Company Code: 600299 Company Abbreviation: Adisseo

Bluestar Adisseo Company
2021 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. **Whether more than half of the directors can not guarantee the authenticity, accuracy and integrity of the report disclosed by the company**

No.

X. **Risk factors**

√ Applicable ☐ Not applicable

During the reporting period, no material risks have been identified that will have a substantial impact on the operations of the Company. The Company has disclosed the relevant kinds of business and production risks as well as their corresponding solutions. For more information, please refer to Section 3, Management's Discussion and Analysis, part V.1 "Possible risks in the future".

XI. Other information

√ Applicable ☐ Not applicable

Chinese version of this report

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

CONTENTS

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

Section 1 Interpretations

I. Interpretations

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

Interpretations of the terms in common use		
a. General terms		
Company, the Company	Indicate	Bluestar Adisseo Company
BNCM	Indicates	Bluestar New Chemical Material Co., Ltd
Nutriad	Indicates	The Nutriad Holding B.V. company and its subsidiaries acquired by Adisseo in February 2018
Calysta	Indicates	A US-based technology firm that has developed a proprietary Single Cell Protein and its innovative associated manufacturing process
Calysseo	Indicates	Adisseo has formed a joint-venture company called Calysseo together with Calysta in March 2020
FRAmelco	Indicates	The Franklin Group BV and its subsidiaries acquired by Adisseo in December 2020
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.
SinoChem	Indicates	Sinochem Group Co., Ltd.
SinoChem Holdings	Indicates	SinoChem Holdings Co., Ltd. is a new company established by the SASAC of the State Council on behalf of the State Council to perform the duties of investor for the purpose of joint reorganization between SinoChem Group and ChemChina. SinoChem Group and ChemChina will be included in the new company as a whole.
BANG	Indicates	Bluestar Adisseo Nutrition Group Ltd
Board of Directors	Indicates	The Board of Directors of Bluestar Adisseo Company
Board of Supervisors	Indicates	The Board of Supervisors of Bluestar Adisseo Company
Shareholders' General Meeting	Indicates	The Shareholders' General Meeting of Bluestar Adisseo Company
Articles of association ("AOA")	Indicate	The Articles of Association of Bluestar Adisseo Company
CSRC	Indicates	China Securities Regulatory Commission
SSE	Indicates	Shanghai Stock Exchange
SASAC of the State Council	Indicates	State Assets Supervision and Administration Commission of China of the State Council
Yuan, 10 thousand Yuan, 100 million Yuan	Indicate	RMB Yuan, RMB ten thousand Yuan, RMB one hundred million Yuan
Reporting period	Indicates	1st Jan 2021 ~ 30th June 2021
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		

Interpretations of the terms in common use		
Feed additives for animal nutrition	Indicates	Feed additives are food supplements for farm animals that cannot get enough nutrients from regular feeds and have to be added to the feed for nutritional purpose; which could promote the growth, development and wellbeing of animals.
Methionine / Methionine product	Indicate	One of the naturally occurring, sulfur-containing essential amino acid, which cannot be synthetized by animals and need to be added to the feed. Methionine product refers to those contain methionine itself or chemicals that can be bio-transformed to methionine in animals.
Liquid methionine (“HMTBA”)	Indicates	A methionine hydroxyl analogue, which can be naturally transformed to methionine in animals and is in a liquid state at ambient temperature.
Powder methionine	Indicates	Methionine in a powdery state at ambient temperature.
Ammonium sulfate	Indicates	A colorless crystalline salt, which is a by-product during the liquid methionine production process, and mainly be used as a fertilizer.
Sodium sulfate	Indicates	A white crystalline compound, which is a by-product during the powder methionine production process, and used especially in detergents as well as the production of paper, glass, fuel and pharmaceutical products.
Enzyme	Indicates	A protein molecule function as a biological catalyst and effectively promote certain biological reactions in animals, and also can be used to accelerate the reaction processes in chemical industrial production. Enzymes can be added to feed to ameliorate the feed utilization and nutrition, health and immune status of animals.
Ruminants	Indicate	Refers to animals whose stomach usually divided into four compartments, namely rumen, reticulum, omasum, and abomasum, and chew a cud consisting of regurgitated, particularly digested food. Ruminants include cattle, sheep, goats, deer, giraffes, camels, etc.
Rumen	Indicates	The first stomach of a ruminant, which receives food or cud from the esophagus, particularly digests it with the aid of bacteria and passes it to the reticulum.
Performance products*	Indicate	The following products: methionine, methionine hydroxyl analogue, vitamins, ammonium sulfate and sodium sulfate.
Specialty products	Indicate	The following products: enzymes preparation, rumen-protected methionine, organic selenium additives, probiotics additives and other specialties.
Other products	Indicates	The following products: carbon disulfide, sulfuric acid and services of processing powder.
MMP	Indicates	3-(Methylthio) propionaldehyde. This substance is the first intermediate in the synthesis of methionine. It is generated by the chemical reaction between methane thiol and propylene.
Feedkind®	Indicates	FeedKind® protein is a natural, traceable and safe non-animal source of high protein produced using the world’s only commercially validated gas fermentation process. It is a sustainable alternative to high protein feed ingredients such as fishmeal.
KT	Indicates	Kilo ton

**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
Any changes in registered address in history	No
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. Other relevant information

☐ Applicable √ Not applicable

VII. Main financial data and financial ratios

Main financial data

Unit: Yuan Currency: RMB

Main accounting data	As of June 30 2021	As of June 30 2020	Changes in comparison with the same period of last year (%)
Operating revenue	5,978,742,795	5,885,775,768	1.58%
Net profit attributable to the shareholders of the Company	816,419,799	719,310,195	13.50%
Net profit attributable to the shareholders of the Company after deduction of non-recurring profit or losses	829,169,827	709,254,858	16.91%
Net cash flow arising from operating activities	1,149,474,683	1,575,513,241	-27.04%
	As of June 30 2021	**As of Dec 31 2020**	**Changes in comparison with the end of last year (%)**
Net assets attributable to the shareholders of the Company	13,839,624,353	13,952,945,387	-0.81%
Total assets	20,492,130,552	20,617,633,075	-0.61%

Main financial ratios

Main financial ratios	As of June 30 2021	As of June 30 2020	Change of the present period over the same period of last year (%)
Basic earnings per share (Yuan/ share)	0.30	0.27	11.11%
Diluted earnings per share (Yuan/ share)	0.30	0.27	11.11%
Basic earnings per share after deduction of non-recurring profit or loss (Yuan/ share)	0.31	0.26	19.23%
Weighted average return on net asset (%)	5.78	5.27	+0.51ppt
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	5.87	5.19	+0.68ppt

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

Adisseo recorded a stable performance in H1 2021 with a yoy +2% revenue growth (CNY5.98 billion) and +1% gross profit growth (CNY2.36 billion) with a solid gross margin at 39% thanks to +11% volume growth in liquid methionine, continued revenue growth in specialties despite supply chain difficulties arising from

COVID-19, and proactive price management leading to the increased prices of main performance products allowing to offset partly the rise in raw materials' prices.

H1 2021 net profit contributed to shareholders increased by +14% yoy to CNY816 million, thanks to the positive impact from 15% buy-back.

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

☐ Applicable √ Not applicable

IX. Non-recurring Profit or Loss Items

√ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	**Amount in June 2021**	**Description (if applicable)**
Net profit or loss on disposal of non-current assets	(18,370,788)	Scrapping of non-conform or defective equipment-BANC2 write-off
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	9,541,993	Mainly grants related to assets for land use right and industrial structure adjustment in Nanjing plant and related to R&D policy
Profit or loss on changes in fair value	(15,603,200)	AVF fair value change
Other income and other non-operating income or expenses other than the above	7,655,643	
Impact of income tax	4,026,324	
Total	(12,750,028)	

X. Others

☐ Applicable √ Not applicable

Section 3 Management's Discussion and Analysis

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

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 aggravates 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 animals healthy and feeling well.

Adisseo's mission is to feed the planet in a high-quality, affordable, safe and sustainable way.

The Group is developing in the feed additives market for animal nutrition where it delivers a total solution approach through partnerships, products and services sales, research and innovation.

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, cultural/religious changes 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.

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 already for more than 80 years. Especially, Adisseo currently provides feed additives for animal nutrition including essential nutrients and specialty feed ingredients for digestibility improvement, preserving precious resources and qualitatively formulated feed, 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's feed ingredients contribute to support sustainable production and environmental protection by the reduction of effluent (e.g. nitrogen, phosphorus and methane), the increase of raw material usage efficiency and the balance of animal productivity and welfare.

Adisseo adheres a strategy to bring solutions to premixers, feed mills, farms, integrations and animals in every food producing category: poultry, swine, ruminants and aqua. A global team serves about 3,900 customers in over 110 countries globally to partner in solving issues related to production efficiency, improve livestock performance, optimize animal nutrition and raw material usage, keep animals healthy and feeling well while reducing/minimizing its environmental impact.

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

Adisseo developed a Key Account Management sales strategy and invests in continuous sales training to improve customer relation, retention and sales performance. A digital marketing strategy with investments in digital tools such as CRM system, e-customer platform, webinar and video platform, social media and content marketing support the image of Adisseo as an expert and reference in animal nutrition and specialty feed additives.

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.

To do so, Adisseo brings a full range of products and services to the market that supports customers in every step of the feed and animal production: “Performance products” (like methionine, vitamins, ammonium and sodium sulfate), “Feed Digestibility” products (enzymes, lysolecithins), “Ruminant” (protected methionine, Rumensmart), “Aqua and new alternative protein” (aqua feed additive and FeedKind®, the new, safe, healthy, traceable and nutritional protein), “Animal Resilience” (products to support animal performance like gut health products) and “Services and other products” to support customers in raw material evaluation, feed formulation, feed production, storage and animal well-being and performance.

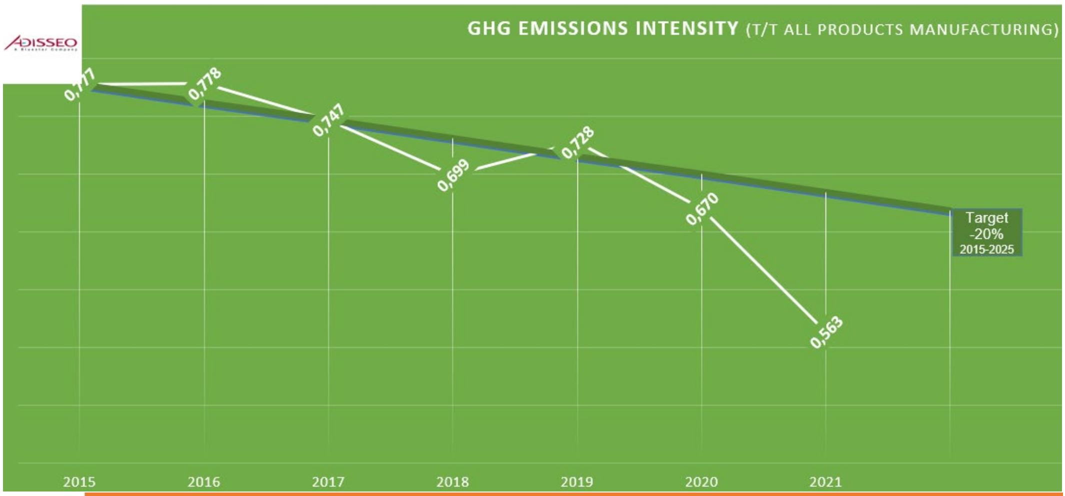
Adisseo is a global leader and organizes the portfolio in its 5 main product lines:

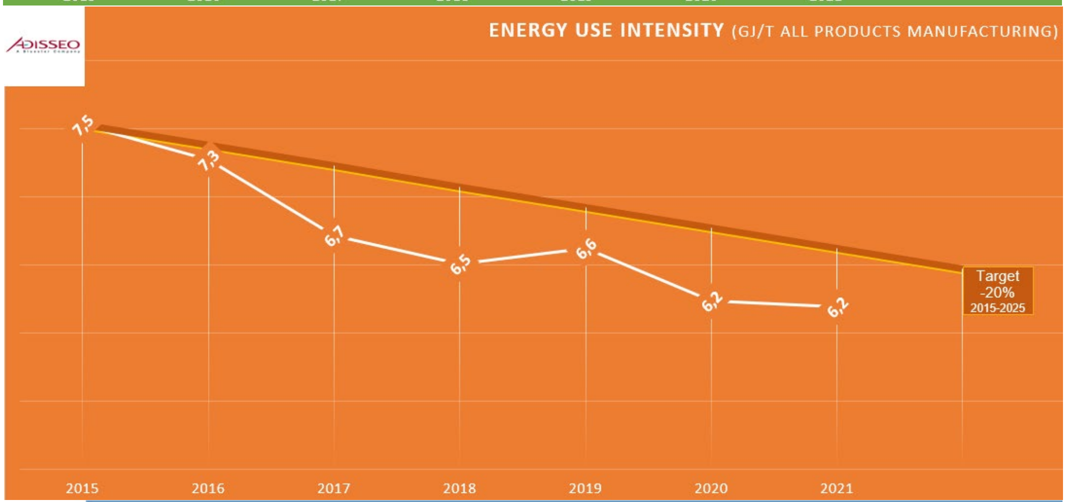
- <u>Performance products</u>:
    - Adisseo is the world leader in liquid methionine and the world’s second largest producer in the global methionine market. Adisseo is one of the few global methionine producers capable of producing methionine in both liquid and powder forms. Adisseo is also one actor with a complete offer of methionine products;
    - Adisseo is the world-leading producer of rumen-protected methionine;
    - Adisseo is uniquely positioned in the vitamin business in the feed industry, who endeavors to provide a full range of vitamin offerings with high quality and complete traceability.
- <u>Feed Digestibility:</u> Adisseo is a world-leading and the most recognized supplier of Non-Starch Polysaccharide enzymes
- <u>Ruminant</u>: Represented by our star product Protected Methionine with undisputable market positioning
- <u>Aqua and new alternative protein:</u> A new highly promising segment for Adisseo and we aim to be a growing player in aqua with enlarged product portfolio.
- <u>Animal Resilience:</u> Adisseo is one of the world leading companies in animal performance products like gut health. The recent acquisition of FRAmelco will further reinforce Adisseo’s position in the promising and fast-growing animal resilience market segment.
- <u>Services & other products:</u> Adisseo brings a comprehensive range of products and services to support customers in every step of the production process of feed and animals.

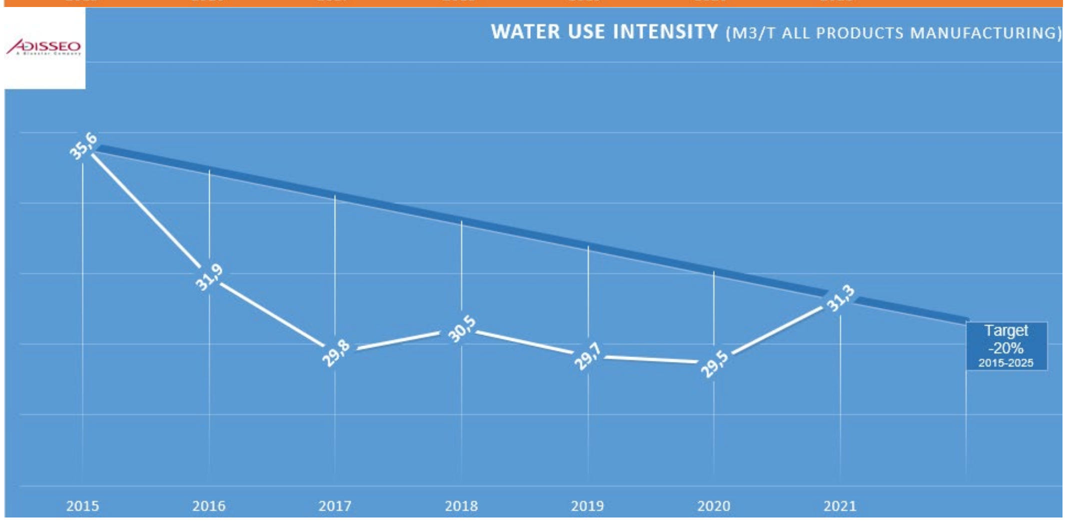
<u>The 10 R&D centers</u> with around 200 people dedicated to research and innovation, represent true engines of its development to support the “two-business-pillar” strategy.

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

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 greenhouse gas emissions by 20% as well as our water and energy consumptions per kilogram of product over a ten-year period starting from 2015. Note that an important turnaround in European plants during the first half of 2021 resulted in a negative impact on water consumption performance.







From 2021 Adisseo will take another step forward. It has chosen, as an additional objective, a path to reduce its absolute GHG emissions by 2.5% per year (2019 reference), thereby complying with the Paris climate agreement.

II. Core competitiveness analysis in the reporting period

√Applicable ☐ Not applicable

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

1. Global Industry Leader

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

➢ **<u>Performance products</u>**

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

<u>Methionine</u>

Methionine is 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.

In 2020, in order to follow our growth in AT88, Adisseo launched a new European debottlenecking project (in Les Roches plant and Burgos plant) to increase the AT88 production in Burgos by 30 kT/year, which allows to address the continuously growing market and further improve competitiveness. The first part in Les Roches started successfully beginning of June and Burgos part will start in August 2021.

- 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 Jiangbei New Material Technology Park, adjacent to the existing Adisseo plant in Nanjing. Embedded with some specific changes to production processes to improve environmental performance objectives and to further reduce already world leading production costs, the plant is expected to start in H2 2022. Adisseo is expecting great 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 Nanjing platform, although there was new capacity from both existing players and newcomers, Adisseo managed to increase its market share from 24% to 27% from 2012 to 2017 stabilised since then in a context of continuously growing market. Adisseo expects to keep its leading position in the coming years and is pursuing its investment path, 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 in each regional market across the world. Main competitors are Novus; Evonik, Sumitomo, CJ, NHU and CUC.

<u>Vitamins</u>

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

Some major players in the Vitamin market experienced production difficulties in recent years. As a result, in H1 2021, market continued to be very active for certain products and Vitamin A prices have been maintained at a high level compared to average historical levels with a strong demand. For some other traded vitamins in H2 2020, demand has been reduced due to over storage during H1 and almost all traded vitamin prices collapsed to historical low level. In H1 2021 demand increased again, nevertheless market prices remained at slightly above low historical price of H2 2020.

➢ **Specialty products**

Specialty products includes feed digestibility (enzymes), rumen-protected amino acids, health by nutrition (probiotic, short and medium chain fatty acids, botanicals, organic selenium), palatants, mycotoxin management, feed preservatives, aqua & new alternative protein, etc. Accelerating the development of Specialty products is the second business-pillar of the Group. Adisseo has the ambition to become one of the worldwide leaders of specialty additives in animal nutrition thanks to the organic growth of its existing product range, the launch of new products and external acquisitions.

1. **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. Consequently feed enzymes contribute strongly to a more sustainable animal production. Feed enzymes market can be divided into different segments:

- Non-starch polysaccharide enzymes are 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 (PNE by 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 nice career thanks an unmatched efficiency.

In 2019, Adisseo has launched Rovabio Advance Phy®, an innovative enzyme product covering the needs of the two above mentioned categories. This product is being made available gradually in liquid and powder form depending on regulatory approvals. 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 and portfolio expansion.

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 enhanced cow longevity.

- Promotion of two new products, complementary to the existing range continued as planned: RumenSmart® (already launched in North America, Latin America and EU); Smartamine® ML, a rumen-protected lysine, which benefits from the unique coating technology that made the success of Smartamine® M (already commercialized in North America and Latin America). These new products are reinforcing Adisseo offering and its amino acids balancing nutritional program;

- Adisseo continues investing in R&I to develop new products and new knowledge related to dairy cow nutrition and health.

3. Animal Resilience (Health by nutrition) including

1) Organic selenium

Since the launch in 2014 of Selisseo® (organic selenium), Adisseo became 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). Sales are growing steadily in the USA, the latest market where the product has been launched.

2) Gut health products

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

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

4. Aqua & New Alternative Protein

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

The establishment of Calysseo, the joint venture with Calysta, to develop an innovative protein business FeedKind® for the Aquaculture industry in China and Asia, could be a potential game-changer in the aqua feed sector, which allows Adisseo to tap into a new sector: alternative protein business with great potential.

5. Palatability

Palatability products stimulate feed intake and consequently support performance and health of animals (swine, ruminant, horses). On top of swine market, the new segments (dairy cows and calves) are being explored. Sales growth is as well driven by geographic expansion.

6. Mycotoxin management and Feed preservation

Global warming tends to favor development of fungi on the grains and consequently increases the prevalence of mycotoxins in grains and feeds.

Feed preservation products inhibit the development of mold and bacterial pathogens in grains and feeds, thus allowing better use of feed resources and limiting wastes. This product range includes also antioxydants that prevent degradation of fat and thus protect the nutritional value of feed.

Mycotoxin management products alleviate the negative impact of mycotoxins on health, reproduction and performance of poultry, swine, ruminant and aqua species.

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 distribution center 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. Recent acquisition of FRAmelco also reinforced our product offering. Solutions are covering a large range of issues faced by farmers, feed millers and integrators including prevention of nutritional loss in grains and feed during storage; reduction of antibiotic usage; improvement of animal welfare; reduction of feed cost;

improvement of cows' longevity etc.

In addition, dedicated customer programs and training sessions are organized to explore a total approach for 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 high-quality, affordable, safe and sustainable way, Adisseo strives to keep a leading position on methionine market (first business-pillar of Adisseo's strategy) and to bring new solutions by accelerating the development of Specialty products (second business-pillar).

Methionine

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

- Adisseo secures sourcing for strategic raw materials. In 2016, Adisseo integrates sulfur melting activity of Sobegi in European platform;
- Adisseo increases its production capacities in both Europe and China plants with above-mentioned projects (debottlenecking projects in China, European platform expansion, and A-Dry+ project);
- Adisseo conducts each year new surveys and initiates new projects to reduce the environmental impact of its activities: high level of environmental investments maintained in past several years, such as new electrostatic filter to reduce dust in fumes and a wastewater pre-treatment plant in Nanjing, new furnace to maximize energy recovery on a MMP (intermediary product in the synthesis of methionine) production unit, investment of a new wastewater treatment unit at Commentry which was put into use in June 2021.

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, innovative products and external acquisition. Main industry drivers include antibiotics replacement, yield improvement, health by nutrition, etc. with target to build a complete, tailor-made feed specialties solution offering 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 Innovation Capabilities

Adisseo R&I has launched its new strategic plan (R&I 2025) organized around 5 pillars: Producing Tomorrow, Experimenting Tomorrow, Winning Together, Influencing Tomorrow and Aiming 4 Efficiency. These 5 pillars have been set up to deliver the Adisseo R&I vision: “Together we deliver customer-driven innovation by impulsing and driving science and technology to feed sustainably our future”.
Each pillar is organized around a portfolio of initiatives and projects, all contributing to help Adisseo in its journey to deliver sustainable growth to its customers and to itself.

During this first semester 2021, Adisseo has launched the Adisseo Research Grant (ARG). This program, targeting universities, startups, technical centers, etc… with the ambition to increase the knowledge (hence the potential solutions) around the key challenges of animal nutrition. For example it can be the need to reduce waste and alleviate pressure on existing resources by better utilizing new feedstuffs, the requirement to reduce the use of antibiotics to preserve their efficacy, the need to reduce mortality and improve lifelong performance with improved early life nutrition, the need to adapt to increasingly warm conditions worldwide, and the need to minimize livestock’s environmental footprint in terms of water consumption, nitrogen and phosphorus emissions, and various other sustainability metrics.

In parallel to this new “open-innovation” initiative, Adisseo R&I capabilities are reinforced. The new Adisseo R&I Center in China (Nanjing) is in the final stage of its construction, in line with the initial planning. In addition, two new R&I Centers in France are being established. One is in Lyon to regroup all chemistry, engineering, nutrition and analytical capabilities and the other is in La Rochelle to regroup and develop product formulation capabilities including encapsulation, drying, additives protection which is to be operational by the end of 2021.

In the meantime, Innov’L@b (created during 2017) aimed at selecting and developing innovative disruptive solutions, has reoriented its approaches by focusing its activities on 4 different key domains: PLF (Precision Livestock Farming), Factory 4.0, disruptive ingredients and alternative proteins. These domains are seen by Adisseo as long-term challenges to support the sustainable development of the group.

Furthermore, Adisseo increases its cooperation 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&I projects on the different topics/challenges. After partnerships officially started with the Sichuan University in Chengdu on swine nutritional research, with the University of Arkansas in Fayetteville (US) on poultry nutritional research, with the James Cook University in Singapore on aquaculture nutritional research, 2 new long term partnerships have been formalized: one with the University of Wisconsin on ruminant research, and one with INRAe in France on specific critical global nutritional topics.

The new aquaculture Research & Innovation is now up and running. Priorities have been given to the development of Adisseo aquaculture business and to support the new Adisseo-Calysta joint venture on alternative proteins (Single Cell Proteins). In the meantime, starting from its French experimental farm, Adisseo is fully engaged in the development of new data management techniques to run its experimental farms.

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

From 2014 onwards, Adisseo launched one new product 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.

Adisseo continues building its innovation pipe of products and services. A new online tool, called Adict, which facilitates the utilization of data generated by Adisseo's PNE NIR service is currently being launched and one new enzyme product as well as several services is in final stage of development.

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 12th 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.

III. 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 experienced fluctuation in 2021 with rising trade barriers, increasing commercial and geopolitical tensions and 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 tampered by COVID-19. 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. The recovery of swine business is on-going. It has shown that the shortfall in pork supply is yet to be fully recovered and 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. In 2021, there is some new capacities coming into market from Chinese players and also some existing capacities adjusted for some historical 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 successfully increased 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; Despite COVID-19 situation, the project is well back on track. Construction progress is about 50%. Civil work is completed, and all key equipment will be delivered before end of July 2021. The main substation has been energized in mid-July, which started a new phase of the project. The first utilities will be put into service in August this year. The project is on track to start up around beginning of H2 2022.
- 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. Next step is now to develop synergies between Adisseo and Framelco in terms of market, product and operations. After completion of the Research facility lab in Sinagpore, 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. Its ground-breaking ceremony was organized on 18th December 2020, a milestone in the delivery of a disruptive technology that can benefit China and Southeast Asia's aquaculture market as early as 2022.
- **"**In science, we trust" mindset is deeply rooted in Adisseo. Innovation is the heritage and a key competitive edge for Adisseo, both for the optimization of the processes of performance products (methionine, Vitamin A) as well as the development of new customer driven solutions for specialty products.
  - 2020 has been dedicated to feed the pipeline of new solutions on one side and the focus on key step-change technologies for the methionine process on the other side.
  - During COVID-19 period, more efforts have been spent on the optimization of R&I organization with 5 pillars identified to implement our strategy, which are Producing Tomorrow, Experimenting Tomorrow, Influencing Tomorrow, Winning Together and Aiming 4 Efficiency.
- To complement the "internal" technologies and solutions developments, Innov'L@b (Adisseo open-innovation structure) is pursuing its investments in new venture through AVF fund.
- Innov'L@b organization has been strengthened with more dedicated resources to amplify the scouting, evaluation and investment capacity. On 24th June, Adisseo announced the signature of an agreement to take 25% participation in a capital increase at the company pigChamp pro-europa, a specialist in data analysis. The PigChamp software is a backbone for analysis, providing opportunity for continuous improvement in farm costs, healthcare, genetics, and feed. This investment represents for Adisseo a key milestone in the Precision Lifestock Farming (PLF) where Adisseo

wants to invest and bring innovative solutions to the market, to support the sustainability of the animal production industry through efficiency, welfare, biosecurity, traceability.

2021 H1 Performance Summary

In the context of COVID-19 pandemic persisted across the world, safety is and will remain Adisseo's first priority while ensuring business continuity the second. Adisseo achieved a solid safety TRIR result in H1 2021 at 0.49 with zero accident remaining the objective.

Adisseo is engaged towards its long-term sustainability and environment target. Some encouraging performance has been achieved, including the progressive reduction of greenhouse gas emission and energy and water use intensity and the switching to renewable energy in the newly acquired FRAmelco Alcala plant.

In H1 2020, customers were building some inventories to secure their supply in the context of COVID-19 outbreak, which resulted in a strong result in the first half of last year.

On top of that, Adisseo recorded a stable performance in H1 2021 with a yoy +2% revenue growth (CNY5.98 billion) and +1% gross profit growth (CNY2.36 billion) with a solid gross margin at 39% thanks to +11% volume growth in liquid methionine, continued revenue growth in specialties despite supply chain difficulties arising from COVID-19, and proactive price management leading to the increased prices of main performance products allowing to offset partly the rise in raw material cost.

Regarding the methionine business, the strong market demand led to on-going significant double-digit volume growth in liquid methionine in main regions including Latin America, Indian Sub-continent, Europe and Middle East Africa. Agile management with good results contributed to overcome the supply shortage of some key raw materials like sulfur, which secured the stable supply of liquid products.

The U.S. market anti-dumping measure had a limited impact to Adisseo thanks to its global business footprint. While still serving the customers in the U.S., Adisseo has stopped serving powder methionine in the U.S. and re-allocated the powder supply to other regions. For other related products, the impact is reduced by optimizing the supply chain. At the same time, the rebound in the price of methionine products also provided support for our stable profitability.

Globally, the methionine prices were increased to the highest level over the past 12 months which partly offset the increase in key raw material costs.

The new 180KT liquid methionine plant (BANC2 project) is progressing well. 50% of the construction work has been achieved with all main civil work completed, and all key equipment will be delivered onsite before the end of July 2021. Energizing of the main substation in mid-July started a new phase of the project.

The debottlenecking of European plant (+30KT) is well on track. The upstream part in Les Roches plant started successfully in the beginning of June and the downstream part in Burgos plant will start in August 2021.

On Vitamins, Vitamin A and Vitamin E selling prices are still at a relatively high level in the context of other industry players facing production difficulties. Portfolio vitamins' selling prices are still at their low level, but this had a limited impact on profitability.

For specialties in H1 2021, business was disrupted by several factors:

- the lower-than-expected demand due to squeezed profit arising from sharp increase of raw material cost for feed industry, reducing margins of the poultry business
- the pork business still negatively impacted by African Swine Fever,

• as well as difficulties to explore new businesses due to restrained visits in the context COVID-19.

Despite those factors and supply chain challenges, Specialty business achieved continued growth in H1 2021 in both revenue (+9%) and gross profit (+11%) mainly driven by FRAmelco acquisition and sustained good performance in some business lines:

• Ruminant business continued its strong growth thanks to steady dynamics in the U.S. dairy market.
• The aqua business achieved a strong +24% revenue growth.
• Sustainable growth realized in Healthy by Nutrition mainly supported by good performance in Selisseo and Alterion which has recorded a +29% volume growth and palatability business was back to growth despite the difficulties due to African Swine Fever.

With the normalization of market condition in coming quarters, we are confident in our ability to meet the market demand and to resume the acceleration in business development of all specialities.

An encouraging contribution from FRAmelco is under-way thanks to the on-going business and organizational integration.

After obtaining environment related permit in Q1 2021 of the first commercial FeedKind® plant of Calysseo, Adisseo's joint venture with Calysta, the Calysseo Chongqing project is progressing well with 50% completion rate. The project is on cost and on schedule and confirmed to be started in Q4 2022. Positive feedback from customers has been received.

Adisseo made a minority stake investment in PigChamp, a Spanish company with 20-year history, focusing its service on digital transformation of the swine sector addressing every topic including health, production, reproduction and biosecurity. This represents a key milestone for Adisseo in the Precision Livestock Farming (PLF). Adisseo aims to invest and bring innovative solutions to the market to support the sustainability of the animal production industry and offer efficiency, welfare, biosecurity and traceability at the same time.

One-China Strategy that Adisseo initiated in 2020 now came into its implementation phase and has delivered tangible benefits with +63% specialties revenue growth in China market realized in H1 2021 thanks to strong growth across all main categories in specialties including significant growth in Health by Nutrition and in palatability contributed by local customized solutions as well as a highly robust growth in aqua business preparing for FeedKind® launch in China market. The positive signals of rebounding in swine business are appearing, which could trigger accelerated growth in China market.

The new Adisseo Research & Innovation Center in China (Nanjing) is in the final stage of its construction, targeting to open in Q3 2022. It will allow Adisseo to establish another global R&I center, aiming to become an "innovation engine" and accelerator in Asian markets.

In addition, two new R&I Centers in France are being established. One is in Lyon to regroup all chemistry, engineering, nutrition and analytical capabilities and the other is in La Rochelle to regroup and develop product formulation capabilities including encapsulation, drying, additives protection which is to be operational by the end of 2021.

During H1 2021, Adisseo has launched the Adisseo Research Grant (ARG) worldwide, an initiative for collaborative research projects addressing feed industry challenges and a reinforcement of Adisseo thought leadership.

Adisseo also continues to develop its innovation pipeline of products and services. A new online tool called Adict which facilitates the utilization of data generated by Adisseo's PNE (Precise Nutrition Evaluation) is being launched and one new enzyme product is in the final stage of the development as well as several services.

H1 2021 net profit contributed to shareholders increased by +14% yoy to CNY816 million, thanks to the positive impact from 15% buy-back.

Competitiveness enhancement program delivered additional recurring savings partially offset with investments in sales & marketing and research & innovation to support accelerated sustainable development.

IV. Operation of main business of 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	5,978,742,795	5,885,775,768	1.58%
Cost of sales	3,620,993,154	3,553,612,085	1.90%
Selling and distribution expenses	736,434,376	670,109,056	9.90%
General and administrative expenses	321,731,219	324,099,432	-0.73%
Research and development expenditure	154,352,854	136,076,697	N/A
Financial expenses	(25,699,188)	65,613,038	13.43%
Net cash flow from operating activities	1,149,474,683	1,575,513,241	-27.04%
Net cash flow from investing activities	(1,277,180,123)	(1,064,255,856)	20.01%
Net cash flow from financing activities	(543,101,180)	(2,512,196,461)	-78.38%

Increase of selling and distribution expenses is for the continuous investment in speciaties as well as the freight cost increase arising from global supply chain disruption.

Increase of R&D expenses is our continuous investment on future to boost our innovation.

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 working capital increase.

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. Details on significant changes of profits structure and sources

☐ 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	2021.06	Percentage to total assets (%)	2020.12	Percentage to total assets (%)	Total Fluctuation	Explanations on fluctuation
Derivative financial assets	4,327,331	0.02%	39,884,250	0.19%	-89.15%	Fluctuations is due to the impact of EUR appreciation on derivatives portfolio.
Construction in progress	2,449,770,052	11.95%	1,682,054,970	8.16%	45.64%	Progress in the projects
Right-of-use assets	213,164,623	1.04%	0	0.00%	N/A	Adoption of new lease standard
Other non-current assets	55,675,220	0.27%	150,859,880	0.73%	-63.09%	Miscellaneous prepayments for tangible assets
Derivative financial liabilities	31,436,558	0.15%	2,118,600	0.01%	1383.84%	Fluctuations is due to the impact of EUR appreciation on derivatives portfolio.
Contract liabilities	4,073,077	0.02%	6,870,205	0.03%	-40.71%	Decreaes of advance received
Other current liabilities	12,123,061	0.06%	2,658,181	0.01%	356.07%	Reclassification of government grants short-term
Lease liabilities	165,362,567	0.81%	0	0.00%	N/A	Adoption of new lease standard
Provisions	7,484,706	0.04%	0	0.00%	N/A	Increase of provision
Other comprehensive income	(793,495,088)	-3.87%	(367,582,718)	-1.78%	115.87%	Increase of difference from translation of financial statements in foreign currencies

2. Summary of overseas assets

√ Applicable ☐ Not applicable

(1) Assets amount
Overseas assets amount was CNY 11,154,496,843, accounts for 54% of the Company’s total Assets

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

3. Restricted assets at the end of reporting period

☐ Applicable √ Not applicable

4. Other information

☐ Applicable √ Not applicable

IV). Summary of Analysis of overall investments

☐ Applicable √ Not applicable

(1) Significant equity investment acquired in the reporting period

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

(3) Financial Assets measured at fair value

√ Applicable ☐ Not applicable

Adisseo holds derivative financial instruments to manage the effect of changes in currency exchange rates. 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.57 “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	8,085,428,914	4,828,766,029	696,501,001	N/A
Bluestar Adisseo Nanjing Co., Ltd	RMB 3,037,640,586	R&D, production and distribution	5,143,963,230	4,348,957,686	42,518,376	N/A
Adisseo Life Science (Shanghai) Co., Ltd	USD 700,000	Distribution & Sourcing	1,440,685,468	663,094,280	12,557,915	N/A
Adisseo USA Inc.	USD 3,139,000	Distribution	630,430,600	356,365,109	21,311,899	N/A
Adisseo Brasil Nutriçao Animal Ltda	BRL 1,987,106	Distribution	384,904,827	22,286,482	24,952,644	N/A

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	4,489,819,154	894,893,187

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

VII). Structured entities controlled by the Company

☐ Applicable √ Not applicable

V. Other Disclosure Matter

1. Possible risks in the future

√Applicable ☐ Not applicable

(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, which has been impacted in 2020 by the COVID pandemic. Extension of lockdown measures in several countries and general uncertainty on long-term impacts of the pandemic could result in an extended recession. Even if massive vaccination campaigns result in a widespread immunity, subsequent economic recovery in Western countries could be hampered by high public debt and civil unrest resulting from an uneven recovery. 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 49 subsidiaries, 45 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. In addition, rising geopolitical tensions and measures aimed to contain spread of COVID pandemic could result in additional restrictions to cross-borders trade. 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. Covid pandemic could result in new administrative shutdowns and restrictions to cross-borders shipments – which could increase the risk of interruption in the sourcing of raw materials.

(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 as an equity instrument and redempted 80,000,000 and 70,000,000 shares in 2018 and 2019 respectively. As of June 30 2021, 250,000,000 preferred shares remained and the net exposure on shareholders' equity amounts to a potential loss of RMB 105,838,662.

(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.

As provided under the paragraph (4) above, geopolitical tensions and restrictions to free trade could increase risks and uncertainties regarding import regulations and custom taxes.

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

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

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

Like other companies, Adisseo is the target of industrial espionage, including cyber-attacks, from time to time. Adisseo is experiencing an increase in attempts to breach its information technology systems, including in conjunction with implementation of work-from-home protocols adopted in response to COVID-19. These cyber-security threats include phishing, spam emails, hacking, social engineering, and malicious software. Adisseo has determined that these attacks have resulted, and could result in the future, in unauthorized parties gaining access to certain confidential business information. Although Adisseo has not experienced any material losses to date related to these security breaches, including cybersecurity incidents, there can be no assurance that Adisseo will not suffer such losses in the future. Adisseo seeks to actively manage the risks within the Company's control that could lead to business disruptions and security breaches. As these threats continue to evolve, particularly around cybersecurity, Adisseo may be required to expend significant resources to enhance the Company's control environment, processes, practices and other protective measures. Despite these efforts, such events could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

(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.

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

√Applicable ☐ Not applicable

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

Section 4 Corporate Governance

I. Brief introduction to General Shareholders' Meetings

Meetings	Convening Date	Index Reference for the Resolutions published on the website	Disclosure date of the resolution published
2020 Annual General Meeting	May 17, 2021	2021 - 014	May 18, 2021

The preferred shareholders whose voting rights are restored request to hold an extraordinary general meeting of shareholders

☐ Applicable √ Not applicable

Description on general meeting of shareholders

√ Applicable ☐ Not applicable

The company held one shareholder meeting during the reporting period: General Assembly of Shareholders for FY2020. The meeting reviewed and approved proposals on annual report, board working reports, profit distribution plan, appointment of auditor and internal control auditor and other proposals. For the resolution of this meeting, please refer to the relevant announcement above.

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

III. 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	

IV. 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

Section 5 Environment and Social Responsibilities

I. Environmental information

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), Adisseo's plant located in Nanjing, China, has implemented strict environment protection policies since its establishment, continuously making investment in the area of environment protection and is endeavored to contribute to the green sustainability development.

(1) Information about discharge

√ Applicable ☐ Not applicable

BANC has been implementing strict environment protection policiessince its establishment with our priority of reducing our impact on the environment. In the first half of 2021, both the waste gas and waste water in the daily operation meet the discharge requirements.

(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, SO2 effluent concentration ＜20mg/m3. WESP project reduced effluent concentration stably at＜10mg/m3, which improved effectively tailing with traditional ammonia process of desulfurization. The waste gas from sewage pretreatment and the waste gas from pressure drum have been incinerated in the thermal oxidation furnace and discharged up to the standard. The waste gas adsorption device of carbon disulfide tank farm operates normally.

The WWPT facility adopts the world-leading technology of 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

(4) Prepared plan for environmental emergencies

√ Applicable ☐ Not applicable

No environment emergent accident happened in BANC this year. BANC has established environment emergency plan, and passed expert assessment on December 12th, 2019. BANC 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. H2S and other eight 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, web-linked with NJCUO's environment surveillance network. This is the first in NCIP, which meets the latest requirements of Jiangsu Province for safety and environmental protection supervision.
According to the monitoring frequency requirements of the pollutant discharge permit, the self monitoring scheme is prepared, and the actual monitoring frequency exceeds the requirements of the pollutant discharge permit.

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

☐ Applicable √ Not applicable

(7) Other environmental information

☐ Applicable √ Not applicable

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.

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

(3) Reason for not disclosing other environmental information

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

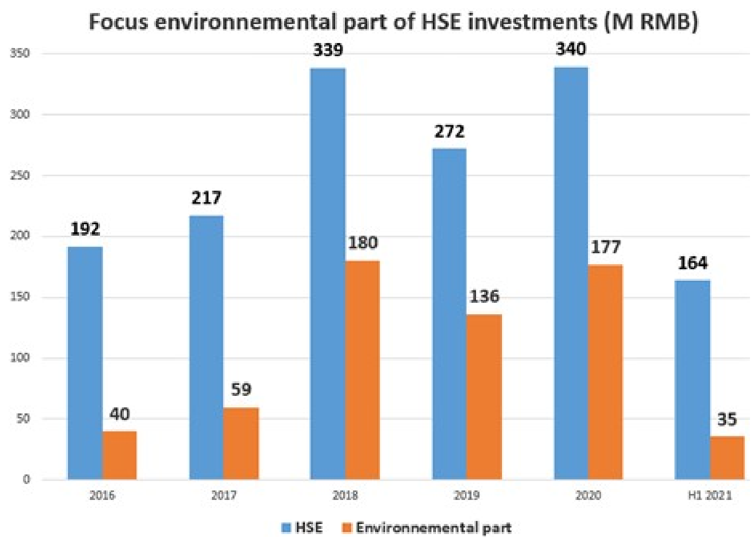
4. Other information beneficial to protecting ecology, preventing pollution and fulfilling environmental responsibility

√ Applicable ☐ Not applicable

Every year, Adisseo conducts new surveys and initiates new projects to reduce the environmental impact arising from its activities. From the supply chain to the water and energy consumption of production plants, office buildings and sales activities, every part of Adisseo is covered by the company's environmental policy. Adisseo is taking account of all the complaints with utmost care and strives to take the innovative route to addressing these issues.

To promote sustainable growth, each industrial project is used to strengthen our control of safety and environmental risks and reduce their impact. In 2021, Adisseo decided to test the use of an internal carbon pricing to encourage investments in low-carbon and carbon-free technologies through the implementation of an internal carbon pricing.
We also accelerate our investments and initiatives:

- Decarbonated energy purchase contract at Nanjing plant in place since the beginning of 2021 (reminder: renewable power supply at Burgos since 2020/01/01).
- New wastewater treatment station (WWTS) in Commentry (France) started at the end of 2021 H1 Implementation of new exchangers for energy efficiency at Roussillon plant (VENUS project)
- TOURNESOL project, which aims to reduce energy consumption, supported by ISO 50001 certification deployment (energy management system)
- Conduct sustainability reviews for each major investment and innovation project
- GREEN project which consists in its first step in carrying out a global inventory of ideas to reduce water consumptions and waste quantities



ADISSEO has defined a deliberate HSE investment strategy of close to RMB 300 million per year over the last three years. Environmental related investments in 2020 represents 50% of the total of HSE investments and related to projects and initiatives mentioned above. Investment in 2021 H1 is in line with the projects schedule during the year.

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

√ Applicable ☐ Not applicable

Adisseo is committed to reducing the impact on the environment. In accordance with the Paris climate agreement signed at the 2015 United Nations Climate Change Conference (COP21), the Company is promoting measures to reduce greenhouse gas emissions as planned. According to the impact of its production activities on the environment, the corresponding emission reduction policies are formulated, and the challenging goals are set

➢ For each kg of products manufactured, greenhouse gas emissions intensity, energy consumption and water consumption will be reduced by 20% (compared with 2015) (this goal has been achieved ahead of schedule in 2020);

➢ From 2021 Adisseo will take another step forward. It has chosen, as an additional objective, a path to reduce its absolute GHG emissions by 2.5% per year, thereby complying with the Paris climate agreement. The scope covers all direct emissions related to its current industrial activities and indirect emissions related to its energy purchases, which will be achieved through various measures such as developing and optimizing its processes, improve energy efficiency and the possibility of purchasing renewable or decarbonated energy, so as to ensure the reduction of carbon footprint when conducting business activities.

Liquid methionine, one of Adisseo's main products, helps to reduce the ammonia produced by animal intestinal fermentation, thus improving the carbon and nitrogen utilization ratio of anaerobic microorganisms. According to the rough calculation, every kg of liquid methionine added to feed can reduce carbon emission by about 2kg.

As the world's leading NSP enzyme product, Adisseo’s Rovabio feed enzyme produced can comprehensively improve the effect of animal breeding and help customers reduce their carbon footprint by 5%.

In order to reduce our carbon footprint and save on our logistics costs, a new multimodal isotank transport mode has been implemented. It combines road, sea and rail transportation. our carbon footprint has been reduced by more than 50% per ton transported, and the logistics cost is saved at the same time.

From 2021, 100% of the power of Nanjing plant will be purchased from clean energy. Adisseo launched TOURNESOL project in French factory to reduce energy consumption, which is certified by ISO 50001 energy management system.

By optimizing the production process of waste gas incinerator, the carbon dioxide emission of Nanjing plant was reduced by 21.7% in the same period. Through the production process optimization of carbon disulfide, methyl mercaptan and other units, Nanjing plant saved 2 million cubic meters of natural gas, equivalent to nearly 2400 tons of standard coal.

II. Introductions on reinforcing and expanding the achievements of poverty alleviation, rural revitalization and other specific work by the listed company

√ Applicable ☐ Not applicable

While pursuing the company's high-quality development and business diversification, Adisseo focuses on "reinforcing and expanding the achievements of poverty alleviation and rural revitalization", and actively promotes undertaking social responsibility in China. In the first half of the year, Adisseo called on its employees to join the initiative of “helping wisdom + helping aspirations” to assist cultural poverty alleviation in Huili County, Sichuan Province in southwestern regions. While actively participating in the "Pearl Retrieval Project" of the Xinhua Ai Fund, the Adisseo volunteer team made a special donation of books to the Adisseo Shaobo Pearl Class of Huili No.1 Middle School in Sichuan Province. Adisseo also provided academic funding to help impoverished students who are excellent in study to enjoy fair and quality education opportunities.

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

Section 6 Significant Matters

I. Fulfilment of Commitments

1. **During the reporting period or subsequent to the reporting period, commitment items of the actual controller, the shareholders, the related parties, the acquirer, and the listed company**
   ☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

III. Illegal guarantee

☐ Applicable √ Not applicable

IV. Audit of half-year report

☐ Applicable √ Not applicable

V. Matters related to non-standard audit opinions to previous year annual report

☐ Applicable √ Not applicable

VI. Restructuring matters relating to bankruptcy

☐ Applicable √ Not applicable

VII. Significant lawsuits and arbitrations

☐ Applicable √ Not applicable

VIII. Judgments or fines rendered against the listed Company and its Directors, Supervisors, Senior management, major shareholders or ultimate controller

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

X. Significant related-party transactions

1. Related-party transactions in association with daily transactions

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

(3) Undisclosed items in interim announcement

☐ Applicable √ Not applicable

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

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

(3) Undisclosed items in interim announcements

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

3. Related Party transactions in association with external investments

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

(3) Undisclosed items in interim announcements

☐ Applicable √ Not applicable

4. Related Party transactions in association with loans and debt

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

(3) Undisclosed items in interim announcements

☐ Applicable √ Not applicable

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

√ Applicable ☐Not applicable

(1) Deposit

√ Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Related party	Relation	Limit amount of daily deposit	Interest rate	Beginning balance	Transaction in the period	Ending balance
ChemChina Finance Co, Ltd	Controlled by the same ultimate controlling shareholder	1,000,000,000	2.025%-3.2%	407,449,610	(255,241,196)	152,208,414

(2) Loan

☐ Applicable √ Not applicable

(3) Credit and other business
☐ Applicable √ Not applicable

(4) Other description
☐ Applicable √ Not applicable

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

7. 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 Other Important Matters

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

In 2021, the Group has adopted CAS No.21 – Leases (Revised)(CK[2018]No.35) ("New leases standard") issued by the MOF. For more information, please refer to Section 10 Financial Report part 5 "Important Accounting Policies and Accounting Estimates" 37(1).

2. Others
√ Applicable ☐ Not applicable

On 31st March 2021, SASAC approved the joint restructuring of Sinochem Group and ChemChina, whereby a new holding company will be set up by SASAC who will perform the duties of the controlling shareholder on behalf of SASAC, and Sinochem Group and ChemChina will be consolidated into the new holding company. Upon completion of the joint restructuring, both the controlling shareholder of the Company and the de facto controller of the Company will remain same. For details, please refer to the relevant notice (Notice No.: 2021-012).

Section 7 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	31,980
Total number of preferred shareholders whose voting rights have been restored by the end of the report period	0

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

Unit: Share

Shares held by top ten shareholders							
Name of shareholder (full name)	Change in the reporting period	Number of shares held by end of the period	Proportion of shares held (%)	Number of shares with trading restrictions	Status of pledged or frozen shares		Type of shareholder
					Share status	Number	
China National Bluestar (Group) Co., Ltd.	0	1,709,387,160	63.74	0	Frozen	13,520,000	Stated owned legal entity
Bluestar-GTJA-19 Bluestar EB guarantee and trust property account	-49,132,413	592,078,113	22.08	0	Unknown	0	Unknown
China Securities Finance Corporation Limited	0	13,794,697	0.51	0	Unknown	0	Unknown
Guoxin Investment Co., Ltd	11,762,277	11,762,277	0.44	0	Unknown	0	Unknown
Industrial Bank Co., Ltd. - Ageon-industrial global vision equity securities investment fund	7,218,036	7,218,036	0.27	0	Unknown	0	Unknown
Jiangsu JuheChuangyiEmergingIndustryInvestmentFund LLP	600,000	7,207,000	0.27	0	Unknown	0	Unknown
Ageon-industrial Fund - Industrial Bank - Ageon-industrial - organic growth No.1 specific	7,110,342	7,110,342	0.27	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	
multi client asset management plan							
Ping An Fund - China Ping An Life Insurance Co., Ltd. - dividend - Individual Insurance dividend - Ping An Life - ping an fund equity entrusted investment No.2 single asset management plan	5,999,909	5,999,909	0.22	0	Unknown	0	Unknown
Ageon-industrial Fund - Agricultural Bank of China - China Pacific Life Insurance - China Pacific Life Stock active management products (individual dividends) entrusted investment	5,988,180	5,988,180	0.22	0	Unknown	0	Unknown
China Merchants Bank Co., Ltd. - Ageon-industrial Heyuan two year holding hybrid securities investment fund	5,922,210	5,922,210	0.22	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	592,078,113	RMB Common share	592,078,113
China Securities Finance Corporation Limited	13,794,697	RMB ordinary shares	13,794,697
Guoxin Investment Co., Ltd	11,762,277	RMB ordinary shares	11,762,277
Industrial Bank Co., Ltd. - Ageon-industrial global vision equity securities investment fund	7,218,036	RMB Common share	7,218,036
Jiangsu JuheChuangyiEmergingIndustryInvestment Fund LLP	7,207,000	RMB ordinary shares	7,207,000
Ageon-industrial Fund - Industrial Bank - Ageon-industrial - organic growth No.1 specific multi client asset management plan	7,110,342	RMB ordinary shares	7,110,342
Ping An Fund - China Ping An Life Insurance Co., Ltd. - dividend - Individual Insurance dividend - Ping An Life - ping an fund equity entrusted investment No.2 single asset management plan	5,999,909	RMB ordinary shares	5,999,909
Ageon-industrial Fund - Agricultural Bank of China - China Pacific Life Insurance - China Pacific Life Stock active management products (individual dividends) entrusted investment	5,988,180	RMB ordinary shares	5,988,180
China Merchants Bank Co., Ltd. - Ageon-industrial Heyuan two year holding hybrid securities investment fund	5,922,210	RMB ordinary shares	5,922,210
Description of special account for repurchase among top 10 shareholders	Not applicable		

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
Explanation of the above shareholders' entrusted voting right, entrusting voting right and waiver of voting right	Not applicable		
Statement on related relationship or acting in concert among the above shareholders	The State-owned corporation shareholders, China National Bluestar (Group) Co., Ltd. and Beijing Research and Design Institute of Rubber Industry are subsidiaries of 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, 2019-034 and 2020-024. Except for the above mentioned shareholders, the Company does not know whether any related relationship exists among other shareholders, or whether the other shareholders have acted in concert as regulated by the Administrative Measures for Purchasing of Listed Companies.		
Description for the participation in margin trading business of the top 10 shareholders (If any)	Not applicable		

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

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

□ Applicable √ Not applicable

Other information

□ Applicable √ Not applicable

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

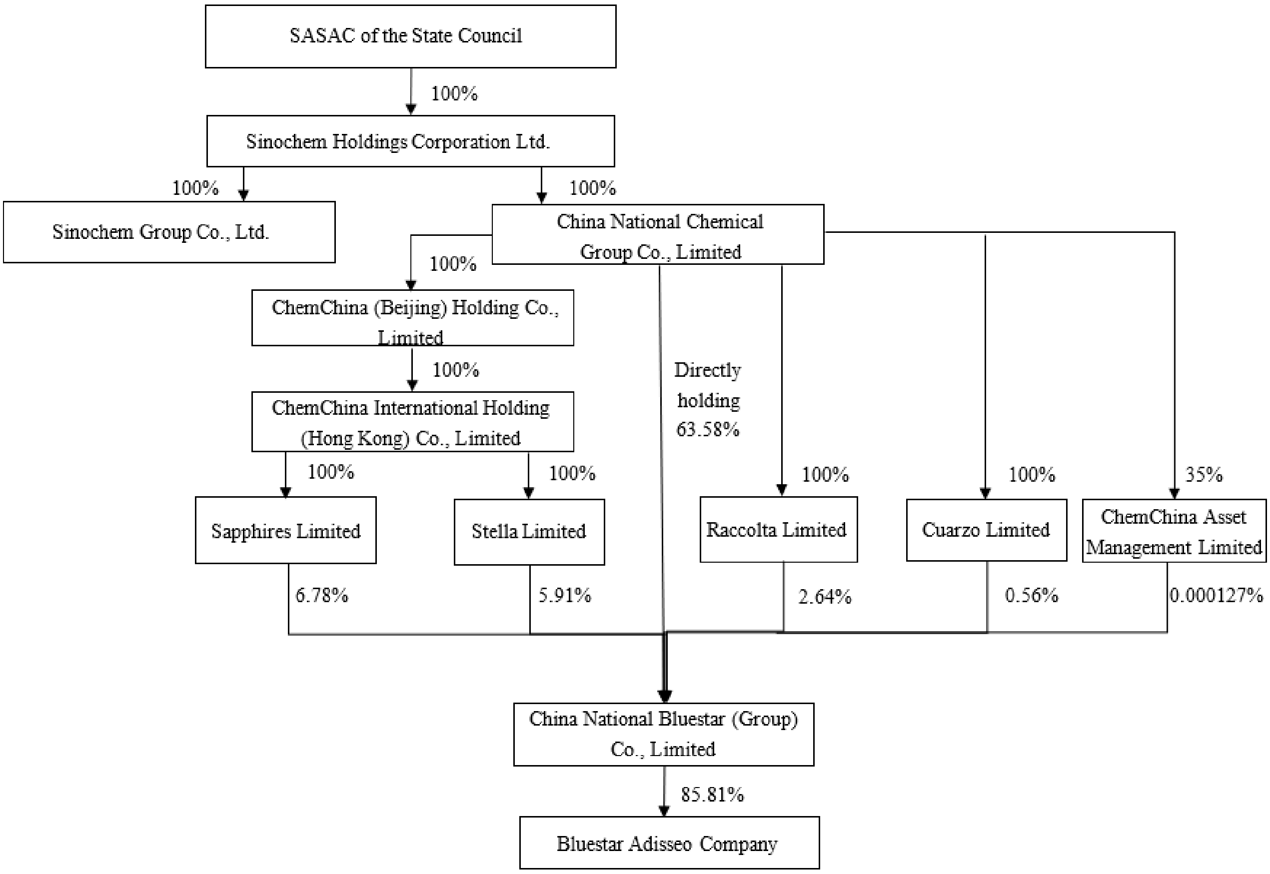
□ Applicable √ Not applicable

3. Others

□ Applicable √ Not applicable

IV. Changes in Controlling Shareholder and Ultimate controlling shareholder

□ Applicable √ Not applicable



Note: On 31st March 2021, SASAC approved the joint restructuring of SinoChem Group and ChemChina, whereby a new holding company is set up by SASAC who will perform the duties of the controlling shareholder on behalf of SASAC, and Sinochem Group and ChemChina will be consolidated into the new holding company. (i.e. Sinochem Holding Co., Ltd.). The structure chart shows the equity structure after the reorganization. As of June 30th, 2021, the reorganization has not been completed.

Section 8 Information on Preferred Shares

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

Section 9 Corporate bonds

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

□ Applicable √ Not applicable

II.Convertible bonds

□ Applicable √ Not applicable

Section 10 Financial Report

I. Audit report

□ Applicable √ Not applicable

II. Financial Statements

Consolidated Balance Sheet

June 30, 2021

Prepared by: Bluestar Adisseo Company

Unit: Yuan Currency: RMB

	Notes	Closing balance	Opening balance
Current Assets:			
Cash at bank and on hand	VII.1	2,044,951,524	2,769,159,642
Financial assets at fair value through profit or loss		0	0
Derivative financial assets	VII.2	4,327,331	39,884,250
Notes receivable			0
Accounts receivable	VII.4	1,692,480,153	1,549,836,508
Receivable financing			
Advances to suppliers	VII.5	74,854,182	77,328,904
Other receivables		58,817,023	79,153,485
Including: interest receivable		5,301,152	5,468,025
dividend receivable		0	0
Inventories	VII.6	1,776,417,086	1,739,483,644
Contract assets			0
Other current assets	VII.7	350,024,434	429,844,279
Total current assets		**6,001,871,733**	**6,684,690,712**
Non-current Assets:			
Available-for-sale financial assets			
Long-term receivables	VII.8	51,922,961	54,602,143
Long-term equity investments	VII.9	284,512,379	296,291,025
Investments in other equity instruments	VII.10	258,099,565	235,265,762
Other non-current financial assets	VII.11	57,701,524	64,553,100
Investment properties			
Fixed assets	VII.12	6,656,760,669	7,127,762,153
Construction in progress	VII.13	2,449,770,052	1,682,054,970
Right-of-use assets	VII.14	213,164,623	0
Intangible assets	VII.15	2,261,206,575	2,047,491,145
Development costs	VII.16	70,702,502	74,733,711
Goodwill	VII.17	1,991,930,374	2,080,077,745
Long-term prepaid expenses		6,661,376	7,998,253
Deferred tax assets	VII.18	132,150,999	111,252,476
Other non-current assets	VII.19	55,675,220	150,859,880
Total non-current assets		**14,490,258,819**	**13,932,942,363**
TOTAL ASSETS		**20,492,130,552**	**20,617,633,075**
Current Liabilities:			
Short-term borrowings	VII.20	614,887,212	642,030,162
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities	VII.21	31,436,558	2,118,600
Notes payable			
Accounts payable	VII.22	1,245,001,434	1,182,547,468
Advances from customers			
Contract liabilities		4,073,077	6,870,205
Wages and benefits payable	VII.23	392,546,487	535,160,023
Taxes payable	VII.24	276,994,803	314,187,728
Other payables	VII.25	767,635,470	782,893,932

	Notes	Closing balance	Opening balance
Including: interest payable		610,879	5,485,297
dividends payable		0	0
Current portion of non-current liabilities	VII.26	286,783,002	222,890,468
Other current liabilities	VII.27	12,123,061	2,658,181
Total current liabilities		**3,631,481,104**	**3,691,356,767**
Non-current Liabilities:			
Long-term borrowings	VII.28	48,398,843	61,636,147
Lease liabilities	VII.29	165,362,567	0
Long-term payables	VII.30	63,667,485	67,011,559
Long-term employee benefits payable	VII.31	322,710,826	394,396,402
Provisions	VII.32	7,484,706	0
Deferred income	VII.33	165,164,790	172,896,367
Deferred tax liabilities	VII.18	769,790,913	797,843,212
Other non-current liabilities		0	0
Total non-current liabilities		**1,542,580,130**	**1,493,783,687**
Total liabilities		**5,174,061,234**	**5,185,140,454**
SHAREHOLDERS' EQUITY:			
Paid-in capital	VII.34	2,681,901,273	2,681,901,273
Other equity instruments		0	0
Capital reserve	VII.35	1,260,973,699	1,260,973,699
Other comprehensive income	VII.36	(793,495,088)	(367,582,718)
Special reserve		0	0
Surplus reserve	VII.37	554,040,855	511,425,425
Undistributed profits	VII.38	10,136,203,614	9,866,227,708
Total equity attributable to equity holders of the Company		**13,839,624,353**	**13,952,945,387**
Non-controlling interests		1,478,444,965	1,479,547,234
Total owners' equity		**15,318,069,318**	**15,432,492,621**
TOTAL LIABILITIES AND OWNERS' EQUITY		**20,492,130,552**	**20,617,633,075**

Responsible person of the Company: Jean-Marc Dublanc

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

Chief Accountant: Yun Cai

Balance Sheet of the Company

June 30, 2021

Prepared by: Bluestar Adisseo Company

Unit: Yuan Currency: RMB

Item	Notes	Closing balance	Opening balance
Current Assets:			
Cash at bank and on hand	XVIII.1	160,344,875	411,444,510
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivable financing			
Advances to suppliers		148,571	69,975
Other receivables	XVIII.2	8,310,066	5,460,000
Including: interest receivable		5,285,778	5,460,000
dividend receivable		0	0
Inventories			
Contract assets			
Assets held for sale			
Other current assets			
Total Current Assets		168,803,512	416,974,485
Non-current Assets:			
Available-for-sale financial assets			
Long-term receivables			
Long-term equity investments	XVIII.3	10,500,492,549	10,500,492,549
Investments in other equity instruments			
Other non-current financial assets			
Investment properties			
Fixed assets		27,416	42,873
Construction in progress			
Right-of-use assets			
Intangible assets			
Development costs			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets			
Other non-current assets		3,478,270	3,632,057
Total Non-current Assets		10,503,998,235	10,504,167,479
Total Assets		**10,672,801,747**	**10,921,141,964**
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		209,899	157,183
Taxes payable		270,020	47,538
Other payables		156,055,816	358,810,952
Including: interest payable		5,846,111	4,272,778
dividend payable			
Liabilities held for sale			
Current portion of non-current liabilities			
Other current liabilities			
Total Current Liabilities		156,535,735	359,015,673
Non-current Liabilities:			
Long-term borrowings			
Notes payables			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total Non-current Liabilities			
Total Liabilities		156,535,735	359,015,673
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		554,039,029	511,425,425
Undistributed profits		598,768,082	687,241,965
Total Owners' Equity		10,516,266,012	10,562,126,291
Total Liabilities And Owners' Equity		**10,672,801,747**	**10,921,141,964**

Responsible person of the Company: Jean-Marc Dublanc

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

Chief Accountant: Yun Cai

Consolidated Income Statement

January- June 2021

Unit: Yuan Currency: RMB

Items	Notes	6 months ended June 30 2021	6 months ended June 30 2020
I. Total operating revenue		**5,978,742,795**	**5,885,775,768**
Including: Operating revenue	VII.39	5,978,742,795	5,885,775,768
II. Total operating costs		**4,843,288,776**	**4,805,801,120**
Including: Cost of sales	VII.39	3,620,993,154	3,553,612,085
Taxes and surcharge	VII.40	35,476,361	56,290,812
Selling and distribution expenses	VII.41	736,434,376	670,109,056
General and administrative expenses	VII.42	321,731,219	324,099,432
Research and development expenses	VII.43	154,352,854	136,076,697
Financial expenses –net	VII.44	(25,699,188)	65,613,038
Including: Interest expenses		7,674,956	6,051,542
Interest income		(7,414,237)	(40,245,060)
Add: Other income		9,541,993	13,842,625
Investment income (loss)	VII.45	741,152	(75,896)
Including: Income from investments in associates and joint ventures		741,152	0
Gains (losses) from changes in fair value	VII.46	(54,119,699)	4,708,838
Credit losses	VII.47	(6,902,127)	596,030
Asset impairment losses	VII.48	(1,403,419)	(5,826,677)
Gain (loss) from disposal of assets		29,212	25,165
III. Operating profit (loss)		**1,083,341,131**	**1,093,244,733**
Add: Non-operating income	VII.49	8,630,466	4,060,269
Less: Non-operating expenses	VII.50	20,229,975	4,064,538
IV. Total profit (Total loss)		**1,071,741,622**	**1,093,240,464**
Less: Income tax expenses	VII.51	255,849,501	281,555,393
V. Net profit (Net loss)		**815,892,121**	**811,685,071**
Net profit classified by ownership			
Net profit attributable to shareholders of the Company		**816,419,799**	**719,310,195**
Net profit attributable to non-controlling interests		(527,678)	92,374,876
Net profit classified by continuity			
Net profit (loss) from continuing operations		**815,892,121**	**811,685,071**
Net profit (loss) from discontinued operations			
VI. Net other comprehensive income		**(426,486,958)**	**177,465,683**
Other comprehensive income (net of tax) attributable to the owners of the Company	VII.36	**(425,912,367)**	**152,074,563**
1. Other comprehensive income which will not be reclassified subsequently to profit or loss			**0**
1) Actuarial differences on defined benefits plans			0
2. Other comprehensive income which will be reclassified subsequently to profit or loss		**(425,912,367)**	**152,074,563**
1) Effective hedging portion of gains or losses arising from cash flow hedging instruments		(18,325,958)	(5,821,878)
2) Differences on translation arising on translation of foreign currency financial statements		(407,586,409)	157,896,441

Items	Notes	6 months ended June 30 2021	6 months ended June 30 2020
Net other comprehensive income attributable to non-controlling interests after tax		**(574,591)**	**25,391,120**
VII. Total comprehensive income		**389,405,163**	**989,150,754**
Total amount of comprehensive income attributable to equity holders of the Company		390,507,432	871,384,758
Total amount of comprehensive income attributable to non-controlling interests		(1,102,269)	117,765,996
VIII. Earnings per share:			
(I) Basic earnings per share (Yuan/ share)	VII.52	0.30	0.27
(II) Diluted earnings per share (Yuan/ share)	VII.52	0.30	0.27

Responsible person of the Company: 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 2021	6 months ended June 30 2020
I. Operating revenues		7,372,014	
Less: Cost of sales		5,105,422	
Business taxes and surcharge		70	0
Selling and distribution expenses			
General and Administrative expenses		5,925,490	5,206,041
Research and development expenses			
Financial expenses - net		(2,996,189)	(37,385,372)
Including: Interest expenses		1,573,333	0
Interest income		(3,910,356)	(29,743,158)
Add: Other income			
Investment income (loss)	XVIII.4	426,772,500	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)		426,109,721	747,769,331
Add: Non-operating income		134,628	32,169
Less: Non-operating expenses		90,000	0
III. Total profit (Total Loss)		426,154,349	747,801,500
Less: Income tax expenses			
IV. Net profit (Net Loss)		426,154,349	747,801,500
Net profit classified by continuity			
Net profit (loss) from continuing operations		426,154,349	747,801,500
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		426,154,349	747,801,500
VII. Earnings per share:			
(I) Basic earnings per share		Not applicable	Not applicable
(II) Diluted earnings per share		Not applicable	Not applicable

Responsible person of the Company: Jean-Marc Dublanc

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

Chief Accountant: Yun Cai

Consolidated Cash Flow Statement

January- June 2021

Unit: Yuan Currency: RMB

Items	Notes	6 months ended June 30 2021	6 months ended June 30 2020
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		5,798,295,132	6,089,171,826
Refunds of taxes and surcharges		8,397	2,683,201
Cash received relating to other operating activities	VII.54(1)	61,679,103	50,177,900
Subtotal of cash inflows from operating activities		**5,859,982,632**	**6,142,032,927**
Cash paid for goods and services		3,400,832,774	3,445,188,019
Cash paid to and on behalf of employees		1,010,133,340	805,292,676
Payments of taxes and surcharges		241,159,317	264,477,346
Cash paid relating to other operating activities	VII.54(2)	58,382,518	51,561,645
Subtotal of cash outflows for operating activities		**4,710,507,949**	**4,566,519,686**
Net cash flow generated from operating activities		**1,149,474,683**	**1,575,513,241**
II. Cash flows from investing activities:			0
Cash received from disposals of investment			0
Cash received from investment income and interest income		7,572,854	38,397,788
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		424,496	1,445,553
Net cash received from disposals of subsidiaries and other business units		0	0
Cash received relating to other investing activities		1,643,779	875,053
Subtotal cash inflows from investing activities		**9,641,129**	**40,718,394**
Cash paid to purchase fixed assets, intangible assets and other long-term assets		1,237,871,587	577,260,632
Cash paid to acquire investments		48,810,418	244,673,722
Net cash paid for acquisitions of subsidiaries		0	35,743,034
Cash paid relating to other investing activities		139,247	247,296,862
Subtotal of cash outflows for investing activities		**1,286,821,252**	**1,104,974,250**
Net amount of cash flow from investing activities		**(1,277,180,123)**	**(1,064,255,856)**
III. Cash flow from financing activities:			0
Cash received from capital contributions			0
Including: cash received from capital contributions by non-controlling interests of subsidiaries			0
Payment for acquisition of non-controlling interests			0
Cash received from borrowings		195,040	584,427,571
Cash received from issuance of debentures		0	0
Cash received relating to other financing activities		0	0
Subtotal of cash inflows from financing activities		**195,040**	**584,427,571**
Cash repayments of borrowings		19,187,995	5,391,220

Items	Notes	6 months ended June 30 2021	6 months ended June 30 2020
Cash payments for interest expenses and distribution of dividends or profits		524,108,225	593,036,703
Including: dividends and profits paid to non-controlling shareholders of subsidiaries		0	164,174,570
Cash paid relating to other financing activities	VII.54(6)	0	2,498,196,109
Subtotal of cash outflows for financing activities		**543,296,220**	**3,096,624,032**
Net cash flow from financing activities		**(543,101,180)**	**(2,512,196,461)**
IV. Effect of Foreign exchange rate changes on Cash and Cash Equivalents		**(53,401,498)**	**24,171,618**
V. Net increase in cash and cash equivalents		**(724,208,118)**	**(1,976,767,458)**
Add: Opening balance of cash and cash equivalents		2,769,159,642	5,295,065,807
VI. Closing balance of cash and cash equivalents	**VII.55(4)**	**2,044,951,524**	**3,318,298,349**

Responsible person of the Company: 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 2021

Unit: Yuan Currency: RMB

Items	Notes	6 months ended June 30 2021	6 months ended June 30 2020
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		8,348,237	2,103,720
Subtotal of cash inflows from operating activities		8,348,237	2,103,720
Cash paid for goods and services			
Cash paid to and on behalf of employees		7,577,702	2,203,363
Payments of taxes and surcharges		986,021	8,482,068
Cash paid relating to other operating activities		9,720,113	5,064,659
Subtotal cash outflows from operating activities		18,283,836	15,750,090
Net cash flow generated from operating activities		(9,935,599)	(13,646,370)
II. Cash flow from investing activities:			
Cash received from disposals of investments			
Cash received from investment income and interest income		430,857,078	1,448,349,558
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		430,857,078	1,448,349,558
Cash paid to purchase fixed assets, intangible assets and other long-term assets			0
Cash paid to acquire investments			
Net cash paid for acquisitions of subsidiaries and other business units			
Net cash decrease due to disposal of subsidiaries			
Cash paid relating to other investing activities		0	2,495,087,450
Subtotal of cash outflows from investing activities		0	2,495,087,450
Net amount of cash flow from investing activities		430,857,078	(1,046,737,892)
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		200,000,000	0
Cash payments for interest expenses and distribution of dividends or profits		472,014,628	418,376,603
Cash payments relating to other financing activities			
Subtotal of cash outflows from financing activities		672,014,628	418,376,603
Net cash flow from financing activities		(672,014,628)	(418,376,603)
IV. Effect of Foreign Exchange rate changes on cash and cash equivalents		(6,486)	2,447

Items	Notes	6 months ended June 30 2021	6 months ended June 30 2020
V. Net increment of cash and cash equivalents		(251,099,635)	(1,478,758,418)
Add: Opening balance of cash and cash equivalents		411,444,510	2,058,211,716
VI. Closing balance of cash and cash equivalents		160,344,875	579,453,298

Responsible person of the Company: 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 2021

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	Subtotal		
1.Ending balance of last year	**2,681,901,273**		**1,260,973,699**	**(367,582,718)**		**511,425,425**	**9,866,227,708**	**13,952,945,387**	**1,479,547,234**	**15,432,492,621**
Add: increase/(decrease) due to changes in accounting policies										
Increase/(decrease) due to corrections of errors in prior period										
Business combination under common control										
2.Opening balance of current year	**2,681,901,273**	-	**1,260,973,699**	**(367,582,718)**	-	**511,425,425**	**9,866,227,708**	**13,952,945,387**	**1,479,547,234**	**15,432,492,621**
3.Increase/(decrease) for current period	-	-	-	**(425,912,370)**	-	**42,615,430**	**269,975,906**	**(113,321,034)**	**(1,102,269)**	**(114,423,303)**
(1)Total comprehensive income				(425,912,367)			816,419,799	390,507,432	(1,102,269)	**389,405,163**
(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	Subtotal		
(3)Profits distribution						42,615,430	(546,433,044)	(503,817,614)	-	**(503,817,614)**
(a)Appropriation of surplus reserve						42,615,430	(42,615,430)	-	-	**-**
(b)Distribution to owner/shareholder							(503,817,614)	(503,817,614)	-	**(503,817,614)**
(c)Others										
(4)Transfer within owner's equity										
(a)Capitalization of capital reserve										
(b)Capitalization of surplus reserve										
(c)Loss offset by surplus reserve										
(d)Other comprehensive income transferred to retained earnings										
(e)Others										
(5) Special reserve										
(a)Transfer to special reserve in the period										
(b) Amount used in the period										
(6) Other				(3)			(10,849)	(10,852)	-	**(10,852)**
4.Ending balance of current period	**2,681,901,273**	**-**	**1,260,973,699**	**(793,495,088)**	**-**	**554,040,855**	**10,136,203,614**	**13,839,624,353**	**1,478,444,965**	**15,318,069,318**

Responsible person of the Company: 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	Subtotal		
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**	**13,797,572,348**	**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**	**13,797,572,348**	**3,416,954,043**	**17,214,526,391**
3.Increase/(decrease) for current period			**(850,570,830)**	**73,291,854**		**75,783,331**	**856,868,684**	**155,373,038**	**(1,937,406,809)**	**(1,782,033,770)**
(1)Total comprehensive income				205,967,740			1,351,600,222	1,557,567,962	162,673,625	1,720,241,587
(2)Owner's contributions and withdrawals of capital			(850,570,830)	(132,675,849)				(983,246,679)	(2,024,950,451)	(3,008,197,130)
(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			(850,570,830)	(132,675,849)				(983,246,679)	(2,024,950,451)	(3,008,197,130)
(3)Profits distribution						**75,783,331**	**(494,159,934)**	**(418,376,603)**	**(75,117,638)**	**(493,494,241)**
(a)Appropriation of surplus reserve						75,783,331	(75,783,331)	0		
(b)Distribution to							(418,376,603)	(418,376,603)	(75,117,638)	(493,494,241)

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	Subtotal		
owner/shareholder										
(c)Others										
(4)Transfer within owner's equity										
(a)Capitalization of capital reserve										
(b)Capitalization of surplus reserve										
(c)Loss offset by surplus reserve										
(d)Other comprehensive income transferred to retained earnings										
(e)Others										
(5) Special reserve										
(a)Transfer to special reserve in the period										
(b) Amount used in the period										
(6) Other				(37)			(571,604)	(571,641)	(12,345)	(583,986)
4.Ending balance of current period	**2,681,901,273**		**1,260,973,699**	**(367,582,718)**		**511,425,425**	**9,866,227,708**	**13,952,945,387**	**1,479,547,234**	**15,432,492,621**

Responsible person of the Company: 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 2021

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				511,425,425	687,241,965	10,562,126,291
II. Opening balance of current year	2,681,901,273				6,681,557,628				511,425,425	687,241,965	10,562,126,291
III. Amount increased or decreased of current period (decrease filled out with "-")									42,613,604	(88,473,883)	(45,860,279)
(I) Total amount of comprehensive income										426,154,349	426,154,349
(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									42,613,604	(514,628,232)	(472,014,628)
1. Withdrawal of surplus reserve									42,613,604	(42,613,604)	0
2. Distribution to owners (or shareholders)										(472,014,628)	(472,014,628)
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				554,039,029	598,768,082	10,516,266,012

Responsible person of the Company : 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				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 "-")									74,780,150	254,644,747	329,424,897
(I) Total amount of comprehensive income										747,801,500	747,801,500
(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									74,780,150	(493,156,753)	(418,376,603)
1. Withdrawal of surplus reserve									74,780,150	(74,780,150)	0
2. Distribution to owners (or shareholders)										(418,376,603)	(418,376,603)
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				510,422,244	678,231,637	10,552,112,782

Responsible person of the Company : 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. On 31st March 2021, SASAC approved the joint restructuring of Sinochem Group and ChemChina, whereby a new holding company will be set up by SASAC who will perform the duties of the controlling shareholder on behalf of SASAC, and Sinochem Group and ChemChina will be consolidated into the new holding company.

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

Since January 1, 2021, the group has 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, 2021 to June 30, 2021.

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, equity securities other than those classified as long-term equity investments (see Note V (14)), receivables, payables, loans and borrowings, debentures payable and paid-in capital.

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

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

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. The instrument meets the definition of equity from the perspective of the issuer.

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 of financial assets and financial liabilities

Financial assets and financial liabilities are generally presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognized amounts; and
- the Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

(5) Derecognition of financial assets and financial liabilities

Financial asset is 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 of financial assets

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

- financial assets measured at amortised cost; and

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

Measurement of ECLs

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

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

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

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

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

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

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.

11. Receivables

Please refer to V.10

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. 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.

23. Lease liabilities

Refer to paragraph 31 hereafter related to "leases".

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. Contract costs

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

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

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

- the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

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

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

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

29. 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.

30. 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.

31. Leases

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

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

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

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

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

(1) As a lessee

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

The right-of-use asset is depreciated using the duration of contract. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note V.20.

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

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

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

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

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

(2) As a lessor

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

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

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

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

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

32. 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.

33. 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.

34. 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.

35. 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.

36. 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), (12), (13), (14), (15), (17)). Other significant accounting estimates are as follows:

Note VII (31) – Post-employment benefits – defined benefit plans
Note XI - Fair value of financial instruments.

37. Change of important accounting policies and accounting estimates

(1) Change of important accounting policies

√ Applicable ☐ Not applicable

Description and reasons of changes in accounting policies

In 2021, the Group has adopted the following revised accounting standards issued by the MOF recently:

- CAS No.21 – Leases (Revised) ("New leases standard")

New leases standard

New leases standard has revised CAS No.21 – Leases issued by the MOF in 2006 ("previous leases standard"). The Group has applied new leases standard since 1 January 2021 and has adjusted the related accounting policies.

New leases standard refines the definition of a lease. The Group assesses whether a contract is or contains a lease in accordance with the definition in new leases standard. For contracts existed before the date of initial application, the Group has elected not to reassess whether a contract is or contains a lease at the date of initial application and surplus.

- As a lessee

Under previous leases standard, the Group classifies leases as operating or finance leases based on its assessment of whether the lease transfers significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group.

Under new leases standard, the Group no longer distinguishes between operating leases and finance leases. The Group recognises right-of-use assets and lease liabilities for all leases (except for short-term leases and leases of low-value assets which are accounted for using practical expedient).

For a contract that contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group has elected to recognise the cumulative effect of adopting new leases standard as an adjustment to the opening balances of retained earnings and other related items in the financial statement in the initial year of application. Comparative information has not been restated.

For leases classified as operating leases before the date of initial application, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. Right-of-use assets are measured at:

- an amount equal to the lease liability, adjusted by the amount of any prepaid lease payments

The Group also uses the following practical expedients to account for leases classified as operating leases before the date of initial application:

- accounted for the leases for which the lease term ends within 12 months of the date of initial application as short-term leases;
- applied a single discount rate to leases with similar characteristics when measuring lease liabilities;
- excluded initial direct costs from measuring the right-of-use assets;
- determined the lease term according to the actual implementation or other updates of options before the date of initial application if the contract contains options to extend or terminate the lease;
- adjusted the right-of-use assets by the amount of onerous contract provision applying CAS No.13 – Contingencies immediately before the date of initial application, as an alternative to an impairment review;
- accounted for lease modifications before the initial year of application according to the final arrangement of the change under new leases standard without retrospective adjustments.

For leases classified as finance leases before the date of initial application, the right-of-use asset and the lease liability are measured at the original carrying amount of the assets under finance lease and obligations under finance leases at the date of initial application.

- As a lessor

The Group is not required to make any adjustments to the opening balances of retained earnings and other related items in the financial statements in the initial year of application and surplus for leases for which it acts as a lessor. The Group has applied new leases standard since the date of initial application.

(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 2020:

Consolidated Balance Sheet

Unit: Yuan Currency: RMB

	December 31 2020	January 1 2021	Adjustment
Current Assets:			
Cash at bank and on hand	2,769,159,642	2,769,159,642	
Financial assets at fair value through profit or loss	0	0	
Derivative financial assets	39,884,250	39,884,250	
Notes receivable	0	0	
Accounts receivable	1,549,836,508	1,549,836,508	
Receivable financing			
Advances to suppliers	77,328,904	77,328,904	
Other receivables	79,153,485	79,153,485	
Including: interest receivable	5,468,025	5,468,025	
dividend receivable	0	0	
Inventories	1,739,483,644	1,739,483,644	
Contract assets	0	0	
Other current assets	429,844,279	429,844,279	
Total current assets	**6,684,690,712**	**6,684,690,712**	
Non-current Assets:			
Available-for-sale financial assets			
Long-term	54,602,143	54,602,143	

	December 31 2020	January 1 2021	Adjustment
receivables			
Long-term equity investments	296,291,025	296,291,025	
Investments in other equity instruments	235,265,762	235,265,762	
Other non-current financial assets	64,553,100	64,553,100	
Investment properties			
Fixed assets	7,127,762,153	7,127,762,153	
Construction in progress	1,682,054,970	1,682,054,970	
Right-of-use assets	0	225,406,606	225,406,606
Intangible assets	2,047,491,145	2,047,491,145	
Development costs	74,733,711	74,733,711	
Goodwill	2,080,077,745	2,080,077,745	
Long-term prepaid expenses	7,998,253	7,998,253	
Deferred tax assets	111,252,476	111,252,476	
Other non-current assets	150,859,880	150,859,880	
Total non-current assets	**13,932,942,363**	**14,158,348,969**	**225,406,606**
TOTAL ASSETS	**20,617,633,075**	**20,843,039,681**	**225,406,606**
Current Liabilities:			
Short-term borrowings	642,030,162	642,030,162	
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities	2,118,600	2,118,600	
Notes payable			
Accounts payable	1,182,547,468	1,182,547,468	
Advances from customers			
Contract liabilities	6,870,205	6,870,205	
Wages and benefits payable	535,160,023	535,160,023	
Taxes payable	314,187,728	314,187,728	
Other payables	782,893,932	782,893,932	
Including: interest payable	5,485,297	5,485,297	
dividends payable	0	0	
Current portion of non-current liabilities	222,890,468	276,331,004	53,440,536
Other current liabilities	2,658,181	2,658,181	

	December 31 2020	January 1 2021	Adjustment
Total current liabilities	**3,691,356,767**	**3,744,797,303**	53,440,536
Non-current Liabilities:			
Long-term borrowings	61,636,147	61,636,147	
Lease liabilities	0	171,966,070	171,966,070
Long-term payables	67,011,559	67,011,559	
Long-term employee benefits payable	394,396,402	394,396,402	
Provisions	0	0	
Deferred income	172,896,367	172,896,367	
Deferred tax liabilities	797,843,212	797,843,212	
Other non-current liabilities	0	0	
Total non-current liabilities	**1,493,783,687**	**1,665,749,757**	**171,966,070**
Total liabilities	**5,185,140,454**	**5,410,547,060**	**225,406,606**
SHAREHOLDERS' EQUITY:			
Paid-in capital	2,681,901,273	2,681,901,273	
Other equity instruments	0	0	
Capital reserve	1,260,973,699	1,260,973,699	
Other comprehensive income	(367,582,718)	(367,582,718)	
Special reserve	0	0	
Surplus reserve	511,425,425	511,425,425	
Undistributed profits	9,866,227,708	9,866,227,708	
Total equity attributable to equity holders of the Company	**13,952,945,387**	**13,952,945,387**	
Non-controlling interests	1,479,547,234	1,479,547,234	
Total owners' equity	**15,432,492,621**	**15,432,492,621**	
TOTAL LIABILITIES AND OWNERS' EQUITY	**20,617,633,075**	**20,843,039,681**	**225,406,606**

Explanation on adjustment items:

☑Applicable ☐ Not applicable

The Ministry of Finance issued the accounting standards for Business Enterprises No. 21 - leasing in 2018. The Company adopted above new leasing standards since January 1, 2021 and relevant items in the financial statements have been adjusted.

Balance Sheet of the Company

Unit: Yuan Currency: RMB

Item	December 31 2020	January 1 2021	Adjustment
Current Assets:			
Cash at bank and on hand	411,444,510	411,444,510	
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivable financing			
Advances to suppliers	69,975	69,975	
Other receivables	5,460,000	5,460,000	
Including: interest receivable	5,460,000	5,460,000	
dividend receivable	0	0	
Inventories			
Contract assets			
Assets held for sale			
Other current assets			
Total Current Assets	416,974,485	416,974,485	
Non-current Assets:			
Available-for-sale financial assets			
Long-term receivables			
Long-term equity investments	10,500,492,549	10,500,492,549	
Investments in other equity instruments			
Other non-current financial assets			
Investment properties			
Fixed assets	42,873	42,873	
Construction in progress			
Right-of-use assets			
Intangible assets			
Development costs			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets			
Other non-current assets	3,632,057	3,632,057	
Total Non-current Assets	10,504,167,479	10,504,167,479	
Total Assets	10,921,141,964	10,921,141,964	
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	157,183	157,183	
Taxes payable	47,538	47,538	
Other payables	358,810,952	358,810,952	
Including: interest payable	4,272,778	4,272,778	
dividend payable			
Liabilities held for sale			
Current portion of non-current liabilities			
Other current liabilities			
Total Current Liabilities	359,015,673	359,015,673	
Non-current Liabilities:			
Long-term borrowings			
Notes payables			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total Non-current Liabilities			
Total Liabilities	359,015,673	359,015,673	
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	511,425,425	511,425,425	
Undistributed profits	687,241,965	687,241,965	
Total Owners' Equity	10,562,126,291	10,562,126,291	
Total Liabilities And Owners' Equity	10,921,141,964	10,921,141,964	

(4) Explanation of retroactive adjustment on comparative data because of adoption of the new lease standard for the first time since 2021

☐ Applicable √ Not applicable

VI. Taxes

1. Main tax type and tax rate

√ Applicable ☐ Not applicable

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

Category	Tax base	Tax rate
(1) Enterprise income tax	Taxable income	15% to 34%
(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	27.5%
Adisseo Espana S.A.	25%
Bluestar Adisseo Nanjing Co., Ltd	15%
Adisseo Life Science (Shanghai) Co., Ltd	25%
Adisseo USA Inc.	21%
Adisseo Brasil	34%
Nutriad Nutriçao Animal Ltd	34%
Nutriad International	25%

2. Tax preferences

The Group enjoys a tax preferences in BANC, Nanjing with income tax rate at 15%. In November 2019, BANC received officially publication from JiangSu science and technology committee for second batch name list of high new technology enterprises and BANC obtained the qualification on 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	2,044,951,524	2,769,159,642
Other monetary funds		
Total	**2,044,951,524**	**2,769,159,642**

As at June 30, 2021 and December 31, 2020, 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		
Cash flow hedge instruments	2,090,647	21,852,075
Fair value hedge instrument	2,236,684	18,032,175
Total	**4,327,331**	**39,884,250**

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	8,439,448	10,263,975
Accounts receivable from third parties	1,736,502,010	1,586,039,922
Less: provision for bad debts	52,461,305	46,467,389
Total	**1,692,480,153**	**1,549,836,508**

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	1,698,815,834	1,546,336,806
1 to 2 years	2,569,927	5,519,745
Over 2 years	43,555,697	44,447,346
Subtotal	1,744,941,458	1,596,303,897
Less: provision for bad debts	52,461,305	46,467,389
Total	**1,692,480,153**	**1,549,836,508**

c. Accounts receivable analyzed by customers' categories as follows

Unit: Yuan Currency: RMB

Category	30 June 2021					31 December 2020				
	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	1,744,941,458	100%	52,461,305	3.01%	1,692,480,153	1,596,303,897	100%	46,467,389	2.91%	1,549,836,508
Total	**1,744,941,458**	**100%**	**52,461,305**	**3.01%**	**1,692,480,153**	**1,596,303,897**	**100%**	**46,467,389**	**2.91%**	**1,549,836,508**

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		
	Provision rate (Impairment loss/book value)	Book value at the end of the period	Impairment loss at the end of the period
Not Yet Due	0%	1,579,665,418	0
Within 60 days	0%	90,615,695	-
61 days to 90 days	6.05%	10,021,928	606,591
91 days to 180 days	66.40%	5,719,430	3,797,652
More than 180 days	81.56%	58,918,987	48,057,062
Total		**1,744,941,458**	**52,461,305**

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	46,467,389
Addition during the year	10,722,095
Recovery or reversal during the year	(3,827,421)
Write-off during the year	0
Currency translation difference	(900,758)
Other	
Balance at the end of the year	**52,461,305**

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	0

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	**312,573,342**	**(237,977)**	**17.9%**

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, 2021, the derecognized account receivables amounted to RMB 242,631,077 (2020: RMB 278,935,629). Cost incurred and recognized as financial expenses amounted to RMB 1,548,385 (2020 H1: RMB 470,597).

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	67,402,215	90.04%	71,112,502	91.96%
1-2 years	4,027,006	5.38%	4,967,002	6.42%
2-3 years	2,160,812	2.89%	608,515	0.79%

More than 3 years	1,264,149	1.69%	640,885	0.83%
Total	**74,854,182**	**100%**	**77,328,904**	**100%**

As at June 30, 2021, the advances to suppliers with an account age of more than 1 year were 7,451,967 (Dec. 31, 2020: 6,216,402), 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	20,764,543	27,74%

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	561,925,402	29,321,561	532,603,841	479,561,740	29,800,736	449,761,004
Work in progress	168,350,439	9,538,574	158,811,865	148,162,605	9,959,025	138,203,580
Finished goods	1,102,482,554	17,481,174	1,085,001,380	1,169,122,170	17,603,110	1,151,519,060
Total	**1,832,758,395**	**56,341,309**	**1,776,417,086**	**1,796,846,515**	**57,362,871**	**1,739,483,644**

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 difference	Acquisition of subsidiary companies and businesses	Closing balance
		Provision	Reversal or write-off	Others			
Raw materials	29,800,736	1,041,740	(287,854)	0	(1,233,061)	0	29,321,561
Work in progress	9,959,025	0	0	0	(420,451)	0	9,538,574
Finished goods	17,603,110	748,218	(98,685)	0	(771,469)	0	17,481,174
Total	**57,362,871**	**1,789,958**	**(386,539)**	**0**	**(2,424,981)**	**0**	**56,341,309**

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

7. Other current assets

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Value added tax deductible	296,435,911	290,794,306
Income tax receivable	53,588,523	139,049,973
Total	**350,024,434**	**429,844,279**

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8. Long-term receivables

√ Applicable □ Not applicable

(1) Long-term receivables

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance			Range of discount rate
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount	
Guarantees and cautions	51,921,355	0	51,921,355	54,600,466	0	54,600,466	
Loans to suppliers	1,606	0	1,606	1,677	0	1,677	
Others	0	0	0	0	0	0	
Total	**51,922,961**	**0**	**51,922,961**	**54,602,143**	**0**	**54,602,143**	

As at June 30, 2021, the part due within one year was RMB 994,089 (as at December 31, 2020 it was RMB 2,102,550).

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

□ Applicable √ Not applicable

9. Long-term 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 declar	Impairment accrued	Other		

							ed				
Joint Venture											
Calysseo Limited	296,291,025			741,152					(12,519,798)	284,512,379	
Total	296,291,025			741,152					(12,519,798)	284,512,379	

10. 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		0
Osiris G.I.E	1,931,104	2,016,225
Nor-Feed Holding S.A.S	7,686,123	8,024,920
Calysta Inc	237,377,335	224,281,954
PigChamp	7,686,200	0
AG Venture	2,524,831	0
Other	893,972	942,663
Total	**258,099,565**	**235,265,762**

11. Other non-current financial assets

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Animal feed & health Venture Fund (AFV FCPI)	57,701,524	64,553,100
Total	**57,701,524**	**64,553,100**

12. Fixed assets

(2) Fixed assets

Unit: Yuan Currency: RMB

Items	Houses and buildings	Freehold land	Machinery equipment and Others	Total
I. Original book value				
1. Opening balance	3,282,118,639	111,734,483	10,854,743,530	14,248,596,652
2. Increase in current period				

Items	Houses and buildings	Freehold land	Machinery equipment and Others	Total
1) Purchasing	3,777,346	0	68,607,377	72,384,723
2) Transfer from construction in process	8,121,466	624,128	55,366,314	64,111,908
3) Others increase				
3. Decrease in current period				
1) Disposal or retirement	(23,304,390)	0	(18,253,634)	(41,558,024)
2) Disposal of subsidiary companies and businesses				
3) Other decrease				
4. Currency translation	(52,232,254)	(4,726,447)	(311,145,195)	(368,103,896)
5. Closing balance	**3,218,480,807**	**107,632,164**	**10,649,318,392**	**13,975,431,363**
II. Accumulated depreciation				
1. Opening balance	(1,076,776,316)	0	(5,898,685,306)	(6,975,461,622)
2. Increase in current period				
1) Current period depreciation	(70,669,092)	0	(337,830,834)	(408,499,926)
2) Other				
3) Acquisition of subsidiary companies and businesses				
3. Decrease in current period				
1) Disposal or retirement	6,788,840	0	16,128,421	22,917,261
2) Disposal of subsidiary companies and businesses				
3) Other decrease				
4. Currency translation	16,951,087	0	164,658,021	181,609,108
5. Closing balance	**(1,123,705,481)**	**0**	**(6,055,729,698)**	**(7,179,435,179)**
III. Impairment reserve				
1. Opening balance			(145,372,877)	(145,372,877)
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			6,137,362	6,137,362
5. Closing balance			**(139,235,515)**	**(139,235,515)**
IV. Carrying amount				
1. Closing carrying amount	**2,094,775,326**	**107,632,164**	**4,454,353,179**	**6,656,760,669**
2. Opening carrying amount	2,205,342,323	111,734,483	4,810,685,347	7,127,762,153

(3) Temporarily idle fixed assets

There are no significant temporarily idle fixed assets.

(4) Fixed assets held under operating lease

☐ Applicable √ Not applicable

(5) Fixed assets held with unattained certificate

☐ Applicable √ Not applicable

13. Construction in progress

Unit: Yuan Currency: RMB

Items		Closing balance	Opening balance
Construction in progress	(1)	2,449,770,052	1,682,054,970
Construction materials	(2)		
Total		**2,449,770,052**	**1,682,054,970**

(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 H	1,495,387,000	0	1,495,387,000	715,697,000	0	715,697,000
Project I	0	0	0	884,034	0	884,034
Project J	175,129,298	0	175,129,298	107,428,268	0	107,428,268
Project K	100,815,274	0	100,815,274	49,014,293	0	49,014,293
Project L	130,341,811	0	130,341,811	135,164,273	0	135,164,273
Project M	0	0	0	319,395,000	0	319,395,000
Project N	53,697,330	0	53,697,330	5,855,040	0	5,855,040
Others	494,399,339	0	494,399,339	348,617,062	0	348,617,062
Total	**2,449,770,052**	0	**2,449,770,052**	**1,682,054,970**	0	**1,682,054,970**

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 and intangible 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	3,343,320,000	715,697,000	779,690,000	-	-		1,495,387,000	45%	45%				100% equity
Project I	65,528,698	884,034	-	(859,424)	(24,610)		(0)	100%	100%				100% equity
Project J	184,468,800	107,428,268	73,320,997	-	(5,619,967)		175,129,298	95%	95%				100% equity
Project K	107,606,800	49,014,293	54,679,074	-	(2,878,093)		100,815,274	94%	94%				100% equity
Project L	148,343,660	135,164,273	897,184	-	(5,719,646)		130,341,811	88%	88%				100% equ

													ity
Project M	321,283,160	319,395,000	15,603,200	(326,106,880)	(8,891,320)		-	100%	100%				100 % equity
Project N	54,572,020	5,855,040	48,811,491	-	(969,201)		53,697,330	98%	98%				100 % equity
Others		348,617,062	226,695,792	(64,446,128)	(16,467,386)		494,399,339						100 % equity
Total	**4,225,123,138**	**1,682,054,970**	**1,199,697,738**	**(391,412,432)**	**(40,570,223)**		**2,449,770,052**						

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

14. Right-of-use assets

Items	Rolling stock - vehicles- Wagon & other transport equipment	Buildings	Technical Equipment & Machinery	Other tangible assets	Total
I. Original book value					
1. Opening balance	96,641,981	117,484,180	7,877,845	3,402,600	225,406,606
2. Increase in current period					**0**
1) Purchasing	7,382,845	11,236,112	5,441,472	60,324	24,120,753
2) Transfer	0	0	0	0	0
3) Acquisition of subsidiary companies and businesses	0	0	0	0	0
3. Decrease in current period					0
1) Disposal or retirement	0	0	0	0	0
2) Disposal of subsidiary companies and businesses	0	0	0	0	0
3) Other decrease					0
4. Currency translation	(3,773,509)	(2,333,063)	(195,734)	(143,704)	(6,446,010)
5. Closing balance	**100,251,317**	**126,387,229**	**13,123,583**	**3,319,220**	**243,081,349**
II. Accumulated depreciation					
1. Opening balance	0	0	0	0	0
2. Increase in current period					
1) Current year	(15,213,679)	(12,628,902)	(1,745,028)	(638,315)	(30,225,924)

depreciation					
2) Other Increase					0
3) Acquisition of subsidiary companies and businesses	0	0	0	0	0
3. Decrease in current period					0
1) Disposal or retirement	0	0	0	0	0
2) Disposal of subsidiary companies and businesses	0	0	0	0	0
3) Other decrease	0	0	0	0	0
4. Currency translation	204,770	79,614	15,601	9,213	309,198
5. Closing balance	**(15,008,909)**	**(12,549,288)**	**(1,729,427)**	**(629,102)**	**(29,916,726)**
III. Impairment reserve					
1. Opening balance					
2. Increase in current period					
1) Current year depreciation					
3. Decrease in current period					
1) Disposal or retirement					
2) Disposal of subsidiary companies and businesses					
4. Currency translation					
5. Closing balance					**0**
IV. Carrying amount					
1. Closing carrying amount	**85,242,408**	**113,837,941**	**11,394,156**	**2,690,118**	**213,164,623**
2. Opening carrying amount	**96,641,981**	**117,484,180**	**7,877,845**	**3,402,600**	**225,406,606**

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	730,626,352	464,849,021	1,092,284,100	1,548,606,981	423,980,962	4,413,491,536
2. Increase in current period							
1) Purchasing		167,446	100,976			31,432,306	31,700,728
2) Transferred from construction in process	326,106,880					1,084,422	327,191,302

Items	Land use rights	Trademark	Patents	Technology	Customer relationships	Software and others	Total
3) Acquisition of subsidiary companies and businesses							
4) Other increase							
3. Decrease in current period							
1) Disposal						(10,866,816)	(10,866,816)
2) Disposal of subsidiary companies and businesses							
3) Other decrease							
4. Currency translation	(4,823,720)	(980,528)	(17,496,383)	(1,464,971)	(13,419,434)	(9,396,256)	**(47,581,292)**
5. Closing balance	**474,427,280**	**729,813,270**	**447,453,614**	**1,090,819,129**	**1,535,187,547**	**436,234,618**	**4,713,935,458**
II. Accumulated amortization							
1. Opening balance	(24,887,360)	(217,240,850)	(437,970,564)	(539,985,825)	(832,285,575)	(313,630,217)	(2,366,000,391)
2. Increase in current period							
1) Current period depreciation	(12,390,629)	(9,936,616)	(2,011,774)	(22,275,430)	(50,300,996)	(29,019,416)	**(125,934,861)**
2) Others increase							
3) Acquisition of subsidiary companies and businesses							
3. Decrease in current period							
1) Disposal						10,821,518	**10,821,518**
2) Disposal of subsidiary companies and businesses							
3) Other decrease							
4. Currency translation	160,752	(13,148)	16,560,708	935,782	4,060,621	6,680,136	**28,384,851**
5. Closing balance	**(37,117,237)**	**(227,190,614)**	**(423,421,630)**	**(561,325,473)**	**(878,525,950)**	**(325,147,979)**	**(2,452,728,883)**
III. Impairment reserve							
1. Opening balance							
2. Increase in current period							
1) Current period depreciation							

Items	Land use rights	Trademark	Patents	Technology	Customer relationships	Software and others	Total
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	**437,310,043**	**502,622,656**	**24,031,984**	**529,493,656**	**656,661,597**	**111,086,639**	**2,261,206,575**
2. Opening carrying amount	128,256,760	513,385,502	26,878,457	552,298,275	716,321,406	110,350,745	2,047,491,145

(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	74,733,711	5,952,621	0	0	(6,944,633)	0	(3,039,197)	70,702,502
Total	**74,733,711**	**5,952,621**	**0**	**0**	**(6,944,633)**	**0**	**(3,039,197)**	**70,702,502**

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")	750,266,366	0	0	(31,674,796)	718,591,570
Specialties	1,131,862,050	0	0	(48,115,536)	1,083,746,514
Innov'ia S.A. ("Innov'ia")	197,949,329	0	0	(8,357,039)	189,592,290
Total	**2,080,077,745**	0	0	**(88,147,371)**	**1,991,930,374**

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 and Framelco during the year 2020.

(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	113,712,546	32,305,734	115,159,748	33,304,199
Accrued expenses	239,953,091	68,170,673	178,463,676	51,611,695
Balance in fair value of derivative financial instruments	63,629,420	18,077,118	19,745,882	5,710,509
Property plant equipment and intangible assets	36,418,552	10,346,511	40,662,299	11,759,537
Unrealized profits of internal transactions	308,530,986	87,653,653	226,809,711	65,593,368
Payroll	233,973,345	66,471,827	354,459,802	102,509,775
Others	42,549,438	12,088,295	37,722,833	10,909,443
Total before offsetting	**1,038,767,378**	**295,113,811**	**973,023,951**	**281,398,526**

(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	3,231,817,453	918,159,338	3,291,297,057	951,843,109
Balance in fair value of derivative financial instruments	48,914,641	13,896,650	50,197,873	14,517,225
Others	2,455,957	697,737	5,632,532	1,628,928
Total before offsetting	**3,283,188,051**	**932,753,725**	**3,347,127,462**	**967,989,262**

(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	(162,962,812)	132,150,999	(170,146,050)	111,252,476
Deferred tax liabilities	(162,962,812)	769,790,913	(170,146,050)	797,843,212

(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	0
Deductible losses	0	0
Total	**0**	**0**

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

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Year	Closing amount	Opening amount
No expiration date	0	0
Total	0	**0**

19. Other non-current assets

Items	Closing balance	Opening balance
Advance payments to CAPEX suppliers	55,675,220	150,859,880
Total	**55,675,220**	**150,859,880**

20. Short-term borrowings

√ Applicable □ Not applicable

Items	Closing balance	Opening balance
Unsecured loan	614,887,212	642,030,162
Total	**614,887,212**	**642,030,162**

21. 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	8,646,975	770,400
Cash flow hedge instruments	4,442,624	1,043,250
Fair value hedge instruments	18,346,959	304,950
Total	**31,436,558**	**2,118,600**

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	1,245,001,434	1,182,547,468
Total	**1,245,001,434**	**1,182,547,468**

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

√ Applicable □ Not applicable

As at June 30, 2021, the accounts payable with account age of more than one year were RMB 119,167 (as at December 31, 2020: RMB 1,319,966).

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	331,716,406	743,626,088	(782,907,759)	0	0	(11,755,484)	280,679,251
Post-employment benefits	10,983,679	37,322,638	(35,367,379)	0	0	(375,658)	12,563,280
Termination benefits							
French profit-sharing plans – short term	177,392,625	34,436,264	(174,186,323)	47,293,299	0	(6,121,570)	78,814,295
Long-term bonus payments – short term	15,067,313	183,066	(10,991,057)	16,909,528	0	(679,189)	20,489,661
Total	**535,160,023**	**815,568,056**	**(1,003,452,518)**	**64,202,827**	**0**	**(18,931,901)**	**392,546,487**

(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	306,076,757	609,414,024	(664,610,083)	0	0	(10,595,575)	240,285,123
II. Employee welfare benefit							
III. Social insurance premium	13,319,941	113,289,905	(95,884,020)	0	0	(815,367)	29,910,459
Wherein: Medical insurance premium	13,319,941	112,681,403	(95,308,114)	0	0	(815,339)	29,877,891
Industrial injury insurance premium	0	349,986	(317,390)	0	0	(28)	32,568
Maternity insurance premium	0	258,516	(258,516)	0	0	0	0
IV. Housing fund	73,180	5,322,156	(5,305,786)	0	0	0	89,550
V. Labor union outlay and employee education outlay	2,161,407	1,400,540	(1,050,879)				2,511,068
VI. Others	10,085,121	14,199,463	(16,056,991)	0	0	(344,542)	7,883,051
Total	**331,716,406**	**743,626,088**	**(782,907,759)**	**0**	**0**	**(11,755,484)**	**280,679,251**

(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	10,983,679	37,322,638	(35,367,379)	0	0	(375,658.06)	12,563,280

24. Taxes payable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Value-added-tax	87,774,497	81,763,646
Business tax	16,479,149	16,582,253
Enterprise income tax	147,642,493	197,869,831
Individual income tax	518,577	817,924
City maintenance and construction tax	0	0
Others	24,580,087	17,154,074
Total	**276,994,803**	**314,187,728**

25. Other payables

Unit: Yuan Currency: RMB

Items		Closing balance	Opening balance
Interest payable	(1)	610,879	5,485,297
Dividends payable	(2)	0	0
Others	(3)	767,024,591	777,408,635
Total		**767,635,470**	**782,893,932**

(1) Interest payable

Applicable √ Not applicable

Items	Closing balance	Opening balance
Interest payable for long-term loans	0	0
Interest payable on debentures	610,879	5,485,297
Interest payable for short-term loans	0	0
Interest payable on preferred shares	0	0
Total	**610,879**	**5,485,297**

(2) Dividends payable

□ Applicable √ Not applicable

(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	23,551,210	14,093,400
Payables for acquisition of property, plant and equipment	671,803,102	685,739,700
Cautions and guaranties received	19,250,365	20,478,993
Others	52,419,914	57,096,542
Total	**767,024,591**	**777,408,635**

b. Significant others with ageing of more than one year

√ Applicable □ Not applicable

As at June 30, 2021, other payables with an account age of more than one year were RMB 37,362,478 (as at june 30, 2020: RMB 21,843,103), which were mainly payables for fixed assets suppliers.

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	4,241,061	4,649,797
Current portion of long-term payables	0	272,850
Current portion of provisions*	232,473,377	217,967,821
Current portion of lease liabilities	50,068,564	53,440,536
Total	**286,783,002**	**276,331,004**

* 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	12,123,061	2,658,181
Total	**12,123,061**	**2,658,181**

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	52,639,904	66,285,944
Less: the part due within one year	(4,241,061)	(4,649,797)
Total	**48,398,843**	**61,636,147**

As at June 30, 2021, the range of interest rate for long-term loans was 0%~3.22% (as at December 31, 2020: 0%~3.22%).

29. Lease liabilities

Items	Closing balance	Opening balance
Leases liabilities – long term	165,362,567	171,966,070
Total	**165,362,567**	**171,966,070**

30. Long-term payables

Unit: Yuan Currency: RMB

Items		Closing balance	Opening balance
Financial lease		0	272,850
Acquisition of financial assets		46,117,200	48,150,000
Other long-term payable		17,550,285	18,861,559
Less : the part to be paid in one year		0	(272,850)
Sub-total		**63,667,485**	**67,011,559**
Special payables	(1)	0	0
Total		**63,667,485**	**67,011,559**

(1) Special payables

□ Applicable √ Not applicable

31. 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	230,768,071	239,210,747
French profit-sharing plans	144,070,133	296,547,825
Long-term bonus payments	47,176,578	51,097,768
Less: The part to be paid in one year	(99,303,956)	(192,459,938)
Total	**322,710,826**	**394,396,402**

The part due within one year includes the short term part of French profit-sharing plan RMB 78,814,295, and the short term part of long term bonus payments RMB 20,489,661.

(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	**148,679,175**	**64,657,425**	**25,874,147**	**239,210,747**	**148,494,500**	**59,147,704**	**21,780,991**	**229,423,195**
II. Defined benefit plan recognized through profit and loss for the period in which they occur	4,813,588	2,363,883	1,389,314	8,566,785	17,431,607	5,469,511	2,564,403	25,465,521
1. Service cost of current period	4,532,730	2,293,670	1,389,314	8,215,714	16,321,965	5,249,157	2,564,403	24,135,525
2. Previous service cost			0				0	
3. Settlement losses (gains)	0	0	0	0	0	0	0	0
4. Net amount of interest	280,858	70,213	0	351,071	1,109,642	220,354	0	1,329,996
III. Re-measurement of the net liabilities of defined benefit plans	0	0	0	0	(8,395,967)	3,053,482	2,044,563	(3,297,922)
1. Actuary losses (profit)	0	0	0	0	(8,395,967)	3,053,482	2,044,563	(3,297,922)
IV. Other movements	(9,422,630)	(4,901,440)	(2,685,391)	(17,009,461)	(8,850,965)	(3,013,272)	(515,810)	(12,380,047)
1. Price paid during settlement	(3,120,640)	(2,168,845)	(1,391,337)	(6,680,822)	(13,252,743)	(4,674,661)	(522,683)	(18,450,087)
2. Currency translation differences	(6,301,990)	(2,732,595)	(970,497)	(10,005,082)	4,401,778	1,661,389	251,069	6,314,236
3. Other movements	0	0	(323,557)	(323,557)	0	0	(244,196)	(244,196)
V. Closing balance	**144,070,133**	**62,119,868**	**24,578,070**	**230,768,071**	**148,679,175**	**64,657,425**	**25,874,147**	**239,210,747**

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%	0.40%
Inflation rate	2.00%	2.00%
Wages increase rate *(including inflation rate)*	2.80%	2.00%
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%	0.25%
Inflation rate	2.00%	2.00%
Wages increase rate *(including inflation rate)*	2.80%	2.00%
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 %	4,206,076	4,406,519
Bonuses of Seniority (GA)			
Current period	+/- 0,25 %	1,348,746	1,403,555

(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	12,238,220
Expenses accrued/(reversed) during the period	0

(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	10,576,211	2,367,350	25,887,122	115,623,507	154,454,190
GA	10,783,739	4,288,900	12,205,686	40,160,395	67,438,720
Others	2,270,222	11,039,543	2,139,393	10,152,551	25,601,709

32. 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	7,598,758	0	(114,052)	7,484,706	Provision for liabilities and charges
Total	**0**	**7,598,758**	**0**	**(114,052)**	**7,484,706**	

33. 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	172,896,367	0	(6,076,993)	0	(1,654,584)	165,164,790
Total	**172,896,367**	**0**	**(6,076,993)**	**0**	**(1,654,584)**	**165,164,790**

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	35,831,625		0	0	(1,512,742)	34,318,883	Assets
Project C	133,638,300		(5,866,350)	0	(300)	127,771,650	Assets
Others	3,426,442		(210,643)	0	(141,542)	3,074,257	Assets
Total	**172,896,367**		**(6,076,993)**	**0**	**(1,654,584)**	**165,164,790**	

34. 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

35. Capital reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Ending balance
Capital premium (capital stock premium)	-			
Other capital reserve	1,260,973,699			1,260,973,699
Total	**1,260,973,699**			**1,260,973,699**

36. Other comprehensive income

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Balance at the beginning of the period attributable to shareholders of the Company	Amount incurred during the current period						Balance at the end of the period attributable to shareholders of the Company
		Before tax amount	Less: transfer to profit or loss that previously recognized	Less: income tax expense	Net-of-tax amount attributable to shareholders of the Company	Other	Net-of-tax amount attributable to non-controlling interests	
Items that will not be reclassified to profit or loss	**(29,119,377)**							**(29,119,377)**
Including: remeasurement of changes in liabilities under defined benefit plans	(27,574,977)							(27,574,977)
Changes in fair value of investments in other equity instruments	(1,544,400)							(1,544,400)
Items that may be reclassified to profit or loss	**(338,463,341)**	**(450,272,911)**	**16,956,825**	**7,403,719**	**(425,912,367)**	**(3)**	**(574,591)**	**(764,375,711)**
Including: effective portion of gain or loss of cash flow hedge	11,981,047	(42,686,502)	16,956,825	7,403,719	(18,325,958)	(3)	-	(6,344,914)
Translation difference of foreign financial statements	(350,444,388)	(407,586,409)			(407,586,409)		(574,591)	(758,030,797)
Total	**(367,582,718)**	**(450,272,911)**	**16,956,825**	**7,403,719**	**(425,912,367)**	**(3)**	**(574,591)**	**(793,495,088)**

37. Surplus reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	511,425,425	42,615,430		554,040,855
Total	**511,425,425**	**42,615,430**		**554,040,855**

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.

38. Undistributed profit

Unit: Yuan Currency: RMB

Items	Note	Current period	Last period
Undistributed profit of last period before adjustment		9,866,227,708	9,009,359,024
Total adjustments (increased +/ decreased -)			
Undistributed profit at the beginning of period after adjustment		9,866,227,708	9,009,359,024
Add: Net profit attributable to the Company's owners in current period		816,419,799	719,310,195
Appropriation of special reserves		0	0
Other comprehensive income transferred to retained earnings		0	0
Less: Withdrawal of statutory surplus reserve		42,615,430	74,780,149
Dividend distribution	(1)	472,014,624	418,376,603
Others		31,813,839	19,620
Undistributed profit at the end of period	**(2)**	**10,136,203,614**	**9,235,492,847**

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

The dividend distribution, amounting to RMB 472,014,624, which has been approved by the General Shareholders' Meeting on May14, 2021 and paid on June 17, 2021

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

As at June 30, 2021, the consolidated retained earnings attributable to the Company included an appropriation of RMB 292,360,595 to surplus reserve made by the Company's subsidiaries.

39. 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	5,978,742,795	3,620,993,154	5,885,775,768	3,553,612,085
Total	**5,978,742,795**	**3,620,993,154**	**5,885,775,768**	**3,553,612,085**

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	4,140,602,048	2,655,023,415	4,193,280,098	2,639,189,086
Specialties products	1,543,008,467	727,881,655	1,420,876,515	686,216,789
Other products	295,132,280	238,088,084	271,619,155	228,206,210
Total	**5,978,742,795**	**3,620,993,154**	**5,885,775,768**	**3,553,612,085**

Revenue generated from contracts

Contract Classifications	Segment Health and nutrition	Total
By product		
- Performance products	4,140,602,048	4,140,602,048
- Specialties products	1,543,008,467	1,543,008,467
- Other products	295,132,280	295,132,280
By territory		
- EUROPA / AFRICA / MO	2,030,805,073	2,030,805,073

- NORTH AMERICA	1,155,877,957	1,155,877,957
- ASIA / PACIFIC	999,012,643	999,012,643
- SOUTH AMERICA	1,057,771,530	1,057,771,530
- CHINA	616,617,578	616,617,578
- Others	118,658,014	118,658,014
Total	**5,978,742,795**	**5,978,742,795**

Explanation on contract commitment (if applicable)

Not applicable

40. Taxes and surcharge

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Business taxes	8,676,492	23,761,046
Property tax	12,089,219	24,515,450
City maintenance and construction tax	1,029,811	3,343,224
Education surcharge and local education surcharges	577,318	2,164,527
Others	13,103,521	2,506,565
Total	**35,476,361**	**56,290,812**

41. Selling and distribution costs

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Depreciation expense	3,991,981	4,257,944
Transportation expenses	259,933,111	271,435,199
Personnel expenses	196,566,168	193,180,962
Storage expenses	170,641,674	118,818,764
Commission expenses for delegating agent	31,904,252	29,413,607
Travel expenses	14,281,858	12,971,991
Others	59,115,332	40,030,589
Total	**736,434,376**	**670,109,056**

42. General and administrative expenses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Depreciation expense	20,328,400	20,280,980
Amortisation of intangible assets	73,503,061	72,704,691
Employee benefit expenses	132,868,198	140,739,401
Consulting and other expert services	44,325,987	33,869,882
Travel expenses	4,380,959	5,335,441
Rent expenses	8,352,420	9,190,637
Insurance expenses	8,407,844	4,159,117
Others	29,564,350	37,819,283
Total	**321,731,219**	**324,099,432**

43. Research and development expenses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Depreciation expense	8,552,076	6,650,343

Items	Amount incurred during the current period	Amount incurred during the last period
Amortisation of right of use assets	0	
Amortisation of intangible assets	450,919	182,475
Employee benefit expenses	82,956,965	72,873,810
Consulting and other expert services	16,319,965	14,230,253
Travel expenses	753,644	1,506,754
Rent expenses	5,176,508	1,639,936
Insurance expenses	209,313	0
Research and exploitation expenses (without Payroll & External Expenses)	52,520,810	41,238,900
Others	(12,587,346)	(2,245,774)
Total	**154,352,854**	**136,076,697**

44. Financial expenses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Interest expenditure	7,674,956	6,051,542
Less: Interest income	(7,414,237)	(40,245,060)
Net exchange losses / (gains)	(35,247,919)	90,941,158
Other financial expenses	9,288,012	8,865,398
Total	**(25,699,188)**	**65,613,038**

45. Investment income (loss)

Items	Amount incurred during the current period	Amount incurred during the last period
Investment income from longterm equity investment under equity method	741,152	0
Others	0	(75,896)
Total	741,152	(75,896)

46. 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	(15,603,200)	(2,935,279)
Change in fair value of derivative financial instruments	(38,516,499)	7,644,117
Total	**(54,119,699)**	**4,708,838**

47. Credit Losses

Credit losses	Amount incurred of current period	Amount incurred of comparative period
Accounts receivable	(6,902,127)	596,030
Total	**(6,902,127)**	**596,030**

48. 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
II. Provision for decline in value of inventories	(1,403,419)	(5,826,677)
III. Impairment loss for available-for-sale financial assets	0	0
Total	**(1,403,419)**	**(5,826,677)**

49. 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	
Including:			
Gains on disposal of fixed assets		0	
Gains on disposal of intangible assets		0	
Compensation income		0	
Government grant	5,740,000	0	5,740,000
Others	2,890,466	4,060,269	2,890,466
Total	**8,630,466**	**4,060,269**	**8,630,466**

50. 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	18,400,000	0	
Including:			
Losses on disposal of fixed assets	18,400,000	0	
Losses on disposal of intangible assets	0	0	
Compensation expenditure	0	0	
Donations	0	0	
Others	1,829,975	4,064,538	
Total	**20,229,975**	**4,064,538**	

51. 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	280,119,605	367,261,936
Deferred income tax	(24,270,104)	(85,706,543)
Total	**255,849,501**	**281,555,393**

(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	1,071,741,622	1,093,240,464

Income tax expenses calculated at applicable tax rates (1)	304,481,795	376,402,692
Credit Tax	(10,270,457)	(14,233,514)
Difference of tax rates applicable to subsidiary companies (2)	(64,542,276)	(76,625,228)
Change in tax rate	30,984,510	
Income not subject to tax	(3,954,880)	(4,877,647)
Costs, expenses and losses not deductible for tax purposes	1,047,733	1,242,508
Tax losses for which no deferred income tax asset was recognized	-	0
Utilization of previously unrecognized tax losses	(1,500,000)	0
Others	(396,924)	(353,418)
Income tax expenses	**255,849,501**	**281,555,393**

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 (27.50% as at June 30, 2021 and 32.02% as at December 31, 2020). 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.

52. 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
Net profit attributable to shareholders of the Company	816,419,799	719,310,195
Common stock	2,681,901,273	2,681,901,273
Basic earnings per share	0.30	0.27
Basic earnings per share from continue operation (i)	0.30	0.27
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 2021 and 2020 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, 2021 to June 30, 2020 and January 1, 2020 to June 30, 2020. The diluted earnings per share/ (loss) is equal to basic earnings per share/ (loss).

53. Supplement to income statement

Unit: Yuan Currency: RMB

Items	Amount incurred of current period	Amount incurred of last period
Operating revenue	5,978,742,795	5,885,775,768

Items	Amount incurred of current period	Amount incurred of last period
Less : Changes in inventories of raw materials, finished goods and work-in-progress	(103,516,248)	(80,983,712)
Raw materials, purchased equipment and consumables purchased	2,714,278,381	2,559,406,154
Employee benefit expenses	824,134,843	637,239,693
Depreciation/amortization expenses	571,605,344	548,306,143
Transportation expenses	259,933,111	271,435,199
Storage expenses	170,641,674	118,818,764
Consulting and other expert services	71,959,574	54,296,791
Travel expenses	19,416,461	19,814,186
Rent expenses	20,334,016	17,404,451
Insurance expenses	14,100,626	9,562,894
Commission expenses for delegating agent	31,904,252	29,413,607
Research and exploitation expenses	52,520,810	41,238,900
Taxes	35,476,361	56,290,812
Credit losses	6,902,127	(596,030)
Asset impairment losses	1,403,419	5,826,677
Losses/(gain) arising from changes in fair value	54,119,699	(4,708,838)
Gain/(losses) from asset disposals	(29,212)	(25,165)
Other (income)	(9,541,993)	(13,842,625)
Others	160,613,571	523,633,134
Total operating profit	**1,082,485,979**	**1,093,244,733**

54. 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	61,679,103	50,177,900
Total	**61,679,103**	**50,177,900**

(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	4,380,959	7,142,915
Rent	8,352,420	7,955,646
Insurances	8,407,844	4,133,435
Others	37,241,295	32,329,649
Total	**58,382,518**	**51,561,645**

(3) Cash paid relating to other investment activities

√ Applicable □ Not applicable

		Unit: Yuan Currency: RMB
Items	Amount incurred of current period	Amount incurred of last period
Loan to Calysseo		247,234,586

Others	139,247	62,276
Total	**139,247**	**247,296,862**

(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	0
Share buy-back 15%	0	2,498,196,109
Total	**0**	**2,498,196,109**

55. 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	**815,892,121**	**811,685,071**
Add: Impairment provisions for assets	1,403,419	5,826,677
Credit loss	6,902,127	(596,030)
Depreciation of fixed assets	408,499,926	427,518,119
Depreciation of assets from right of use	30,225,924	0
Amortization of intangible assets	125,934,861	114,530,225
Amortization of expenditures on research and development	6,944,633	6,257,798
Amortization of long-term deferred expenses	1,014,208	1,006,824
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	(29,212)	(25,165)
Losses from scrapping of fixed assets	18,400,000	0
Losses (gains) on changes in fair value	54,119,699	(4,708,838)
Decrease (increase) of deferred tax assets	(12,622,242)	(16,610,951)
Increase (decrease) of deferred tax liabilities	(11,647,862)	(69,095,592)
Financial expenses (income)	(25,820,305)	28,908,834
Losses (gains) arising from investment	(741,152)	75,896
Amortization of deferred income	(6,076,993)	(6,547,892)
Decrease (increase) in gross inventories	(103,516,248)	(80,983,712)
Decrease (increase) in receivable from operating activities	(150,734,671)	68,136,686
Increase (decrease) in payable from operating activities	(8,673,550)	290,135,291
Net cash flow from operating activities	**1,149,474,683**	**1,575,513,241**
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	2,044,951,524	3,318,298,349
Less: Opening balance of cash	2,769,159,642	5,295,065,807
Add: Closing balance of cash equivalent	0	0
Less: Opening balance of cash equivalent	0	0

Items	Amount of current period	Amount of last period
Net increase of cash and cash equivalent	**(724,208,118)**	**(1,976,767,458)**

(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	2,044,951,524	2,769,159,642
Including: Cash on hand		
Bank deposit available for payment anytime	2,044,951,524	2,769,159,642
Other monetary resources available on demand	-	-
II. Cash equivalents		
III. Closing balance of cash and cash equivalents	2,044,951,524	2,769,159,642
Including: Use-restricted cash and cash equivalent of the Company or its subsidiaries	NA	NA

56. 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, 2021 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

Items	Closing balance at foreign currency	Exchange rate for conversion	Closing balance at RMB equivalent
Cash and cash equivalents			
Wherein: EUR	5,933,497	8.0250	47,616,314
CNY	224,898	1.0000	224,898
USD	46,671,691	6.5345	304,976,162
GBP	75,252	8.8861	668,699
THB	4,244,893	0.2154	914,350
BRL	2,574,488	1.2582	3,239,221
CAD	21,054	5.1111	107,607
MXN	14,991,633	0.3282	4,920,254
SGD	1,453,185	4.9363	7,173,356
OTHER			4,820,242
Total			374,661,103

Accounts receivable			
Wherein: EUR	8,418,259	8.0250	67,556,528
CNY	0	1.0000	0
USD	58,451,104	6.5345	381,948,739
GBP	1,898,607	8.8861	16,871,209
THB	8,124,926	0.2154	1,750,109
BRL	98,827,465	1.2582	124,344,716
CAD	0	5.1111	0
MXN	0	0.3282	0
SGD	0	4.9363	0
OTHER			7,085,751
Total			599,557,052
Accounts payable			
Wherein: EUR	211,642	8.0250	1,698,431
CNY	0	1.0000	0
USD	-30,182,355	6.5345	-197,226,597
GBP	-145,749	8.8861	-1,295,140
THB	-15,730,306	0.2154	-3,388,308
BRL	-704,002	1.2582	-885,775
CAD	-60,153	5.1111	-307,448
MXN	-4,255,180	0.3282	-1,396,550
SGD	-499,030	4.9363	-2,463,360
OTHER			0
Total			-205,264,747
Other payables			
Wherein: EUR	-5,152,159	8.0250	-41,346,077
CNY	0	1.0000	0
USD	-2,669,585	6.5345	-17,444,402
GBP	0	8.8861	0
THB	0	0.2154	0
BRL	-1,628,968	1.2582	-2,049,567
CAD	0	5.1111	0
MXN	0	0.3282	0
SGD	-425,681	4.9363	-2,101,291
OTHER			-6,466
Total			-62,947,803
Long-term receivables			
Wherein: EUR	0	8.0250	0
CNY	0	1.0000	0
USD	0	6.5345	0
GBP	18,164	8.8861	161,410
THB	0	0.2154	0
BRL	4,398,727	1.2582	5,534,478
CAD	0	5.1111	0
MXN	0	0.3282	0
SGD	127,050	4.9363	627,155

OTHER			38,793
Total			6,361,836
Gross balance sheet exposure			
Wherein: EUR	9,411,239	8.0250	75,525,196
CNY	224,898	1.0000	224,898
USD	72,270,855	6.5345	472,253,902
GBP	1,846,274	8.8861	16,406,178
THB	-3,360,487	0.2154	-723,849
BRL	103,467,710	1.2582	130,183,073
CAD	-39,099	5.1111	-199,841
MXN	10,736,453	0.3282	3,523,704
SGD	655,523	4.9363	3,235,860
OTHER			11,938,320
Total			712,367,441

(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

57. 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 2021, the change in fair value on these derivatives has a negative impact of RMB 25,954,600 (January to June 2020: loss of RMB 10,075,985) recorded in other comprehensive income as cash flow hedge accounting, including RMB 28,601,495 of loss in fair value (January to June 2020: loss of RMB 12,680,837) and RMB 2,646,894 of reclassification into P&L (January to June 2020: loss of RMB 2,604,852) .

From January to June 2021, the change in fair value on these derivatives has a negative impact of RMB 38,853,203 (January to June 2020: gains of RMB 7,644,117) charged to the income statement as fair value hedge accounting, cash flow hedge ineffectiveness or non-hedge.

58. 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	0	Industrial investment in Burgos plant	0
Project C	127,771,650	Land use right and industrial structure adjustment in Nanjing plant	5,866,350
Project D	34,318,883	Water purification plant in Commentry plant	0
Other projects	3,074,257		210,643
Government grants related to income			
Items offset against operating costs			
Items recognised in other income			6,076,993

The government susidy only composes part of the other income.

(2) Refund of government grant

□ Applicable √ Not applicable

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
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
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		85.00%	Established

			chemical products			
Nutriad Holding B.V.	Netherlands	Netherlands	Investment holding		100%	Business combination not under common control
Nutriad International	Belgium	Belgium	Production and sales of chemical products		100%	Business combination not under common control
Nutriad Ltd	UK	UK	Production and sales of chemical products		100%	Business combination not under common control
Nutriad Asia Ltd	Hong Kong	Hong Kong	Production and sales of chemical products		100%	Business combination not under common control
Feed Flavor Internationals (Jiangsu) Co., Ltd	China	China	Production and sales of chemical products		100%	Business combination not under common control
Nutriad Nutrição Animal Ltda	Brazil	Brazil	Production and sales of 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
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%	Business combination not under common

						control
FRAmelco Group BV	Netherlands	Netherlands	Production and sales of chemical products		100%	Business combination not under common control
Franklin Group B..V.	Netherlands	Netherlands	Investment holding		100%	Business combination not under common control
Framelco BV	Netherlands	Netherlands	Production and sales of chemical products		100%	Business combination not under common control
Functional Lipids B.V	Netherlands	Netherlands	Production and sales of chemical products		100%	Business combination not under common control
Sustainable Nutrition S.L	Spain	Spain	Production and sales of chemical products		100%	Business combination not under common control
Franklin Asia Ltd.	Thailand	Thailand	Production and sales of chemical products		100%	Business combination not under common control
Fra CIS oos	Russia	Russia	Production and sales of chemical products		100%	Business combination not under common control

(2) Important non-wholly owned subsidiaries

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

2. 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	284,512,379	296,291,025
Calculated based on shares in the Joint venture		
- Net profit	741,152	0
- Other comprehensive income	(12,519,798)	0
- Total comprehensive income	(11,778,646)	0

3. Important joint operation

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

5. Others

None

X. 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 (56).

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	25,661,127	21,985,850	(71,974,449)	(35,499,874)
Other currencies	(8,271,931)	1,910,363	(27,791,203)	(3,382,186)

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
Other currencies	798,708	0	(798,708)	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 2021, the Group's has not any significant exposure to floating rate.

(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 to fluctuations in mainly propylene, sulphur and gas prices and in order to limit this exposure, the Group enters into some derivative financial instruments (swaps). As June 30, 2021, the Group's has no more derivatives contracts on propylene.

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	614,887,212				614,887,212
Accounts payable	1,245,001,434				1,245,001,434
Derivative financial instruments-liabilities	31,436,558				31,436,558
Other payables	730,272,992	36,113,840	1,077,173	171,465	767,635,470
Long-term borrowings		4,141,704	3,159,028	41,098,111	48,398,843
Long-term payables		47,700,558	1,583,357	14,383,570	63,667,485
Long-term lease liabilities		65,426,210	54,687,297	45,249,061	165,362,568
Current portion of long-term borrowings	4,241,061				4,241,061
Current portion of lease liabilities	50,068,565				50,068,565
Total	**2,675,907,822**	**153,382,312**	**60,506,855**	**100,902,207**	**2,990,699,196**

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	642,030,162				642,030,162
Accounts payable	1,182,547,468				1,182,547,468
Derivative financial instruments-liabilities	2,118,600				2,118,600
Other payables	755,813,457	26,251,936	555,431	273,108	782,893,932
Long-term borrowings		4,449,997	3,771,750	53,414,400	61,636,147
Long-term payables		49,709,891	1,651,072	15,650,596	67,011,559
Current portion of long-term payables	280,875				280,875
Current portion of long-term borrowings	4,649,797				4,649,797
Total	**2,587,440,359**	**80,411,824**	**5,978,253**	**69,338,104**	**2,743,168,540**

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, 2021, the assets measured at fair value on a recurring basis by the above three levels are analyzed below:

Unit: Yuan Currency: RMB

	Level 1	Level 2	Level 3	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			258,099,565	258,099,565
Other non-current financial assets			57,701,524	57,701,524
Derivative financial assets		4,327,331		4,327,331
Total amount of assets measured with fair value continuously		**4,327,331**	**315,801,089**	**320,128,420**
(II) Financial liabilities specified to measure with fair value and have the change of fair value recorded in the gain or loss of current period				

Derivative financial liabilities		31,436,558		31,436,558
Total amount of liabilities measured with fair value continuously		**31,436,558**		**31,436,558**

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	15,365,589,192	85.81%	85.81%

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

3. Other related parties of the Company

√ Applicable □ Not applicable

Lianyungang Lianyu Construction Supervision Co., Ltd	Controlled by the same parent company
Lanzhou Bluestar Cleaning Co., Ltd	Controlled by the same parent company
China Bluestar Lehigh Engineering Corp Co. Ltd	Controlled by the same parent company
Bluestar BeiJing Cleaning Technology Co. LTD	Controlled by the same parent company
Bluestar Silicon Investment Co., Ltd	Controlled by the same parent company
Elkem Silicones France SAS	Controlled by the same parent company
Hangzhou Water Treatment Technology Development Center Co., Ltd	Controlled by the same parent company
Changsha Huaxing Construction Supervision Co., Ltd	Controlled by the same ultimate controlling shareholder
Bluestar Shanghai Cleaning Technology Co., Ltd	Controlled by the same ultimate controlling shareholder
Haohua Zhongyi Hebei New Materials Co. LTD	Controlled by the same ultimate controlling shareholder
China National Chemical Information Center Co.,Ltd.	Controlled by the same ultimate controlling shareholder
HaoHua Chemical Technology Group Co. Ltd	Controlled by the same ultimate controlling shareholder
Zhonghao Chenguang Chemical Research Institute Co. LTD	Controlled by the same ultimate controlling shareholder
Sinofert Company Limited	Controlled by the same ultimate controlling shareholder
Syngenta Crop Protection AG	Controlled by the same ultimate controlling shareholder
ChemChina Finance Co, Ltd	Controlled by the same ultimate controlling shareholder
Tianhua Chemical Machinery and Automation Research and Design Institute Co. Ltd	Controlled by the same ultimate controlling shareholder

Huaxia Hanhua Chemical Equipment Co., Ltd	Controlled by the same ultimate controlling shareholder
Calysseo Limited	Joint Venture
GDEM Conseil	Other: Company owned by the Director of the Board

4. Related party transactions

√ Applicable □ Not applicable

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

Purchasing of goods/ receiving of labor services

Unit: Yuan Currency: RMB

Related party	Contents of Related party transactions	Amount incurred of current period	Amount incurred of last period
Elkem Silicones France SAS	Purchase of goods and service	31,206	0
Hangzhou Water Treatment Technology Development Center Co., Ltd	Purchase of goods and service	5,760,443	36,536
Zhonghao Chenguang Chemical Research Institute Co. LTD	Purchase of goods and service	0	162,840
Tianhua Chemical Machinery and Automation Research and Design Institute Co. Ltd	Purchase of goods and service	253,422	0
Huaxia Hanhua Chemical Equipment Co., Ltd	Purchase of goods and service	4,933,583	0
Lanzhou Bluestar Cleaning Co., Ltd	Purchase of services	1,394,101	2,318,078
Bluestar Shanghai Cleaning Technology Co., Ltd	Purchase of services		266,981
Lianyungang Lianyu Construction Supervision Co., Ltd	Purchase of services	1,636,792	439,670
Changsha Huaxing Construction Supervision Co., Ltd	Purchase of services	1,991,962	856,604
China Bluestar Lehigh Engineering Corp Co. Ltd	Purchase of services	305,660	1,208,766
Bluestar BeiJing Cleaning Technology Co. LTD	Purchase of services	633,019	266,981
GDEM conseil	Purchase of services	447,879	493,531
China National Chemical Information Center Co.,Ltd.	Purchase of services	316,841	0

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
Elkem Silicones France SAS	Sale of goods/rendering of services	4,314,285	5,401,121

Related party	Contents of related party transactions	Amount incurred of current period	Amount incurred of last period
Syngenta Crop Protection AG	Sale of goods	389,916	248,811
Sinofert Company Limited	Sale of goods	8,455,954	2,897,872

(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	360,000

(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*	842	1,369

* 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

Please refer to Section 6 X Significant related party transactoin

5. Accounts receivable from and payable to related parties

(1) Accounts receivable

Unit: Yuan Currency: RMB

Item	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	China National BlueStar (Group) Co., Ltd	7,647,769		7,984,875	
Accounts receivable	Elkem Silicones France SAS	791,679		2,279,100	
Other receivables	China National BlueStar (Group) Co., Ltd			443,678	
Other receivables	CALYSSEO LIMITED	323,000		0	
Advances to suppliers	Hangzhou Water Treatment Technology Development Center Co., Ltd			1,554,980	
Advances to suppliers	Haohua Chemical Technology Group Co. LTD Shuang Liu Branch			2,332,740	
Advances to suppliers	Tianhua Chemical Machinery and Automation Research and Design Institute Co. Ltd	1,047,570		0	
Advances to suppliers	Huaxia Hanhua Chemical Equipment Co., Ltd	4,407,300		0	

(2) Accounts payable

Unit: Yuan Currency: RMB

Item	Related party	Closing book balance	Opening book balance

Other payables	China National BlueStar (Group) Co., Ltd	0	4,185,830
Other payables	Bluestar Silicon Investment Co., Ltd	10,649,540	7,852,180
Other payables	Lianyungang Lianyu Construction Supervision Co., Ltd	2,355,157	1,241,890
Other payables	Lanzhou Bluestar Cleaning Co., Ltd	792,468	345,610
Other payables	Bluestar BeiJing Cleaning Technology Co. LTD	559,000	189,250
Other payables	Changsha Huaxing Construction Supervision Co., Ltd	425,146	176,090
Other payables	Haohua Chemical Technology Group Co. LTD	48,437	48,440
Other payables	China Bluestar Lehigh Engineering Corp Co. Ltd	90,991	30,660
Other payables	Haohua Zhongyi Hebei New Materials Co. LTD	23,451	23,450
Other payables	Hangzhou Water Treatment Technology Development Center Co., Ltd	4,199,708	0
Advance received from customer	Sinofert Company Limited	416,162	0

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	667,527,116	708,316,106
Less : Cash at bank and on hand	2,044,951,524	2,769,159,642
Net Debt	(1,377,424,408)	(2,060,843,536)
Total owners' equity	15,318,069,318	15,432,492,621
Total Capital	13,940,644,910	13,371,649,085
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	1,069,179,713	1,691,187,650
Total	**1,069,179,713**	**1,691,187,650**

(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	34,633,582	64,789,884
Between 1 and 2 years	29,948,785	51,218,745
Between 2 and 3 years	21,283,536	43,036,013
Over 3 years	44,261,364	84,373,320
Total	**130,127,267**	**243,417,962**

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	5,978,742,795	5,978,742,795
Revenue from transactions with other segments		
Operating cost	3,620,993,154	3,620,993,154
Impairment for the period	(1,403,419)	(1,403,419)
Credit losses	(6,902,127)	(6,902,127)
Interest income	7,414,237	7,414,237
Interest expense	7,674,956	7,674,956
Depreciation, amortization	571,605,344	571,605,344
Profit before income tax	1,071,741,622	1,071,741,622
Income tax expense or benefit	255,849,501	255,849,501
Net profit	815,892,121	815,892,121
Other items		
Total assets	20,492,130,552	20,492,130,552
Total liabilities	5,174,061,234	5,174,061,234

(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.39 - *Detail of main businesses*.

Specified non-current assets by geographical location

Unit: Yuan Currency: RMB

Country or region	Non-current assets other than financial assets and deferred income tax assets	
	Closing balance	Opening balance
Europe / Africa/MO	9,038,836,995	9,127,148,061
North America	156,067,253	130,342,287
Asia / Pacific(excluded China)	53,689,991	50,639,569
South America	16,696,853	14,852,730
China	4,440,580,299	4,144,286,235
Total	**13,705,871,391**	**13,467,268,882**

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

None

8. Others

None

XVIII. Main Items in the Financial Statements of the Company

1. Cash at bank and on hand

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Cash on hand		
Cash at bank	160,344,875	411,444,510
Other monetary funds	0	
Total	**160,344,875**	**411,444,510**

As at June 30, 2021 and December 31, 2020, no restricted funds within the company.

2. Other receivables

(1) Other receivables by categories are as follows:

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Interest receivable	5,285,778	5,460,000
Dividends receivable	0	0
Other receivables	3,024,288	0
Total	**8,310,066**	**5,460,000**

(2) Interest receivable by deposit type

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Fixed term deposit	5,285,778	5,460,000
Entrusted loan	0	0
Bond investments	0	0
Total	**5,285,778**	**5,460,000**

(3) Dividends receivable

Unit: Yuan Currency: RMB

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

(4) Other receivables

□ Applicable √ Not applicable

3. Long-term equity investments

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	**Closing balance**			**Opening balance**		
	Book balance	**Impairment reserve**	**Book value**	**Book balance**	**Impairment reserve**	**Book value**
Investments in subsidiaries	10,500,492,549		10,500,492,549	10,500,492,549		10,500,492,549

Investments in joint ventures and associates						
Total	**10,500,492,549**		**10,500,492,549**	**10,500,492,549**		**10,500,492,549**

(1) Investments in subsidiary companies

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

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

4. Other payables

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Amount incurred of current period	Amount incurred of last period
Loans due to subsidiaries	136,504,141	332,038,002
Interest due to subsidiaries	7,380,840	7,742,551
Others	12,170,835	19,030,399
Total	156,055,816	358,810,952

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	426,772,500	715,590,000
Gain on dividend from investment in other equity instrument	0	0
Gain from disposal of investment in other equity instrument	0	0
Total	**426,772,500**	**715,590,000**

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	(18,370,788)	Scrapping of non-conform or defective equipment-BANC2 write-off
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	9,541,993	Mainly grants related to assets for land use right and industrial structure adjustment in Nanjing plant and related to R&D policy
Profit or loss on changes in fair value	(15,603,200)	AVF fair value change
Other income and other non-operating income or expenses other than the above	7,655,643	
Impact of income tax	4,026,324	
Total	**(12,750,028)**	

2. Net return on assets and earnings per share

Profit of the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the Company's common share holders	5.78	0.30	0.30
Net profit attributable to the Company's common shareholders after deduction of non-recurring gain or loss	5.87	0.31	0.31

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

□ Applicable √ Not applicable

Legal representative: Jean-Marc Dublanc

Approved by the Board for submission on: 30th July 2021