,462,838	113,975,411
Other non-current assets		92,066,720	48,589,640
Total non-current assets		**12,700,032,115**	**12,125,122,965**
TOTAL ASSETS		**19,788,630,594**	**21,127,258,090**
Current Liabilities:			
Short-term borrowings	VII.19	598,046,557	
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities	VII.20	11,320,542	2,063,292
Notes payable			
Accounts payable	VII.22	1,268,961,581	1,099,192,221
Advances from customers			7,568,111
Contract liabilities		18,243,939	
Wages and benefits payable	VII.23	460,310,296	452,038,262
Taxes payable	VII.24	273,571,431	212,310,116
Other payables	VII.25	782,848,228	531,710,168
Including: interests payable		1,602,875	5,581,432
dividends payable		0	123,094,125
Current portion of non-current liabilities	VII.26	268,813,611	161,462,854
Other current liabilities	VII.27	9,940,798	11,611,670
Total current liabilities		**3,692,056,983**	**2,477,956,694**

	Notes	Current year closing balance	Current year openining balance
Non-current Liabilities:			
Long-term borrowings	VII.28	23,501,934	25,759,966
Long-term payables	VII.29	18,581,770	14,635,305
Long-term employee benefits payable	VII.30	385,668,046	408,752,154
Provisions		0	
Deferred income	VII.32	178,679,815	167,565,777
Deferred tax liabilities	VII.18	755,215,991	818,061,803
Other non-current liabilities		0	
Total non-current liabilities		**1,361,647,556**	**1,434,775,005**
Total liabilities		**5,053,704,539**	**3,912,731,699**
SHAREHOLDERS' EQUITY:			
Paid-in capital	VII.33	2,681,901,273	2,681,901,273
Other equity instruments		0	
Capital reserve	VII.34	1,260,973,699	2,111,544,529
Other comprehensive income	VII.35	(421,475,859)	(440,874,572)
Special reserve		0	
Surplus reserve	VII.36	510,422,243	435,642,094
Undistributed profits	VII.37	9,235,532,087	9,009,359,024
Total equity attributable to equity holders of the Company		**13,267,353,443**	**13,797,572,348**
Non-controlling interests		1,467,572,612	3,416,954,043
Total owners' equity		**14,734,926,055**	**17,214,526,391**
TOTAL LIABILITIES AND OWNERS' EQUITY		**19,788,630,594**	**21,127,258,090**

Legal Representative: Jean-Marc Dublanc Person in Charge of the Accounting Body: Jean-Marc Dublanc

Chief Accountant: Yun Cai

Balance Sheet of the Company

June 30, 2020

Prepared by: Bluestar Adisseo Company

Unit: Yuan Currency: RMB

Item	Notes	Current year closing balance	Current year openining balance
Current Assets:			
Cash at bank and on hand	XVIII.1	579,453,298	2,058,211,716
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Advances to suppliers		149,362	109,470
Other receivables	XVIII. 3	11,980,000	707,043,375
Including: interest receivable		11,980,000	9,510,000
dividend receivable		0	697,533,375
Inventories			
Contract assets			
Assets held for sale			
Other current assets			
Total Current Assets		591,582,660	2,765,364,561
Non-current Assets:			
Available-for-sale financial assets			
Long-term receivables			
Long-term equity investments	XVIII. 4	10,500,492,549	7,492,295,416
Investment properties			
Fixed assets		59,678	77,801
Construction in progress			
Assets from right of use			
Intangible assets			
Development costs			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets			
Other non-current assets		3,552,172	3,267,167
Total Non-current Assets		10,504,104,399	7,495,640,384
TOTAL ASSETS		11,095,687,059	10,261,004,945
Current Liabilities:			
Short-term borrowings			
Financial liabilities at fair value through profit or loss			

Derivative financial liabilities			
Notes payable & accounts payable			
Advances from customers			
Contract liabilities			
Wages and benefits payable		84,000	84,000
Taxes payable		210,773	261,692
Other payables		543,279,504	37,971,368
Including: interest payable			
dividend payable			
Liabilities held for sale			
Current portion of non-current liabilities			
Other current liabilities			
Total Current Liabilities		543,574,277	38,317,060
Non-current Liabilities：			
Long-term borrowings			
Notes payables			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total Non-current Liabilities			
Total Liabilities		543,574,277	38,317,060
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		510,422,244	435,642,094
Undistributed profits		678,231,637	423,586,890
Total Owners' Equity		10,552,112,782	10,222,687,885
Total Liabilities And Owners' Equity		11,095,687,059	10,261,004,945

Legal Representative: Jean-Marc Dublanc Person in Charge of the Accounting Body: Jean-Marc Dublanc

Chief Accountant: Yun Cai

Consolidated Income Statement

January- June 2020

Unit: Yuan Currency: RMB

Items	Notes	6 months ended June 30 2020	6 months ended June 30 2019
I. Total operating revenue		**5,885,775,768**	**5,357,393,662**
Including: Operating revenue	VII.38	5,885,775,768	5,357,393,662
II. Total operating costs		**4,805,801,120**	**4,529,018,141**
Including: Cost of sales	VII.38	3,553,612,085	3,465,300,068
Taxes and surcharge	VII.39	56,290,812	44,189,517
Selling and distribution expenses	VII.40	670,109,056	590,008,059
General and administrative expenses	VII.41	324,099,432	327,866,051
Research and development expenses	VII.42	136,076,697	125,019,635
Financial expenses –net	VII.43	65,613,038	(23,365,189)
Including: Interest expenses		6,051,542	2,766,000
Interest income		(40,245,060)	(55,866,411)
Add: Other income		13,842,625	83,083,610
Investment income (loss)		(75,896)	643,272
Including: Income from investments in associates and joint ventures		0	0
Gains (losses) from changes in fair value	VII.44	4,708,838	20,737,864
Credit losses	VII.45	596,030	
Asset impairment losses	VII.46	(5,826,677)	2,004,864
Gain (loss) from disposal of assets		25,165	(5,096,419)
III. Operating profit (loss)		**1,093,244,733**	**929,748,712**
Add: Non-operating income	VII.47	4,060,269	3,120,953
Less: Non-operating expenses	VII.48	4,064,538	300,995
IV. Total profit (Total loss)		**1,093,240,464**	**932,568,670**
Less: Income tax expenses	VII.49	281,555,393	256,459,113
V. Net profit (Net loss)		**811,685,071**	**676,109,557**
Net profit classified by ownership			
Net profit attributable to equity holders of the Company		**719,310,195**	**533,824,375**
Net profit attributable to non-controlling interests		92,374,876	142,285,182
Net profit classified by continuity			
Net profit (loss) from continuing operations		811,685,071	676,109,557
Net profit (loss) from discontinued operations			0
VI. Net other comprehensive income		**177,465,683**	**(5,716,888)**
Other comprehensive income (net of tax) attributable to the owners of the Company	VII.35	**152,074,563**	**8,117,311**
1. Other comprehensive income which will not be reclassified subsequently to profit or loss		**0**	**0**
1) Actuarial differences on defined benefits plans		0	0
2. Other comprehensive income which will be reclassified subsequently to profit or loss		**152,074,563**	**8,117,311**
1) Effective hedging portion of gains or losses arising from cash flow hedging instruments		(5,821,878)	22,073,036
2) Differences on translation arising on translation of foreign currency financial statements		157,896,441	(13,955,725)
Net other comprehensive income attributable to non-controlling interests after tax		**25,391,120**	**(13,834,199)**

Items	Notes	6 months ended June 30 2020	6 months ended June 30 2019
VII. Total comprehensive income		**989,150,754**	**670,392,669**
Total amount of comprehensive income attributable to equity holders of the Company		871,384,758	541,941,686
Total amount of comprehensive income attributable to non-controlling interests		117,765,996	128,450,983
VIII. Earnings per share:			
(I) Basic earnings per share (Yuan/ share)	VII.50	0.27	0.20
(II) Diluted earnings per share (Yuan/ share)	VII.50	0.27	0.20

Legal Representative: Jean-Marc Dublanc Person in Charge of the Accounting Body: Jean-Marc Dublanc

Chief Accountant: Yun Cai

Income Statement of the Company

January- June 2020

Unit: Yuan Currency: RMB

Items	Notes	6 months ended June 30 2020	6 months ended June 30 2019
I. Operating revenues			
Less: Cost of sales			
Business taxes and surcharge			
Selling and distribution expenses			
General and Administrative expenses		5,206,041	7,058,225
Research and development expenses			0
Financial expenses - net		(37,385,372)	(48,967,208)
Including: Interest expenses			0
Interest income		(29,743,158)	(49,084,182)
Add: Other income			
Investment income (loss)	XVIII.5	715,590,000	
Including: Income from investments in associates and joint ventures			
Gains from changes in fair values (losses)			
Credit losses			
Asset impairment losses			
Gain (loss) from disposal of assets			
II. Operating profit (loss)		747,769,331	41,908,983
Add: Non-operating income		32,169	99
Less: Non-operating expenses			0
III. Total profit (Total Loss)		747,801,500	41,909,082
Less: Income tax expenses			0
IV. Net profit (Net Loss)		747,801,500	41,909,082
Net profit classified by continuity			
Net profit (loss) from continuing operations		747,801,500	41,909,082
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		747,801,500	41,909,082
VII. Earnings per share:			
(I) Basic earnings per share		Not applicable	Not applicable
(II) Diluted earnings per share		Not applicable	Not applicable

Legal Representative: Jean-Marc Dublanc   Person in Charge of the Accounting Body: Jean-Marc Dublanc

Chief Accountant: Yun Cai

Consolidated Cash Flow Statement

January- June 2020

Unit: Yuan Currency: RMB

Items	Notes	6 months ended June 30 2020	6 months ended June 30 2019
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		6,089,171,826	5,552,946,255
Refunds of taxes and surcharges		2,683,201	44,344,051
Cash received relating to other operating activities	VII.52(1)	50,177,900	33,940,046
Subtotal of cash inflows from operating activities		**6,142,032,927**	**5,631,230,352**
Cash paid for goods and services		3,445,188,019	3,478,762,343
Cash paid to and on behalf of employees		805,292,676	687,122,167
Payments of taxes and surcharges		264,477,346	14,320,061
Cash paid relating to other operating activities	VII.52(2)	51,561,645	45,047,933
Subtotal of cash outflows for operating activities		**4,566,519,686**	**4,225,252,504**
Net cash flow generated from operating activities		**1,575,513,241**	**1,405,977,848**
II. Cash flows from investing activities:		0	
Cash received from disposals of investment		0	643,272
Cash received from investment income and interest income		38,397,788	51,218,641
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,445,553	2,945,124
Net cash received from disposals of subsidiaries and other business units		0	0
Cash received relating to other investing activities		875,053	912,585
Subtotal cash inflows from investing activities		**40,718,394**	**55,719,622**
Cash paid to purchase fixed assets, intangible assets and other long-term assets		577,260,632	761,621,721
Cash paid to acquire investments		244,673,722	5,828,066
Net cash paid for acquisitions of subsidiaries		35,743,034	0
Cash paid relating to other investing activities		247,296,862	372,350
Subtotal of cash outflows for investing activities		**1,104,974,250**	**767,822,137**
Net amount of cash flow from investing activities		**(1,064,255,856)**	**(712,102,515)**
III. Cash flow from financing activities:		0	
Cash received from capital contributions		0	0

Items	Notes	6 months ended June 30 2020	6 months ended June 30 2019
Including: cash received from capital contributions by non-controlling interests of subsidiaries		0	0
Payment for acquisition of non-controlling interests		0	0
Cash received from borrowings		584,427,571	1,523,942
Cash received from issuance of debentures		0	0
Cash received relating to other financing activities		0	0
Subtotal of cash inflows from financing activities		**584,427,571**	**1,523,942**
Cash repayments of borrowings		5,391,220	465,206
Cash payments for interest expenses and distribution of dividends or profits		593,036,703	538,036,284
Including: dividends and profits paid to non-controlling shareholders of subsidiaries		164,174,570	57,067,525
Cash paid relating to other financing activities	VII.51(6)	2,498,196,109	470,102,299
Subtotal of cash outflows for financing activities		**3,096,624,032**	**1,008,603,789**
Net cash flow from financing activities		**(2,512,196,461)**	**(1,007,079,847)**
IV. Effect of Foreign exchange rate changes on Cash and Cash Equivalents		**24,171,618**	**(8,831,799)**
V. Net increase in cash and cash equivalents		**(1,976,767,458)**	**(322,036,313)**
Add: Opening balance of cash and cash equivalents		5,295,065,807	5,282,336,110
VI. Closing balance of cash and cash equivalents	**VII.53(4)**	**3,318,298,349**	**4,960,299,797**

Legal Representative: Jean-Marc Dublanc Person in Charge of the Accounting Body: Jean-Marc Dublanc

Chief Accountant: Yun Cai

Cash Flow Statement of the Company

January- June 2020

Unit: Yuan Currency: RMB

Items	Notes	6 months ended June 30 2020	6 months ended June 30 2019
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services			
Refunds of taxes and surcharges			
Cash received relating to other operating activities		2,103,720	2,584,881
Subtotal of cash inflows from operating activities		2,103,720	2,584,881
Cash paid for goods and services			
Cash paid to and on behalf of employees		2,203,363	1,391,347
Payments of taxes and surcharges		8,482,068	660,804
Cash paid relating to other operating activities		5,064,659	7,060,746
Subtotal cash outflows from operating activities		15,750,090	9,112,897
Net cash flow generated from operating activities		(13,646,370)	(6,528,016)
II. Cash flow from investing activities:			
Cash received from disposals of investments			
Cash received from investment income and interest income		1,448,349,558	64,867,531
Net cash received from disposals of fixed assets, intangible assets and other long-term assets			
Net cash received from disposals of subsidiaries and other business units			
Cash received relating to other investing activities			
Subtotal of cash inflows from investing activities		1,448,349,558	64,867,531
Cash paid to purchase fixed assets, intangible assets and other long-term assets		0	79,920
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		2,495,087,450	
Subtotal of cash outflows from investing activities		2,495,087,450	79,920
Net amount of cash flow from investing activities		(1,046,737,892)	64,787,611
III. Cash flows from financing activities:			
Cash received from capital contributions			
Cash received from borrowings			
Cash received from issuance of shares			
Cash received from other financing activities			
Subtotal of cash inflows from financing activities			
Cash repayments of borrowings			
Cash payments for interest expenses and distribution of dividends or profits		418,376,603	463,968,920
Cash payments relating to other financing activities			
Subtotal of cash outflows from financing activities		418,376,603	463,968,920
Net cash flow from financing activities		(418,376,603)	(463,968,920)
IV. Effect of Foreign Exchange rate changes on cash and cash equivalents		2,447	(36,359)

Items	Notes	6 months ended June 30 2020	6 months ended June 30 2019
V. Net increment of cash and cash equivalents		(1,478,758,418)	(405,745,684)
Add: Opening balance of cash and cash equivalents		2,058,211,716	2,697,734,689
VI. Closing balance of cash and cash equivalents		579,453,298	2,291,989,005

Legal Representative: Jean-Marc Dublanc   Person in Charge of the Accounting Body: Jean-Marc Dublanc

Chief Accountant: Yun Cai

Consolidated Statement of Changes in Owners' Equity

January- June 2020

Unit: Yuan Currency: RMB

Items	Current period								
	Equity attributable to shareholders of the company							Non-controlling interests	Total
	Paid-in capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits		
1.Ending balance of last year	2,681,901,273	0	2,111,544,529	(440,874,572)	0	435,642,094	9,009,359,024	3,416,954,043	17,214,526,391
Add: increase/(decrease) due to changes in accounting policies									
Increase/(decrease) due to corrections of errors in prior period									
Business combination under common control									
2.Opening balance of current year	2,681,901,273	0	2,111,544,529	(440,874,572)	0	435,642,094	9,009,359,024	3,416,954,043	17,214,526,391
3.Increase/(decrease) for current period(	0	0	(850,570,830)	19,398,713	0	74,780,149	226,173,063	(1,949,381,431)	(2,479,600,336)
(1)Total comprehensive income				152,074,563			719,310,195	117,765,996	989,150,754
(2)Owner's contributions and withdrawals of capital									
(a)Common stock contributed by owners									
(b)Capital contributed by other equity instruments holders									
(c)Share-based payment recorded in owner's equity									
(d) Others									

Items	Current period								
	Equity attributable to shareholders of the company							Non-controlling interests	Total
	Paid-in capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits		
(3)Profits distribution						74,780,149	(493,156,752)	(42,193,970)	(460,570,573)
(a)Appropriation of surplus reserve						74,780,149	(74,780,149)		
(b)Distribution to owner/shareholder							(418,376,603)	(42,193,970)	(460,570,573)
(c)Others									
(4)Transfer within owner's equity			(850,570,830)	(132,675,850)				(2,024,950,453)	(3,008,197,133)
(a)Capitalization of capital reserve									
(b)Capitalization of surplus reserve									
(c)Loss offset by surplus reserve									
(d)Other comprehensive income transferred to retained earnings									
(e)Others			(850,570,830)	(132,675,850)				(2,024,950,453)	(3,008,197,133)
(5) Special reserve									
(a)Transfer to special reserve in the period									
(b) Amount used in the period									
(6) Other	0	0			0		19,620	(3,004)	16,616
4.Ending balance of current period	2,681,901,273	0	1,260,973,699	(421,475,859)	0	510,422,243	9,235,532,087	1,467,572,612	14,734,926,055

Legal Representative: Jean-Marc Dublanc Person in Charge of the Accounting Body: Jean-Marc Dublanc Chief Accountant: Yun Cai

Items	Last period								
	Equity attributable to shareholders of the company							Non-controlling interests	Total
	Paid-in capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits		
1.Ending balance of last year	**2,681,901,273**	**0**	**2,179,598,513**	**(455,324,355)**	**0**	**358,037,159**	**8,838,211,161**	**3,795,949,323**	**17,398,373,074**
Add: increase/(decrease) due to changes in accounting policies									
Increase/(decrease) due to corrections of errors in prior period									
Business combination under common control									
2.Opening balance of current year	**2,681,901,273**	**0**	**2,179,598,513**	**(455,324,355)**	**0**	**358,037,159**	**8,838,211,161**	**3,795,949,323**	**17,398,373,074**
3.Increase/(decrease) for current period(			(66,680,809)	8,117,311		4,190,909	62,300,941	(329,181,788)	(321,253,436)
(1)Total comprehensive income				8,117,311			533,824,375	128,450,983	670,392,669
(2)Owner's contributions and withdrawals of capital			(66,680,809)				0	(403,423,214)	(470,104,023)
(a)Common stock contributed by owners									
(b)Capital contributed by other equity instruments holders									
(c)Share-based payment recorded in owner's equity									
(d) Others			(66,680,809)					(403,423,214)	**(470,104,023)**
(3)Profits distribution						4,190,909	(468,159,829)	(53,621,425)	**(517,590,345)**
(a)Appropriation of surplus reserve						4,190,909	(4,190,909)	0	0
(b)Distribution to owner/shareholder							(463,968,920)	(53,621,425)	(517,590,345)

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		
(c)Others									
(4)Transfer within owner's equity							(3,322,225)	(586,275)	(3,908,500)
(a)Capitalization of capital reserve									
(b)Capitalization of surplus reserve									
(c)Loss offset by surplus reserve									
(d)Other comprehensive income transferred to retained earnings							(3,322,225)	(586,275)	(3,908,500)
(e)Others									
(5) Special reserve									
(a)Transfer to special reserve in the period									
(b) Amount used in the period									
(6) Other	0	0	0		0		(41,380)	(1,857)	(43,237)
4.Ending balance of current period	**2,681,901,273**	**0**	**2,112,917,704**	**(447,207,044)**	**0**	**362,228,068**	**8,900,512,102**	**3,466,767,535**	**17,077,119,638**

Legal Representative: Jean-Marc Dublanc Person in Charge of the Accounting Body: Jean-Marc Dublanc Chief Accountant: Yun Cai

Statement of Changes in Owners' Equity of the Company

January- June 2020

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				435,642,094	423,586,890	10,222,687,885
II. Opening balance of current year	2,681,901,273				6,681,557,628				435,642,094	423,586,890	10,222,687,885
III. Amount increased or decreased of current period (decrease filled out with "-")											
(I) Total amount of comprehensive income											
(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											
2. Distribution to owners (or shareholders)											
3. Others											

(IV) Internal carry-forward of owners' equity											
1. Capital reserve converted to increase capital (or capital stock)											
2. Surplus reserve converted to increase capital (or capital stock)											
3. Losses covered with surplus reserve											
4. Others											
(V) Special reserves											
1. Withdrawn in current period											
2. Used in current period											
IV. Closing balance of current period											

Legal Representative: Jean-Marc Dublanc Person in Charge of the Accounting Body: Jean-Marc Dublanc Chief Accountant: Yun Cai

Items	Last 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				358,037,159	465,347,234	10,186,843,294
II. Opening balance of current year	2,681,901,273				6,681,557,628				358,037,159	465,347,234	10,186,843,294
III. Amount increased or decreased of current period (decrease filled out with "-")									4,190,909	(426,250,747)	(422,059,838)
(I) Total amount of comprehensive income										41,909,082	41,909,082
(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									4,190,909	(468,159,829)	(463,968,920)
1. Withdrawal of surplus reserve									4,190,909	(4,190,909)	0
2. Distribution to owners (or shareholders)										(463,968,920)	(463,968,920)
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				362,228,068	39,096,487	9,764,783,456

Legal Representative: Jean-Marc Dublanc Person in Charge of the Accounting Body: Jean-Marc Dublanc Chief Accountant: Yun Cai

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. Bluestar Group is the parent company of BNCM, China National Chemical Corporation is the Company's ultimate controlling shareholder.

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

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

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

2. Scope of consolidated financial statements

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

IV. Basis for Preparation of Financial Statements

Basis of accounting and principle of measurement

The Group has adopted the Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance ("MoF").

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

1. Basis of accounting and principle of measurement

The Group has applied the CAS No.22 - Financial Instruments: Recognition and Measurement (Revised), CAS No.23 - Transfer of Financial Assets (Revised), CAS No.24 - Hedge Accounting (Revised) and CAS No.37 - Presentation and Disclosures of Financial Instruments (Revised) (collectively "new financial instruments standards") since 1 January 2019 (Note V(9)). Since January 1, 2020, the Group has applied CAS No. 14 - Revenue (Note V(36)) revised by the Ministry of Finance in 2017. The group has not applied CAS No. 21 - lease revised by the Ministry of Finance in 2018.

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 (12)), amortization/depreciation for fixed/intangible assets (Note V (15) (18)), condition for capitalized development expenditure (Note V (18)), revenue recognition (Note V (27)), etc.

See Note V (35) for the key judgments in applying the significant accounting policies adopted by Group.

V. Important Accounting Policies and Accounting Estimates

1. Statement of compliance

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises issued by MOF, truly and completely reflect the Company's consolidated financial standing, consolidated operating results, change of shareholders' equity, and cash flow, etc.

These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for financial Reports" as revised by the China Securities Regulatory Commission ("CSRC") in 2014.

2. Fiscal period

The Company's fiscal year is from 1 January to 31 December in the Gregorian calendar. The fiscal period of this financial statements is from January 1, 2019 to June 30, 2019.

3. Business cycle

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

4. Functional currency

The Group's financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled. Some of the Company's subsidiaries have functional currencies that are different from the Company's functional currency. Their financial statements have been translated based on the accounting policy set out in Note V (9).

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

(1) Business combination under common control

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

(2) Business combination not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill (Note V (19)). If (1) is less than (2), the difference is recognized in profit or loss for the current period. The costs of issuing equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognized in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognized by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

6. Method for preparation of consolidated financial statements

(1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Non-controlling interests are presented separately in the consolidated balance sheet within owners' equity. Net profit or loss attributable to non-controlling owners is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling owners is presented separately in the consolidated income statement below the total comprehensive income line item.

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

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

(2) Subsidiaries acquired through a business combination

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

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

(3) Disposal of subsidiaries

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

(4) Changes in non-controlling interests

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

7. Joint venture arrangement and accounting treatment

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 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 recognised 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 recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

8. 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.

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

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognized in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition, construction or production of qualifying assets (Note V (17)). Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date.

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

10. Financial instruments

Financial instruments include cash at bank and on hand, investments in debt and equity securities other than those classified as long-term equity investments (see Note V.14), receivables, payables, loans and borrowings, debentures payable and share capital.

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

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

A financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities 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. A trade receivable without a significant financing component is initially measured at the transaction price according to Note V.27.

(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 amortised 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 amortised 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.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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 recognised in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets at amortised cost

  These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise 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 recognised in profit or loss. Other net gains and losses are recognised 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 recognised as income in profit or loss. Other net gains and losses are recognised 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 amortised 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 recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

- Financial liabilities at amortised cost

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

(4) Offsetting

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 recognised amounts;

- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(5) Derecognition of financial assets and financial liabilities

Financial asset is derecognised 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 recognised 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 recognised directly in other comprehensive income for the part derecognised.

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

(6) Impairment

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

- financial assets measured at amortised cost;
- contract assets; and
- debt investments measured at FVOCI

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[, lease receivables] and contract assets 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[, lease receivables] and contract assets, 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.

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 amortised 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 recognised as an impairment gain or loss in profit or loss. The Group recognises 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 recognised 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 recognised in shareholders' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

When the Company repurchases its own shares, those shares are treated as treasury shares. All expenditure relating to the repurchase is recorded in the cost of the treasury shares, with the transaction recording in the share register. Treasury shares are excluded from profit distributions and are presented as a deduction under shareholders' equity in the balance sheet.

When treasury shares are cancelled, the share capital should be reduced to the extent of the total par value of the treasury shares cancelled. Where the cost of the treasury shares cancelled exceeds the total par value, the excess is deducted from capital reserve (share premium), surplus reserve and retained earnings sequentially. If the cost of treasury shares cancelled is less than the total par value, the difference is credited to the capital reserve (share premium).

When treasury shares are disposed of, any excess of proceeds above cost is recognised in capital reserve (share premium); otherwise, the shortfall is deducted against capital reserve (share premium), surplus reserve and retained earnings sequentially.

(8) Equity instrument

Convertible instruments containing an equity component

Convertible instruments issued by the Group that can be converted to equity shares, where the number of shares to be issued and the value of consideration to be received at that time do not vary, are accounted for as compound financial instruments containing both liability and equity components.

The initial carrying amount of a compound financial instrument is allocated to its equity and liability components. The amount recognised in the equity is the difference between the fair value of the instrument as a whole and the separately determined fair value of the liability component (including the fair value of any embedded derivatives other than the equity component). Transaction costs that relate to the issuance of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method, unless it is designated upon recognition at fair value through profit or loss. The equity component is not re-measured.

If the convertible instrument is converted, the liability component, together with the equity component, is transferred to equity. If the convertible instrument is redeemed, the consideration paid for the redemption, together with the transaction costs that relate to the redemption, are allocated to the liability and equity components. The method used to allocate the consideration and transaction costs is the same as that used for issuance. After allocating the consideration and transaction costs, the difference between the allocated and carrying amounts is charged to profit and loss if it relates to the liability component or is directly recognised in equity if it relates to the equity component.

- Other convertible instruments not containing an equity component

For other convertible instruments issued by the Group which do not contain an equity component, at initial recognition, the derivative component is measured at fair value, and any excess of proceeds over the derivative component is recognised as the liability component.

The derivative component is subsequently measured at fair value, and gains or losses from the changes in the fair value are recognised in profit or loss. The liability component is subsequently carried at amortised cost using the effective interest method.

On conversion, the carrying amounts of the derivative and liability components are transferred to equity. If the instrument is redeemed, any difference between the redemption amount paid and the carrying amounts of both components is recognised in profit or loss.

11. Impairment of receivables

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12. Inventory

(1) Classification and cost

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

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

(2) Cost of inventories delivered

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

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

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realizable value of materials held for use in the production is measured based on the net realizable value of the finished goods in which they will be incorporated. The net realizable value of the inventory held to satisfy sales or service contracts is measured based on the contract price, to the extent of the quantities specified in sales contracts, and the excess portion of inventories is measured based on general selling prices.

Any excess of the cost over the net realizable value of each class of inventories is recognized as a provision for the impairment, and is recognized in profit or loss.

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

The Group maintains a perpetual inventory system.

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

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

13. Contract assets

Not applicable

14. Long-term equity investments

(1) Investment cost of long-term equity investments

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

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

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

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

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

(2) Subsequent measurement of long-term equity investment

a. Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement 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 (20).

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 (20).

(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.

15. Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in production of goods or for administrative purposes with useful lives over one year.

The cost of a purchased fixed asset comprises the purchase price, related taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labor, capitalized borrowing costs (Note V (17)), and any other costs directly attributable to bringing the asset to working condition for its intended use.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognized as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognized as assets if the criteria to recognize fixed assets are satisfied, and the carrying amount of the replaced part if derecognized. The costs of the day-to-day servicing of fixed assets are recognized in profit or loss ass incurred.

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

(2) Depreciation method

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale.

The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

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

For the land outside China, no depreciation is provided.
Useful lives, estimated residual value and depreciation methods are reviewed at least at each year-end.

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

(4) Disposal of fixed assets

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

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

16. Construction in progress

The construction in progress is measured as per the cost incurred actually. The actual cost includes building cost, installation cost, borrowing costs meeting capitalization conditions, and any other costs directly attributable to bringing the asset to working condition for its intended use.
The construction in process, when reaching the predicted usable state, will be transferred into fixed assets, and have depreciation withdrawn from the next month.
Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (Note V (20)).

17. Borrowing costs

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

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

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

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

The capitalization period is the period from the date of commencement of capitalization of borrowing costs to the date of cessation of capitalization, excluding any period over which capitalization is suspended. Capitalization of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition and construction 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.

18. Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (Note V (20)). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortized using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale.

The respective amortization periods for such intangible assets are as follows:

	Amortization period
Land use right	50 years
Trademark	20-40 years
Software	3-5 years
Patents	The legal protection (10-15years) or the useful life if shorter
Technology	Expected benefit life (15-25)
Customer relationships	Expected benefit life (8-20)

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

Expenditure on an internal research and development project is classified into expenditure during the research phase and expenditure during the development phase. Expenditure during the research phase expensed when incurred. Expenditure during the development phase is capitalized if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development. Capitalized development costs are stated in the balance sheet at cost less impairment losses (Note V (20)). Other development expenditure is recognized as an expense in the period in which it is incurred.

19. 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 (20)). 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.

20. Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:
- fixed assets
- construction in progress
- intangible assets
- long-term equity investments
- goodwill

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group, or set of asset groups, that is expected to benefit from the synergies of the combination for the purpose of impairment testing.

An asset group is composed of assets directly related to cash-generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (Note V (21)) 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.

21. 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.

22. Contract liabilities

Not applicable

23. Employee benefits

(1) Short-term employee benefits

Short-term employee benefits include employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or 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 – defined contribution plans

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

(4) Post-employment benefits – defined benefit plans

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

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

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

(5) Long-term bonus payment

In order to 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.

One shot long-term incentive for market share introduction

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

24. Provisions and contingent liabilities

A provision is recognized for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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

- Where the contingency involves a single item, the best estimate is the most likely outcome
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

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

25. Preferred shares

At initial recognition, the Group classifies the preferred shares issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial assets, financial liabilities and equity instruments.
Preference shares and perpetual bonds issued containing both equity and liability components are accounted for using the accounting policy for convertible instruments containing an equity component. Preference shares and perpetual bonds issued not containing an equity component are accounted for using the accounting policy for other convertible instruments not containing an equity component.

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

The preferred shares issued by the Company's subsidiary is classified as equity instruments, due to the following features:

- The board of the directors of the issuer has the discretion to determine whether to declare a dividend distribution or not. The board resolution of the issuer should include the amount of preferred share dividend to be paid.
- The board of the directors shall be entitled at its sole discretion to pay or delay the payment of the preferred share dividend.

26. Profit distributions to owners

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

27. Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

(1) Sale of goods

Revenue is recognised 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. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation.

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 recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The consideration which the Group expects to refund to the customer is recognised as refund liabilities and excluded from transaction price. Where the contract contains a significant financing component, the Group recognises 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 amortised 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 recognises 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 recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- 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 recognises 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 recognised when the goods are delivered to the designated places and accepted by the customers, revenue for export sales is generally recognised when the goods are received by the shipping companies.

Therefore, the new revenue standards does not generate any material change in the accounting principles applied by the Group.

(2) Interest income

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

28. 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 to profit or loss on a straight-line basis 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. A grant that compensates the Group for expenses already incurred is recognized in profit or loss in the current period.

29. Income tax

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

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

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

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

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

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the 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.

30. Operating leases and finance leases

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

(1) Operating lease charges

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

(2) Assets acquired under finance leases

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the carrying amount of the leased assets and the minimum lease payments is recognized as unrecognized finance charges. Initial direct costs attributable to a finance lease that are incurred by the Group are added to the carrying amount of the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Notes V (15) and V (20), respectively.

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

Unrecognized finance charge under a finance lease is amortized using an effective interest method over the lease term. The amortization is accounted for in accordance with the principles of borrowing costs (Note V (17)).

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

31. Discontinued operations

The Group classifies a separate component as a discontinued operation either upon disposal of the operation or when the operation meets the criteria to be classified as held for sale, if it is separately identifiable, and satisfies one of the following conditions:

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

Where an operation is classified as discontinued in the current period, profit or loss from continuing operations and profit or loss from discontinued operations are separately presented in the income statement for the current period. Profit or loss from continuing operation in the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

32. Hedge accounting

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

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

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

The hedge is assessed by the Group for effectiveness on an ongoing basis and judged whether it was highly effective throughout the accounting periods for which the hedging relationship was designated. A hedge is regarded as highly effective if both of the following conditions are satisfied:
- At the inception and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated; and
- The actual results of offsetting are within a range of 80% to 125%.

(1) Cash flow hedges

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

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

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

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

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

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

(2) Fair value hedges

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

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

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

33. Related parties

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

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

34. 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.

35. Important accounting estimates and their key assumptions

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

Except for accounting estimates relating to depreciation and amortization of assets such as fixed assets and intangible assets (see Notes V (15) and (18)) and provision for impairment of various types of assets (see Notes V (4), (6), (13), (14), (15), (17)). Other significant accounting estimates are as follows:

Note VII (30) – Post-employment benefits – defined benefit plans
Note XI - Fair value of financial instruments.

36. Change of important accounting policies and accounting estimates

(1) Change of important accounting policies

√ Applicable ☐ Not applicable

From 1 January 2020, the Group has applied the following revised accounting standards issued by the MOF in 2017: CAS No. 14 - Revenue (Revised)" ("new revenue standards"). The new revenue standard replaces the "CAS No. 14 - Revenue" and "CAS No. 15 - construction contract" (“old revenue standards”)issued by the MOF in 2006.

Under the old revenue standards, the group takes the risk and reward transfer as key judgment of revenue recognition point. The Group's revenue from sales of goods is recognized when the following conditions are met at the same time:

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

The revenue from services rendered and construction contracts shall be recognized according to the percentage of completion method on the balance sheet date.

Under the new revenue standards, revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

The Group satisfies a performance obligation over time if some specific criteria is met; or otherwise, a performance obligation is satisfied at a point in time. 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.

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 recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where the contract contains a significant financing component, the Group recognises 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 amortised using an effective interest method over the contract term.

The Group adjusted the relevant accounting policies according to the new revenue standards on specific transactions. For example: contract cost, quality guarantee deposit, distinction between main responsible person and agent, sales with sales return clause, additional purchase option, intellectual property license, repurchase arrangement, advance payment from customers, and treatment of initial fee without return.

According to the new revenue standards, the Group presents contract assets or contract liabilities in the balance sheet according to the relationship between performance obligations and customer payment. At the same time, the Group provides more disclosure on the information disclosure requirements related to revenues according to the new revenue standards.

(2) Change of important accounting estimates

☐ Applicable √ Not applicable

(3) Adjustments of relevant opening accounts when first implementation of the new revenue standards and new leases standards in 2020.

The following table provide the effect of adjustments: Affected assets and liabilities items in the consolidated balance sheet and company balance sheet as at 31 December 2019:

Consolidated Balance Sheet

Unit: Yuan Currency: RMB

	2019/12/31	2020/01/01	Adjustment amount
Current Assets:			
Cash at bank and on hand	5,295,065,807	5,295,065,807	
Financial assets held for trading			
Financial assets at fair value through profit or loss			
Derivative financial assets	7,784,238	7,784,238	
Notes receivable			
Accounts receivable	1,537,943,360	1,537,943,360	
Advances to suppliers	60,862,071	60,862,071	
Other receivables	41,123,604	41,123,604	
Including: interest receivable	10,627,617	10,627,617	
dividend receivable			
Inventories	1,678,375,682	1,678,375,682	
Contract assets			
Other current assets	380,980,363	380,980,363	
Total current assets	**9,002,135,125**	**9,002,135,125**	
Non-current Assets:			
Available-for-sale financial assets			
Debt investments			
Other debt investments			
Long-term receivables	62,752,154	62,752,154	
Long-term equity investments			
Investments in other equity instruments	11,479,649	11,479,649	
Other non-current financial assets	32,676,606	32,676,606	
Investment properties			
Fixed assets	7,379,447,515	7,379,447,515	
Construction in progress	612,534,221	612,534,221	
Construction materials			
Fixed assets pending for disposal			

	2019/12/31	2020/01/01	Adjustment amount
Right-of-use assets			
Intangible assets	2,154,707,108	2,154,707,108	
Development costs	79,629,097	79,629,097	
Goodwill	1,619,510,083	1,619,510,083	
Long-term prepaid expenses	9,821,481	9,821,481	
Deferred tax assets	113,975,411	113,975,411	
Other non-current assets	48,589,640	48,589,640	
Total non-current assets	**12,125,122,965**	**12,125,122,965**	
TOTAL ASSETS	**21,127,258,090**	**21,127,258,090**	
Current Liabilities:			
Short-term borrowings			
Financial liabilities held for trading			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities	2,063,292	2,063,292	
Notes payable			
Accounts payable	1,099,192,221	1,099,192,221	
Advances from customers	7,568,111	0	(7,568,111)
Contract liabilities	0	7,568,111	7,568,111
Wages and benefits payable	452,038,262	452,038,262	
Taxes payable	212,310,116	212,310,116	
Other payables	531,710,168	531,710,168	
Including: interest payable	5,581,432	5,581,432	
dividends payable	123,094,125	123,094,125	
Current portion of non-current liabilities	161,462,854	161,462,854	
Other current liabilities	11,611,670	11,611,670	
Total current liabilities	**2,477,956,694**	**2,477,956,694**	
Non-current Liabilities:			
Long-term borrowings	25,759,966	25,759,966	
Lease liabilities			
Long-term payables	14,635,305	14,635,305	
Long-term employee benefits payable	408,752,154	408,752,154	
Special payables			
Provisions			
Deferred income	167,565,777	167,565,777	
Deferred tax liabilities	818,061,803	818,061,803	
Other non-current liabilities			
Total non-current liabilities	**1,434,775,005**	**1,434,775,005**	
Total liabilities	**3,912,731,699**	**3,912,731,699**	
SHAREHOLDERS' EQUITY:			
Paid-in capital	2,681,901,273	2,681,901,273	
Other equity instruments			
Capital reserve	2,111,544,529	2,111,544,529	
Other comprehensive income	(440,874,572)	(440,874,572)	
Special reserve			

	2019/12/31	2020/01/01	Adjustment amount
Surplus reserve	435,642,094	435,642,094	
Undistributed profits	9,009,359,024	9,009,359,024	
Total equity attributable to equity holders of the Company	**13,797,572,348**	**13,797,572,348**	
Non-controlling interests	3,416,954,043	3,416,954,043	
Total owners' equity	**17,214,526,391**	**17,214,526,391**	
TOTAL LIABILITIES AND OWNERS' EQUITY	**21,127,258,090**	**21,127,258,090**	

Explanation on adjustment items:

☑Applicable ☐ Not applicable

On January 1, 2020, Adisseo began to apply the new revenue standards and present contract assets or contract liabilities in the balance sheet according to the relationship between performance obligations and customer payment. A contract liability is recorded when Group has 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 new revenue standards does not generate any material change in the accounting principles applied by the Group.

Balance Sheet of the Company

Unit: Yuan Currency: RMB

Item	2019/12/31	2020/01/01	Adjustment amount
Current Assets:			
Cash at bank and on hand	2,058,211,716	2,058,211,716	
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Including: notes receivable			
accounts receivable			
Advances to suppliers	109,470	109,470	
Other receivables	707,043,375	707,043,375	
Including: interest receivable	9,510,000	9,510,000	
dividend receivable	697,533,375	697,533,375	
Inventories			
Contract assets			
Assets held for sale			
Other current assets			
Total Current Assets	**2,765,364,561**	**2,765,364,561**	
Non-current Assets:			
Available-for-sale financial assets			

Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	7,492,295,416	7,492,295,416	
Investments in other equity instruments			
Other non-current financial assets			
Investment properties			
Fixed assets	77,801	77,801	
Construction in progress			
Construction materials			
Fixed assets pending for disposal			
Right-of-use assets			
Intangible assets			
Development costs			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets			
Other non-current assets	3,267,167	3,267,167	
Total Non-current Assets	7,495,640,384	7,495,640,384	
Total Assets	**10,261,004,945**	**10,261,004,945**	
Current Liabilities:			
Short-term borrowings			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable			
Advances from customers			
Contract liabilities			
Wages and benefits payable	84,000	84,000	
Taxes payable	261,692	261,692	
Other payables	37,971,368	37,971,368	
Including: interest payable			
dividend payable			
Liabilities held for sale			
Current portion of non-current liabilities			
Other current liabilities			
Total Current Liabilities	**38,317,060**	**38,317,060**	
Non-current Liabilities:			
Long-term borrowings			
Notes payables			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Special payables			
Provisions			
Deferred income			

Deferred tax liabilities			
Other non-current liabilities			
Total Non-current Liabilities			
Total Liabilities	**38,317,060**	**38,317,060**	
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	435,642,094	435,642,094	
Undistributed profits	423,586,890	423,586,890	
Total Owners' Equity	**10,222,687,885**	**10,222,687,885**	
Total Liabilities And Owners' Equity	**10,261,004,945**	**10,261,004,945**	

VI. Taxes

1. Main tax type and tax rate

√ Applicable □ Not applicable

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

Category	Tax base	Tax rate
(1) Enterprise income tax	Taxable income	15% to 34.43%
(2) Value added tax ("VAT")	Taxable value added amount (Tax payable is calculated using the taxable sales amount multiplied by the effective tax rate less deductible VAT input of current period)	5% to 21%
(3) Business tax	Taxable turnover (for French affiliates)	1.5%
(4) Stamp tax	Taxable sales amount, 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	34.43%
Adisseo Espana S.A.	25%
Bluestar Adisseo Nanjing Co., Ltd	15%
Adisseo Life Science (Shanghai) Co., Ltd	25%
Adisseo USA Inc.	21%

Name of the company	Enterprise income tax rate
Adisseo Brasil Nutriçao Animal Ltd	34%
Nutriad Europe N.V.	29.58%

2. Tax preferences

The Group have a new tax preferences in BANC, Nanjing and the tax rate decrease from 25% to 15% in 2019. In December BANC receive officially publication 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

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Cash on hand		
Cash at bank	3,318,298,349	5,295,065,807
Other monetary funds		
Total	**3,318,298,349**	**5,295,065,807**

As at June 30, 2020 and December 31, 2019, no restricted funds within the Group.

2. Derivative financial assets

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Ending balance	Opening balance
Derivative financial instruments held at fair value through profit or loss	0	0
Cash flow hedge instruments	47,766	6,299,293
Fair value hedge instrument	14,592,513	1,484,945
Total	**14,640,279**	**7,784,238**

3. Notes receivable

□ Applicable √ Not applicable

4. Accounts receivable

(1) Accounts receivable

a. Accounts receivable by customer type are as follows

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Accounts receivable for related parties	9,561,161	9,425,493

Accounts receivable from third parties	1,623,679,338	1,579,130,841
Less: provision for bad debts	46,402,934	50,612,974
Total	**1,586,837,565**	**1,537,943,360**

b. The ageing analysis of accounts receivable is as follows

Unit: Yuan Currency: RMB

The ageing is counted starting from the date when accounts receivable are recognised	Closing balance	Opening balance
Within 1 year	1,588,848,968	1,548,046,920
1 to 2 years	13,657,120	3,987,642
Over 2 years	30,734,411	36,521,772
Subtotal	1,633,240,499	1,588,556,334
Less: provision for bad debts	46,402,934	50,612,974
Total	**1,586,837,565**	**1,537,943,360**

c. Accounts receivable analyzed by customers' categories as follows

Unit: Yuan Currency: RMB

Category	30 June 2020					31 December 2019				
	Book Value		Provision for bad and doubtful debts		Carrying amount	Book Value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage	Amount	Percentage		Amount	Percentage	Amount	Percentage	
Individual Assessment										
Collective Assessment	1,633,240,499	100%	46,402,934	100%	1,586,837,565	1,588,556,334	100%	50,612,974	100%	1,537,943,360
Total	**1,633,240,499**	**100%**	**46,402,934**	**100%**	**1,586,837,565**	**1,588,556,334**	**100%**	**50,612,974**	**100%**	**1,537,943,360**

Accounts receivable which are individually significant and assessed individually for impairment at the end of the period:
□ Applicable √ Not applicable

Accounts receivable which are collectively assessed for impairment using the ageing analysis method at the end of the period:
√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Account age	Closing balance		
	Accounts receivable	Bad debt reserve	Withdrawal proportion
Not Yet Due	1,473,894,836	0	0%
Within 60 days	98,807,358	0	0%
61 days to 90 days	4,811,018	652,150	14%
91 days to 180 days	2,465,577	2,080,921	84%
More than 180 days	53,261,710	43,669,863	82%
Total	**1,633,240,499**	**46,402,934**	**3%**

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

□ Applicable √ Not applicable

d. Addition, recovery or reversal of provision for bad and doubtful debts during the period

√ Applicable □ Not applicable

Items	Amounts incurred in the current period
Balance at the beginning of the year	50,612,974
Addition during the year	4,829,167
Recovery or reversal during the year	-5,425,197
Write-off during the year	-42,164
Currency translation difference	-3,571,846
Acquisition of subsidiary companies or businesses	0
Balance at the end of the year	**46,402,934**

Important recovery or reversal of provision for bad and doubtful debit during the period:
□ Applicable √ Not applicable

e. Write-off during the period

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Write-off amount
Write-off amount in accounts receivable	42,164

Important write-off of provision for bad and doubtful debit during the period:
□ Applicable √ Not applicable

f. Five largest accounts receivable by debtor at the end of the period

Unit: Yuan Currency: RMB

	Gross balance	Amount of bad debt reserve	Proportion to the total balance of accounts receivable
The five largest accounts receivable	328,746,715	0	20.13%

g. Derecognition of accounts receivable due to transfer of financial assets

Adisseo Group derecognizes receivables for which the contractual rights to receive the cash flows have been transferred along with substantially all of the risks and rewards of ownership. Transferred receivables are not derecognized when the default risk is retained by the Group. Costs incurred in transferring a receivable are recognized in financial expenses.
As at June 30, 2020, the derecognized account receivables amounted to RMB 326,284,833 (2019: RMB 123,260,552). Cost incurred and recognized as financial expenses amounted to RMB 470,597 (2019 H1: RMB 294,230).

5. Advances to suppliers

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

Unit: Yuan Currency: RMB

Account age	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	78,855,911	93.84%	57,906,329	95.14%
1-2 years	3,133,809	3.73%	1,593,082	2.62%
2-3 years	1,051,824	1.25%	423,563	0.70%
More than 3 years	992,628	1.18%	939,097	1.54%
Total	**84,034,172**	**100%**	**60,862,071**	**100%**

As at June 30, 2020, the advances to suppliers with an account age of more than 1 year were 5,178,260 (Dec. 31, 2019: 2,955,742), which were mainly advance payment for purchasing of materials and services. The goods were not received or service delivered yet, so the accounts were not settled.

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

Unit: Yuan Currency: RMB

	Amount	Proportion to the total amount of advances to suppliers
Total of the five largest advances to suppliers	11,231,000	13.36%

6. Inventories

(1) Inventories by category

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Book value	Provision for decline in value of inventories	Carrying amount	Book value	Provision for decline in value of inventories	Carrying amount
Raw materials	492,517,928	31,864,487	460,653,441	484,790,922	25,443,868	459,347,054
Work in progress	155,461,811	7,642,560	147,819,251	147,682,001	7,502,880	140,179,121
Finished goods	1,187,938,077	14,502,037	1,173,436,040	1,093,087,360	14,237,853	1,078,849,507
Total	**1,835,917,816**	**54,009,084**	**1,781,908,732**	**1,725,560,283**	**47,184,601**	**1,678,375,682**

At the period end, the inventories pledged as security by the Group amounted to RMB 0 (2019: 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	Acquisition of subsidiary	Closing balance

					difference	companies and businesses	
		Provision	Reversal or write-off	Others			
Raw materials	25,443,868	5,826,386	0	0	594,233	0	31,864,487
Work in progress	7,502,880	0	0	0	139,680	0	7,642,560
Finished goods	14,237,853	291	0	0	263,893	0	14,502,037
Total	**47,184,601**	**5,826,677**	**0**	**0**	**997,806**	**0**	**54,009,084**

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

7. Contract assets

☐ Applicable √ Not applicable

8. Other current assets

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Value added tax deductible	156,250,583	238,729,928
Income tax receivable	89,864,846	142,250,435
Total	**246,115,429**	**380,980,363**

.

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	54,582,597	0	54,582,597	62,750,521	0	62,750,521	
Loans to suppliers	1,664	0	1,664	1,633	0	1,633	
Others	246,929,283	0	246,929,283	0	0	0	
Total	**301,513,544**	**0**	**301,513,544**	**62,752,154**	**0**	**62,752,154**	

As at June 30, 2020, the part due within one year was RMB 1,114,540 (as at December 31, 2019 it was RMB 1,688,148).

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

□ Applicable √ Not applicable

10. Longterm equity investments

√ Applicable □ Not applicable

Investment target	Beginning balance	Movement in the period								Ending balance	Impairment ending balance
		Investment increased	Investment decreased	Investment income under equity method	Adjustment in OCI	Other equity adjustment	Dividend declared	Impairment accrued	Other		
Joint Venture		**36,740,819**								**36,740,819**	
Calysseo Limited		**36,740,819**								**36,740,819**	
Total		**36,740,819**								**36,740,819**	

11. Investments in other equity instruments

√ Applicable □ Not applicable

(1) Details of investments in other equity instruments

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Alderys S.A.S	796,100	781,550
Osiris G.I.E	2,000,146	1,963,590
Nor-Feed Holding S.A.S	7,960,920	7,815,422
Other	2,368,127	919,087
Total	**13,125,293**	**11,479,649**

(2) Details of equity investments held not for sale

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Dividend income recognized in the current period	Accumulated gains	Accumulated losses	Other comprehensive income transfers to retained earnings	The reason to designate these investments as fair value through other comprehensiveincome	The reason that Other comprehensive income transfers to retained earnings
Applifarm SAS			(1,544,338)		Management decision	
Well Eating Sustainable Territory S.A.S			(23,542)		Management decision	

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)		62,605,304	32,676,606
Calystar Inc		220,751,601	0
Total		**283,356,905**	**32,676,606**

13. Fixed assets

(3) Fixed assets

Unit: Yuan Currency: RMB

Items	Houses and buildings	Freehold land	Machinery equipment and Others	Total
I. Original book value				
1. Opening balance	3,159,558,139	102,955,926	10,279,523,885	13,542,037,950
2. Increase in current period				
1) Purchasing	359,997	0	36,716,495	37,076,492
2) Transfer from construction in process	44,714,678	5,684,683	136,974,332	187,373,693
3) Others increase				0
3. Decrease in current period				
1) Disposal or retirement	(220,870)	0	(3,095,097)	(3,315,967)
2) Disposal of subsidiary companies and businesses	0	0	0	0
3) Other decrease				0
4. Currency translation	26,248,025	2,075,406	144,690,844	173,014,275
5. Closing balance	**3,230,659,969**	**110,716,015**	**10,594,810,459**	**13,936,186,443**
II. Accumulated depreciation				
1. Opening balance	(934,804,208)	0	(5,086,208,444)	(6,021,012,652)
2. Increase in current period				
1) Current period depreciation	(68,307,901)	0	(359,210,218)	(427,518,119)
2) Other				
3) Acquisition of subsidiary companies and businesses				
3. Decrease in current period				
1) Disposal or retirement	220,870	0	2,836,429	3,057,299
2) Disposal of subsidiary companies and businesses				
3) Other decrease	0	0	0	0
4. Currency translation	(11,559,462)	0	(80,359,592)	(91,919,054)
5. Closing balance	(1,014,450,701)	0	(5,522,941,825)	(6,537,392,526)
III. Impairment reserve				
1. Opening balance			(141,577,783)	(141,577,783)
2. Increase in current period				
1) Current period depreciation				
3. Decrease in current period				
1) Disposal or retirement				
2) Disposal of subsidiary companies and businesses				
4. Currency translation	0	0	(2,635,732)	(2,635,732)

Items	Houses and buildings	Freehold land	Machinery equipment and Others	Total
5. Closing balance	**0**	**0**	**(144,213,515)**	**(144,213,515)**
IV. Carrying amount				
1. Closing carrying amount	**2,216,209,268**	**110,716,015**	**4,927,655,119**	**7,254,580,402**
2. Opening carrying amount	**2,224,753,931**	**102,955,926**	**5,051,737,658**	**7,379,447,515**

(4) Temporarily idle fixed assets

There are no significant temporarily idle fixed assets.

(5) Fixed assets held under finance lease

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Original book value	Accumulated depreciation	Impairment reserve	Book value
Buildings	23,668,053	(14,234,268)	0	9,433,785
Machinery equipment	0	0	0	0
Total	**23,668,053**	**(14,234,268)**	**0**	**9,433,785**

(6) Fixed assets held under operating lease

□ Applicable √ Not applicable

(7) Fixed assets held with unattained certificate

□ Applicable √ Not applicable

14. Construction in progress

Unit: Yuan Currency: RMB

Items		Closing balance	Opening balance
Construction in progress	(1)	791,861,025	612,534,221
Construction materials	(2)	0	0
Total		**791,861,025**	**612,534,221**

(1) 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 E						
Project F						
Project G						
Project H	139,978,000		139,978,000	86,346,000		86,346,000
Project I	1,480,587		1,480,587	57,609,614		57,609,614
Others	650,402,438		650,402,438	468,578,607		468,578,607
Total	**791,861,025**		**791,861,025**	**612,534,221**		612,534,221

a. Movements of major construction projects in progress during the period

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Project name	Budget	Opening balance	Increase in current period	Transfer to fixed assets	Currency translation differences	Acquisition of subsidiary companies and businesses	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	3,499,803,000	86,346,000	53,632,000	-	-		139,978,000	4%	4%				100% equity
Project I	79,848,830	57,609,614	6,270,384	(61,918,476)	(480,935)		1,480,587	80%	80%				100% equity
Others		468,578,607	296,406,126	(126,597,568)	12,015,273		650,402,438						100% equity
Total	**3,579,651,830**	**612,534,221**	**356,308,510**	**(188,516,044)**	**11,534,338**		**791,861,025**						

There is no indicator of impairment for CIP projects.

b. Provision for impairment of construction in progress

□ Applicable √ Not applicable

(2) Construction materials

□ Applicable √ Not applicable

15. Intangible assets

(1) Intangible assets

Unit: Yuan Currency: RMB

Items	Land use rights	Trademark	Patents	Technology	Customer relationships	Software and others	Total
I. Original book value							
1. Opening balance	153,144,120	716,853,748	453,781,273	1,091,378,222	1,500,267,639	384,033,637	4,299,458,639
2. Increase in current period							
1) Purchasing			59,914			21,970,407	**22,030,321**
2) Transferred from construction in process							
3) Acquisition of subsidiary companies and businesses							
4) Other increase							
3. Decrease in current period							
1) Disposal						(2,222,758)	**(2,222,758)**
2) Disposal of subsidiary companies and businesses							
3) Other decrease							
4. Currency translation		423,749	7,510,326	629,142	7,825,270	4,147,737	**20,536,224**
5. Closing balance	**153,144,120**	**717,277,497**	**461,351,513**	**1,092,007,364**	**1,508,092,909**	**407,929,023**	**4,339,802,426**
II. Accumulated amortization							
1. Opening balance	(21,841,120)	(198,448,535)	(423,312,273)	(494,863,587)	(739,352,695)	(266,933,321)	(2,144,751,531)
2. Increase in current period							
1) Current period depreciation	(1,523,120)	(9,467,875)	(2,210,167)	(22,267,251)	(49,955,975)	(29,105,837)	**(114,530,225)**
2) Others increase							
3) Acquisition of subsidiary companies and businesses							

Items	Land use rights	Trademark	Patents	Technology	Customer relationships	Software and others	Total
3. Decrease in current period							
1) Disposal						2,199,523	**2,199,523**
2) Disposal of subsidiary companies and businesses							
3) Other decrease							
4. Currency translation		(114,246)	(7,092,454)	(383,971)	(2,101,350)	(3,012,312)	**(12,704,333)**
5. Closing balance	**(23,364,240)**	**(208,030,656)**	**(432,614,894)**	**(517,514,809)**	**(791,410,020)**	**(296,851,947)**	**(2,269,786,566)**
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	**129,779,880**	**509,246,841**	**28,736,619**	**574,492,555**	**716,682,889**	**111,077,076**	**2,070,015,860**
2. Opening carrying amount	**131,303,000**	**518,405,213**	**30,469,000**	**596,514,635**	**760,914,944**	**117,100,316**	**2,154,707,108**

(2) Land use rights held with unattained certificate

□ Applicable √ Not applicable

16. Development costs

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the current period		Decrease during the current period			Currency translation	Closing balance
		Internal development	Others	Recognized as intangible assets	Recognized in profit or loss	Others		
Development costs	79,629,097	0	0	0	(6,257,798)	0	1,307,753	74,679,052
Total	**79,629,097**	**0**	**0**	**0**	**(6,257,798)**	**0**	**1,307,753**	**74,679,052**

17. Goodwill

√ Applicable □ Not applicable

(1) Changes in goodwill

Unit: Yuan Currency: RMB

Name of investee or events from which goodwill arising	Opening balance	Increase during the current period	Decrease during the current period	Currency translation	Closing balance
Drakkar Group S.A.("DGSA")	730,249,466	0	0	16,093,952	746,343,418
Specialties	696,478,938	0	0	10,467,238	706,946,176
Innov'ia S.A. ("Innov'ia")	192,781,679	0	0	3,588,988	196,370,667
Total	**1,619,510,083**	0	0	**30,150,178**	**1,649,660,261**

The Goodwill on Drakkar Group S.A. concerns Performance Products. The Goodwill of Innov'ia is related to the services of processing powder included in the Other products segment. The Goodwill on specialties is related to the acquisition of Nutriad during the year 2018.

(2) Impairment provision for goodwill

Unit: Yuan Currency: RMB

Name of investee or events from which goodwill arising	Opening balance	Increase in current period		Decrease in current period		Currency translation	Closing balance
		Withdrawal	Other	Disposal	Other		
Drakkar Group S.A.("DGSA")							
Specialties							
Innov'ia S.A. ("Innov'ia")							
Total	**0**						**0**

Explanations of Impairment test, criteria and method of Impairment provision for goodwill:
The recoverable amount of asset groups and groups of asset groups is calculated using the estimated cash flows determined according to the five-year budget approved by management. The cash flows beyond the five-year period are calculated based on the following estimated growth rates.

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

	DGSA	Innov'ia	Specialities
Growth rate of sales	3.5%	2.0%	2.5%

Operating margin	33.0%	34.0%	47.0%
Discount rate	8.5%	8.5%	8.5%

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.

18. Deferred income tax assets/ deferred income tax liabilities

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

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred income tax assets
Deductible losses	120,242,667	34,774,179	151,802,273	43,901,217
Accrued expenses	269,503,763	77,940,488	126,079,510	36,462,194
Balance in fair value of derivative financial instruments	4,899,924	1,417,058	1,783,620	515,823
Property plant equipment and intangible assets	49,846,825	14,415,702	48,857,899	14,129,704
Unrealized profits of internal transactions	343,330,218	99,291,099	216,626,372	62,648,347
Payroll	287,264,062	83,076,767	316,730,525	91,598,468
Others	45,500,025	13,156,784	38,725,924	11,197,759
Total before offsetting	**1,120,587,484**	**324,072,077**	**900,606,123**	**260,453,512**

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

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities

Property plant equipment and intangible assets	3,269,003,097	945,395,696	3,315,988,279	958,983,810
Retirement obligations and employee benefits	0	0	8,296,537	2,399,359
Balance in fair value of derivative financial instruments	12,084,644	3,494,879		
Others	23,978,753	6,934,655	10,915,406	3,156,735
Total before offsetting	**3,305,066,494**	**955,825,230**	**3,335,200,222**	**964,539,904**

(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	(200,609,239)	123,462,838	(146,478,101)	113,975,411
Deferred tax liabilities	(200,609,239)	755,215,991	(146,478,101)	818,061,803

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

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Deductible temporary differences	0	
Deductible losses	1,876,974	1,876,974
Total	**1,876,974**	**1,876,974**

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

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Year	Closing amount	Opening amount
No expiration date	1,876,974	1,876,974
Total	**1,876,974**	**1,876,974**

19. Short term loan

√ Applicable □ Not applicable

Items	Closing balance	Opening balance
Unsecured loan	598,046,557	0
Total	**598,046,557**	**0**

20. Derivative financial liabilities

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Ending balance	Opening balance
Derivative financial instruments held at fair value through profit or loss	1,289,682	609,609
Cash flow hedge instruments	1,966,367	1,313,004
Fair value hedge instruments	8,064,493	140,679
Total	**11,320,542**	**2,063,292**

21. Notes payables

□ Applicable √ Not applicable

22. Accounts payable

(1) 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	1,268,961,581	1,099,192,221
Total	**1,268,961,581**	**1,099,192,221**

b. Important accounts payable with account age of more than 1 year

√ Applicable □ Not applicable

As at June 30, 2020, the accounts payable with account age of more than one year were RMB 15,922 (as at December 31, 2019: RMB 70,879).

23. Wages and benefits payable

(1) Wages and benefits payable

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Reclassification	Acquisition of subsidiary companies and businesses	Currency translation difference	Closing balance
Short-term employee benefits	304,949,541	677,781,761	(671,476,895)	0	0	4,568,772	315,823,179
Post-employment benefits	9,231,282	36,549,305	(33,786,762)	0	0	182,271	12,176,096
Termination benefits							
French profit-sharing plans – short term	88,229,180	26,494,961	(70,423,466)	44,927,585	0	1,670,438	90,898,698
Long-term bonus payments – short term	49,628,259	2,934,226	(20,374,372)	8,986,457	0	237,753	41,412,323
Total	**452,038,262**	**743,760,253**	**(796,061,495)**	**53,914,042**	**0**	**6,659,234**	**460,310,296**

(2) Short-term employee benefits

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increased in current period	Decrease in current period	Reclassification	Acquisition of subsidiary companies and businesses	Currency translation difference	Closing balance
I. Salary, bonus, allowance and subsidy	260,879,853	536,267,670	(544,560,607)	0	0	3,377,042	255,963,958
II. Employee welfare benefit							
III. Social insurance premium	25,415,177	109,599,166	(89,765,364)	0	0	1,027,753	46,276,732
Wherein: Medical insurance premium	25,414,847	109,378,196	(89,544,394)	0	0	1,027,753	46,276,402
Industrial injury insurance premium	330	28,032	(28,032)	0	0	0	330
Maternity insurance premium	0	192,938	(192,938)	0	0	0	0
IV. Housing fund	0	4,472,441	(4,472,441)	0	0	0	0
V. Labor union outlay and employee education outlay	254,892	439,000	(481,000)	(30)			212,862
VI. Others	18,399,619	27,003,484	(32,197,483)	30	(0)	163,977	13,369,627
Total	**304,949,541**	**677,781,761**	**(671,476,895)**	**0**	**0**	**4,568,772**	**315,823,179**

(3) Post-employment benefits

√ Applicable □ Not applicable

Items	Opening balance	Amount increased of current period	Amount decreased of current period	Reclassification	Acquisition of subsidiary companies and businesses	Currency translation difference	Closing balance
Post-employment benefits	9,231,282	36,549,305	(33,786,762)	0	0	182,271	12,176,096

24. Taxes payable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Value-added-tax	23,485,757	26,058,152
Business tax	18,023,387	15,789,568
Enterprise income tax	205,952,515	154,668,199
Individual income tax	730,580	1,000,686
City maintenance and construction tax	69,697	391,210
Others	25,309,495	14,402,301
Total	**273,571,431**	**212,310,116**

25. Other payables

Unit: Yuan Currency: RMB

Items		Closing balance	Opening balance
Interest payable	(1)	1,602,875	5,581,432
Dividends payable	(2)	0	123,094,125
Others	(3)	781,245,353	403,034,611
Total		**782,848,228**	**531,710,168**

(1) Interest payable

□ Applicable √ Not applicable

(2) Dividends payable

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Dividends for ordinary shares	0	123,094,125
Dividends for preferred shares	0	0
Total	**0**	**123,094,125**

Dividends payableas December 2019 correspond to dividends distributed respectively by BANG to the non-controlling shareholders. Dividends from 2019 distribution have been paid on June 12, 2020.

(3) Others

a. Details of other payables listed by nature

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Loans due to related parties	16,328,830	19,678,986
Payables for acquisition of property, plant and equipment	177,845,196	312,653,552
Professional fees payables related to restructuring	0	0
Cautions and guaranties received	18,177,629	18,357,417
Payables on acquisition of financial assets - ST	510,000,000	0
Others	58,893,698	52,344,656
Total	**781,245,353**	**403,034,611**

b. Significant others with ageing of more than one year

√ Applicable □ Not applicable

As at June 30, 2020, other payables with an account age of more than one year were RMB 21,843,103 (as at December 31, 2019: RMB 7,987,194), which were mainly the cash deposit as collateral and loans from related parties. Such loans from associated parties did not have interest and fixed repayment period, and the other parties did not require repayment, so they were not settled yet; such cash deposit as collateral did not come due, and was not settled yet.

26. Current portion of non-current liabilities

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Current portion of long-term borrowings	4,900,895	5,123,943
Current portion of long-term payables	1,019,008	1,492,761
Current portion of provisions*	262,893,708	154,846,150
Current portion of lease liabilities		
Total	**268,813,611**	**161,462,854**

* 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.

27. Other current liabilities

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Others	9,940,798	11,611,670
Total	**9,940,798**	**11,611,670**

28. Long-term borrowings

√ Applicable □ Not applicable

Classification of long-term borrowings

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Pledged loan		
Guarantee loan		
Mortgage loan		
Unsecured	28,402,829	30,883,909
Less: the part due within one year	(4,900,895)	(5,123,943)
Total	**23,501,934**	**25,759,966**

As at June 30, 2020, the range of interest rate for long-term loans was 0%~3.22% (as at December 31, 2019: 0%~3.22%).

29. Long-term payables

Unit: Yuan Currency: RMB

Items		Closing balance	Opening balance
Financial lease	(1)	1,026,969	1,750,672
Other long-term payable		18,573,809	14,377,394

Less : the part to be paid in one year		(1,019,008)	(1,492,761)
Sub-total		**18,581,770**	**14,635,305**
Special payables	**(2)**		0
Total		**18,581,770**	**14,635,305**

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

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Within one year	1,019,008	1,492,761
Between 1 and 2 years	15,922	273,543
Between 2 and 3 years	0	0
Over 3 years	0	0
Sub-total	**1,034,930**	**1,766,304**
Less: unrecognized finance charges	(7,961)	(15,632)
Total	**1,026,969**	**1,750,672**

There is no finance lease guaranteed by independent third party.
The payable for finance lease is recorded at the amount equal to the minimum lease payments less the unrecognized finance charge.

(2) Special payables

□ Applicable √ Not applicable

30. 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	232,683,443	229,423,195
French profit-sharing plans	211,237,174	247,813,874
Long-term bonus payments	74,058,450	69,372,524
Less: The part to be paid in one year	(132,311,021)	(137,857,439)
Total	**385,668,046**	**408,752,154**

The part due within one year includes the short term part of French profit-sharing plan RMB 90,898,698, and the short term part of long term bonus payments RMB 41,412,323.

(2) Change of defined benefit plan

√ Applicable □ Not applicable

a. Change of defined benefit plan

Present value of defined benefit plan obligation

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period				Amount incurred during the last period			
	IFC	GA	Others	Total	IFC	GA	Others	Total
I. Opening balance	**148,494,500**	**59,147,704**	**21,780,991**	**229,423,195**	**136,213,433**	**55,048,810**	**21,933,745**	**213,195,988**
II. Defined benefit plan recognized through profit and loss for the period in which they occur								
1. Service cost of current period	4,538,453	2,215,013	1,173,503	7,926,969	4,074,056	2,090,634	1,870,686	8,035,376
2. Previous service cost								
3. Settlement losses (gains)					0	0	0	0
4. Net amount of interest	549,881	108,427	0	658,308	1,056,804	321,636	0	1,378,440
III. Re-measurement of the net liabilities of defined benefit plans								
1. Actuary losses (profit)					0	0	0	0
IV. Other movements								
1. Price paid during settlement	(6,435,929)	(1,928,455)	(867,418)	(9,231,802)	(2,366,322)	(1,026,172)	(956,110)	(4,348,604)
2. Currency translation differences	2,726,881	1,112,170	348,814	4,187,865	(468,548)	(183,776)	5,640	(646,684)
3. Other movements	0	0	(281,092)	(281,092)	0	0	(1,380,500)	(1,380,500)
V. Closing balance	**149,873,786**	**60,654,859**	**22,154,798**	**232,683,443**	**138,509,423**	**56,251,132**	**21,473,461**	**216,234,016**

Plan assets

☐ Applicable √ Not applicable

Net liabilities (net assets) of defined benefit plan

☐ Applicable √ Not applicable

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

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

b. Main actuarial assumptions

Items	Closing balance	Opening balance
End of Career Benefits (IFC)		
Discount rate	1.50%	1.50%
Inflation rate	2.00%	2.00%
Wages increase rate *(including inflation rate)*	2.80%	2.80%
Mortality Table (1)	TH/TF 00-02	TH/TF 00-02
Retirement age	62 years - 64 years	62 years - 64 years
Bonuses of Seniority (GA)		
Discount rate	1.10%	1.10%
Inflation rate	2.00%	2.00%
Wages increase rate *(including inflation rate)*	2.80%	2.80%
Mortality Table (1)	TH/TF 00-02	TH/TF 00-02
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.

a. Sensitivity analysis

Discount rate	Assumption volatility	Impact on the present value of the defined benefit obligation	
		assumption increase	assumption decrease
End of career benefits (IFC)			
Current period	+/- 0,25 %	(4,456,918)	4,667,582
Bonuses of Seniority (GA)			
Current period	+/- 0,25 %	(1,315,157)	1,368,448

(3) French profit-sharing plans

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

(4) Long-term bonus payments

a. Yearly Mid-term incentive for executives and critical leaders for business plan

Long-term bonus payments includes two types of bonus.

The first one is a bonus only based on Adisseo's results.

The second one is detailed below:

In order to retain and engage Executives Committee Members, the Group has set up 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. The fair values of the incentive plan are based on the Company's stock price at the date of the evaluation for the incentive plan based on the Company's phantom stocks.
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.

The 2018 mid-term incentive plan has been approved by April 24th 2018 and October 24th 2018, board of directors of the Company on the proposal of Remuneration Committee.
For Executive Committee members, it includes

- category A phantom shares, acquired only with co-investment from the Executives Committee Members. The personal investment is caped at 50% of the maximum of individual variable remuneration, and the amount invested is converted in phantom shares.
- category P phantom shares, granted for 3 years under performance conditions and to be present at the date of payment (January 2021).

Category P phantom shares is 361,036 Phantom stocks of the Company. This management incentive plan entitles relevant senior management to a cash payment after completing a 3-year service period from 2018 to 2020 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 during the period from January 1, 2021 to December 31, 2022.

The amount accounted for the plan are:

Current period

Unit: Yuan Currency: RMB

Items	Current period
Accumulated amounts of the liabilities	5,653,652
Expenses accrued/(reversed) during the period	0

The Company has, in accordance with Board of BAC, set out terms and conditions under which a right to receive discretionary variable cash settled compensations would be awarded. These terms and conditions are described below, in the Management Incentive Plan 2019-2021 (« the Plan »).

Eligibility to the Executive Committee and non Executive Committee, the Management Incentive Plan 2019-2021 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 May 17th, 2019, 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 May 17, 2019 converted in Euros (€) on May 17, 2019, i.e. € 1.38 (“one euro and thirty-eight cents”).
- **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 773,985. This management incentive plan entitles relevant senior management to a cash payment after completing a 3-year service period from 2019 to 2021 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, 2022 to January 31, 2022.

The amount accounted for the plan are:

Unit: Yuan Currency: RMB

Items	Current period
Accumulated amounts of the liabilities	9,319,544
Expenses accrued/(reversed) during the period	0

b. One shot long-term incentive for market share introduction – payment

In order to retain and engage high qualified executives with expertise and experience to succeed in market share introduction and share value increase, the Group has set up a one shot incentive plan based on BANG’s (the Company’s subsidiary, which is a Hong-Kong company) phantom stocks. This incentive plan entitles the executives to a cash payment after three years and half or four years of service, with certain performance conditions. The fair value of the incentive plan is based on BANG’s share value, with reference to BAC’s stock value at the date of the evaluation. The bonus will be paid out from April 1, 2018 to June 30, 2020. As the exercise is at the option of grantees and all the phantom stocks have been vested, all the balance of long-term bonus payment is classified as current liabilities as of June 30, 2020.

The amount accounted for the plan are:

Unit: Yuan Currency: RMB

Items	Current period
Accumulated amounts of the liabilities	31,092,845
Expenses accrued/(reversed) during the period	2,935,279

(5) Undiscounted maturity analysis of defined benefit plans

Unit: Yuan Currency: RMB

	Within one year	One to two years	Two to five years	More than five years	Total
IFC	5,031,352	3,566,528	24,591,529	120,680,799	153,870,207
GA	9,051,657	1,783,264	10,906,570	39,351,223	61,092,714
Others	2,335,070	12,490,527	3,528,081	4,300,127	22,653,805

31. Provisions

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in current period	Decrease in current period	Currency translation difference	Closing balance	Reason of recognition
Provision	0	0	0	0	0	Provision for liabilities and charges
Total	**0**	**0**	**0**	**0**	**0**	

32. Deferred income

√ Applicable □ Not applicable

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 subsidies	167,565,777	16,798,471	(6,547,892)	0	863,459	178,679,815
Total	**167,565,777**	**16,798,471**	**(6,547,892)**	**0**	**863,459**	**178,679,815**

Government subsidies:

Unit: Yuan Currency: RMB

Liability projects	Opening balance	Amount of newly increased subsidy in current period	Amount recognized in other income	Acquisition of subsidiary companies and businesses	Currency translation differences	Closing balance	Related to assets / Income
Project B	18,382,056	16,798,471	(434,059)	0	799,397	35,545,865	Assets
Project C	145,371,000	0	(5,866,000)	0	0	139,505,000	Assets
Others	3,812,721	0	(247,833)	0	64,062	3,628,950	Assets
Total	**167,565,777**	**16,798,471**	**(6,547,892)**	**0**	**863,459**	**178,679,815**	

33. 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

34. Capital reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Ending balance
Capital premium (capital stock premium)	842,805,917		(842,805,917)	0
Other capital reserve	1,268,738,612		(7,764,913)	1,260,973,699
Total	**2,111,544,529**	**-**	**(850,570,830)**	**1,260,973,699**

As of April 28, 2020, the group has completed the acquisition of 15% equity of subsidiary Bluestar Adisseo Nutrition Group. The total consideration was CNY 3.086 billion. The difference between the consideration and the 15% share of the subsidiary's net assets continuously calculated from the date of acquisition of the subsidiary was RMB 850,570,830 and was to offset the capital reserve.

35. Other comprehensive income

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Balance at the beginning of the period attributable to shareholders of the Company		Amount incurred during the current period					Balance at the e the period attributable to shareholders of Company
		Share buy back	Before tax amount	Less: transfer to profit or loss that previously recognized	Less: income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests	
Items that will not be reclassified to profit or loss	**(27,134,287)**	**(4,788,324)**	**0**	**0**	**0**	**0**	**0**	**(31,92**
Including: remeasurement of changes in liabilities under defined benefit plans	(25,821,547)	(4,556,664)	0	0	0	0	0	(30,37
Changes in fair value of investments in other equity instruments	(1,312,740)	(231,660)	0	0	0	0	0	(1,54
Items that may be reclassified to profit or loss	**(413,740,285)**	**(127,887,526)**	**150,019,244**	**(17,859)**	**2,073,178**	**152,074,563**	**25,391,120**	**(389,55**
Including: effective portion of gain or loss of cash flow hedge	2,390,768	(1,013,038)	(7,877,197)	(17,859)	2,073,178	(5,821,878)	(1,435,000)	(4,44
Translation difference of foreign financial statements	(416,131,053)	(126,874,488)	157,896,441	0	0	157,896,441	26,826,120	(385,10
Total	**(440,874,572)**	**(132,675,850)**	**150,019,244**	**(17,859)**	**2,073,178**	**152,074,563**	**25,391,120**	**(421,47**

36. Surplus reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	435,642,094	74,780,149	0	510,422,243
Total	**435,642,094**	**74,780,149**	**0**	**510,422,243**

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.

37. Undistributed profit

Unit: Yuan Currency: RMB

Items	Note	Current period	Last period
Undistributed profit of last period before adjustment		9,009,359,024	**8,838,211,161**
Total adjustments (increased +/ decreased -)		0	0
Undistributed profit at the beginning of period after adjustment		9,009,359,024	8,838,211,161
Add: Net profit attributable to the Company's owners in current period		719,310,195	533,824,375
Appropriation of special reserves		0	0
Other comprehensive income transferred to retained earnings		0	3,322,225
Less: Withdrawal of statutory surplus reserve		74,780,149	4,190,909
Dividend distribution	(1)	418,376,603	463,968,920
Others		(19,620)	41,380
Undistributed profit at the end of period	**(2)**	**9,235,532,087**	**8,900,512,102**

(1). Distribution of dividends of ordinary shares declared during the year:

The dividend distribution, amounting to RMB 418,376,603, which has been approved by the General Shareholders' Meeting on April 27, 2020 and paid on June 12, 2020.

(2). Retained earnings at the end of the year:

As at June 30, 2020, the consolidated retained earnings attributable to the Company included an appropriation of RMB 269,348,813 (as at December 31,2019: RMB 255,114,439) to surplus reserve made by the Company's subsidiaries.

38. Operating revenue and operating cost

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period		Amount incurred during the last period	
	Operating revenue	Operating Cost	Operating revenue	Operating Cost
Main businesses	5,885,775,768	3,553,612,085	5,357,393,662	3,465,300,068
Total	**5,885,775,768**	**3,553,612,085**	**5,357,393,662**	**3,465,300,068**

Detail of main businesses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period		Amount incurred during the last period	
	Revenue	Cost	Revenue	Cost
Performance products	4,193,280,098	2,639,189,086	3,895,876,946	2,700,860,785

Specialties products	1,420,876,515	686,216,789	1,150,013,125	566,556,810
Other products	271,619,155	228,206,210	311,503,591	197,882,473
Total	**5,885,775,768**	**3,553,612,085**	**5,357,393,662**	**3,465,300,068**

Revenue generated from contracts

Contract Classifications	Segment Health and nutrition	Total
By product		
- Performance products	4,193,280,098	4,193,280,098
- Specialties products	1,420,876,515	1,420,876,515
- Other products	271,619,155	271,619,155
By territory		
- EUROPA / AFRICA / MO	1,983,749,312	1,983,749,312
- NORTH AMERICA	1,151,791,075	1,151,791,075
- ASIA / PACIFIC	974,547,437	974,547,437
- SOUTH AMERICA	1,086,546,844	1,086,546,844
- CHINA	577,689,254	577,689,254
- Others	111,451,846	111,451,846
Total	**5,885,775,768**	**5,885,775,768**

Explanation on contract commitment (if applicable)

Not applicable

39. Taxes and surcharge

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Business taxes	23,761,046	21,572,915
Property tax	24,515,450	16,501,434
City maintenance and construction tax	3,343,224	2,793,370
Education surcharge and local education surcharges	2,164,527	1,284,170
Others	2,506,565	2,037,628
Total	**56,290,812**	**44,189,517**

40. Selling and distribution costs

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Depreciation expense	4,257,944	4,077,983

Transportation expenses	271,435,199	225,469,426
Personnel expenses	193,180,962	144,460,809
Storage expenses	118,818,764	107,953,648
Commission expenses for delegating agent	29,413,607	30,839,174
Travel expenses	12,971,991	19,089,409
Others	40,030,589	58,117,610
Total	**670,109,056**	**590,008,059**

41. General and administrative expenses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Depreciation expense	20,280,980	15,564,644
Amortisation of intangible assets	72,704,691	71,842,497
Employee benefit expenses	140,739,401	149,642,424
Consulting and other expert services	33,869,882	40,761,007
Travel expenses	5,335,441	9,987,477
Rent expenses	9,190,637	6,335,860
Insurance expenses	4,159,117	4,392,453
Others	37,819,283	29,339,689
Total	**324,099,432**	**327,866,051**

42. Research and development expenses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Depreciation expense	6,650,343	9,204,561
Amortisation of intangible assets	182,475	106,264
Employee benefit expenses	72,873,810	47,061,284
Consulting and other expert services	14,230,253	17,976,491
Travel expenses	1,506,754	2,344,016
Rent expenses	1,639,936	2,553,032
Insurance expenses	0	122,528
Research and exploitation expenses (without Payroll & External Expenses)	41,238,900	95,028,495
Others	(2,245,774)	(49,377,036)
Total	**136,076,697**	**125,019,635**

43. Financial expenses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Interest expenditure	6,051,542	2,766,000
Less: Interest income	(40,245,060)	55,866,411
Net exchange losses / (gains)	90,941,158	17,848,718
Other financial expenses	8,865,398	11,886,504
Total	**65,613,038**	**(23,365,189)**

44. Gains (losses) from changes in fair value

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Source generating the gain (loss) of change on fair value	Amount incurred during the current period	Amount incurred during the last period
Change in fair value of phantom shares	(2,935,279)	3,430,784
Change in fair value of derivative financial instruments	7,644,117	17,307,080
Total	**4,708,838**	**20,737,864**

45. Credit Losses

Credit losses	Amount incurred of current period	Amount incurred of comparative period
Accounts receivable	596,030	0
Total	**596,030**	**0**

46. 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	0	(1,636,246)
II. Provision for decline in value of inventories	(5,826,677)	3,641,110
III. Impairment loss for available-for-sale financial assets	0	0
Total	**(5,826,677)**	**2,004,864**

47. Non-operating income

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

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period	Amount recorded in non-recurring gain or loss of current period

Gains on disposal of non- current assets	0	0	
Including:			
Gains on disposal of fixed assets	0	0	
Gains on disposal of intangible assets	0	0	
Compensation income	0	0	
Government grant	0	0	
Others	4,060,269	3,120,953	4,060,269
Total	**4,060,269**	**3,120,953**	**4,060,269**

48. Non-operating expenses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period	Amount recorded in the non-recurring gain or loss of current period
Losses on disposal of non-current assets	0	0	
Including:			
Losses on disposal of fixed assets	0	0	
Losses on disposal of intangible assets	0	0	
Compensation expenditure	0	0	
Donations	0	0	
Others	4,064,538	300,995	4,064,538
Total	**4,064,538**	**300,995**	**4,064,538**

49. Income tax expenses

(1) Income tax expenses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Current income tax	367,261,936	270,905,406
Deferred income tax	(85,706,543)	(14,446,293)
Total	**281,555,393**	**256,459,113**

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

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Total profit before tax	1,093,240,464	932,568,670
Income tax expenses calculated at applicable tax rates (1)	**376,402,692**	**321,083,393**
Credit Tax	(14,233,514)	(15,280,342)
Difference of tax rates applicable to subsidiary companies (2)	(76,625,228)	(57,890,132)
Change in tax rate	0	0
Income not subject to tax	(4,877,647)	(176,109)
Costs, expenses and losses not deductible for tax purposes	1,242,508	(1,122,364)
Tax losses for which no deferred income tax asset was recognized	0	491,627
Utilization of previously unrecognized tax losses	0	371,446
Others	(353,418)	8,981,594
Income tax expenses	**281,555,393**	**256,459,113**

Income tax expenses calculated at applicable tax rates (1) is calculated at the statutory income tax rate of France, which is the main operation jurisdiction of the Group (34.43% as at June 30, 2020 and December 31, 2019). 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.

50. Basic earnings per share

(1) Basic earnings per share

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Total amount of composite benefits attributable to the Company's owners	719,310,195	533,824,375
Common stock	2,681,901,273	2,681,901,273
Basic earnings per share	0.27	0.20
Basic earnings per share from continue operation (i)	0.27	0.20
Basic losses per share from discontinue operation	0.00	0.00

(i) The weighted average number of shares used for the calculation of the EPS of June 2020 and 2019 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, 2020 to June 30, 2020 and January 1, 2019 to December 31, 2019. The diluted earnings per share/ (loss) is equal to basic earnings per share/ (loss).

51. Supplement to income statement

Unit: Yuan Currency: RMB

Items	Amount incurred of current period	Amount incurred of last period
Operating revenue	5,885,775,768	5,357,393,662
Less : Changes in inventories of raw materials, finished goods and work-in-progress	(80,983,712)	49,927,040
Raw materials, purchased equipment and consumables purchased	2,559,406,154	2,560,927,455
Employee benefit expenses	637,239,693	647,798,849
Depreciation/amortization expenses	548,306,143	445,936,505
Transportation expenses	271,435,199	225,469,426
Storage expenses	118,818,764	107,953,648
Consulting and other expert services	54,296,791	78,298,857
Travel expenses	19,814,186	31,420,902
Rent expenses	17,404,451	16,635,958
Insurance expenses	9,562,894	8,852,479
Commission expenses for delegating agent	29,413,607	30,839,174
Research and exploitation expenses	41,238,900	95,028,495
Taxes	56,290,812	44,189,517
Credit losses	(596,030)	
Asset impairment losses	5,826,677	(2,004,864)

Items	Amount incurred of current period	Amount incurred of last period
Losses/(gain) arising from changes in fair value	(4,708,838)	(20,737,864)
Investment loss / (income)	75,896	(643,272)
Gain/(losses) from asset disposals	(25,165)	5,096,419
Other (income)	(13,842,625)	(83,083,610)
Others	523,557,238	185,739,836
Total Operating profit	**1,093,244,733**	**929,748,712**

52. Items in cash flow statement

(1) Cash received relating to other operating activities

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Others	50,177,900	33,940,046
Total	**50,177,900**	**33,940,046**

(2) Cash paid relating to other operating activities

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Travel expenses	7,142,915	10,139,666
Rent	7,955,646	7,692,907
Insurances	4,133,435	4,296,008
Others	32,329,649	22,919,352
Total	**51,561,645**	**45,047,933**

(3) Cash received relating to other financing activities

□ Applicable √ Not applicable

(4) 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
Preferred shares reedemption	0	470,102,299
Share buy-back 15%	2,498,196,109	0

Total	**2,498,196,109**	**470,102,299**

53. Supplementary data of cash flow statement

(1) Supplement to cash flow statement

Unit: Yuan Currency: RMB

Items	Amount of current period	Amount of last period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	**811,685,071**	**676,109,557**
Add: Impairment provisions for assets	5,826,677	(2,004,864)
Credit loss	(596,030)	
Depreciation of fixed assets	427,518,119	331,256,469
Amortization of intangible assets	114,530,225	108,637,874
Amortization of expenditures on research and development	6,257,798	6,042,162
Amortization of long-term deferred expenses	1,006,824	
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	(25,165)	5,096,419
Losses (gains) on changes in fair value	(4,708,838)	(20,737,864)
Decrease (increase) of deferred tax assets	(16,610,951)	766,708
Increase (decrease) of deferred tax liabilities	(69,095,592)	(15,213,001)
Financial expenses (income)	28,908,834	(45,543,379)
Losses (gains) arising from investment	75,896	(643,272)
Amortization of deferred income	(6,547,892)	(6,503,610)
Decrease (increase) in gross inventories	(80,983,712)	49,927,040
Decrease (increase) in receivable from operating activities	68,136,686	177,260,932
Increase (decrease) in payable from operating activities	290,135,291	141,526,677
Net cash flow from operating activities	**1,575,513,241**	**1,405,977,848**
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	3,318,298,349	4,960,299,797
Less: Opening balance of cash	5,295,065,807	5,282,336,110
Add: Closing balance of cash equivalent	0	
Less: Opening balance of cash equivalent	0	
Net increase of cash and cash equivalent	**(1,976,767,458)**	**(322,036,313)**

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

□ Applicable √ Not applicable

(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	3,318,298,349	5,295,065,807
Including: Cash on hand		
Bank deposit available for payment anytime	3,318,298,349	5,295,065,807
Other monetary resources available on demand	-	-
II. Cash equivalents		
III. Closing balance of cash and cash equivalents	3,318,298,349	5,295,065,807
Including: Use-restricted cash and cash equivalent of the Company or its subsidiaries	NA	NA

54. Foreign-currency monetary items

√ Applicable □ Not applicable

The Group’s exposure to currency risk arising from recognized assets and liabilities denominated in foreign currencies at each affiliate level as at June 30, 2020 is as follows. For consideration of disclosure, the amount of exposure to the risk is shown in Renminbi to be converted at the spot exchange rate on the balance sheet date. Currency translation difference is not included.

(1) Foreign-currency monetary balances

Unit: Yuan

Items	Closing balance at foreign currency	Exchange rate for conversion	Closing balance at RMB equivalent
Cash and cash equivalents			
Wherein: EUR	3,685,506	7.9610	29,340,313
RMB	380,536	1.0000	380,536

Items	Closing balance at foreign currency	Exchange rate for conversion	Closing balance at RMB equivalent
USD	39,648,915	7.0551	279,727,060
GBP	546,497	8.6967	4,752,720
BRL	2,116,100	1.2936	2,737,387
CAD	463,807	5.1665	2,396,259
MXN	27,318,357	0.3050	8,332,099
SGD	1,914,089	5.0681	9,700,794
OTHER			5,568,780
Total			342,935,948
Accounts receivable			
Wherein: EUR	7,278,283	7.9610	57,942,411
USD	56,163,474	7.0551	396,238,925
GBP	1,638,574	8.6967	14,250,187
BRL	92,012,189	1.2936	119,026,968
SGD	72,387	5.0681	366,866
Total			587,825,357
Accounts payable			
Wherein: USD	31,275,525	7.0551	220,651,956
GBP	121,900	8.6967	1,060,128
BRL	174,524	1.2936	225,764
MXN	2,960,839	0.3050	903,056
SGD	220,433	5.0681	1,117,176
OTHER			1,658,893
Total			225,616,973
Other payables			
Wherein: EUR	473,138	7.9610	3,766,652
USD	2,171,822	7.0551	15,322,421
BRL	1,565,260	1.2936	2,024,820
SGD	439,015	5.0681	2,224,972
OTHER			8,875
Total			23,347,740
Long-term receivables			
USD	35,022,679	7.0551	247,088,503
THB	5,661,114	1.2936	7,323,217
SGD	125,286	5.0681	634,962
OTHER			49,386
Total			255,096,068

Items	Closing balance at foreign currency	Exchange rate for conversion	Closing balance at RMB equivalent
Gross balance sheet exposure			
Wherein: EUR	10,490,651	7.9610	83,516,072
RMB	380,536	1.0000	380,536
USD	97,387,721	7.0551	687,080,111
GBP	2,063,171	8.6967	17,942,779
BRL	98,049,619	1.2936	126,836,988
CAD	463,807	5.1665	2,396,259
MXN	24,357,518	0.3050	7,429,043
SGD	1,452,314	5.0681	7,360,474
OTHER			3,950,398
Total			936,892,660

(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

55. 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 June 2020, the change in fair value on these derivatives has a negative impact of RMB -10,075,985 (January to June 2019: : Gains of RMB 36,536,318) recorded in other comprehensive income as cash flow hedge accounting, including RMB -12,680,837 of change in fair value and RMB 2,604,852 of reclassification into P&L.

From January to June 2020, the change in fair value on these derivatives has a positive impact impact of RMB 7,644,117 (June 2019: Gains of RMB 17,307,080) charged to the income statement as fair value hedge accounting, cash flow hedge ineffectiveness or non-hedge.

56. Government subsidy

(1) Brief introduction of government grant

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Balance	Presentation of projects	Amount recorded in current profit and loss
Government grants related to assets			
Project B	18,278,456	Industrial investment in Burgos plant	434,059
Project C	139,505,000	Land use right and industrial structure adjustment in Nanjing plant	5,866,000
Other projects	20,896,359		247,833
Government grants related to income			7,298,450
Items offset against operating costs			0
Items recognized in other operating income			7,298,450

The government susidy only composes part of the other income.

(2) Refund of government grant

□ Applicable √ Not applicable

Unit: Yuan Currency: RMB

Items	Amount	Explanation

Other explanation

VIII. Change of Consolidation Scope

1. Business combination not under common control

□ Applicable √ Not applicable

2. Business combination under common control

□ Applicable √ Not applicable

3. Reverse acquisitions

□ Applicable √ Not applicable

4. Disposal of subsidiary companies

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

Whether the circumstance exists that the Company disposes the investments in subsidiary companies by steps through multiple transactions and loses control right in the current period
□ Applicable √ Not applicable

5. Change of consolidation scope for other reasons

□ Applicable √ Not applicable
If applicable, description about the change of consolidation scope induced by other reasons (such as establishment of new subsidiary company, and liquidation of subsidiary company, etc.) and related situations.

6. Others

None

IX. Rights and Interests in Other Subjects

1. Rights and interests in subsidiaries

√ Applicable □ Not applicable

(1) Composition of enterprise group

Name of 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

Name of the Subsidiary	Principal place of business	Registration place	Business nature	Shareholding (%)		Acquisition method
				Direct	Indirect	
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 Ltd	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		99.93%	Business combination under common control
INNOCAPS S.A.R.L	France	France	Powder designer for chemical industry		99.93%	Business combination under common control
IDCAPS S.A.S.U	France	France	Powder designer for chemical industry		99.93%	Business combination under common control
Innov'ia 3I S.A.	France	France	Powder designer for chemical industry		99.93%	Business combination under common control

Name of the Subsidiary	Principal place of business	Registration place	Business nature	Shareholding (%)		Acquisition method
				Direct	Indirect	
Innov'ia USA Inc.	USA	USA	Powder designer for chemical industry		99.93%	Business combination under common control
Capsulae S.A.S	France	France	Powder designer for chemical industry		82.94%	Business combination not under common control
LC Immo	France	France	Powder designer for chemical industry		99.93%	Business combination not under common control
LC Inodry	France	France	Powder designer for chemical industry		99.93%	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 & Healthcare (Nanjing) Co. Ltd	China	China	Production and sales of chemical products		100%	Established
Adipex S.A.S	France	France	Production and sales of chemical products		85%	Established
Nutriad Holding B.V.	Netherlands	Netherlands	Investment holding		100%	Business combination not under common control
Nutriad Europe N.V.	Belgium	Belgium	Investment holding		100%	Business combination not under common control

Name of the Subsidiary	Principal place of business	Registration place	Business nature	Shareholding (%)		Acquisition method
				Direct	Indirect	
Nutriad International N.V.	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
Nutriad Trading Shanghai Co., ltd	China	China	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 chemical products		100%	Business combination not under common control
Nutriad Polska Sp. Z o.o. Ul.	Poland	Poland	Production and sales of chemical products		100%	Business combination not under common control
Nutriad España S.A.	Spain	Spain	Production and sales of chemical products		100%	Business combination not under common control
Nutriad 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

Name of the Subsidiary	Principal place of business	Registration place	Business nature	Shareholding (%)		Acquisition method
				Direct	Indirect	
Adisseo Yem Katkilari Ltd	Turkey	Turkey	Production and sales of chemical products		100%	Established
Adisseo Venture	Belgium	Belgium	Investment holding		100%	Established
Calysseo Limited	Hong Kong	Hong Kong	Production and sales of chemical products		50%	Established

BFI Innovations Mexico SA de C.V. was merged into Adisseo de Mexico S.A. de C.V. with the effective date of the merger of May 31st 2019
Nutriad, Inc.was merged into Adisseo USA Inc with the effective date of the merger of March 31st 2019"

(2) Important non-wholly owned subsidiaries

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

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

As of April 28, 2020, the group has completed the acquisition of 15% equity of subsidiary Bluestar Adisseo Nutrition Group. The total consideration was CNY 3.086 billion. The difference between the consideration and the 15% share of the subsidiary's net assets continuously calculated from the date of acquisition of the subsidiary was RMB 850,570,830 and was to offset the capital reserve.

√ Applicable □ Not applicable

	Bluestar Adisseo Nutrition Group Limited
Total consideration (valuation of share)	3,086,000,000
Related tax	3,109,683
Minus: dividend distributed to minor shareholder after valuation	80,912,550
Net purchase considertation	3,008,197,133
Including: Cash	3,008,197,133

Minus: Net equity portion calculated by purchased/sold % of shares of the subsidiary	2,024,950,453
Difference	983,246,680
Including: Adjustment in Capital reserve	850,570,830
Adjustment in other comprehensive income	132,675,850

3. Rights and interests in Associates and joint ventures

√ Applicable □ Not applicable

(1) Financial information of unimportant joint ventures and associates

	Closing balance/Transaction of this period	Opening balance/Transaction of last period
Joint venture		
Book value of investment	36,740,819	0
Calculated based on shares in the Joint venture		
- Net profit	0	0
- Other comprehensive income	0	0
- Total comprehensive income	0	0

Establishment of Calysseo Limited with Calysta on 2nd March 2020
On 2nd March, 2020, Adisseo established a 50/50 JV (Calysseo Limited) with Calysta in HongKong with total investment of USD80mil for the purpose to develop Feedkind@ on an exclusive basis in Asia market.

4. Important joint operation

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

6. Others

None

X. Risks Related to Financial Instruments

√ Applicable □ Not applicable

The Group’s activities expose it to a variety of financial risks as follows:
- foreign exchange risk
- interest rate risk
- raw material risk
- credit risk
- liquidity risk

The Group's risk management objectives are to achieve proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance. Based on these risk management objectives, the Group's basic risk management strategy is to identify and to analyze the industry's exposure to various risks, and seeks to minimize potential adverse effects on the Group’s financial performance.

1. Market risk

(1) Foreign exchange risk

The Group’s major operational activities are carried out in France, Spain, United States, mainland China and a majority of the transactions are denominated in EURO, US Dollars and RMB. The Group’s finance department at its headquarters continuously monitors foreign exchange risk of the Group and combine with the use of derivative financial instruments.

Assets and liabilities denominated in foreign currencies are summarized in Note VII (54).

The table below summarizes the sensitivity of the Group’s profit before income tax ("P&L”) and Other Comprehensive Income ("OCI”) to a change of plus or minus 10% in foreign exchange rates against the euro, calculated on the net exposure presented above and on derivatives hedging future cash flows. The impacts of the derivative financial instruments only take into account the changes in their efficient portions / intrinsic values:

Hedged currencies	Increase of the euro by 10%		Decrease of the euro by 10%	
	Impact P&L	Impact OCI	Impact P&L	Impact OCI
USD	5,250,439	-1,821,786	13,730,636	-3,031,425
Other currencies	665,431	316,634	790,696	-310,611

Non-hedged currencies	Increase of the euro by 10%		Decrease of the euro by 10%	
	Impact P&L	Impact OCI	Impact P&L	Impact OCI
BRL	-12,936,978	0	12,936,978	0
Other currencies	-1,648,230	0	1,648,230	0

(2) Interest rate risk

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

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

As at 30 June 2020, the Group's has no more significant floating rate borrowings.

(3) Raw material risk

The raw material risk is the risk that the fair value or future cas flows of a financial instrument will fluctuate because of changes in market commodities. The Group is exposed fo fluctuations in mainly propylene, sulphur and gas prices and in order to limit this exposure, the Group enters into some derivative financial instruments (caps and swaps).

In volume, the outstanding derivatives contracts on propylene were 6,000 Metric ton as of 30 June 2020 and the sensitivity would be only, in the event of:
- an increase of propylen price by 10%: RMB 3,510,366
- a decrease of propylene price by 10%: RMB -3,510,366

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 The Group has a credit policy, approved by the Group Chief Finance Officer (CFO), which is designed to ensure that consistent processes are in place throughout the Group to measure and control credit risk. Such risk is considered as part of the risk-reward balance of doing business. Key requirements of the policy are formal delegated authorities to the sales and marketing teams to incur credit risk and to a specialized credit function to set counterparty limits. Before trading with a new counterparty can start, its creditworthiness is assessed and credit exposure limit is determined. Such exposure limit also depends on the limits of the credit insurer of the Group which is used for clients located in high-risk countries according to the Group. The assessment process takes into account all available qualitative and quantitative information about the counterparty and the group, if any, to which the counterparty belongs. Creditworthiness continues to be evaluated after transactions have been initiated with follow up on payment performances.

3. Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group’s finance department in its headquarters. The Group’s finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date are analyzed by their maturity date below:

Unit: Yuan Currency: RMB

Items	Closing balance				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial liabilities -					
Short-term borrowings	598,046,557				598,046,557
Accounts payable	1,268,961,581	0	0	0	1,268,961,581
Derivative financial instruments-liabilities	11,320,542				11,320,542
Other payables	761,005,125	20,193,103	265,000	1,385,000	782,848,228
Long-term borrowings		4,172,626	4,131,759	15,197,549	23,501,934
Long-term payables		1,377,253	1,432,980	15,771,537	18,581,770

Items	Closing balance				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Current portion of long-term payables	1,019,008				1,019,008
Current portion of long-term borrowings	4,900,895				4,900,895
Total	**2,645,253,708**	**25,742,982**	**5,829,739**	**32,354,086**	**2,709,180,515**

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	0				0
Accounts payable	1,099,192,221	0	0	0	1,099,192,221
Derivative financial instruments-liabilities	2,063,292				2,063,292
Other payables	523,722,974	5,483,584	2,503,610	0	531,710,168
Long-term borrowings		4,536,899	4,329,787	16,893,281	25,759,966
Long-term payables		273,543	0	14,377,394	14,650,937
Current portion of long-term payables	1,492,761				1,492,761
Current portion of long-term borrowings	5,123,943				5,123,943
Total	**1,631,595,191**	**10,294,025**	**6,833,397**	**31,270,675**	**1,679,993,288**

XI. Disclosure of Fair Value

√ Applicable □ Not applicable

Based on the lowest level input that is significant to the fair value measurement in its entirety, the fair value hierarchy has the following levels:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

1. Closing fair value of the assets and liabilities measured with fair value

As at June 30, 2020, the assets measured at fair value on a recurring basis by the above three levels are analyzed below:

Unit: Yuan Currency: RMB

Items	Closing fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Continuous fair value measurement				
(I) Financial assets measured with fair value and having the change of fair value recorded in the gain or loss of current period				
Investments in other equity instruments			11,692,313	11,692,313
Other non-current financial assets			284,789,885	284,789,885
Derivative financial assets		14,640,279		14,640,279
Total amount of assets measured with fair value continuously		**14,640,279**	**296,482,198**	**311,122,477**
(II) Financial liabilities specified to measure with fair value and have the change of fair value recorded in the gain or loss of current period				

Items	Closing fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Derivative financial liabilities		11,320,542		11,320,542
Total amount of liabilities measured with fair value continuously		**11,320,542**		**11,320,542**
Net assets	**0**	**3,319,737**	**296,482,198**	**299,801,935**

2. Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorized within Level 2

The fair value of financial instruments traded in an active market is determined at the quoted price in the active market; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise discounted cash flow model and market comparable corporate model. The inputs of the valuation technique mainly include risk-free interest rate, benchmark rate, exchange rate, credit spread, liquidity premium, EBITDA multiplier and restricted discount.

3. 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

4. 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.

5. 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.

6. The fair value of the financial assets and financial liabilities not measured with fair value

Financial assets and liabilities not measured at fair value mainly represent receivables, short-term borrowings, payables, current portion of long-term borrowing, current portion of long-term payables, long-term borrowings and long-term payables.
The carrying amount of the other financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

XII. Related party relationships and transactions

1. Subsidiaries of the Company

For details about the enterprise's subsidiary companies, please refer to the Note IX (1).

2. 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, antisepsis, water treatment technology and fine chemical products	18,168,869,029	89.09%	89.09%

The enterprise's ultimate controller is China National Chemical Corporation.

3. Other related parties of the Company

√ Applicable □ Not applicable

Bluestar Silicon Investment Co., Ltd	Controlled by the same parent company
China National BlueStar (Group) Co., Ltd	Controlled by the same parent company
Bluestar Nanjing Chemical New Materials Co., Ltd	Joint venture of the same ultimate controlling shareholder
Bluestar Shanghai Cleaning Technology Co., Ltd	Controlled by the same ultimate controlling shareholder
Lianyungang Lianyu Construction Supervision Co., Ltd	Controlled by the same ultimate controlling shareholder
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
ChemChina Finance Co, Ltd	Controlled by the same ultimate controlling shareholder
Bluestar Beijing Cleaning Technology Co., Ltd	Controlled by the same parent company
Bluestar Shangdong Dongda (Nanjing) Co., Ltd	Controlled by the same parent company
Changsha Huaxing Construction Supervision Co., Ltd	Controlled by the same ultimate controlling shareholder
Zhonghao Chenguang Chemical Research Institute Co., Ltd	Controlled by the same ultimate controlling shareholder
Sinofert Holding Limited	Controlled by the same ultimate controlling shareholder
Syngenta Crop Protection AG	Controlled by the same ultimate controlling shareholder
GDEM Conseil	Other: Company owned by one of the directors of the Board
Calysseo Limited	Joint venture

4. Related party transactions

√ Applicable □ Not applicable

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

Purchasing of goods/ receiving of labor services

Related party	Contents of Related party transactions	Amount incurred of current period	Amount incurred of last period
Hangzhou Water Treatment Technology Development Center Co., Ltd	Purchase of goods	36,536	36,390
Lanzhou Bluestar Cleaning Co., Ltd	Purchase of services	2,318,078	2,612,450

Bluestar Shanghai Cleaning Technology Co., Ltd	Purchase of services	266,981	208,680
Lianyungang Lianyu Construction Supervision Co., Ltd	Purchase of services	439,670	3,799,060
Changsha Huaxing Construction Supervision Co., Ltd	Purchase of services	856,604	0
China Bluestar Lehigh Engineering Corp Co. Ltd	Purchase of services	1,208,766	1,443,020
Bluestar Beijing Cleaning Technology Co., Ltd	Purchase of services	266,981	0
GDEM conseil	Purchase of services	493,531	814,428
Zhonghao Chenguang Chemical Research Institute Co., Ltd	Purchase of services	162,840	0

Unit: Yuan Currency: RMB

Sale of goods/ rendering of services

Unit: Yuan Currency: RMB

Related party	Contents of related party transactions	Amount incurred of current period	Amount incurred of last period
Sinofert Holding Limited	Sale of goods	2,897,872	0
Elkem Silicones France SAS	Sale of goods/rendering of services	5,401,121	0
Syngenta Crop Protection AG	Sale of goods	248,811	0

(2) Trust / contracting with related parties

□ Applicable √ Not applicable

(3) Leases with related parties

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Related party	Category of asset	Current period	Last period
China National Bluestar (Group) Co, Ltd	Office building	360,000	389,200

(4) Compensation paid for key management personnel

√ Applicable □ Not applicable

Unit: 10,000 Yuan Currency: RMB

Items	Current period	Last period
Remuneration of key management*	1,369	1,058

* The amount for the current period included non-recurring one-off payments that were accrued in 2016

(5) Other related party transactions

√ Applicable □ Not applicable

ChemChina Finance Co., Ltd. has the financial institution's license in China and the Group accounts for the deposits with ChemChina Finance Co., Ltd.as part of its cash at bank. In the reporting period, total new deposits made to Chemchina Finance Co., Ltd. amounted to RMB 0 and the total amount withdrawn/used amounted to RMB 550,537,936. The interest income earned in the current period amount to RMB 20,181,057.

The balances of the above related party transactions:

Unit: Yuan Currency: RMB

Items	Related party	Closing book value	Opening book value
Cash at bank	ChemChina Finance Co., Ltd.	510,000,000.00	1,040,356,879

5. Accounts receivable from and payable to related parties

(1) Accounts receivable

Unit: Yuan Currency: RMB

Items	Related parties	Closing balance		Opening balance	
		Book value	Provision for bad debts	Book value	Provision for bad debts
Accounts receivable	China National BlueStar (Group) Co. Ltd	7,913,234	0	7,776,422	0
Accounts receivable	Elkem Silicones France SAS	1,647,927	0	1,649,071	0
Other receivables	China National BlueStar (Group) Co. Ltd	440,140	0	432,096	0
Advance to supplier	Hangzhou Water Treatment Technology Development Center Co., Ltd	518,327	0	0	0
Longterm receivables	Calysseo Limited	246,929,283	0	0	0

(2) Accounts payable

Unit: Yuan Currency: RMB

Items	Related parties	Closing book value	Opening book value
Accounts payable	Bluestar Nanjing Chemical New Materials Co., Ltd	404,447	0
Accounts payable	Changsha Huaxing Construction Supervision Co., Ltd	908,000	0
Other payables	Bluestar Silicones International Co. Ltd	8,559,050	11,500,335
Other payables	China National BlueStar (Group) Co. Ltd	4,486,510	4,456,851
Other payables	Bluestar Shanghai Cleaning Technology co.,ltd.	0	10,190
Other payables	Lianyungang Lianyu Construction Supervision Co., Ltd	1,241,890	2,301,080
Other payables	Lanzhou Bluestar Cleaning Co., Ltd	651,720	372,906
Other payables	Hangzhou Water Treatment R&D Center	13,530	
Other payables	China Bluestar Lehigh Engineering Corp Co. Ltd	30,660	555,530
Other payables	Bluestar Beijing Cleaning Technology Co., Ltd	33,020	0
Other payables	Bluestar Shangdong Dongda (Nanjing) Co., Ltd	0	482,094
Contract liabilities	Sinofert Holding Limited	1,921,620	0

Items	Related parties	Closing book value	Opening book value
(advance from customers)			

XIII. Share-based payments

□ Applicable √ Not applicable

XIV. Capital management

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.
In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.
The Group's total capital is calculated as 'shareholder's equity' as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and manages capital using gearing ratio.

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Total Borrowings	28,402,829	30,883,909
Less : Cash at bank and on hand	3,318,298,349	5,295,065,807
Net Debt	(3,289,895,520)	(5,264,181,898)
Total owners' equity	14,734,926,055	17,214,526,391
Total Capital	11,445,030,535	11,950,344,493
Gearing ratio	**N/A**	**N/A**

XV. Commitments and Contingencies

1. Important commitments

√ Applicable □ Not applicable

(1) Capital commitments

Capital expenditures contracted for but not yet necessary to be recognized on the balance sheet:

Unit: Yuan Currency: RMB

Commitment type	Closing balance	Opening balance
Houses, buildings and machinery equipment	1,241,402,867	544,446,206
Total	**1,241,402,867**	**544,446,206**

(2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarized as follows:

Unit: Yuan Currency: RMB

	Closing balance	Opening balance
Within one year	77,446,187	86,096,030
Between 1 and 2 years	40,773,843	48,093,568
Between 2 and 3 years	37,088,037	40,838,816
Over 3 years	82,236,632	99,285,759

Total	**237,544,699**	**274,314,173**

Contingencies

□ Applicable √ Not applicable

2. Other

□ Applicable √ Not applicable

XVI. Matters after the Date of Balance Sheet

1. Important non-adjustment matters

□ Applicable √ Not applicable

2. Profit distribution

□ Applicable √ Not applicable

3. Sales return

□ Applicable √ Not applicable

4. Others

□ Applicable √ Not applicable

XVII. Other Important Matters

1. Corrections of prior period errors

□ Applicable √ Not applicable

2. Debt restructuring

□ Applicable √ Not applicable

3. Assets restructuring

□ Applicable √ Not applicable

4. Annuity plan

□ Applicable √ Not applicable

5. Discontinued operation

□ Applicable √ Not applicable

6. Segment information

√ Applicable □ Not applicable

(1) Identifying reportable segments and accounting policy

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

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements.

(2) Financial information of reportable segments

Current period

Unit: Yuan Currency: RMB

Items	Health and nutrition	Total
Revenue from external customers	5,885,775,768	5,885,775,768
Revenue from transactions with other segments		
Operating cost	3,553,612,085	3,553,612,085
Impairment for the period	(5,826,677)	(5,826,677)
Credit losses	596,030	596,030
Interest income	40,245,060	40,245,060
Interest expense	6,051,542	6,051,542
Depreciation, amortization	548,306,143	548,306,143
Profit before income tax	1,093,240,464	1,093,240,464
Income tax expense or benefit	281,555,393	281,555,393
Net profit	811,685,071	811,685,071
Other items		
Total assets	19,788,630,594	19,788,630,594
Total liabilities	5,053,704,539	5,053,704,539

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

None

(4) Major customers

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

(5) Other explanation

Operating revenue from external customers by product and by geographical location
Refer to the Note VII.38 - *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	8,371,942,282	8,342,696,541
North America	130,246,529	129,093,153
Asia / Pacific(excluded China)	55,751,462	58,147,382
South America	13,966,121	15,229,400
China	3,369,926,322	3,359,072,669
Total	**11,941,832,716**	**11,904,239,145**

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

None

8. Others

None

XVIII. Main Items in the Financial Statements of the Company

1. Cash at bank and on hand

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Cash on hand	0	0
Cash at bank	579,453,298	2,058,211,716
Other monetary funds	0	0
Total	**579,453,298**	**2,058,211,716**

As at June 30, 2019 and December 31, 2017, no restricted funds within the company.

2. Accounts receivable

□ Applicable √ Not applicable

3. Other receivables

(1) Other receivables by categories are as follows:

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Interest receivable	11,980,000	9,510,000
Dividends receivable	0	697,533,375
Other receivables	0	0
Total	**11,980,000**	**707,043,375**

(2) Interest receivable by deposit type

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Fixed term deposit	11,980,000	9,510,000
Entrusted loan	0	0
Bond investments	0	0
Total	**11,980,000**	**9,510,000**

(3) Dividends receivable

Unit: Yuan Currency: RMB

Items (Invested units)	Closing balance	Opening balance
Bluestar Adisseo Nutrition Group Limited	0	697,533,375
Total	**0**	**697,533,375**

(4) Other receivables

□ Applicable √ Not applicable

4. Long-term equity investments

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	**Closing balance**			**Opening balance**		
	Book	**Impairment**	**Book value**	**Book**	**Impairment**	**Book value**

	balance	reserve		balance	reserve	
Investments in subsidiaries	10,500,492,549		10,500,492,549	7,492,295,416		7,492,295,416
Investments in joint ventures and associates	0		0	0		0
Total	**10,500,492,549**		**10,500,492,549**	**7,492,295,416**		**7,492,295,416**

(1) Investments in subsidiary companies

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Invested units	Opening balance	Amount increased of current period	Amount decreased of current period	Closing balance	Impairment reserve withdrawn in current period	Closing balance of impairment reserve
Bluestar Adisseo Nutrition Group Limited	7,492,295,416	3,008,197,133		10,500,492,549		
Total	**7,492,295,416**	**3,008,197,133**		**10,500,492,549**		

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	715,590,000	0
Gain on dividend from investment in other equity instrument	0	0
Gain from disposal of investment in other equity instrument	0	0
Total	**715,590,000**	**0**

6. Others

□ Applicable √ Not applicable

XIX. Supplementary Data

1. Schedule of non-recurring gain or loss of current period

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	Amount of current period	Description (if applicable)
Net profit or loss on disposal of non-current assets	25,165	
Government grants recognized in profit or loss, other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard	13,842,624	Mainly grants for land use right and industrial structure adjustment in Nanjing plant
Other income and other non-operating income or expenses other than the above	(4,269)	
Effects attributable to minority interests (after tax)	(237,743)	
Impact of income tax	(3,570,440)	
Total	10,055,337	

2. Net return on assets and earnings per share

Profit of the reporting period	Weighted average	Earnings per share

	return on net assets (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to the Company's common share holders	5.27	0.27	0.27
Net profit attributable to the Company's common shareholders after deduction of non-recurring gain or loss	5.19	0.26	0.26

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

□ Applicable √ Not applicable

Section 11 Document for Reference

1	Financial statements signed and sealed by principal, person in charge of financial function, person in charge of the financial department,
2	The original copies of all documents and announcements of the Company publicly disclosed in the newspapers designated by the CSRC during the reporting period,

Legal representative: Jean-Marc Dublanc

Approved by the Board for submission on: 30th July 2020