BlueStar New Chemical Material Co, Ltd.

The Third Quarter Report 2015

Content

1 Important Notice

The Board of Directors, and Supervisory Committee of BlueStar New Chemical Material Co. Ltd. (hereinafter referred to as BNCM or the Company), as well as all the directors, supervisors and senior executives hereby confirm that the whole content of the quarterly report is true, accurate and complete, and no false statement, misleading statements or important omissions carried in this report, and that they shall take all responsibilities jointly and individually for such content.

All directors were present at the meeting of the Board for deliberating the Third Quarter Report of the Company.

The legal representative of the Company: Gerard DEMAN, person in charge of finance function: Jean-Marc Dublanc , head of the accounting department (accountants in charge) : Yun CAI hereby confirm that the truthfulness, accuracy and completeness of the financial statements in the third quarter report 2015.

The financial statements in the third quarter report 2015 have not been audited. The financial statements in this report are prepared in accordance with the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance of the Peoples Republic of China.

The report is also available in English. For English version, please refer to companys website.

During the reporting period, the Company obtained 85% common equity of BlueStar Adisseo Nutrition Group Limited ("BANG) as well as disposed all previous business of the company with some pending formality procedures to be completed which will not cause any substantial uncertainties to the restructuring as all the responsibilities and liabilities of the exchange-out assets had been transferred to recipient on 27th July 2015. This exchange of major assets constitutes the restructuring of BNCM. This restructuring operation obtained the final approval from CSRC on 24th July.

The Group's 3rd quarter 2015 consolidated financial statements and operating data includes BANG's financial statements and operational data and the relevant comparative information are restated retrospectively as if the new group post transaction existed at the beginning of the period presented. Thus the amounts disclosed for the comparative periods have been restated as follows:

- For balance sheet items as of 31/12/2014, by consolidating BANG consolidated figures as of 31/12/2014 with BNCM consolidated figures as of 31/12/2014
- For cash flow statement and income statement items from 1/1/2014 to 30/09/2014, by consolidating BANG consolidated figures for the 9 first months of 2014 with BNCM consolidated figures for the 9 first months of 2014

Major Financial Data and Changes in Shareholders

1.1 Major financial data

Whether any retrospective adjustment or restatement is made during the current reporting period to any of the financial data for any of the previous periods.

Applicable Not applicable

Unit: Yuan Currency: RMB

	As of September 30 2015	As of December 31 2014		Changes in comparison with the end of last year (%)
		Before restatement	Restated	Restated
Total assets	18,142,188,655	18,202,365,487	32,712,243,163	-45%
Net assets attributable to the shareholders of the Company	9,255,500,267	994,642,669	7,634,951,766	21%
	From January 1 2015 to September 30 2015	From January 1 2014 to September 30 2014		Changes in comparison with the same period of last year (%)
		Before restatement	Restated	Restated
Net cash flow arising from operating activities	2,996,137,456	558,988,677	2,041,874,151	58%
	From January 1 2015 to September 30 2015	From January 1 2014 to September 30 2014		Changes on the same period of last year (%)
		Before restatement	Restated	Restated
Operating revenues	12,227,266,251	7,605,758,507	14,503,332,734	-16%
Net profits attributable to shareholders of the Company	1,225,967,202	-643,646,808	26,192,157	4581%
Net profits attributable to shareholders of the Company deducting non-recurring profit or losses	-37,840,299	-777,993,973	-777,993,973	-95%
Weighted average return on net assets	14.67	-224.05	0.37	3986%
Basic earnings per share (Yuan/share)	0.47	-1.23	0.01	830%

Diluted earnings per share (Yuan/share)	0.47	-1.23	0.01	830%

Non-recurring profit/loss items

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount of current period (July - Sept. 2015)	Amount of from the beginning of this year to the end of the reporting period (Jan.- Sept. 2015)	Description
Net profit/loss on disposal of non-current assets	-201,868	-7,138,816	
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	3,360,427	13,159,326	
Entity restructuring expenses, e.g., expenditure for layoff of employees, integration expenses, etc.	0	0	
Net profit or loss of subsidiaries from the beginning of the period up to the business combination date recognized as a result of business combination of enterprises under common control	0	1,548,467,983	Consolidated profit of BANG for the period from January 1 2015 to the completion date of the transaction
Profit or loss arising from contingencies other than those related to normal operating business	0	0	
Reversal of provision for accounts receivable that are tested for impairment losses individually	0	0	
Other non-operating income or expenses other than the above	-1,838,946	-3,847,317	Mainly expenses incurred in strategy M&A study.
Other profit or loss that meets the definition of non-recurring profit or loss	0	0	
Effects attributable to minority interests (after tax)	-124,626	-286,254,290	
Impact of income tax	-488,772	-579,385	
Total	706,215	1,263,807,501	

1.2 Total number of common shareholders, and particulars of top ten shareholders and top ten shareholders without trade restrictions as of the end of reporting period

Unit: Share

Total number of common shareholders						22,114
Particulars of top ten common shareholders						
Name of common shareholder	Number Of common shares held	Proportion of common shares held (%)	Number of restricted common shares held	Number of common share pledged/frozen		Nature of common shareholder
				Common share status	Number	
China National BlueStar (Group) Co., Ltd.	282,045,298	53.96	0	Frozen	57,682,676	State-owned corporation
Chen Lichun	8,006,158	1.53	0	None		U/A
Cao Wenqiao	4,071,041	0.78	0	None		U/A
Beijing Research and Design Institute of Rubber Industry	3,737,262	0.71	0	None		State-owned corporation
Lin Meisong	2,375,261	0.45	0	None		U/A
Rongsheng Venture Capital	2,274,333	0.44	0	None		U/A
Hou Liang	2,269,651	0.43	0	None		U/A
China Securities Financial Co.,Ltd.	2,001,000	0.38	0	None		State-owned corporation
Gu Yankun	1,876,800	0.36	0	None		U/A
ICBC-South Mutual Fund	1,799,943	0.34	0	None		U/A

Particulars of top ten common shareholders without trade restrictions			
Name of common shareholder	Number of unrestricted shares held at the end of the reporting period	Type of shares	
		Type	Number
China National BlueStar (Group) Co., Ltd.	282,045,298	RMB ordinary share	282,045,298
Chen Lichun	8,006,158	RMB ordinary share	8,006,158
Cao Wenqiao	4,071,041	RMB ordinary share	4,071,041
Beijing Research and Design Institute of Rubber Industry	3,737,262	RMB ordinary share	3,737,262
Lin Meisong	2,375,261	RMB ordinary share	2,375,261
Rongsheng Venture Capital	2,274,333	RMB ordinary share	2,274,333
Hou Liang	2,269,651	RMB ordinary share	2,269,651
China Securities Financial Co.,Ltd.	2,001,000	RMB ordinary share	2,001,000
Gu Yankun	1,876,800	RMB ordinary share	1,876,800
ICBC-South Mutual Fund	1,799,943	RMB ordinary share	1,799,943

Statement on related relationship or acting in concert among the above shareholders	Among the abovementioned stockholders, state-owned corporation stockholder China National BlueStar (Group) Co., Ltd. and Beijing Research and Design Institute of Rubber Industry are subsidiary companies of China National Chemical Corporation; except for the abovementioned stockholders, the Company does not know whether associated relationship exists among other stockholders, or whether the other stockholders are the concerted action persons regulated in the Administrative Measures for Purchasing of Listed Companies. Up till the report disclosure date, the company has completed the assets exchange program and published the announcement (No. 2015-052) to the market. Up till now, the non-public issuance of 2,107,341,682 shares to China BlueStar is almost completed, pending to be registered with China Securities Depository & Clearing Co., Ltd. The Companys total shares should be increased to 2,630,049,422 in substance, among which, 2,107,341,862 is shares limited for sales
Details on preferred shareholders with voting rights and the quantity of shares held	Not applicable

2 Important Matters

2.1 Major changes to any of the main items in the financial statements or financial indicators of the company for the reporting period and the reasons for such changes

Applicable Not applicable

There are material changes in the major accounting statements items and financial indicators because the Company has completed the major asset restructuring in the reporting period.

Unit: Yuan Currency:

Balance Sheet Items	30/09/2015	31/12/2014	Total Fluctuation		Explanations on fluctuation
			RMB	%	
Notes receivable	0	468,615,898	-468,615,898	-100%	Impact of Major Asset Restructuring
Advances to suppliers	59,390,918	665,876,291	-606,485,373	-91%	Impact of Major Asset Restructuring
Other receivables	1,161,175,944	202,906,670	958,269,274	472%	Impact of Major Asset Restructuring /Receivables to be repaid by the end of 2015
Inventories	1,230,752,344	2,573,329,002	-1,342,576,658	-52%	Impact of Major Asset Restructuring
Available-for-sale financial assets	3,305,941	89,453,126	-86,147,185	-96%	Impact of Major Asset Restructuring
Fixed assets	6,124,491,182	12,393,691,062	-6,269,199,880	-51%	Impact of Major Asset Restructuring
Construction in progress	378,362,429	6,604,697,558	-6,226,335,129	-94%	Impact of Major Asset Restructuring
Construction materials	0	34,827,335	-34,827,335	-100%	Impact of Major Asset Restructuring
Long-term prepaid expenses	9,272,677	21,789,908	-12,517,231	-57%	Impact of Major Asset Restructuring
Deferred tax assets	210,596,758	364,259,772	-153,663,014	-42%	Impact of Major Asset Restructuring
Other non-current assets	23,268,432	84,592,334	-61,323,902	-72%	Reimbursement from capex suppliers
Short-term borrowings	5,905,047	6,633,423,035	-6,627,517,988	-100%	Impact of Major Asset Restructuring
Derivative financial liabilities	13,447,982	108,173,300	-94,725,318	-88%	Evolution of hedging linked to /USD
Notes payable	0	619,248,956	-619,248,956	-100%	Impact of Major Asset Restructuring
Accounts payable	880,592,041	1,935,259,465	-1,054,667,424	-54%	Impact of Major Asset Restructuring
Advances from customers	21,278,503	422,321,748	-401,043,245	-95%	Impact of Major Asset Restructuring
Taxes payable	1,227,247,794	277,285,062	949,962,732	343%	Impact of Major Asset Restructuring
Interest payable	2,591,309	21,821,400	-19,230,091	-88%	Impact of Major Asset Restructuring
Other payables	537,221,952	5,159,214,686	-4,621,992,734	-90%	Impact of Major Asset Restructuring
Current portion of non-current liabilities	47,539,283	692,444,271	-644,904,988	-93%	Impact of Major Asset Restructuring
Long-term borrowings	16,441,375	3,125,944,770	-3,109,503,395	-99%	Impact of Major Asset Restructuring
Long-term payables	12,695,229	18,522,894	-5,827,665	-31%	Impact of Major Asset Restructuring
Provisions	88,087,782	63,233,657	24,854,125	39%	Impact of Major Asset Restructuring
Deferred income	194,597,395	445,221,250	-250,623,855	-56%	Impact of Major Asset Restructuring
Special reserve	0	18,409,432	-18,409,432	-100%	Impact of Major Asset Restructuring

Income statement items	1/1/2015-30/9/2015	1/1/2014-30/9/2014	Total Fluctuation		Explanations on fluctuation
			RMB	%	
Including: Cost of sales	7,394,371,277	11,832,916,474	-4,438,545,196	-38%	Impact of Major Asset Restructuring

Balance Sheet Items	30/09/2015	31/12/2014	Total Fluctuation		Explanations on fluctuation
			RMB	%	
Financial expenses net	502,266,130	375,004,672	127,261,458	34%	Impact of Major Asset Restructuring and exchange result
Asset impairment losses	135,271,829	48,083,205	87,188,624	181%	Impact of Major Asset Restructuring
Add: Gains (losses) from changes in fair values	79,652,542	-47,690,709	127,343,251	-267%	Evolution of hedging linked to /USD /
Investment income (Loss)	0	6,979,570	-6,979,570	-100%	Impact of Major Asset Restructuring
Add: Non-operating income	25,638,203	159,013,665	-133,375,462	-84%	Impact of Major Asset Restructuring
Less: Non-operating expenses	16,374,985	11,536,214	4,838,772	42%	Impact of Major Asset Restructuring
Less: Income tax expenses	1,184,861,854	414,237,095	770,624,759	186%	Increase in income before tax
VI. Net other comprehensive income	-165,041,743	-563,806,913	398,765,170	-71%	Impact of Major Asset Restructuring /

Cash flow statement items	1/1/2015-30/9/2015	1/1/2014-30/9/2014	Total Fluctuation		Explanations on fluctuation
			RMB	% %	
Net Cash Flow generated from Operating Activities	2,996,137,456	2,041,874,152	954,263,304	47%	Impact of Major Asset Restructuring
Net Cash Flow from Financing Activities	-624,186,419	-12,718,397	-243,443,386	1914%	Reimbursement of bank debts

2.2 Progress of important events and the impact, and the analysis on the solutions

Applicable Not applicable

In the reporting period, BlueStar Chemical New Material Co., Ltd. (the Company) is promoting the purchase of assets and the collection of supporting funds though the major asset replacement, stock issuance and cash payment, to improve the Companys current business condition and asset quality as well as to realize the business goal of sustainable development.

The transferred-out assets of this restructuring: As of June 30, 2014, the total assets and liabilities after deducting the available-for-sale assets as well as the other payables of RMB 1,671,000,400. The transferred-in assets of this restructuring: 85% of stock rights of common stocks of BlueStar Adisseo Nutrition Group Limited (Adisseo Group) held by BlueStar Group (with deduction of a cash dividend of RMB 425 million corresponding to 85% of stock rights of common stocks of Adisseo Group after the base date of assets evaluation). The differential section of underlying asset pricing of the above-mentioned major asset replacement will be purchased through private offering and cash payment by BlueStar Group as the counterparty. The amount of cash payment is RMB 350 million, and the remaining section will be paid through stock issuance. Based on the issuance price of 4.08 yuan/share, the total number of stocks proposed to be issued to BlueStar Group is 2,107,341,862. To improve the integrated performance of this transaction, listed companies propose to implement private offering to no more than 10 specific investors, to collect the funds of no more than RMB 700 million, accounting for no more than 25% of transaction amount. No more than RMB 350 million is utilized for paying stock right transfer consideration to BlueStar Group, and no more than RMB 350 million is utilized for supplementing the working capital of listed companies. If there is no sufficient funds to meet the above-mentioned needs after deducting issuance fees from the collected supporting funds, such collected supporting funds shall be preferentially utilized for paying stock right transfer consideration to BlueStar Group.

BlueStar Chemical New Material Co., Ltd. (the Company) submitted the Purchasing Assets and Collecting Supporting Funds through Major Asset Replacement and Stock Issuance as well as Related Transaction of BlueStar New Chemical Materials Co., Ltd. as the administrative licensing application document to China Securities Regulatory Commission (CSRC) on April 28, 2015, and received the approval (Zheng Jian Xu Ke [2015] No. 1770) issued and passed unconditionally by CSRC on July 24, 2015. Upon receiving the approval from CSRC, the Company together with BlueStar Group promptly organize and carry out the work in relation to the transfer of transferred-in and transferred-out assets involved in this major asset restructuring. On July 27, 2015, the Company and BlueStar Group as the parent company and counterparty entered into the Asset Delivery Agreement. Upon the report disclosure date, the assets exchange has been completed and the 2,107,341,862 new shares issued to BlueStar has almost been completed, pending to be registered with China Securities Depository & Clearing Co,, Ltd. The total capital of the company has been increased to 2,630,049,422 shares in substance, among which 2,107,341,862 is shares with sales limitation. Up till the reporting disclosure date, the Company is actively performing the private placement and the registration of the all new shares is expected to be completed in the very near future.

Under the Transaction, BlueStar Group undertakes to assume, or designate another entity to assume, all the Companys debts with respect to which the List Company has not received the creditors unconditional consent to the transfer of such debts and it will not request BlueStar New Materials to assume any legal liabilities. If the Company suffers any loss due to the aforementioned situation (including any loss so caused by a third partys claims) or defects in assets or businesses generating write off or losses linked to the exchange out, BlueStar Group shall indemnify the Company in time and in full to eliminate any potential impact on the Companys restructuring and future routine operations.

BlueStar Group confirms that it is fully aware of the existing or potential defects in the Companys Exchange-out Assets in the Transaction as well as related businesses, and undertakes to completely accept such assets and business (including the assets and businesses not yet transferred by 30/9/2015) and assume legal liabilities arising from defects; and undertakes not to hold the Company liable for any such defects in assets or businesses or to unilaterally refuse to sign or require to terminate, discharge, amend the agreements in relation to the Transaction due to such defects in assets or businesses; and shall continue to perform all the obligations, commitments and guarantees made by itself in the Transaction. If the Company suffers any loss due to the aforementioned situation (including any loss suffered by the Company as result of any penalty imposed), BlueStar Group shall indemnify the Company in time and in full to eliminate any potential impact on the Companys restructuring and future routine operations.

2.3 The fulfillment of commitments made by the Company or shareholders holding above 5% shares of the Company

Applicable Not applicable

Pursuant to relevant agreements as disclosed in the Prospectus published on July 25 2015, the Company's immediate holding company China National BlueStar (Group) Co., Ltd. (BlueStar) guarantees the net profits after the completion of major assets exchange.

Stocks that obtained by BlueStar Group from listed companies of BlueStar Chemical New Material Co., Ltd. shall not be transferred within 36 months starting from the end date of issuance of related stocks. After such period, the stocks shall be handled according to related provisions of CSRC and Shanghai Stock Exchange. If the closing price of stocks of listed companies is lower than the offering price for successive 20 transaction days within 6 months after the completion of this transaction, or the closing price is lower than the offering price at the end of the 6-month period after the completion of this transaction, the lock-up period for the offeree to hold stocks of the Company shall be automatically extended for at least 6 months.

2.4 Warning of loss forecasted from the beginning of the year to the end of next reporting period, or significant fluctuation in the net profit compared with the same period of last year, and explanations.

Applicable Not applicable

Entity	BlueStar New Chemical Material Co., Ltd.
Legal representative	Grard Deman
Date	20151023

3 Appendix

3.1 Financial statements

4.1

Consolidated Balance Sheet

At 30 September 2015

Prepared by: BlueStar New Chemical Material Co., Ltd.

Unit: Yuan Currency: RMB Audit Type: Unaudited

2015930

	Closing balance	Opening balance
Current Assets:		
Cash at bank and on hand	3,246,868,337	2,597,407,115
Financial assets at fair value through profit or loss		
Derivative financial assets	13,354,892	15,187,057
Notes receivable		468,615,898
Accounts receivable	1,997,033,308	1,960,488,171
Advances to suppliers	59,390,918	665,876,291
Interest receivable	873,832	387,915
Other receivables	1,161,175,944	202,906,670
Inventories	1,230,752,344	2,573,329,002
Other current assets	718,723,397	785,373,170
Total Current Assets	**8,428,172,972**	**9,269,571,289**
Non-current Assets:		
Available-for-sale financial assets	3,305,941	89,453,126
Long-term receivables	52,208,613	55,715,026
Long-term equity investments		
Investment properties		
Fixed assets	6,124,491,182	12,393,691,062
Construction in progress	378,362,429	6,604,697,558

	Closing balance	Opening balance
Construction materials		34,827,335
Fixed assets pending for disposal		
Intangible assets	2,046,977,716	2,905,893,648
Development costs	67,669,560	57,042,796
Goodwill	797,862,375	830,709,309
Long-term prepaid expenses	9,272,677	21,789,908
Deferred tax assets	210,596,758	364,259,772
Other non-current assets	23,268,432	84,592,334
Total Non-current Assets	**9,714,015,683**	**23,442,671,874**
TOTAL ASSETS	**18,142,188,655**	**32,712,243,163**
Current Liabilities:		
Short-term borrowings	5,905,047	6,633,423,035
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities	13,447,982	108,173,300
Notes payable		619,248,956
Accounts payable	880,592,041	1,935,259,465
Advances from customers	21,278,503	422,321,748
Wages and benefits payable	486,115,644	394,610,979
Taxes payable	1,227,247,794	277,285,062
Interest payable	2,591,309	21,821,400
Dividends payable		
Other payables	537,221,952	5,159,214,686
Current portion of non-current liabilities	47,539,283	692,444,271
Other current liabilities	13,186,642	13,634,178
Total Current Liabilities	**3,235,126,197**	**16,277,437,080**
Non-current Liabilities:		
Long-term borrowings	16,441,375	3,125,944,770
Long-term payables	12,695,229	18,522,894
Long-term employee benefits payable	315,812,157	391,925,977
Special payables		
Provisions	88,087,782	63,233,657
Deferred income	194,597,395	445,221,250
Deferred tax liabilities	1,074,744,621	1,118,058,687
Other non-current liabilities	0	0
Total Non-current Liabilities	**1,702,378,559**	**5,162,907,235**
TOTAL LIABILITIES	**4,937,504,756**	**21,440,344,315**
SHAREHOLDERS EQUITY:		
Paid-in capital	522,707,560	522,707,560

	Closing balance	Opening balance
Other equity instruments		
Including: Preferred shares		
Capital reserve	3,709,116,992	3,179,209,052
Other comprehensive income	-1,278,110,706	-1,138,199,955
Special reserve		18,409,432
Surplus reserve	137,670,120	137,670,120
Undistributed profits	6,164,116,301	4,915,155,558
Total equity attributable to equity holders of the company	**9,255,500,267**	**7,634,951,767**
Non-controlling interests	3,949,183,632	3,636,947,081
TOTAL OWNERS' EQUITY	**13,204,683,899**	**11,271,898,848**
TOTAL LIABILITIES AND OWNERS' EQUITY	**18,142,188,655**	**32,712,243,163**

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

Chief Accountant: _________________

Balance Sheet of the Company

At 30 September 2015

Prepared by: BlueStar New Chemical Material Co., Ltd.

Unit: Yuan Currency: RMB Audit Type: Unaudited

2015930

Item	Closing balance	Opening balance
Current Assets:		
Cash at bank and on hand		941,734,533
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable		103,627,134
Accounts receivable		125,485,733
Advances to suppliers		31,377,454
Interest receivable		
Other receivables	1,145,527,935	4,562,319,187
Inventories		472,898,361
Other current assets		355,022,695
Total Current Assets	**1,145,527,935**	**6,592,465,097**
Non-current Assets:		
Available-for-sale financial assets		80,008,669
Long-term receivables		
Long-term equity investments	7,492,295,416	1,666,287,471
Investment properties		
Fixed assets		1,520,825,632
Construction in progress		4,991,444,412
Construction materials		30,143,044
Fixed assets pending for disposal		
Intangible assets		249,908,456
Development costs		
Goodwill		
Long-term prepaid expenses		7,788,873
Deferred tax assets		
Other non-current assets		
Total Non-current Assets	**7,492,295,416**	**8,546,406,557**

TOTAL ASSETS	**8,637,823,351**	**15,138,871,654**
Current Liabilities:		
Short-term borrowings		5,001,574,388
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable		123,581,749
Accounts payable		329,240,514
Advances from customers		21,737,818
Wages and benefits payable		4,433,117
Taxes payable		2,623,931
Interest payable		13,136,136
Dividends payable		
Other payables	351,510,937	4,176,565,931
Current portion of non-current liabilities		400,000,000
Other current liabilities		
Total Current Liabilities	**351,510,937**	**10,072,893,584**
Non-current Liabilities:		
Long-term borrowings		2,550,000,000
Long-term payables		
Long-term employee benefits payable		
Special payables		
Provisions		
Deferred income		155,744,772
Deferred tax liabilities		
Other non-current liabilities		
Total Non-current Liabilities		**2,705,744,772**
TOTAL LIABILITIES	**351,510,937**	**12,778,638,356**
SHAREHOLDERS EQUITY:		
Paid-in capital	522,707,560	522,707,560
Other equity instruments		
Including: Preferred shares		
Capital reserve	8,158,217,272	1,799,850,981
Other comprehensive income		
Special reserve		2,566,940
Surplus reserve	137,670,120	137,670,120
Undistributed profits	-532,282,538	-102,562,303
TOTAL OWNERS' EQUITY	**8,286,312,414**	**2,360,233,298**
TOTAL LIABILITIES AND OWNERS' EQUITY	**8,637,823,351**	**15,138,871,654**

Legal Representative: _______________ Person in Charge of the Accounting Body: _________________

Chief Accountant: _________________

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Consolidated Income Statement

Prepared by: BlueStar New Chemical Material Co., Ltd.

Unit: Yuan Currency: RMB Audit Type: Unaudited

Item	Amount of current period (July- Sept.) 7-9	Amount of last period (July- Sept.) 7-9	Amount of from the beginning of year to the end of report period (Jan.- Sept.) 1-9	Amount of from the beginning of year to the end of report period of last year (Jan.- Sept.) 1-9
I. Total operating revenues	**3,277,438,155**	**5,167,279,249**	**12,227,266,251**	**14,503,332,734**
Including: Operating income	3,277,438,155	5,167,279,249	12,227,266,251	14,503,332,734
II. Total operating costs	**2,020,240,157**	**4,761,892,554**	**9,541,863,309**	**14,051,715,891**
Including: Cost of sales	1,513,782,818	4,143,859,661	7,394,371,277	11,832,916,474
Business taxes and surcharges	36,436,048	31,163,171	101,907,441	84,312,298
Selling and distribution expenses	151,218,187	219,912,912	554,902,806	606,363,971
General and administrative expenses	201,429,118	357,498,046	853,143,826	1,105,035,271
Financial expenses - net	115,647,764	40,934,933	502,266,130	375,004,672
Asset impairment losses	1,726,222	-31,476,169	135,271,829	48,083,205
Add: Gains (losses) from changes in fair values	22,203,883	-35,907,609	79,652,542	-47,690,709
Investment income (Loss)		-19,818		6,979,570
Including: Income from investments in associates and joint ventures				
III. Operating profit (Loss)	**1,279,401,881**	**369,459,268**	**2,765,055,484**	**410,905,704**
Add: Non-operating income	2,351,746	88,355,485	25,638,203	159,013,665
Including: Gains from disposal of non-current assets		-341		24,908
Less: Non-operating expenses	1,032,133	7,959,221	16,374,985	11,536,214
Including: Losses from disposal of non-	201,868	198,841	7,301,752	236,246

Item	Amount of current period (July- Sept.) 7-9	Amount of last period (July- Sept.) 7-9	Amount of from the beginning of year to the end of report period (Jan.- Sept.) 1-9	Amount of from the beginning of year to the end of report period of last year (Jan.- Sept.) 1-9
current assets				
IV. Total profit (Total loss)	**1,280,721,494**	**449,855,532**	**2,774,318,702**	**558,383,155**
Less: Income tax expenses	440,209,859	196,218,599	1,184,861,854	414,237,095
V. Net profit (Net loss)	**840,511,635**	**253,636,933**	**1,589,456,848**	**144,146,060**
Net profit attributable to equity holders of the Company	698,690,891	178,485,056	1,225,967,202	26,192,157
Net profit attributable to non-controlling interests	141,820,744	75,151,877	363,489,646	117,953,903
VI. Net other comprehensive income	**316,894,145**	**-571,184,495**	**-165,041,743**	**-563,806,913**
Other comprehensive income (net of tax) attributable to owners of the parent company	268,993,567	-485,068,824	-139,909,686	-478,797,879
1.Other comprehensive income which will not be reclassified subsequently to profit or loss	**698,461**	**-130,114**	**11,604,837**	**-2,978,178**
1) Actuarial differences on defined benefit plans 1	698,461	-130,114	11,604,837	-2,978,178
2.Other comprehensive income which will be reclassified subsequently to profit or loss	**268,295,106**	**-484,938,710**	**-151,514,523**	**-475,819,701**
1) Effective hedging portion of gains or losses arising from cash flow hedging instruments 1	1,931,157	-12,138,939	3,220,958	-24,114,777
2) Differences on translation arising on translation of foreign currency financial statements2	266,363,949	-472,799,771	-154,735,481	-451,704,924
Net other comprehensive income to minority shareholders after tax	47,900,578	-86,115,671	-25,132,057	-85,009,034
VII. Total comprehensive income:	**1,157,405,780**	**-317,547,562**	**1,424,415,105**	**-419,660,853**
Total comprehensive income attributable to equity holders of the Company	967,684,458	-306,583,768	1,086,057,514	-452,605,722
Total comprehensive income attributable to non-controlling interests	189,721,322	-10,963,794	338,357,591	32,944,869

Item	Amount of current period (July- Sept.) 7-9	Amount of last period (July- Sept.) 7-9	Amount of from the beginning of year to the end of report period (Jan.- Sept.) 1-9	Amount of from the beginning of year to the end of report period of last year (Jan.- Sept.) 1-9
VIII. Earnings per share:				
(I) Basic earnings per share*	0.27	0.07	0.47	0.01
(II) Diluted earnings per share*	0.27	0.07	0.47	0.01

For business combination involving entities under common control occurred during the period, net profit of the acquiree generated before the business combination is not applicable for the three months ended 30/9/2015 (For the three months ended 30/9/2014: RMB 417,601,109) and RMB 1,548,467,983 for the nine months ended 30/9/2015 (For the nine months ended 30/9/2014: RMB 870,611,900).
7-97-9417,601,1091-91,548,467,9831-9870,611,900

* As part of the restructuring operation, BNCM is issuing 2,107,341,862 shares to BlueStar. As it is the business combination under common control and the asset exchange has been completed, the number of shares will be deemed exist starting from the first comparative period. Therefore, the number of shares used for the calculation of the EPS is 2,630,049,422, including the new shares to BlueStar.
2,107,341,8622,630,049,422

Legal Representative: _______________ Person in Charge of the Accounting Body: _________________

Chief Accountant: _________________

Income Statement of the Company

Prepared by: BlueStar New Chemical Material Co., Ltd.

Unit: Yuan Currency: RMB Audit Type: Unaudited

Item	Amount of current period (July- Sept.) 7-9	Amount of last period (July- Sept.) 7-9	Amount of from the beginning of year to the end of report period (Jan.- Sept.) 1-9	Amount of from the beginning of year to the end of report period of last year (Jan.- Sept.) 1-9
I. Operating revenues		752,128,095	865,091,432	2,261,282,023
Less: Cost of sales		706,497,032	974,642,857	2,129,967,323
Business taxes and surcharges		1,065,938	30,253	3,470,227
Selling and distribution expenses		24,849,896	30,074,556	59,549,331
General and Administrative expenses	1,510,937	76,899,116	82,734,714	201,166,285
Financial expenses net		83,282,891	132,053,819	237,318,348
Asset impairment losses		-18,734,098	75,755,207	27,985,332
Add: Gains from changes in fair values (Losses)				
Investment income (Loss)				7,000,000
Including: Income from investments in associates and joint ventures				
II. Operating profit (Loss)	-1,510,937	-121,732,680	-430,199,974	-391,174,823
Add: Non-operating income		61,560,522	4,809,789	107,118,632
Including: Gains from disposal of non-current assets				
Less: Non-operating expenses		5,852,068	6,792,574	7,216,398

Item	Amount of current period (July- Sept.) 7-9	Amount of last period (July- Sept.) 7-9	Amount of from the beginning of year to the end of report period (Jan.- Sept.) 1-9	Amount of from the beginning of year to the end of report period of last year (Jan.- Sept.) 1-9
Including: Losses from disposal of non-current assets			6,732,389	
III. Total profit (Total loss)	-1,510,937	-66,024,226	-432,182,759	-291,272,589
Less: Income tax expenses		1,287,032		8,454,225
IV. Net profit (Net loss)	-1,510,937	-67,311,258	-432,182,759	-299,726,814
V. Net 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 1				
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 1				
2) Difference on translation arising on translation of foreign currency financial statements 2				
VI. Total comprehensive income	-1,510,937	-67,311,258	-432,182,759	-299,726,814
VII. Earnings per share:				
(I) Basic earnings per share	Non-applicable	Non-applicable	Non-applicable	Non-applicable
(II) Diluted earnings per share	Non-applicable	Non-applicable	Non-applicable	Non-applicable

Legal Representative: ______________ Person in Charge of the Accounting Body: __________________

Chief Accountant: __________________

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Consolidated Cash Flow Statement

Nine months ended 30 September 2015

Prepared by: BlueStar New Chemical Material Co., Ltd.

Unit: Yuan Currency: RMB Audit Type: Unaudited

20151-9

Item	Amount for the current period 1-9	Amount for the prior period 1-9
I. Cash Flows from Operating Activities:		
Cash received from sale of goods or rendering of services	10,601,643,843	13,284,537,299
Refunds of taxes and surcharges	52,817,117	49,425,885
Cash received relating to other operating activities	327,745,891	146,523,321
Sub-total of cash inflows from operating activities	**10,982,206,851**	**13,480,486,505**
Cash paid for goods and services	5,960,151,701	9,244,538,352
Cash paid to and on behalf of employees	925,632,869	1,304,616,978
Payments of taxes and surcharges	747,039,319	406,483,488
Cash paid relating to other operating activities	353,245,506	482,973,536
Sub-total of cash outflows from operating activities	**7,986,069,395**	**11,438,612,354**
Net Cash Flow generated from Operating Activities	**2,996,137,456**	**2,041,874,151**
II. Cash Flows from Investing Activities:		
Cash received from disposals of investments	4,159,877	52,228,624
Cash received from investment income and interest income		7,000,000
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	806,723	8,069,859

Item	Amount for the current period 1-9	Amount for the prior period 1-9
Net cash received from disposals of subsidiaries and other business units		2,050,789
Cash received relating to other investing activities		
Sub-total of cash inflows from investing activities	**4,966,600**	**69,349,272**
Cash paid to purchase fixed assets, intangible assets and other long-term assets	749,466,338	1,035,770,475
Cash paid to acquire investments	-2,622,670	53,440,752
Net cash paid for acquisitions of subsidiaries		
Cash paid relating to other investing activities		
Sub-total of cash outflows from investing activities	**746,843,668**	**1,089,211,227**
Net Cash Flow used in Investing Activities	**-741,877,068**	**-1,019,861,955**
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		2,426,497,573
Including: cash received from capital contributions by non-controlling interests of subsidiaries		2,426,497,573
Cash received from borrowings	7,324,349,178	12,712,703,636
Cash received from issuance of debentures		
Cash received relating to other financing activities	653,100,000	
Sub-total of cash inflows from financing activities	**7,977,449,178**	**15,139,201,209**
Cash repayments of borrowings	7,630,833,559	12,508,184,959
Cash payments for interest expenses and distribution of dividends or profits	496,729,849	554,132,325
Cash paid relating to other financing activities	474,072,189	2,089,602,322
Sub-total of cash outflows from financing	**8,601,635,597**	**15,151,919,606**

Item	Amount for the current period 1-9	Amount for the prior period 1-9
activities		
Net Cash Flow from Financing Activities	**-624,186,419**	**-12,718,397**
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	**-80,754,952**	**-101,772,526**
V. Net Increase in Cash and Cash Equivalents	**1,549,319,017**	**907,521,273**
Add: Opening balance of Cash and Cash Equivalents	1,697,549,320	1,506,661,393
VI. Closing Balance of Cash and Cash Equivalents	**3,246,868,337**	**2,414,182,666**

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

Chief Accountant: ________________

Cash Flow Statement of the Company

Nine months ended 30 September 2015

Prepared by: BlueStar New Chemical Material Co., Ltd.

Unit: Yuan Currency: RMB Audit Type: Unaudited

20151-9

Item	Amount for the current period 1-9	Amount for the prior period 1-9
I. Cash Flows from Operating Activities:		
Cash received from sale of goods or rendering of services	874,574,566	1,562,183,342
Refunds of taxes and surcharges	4,893,552	5,490,747
Cash received relating to other operating activities	7,244,586	86,561,116
Sub-total of cash inflows from operating activities	886,712,704	1,654,235,205
Cash paid for goods and services	771,418,764	892,312,262
Cash paid to and on behalf of employees	71,271,352	238,845,322
Payments of taxes and surcharges	3,452,371	21,584,301
Cash paid relating to other operating activities	78,998,752	347,628,387
Sub-total of cash outflows from operating activities	925,141,239	1,500,370,272
Net Cash Flow generated from Operating Activities	-38,428,535	153,864,933
II. Cash Flows from Investing Activities:		
Cash received from disposals of investments		
Cash received from investment income and interest income		7,000,000
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		1,286,898

Item	Amount for the current period 1-9	Amount for the prior period 1-9
Net cash received from disposals of subsidiaries and other business units		
Cash received relating to other investing activities		
Sub-total of cash inflows from investing activities		8,286,898
Cash paid to purchase fixed assets, intangible assets and other long-term assets	63,894,674	422,132,668
Cash paid to acquire investments		
Net cash paid for acquisitions of subsidiaries		
Cash paid relating to other investing activities	7,103,110	
Sub-total of cash outflows from investing activities	70,997,784	422,132,668
Net Cash Flow used in Investing Activities	-70,997,784	-413,845,770
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Cash received from borrowings	6,348,698,611	8,890,728,034
Cash received relating to other financing activities	653,100,000	
Sub-total of cash inflows from financing activities	7,001,798,611	8,890,728,034
Cash repayments of borrowings	6,652,499,388	6,310,340,000
Cash payments for interest expenses and distribution of dividends or profits	245,450,774	233,632,593
Cash payments relating to other financing activities	106,047,552	2,089,602,323
Sub-total of cash outflows from financing activities	7,003,997,714	8,633,574,916
Net Cash Flow from Financing Activities	-2,199,103	257,153,118
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	127,583	-252,496
V. Net Increase in Cash and Cash Equivalents	-111,497,839	-3,080,215
Add: Opening balance of Cash and Cash Equivalents	189,591,727	471,951,796

Item	Amount for the current period 1-9	Amount for the prior period 1-9
VI. Closing Balance of Cash and Cash Equivalents	78,093,888	468,871,581

Legal Representative: ______________ Person in Charge of the Accounting Body: _________________

Chief Accountant: _________________

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3.2 Audit report

If the quarterly report has been audited by certified public accountants, the appendix shall disclose the audit report.

Applicable Not applicable

4.2