

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the “**Offering Circular**”), and you are therefore advised to read this carefully before reading, accessing or making any other use of this Offering Circular. In accessing this Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

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You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and the underwriters or any affiliate of the underwriters is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer (as defined in this Offering Circular) in such jurisdiction.

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You are responsible for protecting against viruses and other destructive items. Your use of this electronic mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

CNAC (HK) Finbridge Company Limited

(incorporated with limited liability in Hong Kong)

U.S.\$600,000,000 2.0 per cent. Guaranteed Bonds due 2025

U.S.\$1,000,000,000 3.0 per cent. Guaranteed Bonds due 2030

U.S.\$200,000,000 3.7 per cent. Guaranteed Bonds due 2050

Euro500,000,000 1.125 per cent. Guaranteed Bonds due 2024

U.S.\$600,000,000 3.35 per cent. Subordinated Guaranteed Perpetual Securities

each unconditionally and irrevocably guaranteed by



China National Chemical Corporation Limited

(a company incorporated with limited liability in the People's Republic of China)

Issue Price for the USD600,000,000 Guaranteed Bonds due 2025: 99.490 per cent.

Issue Price for the USD1,000,000,000 Guaranteed Bonds due 2030: 99.863 per cent.

Issue Price for the USD200,000,000 Guaranteed Bonds due 2050: 100.000 per cent.

Issue Price for the Euro500,000,000 Guaranteed Bonds due 2024: 99.577 per cent.

Issue Price for the USD600,000,000 Subordinated Guaranteed Perpetual Securities: 100.000 per cent.

The U.S.\$600,000,000 2.0 per cent. Guaranteed Bonds due 2025 (the "2025 USD Bonds"), the U.S.\$1,000,000,000 3.0 per cent. Guaranteed Bonds due 2030 (the "2030 USD Bonds"), the U.S.\$200,000,000 3.7 per cent. Guaranteed Bonds due 2050 (the "2050 USD Bonds"), and together with the 2025 USD Bonds, collectively the "USD Bonds", the Euro500,000,000 1.125 per cent. Guaranteed Bonds due 2024 (the "Euro Bonds"), and together with the USD Bonds, the "Senior Bonds", and the U.S.\$600,000,000 3.35 per cent. Subordinated Guaranteed Perpetual Securities (the "Perpetual Securities"), and together with the Senior Bonds, the "Securities" will be issued by CNAC (HK) Finbridge Company Limited (the "Issuer") and unconditionally and irrevocably guaranteed by China National Chemical Corporation Limited (the "Guarantor" or the "Company") and such guarantees, the "Guarantee of the Bonds" and the "Guarantee of the Perpetual Securities", respectively, and collectively the "Guarantees". Each series of the Senior Bonds and each series of the Perpetual Securities will be constituted by a trust deed to be dated 22 September 2020 (collectively, the "Trust Deeds") made between the Issuer, the Guarantor and The Hongkong and Shanghai Banking Corporation Limited (the "Trustee"). The Issuer is an indirectly wholly-owned subsidiary of the Guarantor.

The Senior Bonds will constitute direct, unsecured, unconditional and unsubordinated obligations of the Issuer, and will rank at all times at least *pari passu* with all other present and future unsecured, unconditional and unsubordinated obligations of the Issuer. The Guarantor of the Senior Bonds will constitute direct, general and unconditional obligations of the Guarantor which will rank at least *pari passu* with all other present and future unsecured, unconditional and unsubordinated obligations of the Guarantor.

The 2025 USD Bonds will bear interest from and including 22 September 2020 at the rate of 2.0 per cent. of their outstanding principal amount per annum. Interest on the 2025 USD Bonds is payable semi-annually in arrear on each Interest Payment Date (as defined in the Terms and Conditions of the 2025 USD Bonds) on 22 March and 22 September in each year commencing the first interest payment date on 22 March 2021. If interest is required to be calculated for a period of less than a complete Interest Period, it will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and in the case of an incomplete month, the number of days elapsed.

The 2030 USD Bonds will bear interest from and including 22 September 2020 at the rate of 3.0 per cent. of their outstanding principal amount per annum. Interest on the 2030 USD Bonds is payable semi-annually in arrear on each Interest Payment Date (as defined in the Terms and Conditions of the 2030 USD Bonds) on 22 March and 22 September in each year commencing the first interest payment date on 22 March 2021. If interest is required to be calculated for a period of less than a complete Interest Period, it will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and in the case of an incomplete month, the number of days elapsed.

The 2050 USD Bonds will bear interest from and including 22 September 2020 at the rate of 3.7 per cent. of their outstanding principal amount per annum. Interest on the 2050 USD Bonds is payable semi-annually in arrear on each Interest Payment Date (as defined in the Terms and Conditions of the 2050 USD Bonds) on 22 March and 22 September in each year commencing the first interest payment date on 22 March 2021. If interest is required to be calculated for a period of less than a complete Interest Period, it will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and in the case of an incomplete month, the number of days elapsed.

The Euro Bonds will bear interest from and including 22 September 2020 at the rate of 1.125 per cent. of their outstanding principal amount per annum. Interest on the Euro Bonds is payable annually in arrear on each Interest Payment Date (as defined in the Terms and Conditions of the Euro Bonds) on 22 September in each year commencing the first interest payment date on 22 September 2021. Interest on the Euro Bonds shall be calculated on the basis of the actual number of days elapsed divided by 365 or (in the case of a leap year) 366.

Unless previously redeemed, purchased or cancelled, the 2025 USD Bonds will mature on 22 September 2025, the 2030 USD Bonds will mature on 22 September 2030, the 2050 USD Bonds will mature on 22 September 2050, and the Euro Bonds will mature on 22 September 2024, at their principal amount. On giving not less than 30 nor more than 60 days' notice, the Senior Bonds may be redeemed at the option of the Issuer, in whole but not in part, at the Make Whole Price (as defined in the Terms and Conditions of the Senior Bonds), together with accrued and unpaid interest, if any, to (but excluding) the date fixed for redemption. See "Terms and Conditions of the Senior Bonds – Redemption and Purchase – Redemption at the Option of the Issuer". The Senior Bonds are also subject to redemption, in whole but not in part, at their principal amount, together with accrued interest, at the option of the Issuer at any time in the event of certain changes affecting taxes of Hong Kong or the PRC. See "Terms and Conditions of the Senior Bonds – Redemption and Purchase – Redemption for Taxation Reasons". Within 14 calendar days following the occurrence of a Change of Control (as defined in the "Terms and Conditions of the Senior Bonds"), the Issuer will be required to make an offer to repurchase all of the Senior Bonds at 101 per cent. of their principal amount, together with accrued and unpaid interest on the amount of Senior Bonds being repurchased to but excluding the date of repurchase. See "Terms and Conditions of the Senior Bonds – Redemption and Purchase – Repurchase upon a Change of Control". In addition, upon the occurrence of a Non-Registration Event (as defined in the "Terms and Conditions of the Senior Bonds"), the Issuer shall mandatorily redeem all and not some only of the Senior Bonds at their principal amount, together with accrued and unpaid interest to but excluding the date of redemption. See "Terms and Conditions of the Senior Bonds – Redemption and Purchase – Mandatory Redemption for Non-Registration". For a more detailed description of the Senior Bonds and the "Terms and Conditions of the Senior Bonds".

Subject to Condition 4(d) of the Terms and Conditions of the Perpetual Securities, the Perpetual Securities confer a right to receive distributions (each a "Distribution") from, and including, 22 September, 2020 (the "Issue Date") at the Distribution Rate (as defined in the Terms and Conditions of the Perpetual Securities) in accordance with the Condition 4(a) of the Terms and Conditions of the Perpetual Securities. Subject to Condition 4(d) of the Terms and Conditions of the Perpetual Securities, Distribution shall be payable on the Perpetual Securities semi-annually in equal instalments in arrear on 22 March and 22 September of each year (each, a "Distribution Payment Date"). If any Distribution is required to be calculated in respect of a period of less than a full half-year, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each.

Subject to any increase pursuant to Condition 4(e) of the Terms and Conditions of the Perpetual Securities, the rate of distribution ("Distribution Rate") applicable to the Perpetual Securities shall be (i) in respect of each Distribution Payment Date, the period from, and including, the Issue Date to, but excluding, 22 September 2023 (the "First Call Date"), the Initial Distribution Rate (as defined in the Terms and Conditions of the Perpetual Securities); and (ii) in respect of the period (A) from, and including the First Call Date to, but excluding, the Reset Date (as defined in the Terms and Conditions of the Perpetual Securities) falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the Terms and Conditions of the Perpetual Securities).

Upon the occurrence of a Change of Control Triggering Event, a Breach of Covenant Event, a Non-Registration Event and/or a Relevant Indebtedness Default Event (each as defined in the Terms and Conditions of the Perpetual Securities and each a "Step-Up Event"), unless an irrevocable notice in writing to redeem the Perpetual Securities has been given by the Issuer to Holders (as defined in the Terms and Conditions of the Perpetual Securities), the Trustee and the Principal Paying Agent by the 30th day following the occurrence of the relevant Step-Up Event; or (ii) the relevant Step-Up Event is followed by the occurrence of such Step-Up Event, the Distribution Rate will be increased by 3.00 per cent. per annum with effect from (a) the next Distribution Payment Date immediately following the occurrence of such relevant Step-Up Event or (b) if the date on which the relevant Step-Up Event occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date, provided that the maximum aggregate increase in the Distribution Rate shall be 3.00 per cent. per annum and the Distribution Rate shall not exceed the Maximum Distribution Rate. "Maximum Distribution Rate" means (a) in respect of each Distribution Payment Date, the period from, and including, the Issue Date to, but excluding, the First Call Date, the Initial Distribution Rate plus 3.00 per cent. per annum; and (b) in respect of the period (A) from, and including the First Call Date to, but excluding, the Reset Date falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate plus 3.00 per cent. per annum. See "Terms and Conditions of the Perpetual Securities – Distribution – Increase in Distribution Rate following occurrence of certain events – Increase in Distribution Rate".

If following an increase in the Distribution Rate after a Step-Up Event, such Step-Up Event is cured or no longer exists, upon written notice of such facts being given to the Holders, the Trustee and the Principal Paying Agent, the Distribution Rate shall be decreased by 3.00 per cent. per annum with effect from (and including) the Distribution Payment Date immediately following the date falling 30 days after the date on which the Trustee receives notice of the cure of such Step-Up Event, provided that the maximum aggregate decrease in the Distribution Rate shall be 3.00 per cent. per annum, as further described in "Terms and Conditions of the Perpetual Securities – Distribution – Increase in Distribution Rate following occurrence of certain events – Decrease in Distribution Rate".

The Issuer may, at its sole discretion, elect to defer (in whole or in part) any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice (an "Optional Deferral Notice") to the Holders (in accordance with Condition 16 of the Terms and Conditions of the Perpetual Securities), the Trustee and the Principal Paying Agent (as defined in the Terms and Conditions of the Perpetual Securities) in writing not more than 30 days nor less than 15 days prior to the relevant Distribution Payment Date unless a Compulsory Distribution Payment Event has occurred. Any Distribution so deferred shall constitute "Arrears of Distribution". Each amount of Arrears of Distribution shall accrue distribution as if it constituted the principal of the Perpetual Securities at the prevailing Distribution Rate and the amount of such distribution (the "Additional Distribution Amount"). The Issuer may, at its sole discretion, elect to further defer any Arrears of Distribution by complying with the notice requirement applicable to any deferral of Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution can be deferred. See "Terms and Conditions of the Perpetual Securities – Distribution – Distribution Deferral – Cumulative Deferral".

If on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date is not made in full, the restrictions as described in "Terms and Conditions of the Perpetual Securities – Distribution – Distribution Deferral – Restrictions in the case of Deferral" shall apply.

The Perpetual Securities will constitute direct, unsecured, subordinated and (subject to Conditions 3(a) of Terms and Conditions of the Perpetual Securities) unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves and any Parity Securities (as defined in the Terms and Conditions of the Perpetual Securities) of the Issuer. The Guarantor of the Perpetual Securities constitutes a direct, unsecured and subordinated obligation of the Guarantor which shall at all times rank at least *pari passu* with any Parity Securities of the Guarantor.

The Perpetual Securities are perpetual securities and have no fixed redemption date. The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) on the First Call Date or on any Distribution Payment Date after the First Call Date. The Perpetual Securities may also be redeemed at the option of the Issuer in whole, but not in part, at their principal amount, together with accrued interest, at the relevant prices specified in "Terms and Conditions of the Perpetual Securities – Redemption and Purchase" upon the occurrence of (a) certain changes affecting taxes of any Relevant Jurisdiction, (b) an Accounting Event, (c) a Change of Control Triggering Event, (d) a Breach of Covenant Event, (e) a Relevant Indebtedness Default Event, (f) a Non-Registration Event or (g) at least 90 per cent. in principal amount of the Perpetual Securities originally issued having been redeemed or purchased or cancelled prior to the date fixed for redemption.

For a more detailed description of the Perpetual Securities, see "Terms and Conditions of the Perpetual Securities."

The USD Bonds will be issued in denominations of U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof. The Euro Bonds will be issued in denominations of Euro100,000 each and integral multiples of Euro1,000 in excess thereof.

Investing in the Securities involves risks. See "Risk Factors" beginning on page 22 for a discussion of certain factors to be considered in connection with an investment in the Securities.

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the "NDRC Circular") issued by the National Development and Reform Commission of the PRC ("NDRC") on 14 September 2015 which came into effect on the same day, the Guarantor has caused the issuance of the Securities to be registered with NDRC and obtained a certificate from NDRC on 17 April 2020 evidencing such registration and intends to cause the requisite information on the issuance of the Securities to be provided to NDRC within 15 Registration Business Days (as defined in the "Terms and Conditions of the Senior Bonds" and the "Terms and Conditions of the Perpetual Securities, as applicable) after the Issue Date (as defined in the "Terms and Conditions of the Senior Bonds" and the "Terms and Conditions of the Perpetual Securities, as applicable).

The Guarantor will enter into a deed of guarantee with the Trustee to be effective on 22 September 2020 for each series of the Senior Bonds and the Perpetual Securities (collectively, the "Deeds of Guarantee"). The Guarantor will be required to register or cause to be registered with the Beijing Bureau of State Administration of Foreign Exchange ("SAFE") the Deed of Guarantee in accordance with, and within the time period prescribed by, the Foreign Exchange Administration Rules on Cross-border Security (跨境担保外匯管理規定) promulgated by SAFE. The Guarantor intends to complete the registration of the Deed of Guarantee with SAFE as soon as practicable and in any event before the Registration Deadline (being 120 Registration Business Days (as defined in the "Terms and Conditions of the Senior Bonds" and the "Terms and Conditions of the Perpetual Securities, as applicable) after the Issue Date).

The Senior Bonds are expected to be assigned a rating of "Baa2" by Moody's Investors Service, Inc. ("Moody's") and "A-" by Fitch Ratings Ltd. ("Fitch") upon issuance. The Perpetual Securities are expected to be assigned a rating of "Baa3" by Moody's and "BBB" by Fitch upon issuance. Additionally, the Guarantor has been assigned a corporate credit rating of "Baa2" with stable outlook by Moody's, "BBB" with stable outlook by McGraw Hill Companies, Inc. ("S&P") and "A-" with stable outlook by Fitch. A rating is not a recommendation to buy, sell or hold the Securities and may be subject to suspension, reduction or withdrawal at any time by Moody's or Fitch. A suspension, reduction or withdrawal of the rating assigned to the Securities may adversely affect the market price of the Securities.

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and, subject to certain exceptions, may not be offered or sold within the United States. The Securities are being offered and sold only outside the United States in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Securities and the distribution of this Offering Circular, see "Subscription and Sale".

Application will be made to the Singapore Exchange Securities Trading Limited, or the SGX-ST, for the listing and quotation of the USD Bonds and the Perpetual Securities on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and the listing and quotation of the USD Bonds and the Perpetual Securities on, the SGX-ST are not to be taken as an indication of the merits of the offering, the Issuer, the Guarantor or any of their respective associated companies (if any), the USD Bonds and the Perpetual Securities or the Guarantees of the USD Bonds and the Guarantees of the Perpetual Securities. This Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore. Please see the selling restrictions set out under the section entitled "Subscription and Sale" of this Offering Circular.

Application has been made to Euronext Dublin for the Euro Bonds to be admitted to the Official List and trading on the Global Exchange Market which is the exchange regulated market of Euronext Dublin. The Global Exchange Market of Euronext Dublin is not a regulated market for the purposes of Directive 2014/65/EU, as amended.

Each of the Issuer and the Guarantor accepts full responsibility for the information contained in this Listing Particulars. To the best knowledge of each of the Issuer and the Guarantor, having taken all reasonable care to ensure that such is the case, the information contained in this Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each series of the Senior Bonds and the Perpetual Securities will be issued in registered form and initially represented by interests in a global certificate (collectively, the "Global Certificates" and each a "Global Certificate") deposited on or about the Issue Date with a common depository for Euroclear Bank S.A./NV ("Euroclear") and Clearstream Banking, S.A. ("Clearstream"). Beneficial interests in the Global Certificates will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for the Securities will not be issued in exchange for interests in the Global Certificates.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

Barclays
China CITIC Bank International
Goldman Sachs (Asia) L.L.C.
Natixis

BNP PARIBAS
China Securities International
Haitong International

BOC International
Crédit Agricole CIB
BofA Securities
UBS

Offering Circular dated 14 September 2020

IMPORTANT NOTICE

Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and its subsidiaries taken as a whole (the “**Group**”), and the Securities which is material in context of the issue and offering of the Securities, (ii) the statements contained in this Offering Circular relating to the Issuer, the Guarantor and the Group are in every material respect true and accurate and not misleading, (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and the Group are honestly and reasonably held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) the financial, operational, statistical, industry and market related data included in this Offering circular has been accurately extracted from the various sources, and (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain all facts in relation to the Issuer, the Guarantor, the Group and the Securities and to verify the accuracy of all such information and statements in this Offering Circular.

The Issuer and the Guarantor have prepared this Offering Circular solely for use in connection with the proposed offering of the Securities described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Barclays Bank PLC, BNP Paribas, BOCI Asia Limited, China CITIC Bank International Limited, China Securities (International) Corporate Finance Company Limited, Crédit Agricole Corporate and Investment Bank, Goldman Sachs (Asia) L.L.C., Haitong International Securities Company Limited, Merrill Lynch (Asia Pacific) Limited, Natixis and UBS AG Hong Kong Branch (the “**Joint Lead Managers**”), the Issuer or the Guarantor to subscribe for or purchase any of the Securities. The distribution of this Offering Circular and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Securities or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Securities, and the circulation of documents relating thereto, in certain jurisdictions including without limitation the United States, the United Kingdom, Italy, Spain, France, Denmark, the Netherlands, Hong Kong, the PRC, Japan and Singapore, and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Securities, and distribution of this Offering Circular, see “Subscription and Sale”. By purchasing the Securities, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Bonds. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor, the Group or the Securities other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents (as defined in the Terms and Conditions of the Securities) or their respective affiliates, directors or advisers. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Securities shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Group or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents to subscribe for or purchase the Securities and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors or advisers has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors or advisers, as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Securities and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents that any recipient of this Offering Circular should purchase the Securities. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or on any person affiliated with the Joint Lead Managers, the Trustee or the Agents or any director or adviser to the Joint Lead Managers, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, the Guarantor and the Group and the merits and risks involved in investing in the Securities. See “Risk Factors” for a discussion of certain factors to be considered in connection with an investment in the Securities.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors or advisers accepts any responsibility for the contents of this Offering Circular or for any statement made or purported to be made by any of them or on their behalf in connection with the Issuer, the Guarantor, the Group or the Securities. Each of the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors and advisers accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors or advisers undertakes to review the results of operations, financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Securities of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents.

IN CONNECTION WITH THIS OFFERING, BNP PARIBAS, BOCI ASIA LIMITED AND CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK (EACH A “STABILISING MANAGER” AND TOGETHER THE “STABILISING MANAGERS”) OR ANY PERSON(S) ACTING FOR THE STABILISING MANAGERS MAY, SUBJECT TO ALL APPLICABLE LAWS, OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGERS (OR PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGERS) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. EACH OF THE ISSUER AND THE GUARANTOR AUTHORISES THE STABILISING MANAGERS TO MAKE ADEQUATE PUBLIC DISCLOSURE OF INFORMATION, AND TO ACT AS THE CENTRAL POINT RESPONSIBLE FOR HANDLING ANY REQUEST FROM A COMPETENT AUTHORITY, IN EACH CASE AS REQUIRED BY ARTICLE 6(5) OF COMMISSION DELEGATED REGULATION (EU) 2016/1052 OF 8 MARCH 2016 WITH REGARD TO REGULATORY TECHNICAL STANDARDS FOR THE CONDITIONS APPLICABLE TO BUY-BACK PROGRAMMES AND STABILISATION MEASURES.

Section 309B Notification in respect of the Securities – The Securities are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Securities under applicable laws or regulations.

MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS

The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts used throughout this Offering Circular have been obtained based on internal calculation, internal surveys, industry forecast, market research, publicly available information and industry publications. Internal calculation may use data that were made available as at different dates or on different bases. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents and their respective directors and advisors make any representation as to the accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

Any information sourced from third parties contained in this Offering Circular has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular incorporates by reference the audited consolidated financial information of the Group in the original Chinese version with respect to the years ended 31 December 2017, 2018 and 2019 (the **“Group Financial Information”**), together with the independent auditors’ reports thereon issued by Baker Tilly China Certified Public Accountants and Ruihua Certified Public Accountants, as contained in the 2018 and 2019 annual reports of the Group which can be found on the website of China Foreign Exchange Trading System & National Interbank Funding Center (<http://www.chinamoney.com.cn/chinese/jgxxpl/?entyDefinedCode=300341>). The Group Financial Information has only been prepared in Chinese. The English translations of such financial statements (the **“Financial Statements Translations”**) have been prepared and included in this Offering Circular for reference. The Financial Statements Translations do not constitute audited financial statements, and are qualified in their entirety by, and are subject to the Group Financial Information. None of the Joint Lead Managers, the Trustee, the Agents nor their respective affiliates, directors, officers and advisors has independently verified or checked the accuracy of the Financial Statements Translations and can give no assurance that the information contained in the Financial Statements Translations is accurate, truthful or complete. Consequently, such Financial Statements Translations should not be relied upon by potential purchasers to provide the same quality of information associated with information that has been subject to an audit or review. Potential purchasers must exercise caution when using such financial information to evaluate the financial condition, results of operations and prospects of the Group. PRC GAAP differs in certain material respects from the International Financial Reporting Standards (**“IFRSs”**).

Certain items in the Group’s audited consolidated financial statements as at and for the year ended 31 December 2018 have been restated to reflect (i) the change in accounting policies of a subsidiary of the Group; (ii) the updated scope of consolidation given the completion of various acquisitions; and (iii) the adjustment in relation to severance package. For a discussion of such restatements, please see Note 5 of the audited consolidated financial statements as at and for the years ended 31 December 2018 included in this Offering Circular.

ROUNDING

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. References to information in billions of units are to the equivalent of a thousand million units.

CONVENTIONS USED IN THIS OFFERING CIRCULAR

In this Offering Circular, unless otherwise indicated or the context otherwise requires, references to:

- “we”, “us”, “our company”, the “Group”, the “Guarantor”, “our”, “ChemChina” and words of similar import refers to China National Chemical Corporation Limited itself, or to China National Chemical Corporation Limited and its consolidated subsidiaries, as the context requires;
- the “Issuer” refers to CNAC (HK) Finbridge Company Limited, our indirectly wholly-owned subsidiary;
- “China” or the “PRC” refers to the People’s Republic of China, excluding, for purposes of this Offering Circular only, Taiwan, the Hong Kong Special Administrative Region and the Macau Special Administrative Region;
- “Entity List” refers to a list of entities that are ineligible to receive any item subject to the Export Administration without a license, as specified in Supplement No. 4 to Part 744 of the Export Administration Regulations. Sample 1. Based on 1 documents;
- “MOFCOM” refers to the Ministry of Commerce of the People’s Republic of China;
- “NDRC” refers to the National Development and Reform Commission of the People’s Republic of China or its local counterparts;

- “PBOC” refers to the People’s Bank of China, the central bank of the PRC;
- “PRC GAAP” refers to the generally accepted accounting principles in the PRC;
- the “PRC government” refers to the central government of China and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- “SAFE” refers to the State Administration of Foreign Exchange of the People’s Republic of China or its competent local counterpart;
- “SASAC” refers to the State-owned Assets Supervision and Administration Commission of the People’s Republic of China;
- “SAMR” refers to the State Administration for Market Regulation of the People’s Republic of China or its competent local counterpart;
- “Sinochem” refers to Sinochem Group Co., Ltd.;
- “SAT” refers to the State Administration of Taxation of the People’s Republic of China;
- “SDN List” refers to Specially Designated Nationals and Blocked Persons list;
- “CNY”, “RMB” or “Renminbi” refers to the legal currency of China;
- “EC Treaty”, the “Treaty on European Union” and the “Treaty on the Functioning of the European Union”;
- “Euro” or “C” refers to Euro, the legal currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty; and
- “U.S.\$”, “US\$” or “US dollars” refers to the legal currency of the United States.

We record and publish our financial information in Renminbi. Unless otherwise stated in this Offering Circular, all translations from Renminbi amounts to U.S. dollars were made at the rate of RMB6.9618 to US\$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on 31 December 2019. All such translations in this Offering Circular are provided solely for your convenience and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars or Euro, or vice versa, at any particular rate or at all. For further information relating to the exchange rates, see “Exchange Rate Information”.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only.

FORWARD-LOOKING STATEMENTS

We have made certain forward-looking statements in this Offering Circular. Some of these statements can be identified by forward-looking terms, such as “anticipate”, “target”, “believe”, “can”, “would”, “could”, “estimate”, “expect”, “aim”, “intend”, “may”, “plan”, “will”, “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, revenue and profitability, planned projects and other matters as they relate to our company discussed in this Offering Circular regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Offering Circular (whether made by us or by any third party) involve known and unknown risks, including those disclosed under the caption “Risk Factors”, assumptions, uncertainties and other factors that may cause the actual results, performance or achievements of our company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward-looking statements speak only as at the date of this Offering Circular. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

The factors that could cause our actual results, performance and achievements of to be materially different include, among others:

- risks associated with our business activities;
- general economic and political conditions, including those related to the PRC;
- our ability to implement our business strategy and plan of operation;
- our ability to expand and manage our growth;
- our financial and taxation condition and results of operations;
- fluctuations in interest rates and foreign currency exchange rates;
- obtaining governmental permits and approvals;
- impacts of natural disasters, epidemics and safety accidents;
- macroeconomic measures taken by the PRC government to manage economic growth; and
- those other risks identified in the “Risk Factors” section of this Offering Circular.

We do not undertake any obligation to update or revise publicly any of the opinions or forward-looking statements expressed in this Offering Circular as a result of any new information, future events or otherwise.

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SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should, therefore, read this Offering Circular in its entirety, including the Group Financial information and the independent auditors' reports thereon incorporated by reference herein.

Overview

Our Group was established in 2004 by the SASAC through the merger of Bluestar and Haohua Chemical following the restructuring of several state-owned enterprises under the former Ministry of Chemical Industry. As the only central state-owned enterprise focusing on the chemical industry, we rank 164th on the 2020 Fortune Global 500 list and are the largest chemical company in China and the third largest chemical company globally in terms of sales, according to the Fortune Global 500, with approximately RMB454.3 billion (US\$65.3 billion) in revenues in 2019 and RMB844.0 billion (US\$121.2 billion) in assets as at 31 December 2019. As at 31 December 2019, our Group comprised approximately 99 operating entities, including 19 entities overseas, and had controlling interests in 9 listed companies with 7 listed domestically on the Shanghai Stock Exchange and/or the Shenzhen Stock Exchange, 1 on the Milan Stock Exchange and 1 on the Oslo Stock Exchange. As at 31 December 2019, ChemChina had approximately 160,000 employees, of which approximately 86,000 (c.54%) were based overseas, and is a truly global Chinese state-owned enterprise. As at 31 December 2019, we had production sites, research and development centres and a distribution network in China and more than 160 overseas countries and regions, all of which are strategically located in close proximity to our customers and end markets.

We primarily conduct our operations in the following six business segments:

Oil Processing and Fundamental Chemical Products: Our oil processing and fundamental chemical products segment is the foundation of our production chain, providing cost-efficient and reliable supply of key intermediaries and raw materials for the production of chemical materials and performance chemicals and intermediates. Our products are used in automotive and jet fuel, heating oil, fuel additives, and in the manufacturing of household appliances, stretch film, synthetic fibres, and in many varieties of plastics. Our key subsidiary engaged in oil processing and fundamental chemical products are ChemChina Petrochemical Co., Ltd. (“**CCPC**”).

New Chemical Materials and Specialty Chemicals: We supply a broad range of innovative and high value-added new chemical materials and specialty products. These products are typically used as catalysts, intermediates, components, protectants, or additives in a wide range of industries, including automobile, aerospace, electronic products and materials application, for example, feed additives, solar panels, mechanical components, artificial body parts, medicine, fibre optic cable, and mortar and concrete. We conduct our new chemical materials and specialty chemicals business primarily through our subsidiary China National Bluestar (Group) Co., Ltd. and Qenos (Australia) Pty Ltd. (“**Qenos**”).

Seeds and Agrochemicals: We are a leading provider of non-patented agricultural chemicals. We provide a comprehensive range of high-quality, innovative, and effective products, including herbicides, insecticides, bactericides, and plant growth regulators. After the acquisition of Syngenta AG, we continue to provide products and solutions to help farmers achieve global food security for a growing population, sustainably, by applying world-class science to develop crop protection products and seeds. In addition, our innovations help farmers to overcome multiple challenges – from weeds, insects and disease, to the effects of heat and cold on crops. Our agrochemicals manufacturing business is primarily conducted through our subsidiary CNAC, Syngenta AG (“**Syngenta**”) and ADAMA Ltd. (“**ADAMA**”).

Tyre and Rubber Products: We are well-reputed for our production expertise and application knowledge in the tyre and rubber products industry. Our major products include auto tyres, specialty tyres, latex products, polysulphide rubber, specialty rubber products, and carbon black. We have a diverse portfolio of tyre and rubber products marketed under a number of well-recognised brand names and trademarks. We conduct our tyre and rubber products business primarily through our subsidiary China National Tire & Rubber Co., Ltd. (“**CNRC**”).

Chemical Equipment: We are one of the leading rubber machinery manufacturers worldwide and in China. Our chemical equipment segment manufactures equipment for the manufacture of chemical products, such as vulcanising machines, ionic membrane electrolyzers, large drying equipment and axle gears. Our key subsidiaries engaged in chemical equipment manufacturing are Bluestar (Beijing) Chemical Machinery Co., Ltd., Yiyang Rubber & Plastics Machinery Group Co, Ltd., Guilin Rubber Machinery, Sanming Double-Wheel Chemical Engineering Machinery Co. Ltd. and KraussMaffei Group GmbH.

Others:

We have a demonstrated track record of consistent growth driven by organic growth, continuous introduction of commercially successful and effective products and services and expansion of our global reach through strategic mergers and acquisitions.

Building upon our global, vertically integrated business model, we are promoting a “3+1” strategy under the guidance of new science and new future which is expected to make our business portfolio more competitive, advanced, and focused. The “3+1” strategy prioritises the expansion of our core sectors comprising material science, life science, and advanced manufacturing in the future with all three sectors being supported by our basic chemicals and intermediates products. We expect to continue to optimise our business portfolio around these priorities and to enhance our leadership position in the global chemical industry by upgrading our production facilities and technologies, introducing innovative and high value-added products and services, streamlining our non-strategic product lines, developing our sales network by leveraging on overseas operations and investing in research and development efforts.

We have been striving to improve people’s living standards by providing critical products and services through our five key subsidiaries, and have contributed significantly to China’s economic development. We are one of the largest producers of caustic soda, tyres, rubber and plastics manufacturing equipment in China and have one of the largest domestic market shares and the largest global market shares of crop protection products.

Our Competitive Strengths

- A pillar central state-owned enterprise in China’s chemical industry with strong and enhancing government support
- A market leader in the chemical industry
- Diversified product portfolio and global presence
- Significant contribution from businesses of high profitability and encouraging growth outlook
- Commitment to innovation with a leading research and development capacity in China’s chemical industry
- Successful consolidation and integration of international companies with a view to build a world-leading chemical company
- Strong business performance and diversified financing channels

Our Strategies

We intend to further expand our business, improve profitability, enhance our position as a leader in the chemical industry and build an internationally recognised enterprise. We seek to achieve our goals through the following strategies:

- Implement “3+1” strategy under the guidance of new science and new future and leverage our advanced manufacturing platform and expertise
- Expand the scale and scope of international operations and build a strong global brand
- Further enhance research and development capabilities with a focus on high value-added segments
- Continue to build an environment-friendly enterprise

Recent Developments

Recent Financial Information

According to the unaudited and unreviewed financial statements we published in compliance with the regulations over domestic bond issuance of the National Association of Financial Market Institutional Investors of the PRC, for the six months ended 30 June 2020, we recorded operating income of approximately RMB201.2 billion (US\$28.9 billion) and gross profit of approximately RMB44.0 billion (US\$6.3 billion). As at 30 June 2020, our total assets were approximately RMB874.2 billion (US\$125.6 billion). Such financial information has not been subject to an audit or review and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. For more details, see also “Risk Factors – Risks Relating to Our Business – The description of the results of operation of the Group as at and for the three months ended 30 June 2020 contained in this Offering Circular is derived from the consolidated financial information of the Group that has not been audited or reviewed”.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The following table sets forth the Group's summary consolidated financial information as at and for the years ended 31 December 2017, 2018 and 2019, which has been derived from the Group's audited consolidated financial statements for the years ended 31 December 2018 and 2019, including the notes thereto, if any. Such financial information should be read in conjunction with the Group's audited consolidated financial statements and the notes thereto, together with the auditor's report in respect of such financial years. Except as otherwise disclosed in the auditor's interim report for the relevant year, the Group's audited consolidated financial statements were prepared in accordance with PRC GAAP, and were audited by Baker Tilly China Certified Public Accountants and Ruihua Certified Public Accountants. PRC GAAP differs in certain material aspects from the International Financial Reporting Standard ("IFRSs").

Certain items in the Group's audited consolidated financial statements as at and for the year ended 31 December 2017 have been restated to reflect (i) the change in accounting policies of a subsidiary of the Group; (ii) the adjustment of certain subsidiaries of the Group merger scope and (iii) the adjustment of dismiss welfare, etc. For a discussion of such restatements, please see Note 5 of the audited consolidated financial statements as at and for the years ended 31 December 2018 included in this Offering Circular. Certain items in the Group's audited consolidated financial statements as at and for the year ended 31 December 2018 have been restated to reflect the change in accounting policies of certain subsidiaries of the Group and the adjustment of certain subsidiaries of the Group merger scope. For a discussion of such restatements, please see Note 5 and Note 7 of the audited consolidated financial statements as at and for the years ended 31 December 2019 included in this Offering Circular.

Summary Consolidated Statement of Profit or Loss of the Group

	For the Year Ended 31 December			
	2017	2018	2019	2019
	(Audited)	(Restated)	(Audited)	(Unaudited and Unreviewed)
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Total operating income	392,164,583	469,419,920	454,345,916	65,262,707
Total operating costs	393,538,865	468,273,905	448,967,586	64,490,159
Operating cost	317,079,338	364,734,670	348,732,203	50,092,247
Operating taxes and surcharges	3,288,890	11,357,144	9,346,485	1,342,539
Sale expenses	27,966,900	33,667,092	34,125,992	4,901,892
General and administrative expenses	20,432,933	23,963,297	25,521,523	3,665,937
Research and development expenses	9,540,809	13,424,396	11,307,710	1,624,251
Financial expenses – net	11,677,461	21,127,306	19,933,673	2,863,293
Interest expense	14,367,538	19,091,717	20,143,072	2,893,371
Interest income	2,583,548	2,818,186	3,171,215	455,517
Foreign exchange (loss)/gain	2,188,568	2,667,596	1,705,563	244,989
Asset impairment loss	(3,552,534)	(5,507,206)	(7,171,688)	(1,030,149)
Credit impairment losses	–	(421,129)	(1,111,354)	(159,636)
Other income	1,015,766	1,273,721	1,382,933	198,646
(Losses)/gains arising from changes in fair value	(1,105,725)	45,765	1,749,132	251,247
Investment income/(loss)	(3,233)	3,119,016	919,873	132,131
Net exposure hedging gain	–	645,798	378,038	54,302
Asset disposal gain	644,286	2,608,821	1,320,069	189,616
Operating Profit/loss	(823,187)	2,910,800	2,845,333	408,706
Non-operating income	2,069,487	1,342,143	2,387,604	342,958
Government grants	504,389	705,870	511,108	73,416
Non-operating expenses	1,000,307	1,199,700	1,003,389	144,128
Total (loss)/profit	245,994	3,053,243	4,229,547	607,536
Income tax expenses	440,750	2,834,684	1,473,692	211,683
Net (loss)/profit	686,744	218,559	2,755,855	395,854
Attributable to:				
Owners of our Company	(6,901,027)	(14,458,640)	(8,641,636)	(1,241,293)
Non-controlling interests	7,587,771	14,677,199	11,397,491	1,637,147

Summary Consolidated Statement of Comprehensive Income of the Group

	For the Year Ended 31 December			
	2017	2018	2019	2019
	(Audited)	(Restated)	(Audited)	(Unaudited and Unreviewed)
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Net (loss)/profit	686,744	218,559	2,755,855	395,854
Other comprehensive income after tax net value.	(9,868,145)	5,603,693	47,661	6,846
Total comprehensive (loss)/profit.	(9,181,402)	5,822,252	2,803,516	402,700
Attributable to equity holders of the Company	(5,200,766)	(8,708,371)	(8,582,608)	(1,232,815)
Attributable to equity holders of the Minority Interests	(3,980,635)	14,530,623	11,386,124	1,635,514

Summary Consolidated Statement of Financial Position of the Group

	As at 31 December			
	2017	2018	2019	2019
	(Audited)	(Restated)	(Audited)	(Unaudited and Unreviewed)
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Current assets				
Cash and cash equivalents	87,449,465	74,096,624	78,079,408	11,215,405
Trading financial assets	—	464,888	727,433	104,489
Financial assets at fair value through profit or loss	410,866	136,698	139,747	20,073
Derivative financial assets	1,244,106	2,448,731	1,908,015	274,069
Note receivables and account receivables	58,699,783	58,671,662	58,019,888	8,334,036
Receivable financing	—	2,451,143	2,869,366	412,159
Advance to suppliers	5,833,747	8,796,609	8,855,778	1,272,053
Other receivables	32,322,768	29,675,656	32,320,296	4,642,520
Inventories	77,620,045	84,649,262	90,045,309	12,934,199
Including: Raw material.	15,181,688	17,229,603	19,833,283	2,848,873
Finished products	44,935,845	49,436,421	45,413,651	6,523,263
Assets classified held-for-sale	403,297	1,659,868	29,580	4,249
Non-current assets due within one year	35,546	56,366	70,400	10,112
Other current assets.	9,865,128	15,025,772	13,227,475	1,900,008
Total current assets	273,884,751	278,133,279	286,292,697	41,123,373
Non-current assets				
Available-for-sale financial assets.	4,232,884	1,586,527	1,767,729	253,918
Long-term receivables	8,657,498	5,213,591	5,346,691	768,004
Long-term equity investments	10,306,494	14,625,174	15,073,326	2,165,148
Other equity instrument investment	—	2,033,086	2,042,495	293,386
Other non-current financial assets.	—	545,938	907,638	130,374
Investment properties	588,578	680,495	693,438	99,606
Net book value of fixed assets	120,938,649	123,041,507	120,930,137	17,370,527
Construction in progress	15,519,885	13,077,721	14,622,878	2,100,445
Biological assets	—	—	8,271	1,188
Right-of-use assets	—	7,963,832	9,438,024	1,355,687
Intangible assets	178,565,159	165,107,114	160,795,555	23,096,836
Development expenditure.	1,014,196	1,081,265	3,700,907	531,602
Goodwill	166,367,077	196,767,510	200,050,132	28,735,403
Long-term deferred expenses	428,376	934,403	970,970	139,471
Deferred tax assets	10,200,115	10,235,788	11,174,697	1,605,145
Other non-current assets	5,857,639	9,890,227	10,146,182	1,457,408
Total non-current assets	522,676,551	552,784,177	557,669,071	80,104,150
TOTAL ASSETS	796,561,302	830,917,456	843,961,768	121,227,523

	As at 31 December			
	2017	2018	2019	2019
	(Audited)	(Restated)	(Audited)	(Unaudited and Unreviewed)
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Current liabilities				
Short-term loans	154,603,723	63,813,152	77,034,658	11,065,336
Trading financial liabilities	–	6,141	4,292	616
Derivative financial liabilities	2,947,918	3,741,557	2,332,814	335,088
Note payables and account payables . .	61,672,330	66,299,281	71,699,995	10,299,060
Advance from customers	7,824,195	5,259,113	5,169,646	742,573
Contract liabilities	–	6,969,689	7,148,511	1,026,819
Employee benefits payables	9,203,865	8,957,567	9,512,068	1,366,323
Taxes and surcharges payables	8,048,362	12,560,670	9,040,905	1,298,645
Other payables	23,815,986	20,026,499	18,799,403	2,700,365
Liabilities held for sale	–	14,461	–	–
Non-current liabilities due within one year	18,518,313	47,762,610	83,185,051	11,948,785
Other current liabilities	18,176,396	12,348,152	19,855,767	2,852,102
Total current liabilities	304,811,089	247,758,893	303,783,110	43,635,713
Non-current liabilities				
Long-term borrowings	97,734,316	120,518,224	104,430,656	15,000,525
Securities payables	114,360,066	196,229,702	185,880,600	26,700,078
Lease liabilities	–	6,085,600	10,138,329	1,456,280
Long-term payables	4,406,324	1,007,721	780,293	112,082
Long-term employee benefits payable	8,456,289	8,284,971	8,565,829	1,230,404
Projected liabilities	11,662,657	5,170,905	4,349,307	624,739
Deferred income	2,806,769	3,050,944	3,108,111	446,452
Deferred tax liabilities	38,486,261	34,441,771	31,731,783	4,557,985
Other non-current liabilities	2,642,788	2,018,665	2,095,862	301,052
Total non-current liabilities	280,555,469	376,808,503	351,080,770	50,429,597
Total liabilities	585,366,558	624,567,396	654,863,880	94,065,311
Owners' equity				
Paid-in capital	11,580,026	11,592,026	11,592,026	1,665,090
Other equity instruments	12,900,000	12,900,000	8,000,000	1,149,128
Including: Perpetual Bond	12,900,000	12,900,000	8,000,000	1,149,128
Capital reserves	23,619,188	29,613,360	27,496,576	3,949,636
Other comprehensive income	(9,052,811)	(10,463,280)	(10,405,620)	(1,494,674)
Including: Difference from foreign currency financial statements translation	(9,263,895)	(11,041,094)	(12,120,308)	(1,740,973)
Special reserves	76,046	102,376	125,077	17,966
Surplus reserves	–	204,527	204,527	29,378
Undistributed profits	(22,295,108)	(37,349,329)	(46,216,763)	(6,638,623)
Total equity attributable to equity holders of the Company	16,827,341	6,599,681	(9,204,177)	(1,322,097)
Minority interests	194,367,403	199,750,379	198,302,065	28,484,309
Total owners' equity	211,194,744	206,350,060	189,097,888	27,162,212
TOTAL LIABILITIES AND OWNERS' EQUITY	796,561,302	830,917,456	843,961,768	121,227,523

Other Financial Data

	For the Year Ended 31 December			
	2017	2018	2019	2019
	(Unaudited and Unreviewed)			
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
EBITDA ⁽¹⁾	34,191,015	44,046,900	50,589,178	7,266,681
EBITDA margin ⁽²⁾	8.7%	9.4%	11.1%	—
Total debt ⁽³⁾	383,450,312	422,227,822	453,423,040	65,130,144
Net debt ⁽⁴⁾	296,000,847	348,131,198	375,343,632	53,914,739
Total debt/EBITDA	11.2	9.6	9.0	—
Net debt/EBITDA	8.7	7.9	7.4	—

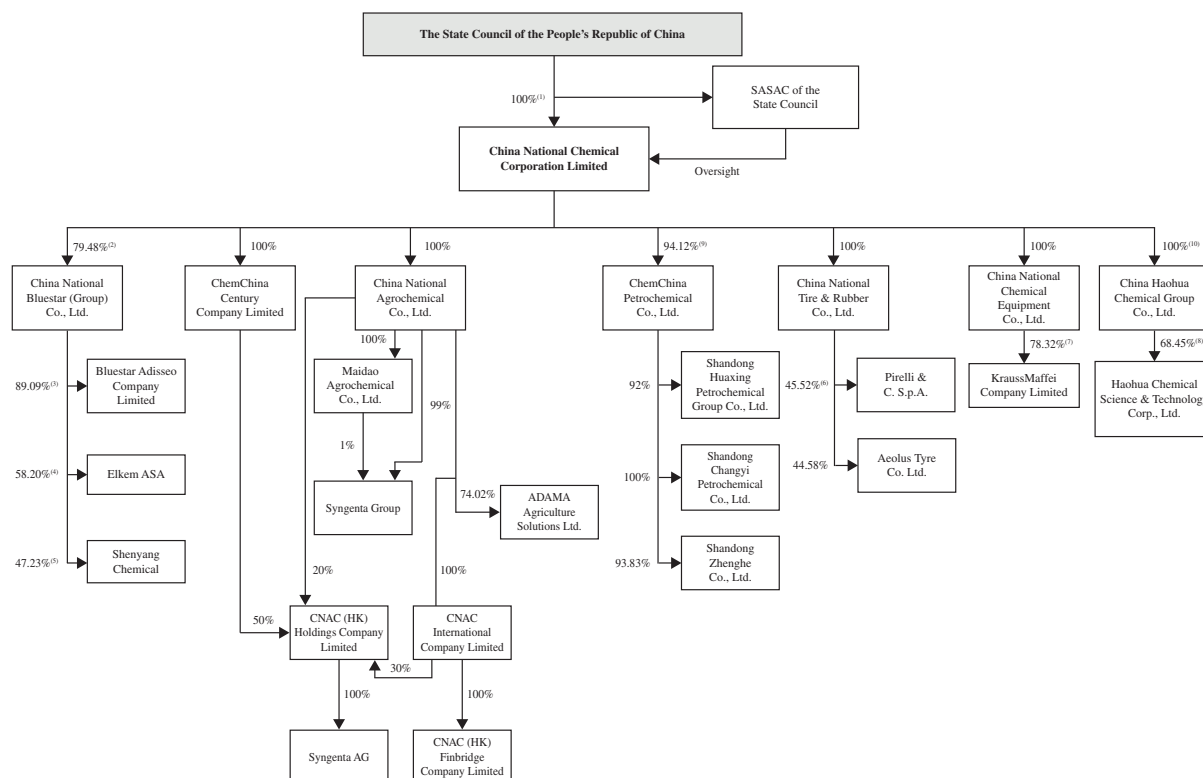
- (1) The calculation of EBITDA is based on the sum of total operating income for the year, less operating cost, operating taxes and surcharges, sales expenses, general and administrative expenses, research and development expenses, and add other income, depreciation, amortization of intangible assets and amortization of long term deferred expenses. EBITDA is not a standard measure under PRC GAAP. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. The following table reconciles our EBITDA to our net profit for the periods:

	For the Year Ended 31 December			
	2017	2018	2019	2019
	(Unaudited and Unreviewed)			
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Total operating income	392,164,583	469,419,920	454,345,916	65,262,707
Operating cost	(317,079,338)	(364,734,670)	(348,732,203)	50,092,247
Operating taxes and surcharges	(3,288,890)	(11,357,144)	(9,346,485)	1,342,539
Sales expenses	(27,966,900)	(33,667,092)	(34,125,992)	4,901,892
General and administrative expenses	(20,432,933)	(23,963,297)	(25,521,523)	3,665,937
Research and development expenses	(9,540,809)	(13,424,396)	(11,307,710)	1,624,251
Other income	1,015,766	1,273,721	1,382,933	198,646
Depreciation	12,102,053	12,883,753	15,631,420	2,245,313
Amortization of intangible assets	7,029,910	7,419,490	8,050,626	1,156,400
Amortization of long term deferred expenses	187,573	196,616	212,198	30,480
EBITDA	34,191,015	44,046,900	50,589,178	7,266,681

- (2) EBITDA margin is calculated by dividing EBITDA by operating income.
- (3) Total debt is the sum of short-term borrowings, notes payable, long-term borrowings due within one year, bonds payable due within one year, long-term borrowings and bonds payable.
- (4) Net debt is calculated as total debt less cash and cash equivalents.

CORPORATE STRUCTURE

The following chart shows the simplified corporate structure of the Guarantor, its principal subsidiaries and the Issuer as at 31 December 2019.



- (1) Pending the registration with relevant administrative authority, 10% of the shares is transferred from SASAC to National Council for Social Security Fund of the People's Republic of China (全國社會保障基金理事會) under the Ministry of Finance.
- (2) ChemChina directly and indirectly held 79.48% of the shares of China National Bluestar (Group) Co., Ltd. 53.77% of the shares directly held by ChemChina in China National Bluestar (Group) Co., Ltd. are subject to an encumbrance in favor of the Export-Import Bank of China.
- (3) ChemChina directly and indirectly held 89.23% of the shares of Bluestar Adisseo Company Limited (600299.SH).
- (4) ChemChina directly and indirectly held 58.20% of the shares of Elkem ASA (ELK.OL).
- (5) ChemChina directly and indirectly held 47.23% of the shares of Shenyang Chemical Co., Ltd. (000698.SZ).
- (6) ChemChina and its concert party, Silk Road Fund, held 45.52% of Pirelli & C. S.p.A.'s (PIRC.MI) publicly held shares.
- (7) ChemChina directly and indirectly held 78.32% of the shares of KraussMaffei Company Limited (600579.SH).
- (8) ChemChina directly and indirectly held 71.15% of the shares of Haohua Chemical Science and Technology Corp., Ltd. (600378.SH).
- (9) Pending the registration with relevant administrative authority, 4.54% of the shares of Shengjia Guoneng Technology Development Co., Ltd. is repurchased by ChemChina Petrochemical Co., Ltd.
- (10) ChemChina directly and indirectly held 100% of the shares of China Haohua Chemical Group Co., Ltd.

THE OFFERING OF THE SENIOR BONDS

The following contains summary information about the Senior Bonds. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in “Terms and Conditions of the 2025 USD Bonds”, “Terms and Conditions of the 2030 USD Bonds”, “Terms and Conditions of the 2050 USD Bonds”, “Terms and Conditions of the Euro Bonds” and “Summary of Provisions relating to the Securities in Global Form” have the same meanings in this summary. For a comprehensive description of the terms of the Senior Bonds, see “Terms and Conditions of the 2025 USD Bonds”, “Terms and Conditions of the 2030 USD Bonds”, “Terms and Conditions of the 2050 USD Bonds”, “Terms and Conditions of the Euro Bonds” in this Offering Circular.

Issuer CNAC (HK) Finbridge Company Limited (中國農化(香港)峰橋有限公司).

Company/Guarantor China National Chemical Corporation Limited (中國化工集團有限公司).

Guarantee The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Senior Bonds and the Trust Deeds.

The Guarantor undertakes that it will register or cause to be registered the Deeds of Guarantee with SAFE in accordance with the Cross-border Security Registration (跨境擔保外匯管理規定) as soon as possible and in any event before the date 15 Registration Business Days after the execution of the Guarantees of the Senior Bonds.

Issue 2025 USD Bonds: U.S.\$600,000,000 in aggregate principal amount of 2.0 per cent. Guaranteed Bonds due 2025.

2030 USD Bonds: U.S.\$1,000,000,000 in aggregate principal amount of 3.0 per cent. Guaranteed Bonds due 2030.

2050 USD Bonds: U.S.\$200,000,000 in aggregate principal amount of 3.7 per cent. Guaranteed Bonds due 2050.

Euro Bonds: €500,000,000 in aggregate principal amount of 1.125 per cent. Guaranteed Bonds due 2024.

Issue Price 2025 USD Bonds: 99.490 per cent.

2030 USD Bonds: 99.863 per cent.

2050 USD Bonds: 100.000 per cent.

Euro Bonds: 99.577 per cent.

Form and Denomination The USD Bonds will be issued in registered form in the specified denomination of U.S.\$200,000 each and integral multiples of U.S. Dollar 1,000 in excess thereof. The Euro Bonds will be issued in registered form in the specified denomination of Euro100,000 each and integral multiples of Euro1,000 in excess thereof.

Interest	The 2025 USD Bonds will bear interest from and including 22 September 2020 at the rate of 2.0 per cent. per annum, payable semi-annually in arrears on each Interest Payment Date on 22 March and 22 September in each year commencing on 22 March 2021.
	The 2030 USD Bonds will bear interest from and including 22 September 2020 at the rate of 3.0 per cent. per annum, payable semi-annually in arrears on each Interest Payment Date on 22 March and 22 September in each year commencing on 22 March 2021.
	The 2050 USD Bonds will bear interest from and including 22 September 2020 at the rate of 3.7 per cent. per annum, payable semi-annually in arrears on each Interest Payment Date on 22 March and 22 September in each year commencing on 22 March 2021.
	The Euro Bonds will bear interest from and including 22 September 2020 at the rate of 1.125 per cent. per annum, payable annually in arrears on each Interest Payment Date on 22 September in each year commencing on 22 September 2021.
Issue Date	22 September 2020.
Maturity Date	2025 USD Bonds: 22 September 2025
	2030 USD Bonds: 22 September 2030
	2050 USD Bonds: 22 September 2050
	Euro Bonds: 22 September 2024
NDRC Registration	Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by NDRC on 14 September 2015 which came into effect on the same day, the Guarantor has caused the issuance of the Senior Bonds to be registered with NDRC and obtained a certificate from NDRC on 17 April 2020 evidencing such registration and intends to cause the requisite information on the issuance of the Senior Bonds to be provided to NDRC within the timeframe prescribed by the NDRC after the Issue Date.
Status of the Senior Bonds.	The Senior Bonds will constitute direct, unsecured, unconditional and unsubordinated obligations of the Issuer, except for such obligations as may be preferred by applicable provisions of law, and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Issuer under the Senior Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and regulations, at all times rank at least pari passu with all its other present and future, unsecured, unconditional and unsubordinated obligations.

Status of the Guarantee of the Senior Bonds	The Guarantee of the Senior Bonds will constitute direct, general and unconditional obligations of the Guarantor which will at all times rank at least pari passu with all other present and future unsecured, unconditional and unsubordinated obligations of the Guarantor, save as provided under Condition 3(a) of the “Terms and Conditions of the Senior Bonds”, and except for such obligations as may be preferred by applicable provisions of law.
Negative Pledge	The Senior Bonds contain a negative pledge provision, as further described in Condition 4(c) of “Terms and Conditions of the Senior Bonds”.
Events of Default	The Senior Bonds contain certain events of default provisions as further described in Condition 9 of “Terms and Conditions of the Senior Bonds”.
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Senior Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or any jurisdiction through which payments are made or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In such event the Issuer shall, subject to the exceptions specified in Condition 8 of “Terms and Conditions of the Senior Bonds”, increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.
Final Redemption	Unless previously redeemed, or purchased and cancelled, the 2025 USD Bonds will be redeemed at their principal amount on 22 September 2025. Unless previously redeemed, or purchased and cancelled, the 2030 USD Bonds will be redeemed at their principal amount on 22 September 2030. Unless previously redeemed, or purchased and cancelled, the 2050 USD Bonds will be redeemed at their principal amount on 22 September 2050. Unless previously redeemed, or purchased and cancelled, the Euro Bonds will be redeemed at their principal amount on 22 September 2024.
Redemption for Taxation Reasons	The Senior Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice in writing to the Bondholders and the Trustee and the Agents (which notice shall be irrevocable), at their principal amount, together with interest accrued to the date fixed for redemption, in the event of certain changes affecting taxes of Hong Kong or the PRC or any political subdivision thereof or any authority thereof or therein having power to tax, as further described in Condition 6(b) of “Terms and Conditions of the Senior Bonds”.

Redemption at the Option of the Issuer	At any time, on giving not less than 30 nor more than 60 days' notice to the Trustee and the Bondholders in accordance with Condition 17 of the "Terms and Conditions of the Senior Bonds", the Issuer may at any time redeem the Senior Bonds, in whole but not in part, at the Make Whole Price (as defined in the "Terms and Conditions of the Senior Bonds") as of, and accrued and unpaid interest, if any, to (but excluding), the redemption date specified in the Option Redemption Notice.
Repurchase upon a Change of Control	Upon a Change of Control, the Issuer will be required to make an offer to repurchase all of the Senior Bonds at a price in cash equal to 101 per cent. of the principal amount of the Senior Bonds to be repurchased, plus accrued and unpaid interest on the principal amount of Bonds being repurchased to but excluding the date of repurchase, as further described in Condition 6(d) of "Terms and Conditions of the Senior Bonds".
Mandatory Redemption for Non-Registration	Upon the occurrence of a Non-Registration Event, the Issuer shall redeem on the Non-Registration Event Redemption Date all, and not some only, of the Senior Bonds at 100 per cent. of their principal amount together with accrued and unpaid interest up to, but excluding, the Non-Registration Event Redemption Date, as further described in Condition 6(e) of "Terms and Conditions of the Senior Bonds".
Clearing Systems	The Senior Bonds will be represented by beneficial interests in the Global Certificates, which will be registered in the name of a nominee for, and deposited on the Issue Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Certificates will be shown on, and transfers thereof will be effected only through records maintained by, Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificates.
ISIN Code	2025 USD Bonds: XS2226808082. 2030 USD Bonds: XS2226808165. 2050 USD Bonds: XS2226808249. Euro Bonds: XS2226795321.
Common Code	2025 USD Bonds: 222680808. 2030 USD Bonds: 222680816. 2050 USD Bonds: 222680824. Euro Bonds: 222679532.
Governing Law	English law.
Trustee	The Hongkong and Shanghai Banking Corporation Limited.

**Principal Paying Agent,
Registrar and Transfer Agent. .**

The Hongkong and Shanghai Banking Corporation Limited.

Listing

Application will be made to the SGX-ST for the listing and quotation of the USD Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Approval-in-principle for the listing and quotation of the USD Bonds on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, their respective subsidiaries, their respective associated companies (if any), the Guarantee of the USD Bonds. The USD Bonds will be traded on the SGX-ST in a minimum board lot size of US\$200,000 for so long as such Bonds are listed on the SGX-ST and the rules of the SGX-ST so require.

So long as the USD Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Bonds may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for definitive certificates. In addition, an announcement of such exchange will be made through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive certificates or, as the case may be, certificates including details of the paying agent in Singapore.

Application has been made to the Euronext Dublin for the Euro Bonds to be admitted to the Official List and trading on the Global Exchange Market.

Rating

The Senior Bonds are expected to be assigned a rating of “Baa2” by Moody’s and “A-” by Fitch upon issuance. Additionally, the Guarantor has been assigned a corporate credit rating of “Baa2” with stable outlook by Moody’s, “BBB” with negative outlook by S&P and “A-” with stable outlook by Fitch. The sovereign rating of the PRC is “A1” with stable outlook by Moody’s, “A+” with stable outlook by S&P and “A+” with stable outlook by Fitch. A rating is not a recommendation to buy, sell or hold the Senior Bonds and may be subject to suspension, reduction or withdrawal at any time by the rating agencies.

Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Senior Bonds in all respects (or in all respects except for the first payment of interest on them, the deemed Issue Date for purposes of Condition 6(e) of “Terms and Conditions of the Senior Bonds” and the timing for complying with the requirements set out in Condition 4(e) “Terms and Conditions of the Senior Bonds” in relation to the NDRC Post-issue Filings) and so that such further issue shall be consolidated and form a single series with the Senior Bonds, as further described in Condition 13 of “Terms and Conditions of the Senior Bonds”.

Use of Proceeds

See “Use of Proceeds”.

THE OFFERING OF THE PERPETUAL SECURITIES

The following contains summary information about the Perpetual Securities. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in “Terms and Conditions of the Perpetual Securities” and “Summary of Provisions relating to the Securities in Global Form” have the same meanings in this summary. For a comprehensive description of the terms of the Perpetual Securities, see “Terms and Conditions of the Perpetual Securities” in this Offering Circular.

Issuer	CNAC (HK) Finbridge Company Limited (中國農化(香港)峰橋有限公司).
Company/Guarantor	China National Chemical Corporation Limited (中國化工集團有限公司).
Guarantee	The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due payment of all sums express to be payable by the Issuer under the Trust Deeds and the Perpetual Securities. The Guarantor undertakes that it will register or cause to be registered the Deeds of Guarantee with SAFE in accordance with the Cross-border Security Registration (跨境擔保外匯管理規定) as soon as possible and in any event before the date 15 Registration Business Days after the execution of the Guarantee.
Issue	Perpetual Securities: U.S.\$600,000,000 in aggregate principal amount of 3.35 per cent. Subordinated Guaranteed Perpetual Securities.
Issue Price	Perpetual Securities: 100.000 per cent.
Form and Denomination	The Perpetual Securities will be issued in registered form in the specified denomination of US\$200,000 each and integral multiples of US\$1,000 in excess thereof.
Issue Date	22 September 2020.
Maturity Date	There is no maturity date.
NDRC Registration	Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by NDRC on 14 September 2015 which came into effect on the same day, the Guarantor has caused the issuance of the Perpetual Securities to be registered with NDRC and obtained a certificate from NDRC on 17 April 2020 evidencing such registration and intends to cause the requisite information on the issuance of the Perpetual Securities to be provided to NDRC within the timeframe prescribed by the NDRC after the Issue Date.
Status of the Perpetual Securities	The Perpetual Securities will constitute direct, unsecured, unconditional and subordinated obligations of the Issuer which will at all times rank <i>pari passu</i> without any preference or priority among themselves and at least <i>pari passu</i> with any Parity Securities of the Issuer.

Status of the Guarantee of the Perpetual Securities	The Guarantee of the Perpetual Securities constitutes a direct, unsecured and subordinated obligation of the Guarantor which shall at all times rank at least <i>pari passu</i> with any Parity Securities of the Guarantor.
Negative Pledge	The Perpetual Securities contain a negative pledge provision, as further described in Condition 3(a) of “Terms and Conditions of the Perpetual Securities”.
Distribution	Subject to Condition 4(d) of the Terms and Conditions of the Perpetual Securities, the Perpetual Securities confer a right to receive distributions (each a “ Distribution ”) from, and including, the Issue Date at the Distribution Rate in accordance with Condition 4(a) of the Terms and Conditions of the Perpetual Securities. Subject to Condition 4(d) of the Terms and Conditions of the Perpetual Securities, Distributions shall be payable on the Perpetual Securities semi-annually in equal instalments in arrear on 22 March and 22 September of each year (each, a “ Distribution Payment Date ”), commencing on 22 March 2021.
Distribution Rate	Subject to any increase pursuant to Condition 4(e) of the Terms and Conditions of the Perpetual Securities, the rate of distribution (“Distribution Rate”) applicable to the Perpetual Securities shall be: (i) in respect of each Distribution Payment Date, the period from, and including, the Issue Date to, but excluding, 22 September 2023 (the “First Call Date”), the Initial Distribution Rate, and (ii) in respect of the period (A) from, and including the First Call Date, to, but excluding, the Reset Date falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate.
Distribution Deferral	The Issuer may, at its sole discretion, elect to defer (in whole or in part) any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice to the holders of Perpetual Securities and the Trustee and the Principal Paying Agent in writing not more than 30 days nor less than 15 days prior to the relevant Distribution Payment Date unless a Compulsory Distribution Payment Event has occurred.

Pursuant to Condition 4(e) of the Terms and Conditions of the Perpetual Securities, upon the occurrence of a Step-Up Event, unless (x) an irrevocable notice in writing to redeem the Perpetual Securities has been given by the Issuer to Holders, the Trustee and the Principal Paying Agent pursuant to Condition 5 by the 30th day following the occurrence of the relevant Step-Up Event or (y) the relevant Step-Up Event is remedied by the 30th day following the occurrence of such relevant Step-Up Event, the Distribution Rate will increase by 3.00 per cent. per annum with effect from (a) the next Distribution Payment Date immediately following the occurrence of the relevant Step-Up Event or (b) if the date on which the relevant Step-Up Event occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date, provided that the maximum aggregate increase in the Distribution Rate pursuant to this Condition 4(e) shall be 3.00 per cent. per annum and the Distribution Rate shall not exceed the Maximum Distribution Rate, as further described in “**Terms and Conditions of the Perpetual Securities – Distribution – Increase in Distribution Rate following occurrence of certain events**”.

No Obligation to Pay The Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with Condition 4(d)(i) of the “Terms and Conditions of the Perpetual Securities” and the deferral of any Distribution payment in accordance with Condition 4(d) of the “Terms and Conditions of the Perpetual Securities” shall not constitute a default for any purpose on the part of the Issuer under the Perpetual Securities.

Cumulative Deferral Any Distribution deferred pursuant to Condition 4(d) of the “Terms and Conditions of the Perpetual Securities” shall constitute “Arrears of Distribution”. The Issuer may, at its sole discretion, elect to further defer (in whole or in part) any Arrears of Distribution by complying with the notice requirement applicable to any deferral of Distribution and is not subject to any limit as to the number of times Distribution and Arrears of Distribution can be deferred.

Each amount of Arrears of Distribution shall accrue distribution as if it constituted the principal of the Perpetual Securities at the prevailing Distribution Rate.

The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added (for the purpose of calculating the Additional Distribution Amount accruing thereafter) to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

**Restrictions in the case of
Deferral**

Each of the Issuer and Company undertakes that unless on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date (including any Distribution accrued but unpaid on the Perpetual Securities, any Arrears of Distribution and any Additional Distribution Amount) is made in full or the Issuer nor the Company otherwise permitted to do so by an Extraordinary Resolution of the Holders:

- (a) not to declare or pay any discretionary dividends or distributions or make any other discretionary payment, and will procure that no discretionary dividend, distribution or other discretionary payment is made, on any Parity Securities or Junior Securities of the Issuer or the Company (except in relation to the Parity Securities of the Issuer or the Company, as the case may be, on a *pro-rata* basis; or
- (b) not, at its discretion redeem, reduce, cancel, buy-back or otherwise acquire for any consideration any Parity Securities or Junior Securities of the Issuer or the Company (except (i) in relation to the Parity Securities of the Issuer or the Company, as the case may be, on a *pro-rata* basis,

in each case, unless and until the Issuer has satisfied in full any Distribution accrued but unpaid on the Perpetual Securities, all outstanding Arrears of Distribution and Additional Distribution Amount.

**Satisfaction of Arrears of
Distribution by payment.**

The Issuer in any event shall satisfy any outstanding Arrears of Distribution and Additional Distribution Amount (in whole but not in part) on the earliest of:

- (a) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 of the Terms and Condition of the Perpetual Securities;
- (b) the next Distribution Payment Date following the occurrence of a breach of Condition 4(d)(v) (Restrictions in the case of Deferral) above or the occurrence of a Compulsory Distribution Payment Event; and
- (c) a Winding-Up of the Issuer or the Company.

The Company undertakes as a primary obligation to pay all outstanding Arrears of Distribution and Additional Distribution Amount upon a Winding-Up of the Company.

Any partial payment of outstanding Arrears of Distribution and any Additional Distribution Amount by the Issuer shall be shared by the holders of Perpetual Securities of all outstanding Perpetual Securities on a *pro-rata* basis.

Taxation	All payments of principal and Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Perpetual Securities, the Trust Deed and under the Guarantee of the Perpetual Securities by or on behalf of the Issuer or the Company shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (collectively, “Taxes”) imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law.
Redemption at the Option of the Issuer	The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days’ irrevocable notice to the Trustee, the Principal Paying Agent and the holders of Perpetual Securities at their principal amount together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) on the First Call Date or on any Distribution Payment Date after the First Call Date, as further described in Condition 5(b) of “Terms and Conditions of the Perpetual Securities”.
Redemption for Taxation Reasons	The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days’ notice in writing to the holders of Perpetual Securities (which notice shall be irrevocable) to the Trustee and the Principal Paying Agent, at their principal amount, together with any distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), in the event of certain changes affecting taxes of Hong Kong or the PRC or any jurisdiction through which payments are made by the Issuer or the Guarantor or any political subdivision thereof or any authority thereof or therein having power to tax, as further described in Condition 5(c) of “Terms and Conditions of the Perpetual Securities”.
Redemption for Accounting Reasons	The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on the Issuer giving not more than 60 nor less than 30 days’ notice to the Trustee, the holders of Perpetual Securities and the Principal Paying Agent (which notice shall be irrevocable) at their principal amount, together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) if, immediately before giving such notice, the Issuer satisfies the Trustee that as a result of any changes or amendments to, or a change or amendment to any interpretation of, PRC Accounting Standards or any other generally accepted accounting standards that may be adopted for the purposes of preparing the Company’s consolidated financial statements (the “ Relevant Accounting Standards ”), the Perpetual Securities in whole or in part must not or must no longer be recorded as “equity” of the Company pursuant to the Relevant Accounting Standards, as further described in Condition 5(d) of “Terms and Conditions of the Perpetual Securities”.

Repurchase for change of Control Triggering Event	The Perpetual Securities may be redeemed at the option of the issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Principal Paying Agent and the holders of Perpetual Securities at (i) 101 per cent. of their principal amount together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), at any time before the First Call Date; or (ii) their principal amount, together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), at any time on or after the First Call Date, if a Change of Control Event occurs, as further described in Condition 5(e) of "Terms and Conditions of the Perpetual Securities".
Mandatory Redemption for Non-Registration	Upon the occurrence of a Non-Registration Event, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)), as further described in Condition 5(h) of "Terms and Conditions of the Perpetual Securities"
Redemption for a Breach of Covenant Event	The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Principal Paying Agent and the holders of Perpetual Securities at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of a Breach of Covenant Event, as further described in Condition 5(f) of "Terms and Conditions of the Perpetual Securities".
Redemption for a Relevant Indebtedness Default Event . . .	The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Principal Paying Agent and the holders of Perpetual Securities at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and a Relevant Additional Distribution Amount)) upon the occurrence of Indebtedness Default Event, as further described in Condition 5(g) of "Terms and Conditions of the Perpetual Securities".
Redemption for minimum outstanding amount	The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Principal Paying Agent and the holders of Perpetual Securities at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if prior to the date fixed for redemption at least 90 per cent. in principal amount of the Perpetual Securities originally issued has already been cancelled, as further described in Condition 5(i) of "Terms and Conditions of the Perpetual Securities"

Clearing Systems	The Perpetual Securities will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee for, and deposited on the Issue Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through records maintained by, Euroclear and Clearstream. Except as described herein, certificates for Perpetual Securities will not be issued in exchange for beneficial interests in the Global Certificate.
ISIN Code	Perpetual Securities: XS2226808322.
Common Code	Perpetual Securities: 222680832.
Governing Law	English law.
Trustee	The Hongkong and Shanghai Banking Corporation Limited.
Principal Paying Agent, Registrar and Transfer Agent . .	The Hongkong and Shanghai Banking Corporation Limited.
Listing	Application will be made to the SGX-ST for the listing and quotation of the Perpetual Securities on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Approval-in-principle for the listing and quotation of the Perpetual Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, their respective subsidiaries, their respective associated companies (if any), the Guarantee of the Perpetual Securities or the Perpetual Securities. The Perpetual Securities will be traded on the SGX-ST in a minimum board lot size of US\$200,000 for so long as such Perpetual Securities are listed on the SGX-ST and the rules of the SGX-ST so require. So long as the Perpetual Securities are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Perpetual Securities may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for definitive certificates. In addition, an announcement of such exchange will be made through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive certificates or, as the case may be, certificates including details of the paying agent in Singapore.
Rating	The Perpetual Securities are expected to be assigned a rating of “Baa3” by Moody’s and “BBB” by Fitch upon issuance. The Guarantor has been assigned a corporate credit rating of “Baa2” with stable outlook by Moody’s, “BBB” with negative outlook by S&P and “A-” with stable outlook by Fitch. The sovereign rating of the PRC is “A1” with stable outlook by Moody’s, “A+” with stable outlook by S&P and “A+” with stable outlook by Fitch. A rating is not a recommendation to buy, sell or hold the Perpetual Securities and may be subject to suspension, reduction or withdrawal at any time by the rating agencies.

Further Issues	The Issuer may from time to time without the consent of the holders of Perpetual Securities create and issue further securities having the same terms and conditions as the Perpetual Securities in all respects (or in all respects except for the first payment of Distribution on them, the deemed Issue Date for purposes of Condition 5(h) of “Terms and Conditions of the Perpetual Securities” and the timing for complying with the requirements set out in Condition 3(e) “Terms and Conditions of the Perpetual Securities” in relation to the NDRC Post-issue Filings) and so that such further issue shall be consolidated and form a single series with the Perpetual Securities, as further described in Condition 12 of “Terms and Conditions of the Perpetual Securities”.
Use of Proceeds	See “Use of Proceeds”.

RISK FACTORS

Prior to making an investment decision, prospective investors should carefully consider the following risk factors, along with the other matters set out in this Offering Circular. PRC laws and regulations may differ from the laws and regulations in other countries. Additional risks not described below or not currently known to us or that we currently deem immaterial may also adversely affect the value of the Securities. We believe that the risk factors described below represent the principal risks inherent in investing in the Securities, but we may not be able to pay interest, principal or other amounts on or in connection with any Securities or to satisfy our obligations under the Deed of Guarantee for reasons which we may not consider as significant risks based on information currently available to us, which we may not currently be able to anticipate or which we may currently deem immaterial. All of these factors are contingencies which may or may not occur and we are not in a position to express a view on the likelihood of any such contingency occurring.

We do not represent that the statements below regarding the risk factors of holding any Securities are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

RISKS RELATING TO OUR BUSINESS

Our investment plans have significant capital expenditure and financing requirements, which are subject to a number of risks and uncertainties.

Our business is capital intensive. Our ability to maintain and increase our revenues, net income and cash flows depends upon continued capital spending. Our capital expenditures may vary significantly due to various factors, including, among others, our ability to generate sufficient cash flows from operations to finance capital expenditures, our ability to finance such expenditures through borrowings and other requirements that are beyond our control. We may also encounter unforeseen costs and expenses in the process of carrying out our investment plans. In addition, we cannot assure as to whether, or at what cost, capital projects will be completed or that such projects will be successful if completed.

Operating losses may be incurred if we do not have adequate capital resources to complete our investment plans or if actual expenditures exceed planned expenditures. For example, we may not be able to realise synergies we expect from the acquisition of Pirelli, and Pirelli may not contribute to our revenue or earnings to the extent anticipated. We cannot assure you that any required additional financing, either on a short-term or long-term basis, will be available to us on satisfactory terms, or at all. If adequate funds are not available on satisfactory terms, we may be forced to curtail expansion plans, which could result in an inability to successfully implement our business strategies and limitations on the growth of our business.

We have the ability under our existing credit facilities to incur substantial additional indebtedness and we plan to incur significant additional indebtedness from time to time in the future. Our ability to make payments on our debt, fund our other liquidity needs and make planned capital expenditures will depend on our ability to generate cash in the future. Our historical financial results have been, and it is anticipated that our future financial results will continue to be, subject to fluctuations. Our ability to generate cash, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We cannot assure you that our business will generate sufficient cash flows from operations or that future borrowings will be available to us in an amount sufficient to enable us to make payments on our debt, fund our other liquidity needs and make planned capital expenditures.

We require a significant amount of cash to service our debt, the availability of which depends on many factors beyond our control.

As at 31 December 2017, 2018 and 2019, we had total debt of approximately RMB383.5 billion, RMB422.2 billion and RMB453.4 billion (US\$65.1 billion), respectively. Total debt represents the sum of short-term borrowings, notes payables, long-term borrowings due within one year, bond payables due within one year, long-term borrowings and bonds payables. Although we recorded net current assets (calculated as current assets minus current liabilities) of RMB30.4 billion as at 31 December 2018, we recorded net current liabilities (calculated as current liabilities minus current assets) of RMB17.5 billion as at 31 December 2019. There is no assurance that our net current liabilities position will revert back to

a net current assets position. Our future liquidity, the payment of trade and other payables and the repayment of outstanding debt obligations as and when they become due will depend primarily on our ability to maintain adequate cash inflows from operating activities and adequate external financing. If we fail to generate sufficient revenue from our operations, or if we fail to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations and capital expenditure or to meet our needs or refinance our loans on commercially acceptable terms, or at all, and our business and financial position could be adversely affected. Substantially all of our operations are conducted through our subsidiaries. As a result, our ability to generate sufficient cash flow for our needs is dependent to a large extent on the earnings of our subsidiaries and the payment of those earnings to us in the form of dividends, loans or advances and through repayment of loans or advances from them. Our subsidiaries are separate and distinct legal entities. They have no obligation to pay any amounts due on our debt or to provide us with funds to meet our cash flow needs, whether in the form of dividends, distributions, loans or advances. In addition, any payment of dividends, loans or advances by our subsidiaries could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries is also contingent upon such subsidiaries' earnings and business considerations. Our rights to receive any assets of any of our subsidiaries upon liquidation or reorganisation will be effectively subordinated to the claims of the subsidiaries' creditors, including trade creditors. Even if we are a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by them. Furthermore, changes in the laws of foreign jurisdictions in which our subsidiaries operate may adversely affect the ability of some of our foreign subsidiaries to repatriate funds to us. Finally, we have provided guarantees for certain subsidiaries and other related companies in connection with their financial indebtedness. The default of any of those subsidiaries or related companies on those guaranteed debts may lead to our obligation to repay the outstanding amount due and payable. Such obligations to repay may materially affect our financial condition and ability to service our own debts. In such circumstances, we cannot assure you that our assets and cash flows would be sufficient to fulfil our obligations or that we would be able to find alternative financing.

We may be unable to implement our strategies for future growth.

Our success in the future will depend on, among other things, our ability to implement our business strategies for future growth. The successful implementation of such business strategies may be affected by a number of factors, including fluctuations in demand from domestic and global markets, changes in customer preference and demand, the availability of resources suitable for our future product diversification into different industries, increasing competition, our ability to obtain any necessary approvals to enter into any markets in the future and changes in government policies. We may also require additional funds and/or resources from time to time to pursue our future business strategies. We cannot assure you that our business strategies can be implemented successfully or that the funds required to implement such business strategies will be available. If availability of funds and/or other resources cannot be met timely, we may be unable to pursue our business strategies, which could adversely affect our future growth and profitability.

The description of the results of operation of the Group as at and for the six months ended 30 June 2020 contained in this Offering Circular is derived from the consolidated financial information of the Group that has not been audited or reviewed.

The description of the results of operation of the Group as at and for the six months ended 30 June 2020 contained in this Offering Circular is derived from the unaudited and unreviewed financial information that we published in compliance with the regulations regarding domestic bond issuances promulgated by the National Association of Financial Market Institutional Investors of the PRC. Such financial information has not been subject to an audit or review and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. Such financial information should not be taken as an indication of the expected financial condition, results of operations and results of the Group for the full year ended 31 December 2020.

The manufacturing processes for our products are complex and dangerous and we may experience accidents, including ones resulting in fatalities, in our manufacturing process.

The manufacturing of our products involves complex, precise and often dangerous processes, requiring production in tightly controlled environments. As a result, our operations are subject to manufacturing risks, including, among others:

- the failure to achieve an acceptable success rate in the manufacture of our products. The likelihood of facing such difficulties is higher when transitioning to new methods of production, which may occur from time to time during various stages of the manufacturing process. The interruption of certain processes or the failure to achieve acceptable manufacturing yields at any of our facilities could adversely affect our business and results of operations;
- risks associated with the use of hazardous, toxic or flammable raw materials and intermediate products. The storage of such materials near our production facilities and the handling of these materials in the production process pose inherent risks. An accident could materially disrupt our manufacturing operations and could lead to death or personal injuries. Any such accident could have a material adverse effect on our operations, business and financial condition. Any such accident may also subject us to adverse publicity and damage to our brand name and reputation. Due to the public's growing awareness of and concern about safety and environmental protection, the risk of such accident may result in social demonstrations against the building and operation of our facilities, which may further disrupt our business operations, negatively affect our image and reputation and materially and adversely affect our business and financial condition;
- the consumption of substantial amounts of electricity in our production processes. In order to reduce interruptions and to facilitate a continuous source of electricity, we maintain backup power generators and a dynamic uninterrupted power system to power machinery and equipment until they can be safely turned off or switched to a backup electricity supply. Despite taking such measures, we cannot assure you that power shortages would not adversely affect our results of operations and financial condition; and
- certain inherently dangerous activities undertaken by in the course of our operations that expose us to a number of additional risks, including the risk of fire, explosion, leakage, release of toxic fumes or other unexpected or hazardous conditions causing personal injuries or death, property damage, environmental damage or interruption of operations. See "Our insurance coverage may be insufficient to cover all associated risks of loss".

In 2017, our subsidiary, Shandong Changyi Petrochemical Co., Ltd., received fine penalties from the State Administration of Work Safety in relation to its production and sale of non-compliant diesel.

On 28 November 2018, a flammable gas leak at a plant owned by Hebei Shenghua Chemical Industry Company, one of our associate companies, resulted in 24 fatalities and further injured 21 people in Zhangjiakou, Hebei province. The accident was the result of the leak of vinyl chloride, a colourless and highly inflammable gas, which met a flame and set off a chain of explosions that severely damaged buildings and vehicles.

We cannot assure you that such accidents will not happen in the future. Furthermore, our operations could be adversely affected if we are not able to overcome manufacturing problems, secure access to advanced manufacturing process technologies or maintain necessary safety measures in a timely and cost-effective manner.

Shortages of raw materials or volatility of raw material prices may adversely affect our business and operations.

The cost of raw materials is the largest component of our operating costs. The nature of our operations requires us to obtain sufficient quantities of high quality raw materials in a timely manner and at acceptable prices. As a result, our operations are vulnerable to changes in the supply and price of raw materials. Most of the raw materials we use are typically sourced from a limited group of suppliers. Therefore, disruptions to the operations of our suppliers could limit our ability to obtain sufficient quantities of such raw materials of an acceptable or comparable quality, or at an acceptable price. Any inability to obtain high-quality raw materials in a timely and cost effective manner may cause delays in our production and delivery schedules, which may result in loss of customers and revenues.

Large amounts of raw materials are required in our manufacturing processes. Although we have not experienced any significant difficulties in obtaining raw materials to satisfy our production requirements in the past, we cannot assure you that we will be able to continue to meet our raw materials requirements in the future. Any significant increase in the prices of raw materials could materially affect our businesses, results of operations and financial condition if such price increases cannot be passed on to customers by way of higher selling prices. Our ability to pass on cost increases to our customers is dependent on market conditions and the bargaining power of those customers.

For example, crude oil constitutes the major feedstock cost of our petroleum processing and refining segment. Prices for crude oil may fluctuate widely in response to relatively minor changes in the supply and demand for oil, market uncertainty and other factors beyond our control, including but not limited to global macroeconomic conditions, consumer demand, political developments, the ability of petroleum producing nations to set and maintain production levels and prices, the price and availability of other energy sources, domestic and foreign government regulations and weather conditions. Therefore, our revenue and profit from our petroleum processing and refining operations may be adversely affected by a wide range of macroeconomic and microeconomic factors beyond our control.

If we fail to maintain an appropriate inventory level, we could incur more inventory carrying costs or lose sales, either of which could materially and adversely affect our business, financial condition and results of operations.

Due to a number of factors, including macroeconomic and microeconomic factors beyond our control, it is difficult to accurately estimate market demand for our products and to manage our inventories accordingly. While we must maintain sufficient inventory to operate our business successfully and meet market demand, we also strive to avoid excess inventory to reduce inventory carrying costs. Changing demands of end-user customers, inaccurate demand forecasts and time lag between when the raw materials are ordered from our suppliers and when our finished products are sold could expose us to inventory risk. We carry a wide variety of inventory and must maintain a reasonable inventory level of our products. If we do not maintain a sufficient inventory to fulfil orders, we may lose orders. On the other hand excessive inventory levels could lead to additional inventory carrying cost. We cannot assure you that we can manage our inventories effectively and any failure to do so could materially and adversely affect our business, financial condition and results of operations.

Our businesses may be adversely affected by natural disasters, epidemics, and other force majeure events which are beyond our control.

Our business is subject to general economic and social conditions in the PRC and overseas. Natural disasters, epidemics and other acts of God which are beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC are under the threat of earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Middle East Respiratory Syndrome ("MERS"), Severe Acute Respiratory Syndrome ("SARS"), H5N1 avian flu, human swine flu (also known as Influenza A ("H1N1")) or H7N9 or the coronavirus disease 2019 ("COVID-19"). For example, due to the COVID-19 outbreak, some construction workers had been affected by travel restrictions and workplace quarantine measures with regard to certain ongoing construction projects, which, individually or in aggregate, would not have a material adverse effect on our business, financial condition and results of operations.

In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in the PRC. Also, the extent to which the COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others. However, such contagious disease, or any such outbreak, or threatened outbreak of any severe contagious diseases in future, if not contained, may result in material influence of the our related business, which in turn may adversely affect our financial condition and results of operations.

Similarly, war, terrorist activity, threat of war or terrorist activity, social unrest and the corresponding heightened travel security measures instituted in response to such events, as well as geopolitical uncertainty and international conflict and tension, would affect economic development. In turn, there could be a material adverse effect on our business, financial condition and results of operations.

Fluctuations in the average selling prices of our products may adversely affect our results of operations.

The average selling prices of most of our products are subject to fluctuation. Fluctuations in the average selling prices of our products are primarily caused by intense market competition, changes in raw material costs and other factors that are beyond our control. We cannot assure you that we will not continue to experience volatile or declining average selling prices for our products in the future. If we cannot increase our sales volume to compensate for the loss of revenue caused by volatile or declining average selling prices for our products, our results of operations could be adversely affected.

Deterioration in the performance of our oil processing and fundamental chemical products businesses could have a material and adverse effect on our consolidated financial condition and results of operations.

For the years ended 31 December 2017, 2018 and 2019, our oil processing and fundamental chemical products businesses contributed approximately 42.1%, 39.4% and 39.2% to our consolidated operating income and approximately 8.3%, 15.0% and 13.2% to our consolidated operating profit, respectively. Deterioration in the performance of our oil processing and fundamental chemical products businesses may materially and adversely impact our consolidated financial performance. If the business operations of these segments encounter difficulties or cannot perform as expected, our consolidated financial condition and results of operation may be materially and adversely affected.

A reduction in or elimination of government subsidies and economic incentives could affect our results of operations and cash flow.

We and certain of our subsidiaries receive government subsidies and grants and various economic incentives in the form of interest-subsidies, tax exemptions and policy-based loans. A significant amount of our profit is derived from non-operating activities, which mainly consist of government grants. For the years ended 31 December 2017, 2018 and 2019 we received government grants of RMB504.4 million, RMB705.9 million and RMB511.1 million (US\$73.4 million), respectively. Government grants include grants which are to be applied towards operational costs and grants which are to be applied towards capital investments on an amortised basis over a period of time depending on the nature of the asset. The form and amount of such grants vary according to current government policies with respect to the chemical industry in China. The amounts of and conditions attached to such grants are determined at the sole discretion of relevant government authorities. We cannot assure you that we will be eligible to continue to receive such government grants or that the amount of any such grants will not be reduced in the future, and even if we continue to be eligible, we cannot assure you that any conditions attached to such grants will be as favourable to us as they have historically been. If we are unable to receive future government grants, and are not able to arrange for alternative funding on similar terms, our financial condition and results of operations may be adversely affected.

The scale and complexity of our operations may expose us to management and internal control risks.

We operate more than 500 subsidiaries and joint venture companies globally, control multiple A-share listed companies and have a minority interest in companies operating in a variety of business segments. As a result of the diversity among our portfolio companies and our operations in multiple business segments, we face management challenges not faced by companies with a single business line.

Due to our large number of subsidiaries, portfolio companies and production sets, our successful operation requires an effective management and internal control system that emphasises proper authorizations, reliability and accountability of financial reporting, imposes financial and internal control disciplines on portfolio companies, and creates value-focused incentives for management. Given our size and large number of companies and production sets, we may fail to respond timely to problems faced by the lower level subsidiaries. If we are unable to exercise effective management control over our various business segments and different levels of subsidiaries, it may have a material adverse effect on our business, financial condition and results of operations.

Furthermore, our portfolio companies in different operating segments may determine that it is in their shareholders' interests to pursue new business ventures. We cannot assure you that such business ventures will be successful or generate the synergies expected, if any. The successful completion of these business ventures will depend on a number of factors, including satisfactory due diligence and the receipt of necessary regulatory approval, among others. If we fail to complete such business ventures or such ventures prove to be unsuccessful, our operating segments involved may be adversely affected.

Significant fluctuations in exchange rates affect our results of operations.

We conduct a significant portion of our operations and sell a substantial portion of our products in overseas markets. In 2019, approximately 83% of our revenue was generated from overseas markets. Accordingly, an increasing number of our transactions are denominated in foreign currencies. Fluctuations in foreign currencies, especially the U.S. dollar and euros, could materially affect our revenues and results of operations. For example, changes in currency exchange rates may affect the relative prices at which we and our competitors sell products in the same market, the cost of products and services we require for our operations and other Renminbi-denominated items in our financial statements. These fluctuations could have a negative effect on our results of operations.

Our profit margins could be adversely affected if we are not able to reflect significant foreign exchange rate fluctuations in the currencies in which our transactions are conducted. In addition, foreign currency fluctuations could impose liquidity constraints on us in respect of our ordinary course of trading and the purchase of raw materials, which could have a material adverse effect on our businesses, financial positions or results of operations.

We have operations and assets in over 150 countries and are required to comply with a wide variety of complex domestic and foreign laws and regulations, which are extensive and the compliance of which may be onerous or expensive. Our international operations and assets may be subject to various economic, social and governmental risks.

Our international operations and sales are subject to various political, legal and regulatory environments, some of which are known to be unstable and differ in certain significant respects from those prevailing in developed countries and their laws, regulations and policies are subject to changes due to political and economic uncertainties. Therefore, we are exposed to risks that could negatively impact our future sales or profitability. Our operations may not develop in the same way or at the same rate as might be expected in a country with an economy similar to China. The additional risks that we may be exposed to in these cases include, but are not limited to:

- fluctuations in foreign exchange rates;
- unexpected changes in regulatory requirements;
- political conditions;
- management and operation of an enterprise spread over various countries;
- the burden and administrative costs of complying with a wide variety of foreign regulations;
- currency restrictions;
- tariffs and trade barriers;
- regulations related to customs and import/export matters;
- tax issues, such as tax law changes and variations;
- limited access to qualified staff;
- inadequate infrastructure;
- cultural and language differences;
- inadequate banking systems;
- different or more stringent environmental laws and regulations;
- restrictions on the repatriation of profits or payment of dividends;

- crime, strikes, riots, civil disturbances, terrorist attacks or wars;
- nationalisation or expropriation of property;
- law enforcement authorities and courts that are weak or inexperienced in commercial matters;
- deterioration of political relations among countries; and
- regulations and requirements related to community welfare and social responsibilities.

Changes in U.S. and international trade policies, particularly with regard to China, may adversely impact our business and operating results.

The U.S. government has recently made statements and taken certain actions that may lead to changes to U.S. and international trade policies, including recently-imposed tariffs affecting a variety of products manufactured in China. It is unknown whether and to what extent new tariffs (or other new laws or regulations) will be adopted, or the effect that any such actions would have on us or our industry. There is also a concern that the imposition of additional tariffs by the United States could result in the adoption of tariffs by other countries as well. Any unfavourable government policies on international trade, such as capital controls or tariffs, may affect the demand for our products and services, impact the competitive position of our products or prevent us from being able to sell products in certain countries. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition, results of operations.

Changes in U.S. and international policies, particularly with regard to China, may adversely impact our business and operating results.

The U.S. government has recently made statements and taken certain actions that may lead to changes to U.S. and international policies, including recently-imposed tariffs affecting a variety of products manufactured in China or threatening to sanction certain companies with connections with China. It is unknown whether and to what extent new tariffs (or other new laws or regulations) will be adopted, or the effect that any such actions would have on us or our industry. There is also a concern that the imposition of additional tariffs by the United States could result in the adoption of tariffs by other countries as well. Any unfavourable government policies on international trade, such as capital controls or tariffs, may affect the demand for our products and services, impact the competitive position of our products or prevent us from being able to sell products in certain countries. If any of these new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition, results of operations.

In addition, the U.S. Department of Defense released a list of 11 Chinese companies (including the Issuer's controlling shareholder, ChemChina) under the National Defense Authorization Act for Fiscal Year 1999 on August 28, 2020, claiming that the companies are Communist Chinese military companies. The list was based on the U.S. government's intelligence, and determined that the companies therein are controlled by the Chinese military. The list is not an export control list (e.g. Entity List) or an economic sanctions list (e.g. SDN List) with effective restrictive measures. The Company's payment and collection of funds is conducted as usual.

The global efforts to reduce carbon emissions may significantly increase our operation and production costs and the risk of non-compliance.

As a company in the chemical industry, we are exposed to the global efforts to reduce carbon emissions. The Paris Agreement within the United Nations Framework Convention on Climate Change ("UNFCCC"), aiming at holding the increase in the global average temperature to well below 2 Celsius degrees, went into effect on 4 November 2016. The Paris Agreement is binding upon various countries and regions where we have extensive business and operations, including those in the North and South America, Asia, Europe, the Pacific, and Africa. Though the agreement does not impose any specific mechanism upon the participating countries and regions to achieve their carbon reduction goals, we anticipate that more stringent regulatory

framework, cap-and-trade system or carbon tax will be adopted by those countries and regions, respectively, which may lead to significant increase in our costs of compliance as well as operation and production costs. In the event that we fail to comply with such laws or regulations, we may be subject to governmental inspections, penalties, fines, civil liabilities, suspension or revocation of our licences or permits to conduct our businesses. Such event may result in material and adverse effect on our business, financial condition, results of operations and market position.

Some of our revenue is derived from countries, individuals or entities that are targets of sanctions imposed by the United States, the European Union and other government authorities.

The U.S. government, through the U.S. Department of the Treasury's Office of Foreign Asset Control and the U.S. Department of State, administers and enforces economic and trade sanctions against targeted foreign countries (including but not limited to Cuba, Iran, North Korea and Syria), entities and individuals based on U.S. foreign policy and national security goals. As we have operations globally we may be subject to such sanctions and those imposed by the European Union or other regulatory authorities. For example, the United States imposed sanctions relating to Ukraine in March 2014, which were followed by other countries or groups of countries, including the European Union. These sanctions target specified Russian and Ukrainian persons and entities (and entities that are at least 50% owned, directly or indirectly, by them), including Rosneft Oil Company ("**Rosneft**"), and prohibit certain activities in or related to the Crimea region. Additional sanctions have been imposed concerning the provision of goods and services related to certain aspects of the Russian petroleum and defence industries, and dealings in the debt and equity of and the extension of credit to certain Russian entities. The U.S. and the European Union have also imposed extensive restrictions on trade with and investment in Crimea.

We have been purchasing crude oil from Rosneft, which accounts for no more than one percent of our total annual supply. We have also exported a small amount of our products to North Korea in 2019, which in aggregate accounts for no more than one percent of our total annual revenue in 2019. If certain of our business activities in sanctioned countries, regions or with sanctioned entities or individuals come within U.S. or European Union jurisdiction or involve U.S. or European Union persons, including U.S. financial institutions, we could face civil and criminal penalties if we are found to have violated any of the sanctions programmes. We could also suffer reputational damage as a result of such activities.

We cannot assure you that in the future we will not continue doing business with countries, regions, individuals or entities that are targets of sanctions imposed by the United States, the European Union or other government authorities. Our business activities in sanctioned countries or regions or involving other sanctions targets could limit our ability to pursue business opportunities in the United States or the European Union or obtain financing from the United States or the European Union, which may in turn materially and adversely affect our business, financial condition or results of operations.

In addition, as a result of various sanctions programmes, we must engage in additional due diligence of prospective customers, suppliers and other third parties, which may delay or prohibit us from entering into agreements with such third parties. Any negative perception by our international customers or suppliers of our direct and indirect relationships with sanctioned parties, or regarding the overall geopolitical situation, may make it more difficult to do business with these customers or suppliers and may negatively impact our revenue and profitability.

We incur significant expenses to maintain our manufacturing equipment and any interruption in the operations of our facilities may harm our operating performance.

We regularly incur significant expenses to maintain our manufacturing equipment and facilities. The machines and equipment that we use to produce our products are complex, have many parts and may be run on a continuous basis. We must perform routine maintenance on our equipment and will have to periodically replace a variety of parts such as motors, pumps, pipes and electrical parts. In addition, our facilities require periodic shutdowns to perform major maintenance. These scheduled shutdowns of facilities result in decreased sales and increased costs in the periods in which a shutdown occurs and could result in unexpected operational disruptions in future periods as a result of changes to equipment and operational and mechanical processes made during the shutdown period. Any prolonged disruption in operations at any of our facilities could cause significant lost production, which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

Some of our production facilities are highly technical. Our ability to shift production or sourcing to other facilities in the event of an accident is limited at such facilities. If a production facility was shut down

temporarily, we would likely suffer production delays and, to the extent that facility was used for the production of input material for our downstream products, we could incur additional costs in sourcing alternative supplies, either of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

We may be exposed to risk from potential information system failures or disruptions.

Our success depends on an efficient and effective computer information system to provide accurate and timely information to monitor and fine-tune production specifications. To prevent the failure of computer systems, we continuously monitor, maintain and update the systems. However, we cannot assure you that there will not be any disruptions to our computer system and, in such event, that the production process will not be adversely affected. Despite the implementation of safety measures, our systems are vulnerable to damage caused by computer viruses, natural disasters, unauthorised access and similar disruptions. For example, our subsidiary, KraussMaffei, was hit by a serious cyber-attack in November 2018. The plant in Munich was particularly affected by the attack, resulting in the shutdown of various servers, disruption of production and a consequent decrease of KraussMaffei's operating income in 2018. Any system failure, accident or security breach could result in disruption to our operations. To the extent any disruption or security breach results in a loss of or damage to our data, such disruption or breach could harm our business. In addition, we may be required to incur significant costs to protect against the damage caused by future disruptions or system failures.

The anticipated benefits of the acquisition of Syngenta AG may not be realised, which could adversely impact our business and operating results.

As at the date of this Offering Circular, we have acquired 100% of Syngenta's publicly held shares and Syngenta has been approved for the de-listing from the SIX Swiss Exchange of its shares. The acquisition of Syngenta is anticipated to result in benefits including, among other things, enhanced revenues and our enhanced ability to provide a wide range of agrochemical products. However, Syngenta's business after acquisition may fail to integrate with our existing operations or underperform as compared to our expectations. Syngenta may not contribute to our revenues or earnings to the extent anticipated and the synergies we expect from the acquisition may not be realised. The costs or difficulties related to the integration of Syngenta's business and operations into ours could be greater than expected, and the acquisition could cause disruption to our business and operations and our relationships with customers, employees and other parties. Failure to integrate or achieve the anticipated benefits of the acquisition could result in increased costs, decreases in the amount of expected revenues and the diversion of management's time and energy and could have an adverse effect on our business, financial position, results of operations and cash flows.

Syngenta is involved in (i) legal proceedings regarding Syngenta's commercialization of certain corn seeds in North America without obtaining import approval from China for such products, (ii) legal proceedings regarding Syngenta's negligence in allowing its insecticides to harm bees and as a result beekeepers, (iii) a legal proceeding relating to personal injury and (iv) legal proceedings relating to atrazine personal injury. In particular, the legal proceedings relating to its commercialisation of VIPTERA™ and DURACADE™ corn seeds in the United States without having obtained import approval from China for those products include allegations that it issued misleading statements concerning the status of the timetable for approval and remain subject to a number of important claims. On June 23, 2017, a jury awarded \$217.7 million to the plaintiffs in a class action trial comprising part of a multi-district litigation action in federal court in the District of Kansas. The award consisted of compensatory damages for alleged economic losses arising from lower commodity prices alleged to have been caused by Syngenta's commercialization of VIPTERA™ and DURACADE™ corn seeds in the United States without first obtaining Chinese import approval on corn produced from such seeds. The producer plaintiffs of such lawsuits have alleged compensatory damages on behalf of farmers nationwide in the United States in excess of \$7 billion. The lawsuits also seek punitive damages. In September 2017, Syngenta reached a settlement of all claims by producers, grain elevators and ethanol plants in respect of the launch of Syngenta's AGRISURE VIPTERA™ and DURACADE™ corn seeds. In April 2018, the establishment of a qualified settlement fund of US\$1.51 billion was granted by the federal court in Kansas for the submission of claims by eligible claimants. In December 2018, final approval of the settlement was provided by court order, dismissing the claims on a class wide basis except for the individual producers and one ethanol plant that timely and validly opted out of the settlement. Objectors to the settlement have appealed the court's final approval order. That appeal has now been resolved (by the MDL plaintiffs and

the objectors) and the settlement is now final. The settlement above does not cover claims of the exporter plaintiffs including the claims of certain notable market participants. In addition, similar claims were filed in Ontario and Quebec, Canada, in 2015 and 2017, respectively. The court in Ontario dismissed the plaintiff's action in its entirety, followed by the plaintiff's appeal.

The range of amounts of reasonably possible expenditures, as well as the period of time over which many of these expenditures may be made, cannot be reliably estimated. The outcome of each of these lawsuits, including any appeal in respect of the decision noted above, are subject to considerable uncertainty and further claims may be made. Adverse outcomes in some or all of these matters could result in material monetary outflows for Syngenta and could have a material adverse effect on the results of operation, cash flow and financial position of Syngenta, including as a result of the recognition of provisions, which would in turn, have a material adverse effect on the results of our operation, cash flow and financial position.

We may make investments or complete transactions that may be unsuccessful and could expose us to unforeseen liabilities.

We may make investments, acquisitions, joint ventures or engage in other development opportunities. Those identified and completed may involve material cash expenditure, debt incurrence, operating losses, amortisation of certain intangible assets of acquired companies, issuances of equity securities, and expenses, some of which are unforeseen, that could affect our business, financial position, results of operations and liquidity. Acquisitions, investments and joint ventures involve numerous risks, including:

- limitations on our ability to complete such acquisitions on terms, timetables and terms reasonable to us;
- limitations in obtaining financing for acquisitions at a cost reasonable to us;
- difficulties in integrating acquired operations, personnel and information systems, and in realising projected revenues, efficiencies and cost savings or returns on invested capital;
- entry into markets, businesses or services in which we may have little or no experience;
- the incurrence of additional debt to finance such investments;
- diversion of business resources or management's attention from ongoing business operations;
- exposure to undisclosed or unforeseen liabilities of acquired operations, including liabilities for failure to comply with laws and anti-trust considerations in specific markets; and
- existence of unknown liabilities or contingencies and potential disputes with counterparties.

We may not be able to meet regulatory requirements imposed by the governments of our export destinations and governments may impose taxes or penalties on our export products.

Certain countries to which we export our products may impose technical, hygienic or environmental requirements on our products that may be higher than the standards imposed by the PRC government. These countries may also require us to obtain various permits, licences and approvals before we can import our products. We cannot assure you that we will be able to meet the relevant standards or obtain the requisite permits, licences and approvals. If we fail to meet the standards adopted by such countries or to obtain the requisite permits, licences and approvals now or in the future, our ability to export to these markets could be materially and adversely affected.

We may not be able to renew certain licences, certificates and permits for our operations.

Under PRC law, we are required to obtain certain licences, certificates and permits from relevant PRC governmental authorities. We believe that, and as confirmed by our PRC legal advisors, we have obtained all material licences, certificates and permits for the production and sale of our products. However, we cannot assure you that we will be able to renew such licences, certificates and permits upon their expiration. In addition, eligibility criteria for these licences, certificates and permits may change from time to time and additional licences, certificates and permits may be required and higher compliance standards

may have to be observed. If there are new laws or regulations, or changes in the interpretation of any existing laws or regulations, our compliance costs may increase and it may be more expensive for us to continue the operation of any part of our business, which could have a material adverse effect on our financial condition and results of operations.

We may not be able to protect our patents or other intellectual property.

We believe that developing new and enhanced products, processes and technologies is important in differentiating our business from that of our competitors and is critical to the success of our business. We rely heavily on patents to protect certain advanced technical features of our products. As at 31 December 2018, we owned over 22,000 patents. In the future, however, we may not be able to successfully apply for patents to protect our intellectual property. Furthermore, patent applications in certain countries may not be published until more than 18 months after they are first filed and, therefore, we cannot be certain that we will be the first creator of technologies covered by pending patent applications or the first to file patent applications on these inventions. For details of our intellectual properties, please see the section headed “Business – Intellectual Property Rights”.

In addition, we could lose our exclusive rights to use the proprietary processes and technologies that are covered by patents and patent applications. Our patents may be subject to challenges as to their scope or may be found to be invalid or otherwise unenforceable. Statutory differences in patentable subject matter depending on the jurisdiction may also limit the protection we obtain on certain of the technologies we develop. Complicated factual and legal issues could introduce uncertainty as to the validity, scope and enforceability of our patents and other intellectual property rights. We may not be able to exclude competitors from using the technologies we seek to protect if patent applications are not granted, patents were to expire or patents were successfully challenged. In addition, the enforcement of patent rights through administrative action in China involves a higher level of uncertainty than may exist in other countries where we operate our business, meaning that in order to enforce our rights against infringing third parties, we may have to resort to costly and prolonged litigation. Any failure to protect, maintain and enforce our intellectual property could, therefore, impair our competitiveness, divert our management’s attention and have a material adverse effect on our business, financial condition or results of operations.

Moreover, patent protections are subject to geographic restrictions and are limited to the countries in which the patents were granted. As a result, if we have a patent in one jurisdiction in relation to a particular technology, we may not be able to exclude competitors from using that technology in another jurisdiction where we do not have a patent. Furthermore, we may also be unable to use such technology in a jurisdiction (including exporting and selling products that are the direct result of that technology into that jurisdiction) if a third party owns a similar patent in that jurisdiction. This could be the case even when we have independently developed the technology in question. This may jeopardise our strategy of expanding exports of our products into new markets, and could, therefore, have a material adverse effect on our competitiveness, financial condition or results of operations.

We rely on trade secrets and proprietary technology and processes and any unauthorised disclosure of such intellectual property could adversely affect our business.

We rely on a combination of patents, trade secrets and other unpatented proprietary know-how to maintain our competitive position. We have developed several proprietary production processes. Our management and certain key personnel have entered into employment contracts with us containing confidentiality and non-compete obligations as well as provisions acknowledging that all intellectual property, trade secrets, products and other processes that are developed by them during the course of their employment are our property. However, we cannot assure you that agreements we use to protect our trade secrets and other proprietary know-how will not be breached, or that, in the event of a breach, we will be able to adequately remedy or offset resulting losses. Any unauthorised disclosure of our trade secrets or other unpatented proprietary know-how, or any disputes with our collaborators regarding the ownership of patents or other forms of intellectual property, could negatively affect our business.

We seek to protect our intellectual property across numerous jurisdictions including the PRC, where intellectual property protection has historically been difficult to enforce. Further, in practice, it may be difficult to enforce rights in trade secrets and unpatented proprietary know-how due to the difficulty of identifying the confidential aspects of relevant trade secrets and know-how. In the event we decide to enforce our intellectual property rights, through litigation or otherwise, such enforcement could require

substantial costs and may divert the attention and resources of our senior management from their day-to-day responsibilities in the operation of our business. In addition, if the ownership of our intellectual property is disputed, we cannot assure you that we will prevail. Existing or potential competitors may also independently develop similar technology or obtain other proprietary rights, which could impose restrictions on our activities or provide them with a competitive advantage.

Any of these factors could adversely affect our research and product development, which could have a material adverse effect on our business, results of operations and financial condition.

We may be subject to claims of infringement of third-party intellectual property rights.

In the process of implementing new technologies and process, we may not be aware of third party intellectual property rights and, accordingly, may be unable to assess the scope and validity of such rights in relation to our products and operations. In addition, product development is inherently uncertain in a rapidly evolving technology environment as there may be numerous patent applications pending, many of which are confidential when filed and relate to similar technologies. Accordingly, we may become subject to lawsuits for infringement on third party intellectual property rights. Intellectual property litigation could adversely affect the development or sale of the challenged product or technology and require us to pay substantial damages or royalties to licence proprietary rights from third parties. Such licences may not be available to us on acceptable terms, if at all. Given the rapid technological change that characterises our industries, we cannot assure you that our current measures are adequate and that we will not be subject to claims of infringement by third parties, both within China or elsewhere. Any intellectual property litigation could cause us reputational damage and to incur significant expenses or divert our personnel's attention and efforts, any of which could have a material adverse effect on our business, financial condition or results of operation.

Our auditors have limited international capital markets experience and are currently under investigation and have received adverse regulatory decisions, warnings and penalties issued by relevant PRC authorities.

Ruihua Certified Public Accountants (“**Ruihua**”), our independent auditor for the years ended 31 December 2017 and 2018, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, including the Ministry of Finance (“**MOF**”) and the China Securities Regulatory Commission (“**CSRC**”). Ruihua is also a member of Beijing Institute of Certified Public Accountants and a member of National Association of Financial Market Institutional Investors (“**NAFMII**”). Although Ruihua has significant audit experience in the PRC, it has limited international capital markets experience. Baker Tilly China Certified Public Accountants (“**Baker Tilly**”), our independent auditor for the year ended 31 December 2019, is also a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies including CSRC.

CSRC and CSRC local branches have imposed administrative penalties on Ruihua and some of its employees five times since November 2016, all resulted from Ruihua's negligence in performing its audit services for PRC companies. These administrative penalties include warnings, monetary penalties on Ruihua and/or monetary penalties on specific accounting personnel involved in the relevant audit work at Ruihua. For example, Ruihua and three of its employees and management (including two partners) received fine penalties from CSRC in December 2018, in relation to annual audit services provided by Ruihua to an A-share listed company. In the administrative penalty notice issued by CSRC on 29 December 2018, Ruihua violated Article 223 of the Law of the People's Republic of China on Securities for failing to fulfill its accountability in a diligent and dutiful manner so that the document it formulated or produces has false record, resulting in confiscation of the relevant income of RMB1.3 million, fine of RMB3.9 million against Ruihua, warning and fine of RMB100,000 against each of its three employees. In addition to the administrative penalties above, MOF and CSRC jointly prevented Ruihua from taking on new projects with respect of securities offering businesses in the PRC from January 2017 and required Ruihua to complete internal rectification and submit a report on such rectification by March 2017. MOF and CSRC restored Ruihua's qualification to provide services in relation to securities offering businesses after conducting on-site examination of Ruihua and concluding that the internal rectification was satisfactorily completed in April 2017. Subsequently, Ruihua further received administrative warning notices from the Tianjing branch of each of the CSRC and the National Equities Exchange and Quotations, both resulted from Ruihua's negligence in performing its audit services for PRC companies. In June 2018, CSRC refused to receive any audit materials issued by Ruihua. After the investigation by CSRC, CSRC

has started to accept materials submitted by Ruihua since August 2018. In addition, CSRC local branches have imposed administrative penalties on Baker Tilly and some of its employees five times since July 2017, all resulted from Baker Tilly's negligence in performing its audit services for PRC companies. These administrative penalties include warnings on Baker Tilly and/or on specific accounting personnel involved in the relevant audit work at Baker Tilly.

In connection with an investigation against a bond offering by an A-share listed company on the PRC Inter-bank Bond Market, NAFMII requested Ruihua, who is the auditor of the parent company of such A-share listed company, to provide audit working papers of the parent company. Ruihua did not promptly provide such working papers due to its client-auditor confidentiality obligations. As a result, NAFMII issued a public warning notice against Ruihua in June 2016 for not promptly providing certain audit working papers as requested by NAFMII. In the aforementioned warning notice and a clarification letter subsequently issued by NAFMII, NAFMII stated that it is entitled to reject audit or review reports issued by Ruihua from 17 June 2016 to 16 June 2017 in relation to any bond issuance in the PRC by any new client to whom Ruihua did not provide audit or review services and which had not issued any securities in the PRC as at the date of the warning notice. Ruihua has subsequently obtained waivers from its client with respect to its client-auditor confidentiality obligations and announced in August 2016 that it will cooperate with NAFMII in relation to the investigation. The NAFMII investigation was completed and Ruihua has assumed new A-share listed company clients since July 2017. Although NAFMII does not have general supervising authority on PRC accounting firms, any further sanctions by NAFMII may affect Ruihua's ability to provide services in the PRC Inter-bank Bond Market. Such further sanctions may restrict Ruihua from providing audit services or other services in connection with our financing transactions. According to Ruihua, the NAFMII notice is not related to the Ruihua team serving as our auditor. The public warning notice issued by NAFMII does not (i) disqualify the Ruihua team from participating in the offerings as our auditor, (ii) have any impact on Ruihua's unqualified audit opinions for our financial statements as at and for the years ended 31 December 2017 and 2018, (iii) have any impact on Ruihua in continuing to provide audit services to us, or (iv) have any impact on Ruihua's ability to provide services to us in relation to any future bond issuance by us in the PRC as an existing client of Ruihua who had issued securities in the PRC prior to the warning notice.

We cannot assure you that these investigations or potential future investigations, penalties and potential future penalties against our auditors and their employees would not subject our auditors or any of their management, officers or employees to further sanctions imposed by other PRC authorities or further suspension of business operations by MOF and/or CSRC. Such sanctions, revocations and suspensions may restrict our auditors from providing audit services or other services in connection with our financing transactions. In that case, we may have to discontinue our engagement with our auditors, which may adversely affect our business operations and harm our reputation. Prospective investors should consider these factors prior to making any investment decision.

Our growth depends on our ability to continue to attract and retain qualified personnel, including senior management members.

We rely heavily on our employees, including skilled workers, equipment operators, engineers and other technical personnel, for our daily operations and business expansion. We cannot assure you that we will be able to continue to attract and retain sufficient skilled and experienced employees in the future. If we fail to recruit, retain or train skilled employees, our growth and business prospects could be adversely affected. Additionally, a significant increase in the wages paid by competing employers could result in a reduction in our skilled labour force or increases in our expenses for employee wages.

In addition, the industry expertise and extensive contributions of our executive directors and other members of our senior management are essential to our continuing success. As we continue to grow our business, we will increasingly require employees and executives who have industry-related experience and expertise. We cannot assure you that we will not lose the services of any of our senior management members or directors. If this occurs, we may not be able to recruit and retain replacement personnel with equivalent qualifications on a timely or cost-effective basis, which could have a material adverse effect on our business, financial condition or results of operation.

We engage in related party transactions with our subsidiaries and joint ventures from time to time which may create potential conflicts of interest.

We have engaged in and will continue to engage in a variety of transactions with our subsidiaries and joint ventures, including purchases of raw materials, sales of products, provision of services, extending loans

and providing guarantees. We cannot assure you that those transactions would be deemed as arm's-length or our related parties will not take actions that favour their interests over ours. We cannot assure you that corporate opportunities and resources will not be allocated within the companies under our control based on considerations other than those in the best interests of our operations. Please refer to Note XI to our audited consolidated financial statements for the year ended 31 December 2018 and 2019 incorporated by reference in this Offering Circular for details relating to related party transactions between us and our related parties during the years ended 31 December 2017, 2018 and 2019.

In addition, we cannot assure you that our management of related parties will be as effective as that of ourselves due to the large number, diversified locations and different sizes of our subsidiaries. As a result, the internal control regarding and management of various related party transactions can be challenging and demanding for us. Failure to adequately control and manage our related party transaction could have an adverse effect on our business, financial condition or results of operations.

Our insurance coverage may be insufficient to cover all associated risks of loss.

We maintain insurance policies that cover our fixed assets (including buildings and machinery) and our current assets (including inventory) against damage caused by, among other things, fire, explosions, thunderstorms, typhoons and landslides. We cannot, however, guarantee that our insurance policies will provide adequate compensation for all potential losses. Consistent with established practice in China, we do not carry any insurance for business interruption or loss of profit arising from accidents at any of our production facilities or other disruptions of our operations. Accidents or natural disasters may also result in significant property damage, disruption to our operations and personal injuries, and our insurance coverage may be inadequate to cover such losses. In the case of an uninsured loss or a loss in excess of insured limits, we could suffer reputational damage or lose all or a portion of our production capacity as well as future revenue contribution from the relevant facilities.

Any interruption, shortage of utilities or fluctuation in utility prices may adversely affect operations of us.

Our production processes require a consistent and large supply of utilities, especially electricity, gas and water. As a result, our production processes may be interrupted if there is an insufficient supply of utilities or a suspension of such supply. Also, we anticipate that our reliance on such utilities will further increase as we seek to expand our production capacities. Any shortage of supply may, therefore, adversely affect our production and prevent us from satisfying obligations under purchase contracts with our customers during the affected period.

The PRC government does not guarantee our obligations.

Although we are ultimately controlled by SASAC, and SASAC has in the past provided support to us in our financing activities, our medium-term notes, bank loans and private equity investment, the borrowings and other obligations of us, including payments to be made under the Securities and the Guarantees, are not guaranteed by the PRC government. We cannot assure you that SASAC or any other government authority will provide financial or other support to us in the event that we experience liquidity problems.

RISKS RELATING TO OUR INDUSTRY

Our sales and growth in market demand for our products are dependent, among other things, on the conditions of the global and, in particular, PRC economy.

We derive revenue primarily from sales of various chemical products in the PRC and globally. The demand for our products are, therefore, dependent, among other things, on the conditions of the global and PRC economy. For instance, the demand for our petroleum processing and refining products in the PRC is significantly affected by the number of cars and other motor vehicles (and the mileage those cars and other motor vehicles are driven) in the PRC. The PRC economy and the number of cars and other motor vehicles have grown significantly in recent years. However, we cannot assure you that this level of growth will continue and, in particular, whether the PRC government may implement more strict limitations on the number of cars sold in the PRC in order to improve traffic conditions or control air pollution. Demand for our petroleum processing and refining products outside the PRC is dependent, amongst other things, on the growth of the automotive industry in overseas markets.

In both the PRC and our overseas markets, general economic conditions and interest rate levels, inflation and unemployment rates, demographic trends, GDP growth and consumer confidence influence the growth of industries where our products are widely used or applied. A downturn in the markets in which our products are sold, or a downturn in general economic conditions could impact our sales, resulting in price pressure and reduced volumes and margins. A decline in demand or a shift to lower value end-products resulting from deteriorating economic conditions could materially and adversely affect our business, financial condition or results of operations.

The cyclical nature of the chemical industry may cause significant fluctuations in our results of operations.

Our historical results of operations reflect the cyclical and volatile nature of supply and demand within the chemicals industry. The chemicals industry has experienced alternating periods of inadequate capacity and supply, allowing prices and profit margins to increase, followed by periods when substantial capacity is added, resulting in oversupply and overcapacity with corresponding declining utilisation rates and, ultimately, declining prices and profit margins. Some of the markets in which our customers participate, such as the automotive, electronics and building and construction industries, are cyclical in nature. These markets are highly competitive, are driven to a large extent by end-use markets and may experience overcapacity, all of which may affect demand for and the pricing of our products. Excess industry capacity may also continue to depress volumes and margins on some products. In addition to changes in the supply and demand for products, changes in energy prices and other worldwide economic conditions may lead to additional volatility. These factors result in significant fluctuations in our profits and cash flows from period to period and over business cycles.

In addition, a broad decline in general economic or business conditions in the industries served by our customers could adversely affect the demand for our products and impair the ability of our customers to satisfy their obligations to us, resulting in uncollected receivables and unanticipated contract terminations or project delays. Such conditions could impact the utilisation of manufacturing capacity which may require us to recognise impairment losses on tangible assets such as property, plant and equipment as well as on intangible assets such as intellectual property or goodwill.

Furthermore, volatility and disruption of financial markets could limit our customers' ability to obtain adequate financing to maintain operations, which could result in a decrease in sales volume and have a negative impact on our results of operations.

We face competition from both domestic and international companies, which may affect our market share and profit margins.

The chemical industry is highly competitive in the PRC and globally. We actively compete with both domestic and international companies producing the same or similar products and, in some instances, with companies producing different products designed for similar uses. Our competitors may have greater access to financial resources, more experience in resource allocation, better ability in product innovation and longer operating histories. Some of our international competitors may have more sophisticated management and may utilise more advanced technology than we do. Our competitors in any particular market may also benefit from raw material supplies or production facilities that are closer to such markets, which could provide them with competitive advantages in terms of cost and proximity to customers. Our failure to compete effectively could materially and adversely affect our business, financial condition, results of operations and market position.

We are required to comply with various environmental, health and safety laws which are extensive and the compliance of which may be onerous or expensive.

We are subject to applicable national and local laws and regulations with respect to the protection of the environment and the health and safety of employees and the public in the countries in which we operate, including the US upon acquisition of Syngenta. These laws and regulations govern, among other things, aerial emissions, waste water discharges, the storage, use and handling of hazardous substances, waste disposal, potential investigation and remediation of soil and ground water contamination and protection of the health and safety of employees. Our manufacturing processes and products are subject to stringent quality, environmental and occupational safety standards. Furthermore, Syngenta may have ongoing environmental liabilities.

If we fail to comply with these laws and regulations, we could be subject to penalties, fines, suspension or revocation of our licences or permits to conduct business, administrative proceedings and litigation. Due to the magnitude and complexity of these laws and regulations, compliance with them or the establishment of effective monitoring systems may be onerous and could require a significant amount of financial and other resources. As these laws and regulations continue to evolve, we cannot assure you that the relevant regulatory authorities will not impose additional or more onerous laws or regulations, compliance with which may cause us to incur significantly increased costs that we may not be able to pass on to our customers.

RISKS RELATING TO THE PRC

PRC economic, political and social conditions, as well as government policies, could affect our business and prospects.

The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, uniformity in the implementation and enforcement of laws in relation to control of foreign exchange and control over capital investment and allocation of resources.

The PRC economy is in the process of transitioning from a centrally planned economy to a more market-oriented economy. For more than three decades, the PRC government has implemented economic reform measures to utilise market forces in the development of the PRC economy. In addition, the PRC government continues to play a significant role in regulating industries and the economy through policy measures. We cannot predict whether changes in PRC economic, political or social conditions and in PRC laws, regulations and policies will adversely affect our business, financial condition or results of operations.

In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures. This refining and adjustment process may not necessarily have a positive effect on our operations and business development. Our business, financial condition and results of operations may be adversely affected by:

- changes in PRC political, economic and social conditions;
- changes in policies of the PRC government, including changes in policies in relation to industry consolidation such as on a nation-wide basis or our various business segments;
- changes in laws and regulations or the interpretation of laws and regulations;
- measures that may be introduced to control inflation or deflation;
- changes in the rate or method of taxation;
- the imposition of additional restrictions on currency conversion and remittances abroad; and
- a reduction in tariff protection and other import restrictions.

Furthermore, the growth of demand in China for chemical industry depends heavily on economic growth. We cannot assure you that such growth will be sustained in the future. From time to time, the PRC government has implemented certain measures in order to prevent the PRC economy from experiencing excessive inflation. Such governmental measures may cause a decrease in the level of economic activity and have an adverse impact on economic growth in China. If China's economic growth slows down or if the Chinese economy experiences a recession, the growth of demand for chemical industry may also decrease. Such events could have a material adverse effect on our business, results of operations and financial condition.

Uncertainties with respect to the PRC legal system could limit the protections available to us.

The PRC legal system is a civil law system based on written statutes. Unlike in common law systems, prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation

and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, since many laws, rules and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to us. For example, we may have to resort to administrative and court proceedings to enforce the legal protections that we enjoy either by law or contract. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate and predict the outcome of PRC administrative and court proceedings and the level of legal protection we enjoy in China as compared to more developed legal systems. These uncertainties may impede our ability to enforce our contracts with future partners, service providers and suppliers. The effect of future developments in the PRC legal system cannot be predicted, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws. These uncertainties could limit the legal protections available to us and other foreign investors. In addition, any litigation in China may be protracted and result in substantial costs and diversion of our resources and management attention.

Interpretation of PRC laws and regulations involves uncertainty and the current legal environment in China could limit the legal protections available to you.

A substantial amount of our businesses is conducted in China and governed by PRC laws and regulations. Many of our operating subsidiaries are located in China and are subject to the PRC laws and regulations. The PRC legal system is a civil law system based on written statutes, and prior court decisions have limited precedential value and can only be used as a reference. In addition, PRC written laws are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Since 1979, the PRC legislature has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commercial transactions, taxation and trade, with a view to developing a comprehensive system of commercial law. Because these laws and regulations have not been fully developed and because of the limited volume of published cases and the non-binding nature of prior court decisions, interpretation of PRC laws and regulations involves a degree of uncertainty and the legal protection available to you may be limited. Depending on the governmental agency or the presentation of an application or case to such agency, we may receive less favourable interpretations of laws and regulations than our competitors. In addition, any litigation in China may be protracted and could result in substantial costs and diversion of resources and management attention. These uncertainties may impede our ability to enforce the contracts we have entered into. Furthermore, such uncertainties, including the potential inability to enforce our contracts, together with any development or interpretation of PRC laws that is adverse to us, may materially and adversely affect our business, financial condition and results of operations.

It may be difficult to effect service of process or enforce any judgments obtained from non-PRC jurisdictions.

All of our management members reside in the PRC together with their personal assets. Therefore, investors may encounter difficulties in effecting service of process from outside PRC upon us or our management.

Moreover, it is understood that the enforcement of foreign judgments in the PRC is subject to uncertainties. The mechanisms for enforcement of rights under the corporate governance framework to which we are subject are also relatively undeveloped and untested. China is not a party to any treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, most other Western countries or Japan, and, therefore, enforcement of judgments of a court in any of these jurisdictions in the PRC may be difficult or impossible.

Government control of currency conversion and future movements in exchange rates may adversely affect our business, results of operations and financial condition.

A portion of our Renminbi revenue may need to be converted into other currencies to meet our substantial requirements for foreign currencies, including debt service on foreign currency-denominated debt, overseas acquisitions of properties, purchases of imported equipment and payment of dividends declared in respect of shares held by international investors.

Foreign exchange transactions under the capital account, including principal payments with respect to foreign currency-denominated obligations, are subject to the approval requirements of SAFE. In addition,

the value of Renminbi against the US dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. Fluctuations in the exchange rate of the Renminbi against the US dollar and certain other foreign currencies may adversely affect our business, results of operations and financial condition.

Interest and premium paid by the Issuer to our foreign investors and gain on the sale of our Bonds may be subject to taxation under PRC tax laws.

Pursuant to the Enterprise Income Tax Law of the PRC (the “EIT Law”) and its implementation regulations, enterprises that are established under laws of foreign countries and regions but whose “de facto management bodies” are within the territory of the PRC are treated as PRC tax resident enterprises for the purpose of the EIT Law and must pay enterprise income tax at the rate of 25% in respect of their worldwide income. If the Issuer is treated as a PRC “resident enterprise” for PRC tax purposes, PRC withholding income tax at a rate of 10% may be applicable to interest and premium paid by the Issuer to investors that are “non-resident enterprises” if such “non-resident enterprise” investors do not have an establishment or place of business in China or if, despite the existence of such establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China, if the income is treated as PRC-sourced. In the case of non-resident individual investors, the income tax may be withheld at a rate of 20%. If the Issuer is treated as a PRC “resident enterprise”, it may be required to withhold value-added tax on payments of interest and premium at the rate of 6% plus local levies. Any gain realised on the transfer of the Securities by “non-resident enterprise” investors may be subject to a 10% PRC tax (or 20% in the case of non-resident individuals) if the Issuer was treated as a PRC “resident enterprise” and such gain is regarded as income derived from sources within China.

As the Guarantor is a PRC enterprise, if any payments are made by the Guarantor under the Guarantees, the Guarantor must withhold PRC income tax on payments of interest or redemption premiums with respect to the Securities to non-PRC enterprise holder of Bonds generally at the rate of 10% (and possibly at a rate of 20% in the case of payments to non-PRC individual holders of Bonds), and may be required to withhold value-added tax on payments of interest or any redemption premiums at the rate of 6% plus local levies, subject to the provisions of any applicable tax treaty.

Any PRC tax liability on interest or gain described above may be reduced under applicable tax treaties. However, it is unclear whether in practice nonresident investors might be entitled to receive the benefit of income tax treaties entered into between PRC and their countries.

Subject to certain exceptions, the Issuer and the Guarantor have agreed to pay additional amounts to non-PRC resident holders of Bonds so that such holders would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Securities. The requirement to pay additional amounts as a result of any such PRC withholding tax will increase the cost of servicing the debt and could have an adverse effect on the Issuer or Guarantor's financial condition. In addition, if a holder of the Securities is required to pay PRC income tax on the transfer of our Bonds, the value of such holder's investment in our Bonds may be materially and adversely affected. See “Taxation – PRC”.

The outbreak, or threatened outbreak, of any severe communicable disease in the PRC could materially and adversely affect our business, financial condition and results of operations.

The outbreak, or threatened outbreak, of any severe communicable disease (such as severe acute respiratory syndrome or avian influenza) in the PRC could materially and adversely affect the overall business sentiment and environment in the PRC, particularly if such outbreak is inadequately controlled. This could materially and adversely affect domestic consumption, labour supply and possibly the GDP growth of the PRC. In addition, if any of our employees are affected by any severe communicable disease, it could adversely affect or disrupt production levels and operations at the relevant plants and materially and adversely affect our business, financial condition and results of operations, which may also involve a closure of our facilities to prevent the spread of the disease. The spread of any severe communicable disease in the PRC may also affect the operations of our customers and suppliers, which could materially and adversely affect our business, financial condition and results of operations.

We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to China, the PRC economy, and the selected PRC regional data contained in this Offering Circular.

Facts, forecasts and other statistics in this Offering Circular relating to China, the PRC economy, and the selected PRC regional data have been derived from various official or other publications available in

China and may not be consistent with other information compiled within or outside of China. We cannot guarantee, however, the quality or reliability of such source materials. The materials have not been prepared or independently verified by us, the Joint Lead Managers or any of us or their affiliates or advisors (including legal advisors), or other participants in the offerings and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the facts, forecasts and statistics in this Offering Circular may be inaccurate or may not be comparable to facts, forecasts and statistics produced with respect to other economies. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as in other jurisdictions. Therefore, you should not unduly rely upon the facts, forecasts and statistics with respect to China, the PRC economy, and the selected PRC regional data contained in this Offering Circular.

RISKS RELATING TO THE BONDS AND THE GUARANTEES OF THE SECURITIES

The Issuer is currently a special purpose finance vehicle and payments with respect to the Securities are dependent upon cash flow from other members of our Group.

As at the date of this Offering Circular, the Issuer is a special purpose finance vehicle with no material operations. We conduct our operations primarily through our PRC and overseas subsidiaries, which will not provide guarantees for the Securities. The Issuer's primary assets are intergroup loans to non-PRC subsidiaries. Some of such non-PRC subsidiaries may not have material operations or assets. Accordingly, the Issuer's ability to pay principal and interest on the Distribution on the Securities will depend upon its receipt of principal and interest payments on the intergroup loans from such borrowing subsidiaries and the ability of the Company to honour its obligations under the Guarantees. The borrowing subsidiaries and the Company may not have material operations or assets, and therefore depend upon the receipt of sufficient funds from their subsidiaries or other members in our Group to meet their obligations.

The Issuer may undertake operating activities in the future that diminishes its ability to meet payment obligations under the Securities.

The Issuer currently does not have any operating activities. However, the Issuer may undertake operating activities in the future and there is no restriction under the Securities to prevent the Issuer from doing so. Engaging in operating activities may cause the Issuer to incur additional debt or other liabilities, including but not limited to accounts payables with trade creditors, wage payables, and taxes payables. Such debt or liability will rank at least *pari passu* with the Securities. As a result, the payment obligations under the Securities may be adversely affected in the situations described in "Risk Factors – Risks Relating to the Securities and the Guarantees – The Securities and the Guarantees are unsecured obligations".

In addition, operating activities may involve operating expenses and operating losses, some of which are unforeseen. Expenses and losses could affect the Issuer's financial position. If the Issuer experiences negative cash flow from operations over a prolonged period of time, or if the Issuer suffers unexpected cash outflows, the Issuer's liquidity and ability to fulfil the payment obligations under the Securities may be adversely affected.

The Company has its own operations and assets but also relies on dividend payments from its subsidiaries other than the Issuer.

The Company has its own operations and assets which generate income. However, its ability to make payments in respect of the Guarantees also depends to a large extent upon the receipt of dividends, distributions, interest or advances from its subsidiaries other than the Issuer, associated companies and jointly controlled entities. The ability of such subsidiaries, associated companies and jointly controlled entities to pay dividends and other amounts to the Company may be subject to their profitability and to applicable laws and restrictions on the payment of dividends and other amounts contained in financing or other agreements. For example, PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRSs. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. In addition, restrictive covenants in bank credit facilities or other agreements that the Company or its subsidiaries may enter into in the future may also restrict the ability of the subsidiaries to provide capital or declare dividends to the Company and its ability to receive distributions. Therefore, the Company's ability to satisfy its obligations under the Guarantees may be impacted.

The Securities do not contain restrictive operating covenants.

The Trust Deeds will contain various covenants intended to benefit the holders of the Senior Bonds or the holders of the Perpetual Securities, as the case may be, that limit the ability of the Issuer or the Company to, among other things, incur liens on Relevant Indebtedness (as defined in the “Terms and Conditions of the Senior Bonds” and the “Terms and Conditions of the Perpetual Securities”). The Trust Deeds, however, do not contain restrictions on the payment of dividends or making of other restricted payments. In addition, the Trust Deeds do not contain any other covenants or provisions designed to afford the holders of the Senior Bonds or the holders of the Perpetual Securities, as the case may be, protection in the event of a highly leveraged transaction involving the Issuer or the Company that could adversely affect such holders. Subject to the terms of the existing debt and credit facilities of the Issuer and the Company, the Issuer and the Company may incur substantial additional indebtedness in the future.

The Securities and the Guarantees are unsecured obligations.

The Securities and the Guarantees are unsecured obligations of the Issuer and the Company, respectively. The payment obligations under the Securities and the Guarantees may be adversely affected if:

- the Issuer or the Company enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer’s or the Company’s future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer’s or the Company’s indebtedness.

If any of these events were to occur, the Issuer’s or the Company’s assets may not be sufficient to pay amounts due on the Securities.

The Securities may not be a suitable investment for all investors.

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where the currency for principal or interest payments is different from the potential investor’s home currency;
- understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the

expertise (either alone or with a financial advisor) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Credit ratings may not reflect all risks.

The Senior Bonds are expected to be assigned a rating of "Baa2" by Moody's and "A-" by Fitch upon issuance. The Perpetual Securities are expected to be assigned a rating of "Baa3" by Moody's and "BBB" by Fitch upon issuance. Additionally, the Guarantor has been assigned a corporate credit rating of "Baa2" with stable outlook by Moody's, "BBB" with negative outlook by S&P and "A-" with stable outlook by Fitch. The sovereign rating of the PRC is "A1" with stable outlook by Moody's, "A+" with stable outlook by S&P and "A+" with stable outlook by Fitch. The ratings represent opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their respective obligations under the Securities and the Guarantees and credit risks in determining the likelihood that payments will be made when due under the Securities. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Any downgrading of the Guarantor's corporate ratings, or those of its subsidiaries, by rating agencies could adversely affect the Group's business and the Group's liquidity.

The Guarantor is rated "Baa2" with stable outlook by Moody's, "BBB" with negative outlook by S&P and "A-" with stable outlook by Fitch. The sovereign rating of the PRC is "A1" with stable outlook by Moody's, "A+" with stable outlook by S&P and "A+" with stable outlook by Fitch. Any adverse revision to the Guarantor's corporate ratings, or those of its subsidiaries, for domestic and international debt by rating agencies such as Fitch, S&P and Moody's may adversely affect the Group's business, its financial performance and the trading price of the Securities. Further, the Group's ability to obtain financing or to access to capital markets may also be limited, thereby lowering its liquidity. Further, the Group's ability to obtain financing or to access to capital markets may also be limited, thereby lowering its liquidity.

Change of law may affect the Conditions of the Securities.

The conditions of the Securities are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

The Issuer will follow the applicable corporate disclosure standards for debt securities listed on the SGX-ST, which standards may be different from those applicable to companies in certain other countries.

The Issuer will be subject to reporting obligations in respect of the Securities to be listed on the SGX-ST. The disclosure standards imposed by the SGX-ST may be different from those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Securities are accustomed to.

The Issuer or the Company may not be able to redeem the Senior Bonds upon the due date for redemption thereof.

Following the occurrence of a Change of Control (as defined in the "Terms and Conditions of the Senior Bonds"), the Issuer will be required to make an offer to repurchase all of the Senior Bonds at 101 per cent. of their principal amount, together with accrued and unpaid interest on the amount of Senior Bonds being repurchased to but excluding the date of repurchase. In addition, following the occurrence of a Non-Registration Event (as defined in the "Terms and Conditions of the Senior Bonds"), the Issuer shall mandatorily redeem all and not some only of the Senior Bonds at their principal amount, together with accrued interest to but excluding the date of redemption. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to repurchase or redeem the Senior Bonds in time, or on acceptable terms, or at all. There is also no assurance that the Company would have sufficient liquidity at such time to make the required repurchase or redemption of the Senior Bonds. The ability to repurchase or redeem the Senior Bonds in such event may also be limited by the terms of

other debt instruments. The Issuer's and the Company's failure to repay, repurchase or redeem tendered Senior Bonds could constitute an event of default under the Senior Bonds, which may also constitute a default under the terms of the Issuer's, the Company's or the Group's other indebtedness.

The Perpetual Securities are perpetual securities and investors have no right to require redemption.

The Perpetual Securities are perpetual and have no maturity date. The Issuer is under no obligation to redeem the Perpetual Securities at any time and the Perpetual Securities can only be disposed of by sale. Holders of Perpetual Securities who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Perpetual Securities.

Holders of Perpetual Securities may not receive Distribution payments if the Issuer elects to defer Distribution payments under the Terms and Conditions of the Perpetual Securities.

The Issuer may, at its sole discretion elect to defer any Distribution on the Perpetual Securities for any period of time. The Issuer is not subject to any limits as to the number of times Distributions can be deferred pursuant to the Terms and Conditions of the Perpetual Securities, notwithstanding any increase in the Distribution Rate which may be provided for under the Terms and Conditions of the Perpetual Securities. Although, following a deferral, Arrears of Distributions are cumulative, subject to the Terms and Conditions of the Perpetual Securities, the Issuer may defer their payment for an indefinite period of time by delivering the relevant deferral notices to the holders of Perpetual Securities. Any such deferral of Distribution shall not constitute a default for any purpose.

Any deferral of Distributions will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the Distribution deferral provision of the Perpetual Securities, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Group's financial condition.

The Perpetual Securities may be redeemed at the Issuer's option on certain dates on the First Call Date and on every Distribution Payment Date thereafter after the Issue Date or the occurrence of certain other events.

The Perpetual Securities are redeemable at the option of the Issuer on the First Call Date and on every Distribution Payment Date thereafter at their principal amount, together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount). In addition, the Issuer also has the right to redeem the Perpetual Securities for (i) certain changes affecting taxes of any Relevant Jurisdiction, (ii) an Accounting Event, (iii) a Change of Control Triggering Event, (iv) a Breach of Covenant Event, (v) a Relevant Indebtedness Default Event, or (vi) a Non-Registration Event. The Perpetual Securities may also be redeemed at the option of the Issuer if prior to the date fixed for redemption at least 90 per cent. in principal amount of the Perpetual Securities originally issued has been redeemed or purchased and cancelled. The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual holders of Perpetual Securities. This may be disadvantageous to the holders of Perpetual Securities in light of market conditions or the individual circumstances of the holders of Perpetual Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

There are limited remedies for non-payment under the Perpetual Securities.

Any scheduled Distribution will not be due if the Issuer elects to defer that Distribution pursuant to the Terms and Conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment has become due and the Issuer fails to make the payment when due. The only remedy against the Issuer available to any holder of Perpetual Securities for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be instituting winding-up proceedings and/or proving and/or claiming in winding-up proceedings in respect of any of the Issuer's payment obligations arising from the Perpetual Securities.

The Perpetual Securities confer holders of Perpetual Securities with limited rights upon the occurrence of a Step-Up Event.

The Perpetual Securities confer holders of Perpetual Securities with limited rights upon the occurrence of a Step-Up Event. The Issuer may, at any time, on giving irrevocable notice to the Trustee, the Principal Paying Agent and holders of Perpetual Securities, redeem in whole, but not in part, the Perpetual Securities if any of such events occurs. The Issuer is, however, not obliged to redeem the Perpetual Securities upon the occurrence of any of such events under the Perpetual Securities. If the Issuer elects not to redeem the Perpetual Securities upon the occurrence of such events, the Distribution Rate will increase by a certain percentage per annum pursuant to Condition 4(e) of the Terms and Conditions of the Perpetual Securities.

The Distribution Rate will be reset on the First Call Date and each Reset Date, which may affect the market value of the Perpetual Securities.

The Distribution Rate applicable to the Perpetual Securities will initially be 3.35 per cent. per annum from, and including, the Issue Date to, but excluding, the First Call Date. However, the Distribution Rate will be reset on the First Call Date and every Reset Date as described in Condition 4(b) of the Terms and Conditions of the Perpetual Securities such that the applicable reset Distribution Rate will be equal to the sum of (a) the initial spread of 3.194 per cent., (b) the Treasury Rate (as defined in the Terms and Conditions of the Perpetual Securities) and (c) a margin of 3.00 per cent. per annum. As a result, the applicable Distribution Rate following any Reset Date could be less than the Distribution Rate that applies immediately prior to such Reset Date, which could affect the amount of any Distribution payments under the Perpetual Securities and therefore the market value of an investment in the Perpetual Securities.

If the Company fails to complete the SAFE registration in connection with the Guarantees within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Guarantees.

Pursuant to the Deeds of Guarantee executed by the Company, the Company will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Securities and the Trust Deeds. The Company is required to submit the Deeds of Guarantee to the local SAFE for registration in accordance with the Cross-border Security Registration as soon as possible and in any event before the date 15 Registration Business Days (as defined in the “Terms and Conditions of the Senior Bonds” and “Terms and Conditions of the Perpetual Securities”) after the execution of the Guarantees. Although the non-registration does not render the Guarantees ineffective or invalid under PRC law, SAFE may impose penalties on the Company if registration is not carried out within the stipulated time frame. The Company intends to register the Deeds of Guarantee as soon as practicable and in any event on or prior to the Registration Deadline (being 120 Registration Business Days after the Issue Date). In addition, if the Company fails to complete the SAFE registration, there may be logistical hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Company under the Guarantees) as domestic banks may require evidence of SAFE registration in connection with the Deeds of Guarantee in order to effect such remittance, although this does not affect the validity of the Guarantees itself.

The PRC courts have limited experience with handling enforcement of a non PRC-law governed guarantee with respect to bonds issued by a subsidiary of an onshore entity.

The courts of Hong Kong are to have jurisdiction to settle any disputes that may arise out of or in connection with the Securities, the Deeds of Guarantee or the Trust Deeds. Notwithstanding the “Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned”, which provides that a final and conclusive money judgements given by a Hong Kong court may be recognised by a PRC court, the PRC courts have limited experience on handling enforcement of a non PRC-law governed guarantee with respect to bonds issued by a subsidiary of an onshore entity. As such, as at the date of this Offering Circular, it is uncertain on the outcome of an enforcement of a Hong Kong judgement against the Company in the PRC courts.

The insolvency laws of Hong Kong, the PRC and other local insolvency laws may differ from the laws of jurisdictions with which holders of the Securities are familiar.

The Issuer is incorporated under the laws of Hong Kong. Therefore, an insolvency proceeding relating to the Issuer would likely involve the insolvency laws of Hong Kong, which may have different procedural

and substantive provisions from the United States federal bankruptcy law. In addition, the Company is incorporated under the laws of the PRC. The insolvency laws of the PRC may also differ from the laws of other jurisdictions with which the holders of the Securities are familiar.

We conduct substantially all of our business operations through subsidiaries incorporated in the PRC or other local jurisdictions, including France, Australia, Switzerland and Italy. We are therefore subject to the bankruptcy and insolvency laws of the PRC and such other local jurisdictions in a bankruptcy or insolvency proceeding involving our PRC or other subsidiaries. The laws and regulations of the PRC and other local jurisdictions relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of jurisdictions with which the holders of the Securities are familiar. You should analyse the risks and uncertainties carefully before you invest in our Bonds.

If we are unable to comply with the restrictions and covenants in our debt agreements or the Trust Deeds, there could be a default under the terms of these agreements or the Trust Deeds, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants in the Trust Deeds, or our current or future debt and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, including the Trust Deeds, contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of debt, including the Securities, or result in a default under our other debt agreements, including the Trust Deeds. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favourable or acceptable to us.

A trading market for the Securities may not develop, and there are restrictions on resales of the Securities.

The Securities are a new issue of securities for which there is currently no trading market. Application will be made to the SGX-ST for the listing and quotation of the USD Bonds and the Perpetual Securities on the SGX-ST, and application will be made to the ISE for the listing of, and permission to deal in, the Euro Bonds. The Issuer cannot assure investors as to the liquidity of the Securities, that an active trading market will develop, or that the Issuer will be able to maintain a listing of the Securities on the SGX-ST or the ISE. If such a market were to develop, the Securities could trade at prices that may be higher or lower than the initial price depending on many factors, including prevailing interest rates, our operating and financial results and the market for similar securities. We have been advised that the Joint Lead Managers intend to make, or to continue to make, a market in the Securities, but none of the Joint Lead Managers is obligated to do so and may discontinue such market making activity at any time without notice. In addition, the Securities are being offered without registration under the Securities Act and, as a result, you will only be able to resell your Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See “Subscription and Sale”. We cannot predict whether an active trading market for the Securities will develop or be sustained.

The liquidity and price of the Securities following the offering may be volatile.

The price and trading volume of the Securities may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and proposals for new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies, government regulations and changes thereof applicable to our industry and general economic conditions nationally or internationally could cause the price of the Securities to change. Any such developments may result in large and sudden changes in the volume and price at which the Securities will trade. We cannot assure you that these developments will not occur in the future.

Developments in other markets may adversely affect the market price of the Securities.

The market price of the Securities may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Securities is, to varying degrees, influenced

by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including China. Since the subprime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Securities could be adversely affected.

The Securities will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Securities will initially only be issued in global form and held through Euroclear and Clearstream. Interests in the Securities represented by the Global Certificates will trade in book-entry form only, and Bonds in definitive registered form, or definitive registered Bonds, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book entry interests will not be considered owners or holders of the Securities. The nominee of the common depositary for Euroclear and Clearstream will be the sole registered holder of the Global Certificates representing the Securities. Payments of principal, interest, Distribution and other amounts owing on or in respect of the Global Certificates representing the Securities will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the Global Certificates representing the Securities and credited by such participants to indirect participants. After payment to the Paying Agent, we will have no responsibility or liability for the payment of interest, Distribution, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream or, if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of the holder of the Senior Bonds and the holder of the Perpetual Securities under the Trust Deeds.

Unlike the holders of the Securities themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from the holders of the Senior Bonds and the holders of Perpetual Securities. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis. Similarly, upon the occurrence of an Event of Default under the Trust Deeds, unless and until definitive registered Bonds are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Securities.

The Trustee may request holders of the Securities to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, including without limitation giving of notice to the Issuer pursuant to, in respect of the Senior Bonds, Condition 17 and taking enforcement steps pursuant to Condition 14 of the Terms and Conditions of the Senior Bonds, or in respect of the Perpetual Securities, Condition 16 and taking enforcement steps pursuant to Condition 13 of the Terms and Conditions of the Perpetual Securities, the Trustee may, at its sole discretion, request holders of the Senior Bonds or of the Perpetual Securities, as applicable, to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of holders of the Senior Bonds or of the Perpetual Securities, as applicable. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the relevant Trust Deeds or the Terms and Conditions of the Senior Bonds or the Terms and Conditions of the Perpetual Securities, or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Senior Bonds or of the Perpetual Securities, as applicable, to take such actions directly.

Decisions that may be made on behalf of all holders of the Securities may be adverse to the interests of individual holders of the Securities.

Each of the Terms and Conditions of the Senior Bonds and the Terms of Conditions of the Perpetual Securities contains provisions for calling meetings of holders of the Senior Bonds or of the Perpetual

Securities to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Senior Bonds or of the Perpetual Securities, as applicable, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of the Senior Bonds or of the Perpetual Securities, as applicable, may be adverse to the interests of the individuals.

Our financial statements are prepared according to PRC GAAP, which may differ significantly from IFRSs.

Our financial statements are prepared and presented in accordance with PRC GAAP, which differ in certain significant respects from IFRSs. We have not prepared a reconciliation of our consolidated financial information and our consolidated financial statements and related footnotes between PRC GAAP and other GAAPs or otherwise compared the PRC GAAP with the IFRSs and summarized any differences thereof. In making an investment decision, you must rely upon your own examination of us, the terms of the offering and our financial information. You should consult your own professional advisers for an understanding of the differences between PRC GAAP and any other GAAPs and how those differences might affect the financial information contained in this Offering Circular.

As a privately held company, public information about us is very limited.

Unlike publicly listed companies that have sufficient public disclosure for investors to fully understand their business, operation, prospects and risks, we are a privately held company with very limited public information. As a result, you could only rely on this Offering Circular to understand our business, operation, prospects and risks, which may not present a comprehensive picture of us.

Exchange rate risks, exchange controls and interest rate risks may result in a holder of Senior Bonds and a holder of Perpetual Securities receiving less on the Securities than expected.

The Issuer will pay principal, premium (if any) and interest or Distribution on the Senior Bonds and the Perpetual Securities in U.S. Dollars. This presents certain risks relating to currency conversions if a holder of the Senior Bonds' and a holder of the Perpetual Securities' financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than U.S. Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. Dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. Dollars would decrease (i) the Investor's Currency equivalent yield on the Securities; (ii) the Investor's Currency equivalent value of the principal payable on the Securities; and (iii) the Investor's Currency equivalent market value of the Securities.

Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, a holder of the Senior Bonds or a holder of the Perpetual Securities may receive less interest or Distribution or principal than expected, or no interest or Distribution or principal.

The Securities will carry a fixed interest rate. Consequently, the trading price of the Securities will vary with fluctuations in interest rates. If a holder of the Senior Bonds or a holder of the Perpetual Securities tries to sell any Bonds before their maturity, such holder may receive an offer that is less than the amount invested.

If the Issuer and the Guarantor are unable to comply with the restrictions and covenants in their respective debt agreements, there could be a default under the terms of these agreements, which could cause repayment of their respective debt to be accelerated.

If the Issuer and the Guarantor are unable to comply with their respective current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer and the Guarantor, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. From time to time we may need consents under these agreements for actions that we want to undertake. Although we believe that we have obtained all necessary consents, there is no assurance that the relevant lenders may take the same view. Furthermore,

some of the Issuer's or the Guarantor's debt agreements contain cross-acceleration or cross-default provisions. As a result, the Issuer's or the Guarantor's default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Securities, or result in a default under the Issuer's or the Guarantor's other debt agreements. If any of these events occur, the Issuer and the Guarantor cannot assure holders that their respective assets and cash flows would be sufficient to repay in full all of their respective indebtedness, or that the Issuer and the Guarantor would be able to find alternative financing. Even if they could obtain alternative financing, they cannot assure holders that it would be on terms that are favourable or acceptable to them.

TERMS AND CONDITIONS OF THE 2025 USD BONDS

The following, subject to modification and except for the paragraphs in italics, is the text of the Terms and Conditions of the 2025 USD Bonds.

The issue of the U.S.\$600,000,000 2.0 per cent. Guaranteed Bonds due 2025 (the “**Bonds**” which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 13 and consolidated and forming a single series therewith) was authorised by a resolution of the board of directors of CNAC (HK) Finbridge Company Limited (中國農化(香港)峰橋有限公司) (the “**Issuer**”) passed on 2 September 2020. The Bonds will be constituted by a Trust Deed (the “**Trust Deed**”) to be dated on or about 22 September 2020 between the Issuer, China National Chemical Corporation Limited (中國化工集團有限公司) (the “**Company**”) and The Hongkong and Shanghai Banking Corporation Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Bonds. The Bonds will have the benefit of a deed of guarantee (the “**Deed of Guarantee**”) to be dated on or about 22 September 2020 made by the Company in favour of the Trustee and will be the subject of an agency agreement (the “**Agency Agreement**”) to be dated on or about 22 September 2020 relating to the Bonds between the Issuer, the Company, the Trustee, The Hongkong and Shanghai Banking Corporation Limited as registrar (the “**Registrar**”), as transfer agent (the “**Transfer Agent**”) and as initial principal paying agent (the “**Principal Paying Agent**”), and any other agents named in it. References herein to “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time with respect to the Bonds. The Bondholders will be entitled to the benefit of, are bound by, and will be deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and of those provisions of the Agency Agreement applicable to them. Certain provisions of this Terms and Conditions of the Bonds are summaries of the Trust Deed, the Deed of Guarantee and the Agency Agreement and are subject to the more detailed provisions in the Trust Deed, the Deed of Guarantee and the Agency Agreement. Copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement will be available for inspection by Bondholders at all reasonable times during usual business hours with prior written notice at the registered office for the time being of the Trustee (presently at Level 24, HSBC Main Building, 1 Queen’s Road Central, Hong Kong) and at the specified office for the time being of the Principal Paying Agent.

All capitalised terms that are not defined in these terms and conditions (the “**Conditions**”) will have the meanings given to them in the Trust Deed.

1 Form, Specified Denomination and Title

The Bonds are issued in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

The Bonds are represented by registered certificates (“**Certificates**”) and each Certificate shall represent the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by transfer and registration in the Register as described in Condition 2. The holder of any Bond will (except as required by law) be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “**Bondholder**” or “**holder**” in relation to a Bond means the person in whose name a Bond is registered.

2 Transfers of Bonds

(a) Register

The Issuer will cause a register (the “**Register**”) to be kept at the specified office of the Registrar outside of the United Kingdom and in accordance with the terms of the Agency Agreement, on which shall be entered the names and addresses of the holders and the particulars of the Bonds held by them and of all transfers of the Bonds. Each holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(b) Transfer

Subject to the Agency Agreement and Conditions 2(e) and 2(f) herein, a Bond may be transferred by depositing the Certificate issued in respect of that Bond, with the form of transfer on the back of the Certificate duly completed and signed, at the specified office of the Registrar or any Transfer Agent.

(c) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within five business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify.

In this Condition 2(c), “**business day**” means a day, other than a Saturday, Sunday or public holiday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) Formalities Free of Charge

Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but (i) upon payment by the relevant holder of any and all tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require), and (ii) subject to Conditions 2(e) and 2(f).

(e) Closed Periods

No holder may require the transfer of a Bond to be registered during the period of (i) seven business days ending on (but excluding) the due date for any payment of principal in respect of that Bond, (ii) during the period of seven business days ending on (and including) any Record Date (as defined in Condition 7(a)), (iii) during the period of seven days prior to (and including) any date on which Bonds may be called for redemption by the Issuer pursuant to Conditions 6(b) or 6(c), or (iv) after any such Bond has been put for redemption pursuant to Condition 6(d).

(f) Regulations

All transfers of Bonds and entries on the register of holders will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any Bondholder who requests in writing a copy of such regulations.

3 Status and Guarantee of the Bonds

(a) Status

The Bonds constitute direct, unsecured, unconditional and unsubordinated obligations of the Issuer, except for such obligations as may be preferred by applicable provisions of law, and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and regulations, at all times rank at least equally with all its other present and future unsecured, unconditional and unsubordinated obligations.

(b) Guarantee

The Company has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Bonds and the Trust Deed. This guarantee (the “**Guarantee of the Bonds**”) constitutes direct, general and unconditional obligations of the Company which will at all times rank at least *pari passu* with all other present and future unsecured, unconditional and unsubordinated obligations of the Company, except for such obligations as may be preferred by applicable provisions of law.

*Upon issue, the Bonds will be evidenced by a global certificate (the “**Global Certificate**”) substantially in the form scheduled to the Trust Deed. The Global Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream, Luxembourg, and will be exchangeable for individual Bond Certificates only in the circumstances set out therein.*

4 Covenants

(a) Undertaking by the Issuer

The Issuer undertakes that so long as any Bond remains outstanding (as defined in the Trust Deed), save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders, it shall use all reasonable endeavours to maintain a rating on the Bonds by any one of the Rating Agencies.

(b) Undertakings in relation to the Guarantee of the Bonds

The Company undertakes that it will register or cause to be registered with the Beijing Branch of the State Administration of Foreign Exchange (the “**SAFE**”) the Deed of Guarantee in accordance with the Foreign Exchange Administration Rules on Cross-border Security (跨境擔保外匯管理規定) as soon as possible and in any event before the date 15 Registration Business Days after the execution of the Guarantee (the “**Cross-border Security Registration**”). The Company further undertakes that on the date the documents comprising the Release Condition (as defined below in Condition 6(e)) are delivered to the Trustee, it shall procure that copies of such documents are also delivered to each of the Rating Agencies that maintains a rating on the Bonds. In addition, the Company shall procure that within 10 calendar days after the documents comprising the Release Condition have been delivered to the Trustee, the Issuer releases a notice to the Bondholders confirming the completion of the Release Condition. The Trustee shall have no obligation to monitor or ensure the registration of the Deed of Guarantee with SAFE on or before the Registration Deadline and shall not be liable to Bondholders or any other person for not doing so.

(c) Negative Pledge

So long as any Bond remains outstanding, neither the Issuer nor the Company will, and the Company will ensure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge, encumbrance, other security interest or other arrangement with similar economic effect upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as shall be approved by an Extraordinary Resolution of the Bondholders.

(d) Financial Statements and Notices of Default

So long as any Bond remains outstanding (as defined in the Trust Deed), the Company shall send to the Trustee:

- (i) as soon as practicable after their date of publication and in any event not more than 135 calendar days after the end of each Relevant Period, two copies of the Company Audited Financial Reports (audited by an internationally or nationally recognised firm of independent accountants) prepared and presented in accordance with accounting principles generally accepted in, and pursuant to the relevant laws of, the PRC, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) an internationally or nationally recognised firm of independent accountants or (B) a professional translation service provider and checked by an internationally or nationally recognised firm of independent accountants, together with a certificate signed by a director or duly authorised officer of the Company certifying that such translation is complete and accurate; and
- (ii) as soon as practicable after their date of publication and in any event not more than 90 calendar days after the end of each Relevant Period, two copies of the Company Unaudited Financial Reports prepared on a basis consistent with Company Audited Financial Reports, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) an internationally or nationally recognised firm of independent accountants or (B) a professional translation service provider and checked by an internationally or nationally recognised firm of independent accountants together with a certificate signed by a director or duly authorised officer of the Company certifying that such translation is complete and accurate;

provided that, if at any time the Capital Stock of the Company is listed for trading on a recognised stock exchange, the Company may make available to the Trustee, as soon as they are available but in any event not more than 10 calendar days after any financial or other reports of the Company are filed with any recognised exchange on which the Company's Capital Stock is at any time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the reports identified in clauses (i) and (ii) above, if such financial or other report is in the English language.

So long as any of the Bonds remain outstanding, the Company will file with the Trustee, as soon as possible and in any event within 10 calendar days after the Company becomes aware of the occurrence thereof, written notice of the occurrence of any event or condition which constitutes, or which, after notice or lapse of time or both, would become, an Event of Default and a director's certificate of the Company setting forth the details thereof and the action the Company is taking or proposes to take with respect thereto.

So long as the Issuer engages in or undertakes any activity other than to finance the business operations of the Company or one or more companies controlled by the Company through the offering, sale or issuance of securities and borrowings of indebtedness and investing in or lending the proceeds thereof to the Company or a company controlled by the Company, and any other activities in connection therewith (the "**Issuer's Other Activity**"), the Issuer shall send to the Trustee, as soon as practicable after their date of publication and in any event not more than 135 calendar days after the end of each Relevant Period or not more than 30 calendar days after the Issuer first engages in or undertakes any Issuer's Other Activity, two copies of the Issuer Audited Financial Reports (audited by an internationally or regionally recognised firm of independent accountants) prepared and presented in accordance with accounting principles generally accepted in, and pursuant to the relevant laws of, Hong Kong, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) an internationally or regionally recognised firm of independent accountants or (B) a professional translation service provider and checked by an internationally or regionally recognised firm of independent accountants, together with a certificate signed by a director or duly authorised officer of the Issuer certifying that such translation is complete and accurate;

provided that, if at any time the Capital Stock of the Issuer is listed for trading on a recognised stock exchange, the Issuer may make available to the Trustee, as soon as they are available but in any event not more than 10 calendar days after any financial or other reports of the Issuer are filed with any recognised exchange on which the Issuer's Capital Stock is at any time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the reports identified in the paragraph above, if such financial or other report is in the English language.

(e) NDRC Registration

- (i) The Company undertakes to file or cause to be filed with the NDRC the requisite information and documents within the timeframe prescribed by the NDRC after the Issue Date (as defined under Condition 5) in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC and which came into effect on 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”).
- (ii) The Company shall within 15 Registration Business Days after submission of the NDRC Post-issue Filing, provide the Trustee with a certificate in English signed by an Authorised Signatory of the Company confirming the submission of the NDRC Post-issue Filing and having attached to it documents evidencing submission of the NDRC Post-issue Filing.
- (iii) The Trustee shall have no obligation or duty to monitor or ensure the completion of the NDRC Post-issue Filing within the timeframe referred to above or to verify the accuracy, validity and/or genuineness of any certificate, confirmation or other documents in relation to or in connection with the NDRC Post-issue Filing or to give notice to the Bondholders confirming the completion of the NDRC Post-Issue Filing, and shall not be liable to any Bondholder or any other person for not doing so.

In this Condition 4:

“**Capital Stock**” means any and all shares, interests (including joint venture interests), participations or other equivalents (however designated) of capital stock of a corporation or any and all equivalent ownership interests in a Person (other than a corporation).

“**Company Audited Financial Reports**” means the annual audited consolidated statement of financial position, statement of profit or loss, statement of cash flows and statements of changes in owners' equity of the Company and its Subsidiaries together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them.

“**Company Unaudited Financial Reports**” means the semi-annual unaudited and unreviewed consolidated statement of financial position, statement of profit or loss, statement of cash flows and statements of changes in owners' equity of the Company and its Subsidiaries together with any statements, reports (including any directors' and auditors' review reports) and the notes attached to or intended to be read with any of them, if any.

“**Event of Default**” has the meaning ascribed to it in Condition 9.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People's Republic of China.

“**Indebtedness**” of any Person means, at any date, without duplication, (i) any outstanding indebtedness for or in respect of money borrowed (including bonds, debentures, notes or other similar instruments, whether or not listed) that is evidenced by any agreement or instrument, excluding trade payables, (ii) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, and (iii) all Indebtedness of others guaranteed by such Person.

“Issuer Audited Financial Reports” means the annual audited consolidated statement of financial position, statement of profit or loss, statement of cash flows and statements of changes in owners’ equity of the Issuer and its Subsidiaries, if any, together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them.

“NDRC” means the National Development and Reform Commission of the PRC or its local counterparts.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, government or any agency or political subdivision thereof or any other entity.

“PRC” means the People’s Republic of China, which shall for the purposes of these Conditions, exclude Hong Kong, Macau and Taiwan.

“Rating Agencies” means (i) Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors (**“S&P”**); (ii) Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors (**“Moody’s”**); (iii) Fitch Inc., a subsidiary of Fimalac, S.A., and its successors (**“Fitch”**); and (iv) if one or more of S&P, Moody’s or Fitch shall not make a rating of the Bonds publicly available, any United States nationally recognised securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P, Moody’s or Fitch or any combination thereof, as the case may be.

“Relevant Indebtedness” of any Person means, at any date, Indebtedness incurred or issued outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market without regard, however, to whether such securities are sold through public offering or private placements (which for the avoidance of doubt shall not include any indebtedness under any transferable loan facilities or agreements (including any drawing down of any existing credit line or facility of the Issuer, the Company or any of the Company’s Subsidiaries)).

“Relevant Period” means (a) in relation to the Company Audited Financial Reports, each period of twelve months ending on the last day of the Company’s financial year (being 31 December of that financial year) and (b) in relation to the Company Unaudited Financial Reports, each period of six months ending on the last day of the Company’s respective first half financial year (being 30 June of that financial year).

“Subsidiary” of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

5 Interest

The Bonds bear interest on their outstanding principal amount from and including 22 September 2020 at the rate of 2.0 per cent. per annum, payable semi-annually in arrear in equal instalments on 22 March and 22 September in each year (each an **“Interest Payment Date”**) commencing on 22 March 2021. The amount of interest payable on each Interest Payment Date shall be U.S.\$10 per Calculation Amount (as defined below). Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgement) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day falling seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period, it will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and in the case of an incomplete month, the number of days elapsed.

Interest in respect of any Bond shall be calculated per U.S.\$1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

In this Condition 5:

“**Interest Period**” means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (and excluding) the next Interest Payment Date.

“**Issue Date**” means the initial issuance date of the Bonds.

6 **Redemption and Purchase**

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 22 September 2025 (the “**Maturity Date**”). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition.

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice in writing to the Bondholders, the Trustee and the Agents (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will on the next Interest Payment Date become obliged to pay Additional Tax Amounts as provided in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in an existing official position regarding the application or interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction) or the statement of a new official position with respect to such laws or regulations by a competent taxing authority, which change or amendment becomes effective, or in the case of a statement of an official position, is announced, on or after 14 September 2020, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the giving of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee (x) a certificate signed by any one Director of the Issuer stating that the obligation referred to in Condition 6(b)(i) above cannot be avoided by the Issuer taking reasonable measures available to it, and (y) an opinion of counsel of recognised standing with respect to tax matters of the relevant jurisdiction, stating that the requirement to pay such Additional Tax Amounts results from a change, amendment or the stating of a new official position referred to in Condition 6(b)(i) above. The Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in Condition 6(b)(ii) above, in which event it shall be conclusive and binding on the Bondholders.

(c) Redemption at the Option of the Issuer

At any time, on giving not less than 30 nor more than 60 days’ notice (an “**Optional Redemption Notice**”) to the Trustee and the Bondholders in accordance with Condition 17, the Issuer may at any time redeem the Bonds, in whole but not in part, at the Make Whole Price of, and accrued and unpaid interest, if any, to (but excluding), the redemption date (the “**Optional Redemption Date**”) specified in the Option Redemption Notice.

In this Condition 6(c):

“Comparable Treasury Issue” means the U.S. Treasury security having a maturity comparable to the Maturity Date, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Maturity Date.

“Comparable Treasury Price” means, with respect to any Optional Redemption Date:

- (i) the average of the Reference Treasury Dealer Quotations for such Optional Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations; or
- (ii) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations.

“Make Whole Price” means, with respect to a Bond at the Optional Redemption Date, the amount calculated by the Quotation Agent to be the greater of (1) the present value of the principal amount of the Bonds, assuming a scheduled repayment thereof on the Maturity Date plus all required remaining scheduled interest payments due on such Bond through the Maturity Date (but excluding accrued and unpaid interest to the Optional Redemption Date), computed using a discount rate equals to the Treasury Rate plus 30 basis points, and (2) the principal amount of such Bonds.

“Quotation Agent” means the Reference Treasury Dealer selected by the Issuer and notified in writing to the Trustee.

“Reference Treasury Dealer” means each of any three investment banks of recognised standing that is a primary U.S. Government securities dealer in New York City, selected by the Issuer in good faith and notified in writing to the Trustee.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Optional Redemption Date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Quotation Agent by such Reference Treasury Dealer at 5:00 p.m. (New York time) on the third business day preceding such Optional Redemption Date.

“Treasury Rate” means, with respect to any Optional Redemption Date, the rate per annum equal to: (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities”, for the maturity corresponding to the applicable Comparable Treasury Issue; *provided* that, if no maturity is within three months before or after the remaining life of the Bonds to be redeemed, yields for the two published maturities most closely corresponding to the applicable Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month; or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the applicable Comparable Treasury Issue, calculated using a price for the applicable Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the related Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated on the third business day preceding the redemption date.

(d) Repurchase upon a Change of Control

Upon a Change of Control (as defined below), the Issuer will be required to make an offer to repurchase all of the Bonds at a price in cash equal to 101 per cent. of the principal amount of the Bonds to be repurchased, plus accrued and unpaid interest on the principal amount of Bonds being repurchased to but excluding the date of repurchase (a “**Change of Control Offer**”).

Within 14 calendar days following any Change of Control, the Issuer will be required to give written notice to holders describing the transaction or transactions that constitute the Change of Control and offering to repurchase all of the Bonds on the date specified in the notice, which date will be no earlier than 30 calendar days and no later than 60 calendar days from the date such notice is given.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes such an offer substantially in the manner, at the times and in compliance with the requirements for a Change of Control Offer (and for at least the same purchase price payable in cash) and such third party purchases all Bonds properly tendered and not withdrawn under its offer.

A holder of Bonds will have no right to require the Issuer to repurchase portions of Bonds if it would result in the issuance of new Bonds, representing the portion not repurchased, in an amount of less than U.S.\$200,000.

The Issuer will comply, to the extent applicable, with the requirements of applicable securities laws or regulations in connection with the repurchase of Bonds pursuant to this covenant.

In this Condition 6(d):

“**Change of Control**” means the occurrence, at any time, of any of the following:

- (i) the Company or any other person or persons acting together whom the Company consolidates with or merges into that is/are Controlled by PRC Government Persons (as defined below) ceasing to own and control directly or indirectly 100 per cent. of the Voting Shares of the Issuer;
- (ii) (x) the State Administration of State-owned Assets Commission (“**SASAC**”) and (y) any other person directly Controlled by the central government of the PRC (such person and the SASAC, “**PRC Government Persons**”), together cease to directly or indirectly own or control at least 50.1 per cent. of the Voting Shares of the Company;
- (iii) the Company consolidates with or merges into any other person or persons acting together, unless such person(s) is/are Controlled by PRC Government Persons; or
- (iv) the Company sells or transfers all or substantially all of its assets to any other person or persons acting together, unless (x) such person(s) is/are Controlled by PRC Government Persons and (y) (a) such sale or transfer is on an arm’s length basis or (b) such person(s) expressly assume/assumes all the obligations of the Company under the Bonds, the Deed of Guarantee, the Trust Deed and the Agency Agreement.

“**Control**” means (i) the ownership or control of more than 50 per cent. of the Voting Rights of the issued share capital of a person or (ii) the nomination or designation of no less than 50 per cent. of the members then in office of a person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise.

“**Voting Shares**” means, with respect to any Person, the Capital Stock having the general voting power under ordinary circumstances to vote on the election of the members of the board of directors or other governing body of such Person (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

(e) Mandatory Redemption for Non-Registration

Upon the occurrence of a Non-Registration Event, the Issuer shall redeem on the Non-Registration Event Redemption Date all, and not some only, of the Bonds at 100 per cent. of their principal amount together with accrued and unpaid interest up to, but excluding, the Non-Registration Event Redemption Date.

In this Condition 6(e):

A “**Non-Registration Event**” occurs when the Release Condition has not been satisfied on the Registration Deadline;

“**Non-Registration Event Redemption Date**” means five business days after the Registration Deadline;

“**Registration Business Day**” means a day, other than a Saturday, Sunday or a public holiday, on which the SAFE branch in Beijing is open for business;

“**Registration Deadline**” means the day falling 120 Registration Business Days after the Issue Date; and

“**Release Condition**” means the receipt by the Trustee of:

- (i) a certificate in substantially the form set out in the Trust Deed of a director or duly authorised officer of the Company confirming (A) the completion of the Cross-border Security Registration and (B) no Event of Default has occurred; and
- (ii) a certified true copy of the relevant SAFE registration certificate and the particulars of registration.

(f) Purchase

The Company, the Issuer and the Company’s Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Company, the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) and 14.

(g) Cancellation

All Certificates representing Bonds purchased by or on behalf of the Issuer shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

(h) Calculations

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption, including without limitation the Make Whole Price, and shall not be liable to the Bondholders or any other person for not doing so.

7 Payments

(a) Method of Payment

- (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Paying Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii).

- (ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the fifth business day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall be made in U.S. dollars by transfer to an account in U.S. dollars maintained by the payee with a bank. In this Condition 7(a)(ii), “**business day**” means a day, other than a Saturday, a Sunday or a public holiday, on which the Registrar is open for business in the place of its specified office.

*Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the Holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

- (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

(b) Payments subject to Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) Payment Initiation

Where payment is to be made by transfer to an account in U.S. dollars, payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date or, if that is not a Payment Business Day, on the first following day which is a Payment Business Day or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Paying Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) Agents

The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, *provided that* the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar and (iii) a Transfer Agent.

Notice of any such termination or appointment or any change of any specified office shall promptly be given by the Issuer to the Bondholders.

So long as the Bonds are listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Bonds may be presented or surrendered for payment or redemption, in the event that the Global Certificate (as defined below) representing such series of Bonds is exchanged for definitive certificates. In addition, an announcement of such exchange will be made through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive certificates or, as the case may be, certificates including details of the paying agent in Singapore.

(e) Delay in Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(f) Non-Payment Business Days

If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment.

In this Condition 7, (i) **“Payment Business Day”** means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Principal Paying Agent is located and where payment is to be made by transfer to an account maintained with a bank in U.S. dollars, the place on which foreign exchange transactions may be carried on in U.S. dollars in the principal financial centre of the country of such currency.

8 Taxation

All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or any jurisdiction through which payments are made or any political subdivision or authority therein or thereof having power to tax (the **“Relevant Taxing Jurisdiction”**), unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer by or within the PRC up to the rate applicable on 14 September 2020 to payment from PRC resident enterprises to non-PRC enterprises (the **“Applicable Rate”**), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

In the event that any such PRC deduction or withholding in excess of the Applicable Rate or Hong Kong deduction or withholding is required, the Issuer shall pay such additional amounts (**“Additional Tax Amounts”**) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts or additional amounts payable pursuant to the preceding paragraph (collectively, the **“Additional Amounts”**) shall be payable in respect of any Bond:

- (a) held by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of its or its beneficial owner having some connection with the Relevant Taxing Jurisdiction other than the mere holding of the Bond; or
- (b) in respect of which the Certificate representing it is presented (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

References in these Conditions to principal, premium and interest shall be deemed also to refer to any Additional Amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

“Relevant Date” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with the Conditions, such payment will be made, *provided that* payment is in fact made upon such surrender.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Company, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

9 Events of Default

If an Event of Default (as defined below) occurs, the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution, shall (*provided* that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable. Upon any such notice being given to the Issuer, the Bonds shall immediately become due and payable at their principal amount together (if applicable) with accrued and unpaid interest. An “**Event of Default**” occurs if:

- (a) **Non-Payment:** there has been a failure to pay the principal of or interest on any of the Bonds when due and, in the case of interest, such failure continues for a period of seven days; or
- (b) **Breach of Other Obligations:** the Issuer or the Company defaults in the performance or observance of any of its other obligations under or in respect of the Bonds or the Trust Deed or the Deed of Guarantee or the Agency Agreement and such default (i) is incapable of remedy or, (ii) being a default which is capable of remedy, remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer or the Company, as the case may be; or
- (c) Cross-Default:
 - (i) any Indebtedness of the Issuer, the Company or any of the Company’s Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described); or
 - (iii) the Issuer, the Company or any of the Company’s Subsidiaries fails to pay when due any amount payable by it under any guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds U.S.\$100,000,000 (or its equivalent in any other currency or currencies); or
- (d) **Unsatisfied judgement:** one or more judgement(s) or order(s) for the payment of an aggregate amount in excess of U.S.\$80,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer, the Company or the Company’s Subsidiaries and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) **Security Enforced:** an encumbrancer takes possession or an administrative or other receiver or an administrator or other similar officer is appointed of the whole or any material part of the property, assets or revenues of the Issuer, the Company or any of the Company’s Material Subsidiary and such appointment is not discharged within 45 days; or
- (f) **Insolvency:** the Issuer or the Company or any of the Company’s Material Subsidiary is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer, the Company or any of the Company’s Material Subsidiary; or

- (g) **Winding-up:** an order of any court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer or the Company or any of the Company's Material Subsidiaries, or the Issuer or the Company or any of the Company's Material Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of any of the Company's Material Subsidiaries (other than the Issuer), whereby the undertaking and assets of the Company's Material Subsidiary are transferred to or otherwise vested in the Issuer or the Company (as the case may be) or another of the Company's Subsidiaries; or
- (h) **Nationalisation:** any step is taken by any person with a view to the seizure, compulsory acquisition or expropriation of the assets of the Issuer, the Company or any of the Company's Material Subsidiary; *provided that* the value of the assets subject to the seizure, compulsory acquisition or expropriation, individually or in the aggregate, exceeds 50 per cent. of the Company's consolidated total assets; or
- (i) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Company lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Trust Deed, the Deed of Guarantee and the Agency Agreement (other than with regard to the performance of and compliance with the obligations thereunder), (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Trust Deed, the Deed of Guarantee and the Agency Agreement admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (j) **Illegality:** it is or will become unlawful for the Issuer or the Company to perform or comply with any one or more of their respective obligations under any of the Bonds, the Trust Deed, the Deed of Guarantee or the Agency Agreement; or
- (k) **Guarantee:** the Guarantee of the Bonds is not (or is claimed by the Company not to be) enforceable, valid or in full force and effect; or
- (l) **Analogous Events:** any event occurs which under the laws of Hong Kong or the PRC has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(k) (both inclusive).

In this Condition 9,

"Material Subsidiary" means any Subsidiary of the Company

- (i) as to which one or more of the following conditions is/are satisfied:
 - (a) its revenue or (in the case of one of the Company's Subsidiaries which has one or more Subsidiaries) consolidated revenue attributable to the Company is at least 5 per cent. of the Company's consolidated revenue;
 - (b) its net profit or (in the case of one of the Company's Subsidiaries which has one or more Subsidiaries) consolidated net profit attributable to the Company (in each case before taxation and exceptional items) is at least 5 per cent. of the Company's consolidated net profit (before taxation and exceptional items); or
 - (c) its net assets or (in the case of one of the Company's Subsidiaries which has one or more Subsidiaries) consolidated net assets attributable to the Company (in each case after deducting minority interests in Subsidiaries) are at least 5 per cent. of the Company's consolidated net assets (after deducting minority interests in Subsidiaries);

all as calculated by reference to the then latest available financial statements (consolidated or, as the case may be, unconsolidated) of the Company's Subsidiary and the Company's then latest consolidated financial statements, *provided* that: (1) in the case of a Subsidiary of the Company acquired after the end of the fiscal year to which the then latest relevant available financial statements relate, the reference to the then latest available financial statements for the purposes of the calculation above shall, until financial statements for the fiscal period in which the acquisition is made become available, be deemed to be a reference to the financial statements adjusted to consolidate the latest available financial statements of such Subsidiary in the financial statements; (2) if, in the case of a Subsidiary of the Company which itself has one or more Subsidiaries, no consolidated financial statements are prepared, its consolidated revenue, consolidated net profits and consolidated net assets shall be determined on the basis of *pro forma* consolidated financial statements of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by its auditors; or (3) if the financial statements of a Subsidiary of the Company (not being a Subsidiary referred to in (1) above) are not consolidated with those of the Company then the determination of whether or not the Subsidiary is a Material Subsidiary shall, if the Company requires, be based on a *pro forma* consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements of the Company and its Subsidiaries; or

- (ii) to which is transferred all or substantially all of the assets of the Company's Subsidiary which immediately prior to the transfer was a Material Subsidiary, *provided* that, with effect from such transfer, the Subsidiary which so transfers its assets and undertakings shall cease to be a Material Subsidiary (but without prejudice to paragraph (i) above) and the Company's Subsidiary to which the assets are so transferred shall become a Material Subsidiary.

A certificate signed by any director of the Company confirming that a Subsidiary is or is not, or was or was not, a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

The Trustee shall not be obliged to take any steps to ascertain whether an Event of Default has occurred or to monitor the occurrence and continuance of any Event of Default under this Condition 9, and shall not be liable to any Bondholder or any other person for not doing so.

10 Prescription

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal or premium) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 Meetings of Bondholders, Modification and Waiver

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Deed of Guarantee or the Agency Agreement. Such a meeting may be convened by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two

or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution or (v) to modify, release or terminate the Deed of Guarantee, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by the holders of not less than 90 per cent. in aggregate principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by one or more Bondholders.

(b) *Modification of the Conditions, the Trust Deed, the Agency Agreement and the Deed of Guarantee*

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is, in its opinion, of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer, failing whom, the Company, to the Bondholders as soon as practicable. The Issuer shall notify as soon as possible the Rating Agencies that maintain a rating on the Bonds of any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee.

(c) *Entitlement of the Trustee*

In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders, and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

(d) *Directions from Bondholders*

Notwithstanding anything to the contrary in these Conditions or the Trust Deed, whenever the Trustee is required or entitled by the terms of these Conditions, the Trust Deed or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Bondholders by way of an Extraordinary Resolution and shall have been indemnified and/or secured and/or prefunded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions.

13 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the existing Bonds in all respects (or in all respects except for the first payment of interest on them and the timing for complying with the requirements set out in these Conditions in relation to the NDRC Post-issue Filings) and so that such further issue shall be consolidated and form a single series with the existing Bonds; *provided* that (i) the Company shall undertake to comply with Condition 4 with respect to such new bonds and “Issue Date” as used therein and in Condition 6(e) shall be deemed to mean the initial issue date of such new bonds and (ii) either (a) the Deed of Guarantee with respect to the existing Bonds may be amended without consent from any Bondholders to reflect the issuance of such new bonds or (b) the Company may enter into a new deed of guarantee with respect to such new bonds in favour of the Trustee having the same terms and conditions as the Deed of Guarantee with respect to the existing bonds; *provided further* that for such new bonds to be consolidated to form a single series with the existing Bonds prior to the completion of the Cross-border Security Registration of the existing Bonds, the Deed of Guarantee with respect to the existing Bonds shall be amended or restated to reflect the issuance of such new bonds, and the term “Registration Deadline” under Condition 6(e) with respect to such new bonds shall mean the day falling 120 Registration Business Days after the issue date of the existing Bonds.

References in these Conditions to the existing Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 13. However, such further securities may only be issued if (i) the Rating Agencies that maintain a rating on the Bonds have been informed of such issue; (ii) such issue will not result in any change in the then credit rating of the Bonds; and (iii) such supplement documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed.

14 Enforcement

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such steps, actions or proceedings against the Issuer or the Company as it may think fit to enforce the terms of the Trust Deed, the Deed of Guarantee, the Agency Agreement and the Bonds, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in principal amount of the Bonds outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer or the Company unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Company and any entity related (directly or indirectly) to the Issuer without accounting for any profit.

The Trustee may rely without liability to Bondholders on a report, confirmation or certificate or any advice of any lawyers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Company, the Trustee and the Bondholders.

16 Currency Indemnity

U.S. dollar is the sole currency of account and payment for all sums payable by the Issuer and the Company under or in connection with the Bonds, including damages. Any amount received or recovered in a currency other than U.S. dollar (whether as a result of, or of the enforcement of, a judgement or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or the Company or otherwise) by any Bondholder in respect of any sum expressed to be due

to it from the Issuer or the Company shall only constitute a discharge to the Issuer or the Company, as applicable, to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Bond, the Issuer and the Company shall indemnify it against any loss sustained by it as a result. In any event, the Issuer and the Company shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Bondholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and the Company's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Bondholder and shall continue in full force and effect despite any other judgement, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or any other judgement or order.

17 Notices

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of the Bonds shall also be published in a daily newspaper of general circulation in Asia (which is expected to be the Asian Wall Street Journal). If the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper of general circulation in Asia, as approved by the Trustee. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

Until such time as any definitive certificates are issued and so long as the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream, any notice to the Bondholders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

18 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999, but this shall not affect any right or remedy which exists or is available apart from such Act.

19 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Bonds, the Deed of Guarantee and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with any Bonds ("**Proceedings**") may be brought in such courts. Pursuant to the Trust Deed, each of the Issuer and the Company has irrevocably submitted to the jurisdiction of such courts.

(c) Agent for Service of Process

Pursuant to the Trust Deed, the Company has irrevocably appointed the Issuer to receive service of process in any Proceedings in Hong Kong based on any of the Bonds.

(d) *Waiver of Immunity*

To the extent that each of the Issuer and the Company may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgement or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), each of the Issuer and the Company agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

TERMS AND CONDITIONS OF THE 2030 USD BONDS

The following, subject to modification and except for the paragraphs in italics, is the text of the Terms and Conditions of the 2030 USD Bonds.

The terms and conditions of the 2030 USD Bonds will be identical to those under “Terms and Conditions of the 2025 USD Bonds” except as set out below. References to “Bonds” shall be construed as references to the 2030 USD Bonds.

1. The principal amount of the 2030 USD Bonds shall be U.S.\$1,000,000,000.
2. The rate of interest of the 2030 USD Bonds shall be 3.0 per cent. per annum.
3. The Maturity Date shall be 22 September 2030.
4. The amount of interest payable on each Interest Payment Date shall be U.S.\$15 per Calculation Amount.
5. The definition of “Make Whole Price” shall be deleted in its entirety and replaced with the following:

“Make Whole Price” means, with respect to a Bond at the Optional Redemption Date, the amount calculated by the Quotation Agent to be the greater of (1) the present value of the principal amount of the Bonds, assuming a scheduled repayment thereof on the Maturity Date plus all required remaining scheduled interest payments due on such Bond through the Maturity Date (but excluding accrued and unpaid interest to the Optional Redemption Date), computed using a discount rate equals to the Treasury Rate plus 40 basis points, and (2) the principal amount of such Bonds.

TERMS AND CONDITIONS OF THE 2050 USD BONDS

The following, subject to modification and except for the paragraphs in italics, is the text of the Terms and Conditions of the 2050 USD Bonds.

The terms and conditions of the 2050 USD Bonds will be identical to those under “Terms and Conditions of the 2025 USD Bonds” except as set out below. References to “Bonds” shall be construed as references to the 2050 USD Bonds.

1. The principal amount of the 2050 USD Bonds shall be U.S.\$200,000,000.
2. The rate of interest of the 2050 USD Bonds shall be 3.7 per cent. per annum.
3. The Maturity Date shall be 22 September 2050.
4. The amount of interest payable on each Interest Payment Date shall be U.S.\$18.5 per Calculation Amount.
5. The definition of “Make Whole Price” shall be deleted in its entirety and replaced with the following:

“Make Whole Price” means, with respect to a Bond at the Optional Redemption Date, the amount calculated by the Quotation Agent to be the greater of (1) the present value of the principal amount of the Bonds, assuming a scheduled repayment thereof on the Maturity Date plus all required remaining scheduled interest payments due on such Bond through the Maturity Date (but excluding accrued and unpaid interest to the Optional Redemption Date), computed using a discount rate equals to the Treasury Rate plus 35 basis points, and (2) the principal amount of such Bonds.

TERMS AND CONDITIONS OF THE EURO BONDS

The following, subject to modification and except for the paragraphs in italics, is the text of the Terms and Conditions of the Euro Bonds.

The issue of the €500,000,000 1.125 per cent. Guaranteed Bonds due 2024 (the “**Bonds**” which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 13 and consolidated and forming a single series therewith) was authorised by a resolution of the board of directors of CNAC (HK) Finbridge Company Limited (中國農化(香港)峰橋有限公司) (the “**Issuer**”) passed on 2 September 2020. The Bonds will be constituted by a Trust Deed (the “**Trust Deed**”) to be dated on or about 22 September 2020 between the Issuer, China National Chemical Corporation Limited (中國化工集團有限公司) (the “**Company**”) and The Hongkong and Shanghai Banking Corporation Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Bonds. The Bonds will have the benefit of a deed of guarantee (the “**Deed of Guarantee**”) to be dated on or about 22 September 2020 made by the Company in favour of the Trustee and will be the subject of an agency agreement (the “**Agency Agreement**”) to be dated on or about 22 September 2020 relating to the Bonds between the Issuer, the Company, the Trustee, The Hongkong and Shanghai Banking Corporation Limited as registrar (the “**Registrar**”), as transfer agent (the “**Transfer Agent**”) and as initial principal paying agent (the “**Principal Paying Agent**”), and any other agents named in it. References herein to “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time with respect to the Bonds. The Bondholders will be entitled to the benefit of, are bound by, and will be deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and of those provisions of the Agency Agreement applicable to them. Certain provisions of this Terms and Conditions of the Bonds are summaries of the Trust Deed, the Deed of Guarantee and the Agency Agreement and are subject to the more detailed provisions in the Trust Deed, the Deed of Guarantee and the Agency Agreement. Copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement will be available for inspection by Bondholders at all reasonable times during usual business hours with prior written notice at the registered office for the time being of the Trustee (presently at Level 24, HSBC Main Building, 1 Queen’s Road Central, Hong Kong) and at the specified office for the time being of the Principal Paying Agent.

All capitalised terms that are not defined in these terms and conditions (the “**Conditions**”) will have the meanings given to them in the Trust Deed.

1 Form, Specified Denomination and Title

The Bonds are issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof.

The Bonds are represented by registered certificates (“**Certificates**”) and each Certificate shall represent the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by transfer and registration in the Register as described in Condition 2. The holder of any Bond will (except as required by law) be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “**Bondholder**” or “**holder**” in relation to a Bond means the person in whose name a Bond is registered.

2 Transfers of Bonds

(a) Register

The Issuer will cause a register (the “**Register**”) to be kept at the specified office of the Registrar outside of the United Kingdom and in accordance with the terms of the Agency Agreement, on which shall be entered the names and addresses of the holders and the particulars of the Bonds held by them and of all transfers of the Bonds. Each holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(b) Transfer

Subject to the Agency Agreement and Conditions 2(e) and 2(f) herein, a Bond may be transferred by depositing the Certificate issued in respect of that Bond, with the form of transfer on the back of the Certificate duly completed and signed, at the specified office of the Registrar or any Transfer Agent.

(c) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within five business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify.

In this Condition 2(c), “**business day**” means a day, other than a Saturday, Sunday or public holiday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) Formalities Free of Charge

Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but (i) upon payment by the relevant holder of any and all tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require), and (ii) subject to Conditions 2(e) and 2(f).

(e) Closed Periods

No holder may require the transfer of a Bond to be registered during the period of (i) seven business days ending on (but excluding) the due date for any payment of principal in respect of that Bond, (ii) during the period of seven business days ending on (and including) any Record Date (as defined in Condition 7(a)), (iii) during the period of seven days prior to (and including) any date on which Bonds may be called for redemption by the Issuer pursuant to Conditions 6(b) or 6(c), or (iv) after any such Bond has been put for redemption pursuant to Condition 6(d).

(f) Regulations

All transfers of Bonds and entries on the register of holders will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any Bondholder who requests in writing a copy of such regulations.

3 Status and Guarantee of the Bonds

(a) Status

The Bonds constitute direct, unsecured, unconditional and unsubordinated obligations of the Issuer, except for such obligations as may be preferred by applicable provisions of law, and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and regulations, at all times rank at least equally with all its other present and future unsecured, unconditional and unsubordinated obligations.

(b) Guarantee

The Company has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Bonds and the Trust Deed. This guarantee (the “**Guarantee of the Bonds**”) constitutes direct, general and unconditional obligations of the Company which will at all times rank at least *pari passu* with all other present and future unsecured, unconditional and unsubordinated obligations of the Company, except for such obligations as may be preferred by applicable provisions of law.

*Upon issue, the Bonds will be evidenced by a global certificate (the “**Global Certificate**”) substantially in the form scheduled to the Trust Deed. The Global Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream, Luxembourg, and will be exchangeable for individual Bond Certificates only in the circumstances set out therein.*

4 Covenants

(a) Undertaking by the Issuer

The Issuer undertakes that so long as any Bond remains outstanding (as defined in the Trust Deed), save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders, it shall use all reasonable endeavours to maintain a rating on the Bonds by any one of the Rating Agencies.

(b) Undertakings in relation to the Guarantee of the Bonds

The Company undertakes that it will register or cause to be registered with the Beijing Branch of the State Administration of Foreign Exchange (the “**SAFE**”) the Deed of Guarantee in accordance with the Foreign Exchange Administration Rules on Cross-border Security (跨境擔保外匯管理規定) as soon as possible and in any event before the date 15 Registration Business Days after the execution of the Guarantee (the “**Cross-border Security Registration**”). The Company further undertakes that on the date the documents comprising the Release Condition (as defined below in Condition 6(e)) are delivered to the Trustee, it shall procure that copies of such documents are also delivered to each of the Rating Agencies that maintains a rating on the Bonds. In addition, the Company shall procure that within 10 calendar days after the documents comprising the Release Condition have been delivered to the Trustee, the Issuer releases a notice to the Bondholders confirming the completion of the Release Condition. The Trustee shall have no obligation to monitor or ensure the registration of the Deed of Guarantee with SAFE on or before the Registration Deadline and shall not be liable to Bondholders or any other person for not doing so.

(c) Negative Pledge

So long as any Bond remains outstanding, neither the Issuer nor the Company will, and the Company will ensure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge, encumbrance, other security interest or other arrangement with similar economic effect upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as shall be approved by an Extraordinary Resolution of the Bondholders.

(d) Financial Statements and Notices of Default

So long as any Bond remains outstanding (as defined in the Trust Deed), the Company shall send to the Trustee:

- (i) as soon as practicable after their date of publication and in any event not more than 135 calendar days after the end of each Relevant Period, two copies of the Company Audited Financial Reports (audited by an internationally or nationally recognised firm of independent accountants) prepared and presented in accordance with accounting principles generally accepted in, and pursuant to the relevant laws of, the PRC, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) an internationally or nationally recognised firm of independent accountants or (B) a professional translation service provider and checked by an internationally or nationally recognised firm of independent accountants, together with a certificate signed by a director or duly authorised officer of the Company certifying that such translation is complete and accurate; and
- (ii) as soon as practicable after their date of publication and in any event not more than 90 calendar days after the end of each Relevant Period, two copies of the Company Unaudited Financial Reports prepared on a basis consistent with Company Audited Financial Reports, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) an internationally or nationally recognised firm of independent accountants or (B) a professional translation service provider and checked by an internationally or nationally recognised firm of independent accountants together with a certificate signed by a director or duly authorised officer of the Company certifying that such translation is complete and accurate;

provided that, if at any time the Capital Stock of the Company is listed for trading on a recognised stock exchange, the Company may make available to the Trustee, as soon as they are available but in any event not more than 10 calendar days after any financial or other reports of the Company are filed with any recognised exchange on which the Company's Capital Stock is at any time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the reports identified in clauses (i) and (ii) above, if such financial or other report is in the English language.

So long as any of the Bonds remain outstanding, the Company will file with the Trustee, as soon as possible and in any event within 10 calendar days after the Company becomes aware of the occurrence thereof, written notice of the occurrence of any event or condition which constitutes, or which, after notice or lapse of time or both, would become, an Event of Default and a director's certificate of the Company setting forth the details thereof and the action the Company is taking or proposes to take with respect thereto.

So long as the Issuer engages in or undertakes any activity other than to finance the business operations of the Company or one or more companies controlled by the Company through the offering, sale or issuance of securities and borrowings of indebtedness and investing in or lending the proceeds thereof to the Company or a company controlled by the Company, and any other activities in connection therewith (the "**Issuer's Other Activity**"), the Issuer shall send to the Trustee, as soon as practicable after their date of publication and in any event not more than 135 calendar days after the end of each Relevant Period or not more than 30 calendar days after the Issuer first engages in or undertakes any Issuer's Other Activity, two copies of the Issuer Audited Financial Reports (audited by an internationally or regionally recognised firm of independent accountants) prepared and presented in accordance with accounting principles generally accepted in, and pursuant to the relevant laws of, Hong Kong, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) an internationally or regionally recognised firm of independent accountants or (B) a professional translation service provider and checked by an internationally or regionally recognised firm of independent accountants, together with a certificate signed by a director or duly authorised officer of the Issuer certifying that such translation is complete and accurate;

provided that, if at any time the Capital Stock of the Issuer is listed for trading on a recognised stock exchange, the Issuer may make available to the Trustee, as soon as they are available but in any event not more than 10 calendar days after any financial or other reports of the Issuer are filed with any recognised exchange on which the Issuer's Capital Stock is at any time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the reports identified in the paragraph above, if such financial or other report is in the English language.

(e) NDRC Registration

- (i) The Company undertakes to file or cause to be filed with the NDRC the requisite information and documents within the timeframe prescribed by the NDRC after the Issue Date (as defined under Condition 5) in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC and which came into effect on 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”).
- (ii) The Company shall within 15 Registration Business Days after submission of the NDRC Post-issue Filing, provide the Trustee with a certificate in English signed by an Authorised Signatory of the Company confirming the submission of the NDRC Post-issue Filing and having attached to it documents evidencing submission of the NDRC Post-issue Filing.
- (iii) The Trustee shall have no obligation or duty to monitor or ensure the completion of the NDRC Post-issue Filing within the timeframe referred to above or to verify the accuracy, validity and/or genuineness of any certificate, confirmation or other documents in relation to or in connection with the NDRC Post-issue Filing or to give notice to the Bondholders confirming the completion of the NDRC Post-Issue Filing, and shall not be liable to any Bondholder or any other person for not doing so.

In this Condition 4:

“**Capital Stock**” means any and all shares, interests (including joint venture interests), participations or other equivalents (however designated) of capital stock of a corporation or any and all equivalent ownership interests in a Person (other than a corporation).

“**Company Audited Financial Reports**” means the annual audited consolidated statement of financial position, statement of profit or loss, statement of cash flows and statements of changes in owners' equity of the Company and its Subsidiaries together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them.

“**Company Unaudited Financial Reports**” means the semi-annual unaudited and unreviewed consolidated statement of financial position, statement of profit or loss, statement of cash flows and statements of changes in owners' equity of the Company and its Subsidiaries together with any statements, reports (including any directors' and auditors' review reports) and the notes attached to or intended to be read with any of them, if any.

“**Event of Default**” has the meaning ascribed to it in Condition 9.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People's Republic of China.

“**Indebtedness**” of any Person means, at any date, without duplication, (i) any outstanding indebtedness for or in respect of money borrowed (including bonds, debentures, notes or other similar instruments, whether or not listed) that is evidenced by any agreement or instrument, excluding trade payables, (ii) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, and (iii) all Indebtedness of others guaranteed by such Person.

“Issuer Audited Financial Reports” means the annual audited consolidated statement of financial position, statement of profit or loss, statement of cash flows and statements of changes in owners’ equity of the Issuer and its Subsidiaries, if any, together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them.

“NDRC” means the National Development and Reform Commission of the PRC or its local counterparts.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, government or any agency or political subdivision thereof or any other entity.

“PRC” means the People’s Republic of China, which shall for the purposes of these Conditions, exclude Hong Kong, Macau and Taiwan.

“Rating Agencies” means (i) Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors (**“S&P”**); (ii) Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors (**“Moody’s”**); (iii) Fitch Inc., a subsidiary of Fimalac, S.A., and its successors (**“Fitch”**); and (iv) if one or more of S&P, Moody’s or Fitch shall not make a rating of the Bonds publicly available, any United States nationally recognised securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P, Moody’s or Fitch or any combination thereof, as the case may be.

“Relevant Indebtedness” of any Person means, at any date, Indebtedness incurred or issued outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market without regard, however, to whether such securities are sold through public offering or private placements (which for the avoidance of doubt shall not include any indebtedness under any transferable loan facilities or agreements (including any drawing down of any existing credit line or facility of the Issuer, the Company or any of the Company’s Subsidiaries)).

“Relevant Period” means (a) in relation to the Company Audited Financial Reports, each period of twelve months ending on the last day of the Company’s financial year (being 31 December of that financial year) and (b) in relation to the Company Unaudited Financial Reports, each period of six months ending on the last day of the Company’s respective first half financial year (being 30 June of that financial year).

“Subsidiary” of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

5 Interest

The Bonds bear interest on their outstanding principal amount from and including 22 September 2020 at the rate of 1.125 per cent. per annum, payable annually in arrear on 22 September in each year (each an **“Interest Payment Date”**) commencing on 22 September 2021. The amount of interest payable on each Interest Payment Date shall be €11.25 per Calculation Amount (as defined below). Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgement) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day falling seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Interest on the Bonds shall be calculated on the basis of the actual number of days elapsed divided by 365 or (in the case of a leap year) 366.

Interest in respect of any Bond shall be calculated per €1,000 in principal amount of the Bonds (the **“Calculation Amount”**). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

In this Condition 5:

“Interest Period” means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (and excluding) the next Interest Payment Date.

“Issue Date” means the initial issuance date of the Bonds.

6 Redemption and Purchase

(a) *Final Redemption*

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 22 September 2024 (the **“Maturity Date”**). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition.

(b) *Redemption for Taxation Reasons*

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice in writing to the Bondholders, the Trustee and the Agents (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will on the next Interest Payment Date become obliged to pay Additional Tax Amounts as provided in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in an existing official position regarding the application or interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction) or the statement of a new official position with respect to such laws or regulations by a competent taxing authority, which change or amendment becomes effective, or in the case of a statement of an official position, is announced, on or after 14 September 2020, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the giving of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee (x) a certificate signed by any one Director of the Issuer stating that the obligation referred to in Condition 6(b)(i) above cannot be avoided by the Issuer taking reasonable measures available to it, and (y) an opinion of counsel of recognised standing with respect to tax matters of the relevant jurisdiction, stating that the requirement to pay such Additional Tax Amounts results from a change, amendment or the stating of a new official position referred to in Condition 6(b)(i) above. The Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in Condition 6(b)(ii) above, in which event it shall be conclusive and binding on the Bondholders.

(c) *Redemption at the Option of the Issuer*

At any time, on giving not less than 30 nor more than 60 days' notice (an **“Optional Redemption Notice”**) to the Trustee and the Bondholders in accordance with Condition 17, the Issuer may at any time redeem the Bonds, in whole but not in part, at the Make Whole Price of, and accrued and unpaid interest, if any, to (but excluding), the redemption date (the **“Optional Redemption Date”**) specified in the Option Redemption Notice.

In this Condition 6(c):

“Comparable Government Bond” means, in relation to any Comparable Government Bond Rate calculation, at the discretion of an independent investment bank selected by the Issuer, a German federal government bond whose maturity is closest to the maturity of the Bonds to be redeemed, or if such independent investment bank in its discretion determines that such similar government bond is not in issue, such other German federal government bond as such independent investment bank may, with the advice of three brokers of, and/or market makers in, German federal government bonds selected by the Issuer, determine to be appropriate for determining the Comparable Government Bond Rate.

“Comparable Government Bond Rate” means, with respect to the Optional Redemption Date, the price, expressed as a percentage (rounded to three decimal places, with 0.0005 to 0.0009 being rounded upwards), at which the gross redemption yield on the Bonds to be redeemed, if they were to be purchased at such price on the third business day prior to the redemption date, would be equal to the gross redemption yield on such business day of the Comparable Government Bond (as defined above) on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (New York time) on the third business day prior to the Optional Redemption Date and where the gross redemption yield of such Comparable Government Bond is equal to the gross redemption yield on the Bonds to be redeemed, as determined by an independent investment bank selected by the Issuer.

“Make Whole Price” means, with respect to a Bond at the Optional Redemption Date, the redemption price equal to the greater of (1) 100% of the principal amount of the notes to be redeemed; and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the redemption date), discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate, plus 30 basis points.

(d) *Repurchase upon a Change of Control*

Upon a Change of Control (as defined below), the Issuer will be required to make an offer to repurchase all of the Bonds at a price in cash equal to 101 per cent. of the principal amount of the Bonds to be repurchased, plus accrued and unpaid interest on the principal amount of Bonds being repurchased to but excluding the date of repurchase (a **“Change of Control Offer”**).

Within 14 calendar days following any Change of Control, the Issuer will be required to give written notice to holders describing the transaction or transactions that constitute the Change of Control and offering to repurchase all of the Bonds on the date specified in the notice, which date will be no earlier than 30 calendar days and no later than 60 calendar days from the date such notice is given.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes such an offer substantially in the manner, at the times and in compliance with the requirements for a Change of Control Offer (and for at least the same purchase price payable in cash) and such third party purchases all Bonds properly tendered and not withdrawn under its offer.

A holder of Bonds will have no right to require the Issuer to repurchase portions of Bonds if it would result in the issuance of new Bonds, representing the portion not repurchased, in an amount of less than €100,000.

The Issuer will comply, to the extent applicable, with the requirements of applicable securities laws or regulations in connection with the repurchase of Bonds pursuant to this covenant.

In this Condition 6(d):

“Change of Control” means the occurrence, at any time, of any of the following:

- (i) the Company or any other person or persons acting together whom the Company consolidates with or merges into that is/are Controlled by PRC Government Persons (as defined below) ceasing to own and control directly or indirectly 100 per cent. of the Voting Shares of the Issuer;
- (ii) (x) the State Administration of State-owned Assets Commission (“**SASAC**”) and (y) any other person directly Controlled by the central government of the PRC (such person and the SASAC, “**PRC Government Persons**”), together cease to directly or indirectly own or control at least 50.1 per cent. of the Voting Shares of the Company;
- (iii) the Company consolidates with or merges into any other person or persons acting together, unless such person(s) is/are Controlled by PRC Government Persons; or
- (iv) the Company sells or transfers all or substantially all of its assets to any other person or persons acting together, unless (x) such person(s) is/are Controlled by PRC Government Persons and (y) (a) such sale or transfer is on an arm’s length basis or (b) such person(s) expressly assume/assumes all the obligations of the Company under the Bonds, the Deed of Guarantee, the Trust Deed and the Agency Agreement.

“Control” means (i) the ownership or control of more than 50 per cent. of the Voting Rights of the issued share capital of a person or (ii) the nomination or designation of no less than 50 per cent. of the members then in office of a person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise.

“Voting Shares” means, with respect to any Person, the Capital Stock having the general voting power under ordinary circumstances to vote on the election of the members of the board of directors or other governing body of such Person (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

(e) Mandatory Redemption for Non-Registration

Upon the occurrence of a Non-Registration Event, the Issuer shall redeem on the Non-Registration Event Redemption Date all, and not some only, of the Bonds at 100 per cent. of their principal amount together with accrued and unpaid interest up to, but excluding, the Non-Registration Event Redemption Date.

In this Condition 6(e):

A **“Non-Registration Event”** occurs when the Release Condition has not been satisfied on the Registration Deadline;

“Non-Registration Event Redemption Date” means five business days after the Registration Deadline;

“Registration Business Day” means a day, other than a Saturday, Sunday or a public holiday, on which the SAFE branch in Beijing is open for business;

“Registration Deadline” means the day falling 120 Registration Business Days after the Issue Date; and

“Release Condition” means the receipt by the Trustee of:

- (i) a certificate in substantially the form set out in the Trust Deed of a director or duly authorised officer of the Company confirming (A) the completion of the Cross-border Security Registration and (B) no Event of Default has occurred; and
- (ii) a certified true copy of the relevant SAFE registration certificate and the particulars of registration.

(f) Purchase

The Company, the Issuer and the Company's Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Company, the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) and 14.

(g) Cancellation

All Certificates representing Bonds purchased by or on behalf of the Issuer shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

(h) Calculations

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption, including without limitation the Make Whole Price, and shall not be liable to the Bondholders or any other person for not doing so.

7 Payments

(a) Method of Payment

- (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Paying Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii).
- (ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the fifth business day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in euros by transfer to an account in euros maintained by the payee with a bank in a city in which banks have access to the TARGET2 System. In this Condition 7(a)(ii), "**business day**" means a day, other than a Saturday, a Sunday or a public holiday, on which the Registrar is open for business in the place of its specified office and TARGET2 System is open for the settlement of payments in euros.

*Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the Holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

- (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

(b) Payments subject to Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) Payment Initiation

Where payment is to be made by transfer to an account in euros, payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date or, if that is not a Payment Business Day, on the first following day which is a Payment Business Day or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Paying Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) Agents

The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, *provided that* the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar and (iii) a Transfer Agent.

Notice of any such termination or appointment or any change of any specified office shall promptly be given by the Issuer to the Bondholders.

(e) Delay in Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(f) Non-Payment Business Days

If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment.

In this Condition 7, (i) “**Payment Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which the TARGET2 System is open and on which the Principal Paying Agent is open for business in the place of its specified office; and (ii) “**TARGET2 System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto.

8 Taxation

All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or any jurisdiction through which payments are made or any political subdivision or authority therein or thereof having power to tax (the “**Relevant Taxing Jurisdiction**”), unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer by or within the PRC up to the rate applicable on 14 September 2020 to payment from PRC resident enterprises to non-PRC enterprises (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

In the event that any such PRC deduction or withholding in excess of the Applicable Rate or Hong Kong deduction or withholding is required, the Issuer shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts or additional amounts payable pursuant to the preceding paragraph (collectively, the “**Additional Amounts**”) shall be payable in respect of any Bond:

- (a) held by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of its or its beneficial owner having some connection with the Relevant Taxing Jurisdiction other than the mere holding of the Bond; or
- (b) in respect of which the Certificate representing it is presented (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

References in these Conditions to principal, premium and interest shall be deemed also to refer to any Additional Amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

“**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with the Conditions, such payment will be made, *provided that* payment is in fact made upon such surrender.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Company, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

9 Events of Default

If an Event of Default (as defined below) occurs, the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution, shall (*provided that* the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable. Upon any such notice being given to the Issuer, the Bonds shall immediately become due and payable at their principal amount together (if applicable) with accrued and unpaid interest. An “**Event of Default**” occurs if:

- (a) **Non-Payment:** there has been a failure to pay the principal of or interest on any of the Bonds when due and, in the case of interest, such failure continues for a period of seven days; or
- (b) **Breach of Other Obligations:** the Issuer or the Company defaults in the performance or observance of any of its other obligations under or in respect of the Bonds or the Trust Deed or the Deed of Guarantee or the Agency Agreement and such default (i) is incapable of remedy or, (ii) being a default which is capable of remedy, remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer or the Company, as the case may be; or
- (c) **Cross-Default:**
 - (i) any Indebtedness of the Issuer, the Company or any of the Company’s Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

- (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described); or
- (iii) the Issuer, the Company or any of the Company's Subsidiaries fails to pay when due any amount payable by it under any guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds U.S.\$100,000,000 (or its equivalent in any other currency or currencies); or

- (d) **Unsatisfied judgement:** one or more judgement(s) or order(s) for the payment of an aggregate amount in excess of U.S.\$80,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer, the Company or the Company's Subsidiaries and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) **Security Enforced:** an encumbrancer takes possession or an administrative or other receiver or an administrator or other similar officer is appointed of the whole or any material part of the property, assets or revenues of the Issuer, the Company or any of the Company's Material Subsidiary and such appointment is not discharged within 45 days; or
- (f) **Insolvency:** the Issuer or the Company or any of the Company's Material Subsidiary is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer, the Company or any of the Company's Material Subsidiary; or
- (g) **Winding-up:** an order of any court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer or the Company or any of the Company's Material Subsidiaries, or the Issuer or the Company or any of the Company's Material Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of any of the Company's Material Subsidiaries (other than the Issuer), whereby the undertaking and assets of the Company's Material Subsidiary are transferred to or otherwise vested in the Issuer or the Company (as the case may be) or another of the Company's Subsidiaries; or
- (h) **Nationalisation:** any step is taken by any person with a view to the seizure, compulsory acquisition or expropriation of the assets of the Issuer, the Company or any of the Company's Material Subsidiary; *provided that* the value of the assets subject to the seizure, compulsory acquisition or expropriation, individually or in the aggregate, exceeds 50 per cent. of the Company's consolidated total assets; or
- (i) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Company lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Trust Deed, the Deed of Guarantee and the Agency Agreement (other than with regard to the performance of and compliance with the obligations thereunder), (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Trust Deed, the Deed of Guarantee and the Agency Agreement admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (j) **Illegality:** it is or will become unlawful for the Issuer or the Company to perform or comply with any one or more of their respective obligations under any of the Bonds, the Trust Deed, the Deed of Guarantee or the Agency Agreement; or

- (k) **Guarantee:** the Guarantee of the Bonds is not (or is claimed by the Company not to be) enforceable, valid or in full force and effect; or
- (l) **Analogous Events:** any event occurs which under the laws of Hong Kong or the PRC has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(k) (both inclusive).

In this Condition 9,

“**Material Subsidiary**” means any Subsidiary of the Company

- (i) as to which one or more of the following conditions is/are satisfied:
- (a) its revenue or (in the case of one of the Company’s Subsidiaries which has one or more Subsidiaries) consolidated revenue attributable to the Company is at least 5 per cent. of the Company’s consolidated revenue;
 - (b) its net profit or (in the case of one of the Company’s Subsidiaries which has one or more Subsidiaries) consolidated net profit attributable to the Company (in each case before taxation and exceptional items) is at least 5 per cent. of the Company’s consolidated net profit (before taxation and exceptional items); or
 - (c) its net assets or (in the case of one of the Company’s Subsidiaries which has one or more Subsidiaries) consolidated net assets attributable to the Company (in each case after deducting minority interests in Subsidiaries) are at least 5 per cent. of the Company’s consolidated net assets (after deducting minority interests in Subsidiaries);
- all as calculated by reference to the then latest available financial statements (consolidated or, as the case may be, unconsolidated) of the Company’s Subsidiary and the Company’s then latest consolidated financial statements, *provided* that: (1) in the case of a Subsidiary of the Company acquired after the end of the fiscal year to which the then latest relevant available financial statements relate, the reference to the then latest available financial statements for the purposes of the calculation above shall, until financial statements for the fiscal period in which the acquisition is made become available, be deemed to be a reference to the financial statements adjusted to consolidate the latest available financial statements of such Subsidiary in the financial statements; (2) if, in the case of a Subsidiary of the Company which itself has one or more Subsidiaries, no consolidated financial statements are prepared, its consolidated revenue, consolidated net profits and consolidated net assets shall be determined on the basis of *pro forma* consolidated financial statements of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by its auditors; or (3) if the financial statements of a Subsidiary of the Company (not being a Subsidiary referred to in (1) above) are not consolidated with those of the Company then the determination of whether or not the Subsidiary is a Material Subsidiary shall, if the Company requires, be based on a *pro forma* consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements of the Company and its Subsidiaries; or
- (ii) to which is transferred all or substantially all of the assets of the Company’s Subsidiary which immediately prior to the transfer was a Material Subsidiary, *provided* that, with effect from such transfer, the Subsidiary which so transfers its assets and undertakings shall cease to be a Material Subsidiary (but without prejudice to paragraph (i) above) and the Company’s Subsidiary to which the assets are so transferred shall become a Material Subsidiary.

A certificate signed by any director of the Company confirming that a Subsidiary is or is not, or was or was not, a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

The Trustee shall not be obliged to take any steps to ascertain whether an Event of Default has occurred or to monitor the occurrence and continuance of any Event of Default under this Condition 9, and shall not be liable to any Bondholder or any other person for not doing so.

10 Prescription

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal or premium) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 Meetings of Bondholders, Modification and Waiver

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Deed of Guarantee or the Agency Agreement. Such a meeting may be convened by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution or (v) to modify, release or terminate the Deed of Guarantee, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by the holders of not less than 90 per cent. in aggregate principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by one or more Bondholders.

(b) Modification of the Conditions, the Trust Deed, the Agency Agreement and the Deed of Guarantee

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is, in its opinion, of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer, failing whom, the Company, to the Bondholders as soon as practicable. The Issuer shall notify as soon as possible the Rating Agencies that maintain a rating on the Bonds of any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee.

(c) Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders, and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

(d) Directions from Bondholders

Notwithstanding anything to the contrary in these Conditions or the Trust Deed, whenever the Trustee is required or entitled by the terms of these Conditions, the Trust Deed or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Bondholders by way of an Extraordinary Resolution and shall have been indemnified and/or secured and/or prefunded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions.

13 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the existing Bonds in all respects (or in all respects except for the first payment of interest on them and the timing for complying with the requirements set out in these Conditions in relation to the NDRC Post-issue Filings) and so that such further issue shall be consolidated and form a single series with the existing Bonds; *provided* that (i) the Company shall undertake to comply with Condition 4 with respect to such new bonds and “Issue Date” as used therein and in Condition 6(e) shall be deemed to mean the initial issue date of such new bonds and (ii) either (a) the Deed of Guarantee with respect to the existing Bonds may be amended without consent from any Bondholders to reflect the issuance of such new bonds or (b) the Company may enter into a new deed of guarantee with respect to such new bonds in favour of the Trustee having the same terms and conditions as the Deed of Guarantee with respect to the existing bonds; *provided further* that for such new bonds to be consolidated to form a single series with the existing Bonds prior to the completion of the Cross-border Security Registration of the existing Bonds, the Deed of Guarantee with respect to the existing Bonds shall be amended or restated to reflect the issuance of such new bonds, and the term “Registration Deadline” under Condition 6(e) with respect to such new bonds shall mean the day falling 120 Registration Business Days after the issue date of the existing Bonds.

References in these Conditions to the existing Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 13. However, such further securities may only be issued if (i) the Rating Agencies that maintain a rating on the Bonds have been informed of such issue; (ii) such issue will not result in any change in the then credit rating of the Bonds; and (iii) such supplement documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed.

14 Enforcement

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such steps, actions or proceedings against the Issuer or the Company as it may think fit to enforce the terms of the Trust Deed, the Deed of Guarantee, the Agency Agreement and the Bonds, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in principal amount of the Bonds outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer or the Company unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Company and any entity related (directly or indirectly) to the Issuer without accounting for any profit.

The Trustee may rely without liability to Bondholders on a report, confirmation or certificate or any advice of any lawyers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Company, the Trustee and the Bondholders.

16 Currency Indemnity

Euro is the sole currency of account and payment for all sums payable by the Issuer and the Company under or in connection with the Bonds, including damages. Any amount received or recovered in a currency other than euro (whether as a result of, or of the enforcement of, a judgement or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or the Company or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Issuer or the Company shall only constitute a discharge to the Issuer or the Company, as applicable, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that euro amount is less than the euro amount expressed to be due to the recipient under any Bond, the Issuer and the Company shall indemnify it against any loss sustained by it as a result. In any event, the Issuer and the Company shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Bondholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and the Company's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Bondholder and shall continue in full force and effect despite any other judgement, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or any other judgement or order.

17 Notices

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of the Bonds shall also be published in a daily newspaper of general circulation in Asia (which is expected to be the Asian Wall Street Journal). If the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper of general circulation in Asia, as approved by the Trustee. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

Until such time as any definitive certificates are issued and so long as the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream, any notice to the Bondholders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

18 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999, but this shall not affect any right or remedy which exists or is available apart from such Act.

19 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Bonds, the Deed of Guarantee and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with any Bonds (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, each of the Issuer and the Company has irrevocably submitted to the jurisdiction of such courts.

(c) Agent for Service of Process

Pursuant to the Trust Deed, the Company has irrevocably appointed the Issuer to receive service of process in any Proceedings in Hong Kong based on any of the Bonds.

(d) Waiver of Immunity

To the extent that each of the Issuer and the Company may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgement or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), each of the Issuer and the Company agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

The following, subject to modification and except for the paragraphs in italics, is the text of the Terms and Conditions of the Perpetual Securities.

The issue of the U.S.\$600,000,000 3.35 per cent. subordinated guaranteed perpetual securities (the **“Perpetual Securities”** which term shall include, unless the context requires otherwise, any further securities issued in accordance with Condition 13 and consolidated and forming a single series therewith) was authorised by a resolution of the board of directors of CNAC (HK) Finbridge Company Limited (中國農化(香港)峰橋有限公司) (the **“Issuer”**) passed on 2 September 2020. The Perpetual Securities will be constituted by a Trust Deed (as amended or supplemented from time to time, the **“Trust Deed”**) to be dated on or about 22 September 2020 between the Issuer, China National Chemical Corporation Limited (中國化工集團有限公司) (the **“Company”**) and The Hongkong and Shanghai Banking Corporation Limited (the **“Trustee”**, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Perpetual Securities. The Perpetual Securities will have the benefit of a deed of guarantee (the **“Deed of Guarantee”**) to be dated on or about 22 September 2020 made by the Company in favour of the Trustee and will be the subject of an agency agreement (as amended or supplemented from time to time, the **“Agency Agreement”**) to be dated on or about 22 September 2020 relating to the Perpetual Securities between the Issuer, the Company, the Trustee, The Hongkong and Shanghai Banking Corporation Limited as registrar (the **“Registrar”**), as transfer agent (the **“Transfer Agent”**), as initial principal paying agent (the **“Principal Paying Agent”**), as calculation agent (the **“Calculation Agent”**) and any other agents named in it. References herein to **“Agents”** means the Principal Paying Agent, the Registrar, the Transfer Agent, the Calculation Agent and any other agent or agents appointed from time to time with respect to the Perpetual Securities. The Holders will be entitled to the benefit of, are bound by, and will be deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and of those provisions of the Agency Agreement applicable to them. Certain provisions of this Terms and Conditions of the Bonds are summaries of the Trust Deed, the Deed of Guarantee and the Agency Agreement and are subject to the more detailed provisions in the Trust Deed, the Deed of Guarantee and the Agency Agreement. Copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement will be available for inspection by Holders at all reasonable times during usual business hours with prior written notice at the registered office for the time being of the Trustee (presently at Level 24, HSBC Main Building, 1 Queen’s Road Central, Hong Kong) and at the specified office for the time being of the Principal Paying Agent.

All capitalised terms that are not defined in these terms and conditions (the **“Conditions”**) will have the meanings given to them in the Trust Deed.

1. Form, Denomination, Status and Guarantee

- (a) *Form and denomination:* The Perpetual Securities are in registered form in the denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof (each, an **“Authorised Denomination”**).
- (b) *Status of the Perpetual Securities:* The Perpetual Securities constitute direct, unconditional, subordinated and (subject to Condition 3(a)) unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves and at least *pari passu* with any Parity Securities of the Issuer. The rights and claims of the Holders (as defined in Condition 2(a) (*Register, Title and Transfers – Register*)) in respect of the Perpetual Securities are subordinated as provided in this Condition 1.
- (c) *Status of the Guarantee of the Perpetual Securities:* The Company has in the Deed of Guarantee unconditionally and irrevocably guaranteed on a subordinated basis the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Perpetual Securities (the **“Guarantee of the Perpetual Securities”**). The Guarantee of the Perpetual Securities constitutes a direct, unsecured and subordinated obligation of the Company which shall at all times rank at least *pari passu* with any Parity Securities of the Company. The rights and claims of the Holders (as defined in Condition 2(a) (*Register, Title and Transfers – Register*)) in respect of the Guarantee of the Perpetual Securities are subordinated as provided in this Condition 1.

- (d) *Ranking of claims in respect of the Perpetual Securities:* Subject to applicable law, in the event of the Winding-Up of the Issuer, the rights and claims of the Holders in respect of the Perpetual Securities shall rank ahead of those persons whose claims are in respect of any Junior Securities of the Issuer, but shall be subordinated in right of payment to the claims of all other present and future senior creditors of the Issuer, other than the claims of holders of Parity Securities of the Issuer.
- (e) *Ranking of claims in respect of the Guarantee of the Perpetual Securities:* Subject to applicable law, in the event of the Winding-Up of the Company, the rights and claims of the Holders in respect of the Guarantee of the Perpetual Securities shall rank ahead of those persons whose claims are in respect of any Junior Securities of the Company, but shall be subordinated in right of payment to the claims of all other present and future senior creditors of the Company, other than the claims of holders of Parity Securities of the Company.
- (f) *Set-off – Perpetual Securities:* Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Perpetual Securities, and each Holder shall, by virtue of his holding of any Perpetual Securities, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Perpetual Securities is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its Winding-Up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.
- (g) *Set-off – Guarantee of the Perpetual Securities:* Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Company in respect of, or arising under or in connection with the Guarantee of the Perpetual Securities, and each Holder shall, by virtue of his holding of any Perpetual Securities, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Company. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Company in respect of, or arising under or in connection with the Guarantee of the Perpetual Securities is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Company (or, in the event of its Winding-Up or administration, the liquidator or, as appropriate, administrator of the Company) and, until such time as payment is made, shall hold such amount in trust for the Company (or the liquidator or, as appropriate, administrator of the Company) and accordingly any such discharge shall be deemed not to have taken place.

*Upon issue, the Perpetual Securities will be evidenced by a global certificate (the “**Global Certificate**”) substantially in the form scheduled to the Trust Deed. The Global Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream and will be exchangeable for individual Certificates only in the circumstances set out therein.*

2. Register, Title and Transfers

- (a) *Register:* The Registrar will maintain a register (the “**Register**”) in respect of the Perpetual Securities in accordance with the provisions of the Agency Agreement. In these Conditions, the “**Holder**” of a Perpetual Security means the person in whose name such Perpetual Security is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Holder**” shall be construed accordingly. A certificate (each, a “**Certificate**”) will be issued to each Holder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.

- (b) *Title*: The Holder of each Perpetual Security shall (except as otherwise required by law) be treated as the absolute owner of such Perpetual Security for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Perpetual Securities or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.
- (c) *Transfers*: Subject to Conditions 2(f) (*Closed periods*) and 2(g) (*Regulations concerning transfers and registration*) below, a Perpetual Security may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however*, that a Perpetual Security may not be transferred unless the principal amount of Perpetual Securities transferred and (where not all of the Perpetual Securities held by a Holder are being transferred) the principal amount of the balance of Perpetual Securities not transferred are Authorised Denominations. Where not all the Perpetual Securities represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Perpetual Securities will be issued to the transferor. No transfer of title to a Perpetual Security will be valid unless and until entered on the Register.

Transfers of interests in the Perpetual Securities evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

- (d) *Registration and delivery of Certificates*: Within five business days of the surrender of a Certificate in accordance with Condition 2(c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount of the Perpetual Securities transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder.
- (e) *No charge*: The transfer of a Perpetual Security will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (f) *Closed periods*: Holders may not require transfers to be registered:
- (i) during the period of 15 days ending on the due date for any payment of principal in respect of the Perpetual Securities; or
 - (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(e) (*Payments – Record date*)).
- (g) *Regulations concerning transfers and registration*: All transfers of Perpetual Securities and entries on the Register are subject to the detailed regulations concerning the transfer of Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be made available for inspection by the Registrar to any Holder who requests in writing a copy of such regulations.

So long as the Perpetual Securities are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Perpetual Securities may be presented or surrendered for payment or redemption, in the event that the Global Certificate representing such series of Perpetual Securities is exchanged for definitive certificates. In addition, an announcement of such exchange will be made through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive certificates or, as the case may be, certificates including details of the paying agent in Singapore.

3. Negative Pledge and Other Covenants

- (a) *Negative Pledge:* So long as any Perpetual Security remains outstanding, neither the Issuer nor the Company will, and the Company shall ensure that none of its Subsidiaries will, create, or have outstanding, any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Perpetual Securities (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Holders.
- (b) *Notification to NDRC:* The Company undertakes to file or cause to be filed with the NDRC the requisite information and documents within the timeframe prescribed by the NDRC after the Issue Date in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資 [2015] 2044 號)) issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules as issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”).

The Company shall within 15 Registration Business Days after submission of the NDRC Post-issue Filing, provide the Trustee with a certificate in English signed by an Authorised Signatory (as defined in the Trust Deed) of the Company confirming the submission of the NDRC Post-issue Filing and having attached to it documents evidencing submission of the NDRC Post-issue Filing.

The Trustee shall have no obligation or duty to monitor or ensure the completion of the NDRC Post-issue Filing within the timeframe referred to above or to verify the accuracy, validity and/or genuineness of any certificate, confirmation or other documents in relation to or in connection with the NDRC Post-issue Filing or to give notice to the Holders confirming the completion of the NDRC Post-issue Filing, and shall not be liable to Holders or any other person for not doing so.

- (c) *Undertaking by the Issuer:* The Issuer undertakes that so long as any Perpetual Security remains outstanding (as defined in the Trust Deed), save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Holders, it shall use all reasonable endeavours to maintain a rating on the Perpetual Securities by any one of the Rating Agencies.
- (d) *Undertakings in relation to the Guarantee of the Perpetual Securities:* The Company undertakes that it will register or cause to be registered with the Beijing Branch of the State Administration of Foreign Exchange (the “**SAFE**”) the Deed of Guarantee in accordance with the Foreign Exchange Administration Rules on Cross-border Security (跨境擔保外匯管理規定) as soon as possible and in any event before the date 15 Registration Business Days after the execution of the Guarantee (the “**Cross-border Security Registration**”). The Company further undertakes that on the date the documents comprising the Release Condition are delivered to the Trustee, it shall procure that copies of such documents are also delivered to each of the Rating Agencies that maintains a rating on the Perpetual Securities. In addition, the Company shall procure that within 10 calendar days after the documents comprising the Release Condition have been delivered to the Trustee, the Issuer releases a notice to the Holders confirming the completion of the Release Condition. The Trustee shall have no obligation to monitor or ensure the registration of the Deed of Guarantee with SAFE on or before the Registration Deadline and shall not be liable to Holders or any other person for not doing so.

- (e) *Financial Statements and Notices*: So long as any Perpetual Security remains outstanding (as defined in the Trust Deed), the Company shall send to the Trustee:
- (i) as soon as practicable after their date of publication and in any event not more than 135 calendar days after the end of each Relevant Period, two copies of the Company's Audited Financial Reports (audited by an internationally or nationally recognised firm of independent accountants) prepared and presented in accordance with PRC Accounting Standards, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) an internationally or nationally recognised firm of independent accountants or (B) a professional translation service provider and checked by an internationally or nationally recognised firm of independent accountants, together with a certificate signed by a director or duly authorised officer of the Company certifying that such translation is complete and accurate;
 - (ii) as soon as practicable after their date of publication and in any event not more than 90 calendar days after the end of each Relevant Period, two copies of the Company's Unaudited Financial Reports prepared on a basis consistent with Company Audited Financial Reports, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) an internationally or nationally recognised firm of independent accountants or (B) a professional translation service provider and checked by an internationally or nationally recognised firm of independent accountants, together with a certificate signed by a director or duly authorised officer of the Company certifying that such translation is complete and accurate;

provided that, if at any time the Capital Stock of the Company is listed for trading on a recognised stock exchange, the Company may make available to the Trustee, as soon as they are available but in any event not more than 10 calendar days after any financial or other reports of the Company are filed with any recognised exchange on which the Company's Capital Stock is at any time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the reports identified in clauses (i) and (ii) above, if such financial or other report is in the English language.

So long as any Perpetual Security remains outstanding, the Company shall make available to the Trustee within 30 days of a request by the Trustee and at the same time the Company provides its audited annual financial statements pursuant to this Condition 3(e), a certificate (on which the Trustee may rely as to such compliance) in English of the Company signed by a director or duly authorised officer of the Company, which shall be substantially in the form provided in the Trust Deed, stating that as of the end of the latest financial year of the Company: (A) no Step-Up Event had occurred since the certification date of the last such certificate or (if there has been no such certificate previously) the Issue Date, or, if such an event had occurred, giving details of it and the action which the Company proposes to take with respect thereto and (B) each of the Issuer and the Company have complied with all of the covenants that it is respectively bound by under the Conditions and the Trust Deed.

So long as the Issuer engages in or undertakes any activity other than to finance the business operations of the Company or one or more companies controlled by the Company through the offering, sale or issuance of securities and borrowings of indebtedness and investing in or lending the proceeds thereof to the Company or a company controlled by the Company, and any other activities in connection therewith (the "**Issuer's Other Activity**"), the Issuer shall send to the Trustee, as soon as practicable after their date of publication and in any event not more than 135 calendar days after the end of each Relevant Period or not more than 30 calendar days after the Issuer first engages in or undertakes any Issuer's Other Activity, two copies of the Issuer Audited Financial Reports (audited by an internationally or regionally recognised firm of independent accountants) prepared and presented in accordance with accounting principles generally accepted in, and pursuant to the relevant laws of, Hong Kong, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) an internationally or regionally recognised firm of independent accountants or (B) a professional translation service provider and checked by an internationally or regionally recognised firm of independent accountants, together with a certificate signed by a director or duly authorised officer of the Issuer certifying that such translation is complete and accurate;

provided that, if at any time the Capital Stock of the Issuer is listed for trading on a recognised stock exchange, the Issuer may make available to the Trustee, as soon as they are available but in any event not more than 10 calendar days after any financial or other reports of the Issuer are filed with any recognised exchange on which the Issuer's Capital Stock is at any time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the reports identified in the paragraph above, if such financial or other report is in the English language.

4. Distribution

- (a) *Distribution*: Subject to Condition 4(d) (*Distribution Deferral*) and Condition 4(e) (*Increase in Distribution Rate following occurrence of certain events*) below, the Perpetual Securities confer a right to receive distribution (the “**Distribution**”) from, and including, the Issue Date at the Distribution Rate in accordance with this Condition 4(a). Subject to Condition 4(d) (*Distribution Deferral*) and Condition 4(e) (*Increase in Distribution Rate following occurrence of certain events*) below, Distribution shall be payable on the Perpetual Securities semi-annually in equal instalments in arrear on 22 March and 22 September of each year (each, a “**Distribution Payment Date**”), commencing on 22 March 2021.

If any Distribution is required to be calculated in respect of a period of less than a full half-year, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each.

- (b) *Rate of Distribution*: Subject to any increase pursuant to Condition 4(e) (*Increase in Distribution Rate following occurrence of certain events*) below, the rate of distribution (“**Distribution Rate**”) applicable to the Perpetual Securities shall be:
- (i) in respect of each Distribution Payment Date, the period from, and including, the Issue Date to, but excluding, 22 September 2023 (the “**First Call Date**”), the Initial Distribution Rate; and
 - (ii) in respect of the period (A) from, and including the First Call Date, to, but excluding, the Reset Date falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate.
- (c) *Distribution Accrual*: Unless otherwise provided for in these Conditions, each Perpetual Security will cease to confer the right to receive any Distribution from, and including, the due date for redemption unless, upon due presentation, payment of the full amount due is improperly withheld or refused, in which event Distribution shall continue to accrue as provided in the Trust Deed. In such latter event, Distribution will continue to accrue at the applicable Distribution Rate (after as well as before any judgement) up to but excluding whichever is the earlier of (i) the date on which all sums due in respect of any Perpetual Security are received by or on behalf of the relevant Holder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Holders that it has received all sums due in respect of the Perpetual Securities up to such seventh day (except to the extent that there is a failure in the subsequent payment to the relevant Holders under these Conditions).
- (d) *Distribution Deferral*:
- (i) *Optional Deferral*: The Issuer may, at its sole discretion, elect to defer (in whole or in part) any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice (an “**Optional Deferral Notice**”) to the Holders (in accordance with Condition 16 (*Notices*)), the Trustee and the Principal Paying Agent in writing not more than 30 days nor less than 15 days prior to the relevant Distribution Payment Date (an “**Optional Deferral Event**”), unless a Compulsory Distribution Payment Event has occurred.
 - (ii) *No obligation to pay*: The Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with Condition 4(d)(i) (*Optional Deferral*) above.

- (iii) *Requirements as to Notice:* Each Optional Deferral Notice delivered to the Trustee, the Principal Paying Agent and the Holders shall be accompanied by a certificate substantially in the form set out in the Trust Deed signed by an Authorised Signatory (as defined in the Trust Deed) that no Compulsory Distribution Payment Event has occurred. The Trustee and the Principal Paying Agent shall be entitled to accept such certificate as sufficient evidence of the occurrence of an Optional Deferral Event in which event it shall be conclusive and binding on the Holders.
- (iv) *Cumulative Deferral:* Any Distribution deferred pursuant to this Condition 4(d) shall constitute “**Arrears of Distribution**”. The Issuer may, at its sole discretion, elect (in the circumstances set out in Condition 4(d)(i) (*Optional Deferral*) above) to further defer (in whole or in part) any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of Distribution. The Issuer is not subject to any limit as to the number of times Distribution and Arrears of Distribution can be deferred pursuant to this Condition 4(d) except that Condition 4(d)(v) (*Restrictions in the case of Deferral*) below shall be complied with until all outstanding Arrears of Distribution and Additional Distribution Amount have been paid in full.

Each amount of Arrears of Distribution shall accrue distribution as if it constituted the principal of the Perpetual Securities at the prevailing Distribution Rate and the amount of such distribution (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be calculated by applying the applicable Distribution Rate to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of Condition 4(a) (*Distribution*) above. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added (for the purpose of calculating the Additional Distribution Amount accruing thereafter) to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

- (v) *Restrictions in the case of Deferral:* Each of the Issuer and Company undertakes that unless on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date (including any Distribution accrued but unpaid on the Perpetual Securities, any Arrears of Distribution and any Additional Distribution Amount) is made in full:
 - (A) not to declare or pay any discretionary dividends or distributions or make any other discretionary payment, and will procure that no discretionary dividend, distribution or other discretionary payment is made, on any Parity Securities or Junior Securities of the Issuer or the Company (except (i) in relation to the Parity Securities of the Issuer or the Company, as the case may be, on a *pro-rata* basis), or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants); or
 - (B) not, at its discretion redeem, reduce, cancel, buy-back or otherwise acquire for any consideration any Parity Securities or Junior Securities of the Issuer or the Company (except (i) in relation to the Parity Securities of the Issuer or the Company, as the case may be, on a *pro-rata* basis), or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants, or (iii) as a result of the exchange or conversion of its Parity Securities for its Junior Securities),

in each case, unless and until (x) the Issuer has satisfied in full any Distribution accrued but unpaid on the Perpetual Securities, all outstanding Arrears of Distribution and Additional Distribution Amount, or (y) the Issuer is permitted to do so by an Extraordinary Resolution of the Holders.

(vi) *Satisfaction of Arrears of Distribution by payment:* The Issuer:

- (A) may satisfy any Arrears of Distribution and Additional Distribution Amount (in whole or in part) at any time by giving notice of such election to the Holders (in accordance with Condition 16 (*Notices*)), the Trustee and the Principal Paying Agent in writing not more than 20 nor less than five business days prior to the proposed payment date specified in such notice (which notice shall be irrevocable and shall oblige the Issuer to pay the relevant Arrears of Distribution and all Additional Distribution Amounts, on the payment date specified in such notice); and
- (B) in any event shall satisfy any outstanding Arrears of Distribution and Additional Distribution Amount (in whole but not in part) on the earliest of:
 - (1) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (Redemption and Purchase);
 - (2) the next Distribution Payment Date following the occurrence of a breach of Condition 4(d)(v) (Restrictions in the case of Deferral) above or the occurrence of a Compulsory Distribution Payment Event;
 - (3) a Winding-Up of the Issuer or the Company; and
 - (4) the date of any substitution or variation in accordance with Condition 12(e).

Any partial payment of outstanding Arrears of Distribution and any Additional Distribution Amount by the Issuer shall be shared by the Holders of all outstanding Perpetual Securities on a *pro-rata* basis.

- (vii) *No default:* Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any Distribution payment in accordance with this Condition 4(d) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 8 (*Non-payment*)) on the part of the Issuer under the Perpetual Securities or the Company under the Guarantee of the Perpetual Securities or for any other purpose.

(e) Increase in Distribution Rate following occurrence of certain events:

- (i) *Increase in Distribution Rate:* Upon the occurrence of a Step-Up Event, unless (x) an irrevocable notice in writing to redeem the Perpetual Securities has been given by the Issuer to Holders (in accordance with Condition 16 (*Notices*)), the Trustee and the Principal Paying Agent pursuant to Condition 5 (*Redemption and Purchase*) by the 30th day following the occurrence of the relevant Step-Up Event or (y) the relevant Step-Up Event is remedied by the 30th day following the occurrence of such relevant Step-Up Event, the Distribution Rate will increase by 3.00 per cent. per annum with effect from (a) the next Distribution Payment Date immediately following the occurrence of the relevant Step-Up Event or (b) if the date on which the relevant Step-Up Event occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date, *provided* that the maximum aggregate increase in the Distribution Rate pursuant to this Condition 4(e) shall be 3.00 per cent. per annum and the Distribution Rate shall not exceed the Maximum Distribution Rate. For the avoidance of doubt, any increase in the Distribution Rate pursuant to this Condition 4(e) is separate from and in addition to any increase in the Distribution Rate pursuant to Condition 4(b)(ii) (*Rate of Distribution*) above.

Any increase in the Distribution Rate pursuant to this Condition 4(e) shall be notified by the Issuer to the Holders (in accordance with Condition 16 (*Notices*)), the Trustee and the Agents in writing no later than the 30th day following the occurrence of the relevant Step-Up Event.

- (ii) *Decrease in Distribution Rate:* If following an increase in the Distribution Rate after a Step-Up Event, such Step-Up Event is cured or no longer exists, upon written notice of such facts being given to the Holders (in accordance with Condition 16 (*Notices*)), the Trustee and the Principal Paying Agent, the Distribution Rate shall be decreased by 3.00 per cent. per annum with effect from (and including) the Distribution Payment Date immediately following the date falling 30 days after the date on which the Trustee receives notice of the cure of such Step-Up Event *provided* that the maximum aggregate decrease in the Distribution Rate pursuant to this Condition 4(e) shall be 3.00 per cent. per annum.

5. Redemption and Purchase

- (a) *No fixed redemption:* The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (without prejudice to Condition 8 (*Non-payment*)), only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5.
- (b) *Redemption at the option of the Issuer:* The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice (in accordance with Condition 16 (*Notices*)) to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) on the First Call Date or on any Distribution Payment Date after the First Call Date (each, a "**Call Date**"). On expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Perpetual Securities on the relevant Call Date in accordance with this Condition 5(b) at their principal amount together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount).
- (c) *Redemption for tax reasons:* The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (in accordance with Condition 16 (*Notices*)) to the Holders (which notice shall be irrevocable) to the Trustee and the Principal Paying Agent at their principal amount, together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if, immediately before giving such notice, the Issuer satisfies the Trustee that:
 - (i) (A) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, or the stating of an official position regarding, such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective (or in the case of an official position, is announced) on or after the Issue Date (or in the case that Additional Tax Amounts are payable with respect to taxes imposed by a jurisdiction other than any Relevant Jurisdiction, after the Issuer becomes subject to tax in the Relevant Jurisdiction); and (B) such obligation cannot be avoided by the Issuer or the Company taking reasonable measures available to it; or
 - (ii) (A) the Company has or (if a demand was made under the Guarantee of the Perpetual Securities) would become obliged to pay Additional Tax Amounts as provided or referred to in Condition 7 (*Taxation*) or the Guarantee of the Perpetual Securities, as the case may be as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, or the stating of an official position regarding, such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective (or in the case of an official position, is announced) on or after the Issue Date; and (B) such obligation cannot be avoided by the Company taking reasonable measures available to it;

(either (i) or (ii) above, a "**Gross-up Event**"),

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Company would be obliged to pay such Additional Tax Amounts if a payment in respect of the Perpetual Securities were then due or (as the case may be) a demand under the Guarantee of the Perpetual Securities were then made.

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver or procure that there is delivered to the Trustee:

- (A) a certificate signed by any duly authorised officer of the Issuer stating that the circumstances referred to in Conditions 5(c)(i)(A) and 5(c)(i)(B) above prevail and setting out the details of such circumstances or (as the case may be) a certificate signed by any duly authorised officer of the Company stating that the circumstances referred to in Conditions 5(c)(ii)(A) and 5(c)(ii)(B) above prevail and setting out details of such circumstances; and
- (B) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Company has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment.

The Trustee shall be entitled, without being liable to Holders or any other Person, to conclusively rely on such certificate and opinion without investigation and to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out above, in which event they shall be conclusive and binding on the Holders.

Upon the expiry of any such notice period as is referred to in this Condition 5(c), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(c).

- (d) *Redemption for accounting reasons*: The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on the Issuer giving not less than 30 nor more than 60 days' notice (in accordance with Condition 16 (*Notices*)) to the Trustee, the Holders and the Principal Paying Agent (which notice shall be irrevocable) at their principal amount, together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) if, immediately before giving such notice, the Issuer satisfies the Trustee that as a result of any changes or amendments to, or a change or amendment to any interpretation of, PRC Accounting Standards or any other generally accepted accounting standards that may be adopted for the purposes of preparing the Company's consolidated financial statements (the "**Relevant Accounting Standards**"), the Perpetual Securities in whole or in part must not or must no longer be recorded as "equity" of the Company pursuant to the Relevant Accounting Standards.

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver or procure that there is delivered to the Trustee:

- (A) a certificate, signed by any duly authorised officer of the Company stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion, in form and substance satisfactory to the Trustee, of the independent auditors of the Company stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to, or change or amendment to the relevant interpretation of, the Relevant Accounting Standards is due to take effect,

provided, however, that no notice of redemption may be given under this Condition 5(d) earlier than 90 days prior to the date on which the relevant change or amendment, or change or amendment to the relevant interpretation of, to the Relevant Accounting Standards is due to take effect in relation to the Company.

Upon the expiry of any such notice as is referred to in this Condition 5(d), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(d) *provided* that such date for redemption shall be no earlier than the last day before the date on which the Perpetual Securities must not or must no longer be so recorded as "equity" of the Company pursuant to the Relevant Accounting Standards.

The Trustee shall be entitled, without being liable to the Holders or any other Person, to conclusively rely on such certificate and opinion and to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in Condition 5(d)(ii)(A) and 5(d)(ii)(B), in which event it shall be conclusive and binding on the Holders.

- (e) *Redemption for Change of Control Triggering Event:* The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice (in accordance with Condition 16 (*Notices*)) to the Trustee, the Principal Paying Agent and the Holders at:

- (i) 101 per cent. of their principal amount together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), at any time before the First Call Date; or
- (ii) their principal amount, together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), at any time on or after the First Call Date,

if a Change of Control Triggering Event occurs.

Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver or procure that there is delivered to the Trustee a certificate, signed by any duly authorised officer of the Company stating that the circumstances referred to above in this Condition 5(e) prevail and setting out the details of such circumstances.

The Trustee shall be entitled, without being liable to Holders or any other Person, to conclusively rely on such certificate without investigation and accept such certificate as sufficient evidence of the satisfaction of the circumstances set out above, in which event it shall be conclusive and binding on the Holders. Upon the expiry of any such notice as is referred to in this Condition 5(e), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(e).

- (f) *Redemption for a Breach of Covenant Event:* The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 days nor more than 60 days' irrevocable notice (in accordance with Condition 16 (*Notices*)) to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of a Breach of Covenant Event.

Upon the expiry of any such notice period as is referred to in this Condition 5(f), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(f).

- (g) *Redemption for a Relevant Indebtedness Default Event:* The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 days nor more than 60 days' irrevocable notice (in accordance with Condition 16 (*Notices*)) to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of a Relevant Indebtedness Default Event.

Upon the expiry of any such notice as is referred to in this Condition 5(g), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(g).

- (h) *Redemption for a Non-Registration Event:* The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 days nor more than 60 days' irrevocable notice (in accordance with Condition 16 (*Notices*)) to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of a Non-Registration Event.

Upon the expiry of any such notice period as is referred to in this Condition 5(h), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(h).

- (i) *Redemption for minimum outstanding amount:* The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 days nor more than 60 days' irrevocable notice (in accordance with Condition 16 (*Notices*)) to the Trustee, the Principal Paying Agent and the Holders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if prior to the date fixed for redemption at least 80 per cent. in principal amount of the Perpetual Securities originally issued has been redeemed or purchased and cancelled.

Upon the expiry of any such notice as is referred to in this Condition 5(i), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(i).

- (j) *No other redemption:* The Issuer shall not be entitled to redeem the Perpetual Securities otherwise than as provided in Conditions 5(a) (*No fixed redemption*) to 5(i) (*Redemption for minimum outstanding amount*) above.
- (k) *Purchase:* The Company or any of its Subsidiaries may at any time purchase Perpetual Securities in the open market or otherwise and at any price.
- (l) *Cancellation:* All Perpetual Securities so redeemed or purchased by the Company or any of its Subsidiaries shall be cancelled and may not be reissued or resold.
- (m) *No duty to monitor:* The Trustee shall not be obliged to take any steps to ascertain whether a Step-Up Event or an Accounting Event has occurred or to monitor the occurrence of any Step-Up Event or Accounting Event, and shall not be liable to the Holders or any other person for not doing so.
- (n) *Calculations:* Neither the Trustee nor any of the Agents, apart from the Calculation Agent, shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption and shall not be liable to the Holders or any other person for not doing so.

6. Payments

- (a) *Principal:* Payments of principal shall be made by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City and (i) (in the case of redemption) upon surrender, or (ii) (in the case of part payment only) upon endorsement of the relevant Certificates at the Specified Office of any Paying Agent.
- (b) *Distribution:* Payments of Distribution shall be made by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City and (i) (in the case of Distribution payable on redemption) upon surrender, or (ii) (in the case of part payment only) upon endorsement of the relevant Certificates at the Specified Office of any Paying Agent.
- (c) *Payments subject to fiscal laws:* All payments in respect of the Perpetual Securities are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Holders in respect of such payments.
- (d) *Payments on business days:* Payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and Distribution payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of Distribution payable other than on redemption) on the due date for payment. A Holder of a Perpetual Security shall not be entitled to any Distribution or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day.

- (e) *Record date*: Each payment in respect of a Perpetual Security will be made to the person shown as the Holder in the Register at the close of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

*Whilst the Perpetual Securities are evidenced by the Global Certificate, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payment, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive, except 25 December and 1 January).*

- (f) *Partial payment*: If a Paying Agent makes a partial payment in respect of any Perpetual Securities, the Issuer shall procure that the amount and date of such payment are noted in the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

7. **Taxation**

All payments of principal and Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Perpetual Securities, the Trust Deed and under the Guarantee of the Perpetual Securities by or on behalf of the Issuer or the Company shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (collectively, "**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law.

Where such withholding or deduction is required by law and is made by the Issuer or the Company as a result of the Issuer or the Company being a PRC tax resident by or on behalf of the PRC or any political subdivision thereof or authority therein or thereof having power to tax at a rate of up to (and including) the rate applicable on 14 September 2020 (the "**Applicable Rate**"), the Issuer, or as the case may be, the Company will pay such additional amounts as will result in receipt by the Holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required.

In the event the Issuer or the Company is required to make a deduction or withholding (i) by or on behalf of the PRC or any political subdivision thereof or authority therein or thereof having power to tax in excess of the Applicable Rate; or (ii) by or within any Relevant Jurisdiction or any political subdivision thereof or authority therein or thereof having power to tax except the PRC, the Issuer or the Company, as the case may be, shall pay such additional amounts (the "**Additional Tax Amounts**") as will result in receipt by the Holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts referred to in this Condition 7 (collectively, the "**Additional Amounts**") shall be payable in respect of any Perpetual Security:

- (i) held by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Perpetual Security by reason of its or its beneficial owner having some connection with the Relevant Jurisdiction other than the mere holding of the Perpetual Security; or
- (ii) in respect of which the Certificate representing it is presented (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on surrendering the Certificate representing such Perpetual Security for payment on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Principal Paying Agent in accordance with the terms of the Agency Agreement on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders.

Any reference in these Conditions to principal or Distribution, Arrears of Distribution or Additional Distribution Amount shall be deemed to include any additional amounts and Additional Tax Amounts in respect of such principal or Distribution, Arrears of Distribution or Additional Distribution Amount (as the case may be) which may be payable under this Condition 7 or any undertaking given in addition to or in substitution of this Condition 7 pursuant to the Trust Deed.

If the Issuer or the Company becomes subject at any time to any taxing jurisdiction other than any of the Relevant Jurisdictions, references in these Conditions to the Relevant Jurisdiction shall be construed as references to such other jurisdiction.

Neither the Trustee nor the Agents shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 7 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, the Company, the Holders or any other person to pay such tax, duty, charges, withholding or other payment.

8. Non-payment

- (a) *Non-payment when due:* Notwithstanding any of the provisions below in this Condition 8, the right to institute proceedings for Winding-Up of the Issuer and/or the Company is limited to circumstances where payment has become due. In the case of any Distribution, such Distribution will not be due if the Issuer has elected to defer that Distribution in accordance with Condition 4(d) (*Distribution – Distribution Deferral*).
- (b) *Proceedings for Winding-Up:* If (i) there is a Winding-Up of the Issuer or the Company, or (ii) the Issuer or the Company shall not make payment in respect of the Perpetual Securities for a period of 14 days or more after the date on which such payment is due, the Issuer or the Company, as the case may be, shall be deemed to be in default under the Trust Deed, the Guarantee of the Perpetual Securities and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 8(d) (*Entitlement of Trustee*) below, institute proceedings for the Winding-Up of the Issuer and/or the Company and/or prove in the Winding-Up of the Issuer and/or the Company and/or claim in the liquidation of the Issuer and/or the Company for such payment.
- (c) *Enforcement:* Without prejudice to Condition 8(b) (*Proceedings for Winding-Up*) above but subject to the provisions of Condition 8(d) (*Entitlement of Trustee*) below, the Trustee may at its discretion and without notice to the Issuer or the Company institute such proceedings against the Issuer and/or the Company as it may think fit to enforce any term or condition binding on the Issuer and/or the Company under the Trust Deed, the Guarantee of the Perpetual Securities or the Perpetual Securities (other than any payment obligation of the Issuer and/or the Company under or arising from the Perpetual Securities, the Guarantee of the Perpetual Securities or the Trust Deed, including, without limitation, payment of any principal or Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Perpetual Securities, including any damages awarded for breach of any obligations) and in no event shall the Issuer or the Company, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it. The rights and remedies of the Trustee and the Holders under the Perpetual Securities and the Trust Deed are cumulative and not exclusive of any rights or remedies provided by law.
- (d) *Entitlement of Trustee:* The Trustee shall not be obliged to take any of the actions referred to in Condition 8(b) (*Proceedings for Winding-Up*) or Condition 8(c) (*Enforcement*) above against the Issuer or the Company to enforce the terms of the Trust Deed, the Guarantee of the Perpetual Securities or the Perpetual Securities unless (a) it shall have been so requested by an Extraordinary Resolution of the Holders or in writing by the Holders of at least 25 per cent. in principal amount of the Perpetual Securities then outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded in accordance with the Trust Deed or the Perpetual Securities.

- (e) *Right of Holders*: No Holder shall be entitled to proceed directly against the Issuer or the Company or to institute proceedings for the Winding-Up of the Issuer or the Company or claim in the liquidation of the Issuer or the Company or to prove in such Winding-Up unless the Trustee, having become so bound to proceed or being able to prove in such Winding-Up or claim in such liquidation, fails to do so within a reasonable period and such failure shall be continuing, in which case the Holder shall have only such rights against the Issuer or the Company as those which the Trustee is entitled to exercise as set out in this Condition 8.
- (f) *Extent of Holders' remedy*: No remedy against the Issuer or the Company, other than as referred to in this Condition 8, shall be available to the Trustee or the Holders, whether for the recovery of amounts owing in respect of the Perpetual Securities, the Guarantee of the Perpetual Securities or under the Trust Deed or in respect of any breach by the Issuer or the Company of any of their respective other obligations under or in respect of the Perpetual Securities or the Trust Deed.

9. Prescription

Claims against the Issuer for payment in respect of the Perpetual Securities shall be prescribed and become void unless made within 10 years (in the case of principal or premium) or five years (in the case of Distribution) from the appropriate Relevant Date in respect of them.

10. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. Trustee and Agents

Under the Trust Deed, the Trustee is entitled to be indemnified and/or pre-funded and/or secured to its satisfaction and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Holders. In addition, the Trustee, the Agents and their respective directors and officers are entitled to enter into business transactions with the Issuer, the Company and any entity relating to the Issuer or the Company without being accountable for the same (including) any profit therefrom) to the Holders or any person.

In the exercise of its powers and discretions under these Conditions, the Deed of Guarantee of the Perpetual Securities and the Trust Deed, the Trustee will have regard to the interests of the Holders as a class and will not be responsible for any consequence for individual Holders of Perpetual Securities as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

The Trustee may act on the advice, opinion or report of or any information obtained from any lawyer, valuer, accountant, auditor, surveyor, banker, broker, auctioneer, or other expert (whether obtained by the Issuer, the Company, the Trustee or otherwise, whether or not addressed to the Trustee, and whether or not the advice, opinion, report or information, or any engagement letter or other related document, contains a monetary or other limit on liability or limits the scope and/or basis of such advice, opinion, report or information). The Trustee will not be responsible to anyone for any liability occasioned by so acting.

In acting under the Agency Agreement and in connection with the Perpetual Securities, the Agents act solely as agents of the Issuer, the Company and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders.

The initial Agents and their initial Specified Offices are listed below. The Issuer and the Company reserve the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar principal paying agent and additional or successor paying agents and transfer agents; *provided, however*, that the Issuer and the Company shall at all times maintain (a) a principal paying agent and a registrar and (b) a paying agent and a transfer agent.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Holders.

Neither the Trustee nor the Agents shall be required to monitor the occurrence of any Step-Up Event or of any event under Condition 5 (*Redemption and Purchase*) that may trigger the option of redemption, and shall not be liable to the Issuer, the Company, the Holders or any other Person for not doing so.

12. Meetings of Holders; Modification and Waiver

- (a) *Meetings of Holders:* The Trust Deed contains provisions for convening meetings of Holders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Deed of Guarantee or the Agency Agreement. Such a meeting may be convened by Holders holding not less than 10 per cent. in aggregate principal amount of the Perpetual Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Perpetual Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Holders whatever the principal amount of the Perpetual Securities held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the dates on which Distribution (including any Arrears of Distribution or Additional Distribution Amounts) is payable in respect of the Perpetual Securities, (ii) to reduce or cancel the principal amount of, or Distribution on, the Perpetual Securities, (iii) to change the currency of payment of the Perpetual Securities, (iv) to modify the provisions concerning the quorum required at any meeting of Holders or the majority required to pass an Extraordinary Resolution or (v) to modify, release or terminate the Deed of Guarantee, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Perpetual Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Holders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by the holders of not less than 90 per cent. in aggregate principal amount of the Perpetual Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by one or more Holders.

- (b) *Modification of the Conditions, the Trust Deed, the Agency Agreement and the Deed of Guarantee:* The Trustee may (but shall not be obliged to) agree, without the consent of the Holders, to (i) any modification of any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is, in its opinion, of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is in the opinion of the Trustee not materially prejudicial to the interests of the Holders. Any such modification, authorisation or waiver shall be binding on the Holders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer, failing whom, the Company, to the Holders as soon as practicable. The Issuer shall notify as soon as possible the Rating Agencies that maintain a rating on the Perpetual Securities of any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee.

- (c) *Entitlement of the Trustee:* In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12) the Trustee shall have regard to the interests of the Holders as a class and shall not have regard to the consequences of such exercise for individual Holders, and the Trustee shall not be entitled to require on behalf of any Holder, nor shall any Holder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders.
- (d) *Directors from Holders:* Notwithstanding anything to the contrary in these Conditions or the Trust Deed, whenever the Trustee is required or entitled by the terms of these Conditions, the Trust Deed or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Holders by way of an Extraordinary Resolution and shall have been indemnified and/or secured and/or prefunded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions.
- (e) *Substitution or Variation:* If a Special Event has occurred and is continuing, then the Issuer may at its option, subject to Condition 4 (without any requirement for the consent or approval of the Holders) and subject to it having satisfied the Trustee immediately prior to the giving of any notice referred to in this Condition 12(e) that the provisions of this Condition 12(e) have been complied with, and having given not less than 30 nor more than 60 days' irrevocable notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 16 (*Notices*), the Holders, at any time either (i) substitute all, but not some only, of the Perpetual Securities for, or (ii) vary the terms of the Perpetual Securities with the effect that they remain or become (as the case may be), Qualifying Securities, and the Trustee shall (subject to the following provisions of this Condition 12(e) and subject to the receipt by it of the certificate of the directors of the Issuer referred to in the definition of Qualifying Securities) agree to such substitution or variation.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Perpetual Securities in accordance with this Condition 12(e). In connection therewith, any outstanding Arrears of Distribution (including any Additional Distribution Amount) shall be satisfied in full in accordance with the provisions of Condition 4(d)(vi).

In connection with any substitution or variation in accordance with this Condition 12(e), the Issuer shall comply with the rules of any stock exchange on which the Perpetual Securities are for the time being listed or admitted to trading.

Any such substitution or variation in accordance with the foregoing provisions of this Condition 12(e) shall not be permitted if any such substitution or variation would itself give rise to a Special Event with respect to the Perpetual Securities or the Qualifying Securities.

13. Further Issues

The Issuer may from time to time without the consent of the Holders create and issue further securities having the same terms and conditions as the existing Perpetual Securities in all respects (or in all respects except for the first payment of Distribution on them and the timing for complying with the requirements set out in these Conditions in relation to the NDRC Post-issue Filings) and so that such further issue shall be consolidated and form a single series with the existing Perpetual Securities; *provided that* (i) the Company shall undertake to comply with Condition 3 with respect to such new securities and "Issue Date" as used therein shall be deemed to mean the initial issue date of such new securities and (ii) either (a) the Deed of Guarantee with respect to the existing Perpetual Securities may be amended without consent from any Holders to reflect the issuance of such new securities or (b) the Company may enter into a new deed of guarantee with respect to such new

securities in favour of the Trustee having the same terms and conditions as the Deed of Guarantee with respect to the existing Perpetual Securities; *provided further* that for such new securities to be consolidated to form a single series with the existing Perpetual Securities prior to the completion of the Cross-border Security Registration of the existing Perpetual Securities, the Deed of Guarantee with respect to the existing Perpetual Securities shall be amended or restated to reflect the issuance of such new securities, and the term “**Registration Deadline**” with respect to such new securities shall mean the day falling 120 Registration Business Days after the issue date of the existing Perpetual Securities.

14. Enforcement

At any time after the Perpetual Securities become due and payable, the Trustee may, at its discretion and without further notice, institute such steps, actions or proceedings against the Issuer or the Company as it may think fit to enforce the terms of the Trust Deed, the Deed of Guarantee, the Agency Agreement and the Perpetual Securities, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Holders holding at least 25 per cent. in principal amount of the Perpetual Securities outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Holder may proceed directly against the Issuer or the Company unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15. Currency Indemnity

U.S. dollar is the sole currency of account and payment for all sums payable by the Issuer and the Company under or in connection with the Perpetual Securities, including damages. Any amount received or recovered in a currency other than U.S. dollar (whether as a result of, or of the enforcement of, a judgement or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or the Company or otherwise) by any Holder in respect of any sum expressed to be due to it from the Issuer or the Company shall only constitute a discharge to the Issuer or the Company, as applicable, to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Perpetual Securities, the Issuer and the Company shall indemnify it against any loss sustained by it as a result. In any event, the Issuer and the Company shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Holder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer’s and the Company’s other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder and shall continue in full force and effect despite any other judgement, order, claim or proof for a liquidated amount in respect of any sum due under any Perpetual Securities or any other judgement or order.

16. Notices

Notices to the holders of Perpetual Securities shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of the Perpetual Securities shall also be published in a daily newspaper of general circulation in Asia (which is expected to be the Asian Wall Street Journal). If the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper of general circulation in Asia, as approved by the Trustee. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

Until such time as any definitive certificates are issued and so long as the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream, any notice to the Holders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17. Contracts (Right of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Perpetual Securities under the Contracts (Rights of Third Parties) Act 1999, but this shall not affect any right or remedy which exists or is available apart from such Act.

18. Governing Law and Jurisdiction

- (a) *Governing law*: The Trust Deed, the Perpetual Securities, the Deed of Guarantee and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) *Jurisdiction*: The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Perpetual Securities and accordingly any legal action or proceedings arising out of or in connection with any Perpetual Securities (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, each of the Issuer and the Company has irrevocably submitted to the jurisdiction of such courts.
- (c) *Agent for Service of Process*: Pursuant to the Trust Deed, the Company has irrevocably appointed the Issuer to receive service of process in any Proceedings in Hong Kong based on any of the Perpetual Securities.
- (d) *Waiver of Immunity*: To the extent that each of the Issuer and the Company may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgement or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), each of the Issuer and the Company agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

19. Definitions

In these Conditions:

“**Accounting Event**” means the occurrence of any changes or amendments to, or a change or amendment to any interpretation of, PRC Accounting Standards or any other generally accepted accounting standards that may be adopted for the purposes of preparing the Company’s consolidated financial statements resulting in the Perpetual Securities not being accounted as “equity” of the Company, as described in Condition 5(d) (*Redemption and Purchase – Redemption for accounting reasons*);

“**Additional Distribution Amount**” has the meaning ascribed to it in Condition 4(d)(iv) (*Distribution – Distribution Deferral – Cumulative Deferral*);

“**Additional Amounts**” has the meaning ascribed to it in Condition 7 (*Taxation*);

“**Additional Tax Amounts**” has the meaning ascribed to it in Condition 7 (*Taxation*);

“**Applicable Rate**” has the meaning ascribed to it in Condition 7 (*Taxation*);

“**Arrears of Distribution**” has the meaning ascribed to it in Condition 4(d)(iv) (*Distribution – Distribution Deferral – Cumulative Deferral*);

“**Board of Directors**” means the board of directors elected or appointed by the relevant shareholders of the Issuer or the Company, as applicable, to manage the business of the Issuer or the Company, as applicable, or any committee of such board duly authorised to take the action purported to be taken by such committee;

“**Breach of Covenant Event**” means the occurrence of (a) a Covenant Breach and (b) the Trustee or the Holders holding 25 per cent. or more in aggregate principal amount of the Perpetual Securities outstanding gives notice in writing to the Issuer that the Distribution Rate will be adjusted in accordance with Condition 4(e) unless the Perpetual Securities are redeemed in accordance with Condition 5(f);

“business day” means: (a) in respect of Condition 2 (*Register, Title and Transfers*), a day (other than a Saturday or Sunday or public holiday) on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be); (b) in respect of Condition 4 (*Distribution*), any day, other than a Saturday and a Sunday or a public holiday, on which banks are open for business in Hong Kong and New York City; and (c) in respect of Condition 6 (*Payments*), any day, other than a Saturday, a Sunday or a public holiday, on which the Registrar is open for business in the place of its specified office and New York City;

“Call Date” has the meaning ascribed to it in Condition 5(b) (*Redemption and Purchase – Redemption at the option of the Issuer*);

“Capital Stock” means any and all shares, interests (including joint venture interests), participations or other equivalents (however designated) of capital stock of a corporation or any and all equivalent ownership interests in a Person (other than a corporation);

“Certificate” has the meaning ascribed to it in Condition 2(a);

“Change of Control” means the occurrence of one or more of the following events:

- (a) the Company or any other person or persons acting together whom the Company consolidates with or merges into that is/are Controlled by PRC Government Persons (as defined below) ceasing to own and control directly or indirectly 100 per cent. of the Voting Shares of the Issuer;
- (b) (x) the State Administration of State-owned Assets Commission (“SASAC”) and (y) any other person directly Controlled by the central government of the PRC (such person and the SASAC, “PRC Government Persons”), together cease to directly or indirectly own or control at least 50.1 per cent. of the Voting Shares of the Company;
- (c) the Company consolidates with or merges into any other person or persons acting together, unless such person(s) is/are Controlled by PRC Government Persons; or
- (d) the Company sells or transfers all or substantially all of its assets to any other person or persons acting together, unless (x) such person(s) is/are Controlled by PRC Government Persons and (y) (a) such sale or transfer is on an arm’s length basis or (b) such person(s) expressly assume/assumes all the obligations of the Company under the Perpetual Securities, the Deed of Guarantee, the Trust Deed and the Agency Agreement;

“Change of Control Triggering Event” means subject to Condition 4(e)(ii) (*Distribution – Increase in Distribution Rate following occurrence of certain events – Decrease in Distribution Rate*), the occurrence of a Change of Control *provided that*, in the event that the Perpetual Securities are, on the Rating Date, rated Investment Grade by one or more Rating Agencies, a Change of Control Triggering Event shall mean the occurrence of both a Change of Control and a Rating Decline. For the avoidance of doubt, no Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated;

“Company Audited Financial Reports” means the annual audited consolidated statement of financial position, statement of profit or loss, statement of cash flows and statements of changes in owners’ equity of the Company and its Subsidiaries together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them;

“Company Unaudited Financial Reports” means the semi-annual unaudited and unreviewed consolidated statement of financial position, statement of profit or loss, statement of cash flows and statements of changes in owners’ equity of the Company and its Subsidiaries together with any statements, reports (including any directors’ and auditors’ review reports) and the notes attached to or intended to be read with any of them, if any;

“Comparable Treasury Issue” means the US Treasury security having a maturity of three years that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of three years;

“Comparable Treasury Price” means, with respect to any redemption date:

- (a) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or
- (b) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all quotations;

“Compulsory Distribution Payment Event” means that, during the three-month period ending on the day before the relevant Distribution Payment Date, either or both of the following have occurred:

- (a) a discretionary dividend, discretionary distribution or other discretionary payment has been declared or paid by the Issuer or the Company on or in respect of any of the Parity Securities or Junior Securities of the Issuer or the Company (except (i) in relation to the Parity Securities of the Issuer or the Company, as the case may be, on a *pro-rata* basis, or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants); or
- (b) the Issuer or the Company has at its discretion redeemed, repurchased, cancelled, bought-back or otherwise acquired for any consideration any of Parity Securities or Junior Securities of the Issuer or the Company (except (i) in relation to the Parity Securities of the Issuer or the Company, as the case may be, on a *pro-rata* basis, (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants, or (iii) as a result of the exchange or conversion of its Parity Securities for its Junior Securities);

“Control” means (i) the ownership or control of more than 50 per cent. of the Voting Rights of the issued share capital of a person or (ii) the nomination or designation of no less than 50 per cent. of the members then in office of a person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise;

“Covenant Breach” means a non-compliance and/or non-performance by the Issuer or the Company of any one or more of its obligations and covenants set out in Condition 3 (*Negative Pledge and Other Covenants*);

“Cross-border Security Registration” has the meaning ascribed to it in Condition 3(d) (*Undertakings in relation to the Guarantee of the Perpetual Securities*);

“Distribution” has the meaning ascribed to it in Condition 4(a) (*Distribution – Distribution*) and includes Arrears of Distribution and Additional Distribution Amount (if any) whether or not so specified in these Conditions;

“Distribution Payment Date” has the meaning ascribed to it in Condition 4(a) (*Distribution – Distribution*);

“Distribution Rate” has the meaning ascribed to it in Condition 4(b) (*Distribution – Rate of Distribution*);

“First Call Date” has the meaning ascribed to it in Condition 4(b)(i) (*Distribution – Rate of Distribution*);

“Guarantee of the Perpetual Securities” has the meaning ascribed to it in Condition 1(c) (*Form, Denomination, Status and Guarantee – Status of the Guarantee of the Perpetual Securities*);

“Holder” has the meaning ascribed to it in Condition 2(a) (*Register, Title and Transfers – Register*);

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“Investment Grade” means a rating of “AAA,” “AA,” “A” or “BBB,” as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns; a rating of “Aaa,” “Aa,” “A” or “Baa,” as modified by a “1,” “2” or “3” indication, or an equivalent rating representing one of the four highest rating categories, by Moody’s or any of its successors or assigns; a rating of “BBB-” or better by Fitch or any of its successors or assigns; or the equivalent ratings of any United States nationally recognised rating agency or agencies, as the case may be, which shall have been designated by the Issuer as having been substituted for S&P, Moody’s, or Fitch or any combination thereof, as the case may be;

“Indebtedness” of any Person means, at any date, without duplication, (i) any outstanding indebtedness for or in respect of money borrowed (including bonds, debentures, notes or other similar instruments, whether or not listed) that is evidenced by any agreement or instrument, excluding trade payables, (ii) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, and (iii) all Indebtedness of others guaranteed by such Person;

“Independent Investment Bank” means an independent investment bank of international repute (acting as an expert) selected by the Issuer (at the expense of the Issuer) and notified in writing to the Trustee;

“Initial Distribution Rate” means 3.35 per cent. per annum;

“Issue Date” means 22 September 2020;

“Issued Share Capital” means issued and outstanding ordinary shares having voting rights but does not include ordinary or preference shares without voting rights;

“Issuer Audited Financial Reports” means the annual audited consolidated statement of financial position, statement of profit or loss, statement of cash flows and statements of changes in owners’ equity of the Issuer and its Subsidiaries, if any, together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them, if any;

“Junior Securities” means in relation to the Issuer or the Company, as the case may be, (a) its ordinary shares, or any other securities ranking *pari passu* therewith in respect of which all payments or dividends and distributions are discretionary or its share capital; (b) any instrument or security issued by the Issuer or the Company, as the case may be, which ranks, or is expressed to rank, by its terms or by operation of law, junior to the obligations of the Issuer under the Perpetual Securities or the obligations of the Company under the Guarantee of the Perpetual Securities, as the case may be; and (c) any security for which the Issuer or the Company, as the case may be, has guaranteed or otherwise assumed liability where the obligations of the Issuer or the obligations of the Company under the relevant guarantee or other assumption of liability rank or are expressed to rank junior to the obligations of the Issuer under the Perpetual Securities or the obligations of the Company under the Guarantee of the Perpetual Securities, as the case may be;

“Maximum Distribution Rate” means

- (a) in respect of each Distribution Payment Date, the period from, and including, the Issue Date to, but excluding, the First Call Date, the Initial Distribution Rate *plus* 3.00 per cent. per annum; and
- (b) in respect of the period (A) from, and including the First Call Date, to, but excluding, the Reset Date falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate *plus* 3.00 per cent. per annum;

“NDRC” means the National Development and Reform Commission of the PRC or its local counterparts;

a **“Non-Registration Event”** occurs when the Release Condition has not been satisfied on or prior to the Registration Deadline;

“Optional Deferral Event” has the meaning ascribed to it in Condition 4(d) (*Distribution – Distribution Deferral*);

“Optional Deferral Notice” has the meaning ascribed to it in Condition 4(d) (*Distribution – Distribution Deferral*);

“Parity Securities” means (a) in respect of the Issuer, any instrument or security issued, entered into or Guaranteed by the Issuer, which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Perpetual Securities; and (b) in respect of the Company, any instrument or security issued, entered into or Guaranteed by the Company, which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Guarantee of the Perpetual Securities;

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, government or any agency or political subdivision thereof or any other entity;

“PRC” means the People’s Republic of China, which shall for the purposes of these Conditions, exclude Hong Kong, Macau and Taiwan;

“PRC Accounting Standards” means accounting principles generally accepted in, and pursuant to the relevant laws of, the PRC;

“PRC Business Day” means a day (other than a Saturday, Sunday or a public holiday) on which banks in Beijing, the PRC are not authorised or obliged by law or executive order to be closed;

“Proceedings” has the meaning ascribed to it in Condition 18(b) (*Governing Law and Jurisdiction – Jurisdiction*);

“Qualifying Securities” means securities that: (a) have terms not materially less favourable to an investor than the terms of the Perpetual Securities, and provided that certification to such effect (and confirming that the conditions set out in (i) to (iii) below of this definition have been satisfied) of (a) two directors of the Issuer and (b) an Independent Investment Bank, shall have been delivered to the Trustee prior to the substitution or variation of the relevant Perpetual Securities upon which certificates the Trustee shall rely absolutely, provided that (i) they are issued by the Issuer or any wholly-owned direct or indirect finance Subsidiary of the Company; (ii) they are unconditionally and irrevocably guaranteed by the Company, which shall rank *pari passu* with the Guarantee on the Winding-Up of the Company, subject to receipt by the Trustee of any legal opinion reasonably requested by it, which opinion shall be satisfactory to the Trustee; and (iii) they (or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* on a Winding-Up with the Perpetual Securities, shall preserve the rights of the Holders of Perpetual Securities to any Arrears of Distribution, any Additional Distribution Amount and any other payment that has accrued with respect to the relevant securities, and shall contain terms which provide at least for the same Distribution Rate, Distribution Payment Dates and redemption events, from time to time applying to the Perpetual Securities and otherwise have substantially identical (as reasonably determined by the Issuer and the Independent Investment Bank) terms to the Perpetual Securities, save where any modifications to such terms are required to be made to avoid the occurrence of a Special Event; (b) are listed on SGX-ST or such other stock exchange of international standing regularly used for the listing and quotation of debt securities offered and traded in the international markets; and (c) carry an investment grade rating from at least one of the Rating Agencies.

“Quotation Agent” means the Reference Treasury Dealer selected by the Issuer and notified in writing to the Trustee;

“Rating Agencies” means (i) Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors (“**S&P**”); (ii) Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors (“**Moody’s**”); (iii) Fitch Inc., a subsidiary of Fimalac, S.A., and its successors (“**Fitch**”); and (iv) if one or more of S&P, Moody’s or Fitch shall not make a rating of the Perpetual Securities publicly available, any United States nationally recognised securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P, Moody’s or Fitch or any combination thereof, as the case may be;

“Rating Date” means, in connection with a Change of Control Triggering Event, that date which is 90 calendar days prior to the earlier of (i) a Change of Control and (ii) a public notice of the occurrence of a Change of Control or of the intention by the Issuer or Company or any other Person or Persons to effect a Change of Control;

“Rating Decline” means, in connection with a Change of Control Triggering Event, the occurrence on, or within six months after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Issuer, the Company or any other Person or Persons to effect a Change of Control (which period shall be extended (by no more than an additional three months after the consummation of the Change of Control) so long as the rating of the Perpetual Securities is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any event where the Perpetual Securities are (a) on the Rating Date (x) rated by one or more Ratings Agencies and (y) rated Investment Grade by each such Rating Agency, and (b) cease to be rated Investment Grade by all of such Rating Agencies;

“Reference Treasury Dealer” means each of any three investment banks of recognised standing that is a primary U.S. government securities dealer in the United States, selected by the Issuer in good faith and notified in writing to the Trustee;

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Quotation Agent, of the bid-and-asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Quotation Agent by such Reference Treasury Dealer as of 5:00 p.m., New York City time, on the third business day preceding such date of redemption;

“Register” has the meaning ascribed to it in Condition 2(a) (*Register, Title and Transfers – Register*);

“Registration Business Day” means a day, other than a Saturday, Sunday or a public holiday, on which the SAFE branch in Beijing is open for business;

“Registration Deadline” means the day falling 120 PRC Business Days after the Issue Date;

“Release Condition” means the receipt by the Trustee of: (a) a certificate in substantially the form set out in the Trust Deed of a director or duly authorised officer of the Company confirming the completion of the Cross-border Security Registration; and (b) a certified true copy of the relevant SAFE registration certificate and the particulars of registration;

“Relevant Accounting Standards” has the meaning ascribed to it in Condition 5(d) (*Redemption and Purchase – Redemption for accounting reasons*);

“Relevant Date” means whichever is the later of (i) the date on which such payment in question first becomes due and (ii) if the full amount payable has not been received by the Principal Paying Agent in accordance with the terms of the Agency Agreement on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders;

“Relevant Indebtedness” of any Person means, at any date, Indebtedness incurred or issued outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market without regard, however, to whether such securities are sold through public offering or private placements (which for the avoidance of doubt shall not include an indebtedness under any transferable loan facilities or agreements (including any drawing down of any existing credit line or facility of the Issuer, the Company or any of the Company’s Subsidiaries));

“Relevant Indebtedness Default Event” means the occurrence of one or more of the following events (and such event is continuing): (i) any Indebtedness of the Issuer, the Company or any of the Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period, or (ii) any such Indebtedness becomes due and payable prior to its stated maturity by reason of actual or potential default, event of default or the like (howsoever described), or (iii) the Issuer, the Company or any of the Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness, *provided* that the amount of the Indebtedness referred to in (i) and/or (ii) above and/or the amount payable under any Guarantee referred to in (iii) above, individually or in the aggregate, exceeds US\$100,000,000 (or its equivalent in any other currency or currencies);

“Relevant Jurisdiction” means Hong Kong, the PRC or any jurisdiction in which the Issuer and the Company respectively is incorporated or any jurisdiction of residence for tax purposes of the Issuer and the Company respectively;

“Relevant Period” means (a) in relation to the Company’s Audited Financial Reports, each period of twelve months ending on the last day of the Company’s financial year (being 31 December of that financial year) and (b) in relation to the Company’s Unaudited Financial Reports, each period of six months ending on the last day of its respective first half financial year (being 30 June of that financial year);

“Relevant Reset Distribution Rate” means a rate of interest expressed as a percentage per annum equal to the sum of (a) the initial spread of 3.194 per cent., (b) the Treasury Rate and (c) a margin of 3.00 per cent. per annum;

“Reset Date” means the First Call Date and each day falling every three calendar years after the First Call Date;

“Security Interest” means any mortgage, charge, lien pledge, encumbrance, other security interest or other arrangement with similar economic effect including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

“Special Event” means a Gross-Up Event, an Accounting Event or any combination of the foregoing;

“Step-Up Event” means the occurrence of any of a Change of Control Triggering Event, a Breach of Covenant Event, a Non-Registration Event and/or a Relevant Indebtedness Default Event;

“Subsidiary” of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person;

“Treasury Rate” means the rate notified by the Calculation Agent to the Issuer and the Holders (in accordance with Condition 16 (*Notices*)) in per cent. per annum equal to the yield, under the heading that represents the average for the week ending two business days prior to each Reset Date for calculating the Relevant Reset Distribution Rate under Condition 4(b)(ii) (*Distribution – Rate of Distribution*), appearing in the most recently published statistical release designated “H.15 (519) (weblink: <http://www.federalreserve.gov/releases/h15/current/default.htm>)” or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded US Treasury securities adjusted to constant maturity under the caption “Treasury constant maturities” for the maturity corresponding to the Comparable Treasury Issue. If such release (or any successor release) is not published during the week preceding the relevant date for calculation or does not contain such yields, “Treasury Rate” means the rate in per cent. per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the applicable Reset Date under Condition 4(b) (*Distribution – Rate of Distribution*);

“Voting Shares” means, with respect to any Person, the Capital Stock having the general voting power under ordinary circumstances to vote on the election of the members of the board of directors or other governing body of such Person (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency); and

“Winding-Up” means a final and effective court order or effective resolution for the winding-up, liquidation or similar proceedings in respect of the Issuer or the Company (as applicable).

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificates contain provisions which apply to the Securities while they are in global form, some of which modify the effect of the Terms and Conditions of the Senior Bonds and Terms and Conditions of the Perpetual Securities set out in this Offering Circular. The following is a summary of certain of those provisions.

Terms defined in the Terms and Conditions of the Senior Bonds and in the Terms and Conditions of the Perpetual Securities (collectively, the “Conditions” or “Terms and Conditions”) set out in this Offering Circular have the meaning in the paragraphs below.

Each series of the Senior Bonds and the Perpetual Securities will be represented by a Global Certificate deposited with a common depository for, and representing such series of the Senior Bonds or the Perpetual Securities registered in the name of a nominee of, Euroclear and Clearstream.

Under the Global Certificate for the Perpetual Securities, the Issuer, for value received, will promise to pay the amount payable upon redemption under the Terms and Conditions of the Perpetual Securities represented by the Global Certificate and Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of such Perpetual Securities to the Holder in such circumstances as the same may become payable in accordance with the Terms and Conditions of the Perpetual Securities.

The Global Certificates will become exchangeable in whole, but not in part, for definitive certificates if (a) in the case of the Senior Bonds and the Perpetual Securities, Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) in the case of the Senior Bonds, any of the circumstances described in Condition 9 (Events of Default) occurs.

Whenever a Global Certificate is to be exchanged for definitive certificates, such definitive certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered Holder of the Global Certificate, Euroclear and/or Clearstream, to the Registrar of such information as is required to complete and deliver such definitive certificates (including, without limitation, the names and addresses of the persons in whose names the definitive certificates are to be registered and the principal amount of each such person’s holding) against the surrender of the Global Certificate at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement for such bond and the regulations concerning the transfer and registration of Bonds scheduled thereto and, in particular, shall be effected without charge to any Holder or the Trustee, but against such indemnity, security and/or pre-funding as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

In addition, each Global Certificate will contain provisions that modify the Terms and Conditions of the Senior Bonds or the Terms and Conditions of the Perpetual Securities, as applicable, as they apply to the Senior Bonds or Perpetual Securities evidenced by such Global Certificate. The following is a summary of certain of those provisions:

Payments Business Days: In the case of all payments made in respect of the Global Certificates, “business day” means a day (other than a Saturday, a Sunday or a public holiday) on the Registrar is open for business in the place of its specified office and where payment is to be made by transfer to an account maintained with a bank in U.S. dollars, the place on which foreign exchange transactions may be carried on in U.S. dollars in the principal financial centre of the country of such currency.

Payment Record Date: Each payment in respect of the Global Certificates will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “Record Date”) where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

Notices: Notwithstanding Condition 17 (Notices) under the Terms and Conditions of the Senior Bonds or Condition 16 (Notices) under the Terms and Conditions of the Perpetual Securities, so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system (an “Alternative Clearing System”), notices to Holders of Senior Bonds or of the Perpetual Securities represented by such Global Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream or (as the case may be) such Alternative Clearing System.

USE OF PROCEEDS

The total gross proceeds from the offerings will be US\$2,395.6 million and Euro497.9 million. The Group intends to use the net proceeds, after deducting commissions to be charged by the Joint Lead Managers and other estimated expenses payable in connection with the offerings of the Securities, to refinance the Group's existing indebtedness and for general corporate purposes.

The foregoing represents the Group's current intentions based upon its present plans and business conditions to use and allocate the net proceeds of the offerings. The Group, however, will have significant flexibility and discretion to apply the net proceeds of the offerings subject to applicable PRC laws and regulations. If an unforeseen event occurs or business conditions change, the Group may use the proceeds of the offerings differently than as described in this Offering Circular subject to the applicable PRC laws and regulations.

EXCHANGE RATE INFORMATION

Renminbi

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi with reference to a basket of currencies in the market during the prior day. The PBOC also takes into account other factors such as general conditions existing in the international foreign exchange markets. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's interbank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollar was generally stable. Although PRC governmental policies were introduced in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign exchange for capital items, such as foreign direct investments, loans, or securities requires the approval of the SAFE and other relevant authorities.

On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. The PRC government has since made and in the future may make further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 AM each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 18 May 2007, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. On 19 June 2010, the PBOC announced that it intended to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate and on 16 April 2012, the band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the U.S. dollar was expanded to 1.0 per cent. and the spread between the Renminbi and U.S. dollar buying and selling prices offered by the designated foreign exchange banks to their clients was expanded from 1.0 per cent. to 2.0 per cent. The PBOC announced on 15 March 2014 that since 17 March 2014, the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the U.S. dollar was further expanded from 1 per cent. to 2 per cent. On each business day, the spread between the Renminbi and U.S. dollar buying and selling prices offered by the designated foreign exchange banks to their clients shall be within 3 per cent. of the published central parity of U.S. dollars on that day, instead of 2 per cent. The following table sets forth the noon buying rates for U.S. dollar in New York City for cable transfers payable in Renminbi as certified by the Federal Reserve Bank of New York for customs purposes for and as at the periods indicated as set forth in the H.10 statistical release of the Federal Reserve Board:

Period	Exchange Rate			
	Period End	Average ⁽¹⁾	High	Low
		(RMB per US\$1.00)		
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2869	6.4896	6.1870
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020				
January	6.9161	6.9184	6.9749	6.8589
February	6.9906	6.9967	7.0286	6.9650
March	7.0808	7.0205	7.1099	6.9244
April	7.0622	7.0708	7.0989	7.0341
May	7.1348	7.1016	7.1681	7.0622
June	7.0651	7.0816	7.1263	7.0575
July	6.9744	7.0041	7.0703	6.9744
August (through 28 Aug 2020)	6.8647	6.9310	6.9799	6.8647

Note:

- (1) Averages are calculated by using the average of the exchange rates on the last business day of each month during the relevant year. Monthly averages or the average for a period are calculated by using the average of the daily exchange rates during the relevant month or period.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated capitalisation and indebtedness of the Group as at 31 December 2019 on an actual basis and as adjusted to give effect to the issuance of the Securities.

The following table should be read in conjunction with “Recent Developments”, “Use of Proceeds”, “Summary Consolidated Financial Information of the Group” and the Group’s financial statements and related notes included elsewhere in this Offering Circular.

	As at 31 December 2019			
	Actual		As Adjusted	
	RMB	US\$ ⁽¹⁾	RMB	US\$ ⁽¹⁾
	(audited)	(unaudited)	(unaudited)	(unaudited)
	(in thousands)			
Short-term debt				
Short-term borrowings	77,034,658	11,065,336	77,034,658	11,065,336
Notes payables	6,249,379	897,667	6,249,379	897,667
Long-term borrowings due within				
one year	29,191,789	4,193,138	29,191,789	4,193,138
Bond payables due within one year	50,635,957	7,273,400	50,635,957	7,273,400
Total short-term debt	163,111,783	23,429,542	163,111,783	23,429,542
Long-term debt				
Long-term borrowings	104,430,656	15,000,525	104,430,656	15,000,525
Bonds payables	185,880,600	26,700,078	185,880,600	26,700,078
Bonds to be issued	—	—	20,616,326	2,961,350
Total long-term debt	290,311,256	41,700,603	310,927,582	44,661,953
Equity				
Paid-in capital	11,592,026	1,665,090	11,592,026	1,665,090
Other equity instruments	8,000,000	1,149,128	8,000,000	1,149,128
Capital reserves	27,496,576	3,949,636	27,496,576	3,949,636
Other comprehensive income	(10,405,620)	(1,494,674)	(10,405,620)	(1,494,674)
Special reserves	125,077	17,966	125,077	17,966
Surplus reserves	204,527	29,378	204,527	29,378
Undistributed profits	(46,216,763)	(6,638,623)	(46,216,763)	(6,638,623)
Minority interests	198,302,065	28,484,309	198,302,065	28,484,309
Total equity	189,097,888	27,162,212	189,097,888	27,162,212
Total capitalisation	479,409,144	68,862,815	500,025,470	71,824,165

Notes:

- (1) Translation of US dollar amounts to Renminbi amounts were made of US\$1.00 to RMB6.9618. Translation of euro amounts to US dollar amounts were made of EUR1.00 to US\$1.1227. These translations are solely for your convenience and should not be considered as representations that the relevant US dollar amounts could be converted into the corresponding Renminbi amounts at the rates indicated or at all.
- (2) Total capitalisation represents total long-term debt plus total equity.

Except as otherwise disclosed in this Offering Circular, there has been no material change in the consolidated capitalisation and indebtedness of the Group since 31 December 2019.

DESCRIPTION OF THE ISSUER

Formation

The Issuer, CNAC (HK) Finbridge Company Limited, was incorporated with limited liability on 30 June 2017 in Hong Kong under the Hong Kong Companies Ordinance with company registration number 67912359-000-06-17-2. The registered office of the Issuer is at 17/F, Shing Lee Commercial Building 6-12 Wing Kut Street, Central, Hong Kong. The Issuer is a directly wholly owned subsidiary of CNAC International Company Limited, which is wholly owned by China National Agrochemical Co., Ltd. (“CNAC”). The Guarantor holds 100.0% equity interest in CNAC. Thus, the Guarantor indirectly holds 100.0% equity interest in the Issuer.

Business Activities

The Issuer was established for the purpose of the investment and financing of the Guarantor’s overseas projects and transactions. Save as disclosed in this Offering Circular, the Issuer has not engaged, since the date of its incorporation, in any other material activities other than the proposed issue of the Securities and the on-lending of the proceeds thereof to the Guarantor or its subsidiaries, and the authorisation of documents and agreements referred to in this Offering Circular to which it is or will be a party. In the future, the Issuer may, either itself or through its direct and indirect subsidiaries and associated companies, issue further bonds or engage in business activities related to the businesses of the Guarantor and may incur substantial liabilities and indebtedness.

As at the date of this Offering Circular, the Issuer does not have any employees and has no subsidiaries.

The Issuer has full power and authority to carry out any activities which are not prohibited by the laws of Hong Kong.

Directors

The directors of the Issuer are Hongbo Chen and Jie Shi. The directors of the Issuer do not hold any shares or options to acquire shares of the Issuer. There are no potential conflicts of interest between any duties of the Issuer’s directors owed to the Issuer, and his/her private interests and/or other duties. The business address of the directors of the Issuer is 62 Beisihuanxilu, Haidian District, Beijing 100080, PRC.

Share Capital

As at the date of this Offering Circular, the authorised share capital of the Issuer is US\$1.00 divided into one ordinary share, which is issued and fully paid. No part of the equity securities of the Issuer is listed or dealt in on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

Financial Statements of the Issuer

As at the date of this Offering Circular, the Issuer has not published any financial statements. The Issuer has prepared its audited financial statements as at 31 December 2019 in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance.

DESCRIPTION OF THE GROUP

Overview

Our Group was established in 2004 by the SASAC through the merger of Bluestar and Haohua Chemical following the restructuring of several state-owned enterprises under the former Ministry of Chemical Industry. As the only central state-owned enterprise focusing on the chemical industry, we rank 164th on the 2020 Fortune Global 500 list and are the largest chemical company in China and the third largest chemical company globally in terms of sales, according to the Fortune Global 500, with approximately RMB454.3 billion (US\$65.3 billion) in revenues in 2019 and RMB844.0 billion (US\$121.2 billion) in assets as at 31 December 2019. As at 31 December 2019, our Group comprised approximately 99 operating entities, including 19 entities overseas, and had controlling interests in 9 listed companies with 7 listed domestically on the Shanghai Stock Exchange and/or the Shenzhen Stock Exchange, 1 on the Milan Stock Exchange and 1 on the Oslo Stock Exchange. As at 31 December 2019, ChemChina had approximately 160,000 employees, of which approximately 86,000 (c.54%) were based overseas, and is a truly global Chinese state-owned enterprise. As at 31 December 2019, we had production sites, research and development centres and a distribution network in China and more than 160 overseas countries and regions, all of which are strategically located in close proximity to our customers and end markets.

We primarily conduct our operations in the following six business segments:

Oil Processing and Fundamental Chemical Products: Our oil processing and fundamental chemical products segment is the foundation of our production chain, providing cost-efficient and reliable supply of key intermediaries and raw materials for the production of chemical materials and performance chemicals and intermediates. Our products are used in automotive and jet fuel, heating oil, fuel additives, and in the manufacturing of household appliances, stretch film, synthetic fibres, and in many varieties of plastics. Our key subsidiary engaged in oil processing and fundamental chemical products are ChemChina Petrochemical Co., Ltd. (“**CCPC**”).

New Chemical Materials and Specialty Chemicals: We supply a broad range of innovative and high value-added new chemical materials and specialty products. These products are typically used as catalysts, intermediates, components, protectants, or additives in a wide range of industries, including automobile, aerospace, electronic products and materials application, for example, feed additives, solar panels, mechanical components, artificial body parts, medicine, fibre optic cable, and mortar and concrete. We conduct our new chemical materials and specialty chemicals business primarily through our subsidiary China National Bluestar (Group) Co., Ltd. and Qenos (Australia) Pty Ltd. (“**Qenos**”).

Seeds and Agrochemicals: We are a leading provider of non-patented agricultural chemicals. We provide a comprehensive range of high-quality, innovative, and effective products, including herbicides, insecticides, bactericides, and plant growth regulators. After the acquisition of Syngenta AG, we continue to provide products and solutions to help farmers achieve global food security for a growing population, sustainably, by applying world-class science to develop crop protection products and seeds. In addition, our innovations help farmers to overcome multiple challenges – from weeds, insects and disease, to the effects of heat and cold on crops. Our agrochemicals manufacturing business is primarily conducted through our subsidiary CNAC, Syngenta AG (“**Syngenta**”) and ADAMA Ltd. (“**ADAMA**”).

Tyre and Rubber Products: We are well-reputed for our production expertise and application knowledge in the tyre and rubber products industry. Our major products include auto tyres, specialty tyres, latex products, polysulphide rubber, specialty rubber products, and carbon black. We have a diverse portfolio of tyre and rubber products marketed under a number of well-recognised brand names and trademarks. We conduct our tyre and rubber products business primarily through our subsidiary China National Tire & Rubber Co., Ltd. (“**CNRC**”).

Chemical Equipment: We are one of the leading rubber machinery manufacturers worldwide and in China. Our chemical equipment segment manufactures equipment for the manufacture of chemical products, such as vulcanising machines, ionic membrane electrolyzers, large drying equipment and axle gears. Our key subsidiaries engaged in chemical equipment manufacturing are Bluestar (Beijing) Chemical Machinery Co., Ltd., Yiyang Rubber & Plastics Machinery Group Co, Ltd., Guilin Rubber Machinery, Sanming Double-Wheel Chemical Engineering Machinery Co. Ltd. and KraussMaffei Group GmbH.

Others:

We have a demonstrated track record of consistent growth driven by organic growth, continuous introduction of commercially successful and effective products and services and expansion of our global reach through strategic mergers and acquisitions.

Building upon our global, vertically integrated business model, we are promoting a “3+1” strategy under the guidance of new science and new future which is expected to make our business portfolio more competitive, advanced, and focused. The “3+1” strategy prioritises the expansion of our core sectors comprising material science, life science, and advanced manufacturing in the future with all three sectors being supported by our basic chemicals and intermediates products. We expect to continue to optimise our business portfolio around these priorities and to enhance our leadership position in the global chemical industry by upgrading our production facilities and technologies, introducing innovative and high value-added products and services, streamlining our non-strategic product lines, developing our sales network by leveraging on overseas operations and investing in research and development efforts.

We have been striving to improve people’s living standards by providing critical products and services through our five key subsidiaries, and have contributed significantly to China’s economic development. We are one of the largest producers of caustic soda, tyres, rubber and plastics manufacturing equipment in China and have one of the largest domestic market shares and the largest global market shares of crop protection products.

Recent Financial Information

For the years ended 31 December 2017, 2018 and 2019, we recorded operating income of approximately RMB392.2 billion, RMB469.4 billion and RMB454.3 billion (US\$65.3 billion), respectively, gross profit of approximately RMB75.1 billion, RMB104.7 billion and RMB105.6 billion (US\$15.2 billion), respectively. As at 31 December 2017, 2018 and 2019, our total assets were approximately RMB796.6 billion, RMB830.9 billion and RMB844.0 billion (US\$121.2 billion), respectively.

According to the unaudited and unreviewed financial statements we published in compliance with the regulations over domestic bond issuance of the National Association of Financial Market Institutional Investors of the PRC, for the six months ended 30 June 2020, we recorded operating income of approximately RMB201.2 billion (US\$28.9 billion) and gross profit of approximately RMB44.0 billion (US\$6.3 billion). As at 30 June 2020, our total assets were approximately RMB874.2 billion (US\$125.6 billion). Such financial information has not been subject to an audit or review and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. For more details, see also “Risk Factors – Risks Relating to Our Business – The description of the results of operation of the Group as at and for the three months ended 30 June 2020 contained in this Offering Circular is derived from the consolidated financial information of the Group that has not been audited or reviewed”.

Key Strengths

We believe our key strengths are as follows:

A Pillar Central State-Owned Enterprise in China’s Chemical Industry with Enhancing Strong Government Support

We are the only state-owned enterprise under the direct supervision of central SASAC with capacities in research and development, production and sales of comprehensive products in the whole value chain of chemical industry. Established through the reorganisation of core enterprises and research institutions controlled by the former Ministry of Chemical Industry of China, we act as the primary operation and investment vehicle of the government in the chemical industry with a vision to consolidate the chemical resources and lead the growth and upgrading of the chemical industry in China. With the strong support and direct supervision from the central government of China, we maintain a leading position in China’s chemical industry.

Key State-Owned Enterprise to Serve Public Wellbeing

We engage in businesses closely related to the public wellbeing. We undertake to ensure the security of grain and the supply of food, water and refined oil in China. We are the largest crop protection company and the third largest seed company in the world, with over 346 R&D centers and institutes globally, including 147 R&D centers and institutes overseas, and have operation, production, research in more than 150 countries and regions. We cooperate closely with the Ministry of Agriculture (“MOA”), providing MOA with monitored data, industry development planning on a frequent basis and expertise advice, participating in the government’s major projects and planning and performing various assurance testing. We believe biotech is one of the most promising paths to China’s modernization, and its current five-year plan aims to achieve basic self-sufficiency in cereal grains and absolute food security. By acquiring Syngenta, we strengthened our market position in crop protection, seeds, controls and flowers markets, in particular, our seeds business as Syngenta’s seed portfolio is one of the broadest in the industry. We believe our acquisition of Syngenta can further support Chinese agricultural modernization through partnerships with key stakeholders and by bringing Chinese growers the benefits of biotechnology. We also obtained highly efficient, non-toxic and non-residual agricultural chemical technologies and advanced field information management solutions by acquiring ADAMA Agricultural Solutions Ltd. together with ADAMA, we have established a formulation center in Huai’an, which is one of the largest modernized formulation production facilities in China.

We are the largest methionine producer in China in terms of revenue, accounting for 30% of the domestic market share. As the only company in the world that is able to produce both solid and liquid methionine, we own the world-leading methionine production technology and the complete research and development system, with the largest liquid methionine production facility in China that have an annual production capacity of 140,000 tonnes. We are also the world’s third largest integrated silicones producer in terms of production volume. In addition, we are the largest producer of paste PVC in Asia and the fourth largest producer in the world with an annual production capacity of 200,000 tonnes in 2019. We were the first company to successfully introduce world-leading reverse osmosis membrane production and rolling technologies into China and were the first Chinese supplier with cutting-edge automatic membrane production and rolling technologies. We undertook all reverse osmosis desalination demonstration projects under the state science and technology plan, participated in several national desalination technology research and development assignments and undertook international projects in Indonesia, Saudi Arabia, Middle East. We also own the former research arm of the State Oceanic Administration, which is a pioneer in membrane technology research and development with the leading technological expertise and scale in China. As to the supply of refined oil, we have an annual quota of 16.4 million tonnes for import and trade in crude oil currently. ChemChina Petrochemical Co., Ltd., our subsidiary, is the fourth largest oil refining company in China with processing capacity of 19.3 million tonnes per year in 2019. We are also a shareholder of Mercuria Energy Trading, one of the world’s largest integrated energy and commodity traders.

Additionally, we are a pioneer in energy conservation and environmental protection. We acquired and consolidated over 100 chemical businesses in China since the 1980s, including large and medium-sized state-owned enterprises. We are one of the largest and strongest players in China’s industrial cleaning sector and the only company holding multiple Grade A qualifications and developed the non-mercury catalyst-based vinyl chloride production technology. We led the development of several national standards for the industry, which include the national standards for various products, the national standards for energy consumption and the national standards for industrial emissions.

Leader in the Development of Safety, Product and Quality Standards for the Chemical Industry in China

We are assigned to develop industry planning and standards and conduct quality and assurance testing. In 2019, we developed and/or modified 18 national standards and eight industry standards. We are also responsible for key national industry information services. Our subsidiary, China National Chemical Information Center (“CNCICC”), is the largest information collection, research and service institute in relation to China chemical industry, connecting approximately 20,000 companies in China. Our subsidiary Haohua East China Chemical Corporation, operates the first B-B chemical products trading platform. Utilising our access to mass information and monitoring of onshore and offshore data, we can make report and proposal regarding industry development planning to the government and key industry associations. Institutions and associations we work with in the chemical industry include National Centre for Energy

Conservation (Emissions Reduction) of the Chemical Industry, Academy of Industry Planning, China Petroleum and Chemical Industry Federation, China Association of Fluorine and Silicone Industry, China Chemical Industry Information Association, China Chemical Enterprise Management Association, The Membrane Industry Association and The Industry Cleaning Association of China.

Strong Support and Direct Supervision from the Government

The key members of our senior management are directly appointed by the government, and we are directly administered by SASAC. Our Chairman, Mr. Ning Gaoning, was a member of the 13th Standing Committee of the Chinese People's Political Consultative Conference and a member of the expert committee of the 13th Five-Year Plan for the National Economic and Social Development of the People's Republic of China. Mr. Ning has served as the Secretary to the Party Committee and Chairman of Sinochem Group since December 2015. As a highly recognised entrepreneur, is co-chair of APEC Business Advisory Council (ABAC), Chairman of APEC China Business Council and an Executive Director of the International Chamber of Commerce (ICC). Mr. Ning has over 30 years of experience in multinational corporations and has received accolades in China and overseas, including "CCTV Annual Economic Figures" by CCTV, "Annual Most Influential Corporate Leader Award" by China Entrepreneur Magazine, "Most Influential Business Leader in China" by Fortune Magazine, "Best Business Leader in Asia" by CNBC and "Best Corporate Director in Asia" by Corporate Governance Asia Magazine. The key members of the senior management are directly appointed by SASAC. SASAC directed us to follow the national Five-year Plan and report our planning in detail. We prepared our report accordingly and submitted relevant materials and important data to SASAC. SASAC also directed us to report our three-year plan and update our progress on a yearly basis. We thus formed a designated work force to hold regular meetings with our subsidiaries, in order to ensure execution of the plan, and report to SASAC on a regular basis. What is more, we have continuously received wide attention from the government leaders and ministries, including President Xi Jinping, Former President Hu Jintao, Former Premier Wen Jiabao, former member of Politburo Standing Committee and Chairman of NPC Standing Committee Wu Bangguo, former member of the Politburo Standing Committee He Guoqiang, Vice Chairwoman of NPC and the former Minister of Ministry of Chemical Industry Gu Xiulian, and former SASAC Director Zhang Yi.

Financial Support from the Government

We have received strong financial support from the government for our business expansion in the form of capital funding, totalling over RMB11.7 billion from 2010 to 2019. As at the date of this Offering Circular, we had total credit facilities of approximately RMB605.6 billion, of which approximately 45.6% was unutilised, and many of which were provided by China's top banks, including credit facilities of RMB79.5 billion provided by China Construction Bank, credit facilities of RMB50.6 billion provided by Industrial and Commercial Bank of China, credit facilities of RMB24.5 billion provided by Agricultural Bank of China, credit facilities of RMB17.0 billion provided by Bank of Communication and credit facilities of RMB50.0 billion provided by Industrial Bank. As at the date of this Offering Circular, China's policy banks had provided us with loans of RMB65 billion. Also, for our acquisition of ADAMA Agricultural Solutions Ltd., we received a loan facility of US\$1.68 billion from The Export-Import Bank of China as well as capital funding of RMB800 million from SASAC. Furthermore, our acquisition of Pirelli & C. S.p.A. was joined by The Silk Road Fund and received a Euro800 million syndicated loan from China Development Bank, The Export-Import Bank of China and China Construction Bank and capital funding of RMB500 million from SASAC. For our acquisition of Syngenta, China Reform Holdings Corporation and Bank of China provided funds through subscription of perpetual bonds issued by us with aggregate amounts of approximately US\$7 billion and US\$10 billion, respectively. The Ministry of Commerce of PRC provided financial support of RMB450 million for our acquisition of Elkem ASA. The first tranche of the US\$100 million investment framework agreement signed by China Reform Holdings Corporation was used to acquire the preferred shares of Elkem ASA and Adisseo. For our acquisition of Adisseo, we received a Euro340 million loan facility from China Development Bank and capital funding of RMB400 million from China Reform Holdings Corporation. For our acquisition of KraussMaffei, we received Euro180 million loan facility from China Reform Holdings Corporation.

Leveraging our close and enduring relationship with the PRC government as well as our leading position in the chemical industry globally and in China, we are well-positioned to capture market opportunities and adapt to changes in the industry.

A Market Leader in the Chemical Industry

We are the largest chemical company in China and the third largest chemical company globally in terms of sales, according to the 2019 Fortune Global 500. We have established global leadership in multiple areas in the chemical industry, including new chemical materials and specialty chemical products, agrochemicals, tyre and rubber products, oil processing and refining products, and chemical equipment.

New Chemical Materials and Specialty Chemicals: According to Bluestar's internal research of industry data, we are the world's second largest methionine supplier with a global market share of over 27% and our vitamin A and vitamin E businesses ranked the third and fifth worldwide, respectively, as of 30 June 2019. In addition, we are the third largest organic silicone producer globally and the largest organic silicone producer in China in terms of production volume. We are also the largest fluoro rubber and white carbon black supplier in terms of production volume in China and the largest PBT resin producer in Asia in terms of production volume. Furthermore, we account for approximately 90% of the domestic market share of the industrial cleaning and water treatment businesses.

Seeds and Agrochemicals: We are the largest crop protection company, the largest pesticide company and the third largest seed company in the world. We rank the first as a research and development based agrochemical producer globally. For our agrochemicals segment, we have approximately 120 research and development sites globally and about 104 production and supply sites globally, with products being sold to more than 90 countries and regions. We have increased the average productivity of the world's major crops by 20% without using more land, water or inputs, improved the fertility of 10 million hectares of farmland on the brink of degradation and enhance biodiversity on 5 million hectares of farmland. In addition, we have trained 20 million farm workers on labor safety, especially in developing countries, and reached 20 million smallholders. We rank the first in the world as a non-patented agricultural chemicals producer and rank the first in China as an agricultural chemical producer and distributor. We are also the largest chemical company in China in terms of market share in trichlorfon, pymetrozine, ethrel, buprofezin, endosulfan E.C., MCPA, MNT and toluidine.

Tyre and Rubber Products: We are the largest tyre manufacturer in China and one of the world's top six tyre manufacturers. We, through our subsidiary, CNRC, mainly engage in the research, development and production of PCR tyres, TBR tyres, OTR tyres, motorcycle tyres, AGRO tyres, and other tyre products. We are also a leading producer of rubber conveyor belts in China. Our tyre and rubber products are sold to over 160 countries and regions. For the year ended 31 December 2019, CNRC and its subsidiaries had annual production capacity of over 100 million tyres, and approximately 20 million square metres of conveyor belts.

Oil Processing and Refining Products: We have an annual quota of 16.4 million tonnes for import and trade in crude oil in China in 2019. We have a crude oil processing capacity of 19.3 million tonnes per year. We are also a shareholder of Mercuria Energy Trading, one of the world's largest integrated energy and commodity traders.

Chemical Equipment: We are the largest rubber and plastics machinery company in China and the fourth largest in the world in terms of total production capacity. We are the only ion exchange membrane electrolyser manufacturer in China and rank the third in the world in terms of production and sales. We have a strong share of approximately 40% of the export curing press market and 50% of the domestic banbury mixer market of China.

Diversified Product Portfolio and Global Presence

We have a comprehensive and diversified business and product portfolio comprising: oil processing and fundamental chemical products, new chemical materials and specialty chemicals, agrochemicals, tyre and rubber products and chemical equipment accounting for approximately 39.2%, 11.3%, 31.9%, 12.3% and 2.7%, respectively, of operating revenue for the year ended 31 December 2019. This diversified portfolio offers a broader coverage of products and services, compared to other state-owned oil and chemical enterprises in China. We are well positioned to address a full spectrum of customer demands and support a wide variety of end market applications. For example, the end market applications of our new chemical materials segment include clean energy, solar energy, automotive, aerospace, construction, communications, pharmaceutical and food applications, among others. Our nutritional science business covers animal nutrition, breeding, healthcare, feed and feed additives.

Geographically, we have a dominant position in the PRC market and have also strategically entered into the local markets in Asia, Europe, Africa, North America, South America and Oceania. In 2019, we further

integrated and allocated our domestic and overseas resources to optimise our global strategic layout. We have developed a network of research and development, production and distribution spanning over 150 countries and regions, which allows us to enjoy balanced sources of income from China as well as foreign markets. For the year ended 31 December 2019, revenues generated from China, Asia (excluding China), Europe, America and other regions accounted for 17.2%, 37.5%, 26.2%, 17.3% and 1.8% of our total revenues, respectively. As at 31 December 2019, our Group comprised approximately 99 operating entities, including 19 entities overseas, and had controlling interests in seven listed companies on the Shenzhen stock exchange and/or the Shanghai stock exchange, with approximately 160,000 employees that were based overseas. We have increased, and expect to continue to increase, our international presence. Since 2006, we have acquired eight overseas companies or businesses. The acquisition of Syngenta allows us to leverage its global platform and global leading position to further strengthen our brand reputation and international marketing network.

Our product diversity and global presence help mitigate the effects of potential adverse events affecting a specific industry, end market or region and thus provide stability to our business and allow us to optimise our resource allocation, capture profits and growth opportunities from various segments, and increase our overall competitiveness.

Significant Contribution from Businesses of High Profitability and Encouraging Growth Outlook

We have business segments with high gross profit margin that contribute substantial amounts of our gross profit. As at 31 December 2019, our seeds and agrochemicals, tyre and rubber products, chemical equipment, new chemical materials and specialty chemicals, oil processing and refinery and others enjoy a gross margin around 38.2%, 37.6%, 21.7%, 19.3%, 7.9% and 22.2%, respectively. There are significant entry barriers over these highly profitable businesses, consisting of, among others, high capital costs, proprietary production technology, complex chemical synergies, strict administrative approval system and rigid requirement on product safety certification, strong customer loyalty to credible brands and significant lead times required to construct manufacturing facilities, which not only prevent potential competitors from entering the market, but also benefit manufacturers like us, who already have large-scale production and established market reputation. For example, a world-leading factory of new chemical materials typically requires a minimum expenditure of around US\$500 million and may take 4 years to build. The research and development of pesticide chemicals requires substantial investment and typically takes 8 to 10 years to complete the process.

Furthermore, our new chemical materials and specialty chemicals, agrochemicals and tyre and rubber products businesses are enjoying a very optimistic market environment and encouraging growth outlook. China has and is projected to have the one of the fastest growing specialty chemical markets in the world, with a CAGR of 6.0% for the years from 2017 to 2022, while the global CAGR was 3.3%, and the real GDP growth in China was 6.2% for the same period. The demand for pesticide and other agrochemical products in China is expected to grow from US\$55.1 billion in 2018 to US\$84.7 billion in 2023, with a CAGR of 9.0%, while the global CAGR is expected to be 6.3%. In addition, the global seed market was estimated at around US\$40 billion in 2018, with 3% forecast annual growth during the next five years. Over half its value comes from corn and soybean, and over half of sales are made in Brazil, China and North America. Growth over the next few years is expected to be driven by Brazil, China and India. China has and is projected to have the one of the fastest growing seed markets in the world.. We believe our highly profitable businesses are well-positioned in these large and fast-growing markets and will further increase our profitability.

Commitment to Innovation with a Leading Research and Development Capacity in China's Chemical Industry

We dedicate significant resources to the research and development of new products and processes to enhance our competitiveness. Our commitment to research and development has enabled us to develop sophisticated technologies that have helped us maintain a leading position in certain key industries. Our expense in research and development for the years ended 31 December 2017, 2018 and 2019 were approximately RMB9,540.8 million, RMB13,424.4 million and 11,307.7 million, respectively.

We are a leading enterprise in innovation and the national key innovation and scientific research platform of the chemical industry. As at 31 December 2019, we have 37 research and development centres, accounting for 70 per cent, of national research and development capacity in relation to chemical industry. We operate seven national level engineering research centres, five state-authorised enterprise technical centres, 25 provincial level engineering technology centres. We have developed a broad portfolio of intellectual properties. As at 31 December 2019, we had approximately 23,000 patents registered across

the world and are one of the leading central state-owned enterprises in China in terms of the number of patents owned. For the years ended 31 December 2017, 2018 and 2019, we were granted 2,367, 2,232 and 2,320 patents, respectively, including 1,173, 1,893 and 1,908 invention patents, respectively. For the years ended 31 December 2017, 2018 and 2019, we engaged in 98, 61 and 67 national research and development projects, respectively.

We have developed strong and in-depth technology partnerships with leading players in the industry from many countries. For example, we partnered with Japan-based Toray to establish a joint venture and successfully introduced world-leading reverse osmosis membrane production and rolling technologies into China, becoming the first Chinese supplier with cutting-edge automatic membrane production and rolling technologies. We partnered with U.S.-based DuPont and played a significant role in driving the technology progress and industry upgrading of the organic fluorine industry and improving economic efficiency of the industry, leveraging our production facilities and marketing channels in China and DuPont's leading technology and global presence. We established the first rubber machinery joint venture in partnership with Japan-based Kobelco and Shinsho Corp. The joint venture owns breakthrough technologies in the domestic market and mainly manufactures high-precision curing press and hydraulic curing press, exporting over 80% of its products to the overseas markets. The other partners of ours include Korea-based Daesung and U.S.-based Celanese. The acquisition of Syngenta further strengthens our agrochemicals activities with the benefit of an attractive seeds portfolio from a global leading player in crop protection and a robust pipeline of technology and innovations.

We expect to leverage our core research and development capabilities to continuously pursue advances in our current products as well as the development and refinement of new products and manufacturing processes.

Successful Consolidation and Integration of International Companies with a View to Build a World-Leading Chemical Company

We have a track record of successfully consolidating and integrating advanced technologies and expansive businesses in different countries. For example, in May 2017, we acquired Syngenta, a company incorporated under the laws of Switzerland, for a consideration of US\$43 billion, which is the largest overseas acquisition by a Chinese company. In parallel, Syngenta applied for the de-listing from the SIX Swiss Exchange of its shares and filed with the SEC in order to voluntarily delist its ADSs from the NYSE. The acquisition enhances the agricultural productivity and contributions to China's poverty-relief strategy, improves food quality and food security and reduces environmental damages and help construct beautiful villages in China. In addition, the acquisition strengthens our existing activities in the agrochemical industries, improves our brand reputation and international market network and complements our product matrix by expanding our seeds portfolio and providing a robust pipeline of innovations. On the other hand, the acquisition also enables Syngenta to unlock significant growth potentials in emerging markets by generating synergies in distribution, purchasing and accelerated penetration of its products in the Asian, especially Chinese, markets, and by accelerating its growth in seeds production, as China represents over 50% of world supply of fruits and vegetables in 2018.

The acquisition of Syngenta also creates tremendous synergy, as the integration helps expand our distribution network, enhance our product portfolio and strengthens our research and development cooperation. It is expected that Syngenta's share of the seeds market in China would increase from 1% in 2018 to approximately 15% in 2023, and its share of the China crop protection market would increase from 6% to approximately 15% to 20% in 2023. After the acquisition, Syngenta and our existing businesses will stay as independent brands for the purpose of decreasing direct internal competition. However, we and Syngenta have started to share research and development resources after the acquisition. For example, Syngenta established a joint venture with Yuan Longping High-tech Agriculture Co., Ltd., which is the largest seeds company in China, to develop and sell new corn varieties, both with and without biotech traits. Our revenue contribution from seeds and agrochemical segment were approximately 19.5%, 29.9% and 31.9% for the year 2017, 2018 and 2019, respectively. We believe the acquisition of Syngenta allows us to leverage its global platform and global leading position to further strengthen our brand reputation and international marketing network.

Another example of our successful integration of international businesses is the acquisition of Pirelli & C. S.p.A., which has led to a steady relationship as well as the creation of tremendous synergy. After the acquisition, Mr. Marco Tronchetti Provera remains as the CEO of Pirelli so that the management of Pirelli remains autonomous. Pirelli's industrial tyre business is integrated with part of our existing operations, thus more than doubling the size of the industrial tyre business and creating economies of scale. We thereby become an international specialist enterprise providing all types of tyre products. The acquisition also strengthens Pirelli's global presence with a strong foothold in key markets by combining the two enterprises' markets. We gain from the acquisition a full coverage of tyre products and markets and a unique multi-brand proposition on the industrial tyre segment by integrating Pirelli's premium consumer and industrial products as well as its established brand with our industrial products. Pirelli's access to our production facilities in China lowers the production cost and diversifies its production bases. Our assets can be better utilised by upgrading the facilities with Pirelli's technology and know-how and by leveraging Pirelli's overseas channels. Furthermore, integrating Pirelli's world-leading know-how in the premium segment and thousands of tyre patents with our expertise in middle-class products yields stronger research and development across all levels of products. In addition, combining the two enterprises' procurement bargaining power has achieved economy of scale, thereby integrating our supply and reducing raw material costs. Also, after the integration, Pirelli successfully concluded its global offering in 2017 and has been listed again on the Milan Stock Exchange since 4 October 2017.

Strong Business Performance and Diversified Financing Channels

We have delivered strong business performance in recent years. For the years ended 31 December 2017, 2018 and 2019. For the same periods, our gross profit was approximately RMB75.1 billion, RMB104.7 billion and RMB105.6 billion (US\$15.2 billion), respectively, and our gross profit margin was approximately 19.2%, 22.3% and 23.2%, respectively.

Leveraging the credit advantages available to state-owned enterprises, we benefit from access to diversified funding sources, including the capital markets in China, through equity offerings and bond offerings, as well as our long-standing relationships with Chinese and international commercial banks and Chinese policy banks. We have from time to time obtained credit facilities from various state-owned policy and commercial banks, including China Development Bank, The Export-Import Bank of China, Industrial and Commercial Bank of China, Bank of Communication, Bank of China, Agricultural Bank of China and China Construction Bank, as well as international banks such as J.P. Morgan, HSBC, BNP Paribas, Natixis, Crédit Agricole Corporate and Investment Bank, Credit Suisse, ING, UniCredit, Rabobank and Santander, ABN AMRO, First Abu Dhabi Bank and China Industrial Bank. As at the date of this Offering Circular, we had total credit facilities of over RMB605.6 billion, of which over 45.6% was unutilised. In addition, we issued 1.871% bonds due 2021 with an aggregate principal amount of Euro700 million on 30 November 2016. 70% of the bonds were subscribed by investors from Europe. This demonstrated the rapid increase of the recognition of our brand in the global capital markets. This was our first offshore corporate bond offering, which further diversified our offshore and long-term financing channels. Subsequently, on 2 June 2017, CNRC Capital Limited, an indirect wholly-owned subsidiary of the Company, issued US\$600 million guaranteed perpetual capital securities. On 19 July 2017, the Issuer issued US\$3,000 million guaranteed bonds. On 19 December 2017, CNAC International Company Limited, a wholly-owned subsidiary of the Company, entered into a US Dollar term loan facility and borrowed US\$525 million thereunder. In December 2017, the Issuer further issued US\$2,100 million bonds guaranteed by the Company. On 14 March 2018, the Issuer issued US\$1 billion bonds due 2021, US\$1.3 billion bonds due 2023, US\$0.8 billion bonds due 2025, US\$1.75 billion bonds due 2028, US\$0.1 billion bonds due 2048 and Euro1.2 billion due 2022. On 19 June 2019, the Issuer issued US\$0.3 billion bonds due 2022, US\$0.9 billion bonds due 2024, US\$0.9 billion bonds due 2029 and US\$0.2 billion bonds due 2049. On 9 March 2020, the Issuer issued US\$0.2 billion bonds due 2024.

Strategies

We intend to further expand our business, improve profitability, enhance our position as a leader in the chemical industry and build an internationally recognised enterprise. We seek to achieve our goals through the following strategies:

Implement “3+1” Strategy under the guidance of new science and new future and Leverage Our Advanced Manufacturing Platform and Expertise

We plan to continue to implement our “3+1” strategy under the guidance of new science and new future, prioritising the expansion of our core areas of business comprising material science, nutrition science, and advanced manufacturing, supported by our basic chemicals and intermediate products. The material science business focuses on products such as fluorine and silicone high performance material, polysilicon materials and photovoltaic system, engineering plastics and high-performance fibres. The life science business covers segments including agrochemicals, animal nutrition products and biological products. The advanced manufacturing business is a combination of the advanced manufacturing technologies and premium products we acquired overseas with an emphasis on the plastic, rubber and tyre related products from KraussMaffei and Pirelli. We expect to continue to refine our business portfolio around these priorities and to enhance our leading position in the global chemical industry by upgrading our existing production facilities and technologies, introducing innovative and high value-added products and services, streamlining our nonstrategic product lines, developing our sales network through overseas operations, and investing in research and development efforts.

We intend to further leverage and strengthen our advantages in our well-developed manufacturing platform as well as advanced technology and expertise in the chemical industry. These advantages will enable us to create more synergy under our “3+1” strategy. We plan to enhance our integrated manufacturing model and reduce our per unit manufacturing costs in order to increase our cost-competitiveness. We also plan to further optimise our business structure by adopting market oriented sales and pricing policies and to improve production efficiency by applying the advanced technologies we develop and acquire across the world. With respect to the product lines that do not constitute our core businesses, we are examining various possibilities in connection with the continued integration of such activities and is preparing to divest activities that are not synergetic with our core businesses. We believe that a continued focus on the development of our three core areas of business with support from our basic chemicals and intermediate products will allow us to drive strong growth in our businesses and continue to increase our market share and improve our profitability.

Expand the Scale and Scope of International Operations and Build a Strong Global Brand

Global leadership is a key element of our strategy. Leveraging an established international presence, we will continue to develop and expand our international operations and businesses across our integrated value chain while acquiring advanced technologies and premium products across the world. We plan to focus on maintaining and enhancing our position as a global leader in the chemical industry, improving our ability to cost-effectively deliver high value-added products to customers and supporting both traditional and high-end global demand growth. Under such plan, we have successfully acquired companies and businesses from various countries and businesses, including Syngenta, Adisseo France S.A.S., Qenos (Australia) Pty Ltd., Rhodia Group, Israeli Makhteshim Agan Industries (currently known as ADAMA Agricultural Solutions Ltd.), Elkem ASA, REC Solar Holdings AS, Pirelli & C. S.p.A. and KraussMaffei Group GmbH. In particular, the acquisition of Syngenta has allowed us to access its advanced technology in relation to the crop protection, seeds, controls and flower products. Our global expansion will also include developing and implementing international management concepts and systems that meet international standards and attracting talented foreign employees. We will continue to build and maintain a core staff team that has extensive experience in international operations. All of these efforts will contribute to realising our strategy of building a strong global brand, which will further facilitate our operations in the global market and enhance our international presence.

Further Enhance Research and Development Capabilities with a Focus on High Value-Added Segments

We are committed to research and development as we believe that domestic and overseas chemical enterprises compete not only in terms of quality and cost, but also in their ability to research and develop new technologies and products. We plan to continue to invest in research and development to improve our manufacturing process, product quality, production efficiency, reduce production and labour costs and increase the level of precision in our products. We will continue to consolidate internal resources and extend cooperation with external partners, promoting technological development at our production facilities, implementing low-cost strategies to ensure sustainable growth, and seeking opportunities to cooperate with leading global chemical companies. Under our “3+1” strategy, we will focus our research and development efforts on developing chemical products and establishing production capabilities for products with high added-value and/or large market potential, in particular those products that can leverage our current manufacturing platform and advanced expertise. In the material science segment, we are leveraging our expertise and know-how to develop more advanced and environmentally safe products. In the field of nutrition science, we are expanding our product offerings to those suitable for human consumption, such as food products, pharmaceuticals and cosmetics, among others. In the area of advance manufacturing, we will further consolidate and integrate our technologies and manufacturing expertise in the domestic and overseas markets. Moreover, we are utilising our rich experience and technical expertise to reform the traditional chemical engineering industry through improving cost-structure and production efficiency. We intend to expand our research and development efforts and capabilities by hiring more research and development personnel and purchasing the equipment and materials necessary for our research and development efforts.

Continue to Build an Environment-Friendly Enterprise

Promoting environment protection and sustainable economic development is a key element of our overall growth strategy. As a state-owned enterprise and a leader in the chemical industry, we focus on building an environmentally friendly and socially responsible company. Recognising that the chemical business entails inherent environmental risks, we will continue to emphasise the importance of environmental protection in all of our operations. We will prioritise environmental protection, energy conservation, emission reduction and clean operations in our business operations and promote these policies at all of our production facilities. We intend to continue to carry out our health, safety and environmental protection measures throughout our supply chain and operations in order to reduce damage to the environment. We will also enhance accountability in environmental safety assessment, push forward key energy saving and environmental protection projects and enhance environmental protection management of our projects, so as to become an environment-friendly enterprise and achieve sustainable development.

Business Milestones

The following table sets forth various milestones in our history of corporate and business development:

Year	Events
2004.	ChemChina was established.
2006.	Acquisition of Adisseo France S.A.S. (France).
2006.	Acquisition of Qenos (Australia) Pty Ltd. (Australia).
2007.	Acquisition of Rhodia Group’s global silicone and sulphide business.
2008.	Bluestar received US\$600 million strategic investment from Blackstone.
2010.	ChemChina repositioned itself and gradually developed the “3+1” business model, expanding aggressively in material science, life science and advanced manufacturing with the support from the traditional chemical operations.

Year	Events
2011.	Acquisition of Elkem ASA (Norway). ChemChina was listed among the Fortune Global 500 for the first time. Acquisition of Israeli Makhteshim Agan Industries' controlling equity interest (Israel), currently known as ADAMA Agricultural Solutions Ltd.
2015.	Acquisition of REC Solar Holding Company (Singapore). Acquisition of Pirelli & C. S.p.A. (Italy).
2016.	Acquisition of KraussMaffei Group GmbH (Germany).
2017.	Acquisition of Syngenta AG (Switzerland). ChemChina was restructured into a company with limited liability upon the approval from SASAC, and its name was changed from China National Chemical Corporation (中國化工集團公司) into China National Chemical Corporation Limited (中國化工集團有限公司). CNAC injected ADAMA Agricultural Solutions Ltd. into Hubei Sanonda Co. Ltd. (000553.SZ) for a value of RMB18.5 billion. Pirelli successfully concluded its global offering in 2017 and has been listed again on the Milan Stock Exchange since 4 October 2017.
2018.	Bluestar acquired Nutriad Holding B.V. Elkem ASA (Norway) successfully concluded its initial public offering and has been listed on Oslo Stock Exchange since 22 March 2018. Syngenta acquired the global seeds business of Nidera; Syngenta acquired Abbott & Cobb to expand its seeds business; acquired Farmshots and Strider to improve its digital capability; and acquired Floranova to develop flower business.
2019.	ADAMA Agricultural Solutions Ltd. becomes a wholly owned subsidiary of Hubei Sanonda Co. Ltd. by means of restructuring and Hubei Sanonda Co. Ltd. was renamed to ADAMA Ltd.. Sichuan Tianyi Science & Technology Co., Ltd. (600378.SH) was renamed to Haohua Chemical Science & Technology Corp., Ltd. Qingdao Tianhua Institute of Chemistry Engineering Company Limited (600579.SH) was renamed to KraussMaffei Company Limited. ADAMA acquired Bonide Products Inc. (the United States), AgroKlinge (Peru) and SFP (France and Switzerland).
2020.	ChemChina and Sinochem announced to consolidate their agricultural business through transfer of Sinochem's shares in 8 agricultural companies and ChemChina's shares in Syngenta AG and ADAMA Ltd. to Syngenta Group Elkem ASA acquired Guangdong Polysil Technology Co., Ltd.

Awards

We have received numerous awards and recognition for our business operations as set forth below:

We ranked 164th among the Fortune Global 500 Companies in 2020.

We were granted the National Technology Invention Second Prize in 2018.

We were granted the 2017 China Patent Award of Excellence for three patents.

We ranked first on China's Top 500 Chemical Companies list for 2016.

We had five patents that won China Patent Award of Excellence in 2016 and 29 patents in total that had won China Patent Award of Excellence.

We ranked fourth among the central state-owned enterprises by the number of patents awarded and are one of the top five central state-owned enterprises by number of patents awarded for 4 consecutive years.

We won several First Class State Scientific and Technological Progress Awards for our research and development of chemical propellant and its raw materials, 1.2 million tonnes per year potassium sulphate packaged technology at Lop Nor salt lake and PSA technology.

We were named by the State Council for National Award for Science and Technology Progress – Enterprise Technology Innovation and Engineering in 2014.

We were named by the State Council for Outstanding Central State-owned Enterprise in Energy Conservation and Emission Reduction in 2013.

Principal Businesses

We participate globally across the chemical industry value chain and are an industry leader in many of our product lines. Our worldwide operations are organised into six principal operating segments: new chemical materials and specialty chemicals, oil processing and fundamental chemical products, tyre and rubber products, seeds and agrochemicals, chemical equipment and others.

The tables below show the respective contribution to our operating income and gross profit by principal operating segments for the years ended 31 December 2017, 2018 and 2019:

Operating Income

Product Segment	Operating Income			
	For the Year Ended 31 December			
	2017	2018	2019	2019
	RMB	RMB	RMB	US\$
	(in millions)			
Oil processing and fundamental chemical products	164,985	184,844	177,931	25,558
New chemical materials and specialty chemicals	55,350	59,151	51,378	7,380
Seeds and Agrochemicals	76,517	140,175	145,116	20,845
Tyre and rubber products	58,147	55,294	55,910	8,031
Chemical equipment	11,806	13,759	12,491	1,794
Others	25,360	16,197	11,520	1,655
Total	392,165	469,420	454,346	65,263

Gross Profit

Product Segment	Gross Profit			
	For the Year Ended 31 December			
	2017	2018	2019	2019
	RMB	RMB	RMB	US\$
	(in millions)			
Oil processing and fundamental chemical products	6,221	15,658	13,985	2,009
New chemical materials and specialty chemicals	11,162	15,532	9,917	1,425
Seeds and Agrochemicals	29,727	47,770	55,443	7,964
Tyre and rubber products	19,511	20,053	20,996	3,016
Chemical equipment	2,862	3,197	2,711	389
Others	5,603	2,475	2,562	368
Total	75,086	104,685	105,614	15,170

Oil Processing and Fundamental Chemical Products

The oil processing and fundamental chemical products segment is the foundation of our production chain, providing a cost-efficient and reliable supply of key intermediaries and raw materials for the production of chemical materials and performance chemicals and intermediates. For example, our subsidiary, CCPC, produces oil-related products as raw materials for our other businesses segments.

Major products under this segment include low-end refined oil, ethylene, propylene and MTBE. We also produce petrochemicals such as butadiene, phenol, acetone, methyl ethyl ketone, maleic anhydride, 1,4-butanediol, tetrahydrofuran, and acrylic acid. Our products are used in automotive and jet fuel, heating oil, fuel additives, and in the manufacturing of household appliances, stretch film, synthetic fibres, and in many varieties of plastics. They are also used in the production of corrosion inhibitors, textile adhesives, fragrances, pesticides, and dyes.

Our major competitors in this segment include Sinopec Limited and PetroChina Company Limited. Our oil processing and fundamental chemical products compete with other domestic and foreign private and government-owned producers based on price, product quality, product delivery, and reliability of supply.

For the years ended 2017, 2018 and 2019, the oil processing and fundamental chemical products segment had operating income of approximately RMB165.0 billion, RMB184.8 billion and RMB177.9 billion (US\$25.6 billion), respectively, representing 42.1%, 39.4% and 39.2% of our total operating income. Gross profit for the same periods was approximately RMB6.2 billion, RMB15.7 billion and RMB14.0 billion (US\$2.0 billion), respectively, representing 8.3%, 15.0% and 13.2% of our total gross profit.

The following table sets forth the production volumes of our main products in the oil processing and fundamental chemical products segment for the periods indicated:

Product (1,000 tonnes)	For the year ended 31 December		
	2017	2018	2019
Crude oil processing volume	18,795	16,939	15,600
Gasoline sales volume	2,886	3,556	2,100
Diesel sales volume	2,345	2,345	2,800

In 2019, we purchased fuel oil at the average cost of RMB4,869 per tonne, and imported 14.2 million tonnes crude oil at the average cost of RMB3,953 per tonne.

Our key subsidiaries engaged in oil processing and fundamental chemical products are CCPC.

CCPC

CCPC has 95 oil refining and chemical production units and related oil products storage and delivery facilities. The company produces standard gasoline, liquefied gas, petroleum coke and other oil products, as well as basic chemical raw materials such as styrene, acrylic acid, butyl acrylate, methyl ethyl ketone (MEK), nonylphenol, octene, nonene, propylene and polypropylene. CCPC's one-step refining capacity of crude oil is approximately 18 million tonnes per year. It also possesses special rail lines, a 50,000-ton crude oil terminal and a 100,000-ton crude oil terminal, a 5,000-ton chemical products terminal and more than 100 kilometres of long-distance transport pipes for crude oil and oil products. Its key subsidiaries include Shandong Changyi Petrochemical, Shandong Huaxing Petrochemical, Zhenghe Group, Daqing Zhonglan Petrochemical and ChemChina (Singapore). As at 31 December 2019, ChemChina held 94.12% controlling interest in CCPC.

New Chemical Materials and Specialty Chemicals

We supply a broad range of innovative and high value-added new chemical materials and specialty products. New chemical materials are materials used in the same manufacturing process as traditional materials but with better performance or special features from the adoption of new technologies. Our products include silicone, fluororubber, methionine and metallurgical solar-grade polysilicon. Other major products under this segment include organosilicon, silicon alloy, organo-fluorine, polyurethane, high performance fibre, engineering plastics, general plastics and rubber, and animal nutrition products. These products are typically used as catalysts, intermediates, components, protectants, or additives in a wide range of industries, including feed additives, solar panels, mechanical components, artificial body parts, medicine, fibre optic cable, and mortar and concrete among others.

New chemical materials and specialty chemicals play an important role in the development of the information, aviation, aerospace, energy, biology, automotive, construction, pharmaceutical, and other industries that are fundamental to the economy of China. Of our new chemical material businesses, production volume of methionine ranks second globally, production volume of organic silicone ranks third globally, and production of PVC resin, PBT resin, and industrial silicon ranks first in Asia. Our production capacities in fluororubber, fumed silica and epoxy resin are one of the highest in China.

We compete with regional and multinational chemical companies and divisions of large oil companies operating in this segment. Our major competitors include E. I. du Pont de Nemours, Dow Corning, Wacker Chemie AG, SABIC, and Asahi Kasei Corporation, as well as domestic companies such as Shandong Dongyue Chemical Co., Ltd. and Yuntianhua Group Co., Ltd. We compete with these and other competitors on the basis of our global presence, process know-how, innovative technology, strong commitment to research and development, dedication to customer service and broad range of proprietary products.

For the years ended 31 December 2017, 2018 and 2019, our new chemical and specialty chemicals segment had operating income of approximately RMB55.4 billion, RMB59.2 billion and RMB51.4 billion (US\$7.4 billion), respectively, representing 14.1%, 12.6% and 11.3% of our total operating income. Gross profit for the same periods was approximately RMB11.2 billion, RMB15.5 billion and RMB9.9 billion (US\$1.4 billion), respectively, representing 14.9%, 14.8% and 9.4% of our total gross profit.

The following table sets forth the production capacity, production volumes, sales volumes, of our main products in the new chemical materials and specialty chemicals segment for the year ended 31 December 2019:

Product (1,000 tonnes)	Production Capacity	Production Volumes	Sales Volumes	Capacity Utilization Rate	Current Period Inventory	Unit Price
	(1,000 tonnes)	(1,000 tonnes)	(1,000 tonnes)	(%)	(%)	(RMB/ton)
Organic silicone (domestic) . . .	33.00	33.64	33.60	101.90	99.90	26,340
Methionine (solid)	12.50	9.80	9.80	78.40	100.00	14,672
Methionine (fluid)	38.00	31.70	31.70	83.40	100.00	11,815
Bisphenol A	15.00	15.88	9.37	105.90	59.00	9,749
Chloroprene rubber	3.50	1.86	1.85	53.20	99.50	28,166
Polyethylene	10.00	12.09	11.57	120.90	95.70	7,113
TDI	15.00	14.89	14.62	99.00	98.20	11,190
Paste resin	20.00	19.82	20.48	99.10	103.30	7,056

We conduct our new chemical materials and specialty chemicals business primarily through our subsidiary China National Bluestar (Group) Co., Ltd. and Qenos.

Bluestar

Founded in 1984, Bluestar is the largest specialty chemicals and materials manufacturer in China. Bluestar operates in several fields in the chemical industry with core competencies in new chemical materials and nutritional science. Through organic growth and strategic mergers and acquisitions, Bluestar has become a global chemical conglomerate. As at 31 December 2019, Bluestar operates in over ten countries and regions across six continents, has 58 manufacturing facilities and 45 research and development centres around the world and has controlling interests in two companies listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, respectively, and one company listed on the Oslo Stock Exchange in Norway. Bluestar has developed a sales network spanning more than 140 countries. As of 31 December 2019, ChemChina held 79.48% equity interest in Bluestar.

Bluestar's silicon/silicone products benefit from economies of scale and technological advantages. It has silicon/silicone production facilities in countries such as Norway, Iceland, Germany, France, and the US, Brazil and South Africa, all of which employ its proprietary cost-efficient and environmental-friendly process technologies. Bluestar's sales network for silicon/silicone products covers more than 140 countries throughout the world and sold under three separate brands, Bluestar, Bluestar Dawn, and Bluestar Silicones. As of 31 December 2019, Bluestar's organosilicon monomers production capacity ranked first in China and third globally with a total annual production capacity of 500,000 tonnes in China and 200,000 tonnes outside China.

In February 2018, Bluestar acquired Nutriad Holding B.V. ("**Nutriad**") for US\$193 million through Bluestar Adisseo Co., Ltd.. Headquartered in Belgium, Nutriad has over 50 years' experience in the advanced feed additives industry.

Qenos

In 2006, we acquired Qenos through our subsidiary, China National Bluestar (Group) Co., Ltd. Qenos is the sole manufacturer and leading supplier of world-class polyethylene and polymers in Australia and regarded as the cornerstone of Australia's plastics and rubber industry. In addition to ethylene and polyethylene, Qenos' product range includes HDPE, LDPE, and LLDPE for use in blow moulding, pipe extrusion, rotational moulding, film extrusion, extrusion coating and injection moulding processes. Qenos has more than 50 years of experience in developing its technical expertise and productive relationships and has production facilities in Altona, Melbourne, and Botany Bay, Sydney.

Seeds and Agrochemicals

We have an extensive and diversified portfolio of off-patent products and provide a comprehensive range of high-quality, innovative and effective products, including herbicides, insecticides, bactericides and plant growth regulators, which help farmers increase crop yields by preventing or controlling weeds, insects, and disease. We have a well-established crop protection distribution platform, with direct product sales in nearly all key agricultural markets. Our offerings include both a broad range of high value-added and high-volume off-patent crop protection products, as well as an increasing number of innovative mixtures and formulations, which are supported by our intellectual property capabilities and a growing patented portfolio of mixtures and processes. Our subsidiary, ADAMA, possesses more than 270 AIs and over 900 end user products worldwide. We have presence in over 100 countries covering major regions (Europe, North and South America, Middle East, South Africa, APAC and China).

In China, we are engaged in agrochemicals production, most of which are located in agricultural provinces such as Jiangsu, Anhui, Henan and Hubei provinces with relatively steady demand for chemical fertilisers and pesticides. Our overseas agrochemical operations are located mainly in Europe, North and South America, Middle East, South Africa, APAC and China. We use a direct-sales model for our agrochemical products and our sales of agrochemical products rely to a large extent on sales from overseas markets.

Our agrochemicals companies compete on a number of factors including the quality and breadth of their product offering, price, distribution network, customer services as well as registration and patent expertise.

For the years ended 31 December 2017, 2018 and 2019, the seeds and agrochemical segment had operating income of approximately RMB76.5 billion, RMB140.2 billion and RMB145.1 billion (US\$20.8 billion), respectively, representing 19.5%, 29.9% and 31.9% of our total operating income. Gross profit for the same periods was approximately RMB29.7 billion, RMB47.8 billion and RMB55.4 billion (US\$8.0 billion), respectively, representing 39.6%, 45.6% and 52.5% of our total gross profit.

Our agrochemicals manufacturing business is primarily conducted through our subsidiary CNAC.

CNAC was established in 2005 and is a large-scale state-owned corporation that developed under the former Geological Mine Bureau of the Department of Chemical Engineering. CNAC is primarily involved in the production, operation and management of pesticides and chemical fertilisers.

CNAC now owns eight enterprises, including Israel ADAMA Agricultural Solution Co. Ltd, Cangzhou Dahua Group Co. Ltd, Jingzhou Sanonda Holding Co. Ltd, Shandong Dacheng Agrochemical Co. Ltd., Jiangsu Anpon Electrochemical Co. Ltd., Jiangsu Huaihe Chemicals Co. Ltd., Anhui Petroleum & Chemical Group Co. Ltd., Anhui Province Chemical Industry Design Institute, Jiamusi Heilong Agricultural and Industrial Chemical Co. Ltd. and holds shares in two listed companies, Cangzhou Dahua Group Co., Ltd. (600230.SH), ADAMA Ltd. (previously named as Hubei Sanonda Co. Ltd., 000553.SZ). CNAC's businesses cover herbicides, insecticides, bactericides, plant growth regulators and dietary supplements, food additives, aromatic products, environmental protection services and more. It is capable of producing over 270 varieties of APIs and 900 varieties of preparations and has nearly 6,000 product registrations and over 6,000 trademarks in 130 countries.

ADAMA

With a heritage going back 70 years, ADAMA is one of the world's leading crop protection companies, which strives to create simplicity in agriculture, offering farmers effective products and services that simplify their lives and help them grow. It reaches farmers in more than 100 countries across the globe, providing them with solutions, including herbicides, insecticides, fungicides, plant growth regulators and seed treatments, and improving the quality and quantity of the crop yields by providing protection from weeds, insects and disease. The company's comprehensive and differentiated product portfolio consists of more than 270 active ingredients and more than 1,000 end-use products. Thus, ADAMA plays a key role in the effort to increase global food production to feed a growing world population.

Syngenta

Syngenta was founded in November 2000 through the merger of the agricultural divisions of Novartis and AstraZeneca. As at the date of this Offering Circular, we have acquired Syngenta and Syngenta has been approved for the de-listing from the SIX Swiss Exchange and the NYSE of its shares. The acquisition is expected to generate synergies in distribution and purchasing, as Syngenta's product portfolios are highly complementary with CNAC focusing on non-patented agrochemicals and Syngenta focusing on patented solutions and seeds. In addition, the acquisition enables the continued expansion of Syngenta's presence in the emerging markets, most notably in China, which represents over 50% of the world's supply of fruits and vegetables.

Syngenta is a world leading agribusiness operating in the crop protection, seeds, controls and flowers markets. Crop protection chemicals include herbicides, insecticides, fungicides and seed treatments to control weeds, insects and diseases in crops, and are essential inputs enabling growers around the world to improve agricultural productivity and food quality. In seeds, Syngenta operates in the high value commercial sectors of field crops (including corn, oilseeds, and cereals) and vegetables. The controls business provides turf and landscape and professional pest management products, and the flowers business provides flower seeds, cuttings and young plants to professional growers and consumers. As at 31 December 2019, Syngenta operated 107 production and supply sites, and 120 research and development sites in more than 90 countries with approximately 28,000 employees. For the year ended 2019, Syngenta recorded a group sale of approximately US\$13.6 billion, among which the sales from crop protection products reached approximately US\$10.6 billion and the sales from seeds reached approximately US\$3.0 billion. With regard to the geographic coverage, Syngenta's largest market in 2019 was Latin America, which represented approximately 31% of consolidated sales, followed by Europe, Africa and the Middle East at 26%, North America at 24% and Asia Pacific at 19%.

Syngenta continues to make a substantial contribution to innovation. Its broad spectrum ADEPIDYN® fungicide is now registered for use on more than 80 crops in the United States and – under the brand name MIRAVIS™ – for use on canola, grapes and potatoes in Australia and New Zealand. Its new generation fungicide AMPEXIO® WG Pepite® was launched in 11 European countries. In weed control, its first post-emergent broad-spectrum herbicide, TALINOR™, was launched in the United States and Australia and controls more than 45 weeds. In France, CALARIS® herbicide is now providing fast and effective broadleaf weed control in corn. MINECTO® continued its strong performance in the United States, controlling insects in vegetables and specialty crops, and was introduced to growers in Spain and Columbia.

We believe Syngenta has huge potential growth in China. After the acquisition, Syngenta have access to our infrastructure and sales network as well as our e-commerce platform in China. Its global lead genome-editing and biotech site is located in Beijing, China. Its leading technology in hybrid seeds and broad product portfolio, with the support from the Chinese government on genetically modified organisms technology allows Syngenta to drive strong growth in its businesses in China and continue to increase its market share in China. In addition, we believe Syngenta would help support government sustainability and agricultural modernization agendas. Examples include partnering with the Dingxi Agricultural Bureau and local government to enhance the productivity of potato and other vegetables farms in the northwest of the country. Syngenta has made a substantial contribution in training more than 500 farm workers, introducing sunflowers, vegetables and herbs as commercially-valuable cover crops, and achieved yield uplifts of around 20% for potatoes and 14% for cabbages.

We maintain Syngenta and China National Chemical Corporation Limited as two independent brands, with the former focusing on the high-end market and patented agrochemical products while the latter focusing on mid-to-low-end market and cost efficient non-patented agrochemical products. The acquisition of Syngenta is anticipated to result in benefits for both, including, among other things, synergies in revenue, cost and capital expenditures. We expect that the acquisition of Syngenta would enable us to achieve approximately five to eight per cent. of the seed market share in China by 2022 from the current market share of approximately one per cent., and to achieve approximately 15% to 20% of the crop protection products market share in China by 2022 from the current market share of approximately six per cent. In addition, the acquisition would allow Syngenta to enhance its product portfolio, including its herbicide and fungicide molecules. We also expect that our cost and Syngenta's cost would reduce significantly, as Syngenta plans to source four molecules from us, and we plan to leverage Syngenta's global distribution network. In the future, we plan to expand our existing research and development facilities, production sites and warehouses instead of building new ones, which also helps both parties reduce cost significantly.

Consolidation of Agricultural Assets between ChemChina and Sinochem

On 30 December 2019, Sinochem and ChemChina ratified the consolidation of agricultural assets between the two state-owned chemistry flagships by transferring the shares of eight agricultural companies owned by Sinochem ("**Sinochem Agricultural Assets**") to ChemChina at no cost, with an aim to further deepen the reform of state-owned enterprises and optimize resource allocation.

Sinochem Agricultural Assets refers to:

- (1) 100% of the shares of China National Seed Group Co., Ltd. (中國種子集團有限公司);
- (2) 100% of the shares of Sinochem Agriculture Holdings Co., Ltd. (中化現代農業有限公司), which in turn held 21.50% of the shares of Winall Hi-tech Seed Co., Ltd. (荃銀高科種業股份有限公司), a company listed on the Second Board of the Shenzhen Stock Exchange (300087.SZ) as of 31 December 2019;
- (3) 100% of the shares of China Green Food Corporation (中國綠色食品有限公司);
- (4) 85% of the shares of 中種科技創新服務(湖北)有限公司;
- (5) 51% of the shares of Golden Rice Seeds Co., Ltd. of Guangdong (廣東省金稻種業有限公司);
- (6) 39.88% of the shares of Jiangsu Yangnong Chemical Group Co., Ltd. (江蘇揚農化工集團有限公司), which in turn held 36.17% of the shares of Jiangsu Yangnong Chemical Co., Ltd. (江蘇揚農化工股份有限公司), a company listed on the Shanghai Stock Exchange (600486.SH) as of 31 December 2019;

- (7) 52.65% of the shares of Sinofert Holdings Limited (中化化肥), which is listed on the Hong Kong Stock Exchange (0297.HK) and has an issuer credit rating of A-by Fitch; and
- (8) 100% of the shares of Sinochem (United Kingdom) Limited (中化(英國)有限公司).

On 14 January 2020, ChemChina renamed China Chemical (Shanghai) Agricultural Technology Corporation Ltd., a subsidiary wholly owned by CNAC and newly incorporated in Shanghai Free Trade Zone on 27 June 2019, to Syngenta, for the purpose of taking over the above Sinochem Agricultural Assets.

Meanwhile, ChemChina announced to transfer (1) 100% of the shares of CNAC Century (HK) Company Limited, which is the direct shareholder of Syngenta AG and (2) 74.02% of the shares of ADAMA Ltd. to Syngenta. All of the share transferring mentioned above, including the transferring of Sinochem Agriculture Assets, were completed by the end of June 2020.

Ning Gaoning, the chairman of ChemChina, will chair Syngenta. Erik Fyrwald, the present CEO of Syngenta AG, and Chen Lichtenstein, the former CEO of ADAMA Ltd., are respectively the CEO and CFO of Syngenta.

Tyre and Rubber Products

We are well-known for our production expertise and application knowledge in the tyre and rubber products industry. Our major products include auto tyres, specialty tyres, latex products, polysulphide rubber, specialty rubber products and carbon black. We have a diverse portfolio of tyre and rubber products marketed under a number of well-recognised brand names and trademarks. In addition to standardised grades, we also produce specialty grades tailored to meet specific customer performance requirements.

We operate multiple tyre, rubber and latex manufacturers in China that produce a variety of innovative and high value-added tyres and non-tyre products. Our main tyre products are all-steel radial tyres, semi-steel radial tyres, giant engineering tyres, specialty tyres and aviation tyres.

Our tyre and rubber products are sold in over 160 countries and regions and compete worldwide based on our ability to offer differentiated products and on the sustainability and quality of our products, customer services and price.

For the years ended 31 December 2017, 2018 and 2019, the tyre and rubber products segment had operating income of approximately RMB58.1 billion, RMB55.3 billion and RMB55.9 billion (US\$8.0 billion), respectively, representing 14.8%, 11.8% and 12.3% of our total operating income. Gross profit for the same periods was approximately RMB19.5 billion, RMB20.1 billion and RMB21.0 billion (US\$3.0 billion), respectively, representing 26.0%, 19.2% and 19.9% of our total gross profit.

We conduct our tyre and rubber products business primarily through our subsidiary CNRC. Its key subsidiaries include Aeolus Tyre Co. Ltd. (“**Aeolus**”), Pirelli & C. S.p.A. (“**Pirelli**”) and Qingdao Rubber Six Conveyor Belt Company Limited (“**Qingdao Rubber Six Conveyor Belt**”).

CNRC

CNRC is the largest tyre manufacturer in China and one of the world’s six largest tyre manufacturers. CNRC mainly engages in the research, development and production of PCR tyres, TBR tyres, OTR tyres, motorcycle tyres, AGRO tyres, and other tyre products. CNRC is also a leading producer of rubber conveyor belts in China. For the year ended 31 December 2019, CNRC and its subsidiaries had annual production capacity of over 100 million tyres, and approximately 20 million square metres of conveyor belts. CNRC and its subsidiaries sell their products to over 160 countries and regions across the world. For the year ended 31 December 2019, the total external sales of the key subsidiaries of CNRC, namely Aeolus, Pirelli, Prometeon and Qingdao Rubber Six Conveyor Belt, exceeded RMB55 billion.

Aeolus

Aeolus is listed on the Shanghai Stock Exchange (Stock Code: 600469). As at 31 December 2019, we held approximately 45% equity interest in Aeolus. It is one of the world's leading tyre companies and is one of China's popular tyre brand. Aeolus is a key manufacturer of all-steel radial heavy load tyres in China and is one of the largest OTR tyre manufacturer in terms of production capacity in China. It has more than 1,000 types of products sold to more than 140 countries and regions, and is primarily involved in engineering machinery tyres, all-steel radial heavy load tyres, heavy load bias tyres. Aeolus is the premier strategic supplier of Dongfeng Trucks, the world's top medium-and heavy-duty truck manufacturer. For the year ended 31 December 2019, Aeolus sold approximately 5.5 million tyres and recorded sales of approximately RMB5.9 billion. Aeolus has two plants in China, and holds 10% equity interest in Prometeon Tyre Group as at 31 December 2019.

Pirelli

In 2015, we completed the acquisition of Pirelli, a leading global tyre-maker with a focus on high-end segments. It was founded in 1872 and before its delisting had been traded on the Milan Stock Exchange since 1922. Pirelli successfully concluded its global offering in 2017 and has been listed again on the Milan Stock Exchange since 4 October 2017. As at 31 December 2019, Pirelli has operations 19 plants in 12 countries, producing car and motorcycle tyres which are sold in more than 160 countries. As at 31 December 2019, Pirelli had global production capacity of 88 million consumer tyres and annual capacity of approximately 77 million PCR tyres and 11 million moto tyres. For the year ended 31 December 2019, Pirelli's consumer tyre products accounted for 100% of Pirelli's total revenue under its tyre business. For the year ended 31 December 2019, Pirelli derived 43%, 21%, 18%, 13% and 5% respectively, of its revenue under its tyre business from Europe and Middle East/Africa/India ("**EMEA**"), Nafta, APAC, South America and Russia/CIS, respectively.

Pirelli owns a portfolio of approximately 6,500 patents concerning innovations of product, process and materials as well as copyright, software and a brand recognised worldwide. Pirelli has ten research and development centres across the world under its headquarter's supervision. In addition, Pirelli applies its technology in Formula 1™ to its mass consumer tyre products.

Pirelli implements a forward-looking and customer-oriented business model through its application of digital technologies. Pirelli's forward-looking supply planning reduces loss in procurement and optimises capital expenditure and capacity planning. Pirelli's intelligent manufacturing includes forward-looking facility maintenance and digital training. Pirelli adopts digital marketing and sales methods, such as B2C e-commerce platform, to enhance customers' engagement and attract potential customers. Pirelli also provides network-based solutions, such as the "on board" interface, to further enhance the safety and performance of its products. Pirelli plans to expand its sales network and increase the number of its sales outlets by 1,000 each year.

Pirelli is the exclusive tyre supplier for Formula 1™ from 2011 to 2023. It also maintains close partnerships with a number of carmakers, including Alfa Romeo, Audi, Mercedes, BMW, Jaguar, Land Rover and Volvo, and luxury carmakers, including Ferrari, Maserati, Lamborghini, Porsche, Bentley, Aston Martin, Pagani Automobili and McLaren. Particularly, Pirelli is the exclusive tyre supplier for Lamborghini, McLaren and Pagani Automobili.

Prometeon Tyre

Prometeon Tyre Group S.r.l., formerly named as Pirelli Industrial S.r.l., was incorporated on 16 November 2015, mainly focusing on high-end segments of industrial tyre manufacturing. In March 2017, Prometeon changed into its current name and was deconsolidated from Pirelli. As at 31 December 2019, Prometeon had operations 4 plants in 3 countries, mainly producing industrial tyres which were sold in over 160 countries around the world. As at 31 December 2019, Prometeon had global production capacity of 8.0 million tyres and annual capacity of approximately 4.1 million TBR tyres, 0.5 AGRO/OTR tyres, 0.9 TBB tyres and 2.5 million PCR tyres. For the year ended 31 December 2019, Prometeon's industrial tyre products accounted for 94% of Prometeon's total revenue under its tyre business. For the year ended 31 December 2019, Prometeon derived 46%, 25%, 22%, 4% and 3%, respectively, of its revenue under its tyre business from South America, Middle East/Africa, Europe, NAFTA and APAC, respectively. For the year ended 31 December 2019, Prometeon Tyre recorded a revenue of EUR10.8 million

Qingdao Rubber Six Conveyor Belt

Qingdao Rubber Six Conveyor Belt primarily engages in the design, development and production of conveyor belts, which are mainly used in the coal, chemicals, mining, metallurgy, power and harbour industries. For the year ended 31 December 2019, it recorded sales of approximately RMB187.2 million.

Chemical Equipment

We are one of the leading rubber machinery manufacturers worldwide and in China. The chemical equipment segment manufactures equipment for the manufacture of chemical products, such as vulcanising machines, ionic membrane electrolyzers, large drying equipment and axle gears. Our vulcanising machines are used for the production of tyres and non-tyre rubber products. Our ionic membrane electrolyzers are used for the production of caustic soda and chlor-alkali chemicals while the large drying equipment is used for improving the purity and portability of certain materials.

Our Yixiangji series is a well-received China-made rubber machinery brand in the international market and our Lichuang and Double Wheel radial tyre vulcanisers are well-known Chinese brands. We have the construction capacity and expertise for ion membrane caustic soda plants. Our chemical equipment operations are strategically located in close proximity to customers, which allows us to collaborate with customers to develop innovative equipment and tailored solutions.

Chemical equipment manufacturers compete on the basis of quality, technology, and price as well as technical support and customer service network.

For the years ended 2017, 2018 and 2019, the chemical equipment segment had operating income of approximately RMB11.8 billion, RMB13.8 billion and RMB12.5 billion (US\$1.8 billion), respectively, representing 3.0%, 2.9% and 2.7% of our total operating income. Gross profit for the same periods was approximately RMB2.9 billion, RMB3.2 billion and RMB2.7 billion (US\$389 million), respectively, representing 3.8%, 3.1% and 2.6% of our total gross profit.

The following table sets forth the production capacities of our main products in the chemical equipment segment for the periods indicated:

Our key subsidiaries engaged in chemical equipment manufacturing are Bluestar (Beijing) Chemical Machinery Co., Ltd., Guilin Rubber Machinery, Sanming Double-Wheel Chemical Engineering Machinery Co. Ltd. and KraussMaffei Group GmbH.

Bluestar (Beijing) Chemical Machinery Co., Ltd.

Bluestar (Beijing) Chemical Machinery Co., Ltd. is a professional company that develops, designs and manufactures ion-membrane electrolyzers. It provides ion-exchange membrane electrolyzers equipment with an annual capacity of more than 16 million tonnes caustic soda to more than 130 Chinese and international chlor-alkali manufacturers, among which membrane pole distance electrolyser provided more than 8 million tonnes. As at the end of 2019, Bluestar produces electrolyzers with a total annual capacity of 3.0 million tonnes of caustic soda and electrodes with a total annual capacity of 5.0 million tonnes of caustic soda.

China National Chemical Equipment Co., Ltd. (“**CNCE**”)

Our chemical equipment business is led by our wholly owned subsidiary CNCE, which controls interest in a range of subsidiaries engaged in chemical equipment manufacturing including KraussMaffei (please refer to section 3.3), Guilin Rubber Machinery and Yiyang Rubber and Plastic Machinery. It has the capacity to produce 870 curing presses, 80 internal mixer and 6,000 tonnes drying equipment per annum. As at 31 December 2019, it had a total number of 11,155 employees, of which 5,323 were based overseas.

Guilin Rubber Machinery

Established in 1966 as a technical centre, national computer-aided design application engineering model enterprise, and national patent pilot unit, Guilin Rubber Machinery is a national high-tech enterprise. Guilin Rubber Machinery designs and produces rubber machines tailored to the technological specifications of its customers. Its main products are tyre shaping and curing presses, tyre building machines as well as other rubber machines and chemical equipment. The company has the capacity to produce more than 550 tyre curing presses and 3,000 tonnes of rubber machinery units each year. According to our internal research data, it is ranked sixth in the global tire curing presses market. Amongst the curing presses exported from China in 2019, over 40% are from Guilin Rubber Machinery. It has established the long-term relationship with these overseas clients, including Bridgestone, Michelin, Pirelli, Apollo Tyres and Yokohama Rubber and set up the global service bases in the US and Japan.

Sanming Double-Wheel Chemical Engineering Machinery Co. Ltd.

Sanming Double-Wheel Chemical Engineering Machinery Co. Ltd. is a manufacturer of automation technology and machinery equipment. It primarily manufactures non-standard pressure vessels and equipment, metal structure components, hoisting and transportation machinery, high-grade radial tyre vulcaniser and other special-purpose plants for rubber and plastics industry.

KraussMaffei Group GmbH

KraussMaffei Group GmbH (“**KraussMaffei**”) was established in 1838. Headquartered in Munich, Germany, it is among the global leading manufacturers of machines and systems for the production and processing of plastic and rubber. KraussMaffei provides services for a variety of market leaders across different industries. It is also the only provider in the world who has mastered the key technologies in plastic and rubber processing (injection moulding, extrusion and reaction process technology). It provides sophisticated plastic processing solutions to its clients and is ranked first or second place among the various global manufactures and providers in its field. KraussMaffei operates 13 production plants worldwide, employing 5,319 people (199 research staff). It also has one of the largest market services and sales networks, with more than 100 sales and service centres worldwide. For the year ended 31 December 2019, KraussMaffei’s sales totalled to approximately Euro1,339 million, and Euro133 million before interest, taxes, depreciation and amortisation (EBITDA), with an EBITDA margin of approximately 9.9%.

International Operations

We have an industry-leading global footprint with extensive market presence. As at the date of this Offering Circular, our major overseas subsidiaries are as below:

Name	Time of acquisition	Places of operation	Main businesses
Adisseo France S.A.S.	January 2006	China, France and Spain	Methionine, ruminants, enzymes, vitamins and feed additives
Qenos (Australia) Pty Ltd. .	April 2006	Australia	HDPE, LDPE, LLDPE, mLLDPE, polymers and additives
Bluestar Silicones International.	January 2007	Brazil, China, France, Germany, Italy, Spain and the U.S.	Release coatings, engineering elastomers, healthcare products, specialty fluids, emulsions and resins
ADAMA Agricultural Solutions Ltd.	October 2011	Brazil, China, Colombia, Greece, India, Israel, Italy, Mexico, Poland, South Korea, Spain and the U.S.	Fungicides, herbicides, insecticides, growth regulators and seed dressing non-crop products

Name	Time of acquisition	Places of operation	Main businesses
Elkem ASA	April 2011	Brazil, Canada, China, Iceland, Malaysia, Norway and South Africa	Solar grade silicon, metal silicon, special alloys for the foundry industry, carbon and microsilica
REC Solar Holdings AS . . .	May 2015	Norway and Singapore	Solar panel, solar cell and solar components
Pirelli & C. S.p.A.	November 2015	Italy, Germany, the U.K., the U.S., Mexico, Venezuela, Brazil, Argentina, Egypt, Turkey, Indonesia, China, Romania and Russia	Tyres of car, motorcycle, truck, bus and agricultural use
KraussMaffei Group GmbH	April 2016	Germany, Switzerland, Italy, Slovakia, China and the U.S.	Plastic and rubber production machines and rubber processing solutions
Syngenta AG	May 2017	The Switzerland, the U.K., Russia, the U.S., Canada, Brazil and Argentina	Herbicides, insecticides, fungicides, seedcare, seeds and traits for plants
Nidera	February 2018	Brazil, Argentina, Uruguay and Paraguay	Seeds
Guangdong Polysil Technology Co., Ltd. . . .	January 2020	PRC	Silicones

We acquired the Australian plastics manufacturer Qenos in 2006. Utilising Australia's rich natural gas reserves, Qenos is the leading supplier of world-class polyethylene and polymers in Australia and regarded as the cornerstone of Australia's plastics and rubber industry. We benefitted from Qenos' upstream oil and gas resources in Australia. In 2006, we also acquired Adisseo France S.A.S., a global nutritional additives manufacturer followed by the acquisition of the organic silicone and sulphide business of the French chemical company Rhodia in 2007. By acquiring Adisseo, we obtained a well-known feed additive brand, a world-class technology development system in the field of animal nutrition with 794 patents, and a mature world-class sales network with significant market shares in methionine, vitamins A, E, and enzymes. Rhodia Silicones (now known as Bluestar Silicones International) is a well-known specialty chemicals company and one of the foremost fully integrated silicone manufacturers with over 50 years of silicone expertise. At the time of the acquisition, Rhodia had an annual production capacity of 220 thousand tonnes of organosilicon ranking the fifth in the world with a market share of 6% worldwide.

In 2011, we acquired Norwegian metallurgy company Elkem ASA as well as a 60% equity interest in Israeli Makhteshim Agan Industries (now known as ADAMA Agricultural Solutions Ltd. ("ADAMA")). With over one hundred years of operation history, Elkem ASA is one of the world's leading producers of solar grade silicon, silicon materials, special alloys for the foundry industry, carbon, and microsilica, with an extensive network of sales offices and agents. ADAMA was a leading pesticide production and distribution company at the time of the acquisition with over seventy years of history. With the acquisition of the controlling equity interest in ADAMA, we became one of the largest pesticide producers and distributors in China and in the world. We further acquired another 40% equity interest in ADAMA in 2016. All of these international investments and efforts resulted in an increased market share and business volume in overseas markets. ADAMA supplies efficient solutions to farmers, including crop protection products, novel agricultural technologies and complementary non-crop businesses. As at 31 December 2019, ADAMA is one of the leading crop protection companies, operating seven research and development

centers and 21 production facilities with a capability to produce over 270 active pharmaceutical ingredients (the “**APIs**”) and over 1,000 reagents. It has approximately 5,000 product registrations. ADAMA’s sales increased from approximately RMB22.1 billion in 2016 to approximately RMB27.6 billion in 2019, while ADAMA’s EBITDA increased from approximately RMB561 million in 2016 to approximately RMB656 million in 2019. As at 31 December 2019, ADAMA has more than 7,000 employees with offices in 50 markets around the world, serving farmers in over 120 countries on six continents.

In 2015, we acquired REC Solar Holding Company (“**REC**”), a leading provider of solar power solutions in the world. REC provides fully-integrated solar solution services of solar panels, solar cells, and solar components. With nearly 20 years of expertise, it has delivered sustainable, high-performance products, services and investment opportunities to the solar and electronics industries. In the same year, we completed the acquisition of Pirelli, a leading global tyre-maker with a focus on high-end segments. As at 31 December 2019, Pirelli has operations 19 plants in 12 countries, producing car and motorcycle tyres which are sold in more than 160 countries. Pirelli owns a portfolio of approximately 6,500 patents concerning innovations of product, process and materials as well as copyright, software and a brand recognised worldwide.

In April 2016, we completed the acquisition of KraussMaffei, a global leading manufacturer of plastic and rubber production and processing machinery with key technologies (injection moulding, extrusion and reaction process technology). It provides sophisticated plastic processing solutions to its clients and is ranked first or second place among the various global manufactures and providers in its field. KraussMaffei operates 13 production plants worldwide, employing 5,319 people (199 research staff). It also has one of the largest market services and sales networks, with more than 100 sales and service centres worldwide. For the year ended 31 December 2018, KraussMaffei’s sales totalled to approximately Euro1,339 million, and Euro133 million before interest, taxes, depreciation and amortisation (EBITDA), with an EBITDA margin of approximately 9.9%. As at the date of this Offering Circular, we have acquired Syngenta, a global leading manufacturer of agrochemical products and seeds. It engages in research and development, production, commercial and supporting activities in the agrochemistry industry. Syngenta has operations in more than 90 countries around the world. Syngenta conducts research and development on crop protection discovery and innovation, advanced seed breeding and addressing of insect, fungus, weed and environmental stress on crops. In addition, Syngenta undertakes production of seed, active ingredients, intermediates, formulation, fill and packaging, as well as commercial activities, including product management, crop-based offers and marketing, sales and distribution. Syngenta also engages in supporting activities, such as stewardship, product registration, health, safety, environment, quality and security, technology and engineering and multi-stakeholder dialogue.

On 6 November 2017, Syngenta and COFCO International Ltd announced that Syngenta has entered into a binding agreement to acquire the global seeds business of Nidera (“**Nidera Seeds**”) from COFCO International Ltd. The acquisition was completed in February 2018. Nidera Seeds is an important player in the South American seeds market, diversified across crops, with a pool of proprietary germplasm and a relevant presence in key South American countries including Brazil, Argentina, Uruguay and Paraguay.

Raw Materials and Suppliers

We use a variety of raw materials purchased from a broad supplier base. Our major externally-sourced raw materials include imported fuel oil and blend oil, coal and natural gas. Multiple suppliers are generally available for each of these materials. Raw material cost is the largest cost component for the production. The total raw material costs for the year ended 31 December 2019 were RMB281.2 billion (US\$40.4 billion).

Oil Processing and Fundamental Chemical Products

Petroleum chemical engineering and refining products is an important foundation for our production process, providing intermediary and raw materials for chemical engineering new materials and basic chemical products. Our petroleum product chain is relatively long, with imported fuel oil or blended oil being the major raw material. Major raw material suppliers include Mercuria Energy Trading S.A., Unipet Asia Company Limited, Tenery Trading S.A., Sinochem Oil Co., Ltd. and Petrochina International (Hong Kong) Corporation Limited.

New Chemical Materials and Specialty Chemicals

The primary raw materials that we use in the production of new chemical materials and specialty chemicals include coal, ethylene, propylene, butadiene, phenol, acetone, butanone, maleic anhydride, 1-,4-butanediol, tetrahydrofuran, propenoic acid, nonylphenol, bisphenol A, and TDI. Our primary raw material suppliers include Shenhua Group, Bluestar Silicone Material Co., Ltd. and Bluestar International Chemical Co., Ltd.

Agrochemicals

Raw materials for agrochemicals primarily include coal and natural gas. The major raw material suppliers of Syngenta mainly include Saltigo GMBH, Youth Chemical Co., Ltd. and Infosys Limited.

Sales, Marketing and Customers

Our sales network consists of internal sales and marketing personnel partnering with distributors, wholesalers, and retailers in all major markets throughout the world. Through this extensive network, our products are sold in approximately 140 countries to a diverse base of established customers and distributors in a wide range of industries. Due to the varieties of products that we manufacture and markets in which such products are sold, our customer base is highly fragmented. Our marketing strategies vary by geographic region. In general, we generate business through the efforts of our sales force, customer service personnel and regional distributors, with an increasing use of e-commerce platforms.

Safety and Environmental Matters

We are subject to various PRC national environmental laws and regulations and also to environmental regulations promulgated by the local governments in the jurisdictions where we have operations. The PRC has adopted extensive environmental laws and regulations that affect the operation of the chemical industry. There are national and local standards applicable to emissions control, discharges to surface and subsurface water and disposal, and the generation, handling, storage, transportation, treatment and disposal of solid waste materials. Environmental regulations require us to register or file an environmental impact report with the relevant environmental bureau for approval before we undertake any construction of a new production facility or any major expansion or renovation of an existing production facility. New, expanded or renovated facilities are not permitted to operate unless the relevant environmental bureau has confirmed to its satisfaction that environmental equipment installed in the facility satisfies environmental requirements.

To ensure high standards of health, safety, and environmental protection throughout our Group, we have established an environmental, health and safety management system that is aligned to acknowledged international standards and is subject to regular evaluation and updates. We have not encountered any safety and environmental related matters that had any significant impact on our operations.

With regard to our overseas operations including operations in the US upon the acquisition of Syngenta, we place great importance on compliance with applicable foreign laws and regulations. Such compliance directly affects the success of our overseas operations and, therefore, if necessary, we engage local counsel to provide us with advice on such issues. Syngenta may have ongoing environmental liabilities.

Research and Development

We consider scientific innovation as the driving force for sustainable development. Currently, a wide range of proprietary technologies, such as those utilised in the manufacture of organosilicon, organic fluorine, acetic acid, carbon black, hydrogen peroxide, PC, POM and giant rubber internal mixers, are widely used in both domestic and overseas markets. We have seven national level engineering technical research centres, including in the fields of liquid separation membranes, silicone and C-1 chemistry. In addition, we have two national key laboratories, five state-authorised enterprise technical centres and 25 provincial engineering technology centres. To support chemical innovation, we have founded the ChemChina Science and Technology Awards and the ChemChina Science and Technology Fund to support organisations individuals contributing to the chemical science.

In 2019, we engaged in 67 national research and development projects. For the year ended 31 December 2019, our expense on research and development was approximately RMB11.3 billion (US\$1.6 billion).

Intellectual Properties

Our intellectual property rights are critical to our business. As at 31 December 2019, we had approximately 23,000 patents. We have not received claims that we have materially infringed any third-party intellectual property rights.

Employees

As at 31 December 2019, we had approximately 160,000 employees, of which approximately 86,000 employees were based overseas.

We believe that our employees are critical to our performance and success. Our human resources policy promotes motivation and innovation, which we believe help boost the efficiency of the company and our competitive edge. Remuneration of our employees comprises fixed basic salary, bonus (determined with reference to the relevant company's results and the relevant employee's performance) and allowances. We also provide our employees with welfare benefits in accordance with applicable laws and regulations, including but not limited to provident fund contributions, medical insurance schemes and insurance. We have further established a platform to facilitate dialogue and interaction between employee representatives and senior management. As social responsibility is one of our important values, community service events are organised from time to time to promote such value and to maintain harmonious working environment for the employees.

We adhere to, and comply with, the relevant labour laws of the PRC and other jurisdictions in which we operate in all material respects. We have not experienced any major strike or work stoppage, and there is currently no unresolved major labour dispute that could have a material adverse effect on our operations and performance.

Insurance

Our operations involve a number of inherent risks, such as mechanical failure, fatality, personal injury, property loss and damage, business interruption, hostilities and labour strikes. We are covered by insurance policies by reputable insurance companies in the relevant jurisdictions and with commercially reasonable deductibles and limits on coverage. We believe that the insurance coverage in place is in line with industry and market standards and is adequate and sufficient for the conduct of our businesses.

Legal Proceedings

As at the date of this Offering Circular, we have not been involved in any legal or administrative proceedings or arbitration that could have a material adverse effect on our financial condition or results of operations, nor are we aware of any potential legal or administrative proceedings or arbitration involving us that would have a material adverse effect on our financial condition or results of operations. However, Syngenta is involved in (i) legal proceedings regarding Syngenta's commercialization of certain corn seeds in North America without obtaining import approval from China for such products, (ii) legal proceedings regarding Syngenta's negligence in allowing its insecticides to harm bees and as a result beekeepers, (iii) a legal proceeding relating to personal injury and (iv) legal proceedings relating to atrazine personal injury. In particular, the legal proceedings relating to its commercialisation of VIPTERA™ and DURACADE™ corn seeds in the United States without having obtained import approval from China for those products include allegations that it issued misleading statements concerning the status of or timetable for approval and remains subject to a number of important claims. On June 23, 2017, a jury awarded US\$217.7 million to the plaintiffs in a class action trial comprising part of a multi-district litigation action in federal court in the District of Kansas. The award consisted of compensatory damages for alleged economic losses arising from lower commodity prices alleged to have been caused by Syngenta's commercialization of VIPTERA™ and DURACADE™ corn seeds in the United States without first obtaining Chinese import approval on corn produced from such seeds. The producer plaintiffs of such lawsuits have alleged compensatory damages on behalf of farmers nationwide in the United States in excess of US\$7 billion. The lawsuits also seek punitive damages. In September 2017, Syngenta reached a settlement of all claims by producers, grain elevators and ethanol plants in respect of the launch of

Syngenta's Agrisure Viptera and Agrisure Duracade corn seeds. In April 2018, the establishment of a qualified settlement fund of US\$1.51 billion was granted for the submission of claims by eligible claimants. In December 2018, final approval of the settlement was provided by court order, dismissing the claims on a class wide basis except for the individual producers and one ethanol plant that timely and validly opted out of the settlement. Objectors to the settlement have appealed the court's final approval order. That appeal has now been resolved (by the MDL plaintiffs and the objectors) and the settlement is now final. The settlement above does not cover claims of the exporter plaintiffs such as Cargill, ADM, Louis Dreyfus, Trans Coastal Supply Company, Inc. and Agribase International, Inc. In addition, similar claims were filed in Ontario and Quebec, Canada, in 2015 and 2017, respectively. The court in Ontario dismissed the plaintiff's action in its entirety, followed by the plaintiff's appeal. The outcome of each of these lawsuits are subject to considerable uncertainty and further claims may be made.

Furthermore, we may from time to time be involved in certain legal proceedings arising out of our ordinary course of businesses. For instance, Shandong Changyi Petrochemical Co., Ltd., a wholly-owned subsidiary of Petrochemical Co., Ltd., is involved in a public interest litigation relating to its violation of environmental laws of the PRC. However, we believe that none of these legal proceedings, including the legal proceedings mentioned above involving Syngenta, and Shandong Changyi Petrochemical Co., Ltd., individually or in the aggregate, will have any material adverse effect on our financial position or results of operations.

SENIOR MANAGEMENT OF THE COMPANY

Members of the General Managers' Meeting

Our business and operations are managed by our senior management through the General Managers' Meeting. The following table sets forth certain information with respect to the members of our General Managers' Meeting as at the date of this Offering Circular:

Name	Age	Position
Mr. NING Gaoning	62	Chairman
Mr. YANG Xingqiang	53	President
Mr. REN Jianming	56	Vice President
Mr. FAN Xiaosen	59	Vice President
Mr. LU Xiaobao	54	Vice President
Mr. BAI Xiping	51	Vice President
Mr. HU Xuteng	47	Vice President
Mr. HUANG Pu	53	Secretary of the Commission for Discipline Inspection

Mr. NING Gaoning (寧高寧), aged 61, has been serving as the Chairman of the Company since July 2018. Mr. Ning has also served as chairman of China Sinochem Group Co., Ltd. (中國化工集團有限公司) since 2015. In addition, Mr. Ning also holds board memberships in several listed companies and non-listed companies, including the chairman of Syngenta, AG, Far East Horizon Ltd. and China Jinmao Holdings Group Ltd. Prior to that, Mr. Ning served as the chairman of COFCO Corporation (中糧集團有限公司) from 2004 to 2015, vice chairman and president of China Resources (Holdings) Co., Ltd. (華潤(集團)有限公司) from 1998 to 2004.

Mr. Ning ranks among China's most influential business leaders and is co-chair of APEC Business Advisory Council (ABAC), Chairman of APEC China Business Council, and an Executive Director of the International Chamber of Commerce (ICC). Mr. Ning earned an MBA Degree from the Business School of the University of Pittsburgh in the United States and a Bachelor's Degree in Economics from Shandong University in China. He is a certified Senior International Business Engineer.

Mr. YANG Xingqiang (楊興強), aged 52, has been serving as the President of the Company since 2014. Mr. Yang served successively as a technician, project manager, director, and deputy general engineer of China Bluestar Chemical Cleaning Corporation from 1989 to 1996, the manager of Bluestar Cleaning Co., Ltd. (藍星清洗劑股份有限公司) from 1996 to 1997, the Northwest Branch Manager of China Bluestar Chemical Cleaning Corporation during 1998, the Assistant General Manager of China National Bluestar (Group) Co., Ltd. from 1999 to 2001, and concurrently as the Manager of Bluestar Cleaning Engineering Co., Ltd. (藍星清洗工程有限公司). In August 2001, Mr. Yang was appointed as the Deputy General Manager of China National Bluestar (Group) Co., Ltd.. He subsequently served as the General Manager of China National Bluestar (Group) Co, Ltd. from September 2004 until December 2008. He served as a Deputy General Manager of the Company from December 2008 to December 2014. Mr. Yang holds a Bachelor's degree in chemistry from Sichuan University.

Mr. REN Jianming (任建明), aged 55, has been serving as a Vice President of the Company since February 2009. Mr. Ren worked in the International Liaison Department of the Central Committee of the CPC (中共中央對外聯絡部) from July 1987 to December 1988 and worked in the Central International Liaison Department of the Communist Youth League of China (共青團中央國際聯絡部) from 1989 to 2000. He has been serving the Company and its affiliates since 2000, and has served as the head of the human resources department of the Company. Mr. Ren holds a Bachelor's degree in Russian language studies from Nankai University and a Master's degree in administration management from Beijing Normal University.

Mr. FAN Xiaosen (范小森), aged 58, is currently a Vice President and a member of the Party Committee of the Company. He served as cadre of the Infrastructure Department of the Planning Division of the former Ministry of Chemical Industry, cadre, assistant worker and engineer of the Investment Department of the Planning Division of the former Ministry of Chemical Industry, Deputy Director and Director of the Investment Department of the Planning Division of the former Ministry of Chemical Industry, and Deputy General Manager and General Manager of China Huachen Economic and Technological Development Centre. He served as a Deputy General Manager and a member of the Party Committee of China Haohua Chemical Group Co., Ltd. from 2001 to 2004. Mr. Fan holds a Bachelor's degree in inorganic chemical technology.

Mr. LU Xiaobao (陸曉寶), aged 53, has been serving as a Vice President of the Company since December 2014. Mr. Lu has been serving the Company and its affiliates since 1989 and previously served as the General Manager of China National Bluestar (Group) Co., Ltd. Prior to joining the Group, he served as assistant engineer at the Special Material Institute of the Chemical Machinery Institute under the former Ministry of Chemical Industry from 1988 to 1989. Mr. Lu holds a Bachelor's degree in applied chemistry from Beijing University of Chemical Technology and a Master's degree in business administration.

Mr. BAI Xinping (白忻平), aged 50, has been serving as a Vice President of the Company since May 2016. He is also currently serving as a general manager and deputy secretary of the party committee of China National Chemical Rubber Co., Ltd. He served successively as deputy chief engineer and chief engineer of China National Bluestar (Group) Co., Ltd. from July 1991 to October 1999, vice president of Zhonglan Chenguang Research Institute of Chemical Industry under the former Ministry of Chemical Industry from October 1999 to March 2001, deputy factory manager of Xinghuo Chemical Factory from May 2000 to March 2001, factory manager and secretary of the party committee of Wuxi Petrochemical Factory from March 2001 to February 2006, deputy general manager, general manager and deputy secretary of the party committee of China National Bluestar (Group) Co., Ltd. from February 2006 to December 2009, and director of the Production and Operation Office, head of the Safety and Environmental Protection Department and chief security officer of the Company from March 2010 to June 2015. Mr. Bai holds a Bachelor's degree in applied chemistry from Lanzhou University and a Master's degree in chemical engineering from Dalian University of Technology.

Mr. HU Xuteng (胡徐騰), aged 46, has been serving as a Vice President of the Company since May 2016. He served successively as engineer, deputy director of Chemical and Sales Branch, director, general manager and member of the party committee of the general office of Chemical and Sales Branch, deputy director of the Refining and Chemical Technology Research Center, vice president, chief security officer and a member of the party committee of the Refining and Chemical Technology Research Institute, and general manager and deputy secretary of the party committee of Guangxi sales branch of China National Petrochemical Co., Ltd. from January 1997 to May 2006. Mr. Hu holds a Bachelor's degree in chemical engineering and applied mathematics from Tsinghua University and a doctoral degree in chemical engineering from Tsinghua University.

Mr. HUANG Pu (黃埔), aged 52, has been serving as Secretary of the Commission for Discipline Inspection of the Company since November 2011. He served as the chief accountant of Hubei 288 Factory, deputy head of the finance department and the head of the inspection committee of China South Industries Group Corporation. Mr. Huang holds a Master's degree and is a senior accountant.

PRC LAWS AND REGULATIONS

Current Account Items

On 29 January 1996, the State Council promulgated the Regulations of the PRC for Foreign Exchange Control (中華人民共和國外匯管理條例) (the “Foreign Exchange Control Regulation”, subsequently amended on 14 January 1997 and 5 August 2008), which became effective on 1 April 1996. Under the applicable PRC Foreign Exchange Control Regulation, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers. According to the Foreign Exchange Control Regulations, international receipts and payments on current account shall be based on genuine and lawful transactions. Financial institutions engaged in foreign exchange settlement and sales business shall examine in a reasonable manner the genuineness of transaction documents and the consistency of such documents with the relevant international receipts and payments. SAFE have the authority to supervise and inspect the transactions on current account.

Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. On 17 June 2010, PBOC, Ministry of Finance (“MOF”), MOFCOM, the General Administration of Customs, SAT and the China Banking Regulatory Commission (CBRC) jointly promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (Yin Fa (2010) No. 186) (關於擴大跨境貿易人民幣結算試點有關問題的通知) (the “Circular”), pursuant to which (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover 20 provinces and cities, and (iii) the restriction on designated offshore districts has been uplifted. Accordingly, any enterprises in the designated pilot districts and offshore enterprises are entitled to use Renminbi to settle imports and exports of goods and services and other current account items between them. Renminbi remittance for exports of goods from the PRC may only be effected by approved pilot enterprises in designated pilot districts in the PRC. In August 2011, PBOC, MOF, MOFCOM, the General Administration of Customs, SAT and CBRC jointly promulgated the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (關於擴大跨境貿易人民幣結算地區的通知) to further expand Renminbi cross-border trade settlement nationwide.

On 5 July 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the “2013 PBOC Circular”), which, in particular, simplifies the procedures for cross border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises (excluding those on the Supervision List) upon the PRC enterprises presenting the payment instruction. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank’s verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross border remittance).

The Circulars and the 2013 PBOC Circular may be subject to further interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Circulars and the 2013 PBOC Circular and impose conditions for settlement of current account items.

On June 27, 2012, SAFE promulgated Guidelines on Foreign Exchange Administration for Trade in Goods (貨物貿易外匯管理指引, which became effective on August 1, 2012) and relevant implementing rules, categorizing enterprises engaged in cross-border trade in goods into different classes and apply differentiated administrative measure. On July 18, 2013, SAFE promulgated Guidelines on Foreign Exchange Management of Service Trade (服務貿易外匯管理指引, which became effective on September 1, 2013) and relevant implementing rules, specifying differentiated examination standard conducted by financial institutions in light of different types of service trade with different transaction amount.

On October 23, 2019, the State Administration of Foreign Exchange issued the Notice on Further Promoting and Facilitating the Cross-border Trade and Investment (關於進一步促進跨境貿易投資便利化的通知) (“Circular 28”), which became effective on the same date. Circular 28 optimizes foreign exchange management policies and measures. In terms of cross-border trade, the measures include but not limited to (i) expand the pilot area for facilitation of foreign exchange receipts and payments for trade, so that

enterprises with good business reputation could enjoy greater convenience; (ii) to simplify procedures for receipts and payments of trade funds for small and micro cross-border e-commerce enterprises; (iii) to optimize the report methods of foreign exchange business with respect to goods trade; and (iv) to simplify the procedures for export receipts accounting and allow enterprises to choose whether to open an account for verification, etc.

Capital Account Items

Under the applicable PRC Foreign Exchange Control Regulation, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval or registration of the relevant PRC authorities.

On 10 May 2013, SAFE promulgated the Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China (外國投資者境內直接投資外匯管理規定) (the “SAFE Provisions”), which became effective on 13 May 2013. According to the SAFE Provisions, a Foreign invested Enterprise that needs to remit funds abroad due to capital reduction, liquidation, advance recovery of investment, profit distribution, etc. may purchase foreign exchange and make external payment with the relevant bank after going through corresponding registration.

On 13 February 2015, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which became effective on 1 June 2015). This notice further simplifies certain administrative formalities for foreign investment. Among others, verification and approval of foreign exchange registration under domestic direct investment at SAFE is abolished and a parallel foreign exchange registration procedure is delegated to local banks; after such registrations at banks are completed, the foreign-invested entities could open relevant account, exchange funds and remit profit and dividends.

According to the Interim Provisions on Foreign Debt Management (外債管理暫行辦法, which became effective on 1 March 2003), and Provisions on Foreign Debt Registration (外債登記管理辦法, which became effective on 13 May 2013), borrowing by an onshore entity of foreign currency loans from non-residents shall be registered with SAFE.

On 9 June 2016, SAFE promulgated the Notice on Reforming and Standardising the Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the “SAFE Notice”), which became effective on the same date. According to the SAFE Notice, domestic enterprises (including domestic-invested enterprises and foreign-invested enterprises, excluding financial institutions) may all settle their foreign debts at their discretion. In addition, domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts to which the application of voluntary settlement has been specified by relevant policies (including capitals in foreign currencies, external debts, funds repatriated from overseas listing, etc.); the foregoing percentage of permitted settlement may be subject to SAFE adjustment according to balance of payments situations. The RMB funds obtained by a domestic institution from the voluntary settlement of its foreign exchange earnings under capital account shall be managed under the “account for foreign exchange settlement pending payment” (結匯待支付賬戶). The Renminbi funds in such account may be used for current account expenditure within the scope of its business as well as for capital account expenditure permitted by laws and regulations, but may not be used for the following purposes: (1) beyond its business scope or expenditure permitted by State laws and regulations; (2) for securities investment or investment and wealth management products other than principal-protected products issued by banks, unless otherwise permitted; (3) for disbursing loans to non-affiliated enterprises, except under circumstances expressly permitted by its business scope; and (4) for constructing or purchasing real estate not for self-use (unless it is a real estate enterprise). The Renminbi funds in the Account for Foreign Exchange Settlement Pending Payment may not be used for purchasing foreign exchange to be transferred back into the foreign exchange account under capital accounts.

Circular 28 further optimizes foreign exchange management policies and measures in terms of cross-border investment and financing. The measures include: (i) to allow non-investment foreign-invested enterprises to carry out domestic equity investment with capital funds in accordance with the PRC laws; (ii) to expand pilot area for payment facilitation of foreign exchange receipts under capital accounts, so that more enterprises could use foreign receipts under capital accounts and RMB equivalents from

foreign exchange settlement to make onshore payment; (iii) to facilitate the settlement of proceeds from equity transfer of domestic enterprises by domestic investors to foreign investors, and to allow foreign investors to use deposit funds as capital contribution and settlement for use after the successful bidding; (iv) that deregistration procedure for corporate foreign debts is delegated to banks, and individual registration of corporate foreign debts is cancelled on a trial basis; (v) that the restrictions on the number of capital accounts are abolished; and (vi) to conduct trials on cross-border transfers of non-performing debts and trade financing of banks.

On October 23, 2019, SAFE promulgated the Circular on Streamlining Foreign Exchange Accounts (國家外匯管理局關於精簡外匯賬戶的通知) (“Circular 29”), which became effective on March 2, 2020. Circular 29 simplifies the categories of capital accounts, and introduces new guidelines for banks to handle foreign exchange business related to capital accounts.

NDRC Registration for Foreign Debts

On 14 September 2015, the NDRC issued the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the “NDRC Circular”), which came into effect on the same date. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular itself is silent on the legal consequences of non-compliance with the pre-issue registration requirement. Similarly, there is no clarity on the legal consequences of non-compliance with the post-issuance filing requirement under the NDRC Circular. The Issuer has caused the issuance of the Securities to be registered with NDRC on 6 February 2018, and has undertaken to notify the NDRC of the particulars of the issue of the Securities within 15 Registration Business Days (as defined in the “Terms and Conditions of the Senior Bonds” and the “Terms and Conditions of the Perpetual Securities”, as applicable) after the Issue Date (as defined in the “Terms and Conditions of the Senior Bonds” and the “Terms and Conditions of the Perpetual Securities”, as applicable).

Cross-Border Security Laws

On 12 May 2014, the SAFE promulgated the Notice concerning the Foreign Exchange Administration Rules on Cross-Border Security and the relating implementation guidelines (國家外匯管理局關於發佈《跨境擔保外匯管理規定》的通知) (collectively the “New Regulations”). The New Regulations, which come into force on 1 June 2014, replace twelve other regulations regarding cross-border security and introduce a number of significant changes, including: (i) abolishing prior SAFE approval and quota requirements for cross-border security; (ii) requiring SAFE registration for two specific types of cross-border security only; (iii) removing eligibility requirements for providers of cross-border security; (iv) the validity of any cross-border security agreement is no longer subject to SAFE approval, registration, filing, and any other SAFE administrative requirements; (v) removing SAFE verification requirement for performance of cross-border security. A cross-border guarantee is a form of security under the New Regulations. The New Regulations classify cross-border security into three types:

- Nei Bao Wai Dai (內保外貸) (“NBWD”): security/guarantee provided by an onshore security provider for a debt owing by an offshore debtor to an offshore creditor.
- Wai Bao Nei Dai (外保內貸) (“WBND”): security/guarantee provided by an offshore security provider for a debt owing by an onshore debtor to an onshore creditor.
- Other Type of Cross-border Security (其他形式跨境擔保): any cross-border security/guarantee other than NBWD and WBND.

In respect of NBWD, in the case where the onshore security provider is a non-financial institution, it shall conduct a registration of the relevant security/guarantee with SAFE within 15 working days after its execution (or 15 working days after the date of any change to the security). The funds borrowed offshore shall not be directly or indirectly repatriated to or used onshore by means of loans, equity investments or securities investments without SAFE approval. Upon occurrence of default, the onshore security provider can pay to the offshore creditor directly (by effecting remittance through an onshore bank) where the

NBWD has been registered with SAFE. In addition, if any onshore security provider under a NBWD provides any security or guarantee for an offshore bond issuance, the offshore issuer's equity shares must be fully or partially held directly or indirectly by an onshore entity. Moreover, the proceeds from any such offshore bond issuance must be applied towards the offshore project(s), where an onshore entity holds equity interest, and in respect of which the related approval, registration, record, or confirmation have been obtained from or made with the competent authorities subject to PRC Laws.

On 26 January 2017, the SAFE issued the Circular on Further Advancing the Reform of Foreign Exchange Administration and Improving Examination in Respect of Authenticity and Compliance (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知) (the "2017 SAFE Circular"), which came into effect on the same date. According to the 2017 SAFE Circular, the funds borrowed offshore under a NBWD could be repatriated to or used onshore by means of loans, equity investments, etc.

The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Securities and the Trust Deeds. The Guarantor's obligations in respect of the Securities and the Trust Deeds are contained in the Deeds of Guarantee. The Deeds of Guarantee will be executed by the Guarantor on or before the Issue Date. Under the New Regulations, the Deeds of Guarantee do not require any pre-approval by SAFE and is binding and effective upon execution.

The Guarantor is required to submit each of the Deeds of Guarantee to the local SAFE for registration within 15 working days after their execution. The SAFE registration is merely a post signing registration requirement, which is not a condition to the effectiveness of the Guarantees.

Under the New Regulations, the local SAFE will go through a review of the Guarantor's application for registration. Upon completion of the review, the local SAFE will issue a registration notice or record to the Guarantor to confirm the completion of the registration.

Under the New Regulations:

- non-registration does not render the Guarantees ineffective or invalid under PRC law although SAFE may impose penalties on the Guarantor if submission for registration is not carried out within the stipulated time frame of 15 working days; and
- there may be logistical hurdles at the time of remittance (if any cross-border payment is to be made by the Guarantor under the Guarantees) as domestic banks require evidence of SAFE registration in order to effect such remittance, although this does not affect the validity of the Guarantees.

Each of the Terms and Conditions of the Senior Bonds and the Terms and Conditions of the Perpetual Securities provide that the Guarantor will register, or cause to be registered, the Deeds of Guarantee with SAFE in accordance with, and within the time period prescribed by, the New Regulations and use its best endeavours to complete the registration and obtain a registration record from SAFE on or before the date following 120 Registration Business Days after the Issue Date (the "Bonds Registration Deadline"). If the Guarantor fails to complete the SAFE registration and deliver the registration records to the Trustee before the Bonds Registration Deadline, the Securities will be redeemable by the Issuer at their principal amount together with accrued and unpaid interest (see Condition 6(e) of the "Terms and Conditions of the Securities" and Condition 5 of the "Terms and Conditions of the Perpetual Securities").

TAXATION

The following summary of certain Hong Kong, PRC and European Union tax consequences of the purchase, ownership and disposition of the Securities is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Securities and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any particular holder of the Securities or persons acquiring, selling or otherwise dealing in the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. Persons considering the purchase of the Securities should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of the Hong Kong, PRC and European Union and their country of citizenship, residence or domicile.

Hong Kong

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Securities or in respect of any gains arising from the sale of the Securities.

Profits tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**Inland Revenue Ordinance**”) as it is currently applied, interest on the Securities may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (a) interest on the Securities is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (b) interest on the Securities is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong; or
- (c) interest on the Securities is derived from Hong Kong and is received by or accrues to a person other than a company (such as a partnership), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business.

Sums derived from the sale, disposal or redemption of the Securities will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Securities are acquired and disposed of.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Securities will be subject to profits tax.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

PRC

The following summary describes the principal PRC tax consequences of ownership of the Securities by beneficial owners who, or which, are not residents of mainland China for the PRC tax purposes. These beneficial owners are referred to as non-PRC holders of the Securities in this “PRC Taxation” section. In considering whether to invest in the Securities, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Pursuant to the Enterprise Income Tax Law of the PRC (the “**EIT Law**”) effective on 1 January 2008 and its implementation regulations, enterprise that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose “de facto management bodies” are within the territory of the PRC are treated as PRC tax resident enterprises for the purpose of the EIT Law and must pay enterprise income tax at the rate of 25% in respect of their worldwide income. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management body” of the Issuer is within the territory of the PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the EIT Law and be subject to enterprise income tax at the rate of 25% for its income sourced from both within and outside PRC.

As confirmed by the Issuer, as at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. On that basis, holders of the Securities should not be subject to withholding tax, income tax or any other taxes or duties (including stamp duty) imposed by any governmental authority in the PRC in respect of payments of interest by the Issuer or any gain received on the sale of the Securities.

However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without establishment within the PRC or whose income has no actual connection to its establishment inside the PRC must pay enterprise income tax on PRC source income and such income tax must be withheld by the PRC payer at source. Pursuant to the Individual Income Tax Law of the PRC (the “**IIT Law**”) effective on 1 September 2011 and relevant implementations, any individual who has no domicile and does not stay within the territory of China or who has no domicile but has stayed within the territory of China for less than one year must pay individual income tax for any income obtained from sources within the territory of China.

Accordingly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer may be required to withhold income tax from the payments of interest in respect of the Securities to any non-PRC holder of the Securities and gain from the disposition of the Securities may be subject to PRC tax if such income or gain is treated as PRC source. The tax rate is generally 10% for non-PRC enterprise holders of the Securities and 20% in the case of non-PRC individual holders of the Securities. If the Issuer is treated as a PRC resident enterprise, it may also be required to withhold value-added tax on payments of interest at the rate of 6% plus local levies.

In addition, as the Guarantor is a PRC enterprise, if any payments are made by the Guarantor under the Guarantees, the Guarantor must withhold PRC income tax on payments of interest with respect to the Securities to non-PRC enterprise holders of the Securities generally at the rate of 10% (and at a rate of 20% in the case of payments to non-PRC individual holders of the Securities), and may be required to withhold value-added tax on payments of interest at the rate of 6% plus local levies.

Any PRC tax liability on interest or gain described above may be reduced under applicable tax treaties. However, it is unclear whether in practice nonresident investors might be able to obtain the benefit of income tax treaties entered into between PRC and their countries.

Subject to certain exceptions, the Issuer and the Guarantor have agreed to pay additional amounts to non-PRC resident holders of the Securities so that holders of the Securities would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions.

No PRC stamp duty will be imposed on non-resident holders of the Securities either upon issuance of the Securities or upon a subsequent transfer of Bonds.

European Union

The Proposed Financial Transactions Tax (the “FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in the Securities (including secondary market transactions) in certain circumstances. The issuance and subscription of Bonds should, however, be exempt.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Securities are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with Barclays Bank PLC, BNP Paribas, BOCI Asia Limited, China CITIC Bank International Limited, China Securities (International) Corporate Finance Company Limited, Crédit Agricole Corporate and Investment Bank, Goldman Sachs (Asia) L.L.C., Haitong International Securities Company Limited, Merrill Lynch (Asia Pacific) Limited, Natixis and UBS AG Hong Kong Branch as the Joint Lead Managers dated 14 September 2020 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to each Joint Lead Manager, and each Joint Lead Manager has agreed, severally but not jointly, to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Securities indicated in the following table:

Managers	Principal Amount of the 2025 USD Bonds	Principal Amount of the 2030 USD Bonds	Principal Amount of the 2050 USD Bonds	Principal Amount of the Euro Bonds
Barclays Bank PLC	US\$54,545,000	US\$90,909,000	US\$18,181,000	€45,454,000
BNP Paribas	US\$54,545,000	US\$90,909,000	US\$18,181,000	€45,454,000
BOCI Asia Limited	US\$54,550,000	US\$90,910,000	US\$18,190,000	€45,460,000
China CITIC Bank International Limited	US\$54,545,000	US\$90,909,000	US\$18,181,000	€45,454,000
China Securities (International) Corporate Finance Company Limited	US\$54,545,000	US\$90,909,000	US\$18,181,000	€45,454,000
Crédit Agricole Corporate and Investment Bank	US\$54,545,000	US\$90,909,000	US\$18,181,000	€45,454,000
Goldman Sachs (Asia) L.L.C. . . .	US\$54,545,000	US\$90,909,000	US\$18,181,000	€45,454,000
Haitong International Securities Company Limited	US\$54,545,000	US\$90,909,000	US\$18,181,000	€45,454,000
Merrill Lynch (Asia Pacific) Limited	US\$54,545,000	US\$90,909,000	US\$18,181,000	€45,454,000
Natixis	US\$54,545,000	US\$90,909,000	US\$18,181,000	€45,454,000
UBS AG Hong Kong Branch . . .	US\$54,545,000	US\$90,909,000	US\$18,181,000	€45,454,000
Total	US\$600,000,000	US\$1,000,000,000	US\$200,000,000	€500,000,000

Managers	Principal Amount of the Perpetual Securities
Barclays Bank PLC	US\$54,545,000
BNP Paribas	US\$54,545,000
BOCI Asia Limited	US\$54,550,000
China CITIC Bank International Limited	US\$54,545,000
China Securities (International) Corporate Finance Company Limited	US\$54,545,000
Crédit Agricole Corporate and Investment Bank	US\$54,545,000
Goldman Sachs (Asia) L.L.C.	US\$54,545,000
Haitong International Securities Company Limited	US\$54,545,000
Merrill Lynch (Asia Pacific) Limited	US\$54,545,000
Natixis	US\$54,545,000
UBS AG Hong Kong Branch	US\$54,545,000
Total	US\$600,000,000

The Subscription Agreement provides that the Issuer and the Guarantor will jointly and severally indemnify the Joint Lead Managers and their respective affiliates against certain liabilities in connection with the offer and sale of the Securities. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Issuer and the Guarantor have agreed that, for a period of 15 days from the date on which the Securities are issued, neither the Issuer, the Guarantor nor any person acting on its or their behalf will, without the prior written consent of the Joint Lead Managers, issue, sell, offer, agree to sell, grant any option for the sale of, or otherwise dispose of, any other debt securities of the Issuer, the Guarantor or any of their respective subsidiaries or securities of the Issuer, the Guarantor or any of their respective subsidiaries outside of the PRC that are convertible into, or exchangeable for, the Securities or such other debt securities.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“**Banking Services and/or Transactions**”). The Joint Lead Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services and/or Transactions with the Issuer and the Guarantor for which they have received, or will receive, fees and expenses. Certain of the Joint Lead Managers are currently lenders under a loan facility of the Issuer, certain amounts under which may be repaid with the proceeds of the offering. The Joint Lead Managers may offer and sell the Securities to or through any of their respective affiliates and any such affiliate may offer and sell the Securities purchased by it to or through the Joint Lead Managers.

In connection with the offering of the Securities, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, may place orders, receive allocations and purchase Bonds for their own account (without a view to distributing such Bonds). Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Securities or other securities otherwise than in connection with the offering. Accordingly, references herein to the Securities being “offered” should be read as including any offering of the Securities to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, for their own account. Such entities are

not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Securities and an active trading market for the Securities may not develop. See “Risk Factors – Risks Relating to the Securities and the Guarantees – A trading market for the Securities may not develop, and there are restrictions on resales of the Securities”. The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Securities amongst individual investors.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and/or the Guarantor, including the Securities. The Joint Lead Managers or certain of their respective affiliates that have a lending relationship with the Issuer and/or the Guarantor routinely hedge their credit exposure to the Issuer and/or the Guarantor consistent with their customary risk management policies. Typically, such Joint Lead Managers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer’s and/or the Guarantor’s securities, including potentially the Securities offered hereby. Any such short positions could adversely affect future trading prices of the Securities offered hereby.

In connection with the issue of the Securities, BNP Paribas, BOCI Asia Limited and Crédit Agricole Corporate and Investment Bank (each a “**Stabilising Manager**” and together the “**Stabilising Managers**”) or any person acting on behalf of the Stabilising Managers may, to the extent permitted by applicable laws and directives, over-allot the Securities or effect transactions with a view to supporting the price of the Securities at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Managers or any person acting on behalf of the Stabilising Managers shall act as principal and not as agent of the Issuer or the Guarantor. However, there is no assurance that the Stabilising Managers or any person acting on behalf of the Stabilising Managers will undertake stabilisation action. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Joint Lead Managers. Each of the Issuer and the Guarantor authorises the Stabilising Managers to make adequate public disclosure of information, and to act as the central point responsible for handling any request from a competent authority, in each case as required by Article 6(5) of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.

General

None of the Issuer, the Guarantor or any Joint Lead Manager makes any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or the Issuer or the Guarantor that would permit a public offering of the Securities, or possession or distribution of this Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Securities (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager will severally and not jointly comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Offering Circular (in preliminary, proof or final form) or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer, the Guarantor or any other Joint Lead Managers in any such jurisdiction as a result of any of the foregoing actions. Each Joint Lead Manager will obtain, and none of the Issuer, the Guarantor and the other Joint Lead Managers will have responsibility for obtaining, any consent, approval or permission required by such Joint Lead Manager for its acquisition, offer, sale or delivery of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. No Joint Lead Manager is authorised to make any representation or use any information in connection with the issue, subscription and sale of the Securities other than as contained in, or which is consistent with, this Offering Circular (in final form) or any amendment or supplement to it.

United States

The Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager has represented and warranted that it has not offered or sold, and has agreed that it will not offer or sell, any of the Securities constituting part of its allotment except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Securities. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Securities, an offer or sale of the Securities within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

European Economic Area

Prospectus Regulation Public Offer Selling Restrictions

In relation to each Member State of the European Economic Area and United Kingdom (each, a “Relevant State”), each Joint Lead Manager has represented and agreed that it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant State, except that it may make an offer to the public in that Relevant State of any Shares at any time under the following exemptions under the Prospectus Regulation:

- (1) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- (2) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation, subject to obtaining the prior consent of the Joint Lead Managers nominated by the Issuer for any such offer; or
- (3) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of the Securities shall require the Issuer, the Guarantor or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any Bonds in the Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities and the expression “Prospectus Regulation” Regulation (EU)2017/1129.

Prohibition of Sales to EEA and UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the EEA or in the UK.

For the purposes of this provision:

- (1) the expression “retail investor” means a person who is one (or more) of the following:
 - i. a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or
 - ii. a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and
- (2) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the for Bonds.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

- (1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Italy

Until the offer of the Securities has been registered pursuant to Italian securities legislation, no Bonds may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to the Securities be distributed in the Republic of Italy, except:

- (a) to “qualified investors”, as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (“Decree No. 58”) and Article 34-ter, paragraph 1, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (“Regulation No. 11971”); or
- (b) in other circumstances which are exempted from the rules on offerings of securities to the public pursuant to Article 100 of Decree No. 58 and Article 34-ter, paragraph 1, of Regulation No. 11971.

Any offer, sale or delivery of the Securities or distribution of copies of this Offering Circular or any other document relating to the Securities in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Legislative Decree No. 385 of 1 September 1993, as amended (the “Consolidated Banking Act”), Decree No. 58 and CONSOB Regulation No. 16190 of 29 October 2007, as amended;
- (ii) in compliance with Article 129 of the Consolidated Banking Act, as amended, and the implementing guidelines of the Bank of Italy which have been issued on the 25th of August 2015 and have come into force from the 1st of October 2016, as amended from time to time, pursuant to which the Bank of Italy requests periodic information on the issue or the offer of securities in the Republic of Italy to be provided by uploading such information on the Infostat platform of the Bank of Italy; and
- (iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authorities.

Please note that in accordance with Article 100-bis of Decree No. 58, concerning the circulation of financial products, where no exemption from the rules on offerings of securities to the public applies under (a) and (b) above, the subsequent distribution of the Securities on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under Decree No. 58 and Regulation No. 11971. Furthermore, Article 100-bis of Decree No. 58 affects the transferability of the Securities in the Republic of Italy to the extent that any placing of the Securities is made solely with qualified investors and the Securities are then systematically resold to non-qualified investors on the secondary market at any time in the 12 months following such placing. Where this occurs, if a prospectus has not been published, purchasers of the Securities who are acting outside of the course of their business or profession may be entitled to have such purchase declared null and void and to claim damages from any authorised intermediary at whose premises the Securities were purchased, unless an exemption provided for by Decree No. 58 applies.

Spain

Neither this Offering Circular nor any separate prospectus (folleto informativo) has been or will be registered with the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores) and therefore the Securities may not be offered or sold or distributed in Spain except in circumstances which do not qualify as a public offer of the Securities in Spain in accordance with article 35 of the consolidated text of the Spanish Securities Market Act (texto refundido de la Ley del Mercado de Valores aprobado mediante el Real Decreto Legislativo 4/2015 de 23 de octubre) as amended and restated, or if an exemption from registration is available in accordance with article 41 of the Royal Decree 1310/2005 (Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos), as amended, and their respective implementing regulations.

France

This Offering Circular has not been prepared and are not being distributed in the context of a public offering of securities in France (offre au public de titres financiers) within the meaning of Article L. 411-1 of the French Monetary and Financial Code (Code monétaire et financier) and, therefore, this Offering Circular or any other offering materials relating to the Securities have not been and will not be filed with the French Autorité des marchés financiers (the “AMF”) for prior approval or submitted for clearance to the AMF and, more generally no prospectus (including any amendment, supplement or replacement thereto) has been prepared in connection with the offering of the Securities that has been approved by the AMF or by the competent authority of another Member State of the European Economic Area and notified to the AMF and to the Issuer.

The Joint Lead Managers: (i) have not offered or sold and will not offer or sell, directly or indirectly, any Bonds to the public in France; (ii) have not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Offering Circular or any other offering materials relating to the Securities; and (iii) confirm that such offers, sales and distributions have been and will only be made in France to persons licensed to provide the investment service of portfolio management for the account of third parties (personnes fournissant le service d’investissement de gestion de portefeuille pour compte de tiers), or qualified investors (investisseurs qualifiés) acting for their own account, all as defined in, and in accordance with, Articles L. 411-2 and D. 411-1 of the French Monetary and Financial Code (Code monétaire et financier) and applicable regulations thereunder. The direct or indirect distribution to the public in France of any Bonds so acquired may be made only in accordance with the provisions of Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Monetary and Financial Code (Code monétaire et financier) and applicable regulations thereunder.

Denmark

Each Joint Lead Manager has represented and agreed that it has not offered or sold and will not offer, sell or deliver any Bonds directly or indirectly in Denmark by way of a public offering, unless in compliance with the Danish Consolidated Act No. 1229 of 7 September 2016 on Trading in Securities, as amended, and any Executive Orders issued thereunder and in compliance with Executive Order 623 of 24 April 2015 to the Danish Financial Business Act.

The Netherlands

The Securities are not and may not be offered in the Netherlands other than to persons or entities which are qualified investors (gekwalficeerde beleggers) within the meaning of Section 1:1 of the Dutch Financial Supervision Act (Wet op het financieel toezicht) (which implements the definition of “qualified investors” in the Prospectus Regulation (Regulation (EU) 2017/1129).

The People’s Republic of China

Each Joint Lead Manager has represented, warranted and agreed that the Securities are not being offered or sold and may not be offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People’s Republic of China.

Hong Kong

Each Joint Lead Manager has represented and agreed that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under the SFO.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (in the case of an accredited investor) Regulation 3 of the Securities and Futures (Classes of Investors) Regulation 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA, except:

- (1) to an institutional investor or to a relevant person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offer of Investments) (Securities and Securities-based Derivatives contracts) Regulations 2018.

Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended, the “Financial Instruments and Exchange Act”). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act, ministerial guidelines and other relevant laws, regulations and ministered guidelines of Japan.

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Securities. Accordingly, each Manager represents and agrees that it will not publicly offer, sell or advertise the Securities, directly or indirectly, in, into or from Switzerland and will not list the Securities on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Securities constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and each Manager agrees that it will not publicly distribute or otherwise make publicly available in Switzerland either this Offering Circular or any other offering or marketing material relating to the Securities.

RATINGS

The Senior Bonds are expected to be assigned a rating of “Baa2” by Moody’s and “A-” by Fitch upon issuance. The Perpetual Securities are expected to be assigned a rating of “Baa3” by Moody’s and “BBB” by Fitch upon issuance. Additionally, the Guarantor has been assigned a corporate credit rating of “Baa2” with stable outlook by Moody’s, “BBB” with negative outlook by S&P and “A-” with stable outlook by Fitch. The sovereign rating of the PRC is “A1” with stable outlook by Moody’s, “A+” with stable outlook by S&P and “A+” with stable outlook by Fitch. The credit ratings accorded the Securities are not a recommendation to purchase, hold or sell the Securities inasmuch as such ratings do not comment as to market price or suitability for a particular investor. We cannot assure you that the ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgement, circumstances so warrant.

LEGAL MATTERS

Certain legal matters with respect to the Securities will be passed upon for us by Jingtian & Gongcheng as to matters of PRC law, and by Latham & Watkins LLP as to matters of English law and Hong Kong law. Certain legal matters will be passed upon for the Joint Lead Managers by Davis Polk & Wardwell as to matters of English law and by Commerce & Finance Law Offices as to matters of PRC law.

INDEPENDENT AUDITORS

The consolidated statements of financial position of China National Chemical Corporation Limited and its subsidiaries as at 31 December 2017, 2018 and 2019, and the consolidated statements of comprehensive income of China National Chemical Corporation Limited and its subsidiaries for each of the years ended 31 December 2017 incorporated by reference in this Offering Circular have been audited by Ruihua Certified Public Accountants (a member of Beijing Institute of Certified Public Accountants and a member of NAFMII), the independent auditor, as stated in its reports incorporated by reference herein and in our annual reports for the years ended 31 December 2017 and 2018.

The consolidated statements of financial position of China National Chemical Corporation Limited and its subsidiaries as at 31 December 2019, and the consolidated statements of comprehensive income of China National Chemical Corporation Limited and its subsidiaries for each of the years ended 31 December 2018 and 2019 incorporated by reference in this Offering Circular have been audited by Baker Tilly China Certified Public Accountants, the independent auditor, as stated in its reports incorporated by reference herein and in our annual reports for the years ended 31 December 2019.

GENERAL INFORMATION

- (1) **General Information of the Guarantor:** The Guarantor was incorporated in the PRC on 1 May 2004 with registered number 100000000038808 under the laws of the PRC. The registered office of the Guarantor is at No. 62 Beisihuanxilu, Haidian District, Beijing, the PRC 100080. The business address of the Guarantor's directors is No. 62 Beisihuanxilu, Haidian District, Beijing, the PRC 100080. There are no potential conflicts of interest between any duties of the Guarantor's members of the General Managers' Meeting owed to the Guarantor and their private interests and/or other duties.
- (2) **Clearing Systems and Settlement:** The Securities have been accepted for clearance through Euroclear and Clearstream. The ISIN and the Common Code for the 2025 USD Bonds are XS2226808082 and 222680808, the ISIN and the Common Code for the 2030 USD Bonds are XS2226808165 and 222680816, the ISIN and the Common Code for the 2050 USD Bonds are XS2226808249 and 222680824, the ISIN and the Common Code for the Euro Bonds are XS2226795321 and 222679532, and the ISIN and the Common Code for the Perpetual Securities are XS2226808322 and 222680832, respectively.
- (3) **Authorisations:** The Issuer and the Guarantor have obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Securities and the provision of the Guarantees (as the case may be). The issue of the Securities was authorised by resolutions of the Board of Directors of the Issuer passed on 2 September 2020. The Guarantees were authorised by resolutions of the Board of Directors of the Guarantor (as supplemented) passed on 28 August 2020.
- (4) **No Material Adverse Change:** Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Group or material adverse change in the prospects of the Group since 31 December 2019, and there has been no significant change in the financial or trading position of the Issuer or material adverse change in the prospects of the Issuer since the date of its incorporation.
- (5) **Litigation:** Except as disclosed in this Offering Circular, none of the Issuer or the Group has been engaged in or, so we are aware, has pending or threatened, any governmental, legal or arbitration proceedings which may have, or have had, a significant effect on the Issuer's financial position or profitability since the date of its incorporation, or on the Group's financial position or profitability since 31 December 2019.
- (6) **Available Documents:** Copies of the Guarantor's Articles of Association, the Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2018 and 2019, the Issuer's Articles of Association, the Trust Deeds, the Agency Agreements and the Deeds of Guarantee will be available for inspection in electronic form from the Issue Date at the specified office of the Issuer at 62 Beisihuanxilu, Haidian District, Beijing 100080, the PRC, and upon prior written request at the specified office of the Principal Paying Agent (subject to the Principal Paying Agent having been provided with the same by the Issuer or the Guarantor) during normal business hours, so long as any Bonds is outstanding.
- (7) **Audited Financial Statements:** The original Chinese version of the Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2018 have been audited by Ruihua Certified Public Accountants, who is a member of Beijing Institute of Certified Public Accountants and a member of NAFMII, in accordance with PRC GAAP. Such original Chinese version is incorporated by reference in this Offering Circular. The original Chinese version of the Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2019 have been audited by Baker Tilly China Certified Public Accountants, the independent auditor, as stated in its reports incorporated by reference herein and in our annual reports for the years ended 31 December 2019. The English translation of such audited consolidated financial statements is included elsewhere in this Offering Circular.

- (8) **Reliance by the Trustee:** The Trustee may rely without liability to the holders of the Securities on any certificate signed by the authorised signatory of the Issuer and on, among other things, a certificate or report prepared by an internationally recognised firm of accountants pursuant to the Trust Deeds, whether or not addressed to the Trustee and whether or not the internationally recognised firm of accountants' liability in respect thereof is limited by a monetary cap or otherwise limited or excluded, and shall be obliged to do so where the Terms and Conditions of the Senior Bonds, the Terms and Conditions of the Perpetual Securities or the Trust Deeds so provide. If the Trustee relies on any such certificate or report, such certificate or report shall be conclusive and binding on the holders of the Securities, the Issuer and the Guarantor.
- (9) **Listing of Bonds:** Application will be made to the SGX-ST for the listing and quotation of the Securities on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Approval-in-principle for the listing and quotation of the Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any) or the Securities. The Securities will be traded on the SGX-ST in a minimum board lot size of US\$200,000 for so long as such Bonds are listed on the SGX-ST and the rules of the SGX-ST so require.

Application has been made to Euronext Dublin for the approval of this Offering Circular as Listing Particulars and for the Euro Bonds to be admitted to the Official List and to trading on the Global Exchange Market, which is the exchange regulated market of Euronext Dublin. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC. It is expected that dealing in, and listing of, the Euro Bonds on Euronext Dublin will commence on or around 23 September 2020. Maples and Calder LLP is acting solely in its capacity as listing agent for the Issuer in connection with the Euro Bonds and is not itself seeking admission of the Euro Bonds to trading on the Global Exchange Market of Euronext Dublin.

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China National Chemical Corporation Ltd.
Auditor's Report
Baker Tilly China [2020] 30179

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AUDITOR'S REPORT

Baker Tilly China [2020] No. 30179

To the shareholders of China National Chemical Corporation Ltd.:

I. Audit Opinion

We have audited the consolidated financial statements of China National Chemical Corporation Ltd. (the "Company"), which includes the consolidated and the Company's balance sheets as at 31 December 2019, the consolidated and the Company's income statements, cash flow statements and statements of changes in owner's equity for the year then ended, and the notes to the financial statements.

In our opinion, the financial statements of the Company presented fairly, in all material respects, the consolidated and the Company's financial position as of 31 December 2019, and the consolidated and the Company's results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises of China.

II. Basis of Forming the Audit Opinion

We have conducted our audit in accordance with the China Standards on Auditing and Quality Control. Our responsibilities under those standards are further described in the "CPA's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities of the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The management is responsible for preparation of these consolidated financial statements in accordance with Accounting Standards for Business Enterprises of China to achieve fair presentation and design, implementation and maintenance of necessary internal control to enable the consolidated financial statements are free from material misstatement, whether

due to fraud or error.

During the preparation of the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

IV. Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to frauds or errors, and to issue an auditor's report which includes our opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users based on these consolidated financial statements.

As part of an audit in accordance with CAS, we use professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures.

(1) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. However, our purpose is not to express an opinion on the effectiveness of internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to the users in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, we shall modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the consolidated financial statements, and also whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance on the scope and time schedule of the audit and significant audit findings, etc., including any significant deficiencies in internal control that we identify during our audit.

Audit Report (Continued)

Baker Tilly China [2020] No. 30179

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Baker Tilly China Certified Public Accountants



Chinese Certified Public
Accountant:



Chinese Certified Public
Accountant:



Chinese Certified Public
Accountant:



This auditor's report and the attached notes to the financial statements are English translation of the Chinese auditor's report. In case of doubt as to the presentation of these documents, the Chinese version shall prevail.

Consolidated Balance Sheet

Prepared by: China National Chemical Corporation Ltd.

December 31, 2019

Unit: Yuan

	Line No.	2019-12-31	2018-12-31	Note number
Current assets:	1			
Cash at bank and on hand	2	78,075,408,000.74	74,095,624,216.26	VIII(1)
△ Settlement reserve	3	-	-	
△ Loans to banks and other financial institutions with exchange included in loss and profit of current year	4	-	-	
△ Financial assets held for trading	5	727,432,629.62	464,568,391.09	VIII(2)
Financial assets measured by fair value through profit or loss of current year	6	109,747,146.12	138,959,464.61	VIII(3)
Derivative financial assets	7	1,938,015,134.67	2,448,730,630.71	VIII(4)
Receivables	8	3,948,169,883.90	3,402,787,329.82	VIII(5)
Accounts receivable	9	54,071,727,589.11	55,268,864,447.79	VIII(5)
Accounts receivable financing	10	2,860,366,282.73	2,451,143,481.79	VIII(7)
Prepayments	11	8,555,778,475.05	8,736,606,583.47	VIII(8)
△ Premiums receivable	12	-	-	
△ Reinsurance premium receivable	13	-	-	
△ Reserve receivable for reinsurance	14	-	-	
Other receivables	15	32,320,286,381.24	29,675,656,176.03	VIII(9)
△ Financial assets purchased under resale agreements	16	-	-	
Inventories	17	90,045,309,230.50	84,649,262,072.49	VIII(10)
Including: Raw materials	18	15,833,283,285.02	17,229,500,274.75	VIII(10)
Finished products	19	48,413,650,722.39	49,438,420,537.18	VIII(10)
△ Contract assets	20	-	-	
Available for sale assets	21	28,530,263.71	1,659,807,669.07	VIII(11)
Non-current assets due within one year	22	70,299,676.18	98,366,154.25	VIII(12)
Other current assets	23	13,227,475,498.45	15,025,771,878.78	VIII(13)
Total Current Assets	24	286,262,657,382.95	278,133,278,362.77	
Non-current assets:	25			
△ Loans and advances	26	-	-	
△ Debt investments	27	-	-	
Financial assets available for sale	28	1,787,729,233.81	1,586,528,688.46	VIII(14)
△ Other debt investments	29	-	-	
Held-to-maturity investments	30	-	-	
Long-term receivables	31	5,346,691,183.34	5,213,691,373.95	VIII(15)
Long-term equity investment	32	15,073,328,216.34	14,625,173,920.06	VIII(16)
△ Other equity instruments	33	2,042,494,536.98	2,033,086,481.74	VIII(17)
△ Other non-current financial assets	34	907,638,422.11	845,938,417.81	VIII(18)
Investment properties	35	683,436,316.55	660,494,874.00	VIII(19)
Fixed assets	36	120,930,136,840.66	123,041,607,215.49	VIII(20)
Construction in progress	37	14,622,578,203.69	13,077,720,679.14	VIII(21)
Productive biological assets	38	6,271,100.37	-	VIII(22)
Oil and gas assets	39	-	-	
△ Right of use assets	40	9,406,023,919.20	7,963,631,668.87	VIII(23)
Intangible assets	41	169,795,564,927.51	165,107,113,756.87	VIII(24)
Development expenditure	42	3,700,906,989.09	1,051,286,063.83	VIII(25)
Goodwill	43	200,060,132,036.01	196,787,609,787.83	VIII(26)
Long-term deferred expenses	44	979,870,179.39	934,402,561.05	VIII(27)
Deferred tax assets	45	11,174,697,363.70	10,236,787,615.93	VIII(28)
Other non-current assets	46	10,148,181,627.63	8,800,226,527.94	VIII(29)
Including: Physical assets reserve specifically authorized	47	2,981,288,231.68	2,981,288,231.68	VIII(29)
Total Non-Current Assets	48	557,869,070,578.38	562,784,176,834.19	
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	72			
Total asset	73	844,061,767,961.44	840,817,458,206.96	

Legal representative: Ning Qiaoming

Accounting director: SHJL

Leader of accounting agency: Gao Wei

Consolidated Balance Sheet (continued)

Prepared by: China National Chemical Corporation Ltd.		December 31, 2018		Unit: Yuan
	Item No.	2018-12-31	2017-12-31	Note number
Current liabilities:				
Short-term loans	74	-	-	
△ Borrowings from Central Bank	75	77,034,858,188.89	83,813,151,588.48	VIII(30)
△ Loans from banks and other financial institutions	76	-	-	
△ Financial liabilities held for trading	77	4,291,834.82	8,141,088.14	VIII(31)
Financial liabilities measured by fair value through profit or loss	78	-	-	
Derivative financial liabilities	79	2,332,813,785.47	3,741,558,945.53	VIII(32)
Fees payable	81	8,249,379,132.88	4,781,144,976.87	VIII(33)
Accounts payable	82	85,450,615,499.34	61,518,138,473.36	VIII(34)
Receipts in advance	83	5,189,846,836.21	5,259,112,505.07	VIII(35)
△ Contract liabilities	84	7,148,511,133.47	6,869,889,218.43	VIII(36)
△ Financial assets sold under repurchase agreements	85	-	-	
△ Deposits and placements from other financial institutions	86	-	-	
△ Securities clearing	87	-	-	
△ Securities underwriting	88	-	-	
Employee benefits payable	89	8,512,568,187.24	8,987,588,514.38	VIII(37)
Including: Wages payable	90	5,004,919,335.00	4,865,191,148.90	VIII(37)
Welfare expenses payable	91	344,343,020.87	320,926,888.80	VIII(37)
#Including: Employee bonus and welfare funds	92	-	-	
Taxes payable	93	9,040,996,060.23	12,565,670,777.58	VIII(38)
Including: Taxes payable	94	8,301,804,585.77	11,087,864,404.14	VIII(38)
Other payables	95	18,798,402,908.50	20,025,499,139.88	VIII(39)
△ Fees and commissions payable	96	-	-	
△ Reinsurance amounts payable	97	-	-	
Hold-for-sale liabilities	98	-	14,460,830.08	
Non-current liabilities due within one year	99	88,185,051,338.14	47,702,510,363.04	VIII(40)
Other current liabilities	100	19,865,767,036.17	12,948,162,482.00	VIII(41)
Total current liabilities	101	205,783,105,738.96	247,758,862,882.09	
Non-current liabilities:				
△ Reserve of insurance contract	103	-	-	
Long-term loans	104	104,430,658,297.88	120,518,224,034.54	VIII(42)
Bonds payable	105	185,880,000,178.80	198,229,702,158.83	VIII(43)
Including: preference shares	106	-	-	
perpetual bond	107	-	-	
Lease liabilities	108	10,138,328,275.88	6,865,800,048.40	VIII(44)
Long-term payables	109	780,293,444.52	1,007,721,071.23	VIII(45)
Long-term employee benefits payable	110	8,568,828,533.33	8,284,871,195.87	VIII(46)
Provisions	111	4,349,306,040.51	5,170,904,890.24	VIII(47)
Deferred income	112	3,108,111,129.89	3,050,943,877.18	VIII(48)
Deferred tax liability	113	31,731,782,584.36	34,441,771,189.43	VIII(49)
Non-current liabilities	114	2,095,882,353.14	2,018,684,579.78	VIII(49)
Including: special reserve funds	115	-	-	
Total non-current liabilities	116	351,089,770,417.90	376,808,502,845.30	
Total Liabilities	117	556,872,876,156.86	624,567,365,727.38	
Owner's equity:				
Paid-in capital	118	11,592,025,968.24	11,592,025,968.24	VIII(50)
State-owned capital	120	11,592,025,968.24	11,592,025,968.24	VIII(50)
Incl: State-owned legal person's capital	121	-	-	
Collective capital	122	-	-	
Private capital	123	-	-	
Foreign capital	124	-	-	
Basic investment returned	125	-	-	
Net value of paid-in capital	126	11,592,025,968.24	11,592,025,968.24	VIII(50)
Other equity instruments	127	8,000,000,000.00	12,900,000,000.00	VIII(51)
Incl: preference shares	128	-	-	
Perpetual bond	129	8,000,000,000.00	12,900,000,000.00	VIII(51)
Capital reserves	130	27,498,575,665.68	29,613,360,558.04	VIII(52)
Less: Treasury shares	131	-	-	
Other comprehensive incomes	132	-10,405,619,672.86	-10,463,279,827.11	
Including: translation difference arising on translation of financial statements denominated in foreign currencies	133	-12,120,207,561.48	-11,041,093,867.15	
Specific reserves	134	126,076,917.87	102,378,442.88	VIII(53)
Surplus reserves	135	204,526,831.60	204,526,831.60	VIII(54)
Including: Statutory surplus reserve	136	204,526,831.60	204,526,831.60	VIII(54)
Discretionary surplus reserve	137	-	-	
#Reserve funds	138	-	-	
Corporate development funds	139	-	-	
Capital redemption	140	-	-	
△ Provisions for general risks	141	-	-	
Retained earnings	142	-48,216,782,979.85	-37,349,328,727.26	VIII(55)
Total Owners' Equity Attributable To the Company	143	8,204,177,289.32	8,588,681,238.17	
Minority equity	144	198,302,065,076.50	169,750,379,243.40	
Total owner's equity	145	199,097,897,308.58	206,350,060,479.57	
Total Liabilities and Owner's Equity	146	843,981,767,967.44	830,917,426,206.95	

Legal representative: NingGaoping

Accounting director:ShiJie

Leader of accounting agency:GaoWei

Consolidated Income Statement

Prepared by: China National Chemical Corporation Ltd.

Year of 2019

Unit: Yuan

Item	Line No.	Amount for the current year	Amount for the previous year	Code number
I. Total operating revenues	1	484,343,910,009.32	488,410,919,811.70	
including: Operating revenues	2	484,343,910,009.32	488,410,919,811.70	VIII(56)
△ Interest incomes	3	-	-	
△ Premiums earned	4	-	-	
△ Fee and commission income	5	-	-	
II. Total operating costs	6	448,917,586,358.12	488,272,905,104.82	
including: Operating costs	7	348,732,309,345.61	364,734,570,371.73	VIII(56)
△ Interest expenses	8	-	-	
△ Fee and commission expenses	9	-	-	
△ Withdrawal profit	10	-	-	
△ Net compensation	11	-	-	
△ Net withdrawal of insurance liability reserve	12	-	-	
△ Policy dividend expenses	13	-	-	
△ Reinsurance expenses	14	-	-	
Taxes and surcharges	15	3,348,485,010.40	71,757,142,888.17	
Selling expenses	16	34,125,991,701.28	33,667,091,822.01	VIII(57)
Administrative expenses	17	25,371,523,443.25	23,983,296,814.22	VIII(58)
Research and development expenses	18	11,307,710,077.19	13,424,385,891.32	VIII(59)
Financial expenses	19	18,003,872,790.38	21,127,309,239.97	VIII(60)
including: Interest expenses	20	20,143,071,534.47	19,091,716,835.34	VIII(60)
Interest incomes	21	2,171,218,385.00	2,918,108,347.21	VIII(60)
Net loss in exchange (net income is listed in "+")	22	1,708,582,828.88	2,987,585,872.44	VIII(60)
Others	23	-	-	
Add: Other income	24	1,362,322,642.82	1,272,721,019.29	VIII(61)
Investment income (Losses are indicated by "-")	25	915,672,630.88	3,119,515,889.18	VIII(62)
including: Income from investments in associates and joint ventures	26	880,612,564.61	371,010,007.03	VIII(62)
△ Termination of recognized income on financial assets measured at amortized costs	27	-	-	
△ Foreign exchange gains (Losses are indicated by "-")	28	-	-	
△ Net gain from exposure hedging (Losses are indicated by "-")	29	370,037,828.90	849,781,307.73	VIII(63)
Gains from changes in fair values (Losses are indicated by "-")	30	1,749,131,933.98	45,784,788.22	VIII(64)
△ Impairment losses of creditability	31	-1,111,353,593.11	-421,128,891.95	VIII(65)
Impairment loss of assets	32	-7,171,687,105.79	-5,507,295,955.31	VIII(66)
Profit on disposal of assets (Losses are indicated by "-")	33	1,320,089,144.44	2,608,820,684.49	VIII(67)
Other income	34	2,945,232,581.32	2,910,788,678.61	
III. Operating profit (Loss is indicated by "-")	35	2,387,860,703.37	1,342,143,151.66	VIII(68)
Plus: Non-operating income	36	511,107,351.65	725,889,766.81	VIII(69)
including: Government subsidies	37	1,003,389,079.99	1,189,700,026.12	VIII(69)
Less: Non-operating expenses	38	4,229,587,214.70	3,655,343,004.15	
IV. Total profit (Total Loss is indicated by "-")	39	1,673,902,413.26	2,624,862,733.89	VIII(70)
Less: Income tax expenses	40	2,768,854,601.44	218,559,270.47	
V. Net profit (net loss is indicated by "-")	41	-	-	
classified by ownership	42	-	-	
Net profit attributable to owners of parent company	43	-6,641,835,984.92	-14,458,540,217.08	
Minority interests	44	11,357,490,788.06	14,877,100,487.55	
VI. Classified by continuing/discontinuing operation	45	-	-	
1) Net profit from continuing operations (Loss is indicated by "-")	46	2,713,884,801.44	789,313,020.50	
2) Net profit from discontinued operations (Loss is indicated by "-")	47	-	-854,954,560.43	
VII. Net amount of other comprehensive incomes after tax	48	47,060,711.16	3,003,622,154.05	
Net amount of other comprehensive incomes after tax attributable to owners of parent company	49	50,027,964.92	3,750,269,375.26	VIII(71)
1. Items that will not be reclassified to profit or loss	50	-763,677,844.80	171,789,781.40	VIII(71)
including: 1) Remeasured defined benefit plan net liabilities or net assets changes	51	-763,257,098.37	170,488,688.01	VIII(71)
2) Under the equity method, the share of other comprehensive income not reclassified into gains or losses	52	1,105,715.05	13,226,791.03	VIII(71)
3-2) Changes in the fair value of other equity instruments	53	2,473,439.62	40,110,331.38	VIII(71)
3-4) Change in fair value of the enterprise's own credit risk	54	-	-	
5) Others	55	-	-	
2. Items that may be reclassified to profit or loss	56	812,705,859.42	2,529,483,562.88	VIII(71)
including: 1. Under the equity method, the share of other comprehensive income reclassified into gains or losses	57	7,072,187.54	-22,037,871.80	VIII(71)
2-2) Changes in the fair value of other equity instruments	58	-	-	
3. Gains or losses of fair value of Available for sale financial asset	59	61,286,046.05	-105,032,128.81	VIII(71)
3-4. Financial assets reclassified into other comprehensive income	60	-	-	
5. Gains or losses of held to maturity investment reclassified into available for sale asset	61	-	-	
6-6. Other credit impairment provisions for investments of credit's rights	62	-	-	
7. Effective portion of profit or loss on cash flow hedging	63	-61,774,895.53	-340,366,360.33	VIII(71)
8. Foreign currency financial statement translation difference	64	832,769,877.73	3,063,487,987.66	VIII(71)
9. Others	65	-48,659,310.91	71,749,248.88	VIII(71)
Net amount of other comprehensive incomes after tax attributable to minority shareholders	66	-11,367,253.77	-148,270,225.61	
VIII. Total Comprehensive Incomes	67	2,803,515,912.59	3,832,252,435.12	
Total comprehensive incomes attributable to owners of parent company	68	-8,582,608,019.70	-4,708,370,841.83	
Total comprehensive incomes attributable to minority shareholders	69	11,388,123,632.29	14,530,623,286.94	
IX. Earnings per share:	70	-	-	
Basic earnings per share	71	-	-	
Diluted earnings per share	72	-	-	

Legal representative: NingGuangxi

Accounting officer: Hu

Leader of accounting agency: GuoYan

Consolidated Cash Flow Statement

Prepared by: China National Chemical Corporation Ltd.

Year of 2019

Unit: Yuan

Item	Line No	Amount for the current year	Amount for the previous year	Note number
I. Cash flow arising from operating activities:	1			
Cash received from sales of goods or rendering of services	2	475,436,000,633.19	469,388,260,885.67	
△Net increase in deposits and placements from financial institutions	3			
△Net increase in due to central banks	4			
△Net increase in placement from financial institutions	5			
△Cash received from premiums of original insurance contracts	6			
△Net amount of reinsurance business	7			
△Net increase in insured's deposits and investments	8			
△Net increase in disposal of financial assets at fair value through profit and loss	9			
△Cash received from interests, fees and commissions	10			
△Net increase of placement from banks and other financial institutions	11			
△Net increase in repurchasing	12			
△Net cash received from Vicariously Traded Securities				
Taxes and surcharges refunds	13	2,945,731,347.40	1,699,070,523.04	
Other cash receipts related to operating activities	14	11,595,985,029.58	15,739,598,011.12	
Subtotal of cash flows from operating activities	15	487,977,785,010.17	506,826,929,420.73	
Cash payments for goods purchased and services received	16	341,400,071,262.95	359,203,662,433.26	
△Net increase in loans and advances	17			
△Net increase in deposits with central banks and other financial institutions	18			
△Cash paid for claim settlements on original insurance contracts	19			
△Net increase in lendings to banks and other financial institutions				
△Cash paid for interests, fees and commissions	20			
△Cash paid for policy dividends	21			
Cash paid to and for employees	22	47,543,200,472.18	45,938,887,328.68	
Cash paid for all types of taxes	23	26,341,612,594.77	21,470,892,762.86	
Other cash payments related to operating activities	24	47,314,461,540.80	62,088,225,158.42	
Subtotal of cash outflow from operating activities	25	482,599,345,870.50	476,701,867,683.22	
Net cash flow from operating activities	26	25,378,439,139.67	28,225,291,737.51	VIII(75)
II. Cash flows from investing activities:	27			
Cash receipts from disposals and recovery of investments	28	6,666,986,472.40	18,385,011,721.70	
Cash receipts from investment income	29	1,042,367,690.86	2,262,144,852.68	
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	30	4,863,533,991.39	6,956,989,871.51	
Net cash receipts from disposals of subsidiaries and other business units	31	313,420,497.88	626,656,247.70	
Other cash receipts relating to investing activities	32	7,640,668,586.04	4,902,624,479.34	
Subtotal of cash outflow from investing activities	33	20,547,177,238.58	33,133,657,173.33	
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	34	20,427,157,365.54	19,385,544,528.67	
Cash payments to acquire investments	35	7,322,617,615.02	24,796,488,650.56	
△Net increase in pledged loans receivables	36			
Net cash payments for acquisitions of subsidiaries and other business units	37	1,300,525,043.60	10,542,116,176.62	
Other cash payments relating to investing activities	38	8,600,722,413.67	8,640,017,214.34	
Subtotal of cash outflow from investing activities	39	37,657,022,427.83	51,370,164,570.59	
Net cash flows from investing activities	40	-17,109,845,169.25	-28,236,497,397.26	
III. Cash flow from financing activities:	41			
Cash receipts from capital contributions	42	2,506,725,643.62	5,457,092,031.26	
Including: cash receipts from capital contributions from minority owners of subsidiaries	43	706,725,643.62	5,601,847,924.13	
Cash receipts from borrowings	44	180,898,716,582.29	241,976,143,026.48	
△Cash receipts from issue of bonds	45			
Other cash receipts relating to financing activities	46	10,567,245,422.36	10,615,146,596.43	
Subtotal of cash outflow from financing activities	47	193,993,687,618.27	258,348,381,656.15	
Cash repayments of borrowings	48	163,199,822,601.15	225,203,311,179.01	
Cash payments for distribution of dividends or profits or settlement of interest expenses	49	25,145,495,957.68	25,896,775,287.58	
Including: payments for distribution of dividends or profits to minority owners of subsidiaries	50	2,177,007,658.69	6,429,939,984.26	
Other cash payments relating to financing activities	51	6,344,212,976.45	22,313,785,800.09	
Subtotal of cash outflow from financing activities	52	195,889,331,537.28	273,513,672,266.58	
Net cash flows from financing activities	53	-2,685,643,919.01	-14,265,490,610.53	
IV. Effect of Foreign Exchange Rate Changes on Cash at bank and on hand	54	-89,448,841.55	-845,708,837.81	
V. Net increase in Cash at bank and on hand	55	5,503,601,189.89	-14,922,435,108.89	VIII(75)
Plus: opening balance of Cash at bank and on hand	56	57,793,261,994.48	72,715,687,102.57	VIII(75)
VI. Closing balance of Cash at bank and on hand	57	63,296,763,184.34	57,793,261,994.48	VIII(75)

Legal representative: NingGaoting

Accounting director: Shaojie

Leader of accounting agency: GaoWei

Balance Sheet

Prepared by: China National Chemical Corporation Ltd.

December 31, 2019

Unit: Yuan

Item	Line No.	2019-12-31	2018-12-31	Note Number
Current assets:	1			
Cash at bank and on hand	2	2,012,237,843.88	479,210,801.34	
Settlement reserve	3			
Loans to banks and other financial institutions with its charge	4			
Included in loss and profit of current year	5			
Financial assets held for trading	6			
Financial assets measured by fair value through profit or loss of current year	7			
Derivative financial assets	8			
Notes receivable	9			
Accounts receivable	10			
Accounts receivable financing	11			
Prepayments	12			
Premiums receivable	13			
Reinsurance premium receivable	14			
Reserve receivable for reinsurance	15	13,105,496,816.73	6,824,171,226.54	XIII(1)
Other receivables	16			
Financial assets purchased under resale agreements	17			
Inventories	18			
including: Raw materials	19			
Finished products	20			
Contract assets	21			
Available for sale assets	22	6,212,500,000.00		
Non-current assets due within one year	23	25,368,061.39	284,067,989.29	
Other current assets	24	17,381,828,523.06	1,567,436,239.16	
Total Current Assets	25			
Non-current assets:	26			
Loans and advances	27			
Debt investments	28	26,381,686,872.70	26,277,584,861.80	
Financial assets available for sale	29			
Other debt investments	30			
Held-to-maturity investment	31			
Long-term receivables	32	44,389,242,627.76	48,787,638,168.64	XIII(2)
Long-term equity investment	33			
Other equity instruments	34			
Other non-current financial assets	35			
Investment properties	36			
Fixed assets	37	413,016,878.88	426,283,087.83	
Construction in progress	38	323,471,889.54	252,898,536.87	
Productive biological assets	39			
Oil and gas assets	40			
Right of use assets	41	57,652,528.73	34,830,527.80	
Intangible assets	42			
Development expenditure	43			
Goodwill	44			
Long-term deferred expenses	45			
Deferred tax assets	46			
Other non-current assets	47	2,388,362,832.00	8,239,851,000.08	
including: Physical assets reserve specifically authorized	48			
Total Non-Current Assets	49	73,974,538,438.74	74,135,238,985.34	
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	71			
	72			
Total asset	73	91,281,544,930.69	91,226,649,185.58	

Legal representative: NingGaojing

Accounting director: SuJin

Leader of accounting agency: GaoWei

Balance Sheet (continued)

Prepared by: China National Chemical Corporation Ltd.

December 31, 2015

Unit: Yuan

Item	Line No.	2015-12-31	2015-12-31	Note number
Current liabilities:	74	—	—	
Short-term loans	75	10,300,000.00	5,500,000.00	
△ Borrowings from Central Bank	76	—	—	
△ Loans from banks and other financial institutions	77	—	—	
△ Financial liabilities held for trading	78	—	—	
Financial liabilities measured by fair value through profit or loss	79	—	—	
Derivative financial liabilities	80	—	—	
Notes payable	81	—	—	
Accounts payable	82	—	—	
Receipts in advance	83	—	—	
△ Contract liabilities	84	—	—	
△ Financial assets sold under repurchase agreements	85	—	—	
△ Deposits and placements from other financial institutions	86	—	—	
△ Securities borrowing	87	—	—	
△ Securities underwriting	88	—	—	
Employee benefits payable	89	4,743,341.72	3,940,888.00	
including: Wages payable	90	3,812,333.45	3,527,196.79	
Welfare expenses payable	91	—	—	
including: Employee bonus and welfare funds	92	—	—	
Taxes payable	93	4,385,144.58	1,386,618.59	
including: taxes payable	94	4,385,144.58	1,386,618.59	
Other payables	95	14,761,893,215.85	12,251,206,486.32	
△ Fees and commissions payable	96	—	—	
△ Reinsurance amounts payable	97	—	—	
Held-for-sale liabilities	98	—	—	
Non-current liabilities due within one year	99	7,600,000,000.00	3,900,000,000.00	
Other current liabilities	100	18,600,000,000.00	4,800,000,000.00	
Total current liabilities	101	42,487,781,752.35	25,376,703,712.81	
Non-current liabilities:	102	—	—	
△ Reserve of insurance contract	103	—	—	
Long-term loans	104	2,102,385,741.58	8,881,043,800.00	
Bonds payable	105	18,000,000,000.00	14,000,000,000.00	
including: preference shares	106	—	—	
perpetual bond	107	—	—	
Lease liabilities	108	—	—	
Long-term payables	109	—	—	
Long-term employee benefits payable	110	—	—	
Provisions	111	—	—	
Deferred income	112	46,890,000.00	46,890,000.00	
Deferred tax liability	113	—	—	
Non-current liabilities	114	—	—	
including: special reserve funds	115	—	—	
Total non-current liabilities	116	18,752,735,741.58	18,523,888,800.00	
Total Liabilities	117	61,240,517,493.94	44,496,592,512.81	
Owner's equity:	118	—	—	
Paid-in capital	119	11,592,626,968.24	11,592,626,968.24	
State-owned capital	120	11,592,626,968.24	11,592,626,968.24	
inc: State-owned legal person's capital	121	—	—	
Collective capital	122	—	—	
Private capital	123	—	—	
Foreign capital	124	—	—	
Ret: investment returned	125	—	—	
Net value of paid-in capital	126	11,592,626,968.24	11,592,626,968.24	
Other equity instruments	127	6,932,093,803.05	12,660,000,000.00	
inc: preference share	128	—	—	
Perpetual bond	129	3,000,000,000.00	12,660,000,000.00	
Capital reserves	130	22,860,588,428.74	22,580,588,428.74	
Less: Treasury shares	131	—	—	
Other comprehensive incomes	132	—	—	
including: translation difference arising on translation of financial statements denominated in foreign currencies	133	—	—	
Specific reserves	134	—	—	
Surplus reserves	135	—	—	
including: Statutory surplus reserve	136	—	—	
Discretionary surplus reserve	137	—	—	
Reserve funds	138	—	—	
Corporate development funds	139	—	—	
Capital redemption	140	—	—	
△ Provisions for general risks	141	—	—	
Retained earnings	142	13,237,269,816.23	3,912,564,326.28	
Total Owners' Equity Attributable To the Company	143	30,515,547,430.13	37,340,048,672.89	
*Minority equity	144	—	—	
Total owner's equity	145	30,515,547,430.13	37,340,048,672.89	
Total Liabilities and Owner's Equity	146	91,756,064,924.07	81,726,641,185.70	

Legal representative: NingGaocong

Accounting director:ShiJie

Leader of accounting agency:GaoWei

Income Statement

Prepared by: China National Chemical Corporation Ltd

Year: 2016

Unit: Yuan

Item	Line No.	Amount for the current year	Amount for the previous year	Note number
I. Total operating revenues	1	269,525,200.43	114,435,927.74	
Including: Operating revenues	2	269,525,200.43	114,435,927.74	20023
△Interest income	3			
△Premiums earned	4			
△Fee and commission income	5			
II. Total operating costs	6	173,081,956.78	2,005,043,587.63	
Including: Operating costs	7	1,921,976.25	1,921,976.25	21023
△Interest expenses	8			
△Fee and commission expenses	9			
△Withdrawal paid	10			
△Net compensation	11			
△Net withdrawal of insurance liability reserve	12			
△Policy dividend expenses	13			
△Reinsurance expenses	14			
Taxes and surcharges	15	10,167,906.38	8,883,284.49	
Selling expenses	16			
Administrative expenses	17	264,740,517.58	215,075,732.04	
Research and development expenses	18			
Financial expenses	20	1,719,233,458.59	1,776,860,694.84	
Including: Interest expenses	21	1,846,897,513.87	1,883,731,004.29	
Interest income	22	269,510,308.58	258,701,233.43	
Net loss on exchange (net income is listed as "+")	23	71,824,382.94	140,164,127.00	
Others	25			
Add: Other income	26	123,890.20	89,775.06	
Investment income (Losses are indicated by "-")	27	79,200,178.37		20044
Including: Income from investments in associates and joint ventures	28			
△ Termination of recognized income on financial assets measured at amortized cost				
△ Foreign exchange gains (Losses are indicated by "-")	29			
△ Net gain from exposure hedging (Losses are indicated by "-")	30			
Gains from changes in fair values (Losses are indicated by "-")	31			
△ Impairment losses of repossessed	32			
Impairment loss of assets	33			
Profit on disposal of assets (Losses are indicated by "-")	34			
III. Operating profit (Loss is indicated by "-")	35	-1,632,229,298.79	-1,890,517,654.22	
Plus: Non-operating income	36			
Including: Government subsidies	37			
Less: Non-operating expenses	38	32,622,793.05	3,923,418.40	
IV. Total profit (Total Loss is indicated by "-")	39	-1,665,152,391.84	-1,894,440,950.62	
Less: Income tax expenses	42			
V. Net profit (net loss is indicated by "-")	43	-1,665,152,391.84	-1,894,440,950.62	
1. Classified by membership	44			
Net profit attributable to owners of parent company	45	-1,665,152,391.84	-1,894,440,950.62	
*Minority interests	46			
2. Classified by continuing/discontinuing operation	47			
1) Net profit from continuing operations (Loss is indicated by "-")	48	-1,665,152,391.84	-1,894,440,950.62	
2) Net profit from discontinued operations (Loss is indicated by "-")	49			
VI. Net amount of other comprehensive incomes after tax	50			
Net amount of other comprehensive incomes after tax attributable to owners of parent company	51			
1. Items that will not be reclassified to profit or loss	52			
Including: 1) Remeasured defined benefit plan net liabilities or net assets changes	53			
2) Under the equity method, the share of other comprehensive income not reclassified into gains or losses	54			
△ 2) Changes in the fair value of other equity instruments	55			
△ 4) Change in fair value of the enterprise's own credit risk	56			
5) Others	57			
2. Items that may be reclassified to profit or loss	58			
Including: 1. Under the equity method, the share of other comprehensive income reclassified into gains or losses	59			
△ 2. Changes in the fair value of other creditor's rights investments	60			
3. Gains or losses of fair value of Available for sale financial asset	61			
△ 4. Financial assets reclassified into other comprehensive income	62			
5. Gains or losses of held to maturity investment reclassified into available for sale asset	63			
△ 6. Other credit impairment provisions for investment of creditor's rights	64			
7. Exchange portion of profit or loss on cash flow hedging	65			
8. Foreign currency financial statement translation difference	66			
9. Others	67			
*Net amount of other comprehensive incomes after tax attributable to minority shareholders	68			
VII. Total Comprehensive Incomes	69	-1,665,152,391.84	-1,894,440,950.62	
Total comprehensive incomes attributable to owners of parent company	70	-1,665,152,391.84	-1,894,440,950.62	
*Total comprehensive incomes attributable to minority shareholders	71			
VIII. Earnings per share	72			
Basic earnings per share	73			
Diluted earnings per share	74			

Legal representative: HongGuangbin

Accounting director: ShaoJie

Leader of accounting agency: GaoWei

Cash Flow Statement

Prepared by: China National Chemical Corporation Ltd.

Year of 2019

Unit: Yuan

Item	Line No.	Amount for the current year	Amount for the previous year	Note number
I. Cash flow arising from operating activities:	1			
Cash received from sales of goods or rendering of services	2	1,100,037,124.00	124,078,378.87	
ΔNet increase in deposits and placements from financial institutions	3			
ΔNet increase in due to central banks	4			
ΔNet increase in placements from financial institutions	5			
ΔCash received from premiums of original insurance contracts	6			
ΔNet amount of reinsurance business	7			
ΔNet increase in insured's deposits and investments	8			
ΔNet increase in disposal of financial assets at fair value through profit and loss	9			
ΔCash received from interests, fees and commissions	10			
ΔNet increase of placement from banks and other financial institutions	11			
ΔNet increase in repurchasing	12			
ΔNet cash received from Vicariously Traded Securities				
Taxes and surcharges refunds	13			
Other cash receipts related to operating activities	14	8,670,810,131.19	8,929,729,832.11	
Subtotal of cash flows from operating activities	15	7,148,537,255.18	9,053,808,210.98	
Cash payments for goods purchased and services received	16			
ΔNet increase in loans and advances	17			
ΔNet increase in deposits with central banks and other financial institutions	18			
ΔCash paid for claim settlements on original insurance contracts	19			
ΔNet increase in lendings to banks and other financial institutions				
ΔCash paid for interests, fees and commissions	20			
ΔCash paid for policy dividends	21			
Cash paid to and for employees	22	87,821,137.55	81,748,129.48	
Cash paid for all types of taxes	23	12,888,828.68	9,458,931.31	
Other cash payments related to operating activities	24	11,163,778,038.41	11,128,983,000.30	
Subtotal of cash outflow from operating activities	25	11,244,597,995.64	11,198,190,061.09	
Net cash flow from operating activities	26	-4,096,060,740.46	-2,144,381,850.11	XIII(5)
II. Cash flows from investing activities:	27			
Cash receipts from disposals and recovery of investments	28	52,084,060.11	2,358,658,480.00	
Cash receipts from investment income	29	342,205,178.37		
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	30			
Net cash receipts from disposals of subsidiaries and other business units	31			
Other cash receipts relating to investing activities	32	288,802,428.20	1,804,000,000.00	
Subtotal of cash outflow from investing activities	33	683,771,667.68	4,172,658,480.00	
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	34	29,733,855.00	48,439,148.28	
Cash payments to acquire investments	35	2,126,778,522.15	2,497,146,261.70	
ΔNet increase in pledged loans receivables	36			
Net cash payments for acquisitions of subsidiaries and other business units	37			
Other cash payments relating to investing activities	38	1,148,452,800.69	1,919,220,000.00	
Subtotal of cash outflow from investing activities	39	3,305,062,978.15	4,464,805,409.98	
Net cash flows from investing activities	40	-2,622,191,310.47	-292,196,959.98	
III. Cash flow from financing activities:	41			
Cash receipts from capital contributions	42			
Including cash receipts from capital contributions from minority owners of subsidiaries	43			
Cash receipts from borrowings	44	39,883,863,100.00	30,978,134,800.00	
ΔCash receipts from issue of bonds	45			
Other cash receipts relating to financing activities	46	217,729,584.00		
Subtotal of cash outflow from financing activities	47	40,071,582,684.00	35,978,134,800.00	
Cash repayments of borrowings	48	28,637,508,252.41	28,085,440,000.00	
Cash payments for distribution of dividends or profits or settlement of interest expenses	49	2,225,583,918.57	2,131,588,886.57	
Including payments for distribution of dividends or profits to minority owners of subsidiaries	50			
Other cash payments relating to financing activities	51	58,444,179.40	906,547,544.38	
Subtotal of cash outflow from financing activities	52	31,821,546,351.18	29,123,554,230.95	
Net cash flows from financing activities	53	8,250,049,333.82	1,855,580,569.05	
IV. Effect of Foreign Exchange Rate Changes on Cash at bank and on hand	54	232,652.08	138,414.70	
V. Net increase in Cash at bank and on hand	55	-1,633,025,938.94	-580,771,038.28	XIII(5)
Plus: opening balance of Cash at bank and on hand	56	479,210,863.94	1,059,981,630.22	XIII(5)
VI. Closing balance of Cash at bank and on hand	57	2,012,237,543.88	479,210,603.94	XIII(5)

Legal representative: NingGuozheng

Accounting Director: Shi Jie

Leader of accounting agency: Gao Wei

[illegible]

Statement of Changes in Owner's Equity (continued)

Year: 2011

Period: 1st Quarter, 2011

Sl. No.	Particulars	Owner's Equity Components										Total owner's equity
		Paid up capital	Other equity components		Capital Reserve	Reserve for contingencies	Reserve for depreciation	Reserve for gratuity	Reserve for other long term investments	Reserve for other short term investments	Reserve for other long term investments	
			Preferred shares	Unpaid Capital								
1	Opening balance at 1st January year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
2	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
3	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
4	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
5	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
6	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
7	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
8	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
9	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
10	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
11	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
12	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
13	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
14	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
15	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
16	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
17	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
18	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
19	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
20	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
21	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
22	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
23	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
24	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
25	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
26	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
27	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
28	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
29	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
30	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
31	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
32	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
33	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
34	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
35	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
36	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
37	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
38	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
39	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
40	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
41	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
42	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
43	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
44	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
45	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
46	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
47	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
48	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
49	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
50	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00
51	Issue of shares during the year	11,00,00,000.00	11,00,00,000.00	11,00,00,000.00	11,00,00,00							

Accounting Officer's Signature

Accounting Officer's Name

Accounting Officer's Title

Prepared by: Celis Medical Chemicals International Ltd.

Revised Edition: 2004

Accounting
in order to beTABLE 1. *Continued*

CHINA NATIONAL CHEMICAL CORPORATION LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts denominated in RMB(CNY), unless otherwise stated)

I. BASIC INFORMATION ABOUT THE COMPANY

China National Chemical Corporation Ltd. (hereinafter referred to as "CHEMCHINA" or the "Company" or the "Group") is a state-owned enterprise established in Beijing on 22 April 2004, which approved by the State-owned Assets Supervision and Administration Commission of the State Council (hereinafter as the "SASAC") (letter No. 115 [2003] of the State Council). The Company was registered with Beijing Administration for Industry & Commerce with a registered capital of RMB 1,159,202,600,000.00. The Company's registered addresss is No.62 Beisihuan West Road, Haidian District, Beijing, legal representative is Ning gaining, Unified Social Credit Code is 91110000710932515R and long-term valid since 29 November, 2017.

The Company owned 20 subsidiaries, namely China National BlueStar (Group) Co., Ltd (BlueStar.), China National Chemical Agrochemical Corporation (CNCA), ChemChina Petrochemical Co., Ltd. (Petrochemical Co.), China National Tire& Rubber Corporation (Tire& Rubber Corp.), China National Chemical Equipment Corporation (Equip. Corp.), China Haohua Chemical (Group) Co. Ltd. (HaoHua Co.), ZhongLan Petrochemical Corporation (ZhongLan Petrochemical), ChemChina Finance Corporation (Finance Corp.), Haohua Chemical Corporation (Haohua Corp.), ChemChina HK Company Limited (ChemChina HK), ChemChina Academy of Sciences (Academy of Sc.), ChemChina Asset Company (Asset Co.), ZhongChe QiXiu (Group) Corporation (ZhongChe QIXiu), China Chemical Museum (Chem. Museum), China Nation Chemical Information Center (CNCIC), Interstar Co. Ltd, (Interstar Group), Qingdao Yello Sea Rubber Corportion (Yello Sea Rubber), Bluestar Information Equipment (Group) Corporation (Bluestar Info.), China Union Chemical (Beijing) Holdings Co., Ltd. (China Union Chemcial) and China chemical century Co. Ltd. (ChemChina Century). The Company controls 10 listed companies, including 7 domestic respectively: ADAMA Co., Ltd. (hereinafter referred to as "ADAMA"), Bluestar Adisseo Co., Ltd. (hereinafter referred to as the " Adisseo "), KraussMaffei Co., Ltd. (hereinafter referred to as " Krauss"), Shenyang Chemical Industry Co., Ltd (hereinafter referred to as the "Shenyang Chemical"), Aeolus tyre Co., Ltd. (hereinafter referred to as the " Aeolus Tyre "), Cangzhou Dahua chemical Co., Ltd. (hereinafter referred to as the "Cangzhou Dahua"), HAOHUA Chemical Science & Technology Corp.,Ltd (hereinafter referred to as the " HAOHUA Chemical"). The three

foreign listed companies are respectively Sinofert Holdings Limited (hereinafter referred to as "Sinofert"), Pirelli & c. S.P.A. (hereinafter referred to as "Pirelli") and Bluestar Elkem International Limited (hereinafter referred to as "Elkem").

Business scope of the Company is mainly engaged in: chemical raw materials, chemical products, chemical mines, chemical fertilizers, pesticides (except chemical dangerous goods), plastics, tires, rubber products, film equipment, chemical equipment production and sales; Machinery products, electronic products, instrumentation, building materials, textiles, light industrial products, forest products, forest products production and marketing; Research, development, design and construction of chemical equipment, chemical cleaning, anticorrosion, petrochemical and water treatment technologies; Technical consultation, information service and equipment leasing (the above products do not contain hazardous chemicals); Office space for rent. (The Group shall independently choose business projects and carry out business activities according to law; projects that must be approved according to law, business activities shall be carried out in accordance with the approved contents after being approved by relevant departments; the Group shall not engage in business activities of projects prohibited or restricted by this municipality's industrial policies.)

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group have been prepared on going concern basis, in accordance with Accounting Standards for Business Enterprises and supplementary regulations issued by the Ministry of Finance of People's Republic of China and the significant accounting policies and accounting estimates as follows.

III. STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Group has adopted the latest Accounting Standards for Business Enterprise ("ASBE") issued by the Ministry of Finance ("MOF"). The financial statements of the Group have been prepared in accordance with ASBE, and present truly and completely for its financial position and annual operation outcomes and cash flows.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The ministry of finance issued on March 31, 2017, respectively by the accounting standards for enterprises no. 22 - recognition and measurement in financial instruments (2017 revision) "(finance and accounting) [2017] no. 7, the accounting

standards for enterprises no. 23 - transfer of financial assets (revised in 2017)" (finance and accounting [2017] no. 8), the accounting standards for enterprises no. 24 - hedging accounting (2017 revision) "(finance and accounting [2017] 9). On May 2, 2017, it issued accounting standards for enterprises no. 37 - presentation of financial instruments (2017 revision) (accounting [2017] no. 14) (the above standards are collectively referred to as "new financial instruments Standards"). On July 5, 2017, the accounting standards for enterprises no. 14 - revenue (2017 revision) (finance and accounting [2017] no. 22) (hereinafter referred to as "new revenue standards") was issued. On December 7, 2018, Enterprise Accounting Standard No. 21 - Leasing (Accounting (2018) No. 35) was issued (hereinafter referred to as the "new lease standards").

The Company's subsidiaries Shenyang Chemical, Adisseo, HAOHUA Chemical, Krauss, Cangzhou Dahua, Aeolus Tyre, Bluestar Silicone Investment Co., Ltd. (hereinafter, "Bluestar Silicone"), Bluestar Elkem Investment Co., Ltd. (hereinafter, "Elkem Investment") and China Chemical Group (Hong Kong) Investment Co., Ltd. (hereinafter, "Chemical(HK) Investment") implemented the new financial instrument standards from January 1, 2019. Elkem Investment, Chemical(HK) Investment, China Rubber International Co., Ltd. (hereinafter, "Rubber International"), China Rubber Capital Co., Ltd. (hereinafter, "Rubber Capital"), Syngenta AG, Andorra, Sinofert implemented the new lease standards from January 1, 2019. When preparing consolidated financial statements, the Company shall directly consolidate the financial statements prepared by the above companies in accordance with the new financial instrument standards and the new lease Standards. In the description of accounting policies and accounting estimates, the Company distinguishes between "companies that have implemented the new financial instrument standards" and "companies that have not yet implemented the new financial instrument standards"; "Companies that have implemented the new revenue guidelines" and "companies that have not yet implemented the new revenue guidelines", "companies that have implemented the new lease standards" and "companies that have not yet implemented the new lease standards" are described respectively.

1. Accounting period

The accounting period of the Group is from 1 January to 31 December of each calendar year.

2. Functional currency

The reporting currency of domestic companies is Renminbi ("RMB").

3. Accounting basis and valuation principle

The Group adopts historical cost, replacement cost, net realizable value, present value or fair value as its measurement attribution.

4. Business combinations

4.1 Business combinations involving enterprises under common control

Assets and liabilities obtained shall be measured according to the share of combining entities' owners' equity in the carrying amount of the ultimate holding company's owners' equity. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or total par value of shares) is adjusted to the share premium in capital reserves. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

4.2 Business combinations involving enterprises under uncommon control

The Company's acquisition cost on the purchase day is greater than the difference in the share of fair value of net assets obtained by the acquisition and recognized as goodwill. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference immediately in profit or loss for the current period.

5. Preparation of consolidated financial statements

The Group will take all the subsidiaries under control into combination scope of consolidated financial statements. Consolidated financial statements have been prepared on the basis of the Group and subsidiaries' financial statements, according to other related information, and in accordance with "Enterprise Accounting Standards No. 33 – Consolidated Financial Statements".

6. Classification of joint venture arrangements and accounting treatment of joint operations

6.1. Determination and classification of joint arrangement

Joint arrangement is an arrangement jointly controlled by two or more participants. The arrangement has the following characteristics: 1) the participants are bound by the arrangement; 2) the arrangement shall be jointly controlled by two or more participants. Either participant will not be able to separately control the arrangement,

either participant who jointly controls the arrangement is able to prevent the other participants or a combination of participants from controlling the arrangement separately.

Joint control refers to the control of a certain arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be agreed upon by the participants who share the control.

Joint arrangement is divided into joint operation and joint venture. Joint operation is a joint arrangement that the participants enjoy and assume the relevant assets and liabilities of the arrangement. The joint venture is a joint arrangement that the participants enjoy the net assets of the arrangement only.

6.2. Accounting treatment of joint arrangement

Participants of joint operation shall confirm the following items related to the interest shares of joint operation, and make an accounting treatment in accordance with the relevant Accounting Standards for Business Enterprises:

6.2.1 the assets held by alone and jointly owned assets according to their shares;

6.2.2 the liabilities assumed by alone and jointly assumed assets according to their shares;

6.2.3 the income generated from the sale of the share of joint operation output;

6.2.4 the income generated from the sale of output by the joint operation according to their shares;

6.2.5 the expenses incurred separately and the expenses incurred in the joint operation according to their shares.

The participants of joint venture shall make an accounting treatment of the investment of the joint venture in accordance with the Accounting Standards for Business Enterprises No. 2 - Long-Term Equity Investment.

7. The determine criteria of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term (usually due within 3 months from the acquisition date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Translation of transactions and financial statements denominated in foreign currencies

8.1 Translation of transactions denominated in foreign currencies

On initial recognition of transactions denominated in foreign currencies, foreign currency amount is translated into Renminbi amount by applying the spot exchange

rate on the date of the transaction. At the balance sheet date, foreign currency monetary items shall be translated by applying the spot exchange rate at the balance sheet date. The difference between the translated functional currency amount and the original functional currency amount (changes of exchange rate) is recognized in profit and loss, except the exchange rate changes of principal and interest of foreign specific borrowed loan for production activities and construction of assets eligible for capitalization. Foreign currency non-monetary items measured at historical cost are still translated at the spot exchange rate on the date of the transaction without changing their Renminbi amounts. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date the fair value is determined, and the difference is recognized in profit and loss or capital reserves.

8.2 Translation of financial statements denominated in foreign currencies

Assets and liabilities items in the balance sheet, converted using spot exchange rates at the balance sheet date. shareholders' equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose. all items in the income statement as well as items reflecting the distribution of profits are translated at the spot exchange rates on the dates of the transactions. The translation difference in foreign currency financial statements generated under the above-mentioned translation is presented as the other consolidated income under the owner's equity items in the balance sheet.

9. Financial instruments

9.1 The relevant accounting policies for companies that have not yet implemented the new financial instruments standards are as follows:

9.1.1 Classification of financial assets and financial liabilities

At initial recognition, financial assets are classified as financial assets at Fair Value through Profit or Loss ("FVTPL") including trading financial assets and financial assets designated as at FVTPL, held-to-maturity investments, loans, receivables and available-for-sale financial assets.

At initial recognition, financial liabilities are classified as financial liabilities at FVTPL including trading financial liabilities and financial liabilities designated as at FVTPL and other financial liabilities.

9.1.2 The recognition caution, measurement methods and derecognition condition of financial assets and financial liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value, for the financial assets and financial

liabilities at FVTPL, related transaction cost is recognized in profit and loss; for the other financial assets and financial liabilities, related transaction cost is recognized in initially measured amount.

Financial assets are subsequently measured at fair value, and transaction cost in future disposal will not be deducted, except following conditions: (1) held-to-maturity investments, loans and receivables adopt the contractual calculation and measured at amortized cost; or (2) equity instrument investment without price and of which fair value can't be measured reliably in active market, and the derivative financial assets which are linked to the above equity instrument investment and settled by delivering the equity instrument investment, are measured at cost.

Financial liabilities adopt contractual calculation that are subsequently measured at amortized cost, except following conditions: (1) financial liabilities at FVTPL are measured at fair value, and transaction cost in future settlement of financial liabilities will not be deducted; or (2) equity instrument investment without price and of which fair value cannot be measured reliably in active market, and the derivative financial liabilities which are linked to the above equity instrument investment and settled by delivering the equity instrument investment, are measured at cost; or (3) financial guarantee contract not belong to financial liabilities designated as at FVTPL, or loan commitment of the loan not designated as at FVTPL of which the interest below market rates, are subsequently measured at the higher amount: 1) the amount recognized in accordance with "Enterprise Accounting Standards No. 13 – Contingency" ; or 2) the amount that initially recognized amount deducting the accumulative amortization amount recognized in accordance with "Enterprise Accounting Standards No. 14 – Revenue"

As for the financial assets and financial liabilities, the profit and loss due to changes in fair value except for the hedging related financial assets and liabilities are dealt by the methods below: (1) the profit and loss of financial assets and financial liabilities at FVTPL due to changes in fair value is recognized in fair value; the interest and cash dividends acquired during the assets holding period are recognized as investment income; the difference between the fair value on disposal and initial recognition amount shall be recognized to investment income, then adjust the profit and loss arising from fair value changes at the same time. (2) the changes in fair value of available-for-sale financial assets are recognized in capital reserve; the interest under the contractual calculation within the asset holding period is recognized in income from investment; the cash dividends of available-for-sale equity instruments are recognized in income from investment when investee declare to pay dividends; the balance of the actual received amount and book value deducting accumulated changes in fair value is recognized in investment income.

The Group derecognizes a financial asset when the contractual right of obtaining the cash flow of a financial asset is derecognized or substantially all the risk and reward of a financial asset's ownership is transferred; the Group derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged.

9.1.3 The recognition basis and measurement methods of financial assets transfer

The Group derecognizes a financial asset when substantially all the risk and reward of a financial asset's ownership is transferred; the Group continues confirming transferred financial asset and confirms the consideration received as a financial liability, when substantially all the risk and reward of a financial asset's ownership is retained. When the Group neither transfers nor retains substantially all the risk and reward of a financial asset's ownership, the financial asset transfer is dealt by the methods below: (1) when the Group gives up control of a financial asset, it derecognizes the financial asset; or (2) when the Group doesn't give up control of a financial asset, it continues to confirm related financial asset according to the degree of involvement in the transferred financial asset and confirms related liabilities.

For the financial assets which meet holistic transfer conditions, the difference between following two amounts shall be recognized in the profit and loss: (1) the carrying amount of financial assets transferred; and (2) the sum of consideration received from transfer and the amount originally directly recognized in accumulated variation due to fair value change of owner's equity. When financial asset satisfies the condition of derecognition, we should share the holistic carrying amount of the financial assets transferred according to the respective fair value of the derecognized part and the non- derecognized part, and the difference between following two amounts shall be recognized in the profit and loss: (1) the carrying amount of the derecognized part; and (2) the sum of the consideration received of the derecognized part and the related derecognized amount originally directly recognized in accumulated variation due to fair value change of owner's equity.

9.1.4 The determination method of fair value of financial assets and financial liability

For financial assets and financial liabilities in active market, the fair value is the price in active market; for financial assets and financial liabilities not in active market, we should determine their fair value by valuation technique (including referring to the price in recent market transaction among parties who are familiar with market situation and willing to transaction, referring to recent fair value of other essentially similar financial instruments, discounted cash flow, option price models and others); for financial assets initially obtained and financial liabilities initially born, we should determine their fair value on the basis of market transaction price.

9.1.5 The impairment testing and measurement method of the financial assets

The Group should check the impairment carrying amount of the financial assets apart from financial assets at FVTPL, if there is objective evidence indicating that the financial asset has impairments, we should test the impairment of this financial asset and measure the impairment.

The Group should separately test the impairment of financial assets of individually significant amount; for financial assets with insignificant amount specifically, we should test the impairment individually or test impairment of the financial portfolio with similar credit risk characteristics.

For financial assets measured at amortized cost, if there is objective evidence indicating that the financial asset has impairments at the end of the period, we determine impairment loss according to the difference between carrying amount and the present value of estimated future cash flow. For equity instrument investment without price and of which fair value cannot be measured reliably in active market, and the derivative financial assets which are linked to the above equity instrument investment and settled by delivering the equity instrument investment, when they have impairment, we determine the difference between carrying amount of equity instrument investment and derivative financial assets and the present value of estimated future cash flow according to the similar financial assets' market rate of return as impairment loss. When the fair value of available-for-sale financial assets has sharp fall, or when we confirm that this downward trend is not temporary after a consideration of all relevant factors, we should determine the impairment loss and roll out the accumulated losses recognized in owners' equity because of the decrease of the fair value, and then recognize them in current profit and loss.

9.2 The relevant accounting policies of "companies that have implemented the new financial instruments standards" are as follows:

9.2.1 Classification, recognition and measurement of financial assets

According to the business model of financial assets management and the contract cash flow characteristics of financial assets, the Company divides financial assets into: financial assets measured by amortized cost; Financial assets measured at fair value and their changes included in other comprehensive income; Financial assets measured at fair value and recorded in current profits and losses.

Financial assets are measured at fair value at the time of initial recognition. For financial assets measured at fair value and whose changes are included in the current profit and loss, relevant transaction costs are directly included in the current profit and loss. For other categories of financial assets, relevant transaction costs shall be included in the initial recognition amount. For receivables or notes receivable arising from the sale of products or provision of services, which do not contain or do not take

into account material financing elements, the Company shall be entitled to receive the amount of consideration as the initial recognition amount.

(1) Financial assets measured at amortized cost

Management of the Company's financial assets measured at the amortized cost business model to cash flow for a contract as the goal, and the contractual cash flow characteristics of financial assets is consistent with the basic lending facility, namely the cash flow at a specific date, is only on the principal and on the basis of the outstanding principal amount of the payment of interest. For such financial assets, the Company adopts the effective interest rate method and carries out subsequent measurement according to the amortized cost. The profits or losses generated by the amortization or impairment shall be recorded into the current profit and loss.

(2) Financial assets measured at fair value and whose changes are included in other comprehensive income.

The Company's business model for managing such financial assets is to take the contract cash flow as the target and to sell as the target, and the contract cash flow characteristics of such financial assets are consistent with the basic loan arrangement. The Company measures such financial assets according to the fair value and the changes are included in other comprehensive income, but the impairment loss or gain, exchange profit and loss and the interest income calculated according to the effective interest method are included in the current profit and loss.

In addition, the Company designates some non-tradable equity instruments as financial assets measured at fair value and their changes included in other comprehensive income. The Company shall record the relevant dividend income of such financial assets into the current profit and loss, and record the change of fair value into other comprehensive income. When the recognition of the financial asset is terminated, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained income and will not be included in current profit and loss.

(3) Financial assets measured at fair value and recorded in current profits and losses

The Company classifies the above financial assets measured at amortized cost and financial assets measured at fair value and whose changes are included in other comprehensive income as financial assets measured at fair value and whose changes are included in current profit and loss. In addition, in the initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Company designates some financial assets as financial assets measured at fair value and their changes are included in the current profit and loss. For such financial assets, the Company adopts the fair value for subsequent measurement, and the fair value changes are included in the current profit and loss.

9.2.2 Classification, recognition and measurement of financial liabilities

Financial liabilities at the time of initial recognition are classified as financial liabilities and other financial liabilities measured at fair value and their changes are recognised in the current profits and losses. For financial liabilities measured at fair value and whose changes are included in the current profit and loss, relevant transaction costs are directly included in the current profit and loss, and related transaction costs of other financial liabilities are included in their initial recognized amount.

(1) Financial liabilities measured at fair value and recorded in current profits and losses

Financial liabilities measured at fair value and their changes are recognised in the current profit and loss, including trading financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities specified at the initial recognition as measured at fair value and their changes are included in the current profit and loss.

Traded financial liabilities (including derivative instruments belonging to financial liabilities) shall be subsequently measured according to their fair value. Except for those related to hedge accounting, changes in fair value shall be recorded into current profits and losses.

A financial liability designated as measured at fair value and whose changes are included in the current profit or loss, and the change in fair value caused by the change in the Company's own credit risk shall be included in other comprehensive income. And when the liability is terminated the recognition, the cumulative change in fair value caused by the change of its own credit risk, which is included in other comprehensive income, is transferred to retained earnings. Other changes in fair value shall be recorded into current profits and losses. If the above treatment of the impact of the change in the credit risk of such financial liabilities will cause or expand the accounting mismatch in the profit and loss, the Company shall record all the gains or losses (including the amount affected by the change in the credit risk of the Company) of such financial liabilities into the current profit and loss.

(2) Other financial liabilities

Except for the transfer of a financial asset is not in conformity with the conditions to stop the recognition or formed by its continuous involvement in the transferred financial asset, financial liabilities and financial guarantee contract of other financial liabilities classified as financial liabilities measured at the amortized cost, measured at the amortized cost for subsequent measurement, recognition has been stopped or amortization of the profit or loss is included in the current profits and losses.

9.2.3 Financial assets impairment

The Company on the basis of the expected credit losses on financial assets

measured at the amortized cost, measured at fair value and the changes are included in the debt instruments of other comprehensive income investment, lease receivables, contract provision for impairment of assets and the financial guarantee contract and confirm the impairment loss, credit reference this note IV.21 "expected credit losses" in accounting.

9.2.4 Others

The recognition basis and measurement method of financial asset transfer, the termination recognition of financial liabilities, the offset of financial assets and financial liabilities, and the accounting policies of equity instruments of "companies that have implemented the new financial instrument standards" are consistent with the accounting policies of the aforementioned "companies that have not implemented the new financial instrument standards".

10. Hedging instruments

10.1 The relevant accounting policies for companies that have not yet implemented the new financial instruments standards are as follows:

10.1.1 Hedging activities of the Group include fair value hedges, cash flow hedges and hedges of net investment in foreign operations.

10.1.2 Only if the hedging instruments meeting all the following conditions, the Group processes them in hedging accounting method:

(1) At the beginning of the hedge, the Company has formally designated the hedging relationship (i.e. the relationship between the hedging tool and the hedged item) and has prepared a formal written document on the hedging relationship, risk management objectives and hedging strategy;

(2) The hedge is expected to be highly effective and in line with the risk management strategy initially established by the Company for the hedging relationship;

(3) For the cash flow hedging of the expected transaction, the expected transaction is likely to occur and the Company must be exposed to the risk of changes in cash flow that will ultimately affect profit and loss;

(4) The effectiveness of the hedge can be measured reliably and in accordance with the risk management strategy initially established by the Company for the hedging relationship;

(5) Continuous evaluation of hedge effectiveness and ensuring that the hedge is highly effective during the accounting period specified by the hedging relationship.

The Company determines that the hedging is highly valid when the following conditions are met: (1) The hedge is expected to be highly effective in offsetting changes in fair value or cash flow resulting from hedge risk during the hedge period, and (2) the actual set-off results of the hedge are in the range of 80% to 125%.

10.1.3 The hedging accounting treatment

(1) Fair value hedges

Where the hedging instrument is a derivative, the gain or loss resulting from the change in the fair value of the hedged instrument shall be included in the current profit and loss; and where the hedging instrument is not a derivative, the gain or loss resulting from the change in the book value of the hedged instrument due to change of the exchange rate shall be included in the current profit and loss.

The profit or loss of the hedged item due to the hedged risk is also included in the current profit and loss, and the book value of the hedged item is adjusted at the same time.

(2) Cash flow hedges

1) The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income, while any ineffective portion is recognized directly in the current profit or loss.

2) If the hedged item is an expected transaction, and the anticipated transaction causes the Company to subsequently identify a financial asset or a financial liability, the relevant gains or losses that were originally recognized directly as other consolidated gains and losses, which are transferred during the same period in which the financial asset or financial liability affects the profit or loss of the enterprise, and the profit or loss in the current period; If the anticipated transaction enables the Company to subsequently identify a non-financial asset or non-financial liability, the relevant gains or losses previously recognized in other consolidated income shall be transferred, taking into the initial recognized amount of the non-financial asset or non-financial liability. And the anticipated transaction causes the Company to subsequently confirm an asset or liability, which is originally directly recognized as the related gain or loss of other comprehensive income, which is transferred over the same period during which the assets or liabilities affect the profit or loss of the enterprise and is included in the current profit and loss.

Other cash flow hedging, which is originally included directly in the profits or losses of hedged instruments of other comprehensive income, is transferred out during the same period of profit or loss affected by the expected transaction of the hedge, and is included in the current profit and loss.

(3) Net investment hedging of overseas operation

The hedging method of net investment in overseas operation is similar to that of cash flow hedging. Among the gains or losses of the hedging instrument, the part belonging to the effective hedging is recognized as other comprehensive gains, while the gains or losses of the ineffective hedging part are included in the current profit and loss.

10.1.4 The Company's evaluation of the effectiveness of the hedge

(1) Hedging relationship assessment and rebalancing of hedging projects and hedging tools

The Company evaluates existing hedging relationships at least when significant changes in balance sheet date or related circumstances will affect the effectiveness requirements of the hedge, and record the assessment in writing.

1) If the evaluation determines that the hedging relationship is terminated, the Company shall determine the date of termination and handle the accounting in accordance with the termination of the hedging relationship as described below (2)

2) The valuation found that the hedge ratio no longer reflected the balance of risks contained in the hedged item with the hedged instrument, but that the risk management objectives for the specified hedging relationship had not changed, and that the Company adjusted the number of specified hedged items or hedging instruments to maintain the hedging ratio (i.e., "rebalancing") to meet the hedge effectiveness requirements. For example, when the hedged instrument in the hedging relationship and the hedged item have different but economically relevant underlying variables (such as indices, ratios, or prices), the hedging relationship changes as the relationship between the two underlying variables changes, and if the change can be compensated by adjusting the hedge ratio, the hedging relationship is sustained by rebalancing. Rebalancing that meets the requirements of hedging validity should be treated as a continuation of the hedging relationship.

The Company will analyse the source of the invalid portion of the hedge and does not assume that all changes in the degree of set-up will result in changes in the hedging relationship. If the change in the degree of offset fluctuates around the hedge ratio, but still adequately reflects the relationship between the hedged instrument and the hedged item, the man-made adjustment to the hedge ratio does not reduce the fluctuation and will still produce an invalid part of the hedge, then there is no need to rebalance, but the change in the degree of offset should be recognized as invalid part of the hedge. If a change in the degree of offset indicates that the hedging ratio around the fluctuation is different from the current hedging ratio, or that there is a tendency to deviate, retaining the current hedging ratio will increasingly result in an invalid hedge, the Company may reduce the ineffective portion of the hedge by adjusting the hedging ratio.

Adjustments to the hedge ratio may increase or decrease the number of hedged items or hedged tools in a specified hedging relationship. If the Company adds the specified hedged items or hedging instruments when the hedging ratio adjustment occurs, the addition shall be made as part of the hedging relationship from the date of the specified increase and the hedge accounting treatment shall be carried out in accordance with the hedging period; If the Company reduces the specified hedged

items or hedging tools at the time of the hedge ratio adjustment, the reduction will cease as part of the hedging relationship from the date of the specified reduction and will be terminated as a hedged relationship.

When rebalancing the hedging relationship, the hedged invalid part of the hedging relationship shall be determined and immediately included in the current profit and loss before the hedge relationship is adjusted. The Company updates the analysis of the source of the invalid portion of the hedge that is expected to affect the hedging relationship, and the written documentation of the hedging relationship shall be updated accordingly.

If the risk management objectives of the hedging relationship change, rebalancing does not apply and the Company terminates the use of hedge accounting for the hedging relationship.

(2) End of hedging relationship

The hedging relationship terminates when one of the following occurs:

- 1) The hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting;
- 2) Hedging instruments are closed or due for delivery;
- 3) The hedged project exposure disappears;
- 4) After rebalancing is considered in accordance with the requirements of (1) hedge relationship evaluation (if applicable), the hedging relationship no longer meets the application conditions of the hedge accounting in this provision.

Due to the limitation of contract term or trading activity, the Company needs to convert the hedging instrument of the same hedged item in the same variety, different maturity date commodity futures contract; if the conversion is consistent with the hedging business risk management objectives set out in the Company's written documents, it shall not be treated as the termination of the hedging relationship, and the Company shall describe the selection criteria and conversion conditions of the commodity futures contract in the written documents, and maintain a continuous and complete record of the quantity, amount and date of each contract conversion.

After the termination of the hedging relationship, the Company ceases to deal with the hedge accounting.

The termination of hedge accounting may affect the whole or part of the hedging relationship, and the remaining unaffected portion still applies to hedge accounting when only part of it is affected.

If the hedging relationship meets the following conditions at the same time, the Company shall not revoke the designation and thereby terminate the hedging relationship:

- 1) The hedging relationship still meets the risk management objectives;

2) After rebalancing is taken into account in accordance with the requirements of (1) the hedge relationship assessment, if applicable, the hedging relationship still meets all other application conditions set forth in this provision.

(3) Hedge portfolio

1) Total Exposure Hedging

For fair value hedging for hedged items as total exposure to risk, the Company, during the duration of the hedging relationship, confirms the change in fair value, factors in the current period profit and loss, and adjusts the book value of the hedged items for each constituent item in the hedged portfolio.

For cash flow hedging of the hedged item as the total exposure of risk, when the Company transfers the relevant hedged reserves, the transfer amount shall be apportioned in the portfolio of hedged projects in a systematic and reasonable way, and shall be included in the corresponding projects affected by the hedged items.

2) Net exposure hedging

For fair value hedging for hedged items as net exposure to risk, the Company, during the period of hedging relationship, confirms the change in fair value, factors in the current period profit and loss, and adjusts the book value of the hedged items for each constituent item in the hedged portfolio.

If the hedged item is a net exposure to risk, the enterprise shall, when the hedged item affects the profit and loss, transfer the change in the cumulative fair value of the hedged item and reflect it separately, without affecting the items (such as sales revenue or cost of sales) that make up the project itself in the hedged portfolio. Where there is a firm commitment to purchase goods in the hedged item, the assets or liabilities formed by the change in the cumulative fair value of the hedged item shall be transferred out and included in the initial cost of inventory when the commitment is determined to form inventory. The resulting inventory, when carrying profit and loss, transfers the changes in the cumulative fair value contained in the book value of the inventory and reflects them separately, without affecting the cost of sales carried forward by the inventory.

The Company cannot designate the net exposure to risk as a hedged item for a cash flow hedging.

10.2 The relevant accounting policies of "companies that have implemented the new financial instruments standards" are as follows:

Hedging refers to the risk management activities of an enterprise that manages the exposure arising from foreign exchange risk, interest rate risk, price risk, credit risk and other specific risks, and designates the financial instrument as a hedging instrument to make the fair value or cash flow change of the hedged instrument and to

expect to offset all or part of the fair value or cash flow change of the hedged item.

10.2.1 Hedging activities of the Group include fair value hedges, cash flow hedges and hedges of net investment in foreign operations.

10.2.2 Only if the hedging instruments meeting all the following conditions, the Group processes them in hedging accounting method:

(1) Hedging relationships consist only of eligible hedged tools and hedged items.

(2) At the beginning of the hedge, the enterprise formally designated the hedging tools and hedged projects, and prepared a written document on the hedging relationship and the risk management objectives of the enterprise engaged in hedging. The document contains at least the hedging tools, hedged items, the nature of the hedged risk and the hedging effectiveness assessment methodology (including analysis of the causes of the invalid portion of the hedge and the hedging ratio determination method).

(3) The hedging relationship meets the requirements of hedging validity.

If the hedging meets the following conditions at the same time, the enterprise shall determine that the hedging relationship meets the requirements of the validity of the hedge:

1) There is an economic relationship between the hedged project and the hedged instrument. This economic relationship causes the value of the hedge instrument and the hedged project to change in the opposite direction because of the same hedged risk.

2) The influence of credit risk does not dominate in the value change of the relationship between the hedged project and the hedged instrument.

3) The hedging ratio of the hedging relationship should be equal to the ratio of the number of hedged items in the actual hedge of the enterprise to the actual number of hedged instruments, but it should not reflect the imbalance of the relative weight of the hedged items and hedging tools, which will lead to the invalidity of the hedge and may produce accounting results inconsistent with the hedge accounting objectives.

The enterprise shall continuously evaluate whether the hedging relationship meets the hedging validity requirements on a continuous basis during the beginning date of the hedge and beyond, and in particular shall analyze the reasons for the invalid portion of the hedge that is expected to affect the hedging relationship during the remainder of the hedging period. The enterprise should at least evaluate the hedging relationship when a significant change in the balance sheet date and related circumstances will affect the hedging effectiveness requirements.

If the hedging relationship no longer meets the requirement of hedging effectiveness due to the hedge ratio, but the risk management objective of the specified hedging relationship has not changed, the enterprise shall rebalance the hedging relationship.

10.2.3 The hedging accounting treatment

(1) Fair value hedges

If the fair value hedge meets the conditions for the application of hedge accounting methods, it shall be dealt with in accordance with the following provisions:

1) Gains or losses arising from hedging instruments shall be included in the current profit and loss. If the hedging instrument is hedged against an investment (or its components) of a non-transactional equity instrument that is selected to be measured at fair value and whose changes are included in other comprehensive gains, the gains or losses arising from the hedging instrument shall be included in other consolidated income.

2) Gains or losses arising from hedged exposures shall be included in the current profit and loss, while adjusting the book value of the confirmed hedged items not measured at fair value.

(2) Cash flow hedges

If the cash flow hedging meets the conditions for the application of the hedge accounting method, it shall be dealt with in accordance with the following provisions:

1) The gains or losses arising from hedging instruments are the active portion of the hedge, and as cash flow hedging reserves, they shall be included in other comprehensive gains. The amount of cash flow hedging reserve scored on other comprehensive income for each period shall be the change of the current cash flow hedging reserve.

2) The gains or losses arising from the hedging instrument are the invalid portion of the hedge (i.e., other gains or losses after deducting other comprehensive gains and losses) which shall be included in the current profit and loss.

(3) Net investment hedging of overseas operation

Hedges for net investments in offshore operations, including hedging for monetary items that are accounted for as part of the net investment, shall be treated in accordance with provisions similar to cash flow hedging:

1) The gains or losses arising from hedging instruments are part of the effective hedging and shall be included in other comprehensive gains.

When disposing of all or part of overseas operations, the profits or losses of the hedging instruments referred to above, which are included in other comprehensive income, shall be transferred accordingly and included in the profits and losses of the current period.

2) The profit or loss formed by the hedging instrument shall be included in the active hedge and shall be included in the profit or loss of the current period.

11. Receivables

The relevant accounting policies for companies that have not yet implemented the new financial instruments standards are as follows:

11.1 Method for bad debts provision

11.1.1 Provisions of bad debts in account receivables that is individually significant.

Individual receivables equal to or higher than RMB 15 million are classified as receivables of individual significance.

For an account receivable that is individually significant, the asset is individually assessed for impairment, the impairment loss is recognized at the difference between the present value of future cash flow less the carrying amount, and provision is made accordingly.

11.1.2 Provisions of bad debts in account receivables that individually insignificant item with similar credit risk characteristics that have significant risk:

(1) Evidence of credit risk characteristics

Whether the financial asset is individually significant or not individually significant, it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Such credit risk reflects the repayment of all due amount under the contract, and is related to the estimation of future cash flow expected to be derived from the assets.

Evidence of portfolios:

Items	Basis
General credit portfolio	No special high or low credit risk assessed.
Other credit portfolio	Low credit risk assessed.

(2) Provision by credit risk characteristics

During the Company impairment test, the amount of bad debts provisions is determined by the assessed result from the experience of historical loss and current economic status and the existing loss in the estimated account receivables according to the set of account receivables and credit risk characteristics.

Provision for different portfolios:

Items	Provision
General credit portfolio	Age analysis method, percent of accounts receivable method.
Other credit portfolio	No allowance for bad debt, unless the related party is insolvent.

A. Portfolio by age analysis

Ageing	Percentage of accounts receivable(%)	Percentage of other receivable(%)
0 to 1 year (including 1 year)	0-5	0-5

Ageing	Percentage of accounts receivable(%)	Percentage of other receivable(%)
1 to 2 years (including 2 years)	0.5-10	0.5-10
2 to 3 years (including 3 years)	0.5-30	0.5-30
Over 3 years	10-100	10-100

B. Bad debt provision shall be calculated and drawn by the balance percentage method

Ageing	Percentage of other receivable(%)
Accounts receivable for which legal action has taken place	100
Overdue 180 days	40
Overdue 60-180 days	10
Overdue < 60 days	3
Not overdue	0

Note: There is a certain tail-end difference in the proportion of bad debts charged to the group's foreign subsidiaries due to translation of foreign currency statements.

C. In the portfolio, other credit combinations are charged with bad debt provisions. Other credit portfolios are mainly risk-free related parties, various margin, reserve funds portfolio, in principle, do not include bad debt provisions.

11.1.3 Provisions of bad debts that is individually insignificant.

For the account receivables not individually significant, the Company assesses the account receivables individually for impairment when are of following characteristics: if there is objective evidence indicating the impairment, the impairment loss is recognized at the difference between the present value of future cash flow less the carrying amount, and provision is made accordingly. For examples: receivables of individual insignificance bears differing credit risk characteristics to other receivables of individual insignificance account receivables with related parties; account receivables under litigations or arbitrations, or account receivables with obvious indication that debtor cannot fulfill the obligation of repayment.

11.2 The reversal of bad debts provision

If there is objective evidence of recovery in value of account receivables, and the recovery can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and recognized in profit and loss. However, the reversal shall not result in a carrying amount that exceeds what the amortized cost would have been had the impairment loss not been recognized at the date the impairment is reversed.

Where the Company assigns receivables to financial institutions in a way that does not have recourse, after deducting the book value of the accounts receivable transferred from the transaction, the difference between the book value and related taxes and fees of the recurrent receivables shall be included in the current profit and loss.

The relevant accounting policies of "companies that have implemented the new financial instruments standards" are as follows:

For "companies that have implemented the new financial instrument standards", the expected credit loss model is applicable to provision for bad debts. Refer to note IV.21 "expected credit loss" for accounting treatment.

12. Inventories

12.1 Classification of inventory

Inventories include finished goods and merchandises held for sale, work-in-progress and materials and supplies to be consumed in the course of production of goods or rendering of services.

12.2 Valuation method of inventories

The issue of inventory is based by weighted average method, first-in-first-out method and individual identification method.

12.3 Basis for determining net realizable value of inventories and provision methods for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value, and inventory falling price reserves are measured as the difference between cost and net realizable value. The net realizable value of the inventory directly used for sale is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Stocks that need to be processed to determine its net realizable value in the ordinary course of production by subtracting the estimated price of the finished product produced from the estimated cost, estimated sales costs and related taxes and charges to be determined by the amount to be incurred at the time of completion. At the balance sheet date, if part of inventory has contract price and others not, then impairment tests should be carried out for both parts. The net realizable value should be compared with the cost and the difference is the inventory falling price reserve

12.4 Inventory count system

The perpetual inventory system is maintained for stock system.

12.5 Amortization method for low cost and short-lived consumable items and packaging materials

12.5.1 Low cost and short-lived consumable items

Amortized according to the one-off write off method.

12.5.2 Packaging materials

Amortized according to the one-off write off method.

13. Long-term equity investments

13.1 Determination of investment cost

13.1.1 For a long-term equity investment acquired through a business combination involving enterprises under common control, when merger parties make the amount of paying cash, transferring non-cash assets, assumption of debt and issue of equity securities as merger consideration, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination, the Group uses the difference between the initial cost of long-term equity investment and the carrying amount of the merger consideration or the book value of shares issued to adjust capital reserve; if capital reserve isn't enough to reduce, the retained earnings should be adjusted.

13.1.2 For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the fair value of the merger consideration paid at the acquisition date.

13.1.3 In addition to a business combination; for acquisition by paying cash, the initial investment cost is the price actually paid; for acquisition by issuing equity securities, the initial investment cost is the fair value of the equity securities; for acquisition by investment, the initial investment cost is the promissory value in investment contract or agreement (except the price in investment contract or agreement is not fair).

13.2 Subsequent measurement and recognition of profit or loss

For long-term equity investments that the Company can control the invested entity, the Company uses Cost method; for long-term equity investments that the Company has joint control or significant influence on the invested entity, the Company uses Entity method.

13.3 Basis for determining joint control and significant influence over investee

Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operational policy decisions of the investee but does not control or jointly control those policy decisions.

13.4 Methods of impairment assessment and determining the provision for impairment loss

Where there is objective evidence on the balance sheet date of the investment in subsidiaries, joint ventures and associates, the corresponding impairment provision shall be made according to the difference between the book value and the recoverable amounts.

14. Investment properties

Investment property includes a land use right that is leased out; a land use right held for transfer upon capital appreciation; and a building that is leased out.

The Company's investment real estate is at its cost as the recorded value, the cost of the purchase of investment real estate includes the purchase price, related taxes and other expenses directly attributable to the asset. The cost of building an investment property on its own consists of the necessary expenses incurred before the asset is built to a predetermined usable state.

The Company uses the cost model for subsequent measurement of investment property, and adopts the same depreciation or amortization policy as the fixed assets and intangible assets for the investment property.

If the Company adopts the fair value model for investment real estate for subsequent measurement, it shall not depreciate or amortize the investment real estate. Adjust the book value of the investment real estate on the basis of the fair value of the investment real estate on the balance sheet date, and the difference between the fair value and the original book value shall be recognised in the current profit and loss.

When the use of investment real estate is changed to self-use, the investment real estate shall be converted into fixed assets or intangible assets from the date of the change. When the use of self-use real estate changes to earn rent or increase in capital, fixed assets or intangible assets are converted into investment real estate from the date of the change. When a conversion occurs, the book value before the conversion is used as the post-converted recorded value.

When an investment real estate is disposed of, or is permanently withdrawn from use

and is not expected to benefit from its disposal, the investment real estate shall be terminated. The amount of disposal income from the sale, transfer, scrapping or destruction of investment real estate after deducting its book value and related taxes and fees shall be included in the current profit and loss.

15. Fixed assets

Fixed assets refers to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. Fixed assets are recorded at the original price at the actual cost at the time of acquisition and depreciated on straight-line basis. The estimated useful life, expected net salvage value, annual depreciation rate and depreciation are as follows:

Category	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Land			
Buildings	3—5	25—50	1.90-3.88
Machinery and equipment	3—5	5—20	4.75-19.40
Transportation vehicles	3—5	5—10	9.50-19.40
Electronic equipment	3—5	5—10	9.50-19.40
Office equipment	3—5	5—10	9.50-19.40
Other	3—5	0—10	0-19.40

At the end of each year, the Company reviews the service life, estimated net residual value and depreciation methods of fixed assets.

Subsequent expenses related to fixed assets such as renewal and modification, which meet the conditions for recognition of fixed assets, shall be included in the cost of fixed assets and will be deducted from the book value of the replacement portion. Subsequent expenses such as repair expenses related to fixed assets, which do not meet the conditions for the recognition of fixed assets, shall be included in the current profit and loss.

The fixed asset decoration fee which meets the condition of capitalization shall be depreciated by the straight-line method during the period of two renovations and the fixed asset life of the two.

The Company determines at the balance sheet date whether there are any signs of possible impairment of fixed assets. If there is a sign of impairment of a fixed asset, the amount of its recoverable is estimated. The measurement results of the recoverable amount show that if the recoverable amount of the fixed asset is lower than its book value, the book value shall be subtracted to the recoverable amount, and the amount of the writedown shall be recognized as the loss of impairment of the

assets, which shall be included in the profit and loss of the current period, and the corresponding provision for impairment of fixed assets shall be charged.

Once the impairment loss of fixed assets is confirmed, it may not be transferred back during the subsequent accounting period.

16. Construction in progress

16.1 Construction in progress is transferred to fixed asset when it is ready for intended use. If a construction in progress has reached the working condition for its intended use but the final project accounts have not been completed and approved, the asset should be transferred to fixed assets at an estimated value based on project budget, contracted construction price or actual project costs. Depreciation should also be accrued in accordance with relevant requirements of the Group. After the project accounts have been approved, the estimated values should be adjusted according to actual costs without adjusting depreciation recognized.

16.2 The Company assesses at each balance sheet date whether there is any indication that construction in progress may be impaired. If the recoverable amount of an asset is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognized in profit or loss for the period.

17. Borrowing cost

17.1 Capitalization of borrowing costs

Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or for sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

17.2 Capitalization period of borrowing costs:

17.2.1 When the borrowing cost satisfies the following criteria, it should be capitalized:

- (1) the qualifying asset expenditure happens.
- (2) the borrowing funds happens.
- (3) the necessary constructing and production activities for the asset intended use and sale have incurred.

17.2.2 Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Capitalization is suspended until the acquisition, construction or production of the asset is resumed. During the suspending period, the borrowing cost should be as an

expense.

17.2.3 When the qualifying asset reached its intended use or sale, the capitalization halt.

17.3 Capitalization amount of borrowing costs:

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

18. Biological assets

18.1 Biological assets refer to living animals and plants, including expendable biological assets, productive biological assets and public welfare biological assets.

18.2 Biological assets are measured at cost. The average age method of depreciation of productive biological assets is applied, and the life, estimated net residual value and annual depreciation rate of various types of productive biological assets are as follows

Category	Service life (year)	Expected net salvage value	Annual deperation rate (%)
Kiwi Trees	10	0	10

The basis for determining the life of productive biological assets and the estimated net residual value is:

The useful life and projected residual value of productive biological assets are based on historical experience of the actual life and residual value of productive biological assets of a similar nature and function, and may be subject to significant changes due to natural factors. When the life of the productive biological assets and the expected residual value are less than previously estimated, the Company will increase amortization or write off the corresponding productive biological assets.

18.3 When harvesting or selling expendable biological assets, or productive biological

assets harvesting agricultural products, the carry-over cost of weighted average, individual pricing, accumulation ratio, and rotation allocation are used.

18.4 On the balance sheet date, biological assets that are subsequently measured on a cost basis, when there is conclusive evidence that the net realizable value of expendable biological assets or the recoverable amount of productive biological assets is lower than their book value due to natural disasters, pests and diseases, animal diseases or changes in market demand, shall be charged at reduced prices in accordance with the method stated in inventory, and the productive biological assets shall be charged with corresponding impairment provisions in accordance with the difference between book value and recoverable amount.

18.5 Non-amortized of public welfare biological assets also does not take into account impairment provisions.

19. Intangible assets

19.1 Intangible assets include land use right, patent right, non-patented technology and so on, and are initially recorded at cost.

19.2 Intangible assets with definite useful life shall be systematically amortized in accordance with the expected realization of the economic benefits related to the intangible assets during their useful life, and if they cannot reliably determine the expected realization method, they shall be amortized by straight-line method.

Intangible assets with uncertain useful life are not amortized, and the company reviews the useful life of the intangible assets during each accounting period. For intangible assets with uncertain service life, the judgment of service life uncertainty is: (1) derived from contractual rights or other legal rights, but there is no clear period of service under the contract or the law; (2) It is still impossible to judge the term of the intangible assets to bring economic benefits to the company, such as combining the same industry situation or relevant expert argumentation.

At the end of each year, the service life of the uncertain intangible assets is reviewed, mainly in a bottom-up manner, by the intangible assets use related departments to carry out the basic review, evaluation of service life uncertainty judgment based on whether there are changes.

19.3 Intangible assets determined by useful life, where there are indications of impairment at the balance sheet date, the corresponding impairment provision is calculated according to the difference between book value and recoverable amount,

and intangible assets with uncertain useful life and intangible assets that have not yet reached usable state are subjected to impairment tests on an annual basis, regardless of the presence of signs of impairment.

19.4 Expenditures in the research phase of internal research and development projects are included in the current year's profit and loss when they occur. Expenditures during the development phase of an internal research and development project, recognized as intangible assets, while meeting the following conditions: (1) The completion of the intangible asset to enable it to be used or sold is technically feasible; (2) having the intention to complete the intangible asset and use or sell it; (3) The way in which the intangible assets generate economic benefits, including the ability to prove that the products produced using the intangible assets exist in the market or that the intangible assets themselves exist in the market, and that the intangible assets will be used internally, to prove their usefulness; (4) Have sufficient technical, financial and other resources to support the development of the intangible asset and be able to use or sell the intangible asset; (5) Expenditures attributable to the development phase of the intangible asset can be measured reliably.

Divide the specific criteria for the research phase and development phase of an internal research and development project: The planned investigation phase for the acquisition of new technologies and knowledge should be defined as the research phase, which is characteristic of planning and exploratory ness; Before commercial production or use, the application of research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc., should be identified as the development phase, which is targeted and more likely to produce results.

20. Long-term prepaid expenses

Long-term prepaid expenses are recorded as actual amount and amortized over the expected periods in which benefits are derived. If long-term prepaid expenses cannot bring benefit in the later period, all of the part not yet amortized will be transferred to current profit and loss.

21. Expected credit loss

21.1 The Company uses reasonable and well-founded forward-looking information available to determine whether the credit risk of a financial instrument has increased significantly since the initial confirmation by comparing the risk of default on the balance sheet and the risk of default on the initial confirmation date. For loan commitments and financial guarantee contracts, the Company shall, in applying the

impairment provisions for financial instruments, use the date on which the Company becomes a party to the irrevocable commitment as the date of initial confirmation.

The Company takes into account the following factors when assessing whether credit risk has increased significantly:

- (1) Whether there has been a significant change in the actual or expected external credit rating of a financial instrument.
- (2) Whether there has been a significant change in the credit risk of the same financial instrument or similar financial instrument with the same expected life.
- (3) Whether the debtor's actual or expected internal credit rating has been downgraded.
- (4) Anticipated adverse changes in the business, financial or economic situation that are expected to result in a significant change in the debtor's ability to meet its debt-servicing obligations, such as a significant decline in the debtor's market share, a sharp and sustained decline in the prices of major products, a marked increase in the prices of major raw materials, a serious shortage of working capital, and a decline in asset quality.
- (5) Whether there has been a significant change in the actual or expected results of the debtor's business results, such as significant adverse changes in operating indicators such as income and profit, and the expectation is difficult to improve in a short period of time.
- (6) Whether there have been significant adverse changes in the debtor's regulatory, economic or technical environment, such as technological changes, whether the proposed policies of the state or local government have a material adverse impact on the debtor.
- (7) Whether there has been a significant change in the value of collateral or the quality of the security or credit enhancement provided by a third party.
- (8) Expected to reduce whether there has been a significant change in the economic incentive for the debtor to repay for the contractually agreed period, such as a decrease in financial support that the parent company or other affiliated company can provide, or a significant change in the quality of credit enhancement.
- (9) Has there been a significant change in the debtor's expected performance and repayment behavior.
- (10) Has the Company changed its credit management methods for financial instruments.

At the balance sheet date, if the Company determines that a financial instrument has only a low credit risk, the Company assumes that the credit risk of the financial instrument has not increased significantly since its initial confirmation.

21.2 Financial assets that have had credit impairments

When one or more events that the Company expects to adversely affect the future cash flow of a financial asset occur, the financial asset becomes a financial asset that has undergone credit impairment. Evidence of credit impairment of financial assets includes the following observable information:

- (1) Significant financial difficulties for issuers or debtors.
- (2) Breach of contract by the debtor, such as payment of interest or default or overdue of principal, etc.
- (3) Creditors give concessions to the debtor in any other case for economic or contractual reasons related to the debtor's financial difficulties.
- (4) The debtor is likely to become insolvent or engage in other financial restructuring.
- (5) Financial difficulties of the issuer or debtor led to the disappearance of the active market for the financial asset.
- (6) Purchase or source a financial asset at a substantial discount that reflects the fact that a credit loss has occurred.

21.3 Determination of expected credit losses

The Company shall determine its credit loss on the basis of a single asset in the lease receivable, and the corresponding accounts receivable, contractual assets and creditor's rights investment shall determine the credit loss of the relevant financial instrument on the basis of the combination of the impairment matrix. In addition to determining the credit loss on the basis of the individual assets of the debtor who has major financial difficulties. The Company divides financial instruments into different groups based on common risk characteristics. The common credit risk characteristics adopted by the Company include: type of financial instrument, credit risk rating, collateral type, initial confirmation date, remaining contract term, debtor's industry, debtor's geographical location, value of collateral relative to financial assets, etc.

The Company's method of measuring expected credit losses in financial instruments reflects factors including: Weighted average amount of unbiased probability determined by evaluating a range of possible results; Currency time value; Reasonable and well-founded information about past events, current conditions and future economic forecasts available without incurring unnecessary additional costs or efforts at the balance sheet date.

22. Employee benefits

22.1 Employee benefits: Refers to various forms of compensation or compensation given by the company to obtain the services provided by employees or to terminate their labor relations. Includes short-term compensation, after-service benefits, three

categories of personnel benefits, termination benefits, and other long-term employee benefits. Benefits provided by the company to the spouses, children, dependants, survivors of deceased employees and other beneficiaries, etc., are also part of the employee's remuneration.

22.2 During the accounting period in which the employee provides services to the company, the enterprise recognizes the actual short-term compensation incurred as a liability and includes the profit and loss or related asset costs for the current year.

22.3 The employee welfare expenses incurred by the enterprise shall be included in the profit and loss or related asset costs in the current year according to the actual amount incurred. The employee welfare fee shall be measured at fair value for non-monetary benefits.

22.4 Post-employment benefits

22.4.1 Defined contribution plans. The company shall pay old-age insurance and unemployment insurance for its employees in accordance with the relevant provisions of the local government, and during the accounting period when the employees provide services to the company, the amount of deposit payable calculated according to the set-up withdrawal plan shall be recognized as a liability and shall be included in the profit and loss or related asset costs for the current year.

According to the set-up withdrawal plan, if the full amount due will not be paid within twelve months after the end of the annual report period for the provision of related services by the employee, the enterprise shall measure the employee's remuneration at the discounted amount at the discount rate. The discount rate is based on the market yield of Treasury bonds or high-quality corporate bonds in active markets that match the maturity and currency of the reserve plan obligations on the balance sheet date.

22.4.2 Defined benefit plans. The Company shall, in accordance with the formula established by the expected cumulative benefit unit law, attribute the benefit obligations arising from the establishment of the benefit plan to the period during which the employee provides the services, and shall account for the profit and loss or related asset costs for the current year.

The present value of the defining benefit plan obligation minus the deficit or surplus resulting from the fair value of the defined benefit plan assets is recognized as a net liability or net asset of the defined benefit plan. Where there is a surplus in the establishment of the benefit plan, the company sets the net assets of the benefit plan by setting the surplus of the benefit plan and the asset ceiling.

All benefit program obligations, including those expected to be paid within twelve months of the end of the annual report period for which the employee provides services, are discounted on the market yield of Government bonds or high-quality corporate bonds in active markets that match the duration and currency of the defined benefit plan obligations on the balance sheet date.

Set the service cost from the benefit plan and set the benefit plan net liability or net interest on net assets to be included in the current year's profit and loss or related asset costs; Changes resulting from the remeasurement of net liabilities or net assets of the defined benefit plan are included in other consolidated gains and are not returned to profit and loss during subsequent accounting periods.

In settling the settlement of the benefit plan, the settlement profit or loss shall be recognized according to the difference between the present value and settlement price of the set benefit plan obligation as determined at the settlement date.

22.5 Termination benefits

The company terminates its labor relationship with the employee before the expiration of the labor contract, or proposes compensation to encourage the employee to voluntarily accept the reduction, and, when the following conditions are met at the same time, confirm the the expected liabilities arising from the termination of the labor relationship with the employee, and at the same time include the profit and loss of the current year.

22.5.1 The Group has made a formal plan on the cancellation of labor relationship or put forward a proposal on voluntary layoff, and formal dismissal plan or proposal has been approved. The suggestions include: to be labor relations or reduction of the staff's Department, position and quantity, the amount of compensation according to the relevant provisions, and the time of terminating the labor relationship or reduction.

22.5.2 An entity should not cancel or revise the plan amendment or a curtailment of other employee benefits unilaterally.

In accordance with the provisions of the terms of the dismissal plan reasonably expected, The Group confirms the termination benefits of employee compensation payable. The confirmation of the expected benefits will finish within twelve months after the full payment of the relevant provisions, regarded as short-term compensation, or applying the relevant provisions of other long-term employee benefits.

22.6 Benefits of three kinds of employee restructuring

On the restructuring of three kinds of employee, in addition to the arrangements to participation in a unified social security system, The Group should abide by the relevant national policies, providing services experience and other factors to provide

overall for its living allowance with monthly payment. The restructuring of the three kinds of employee includes retirement and laid off workers and survivors.

Undertaking the obligation for compensation in the period of the provided services for the three kinds of employee above belongs to the defined benefit plan. At the balance sheet date, The Group commissions an independent actuary actuarial valuation, and determines the welfare cost by the expected cumulative welfare unit method.

Of which belonging to the laid off workers, before its official retirement, the workers did not terminate the labor relationship with the Group, but this part of the employee cannot bring economic benefits to the enterprise, the Group is committed to providing substantially compensation for termination benefits. The compensation plan with benefits conditions confirms the estimated liabilities, going with termination benefits processing, or leaving welfare treatment.

22.7 Other long-term employee benefits

The Group implements the internal retirement plan. The workers did not terminate the labor relationship with the Group, but this part of the employee cannot bring economic benefits to the enterprise, the Group is committed to providing substantially compensation for termination benefits. The compensation in accordance with the conditions of deposit plan, accounting period to provide services for the Group, with local regulations and the proportion should pay the amount of calculation, is recognized as a liability, and recognized the cost of the related assets or in the current profits and losses. The compensation is not in accordance with the conditions of contribution plan, as a defined benefit plan is determined according to the expected cumulative welfare unit formula during the welfare obligations, and the cost of the related assets or in the current profits and losses.

23. Share-based payment

23.1 Types of share-based payments

Includes equity-based share-based payments and cash-settled share-based payments.

23.2 Method of determining the fair value of equity instruments

23.2.1 Where there is an active market, it is determined according to the quotation in the active market.

23.2.2 Where there is no active market, valuation techniques are used to determine, including the prices used in recent market transactions by parties familiar with the situation and voluntary transactions, the current fair value of other financial instruments that are substantially the same, cash flow discounting methods and option pricing models.

23.3 The basis for identifying the best estimate of the instrument of applicable rights and interests

Estimates based on the latest obtained changes in the number of employees with viable rights, etc.

23.4 The relevant accounting treatment for the implementation, modification and termination of the share payment plan

23.4.1 Share payments-based in equity

The share-based payment of equity-based in exchange for the right to work immediately after the grant shall be adjusted to the capital reserve according to the relevant costs or expenses at the date of the grant, in accordance with the fair value of the equity instrument. To complete the service during the waiting period or to meet the required performance conditions to obtain the right to work in exchange for the employee's service in exchange for the payment of equity settlement shares, on each balance sheet date during the waiting period, based on the best estimate of the number of applicable equity instruments, according to the fair value of the equity instrument award date, the services obtained in the current period shall be included in the relevant costs or expenses, and the capital reserve shall be adjusted accordingly. The payment of shares in exchange for the settlement of the interests of other parties' services, if the fair value of the services of other parties can be measured reliably, at the fair value of the other party's services at the date of acquisition; If the fair value of other party services cannot be measured reliably, but the fair value of the equity instrument can be measured reliably, the owner's equity shall be increased accordingly in accordance with the fair value measurement of the equity instrument on the date of acquisition of the service, and the relevant costs or expenses shall be added accordingly.

23.4.2 Share-based payments in cash

The cash-based share-based payment of the available right immediately after the grant shall be added to the relevant costs or expenses at the fair value of the liability incurred by the Company on the date of the award, and the liabilities shall be increased accordingly. The service obtained during the waiting period or the payment of the right to work in exchange for the cash settlement of the employee's services shall be paid in cash for each balance sheet date during the waiting period, on the basis of the best estimate of the feasible position, and the services obtained in the current period shall be included in the relevant costs or expenses and corresponding liabilities according to the fair value of the liabilities assumed by the Company.

23.4.3 Modifying and terminating the share-based payment plan

If the modification increases the fair value of the granted instrument of interest, the Company shall, accordingly, confirm the increase in the acquisition of services in accordance with the increase in the fair value of the equity instrument; if the modification increases the number of entitlement instruments granted, the fair value of the Company's additional equity instruments is recognized as an increase in access to services; If the Company amends the feasible rights conditions in a manner that is beneficial to the employees, the Company shall consider the modified feasible rights conditions when dealing with the feasible rights conditions.

If the modification reduces the fair value of the granted equity instrument, the Company continues to confirm the amount of services acquired on the basis of the fair value of the equity instrument at the grant date, regardless of the decrease in the fair value of the equity instrument; If the modification reduces the number of entitlement tools granted, the Company will reduce some of the cancellation signed as granted equity tools; If the feasible rights conditions are modified in a way that is not favorable to the employees, the modified feasible rights conditions shall not be taken into account when dealing with the feasible rights conditions.

If the Company cancels the granted interest instrument or settles the granted interest instrument (except for cancellation due to failure to meet the feasible rights conditions), the cancellation or settlement will be processed as an accelerated feasible right and the amount originally recognized during the remaining waiting period will be recognized immediately.

24. Bonds payable

Bonds payable is recorded as the actual amount received, and bond interest cost is calculated in accordance with amortized cost and actual rate at balance sheet date. When there is little difference between actual rate and coupon rate, bond interest cost is calculated in accordance with coupon rate.

25. Provisions

25.1 Provisions are recognized when the Group has a present obligation related to a contingency such as products quality assurance, onerous contract, restructuring, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

25.2 The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money.

26. Revenue

26.1 The relevant accounting policies of "companies that have not yet implemented the new revenue standards" are as follows:

26.1.1 Revenue from sale of goods

Revenue from the sale of goods shall be recognized when all the following conditions have been satisfied:

- (1) The significant risks and rewards of ownership of the goods have been transferred to the buyer by the Company;
- (2) The Company retains neither continuous managerial involvement to the degree usually associated with the ownership nor effective control over the sold goods;
- (3) The amount of revenue can be measured reliably;
- (4) It is probable that the economic benefits associated with the transaction will flow to the Company; and
- (5) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

26.1.2 Revenue from rendering of services

Where the results of the delivery of the labour transaction can be reliably estimated, the labour income provided is recognized on the balance sheet date in accordance with the percentage of completion method. The completion schedule of the labor transaction is determined as a proportion of the estimated total cost of the labor costs incurred.

Providing a reliable estimate of the results of a labor transaction means simultaneously satisfying: (1) The amount of income can be measured reliably; (2) The related economic benefits are likely to flow into the enterprise; (3) The degree of completion of the transaction can be reliably determined; (4) Costs incurred and will occur in transactions can be measured reliably.

If the results of the provision of a labour transaction cannot be reliably estimated, the labour income provided is recognized in the amount of labour costs that have occurred and is expected to be reimbursed, and the labour costs incurred are recognized as current costs. Income is not recognized if the cost of labour that has already been incurred is not expected to be compensated.

For the sale of products or the provision of services to the customer at the same time award points, the Company in the sale of products or the provision of labor, the Sale of the purchase or receivables between the goods sales or services provided by the income and the fair value of the award points, the obtained purchase or receivable stake in the fair value of the award points recognized as income, reward points of fair value recognized as deferred income.

When a Customer redeems a Reward Point, the Company recognizes the portion of the points originally included in the deferred income as income, and the amount recognized as the income is determined on the basis of the proportion of the amount of points redeemed for reward to the total number of points expected to be redeemed in exchange for rewards. If the customer who receives the reward points is entitled to the goods or services provided by the third party when the condition is met, if the Company collects the price on behalf of the third party, the Company shall recognize the difference between the amount originally included in the deferred income and the price payable to the third party when the third party is obliged to provide the reward and the price to be paid.

26.1.3 Income at the user's fees

Revenue is recognized on an accrual basis in accordance with the relevant contract or agreement.

26.1.4 Interest income

It is determined by the time and actual interest rate of the funds used by others in the Company's currency.

26.2 The relevant accounting policies of "companies that have implemented the new revenue standards" are as follows:

The contract between the Company and the Customer recognizes the revenue when the customer acquires control of the relevant commodity when the contract has been approved and the parties to the contract undertake to perform their respective obligations, the contract identifies the rights and obligations of the parties to the contract in relation to the goods transferred or the provision of services, the contract has a clear payment terms relating to the goods transferred, and the commercial substance of the contract, i.e. the risk, time distribution or amount of the performance of the contract will change the company's future cash flows. The consideration that the company is entitled to obtain as a result of the transfer of goods to the customer is likely to be recovered.

At the beginning of the contract, the Company identifies the individual performance obligations in the contract and allocates the transaction price to each individual performance obligation in proportion to the individual selling price of the goods promised by each individual performance obligation. Variable consideration, significant financing components in contracts, non-cash considerations, payable customer considerations and other factors are taken into account in determining the transaction price.

For each individual performance obligation in the contract, the transaction price allocated to the individual performance obligation is recognized as income within the

relevant performance period in accordance with the performance schedule if one of the following conditions is met: The customer acquires and consumes the economic benefits of the company's performance at the same time as the company performs, and the customer can control the goods under construction during the company's performance; The goods produced in the company's performance process are of irreplaceable use and the company is entitled to receive payments for the cumulative portion of the performance that has been completed to date throughout the contract period. The performance progress is determined by input or output method according to the nature of the goods transferred, and if the performance progress is not reasonably determined, the costs incurred by the company are expected to be compensated, and the income is recognized according to the amount of the cost that has already been incurred until the performance schedule can be reasonably determined.

If one of these conditions is not met, the company's point in acquiring control of the relevant commodity will be apportioned to the transaction price recognition income of the individual performance obligation. In determining whether a customer has taken control of the product, the Company considers the following signs: The enterprise has the present right to collect the goods, i.e. the customer has the current payment obligation in respect of the commodity, and the enterprise has transferred the legal ownership of the goods to the customer, i.e. the customer already has the legal title of the commodity; The enterprise has transferred the goods in kind to the customer, i.e. the customer has physically taken possession of the goods, the enterprise has transferred the main risks and rewards in the ownership of the goods to the customer, i.e. the customer has obtained the primary risk and reward on the ownership of the goods, the customer has accepted the goods, and other indications that the customer has taken control of the goods.

27. Construction contracts

27.1 Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognized using the percentage of completion method at the balance sheet date. Where the outcome of a construction contract cannot be estimated reliably, if contract costs are expected to be recoverable, contract revenue is recognized to the extent of contract costs that are expected to be recoverable; and contract costs are recognized as expenses in the period in which they are incurred; if contract costs are not expected to be recoverable, they are recognized as expenses immediately not contract income when incurred and contract revenue is not recognized.

27.2 Fixed-cost contracts meet the following conditions at the same time, indicating that the results can be reliably estimated: Total contract revenue can be measured reliably, the economic benefits associated with the contract are likely to flow in, the actual contract costs incurred can be clearly distinguished and reliably measured, the progress of the contract completed and the costs that remain for the completion of the contract can be measured reliably. Cost-plus contracts meet the following conditions at the same time as the results are reliably estimated: the economic benefits associated with the contract are likely to flow in, and the actual contract costs incurred can be clearly distinguished and measured reliably.

27.3 The methodology for determining the completion of the contract is the cumulative proportion of the actual contract cost incurred to the total cost of the contract/ the proportion of the contract work completed to the total estimated workload of the contract/the actual measured completion progress.

27.4 At the balance sheet date, if the total cost of the contract is expected to exceed the total contract income, the estimated loss will be recognized as the current period expense. An executed construction contract is prepared to take stock below the difference, and a loss-making contract to be executed recognizes the expected liabilities on the basis of its difference.

28. Government grants

Government subsidies refer to the company's free acquisition of monetary and non-monetary assets from the government, excluding the capital invested by the government as an investor and in the enjoyment of the corresponding owner's equity. Government grants include government grant related to asset and government grant related to income. The Company defines the government grants obtained for the purchase and construction or other wise formation of long-term assets as the government grants related to assets, and the remaining government grants as income-related government grants. If the government document does not specify the object of the subsidy, the subsidy is divided into income-related government grants and asset-related government subsidies in the following ways: (1) If the government document specifies the specific item for which the subsidy is targeted, the proportion of the expenditure amount of the asset and the amount of expenditure charged into the expense will be divided according to the budget of the particular project, and the proportion shall be reviewed on each balance sheet date and changed if necessary; (2) The use of the use in the government documents is only a general statement, without specifying a specific item, as a government subsidy related to the proceeds. If

If the government subsidy is a monetary asset, it shall be measured in accordance with the amount received or receivable. If the government subsidy is a non-monetary asset, it shall be measured at fair value; Fair value cannot be obtained reliably, measured in nominal terms. Government subsidies measured in nominal terms are directly included in the current profit and loss.

The Company's government subsidies are usually recognized and measured in accordance with the amount received when they are actually received. However, there is solid evidence at the end of the period that the relevant conditions set out in the financial support policy are expected to be received, measured in terms of the amount receivable. Government grants measured in terms of the amount receivable should meet the following conditions at the same time: (1) The amount of the grant receivable has been confirmed by the competent government department, or it may be reasonably calculated according to the relevant provisions of the measures for the management of financial funds officially issued, and the amount is not expected to be subject to significant uncertainty; (2) it is based on the financial support projects and the financial fund management measures that are officially issued by the local financial authorities and made public on their own initiative in accordance with the provisions of the Regulations on the Disclosure of Government Information, and that the management method sits in a inclusive manner (any enterprise that meets the prescribed conditions may apply) and not specifically formulated for a particular enterprise; (3) The relevant grant approval has expressly committed to the period of payment, and the disbursement of the funds is guaranteed by the corresponding financial budget, so that it can reasonably be guaranteed that it will be received within the prescribed time limit.

The government subsidy related to the asset is recognized as the deferred income, which is included in the profit and loss in the useful life of the related assets in a reasonable and systematic method. The government subsidy related to the income shall be recognized as deferred income if it is used to compensate the related expenses or losses incurred in the subsequent period, and shall be included in the current profit and loss during the period of confirming the relevant expenses, or directly included in the current profit and loss if it is used to compensate any related expenses or losses incurred. Those used to compensate for the related costs or losses incurred shall be directly included in the current profit or loss or the related cost costs.

The government subsidy including the part related to the asset and the part related to the income shall separate the different parts for accounting treatment, or shall be collectively classified as a government subsidy related to income if it is indistinguishable.

The Company will include the government subsidy related to its daily activities in other income or write down related costs according to the essence of economic business; Government subsidies not related to daily activities shall be included in the income and expenditure of outside business.

Where the relevant deferred income balance is in use when the confirmed government subsidy needs to be returned, the excess shall be included in the current profit and loss or the adjustment of the book value of the assets (the government subsidy related to the assets related to the assets that is taxed on the book value of the relevant assets at the time of the initial confirmation);

Where the relevant deferred income balance is in use when the confirmed government subsidy needs to be returned, the excess shall be included in the current profit and loss or the adjustment of the book value of the assets (Asset-related government grants for asset-related impairment on the carrying value of the underlying assets at the time of initial confirmation). In other cases, directly accounted for in the current period of profit and loss.

The Company because of the overall planning of the town, the construction of the reservoir area, shantytown transformation, subsidence area management and other public interests to move, received the government from the financial budget directly allocated relocation compensation, as a special payable processing. Where compensation is made for the loss of fixed assets and intangible assets, related expense spending, loss of work stoppage and proposed new assets after the relocation of the Company, the transfer of the special payables into the deferred income shall be transferred to the deferred income, and the relocation compensation obtained shall be recognized as capital reserve after deducting the amount transferred to deferred income in accordance with the accounting of government subsidies related to the assets and the government subsidy related to the income.

29. Deferred tax assets/ deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

Deferred income tax liabilities are not recognized in connection with the initial recognition of assets or liabilities arising from transactions that are neither consolidated by the enterprise nor affecting accounting profits and taxable income (or deductible losses) in relation to the merger of the business. In addition, for taxable temporary differences related to the investments of subsidiaries, associates and joint

ventures, if the Company is able to control the timing of the temporary discrepancy, and the temporary difference is likely not to be reversed for the foreseeable future, nor will the related deferred income tax liabilities be recognized. With these exceptions, the Company recognizes deferred income tax liabilities arising from all other taxable temporary differences.

Non-recognition of the relevant deferred income tax assets is not recognized in connection with the initial recognition of deductible sinlines in transactions that are neither consolidated nor affected by accounting profits and taxable income (or deductible losses). In addition, the deferred income tax assets in question are not recognized for the deductible temporary differences associated with the investments of subsidiaries, associates and joint ventures, if the temporary differences are not likely to be reversed in the foreseeable future, or if they are not likely to be obtained in the future as taxable income for deductible severance of temporary differences. With these exceptions, the Company recognizes deferred income tax assets arising from other deductible temporary differences in the amount of taxable income that is likely to be obtained for the deduction of temporary differences that can be deducted.

For deductible losses and tax credits that can be carried forward for subsequent years, the corresponding deferred income tax assets are recognized with the extent likely to be obtained from the amount of future taxable income used to offset deductible losses and tax credits.

On the balance sheet date, for deferred income tax assets and deferred income tax liabilities, the applicable tax rate shall be measured in accordance with the provisions of the tax law for the period during which the relevant assets are expected to be recovered or the relevant liabilities are liquidated.

On the balance sheet date, the carrying value of deferred income tax assets is reviewed and the carrying value of deferred income tax assets is deducted if it is likely that sufficient taxable income will not be available in the future to offset the benefits of deferred income tax assets. When it is likely that sufficient taxable income will be obtained, the amount of the writedown is transferred back.

30. Leases

30.1 The relevant accounting policies for companies that have not yet implemented the new leases standards are as follows:

30.1.1 Operating leases

When the Company is the lessee, operating lease payments are recognized on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to

profit or loss in the period in which they are actually incurred.

When the Company is the lessor, rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalized when incurred, and are recognized in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

30.1.2 Finance leases

When the Company is a lessee, at the beginning of the lease period, the Company takes the fair value of the lease beginning and the present value of the minimum lease payment as the recorded value of the leased asset, and takes the minimum lease payment as the recorded value of the long-term payable; the difference is the unrecognized financing expense, the initial direct expense occurring, and the value of the leased asset is included. During each period of the lease term, the actual interest rate method is used to calculate the financing costs for the current period.

When the Company is a lessor, at the beginning of the lease period, the Company takes the sum of the minimum lease receipts and initial direct charges on the lease start date as the recorded value of the financial lease receivable, while recording the unguaranteed residual value; The difference between the sum of the minimum lease receipts, initial direct costs and unguaranteed residual value and its present value is recognized as unrealized financing gains. During each period of the lease term, the real interest rate method is used to calculate the financing income for the current period.

30.2 The relevant accounting policies of "companies that have implemented the new leases standards" are as follows:

30.2.1 Lessee

When the Company is a lessee, the Lease confirms the right to use the asset and the lease liability at the beginning of the lease term, in addition to the short-term lease and low-value asset lease that has been simplified.

After the beginning of the lease period, the Company uses a cost model for subsequent measurement of the right to use the assets. The use of assets shall be depreciated in accordance with the relevant depreciation provisions of Enterprise Accounting Standard No. 4 - Fixed Assets. If the lessee is able to reasonably determine that the leased assets will be acquired at the end of the lease term, it shall be depreciated within the remaining service life of the leased assets. If it is not possible to reasonably determine that the ownership of the leased assets can be

obtained at the end of the lease term, depreciation shall be paid within the short period of the lease term and the remaining service life of the leased assets. The Company shall, in accordance with the provisions of Enterprise Accounting Standard No. 8 - Impairment of Assets, determine whether the use of assets has been impaired and account for the identified impairment losses.

The Company calculates the interest expense of lease liabilities for each period during the lease period at a fixed cyclical interest rate and includes profit and loss for the current period. Where other standards, such as Enterprise Accounting Standard No. 17 - Borrowing Costs, are included in the relevant asset costs, they shall be provided for in accordance with them.

For short-term leases and low-value asset leases, the Company chooses not to recognize the right-to-use assets and lease liabilities, and to include the lease payments for short-term leases and low-value asset leases in the relevant asset costs or current profits and losses in accordance with the straight-line method for each period during the lease term.

30.2.2 Lessor

(1) Finance leases

As a lessor, the Company shall, on the beginning of the lease term, confirm the financial lease receivable for the financial lease, terminate the confirmation of the financial lease assets, and calculate and confirm the interest income for each period during the lease term at a fixed cyclical interest rate.

(2) Operating leases

The Company, as a lessor, shall, in each period of the lease term, adopt the method of straight-line method to recognize the amount of lease receipts for operating leases as rental income. Capitalization of the initial direct costs incurred in connection with the operating lease, which are apportioned during the lease period on the same basis as the rental income recognition, and is accounted for in instalments in the current profit and loss.

For fixed assets in operating leased assets, the Company shall use depreciation policies for similar assets to be used for depreciation; For other operating leased assets, amortization shall be carried out in a systematic and reasonable way in accordance with the enterprise accounting standards applicable to the assets. The Company shall, in accordance with the provisions of Enterprise Accounting Standard No. 8 - Impairment of Assets, determine whether the operating leased assets have been impaired and handle the corresponding accounting.

31. Held for sale

The Group will classify the part of enterprise satisfying the following conditions (or

non-current assets) as held for sale: (1) can be sold immediately under the current conditions according to the practice to sell such assets or disposition set in the similar transaction; (2) the sale is likely to occur and a decision on a sale plan has been made and a confirmed purchase commitment is made, and the sale is expected to be completed within a year. The approval of the relevant authority or regulatory authority has been obtained in accordance with the relevant provisions.

The Group will adjust the held-for-sale anticipated net residual value as net amount after the fair value minus the sale cost (but shall not exceed the original book value of the held for sale), and the balance that the original book value is higher than the adjusted anticipated net residual value will be included in current profit and loss as assets impairment loss, and will also accrue the impairment provision for held-for-sale assets. For the assets impairment loss confirmed by held-for-sale disposition set, the book value of the goodwill in the disposition set should first be offset, and then the book value should be offset according to the proportion of the book value of all non-current assets applicable to the measurement provisions of present standard in the disposition set.

If the net amount after the fair value of held-for-sale non-current assets minus sale cost on the subsequent balance sheet date is increased, the former write-down amount shall be reinstated, and reversed in the assets impairment loss confirmed after it is classified as held-for-sale category. The reversed amount shall be included in the current profit and loss, the assets impairment loss confirmed before it is classified as held-for-sale category shall not be reversed. If the net amount after the fair value of held-for-sale disposition set minus sale cost on the subsequent balance sheet date is increased, the former write-down amount shall be reinstated, and reversed in the assets impairment loss confirmed according to the non-current assets applicable to the measurement provisions of this standard after it is classified as held-for-sale category. The reversed amount shall be included in the current profit and loss, and the offset book value of goodwill and the assets impairment loss confirmed according to the non-current assets applicable to the measurement provisions of this standard before it is classified as held-for-sale category shall not be reversed. The reversed amount of the asset impairment loss confirmed by held-for-sale disposition set shall increase its book value according to the proportion of the book value in all non-current assets (other than goodwill) applicable to the measurement provisions of this standard.

If the Group loses the control over any subsidiary due to sale of the investment in the subsidiary, whether it reserves some equity investment or not, it shall classify the investment in the subsidiary as held-for-sale category in the individual financial statements of parent company, and classify the subsidiary's assets and liabilities as held-for-sale category in the consolidated financial statements when the investment in

the subsidiary to be sold meet the conditions for held-for-sale category.

32. Fair value measurement

32.1 Initial measurement of fair value

The Company measures fair value at the price at which an asset or liability may be received or transferred by a market participant in an orderly transaction on the day of the measurement, taking into account the characteristics of the asset or liability, which is measured by the value of the asset or liability to be received or transferred. When measuring the relevant assets or liabilities at fair value, the transaction in which the market participant selling the assets or transferring the liabilities on the measurement date is an orderly transaction under the current market conditions; Orderly transactions in the sale of assets or the transfer of liabilities take place in the main market for the assets or liabilities in question. Where there is no major market, it is assumed that the transaction is taking place in the most favourable market for the asset or liability in question, and that the assumptions used by market participants to maximize their economic benefits when pricing the asset or liability are used. When measuring non-financial assets at fair value, take into account the ability of market participants to generate economic benefits for the best use of the asset, or the ability to sell the asset to other market participants who can use it for the best use.

32.2 Valuation technology

The Company measures the relevant assets or liabilities at fair value, using valuation technology that is applicable under the current circumstances and supported by sufficient data and other information, mainly includes market, income and cost methods, giving priority to the use of relevant observable input values when applying valuation techniques, and using non-observable input values only if the relevant observable input values are not available or are not feasible.

32.3 Fair value hierarchy

The Company determines the level of the fair value measurement result based on the lowest level of input value that is important to the fair value measurement as a whole: The first level of input value is an unadjusted quote in the active market for the same assets or liabilities that can be obtained on the measurement date. An active market is a market in which the volume and frequency of the relevant assets or liabilities are sufficient to provide pricing information on an ongoing basis. The second level input value is the input value that the related asset or liability is directly or indirectly observable in addition to the first level input value. The third level input value is the unobservable input value of the related asset or liability.

V. CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES, AND CORRECTIONS OF ACCOUNTING ERRORS

1. Changes in accounting policy

1.1 The Company has adopted the relevant provisions of the Ministry of Finance's Notice on the Revision and Issuance of the Caikui [2019] No.6 and Caikui [2019] No.16 as of January 1, 2019. Changes in accounting policies have the following impacts:

Content and reason for changes in accounting policies	Affected report item name and amount
Split "Notes receivables and Accounts receivable" into "Accounts receivable" and "Notes receivable"	Opening notes receivable: 3,402,797,329.62 Opening accounts receivable: 55,268,864,447.79 Ending notes receivable: 3,948,160,883.90 Ending accounts receivable: 54,071,727,589.11
Split "Notes payable and Accounts payable" into "Accounts payable" and "Notes payable"	Opening notes payable: 4,781,144,976.87 Opening accounts payable: 61,518,136,473.36 Ending notes payable: 6,249,379,132.98 Ending accounts payable: 65,450,615,499.34

1.2 The Company's subsidiaries Shenyang Chemical, Adisseo, HAOHUA Chemical, Krauss, Cangzhou Dahua, Aeolus Tyre, Bluestar Silicone, Elkem Investment, Chemical(HK) Investmet in January 1, 2019 to implement Accounting Standard for Business Enterprises No. 22 – Financial Instruments: Recognition and Measurement (Accounting (2017) No. 7) and Enterprise Accounting Standard No. 23 - Transfer of Financial Assets (Accounting (2017) No. 8), Enterprise Accounting Standard No. 24 - Hedge Accounting (Accounting (2017) No. 9) and Enterprise Accounting Standard No. 37 - Financial Instruments Report (Accounting (2017) No. 14), the subsidiary level affected reporting items total amount:

Item	Unit: Yuan		
	2018-12-31	2019-1-1	Adjustments
Notes receivable	2,345,141,410.84	964,241,056.59	-1,380,900,354.25
Receivables financing		1,537,488,630.01	1,537,488,630.01
Total current assets	2,345,141,410.84	2,501,729,686.60	156,588,275.76
Available for sale of financial assets	296,992,807.11	227,306,250.01	-69,686,557.10
Investment in other equity instruments	539,780,901.45	598,858,640.94	59,077,739.49
Other non-current financial assets		10,608,817.61	10,608,817.61
Total non-current assets	836,773,708.56	836,773,708.56	
Notes payable	84,120,000.00	72,845,561.18	-11,274,438.82

Unit: Yuan

Item	2018-12-31	2019-1-1	Adjustments
Other current liabilities		167,862,714.58	167,862,714.58
Total liabilities	84,120,000.00	240,708,275.76	156,588,275.76

1.3 The Company's subsidiaries Elkem Investment, Chemical Hong Kong Investment, Rubber International, Rubber Capital, Syngenta AG, ADAMA, Sinochem Fertilizer since January 1, 2019 to adopt the "Accounting Standard for Business Enterprises No. 21 – Leases" (Accounting (2018) 35) related provisions, the total amount of the reporting items affected at the subsidiary level:

Unit: Yuan

Item	2018-12-31	2019-1-1	Adjustments
Prepayments	594,986,787.72	582,737,921.46	-12,248,866.26
Total current assets	594,986,787.72	582,737,921.46	-12,248,866.26
Fixed assets	94,569,624,851.98	93,193,194,236.34	-1,376,430,615.64
Right of use asset		7,963,831,863.87	7,963,831,863.87
Total non-current assets	94,569,624,851.98	101,157,026,100.21	6,587,401,248.23
Total assets	95,164,611,639.70	101,739,764,021.67	6,575,152,381.97
Other payables	14,543,362,768.91	14,491,222,099.38	-52,140,669.53
Non-current liabilities due within one year	34,831,155,320.98	35,989,579,169.87	1,158,423,848.89
Total current liabilities	49,374,518,089.89	50,480,801,269.25	1,106,283,179.36
Lease liabilities		6,085,600,049.40	6,085,600,049.40
Long-term payables	51,125,332,591.17	50,472,743,765.99	-652,588,825.18
Provisions	1,344,743,888.86	1,380,601,867.25	35,857,978.39
Total non-current liabilities	52,470,076,480.03	57,938,945,682.64	5,468,869,202.61
Total liabilities	101,844,594,569.92	108,419,746,951.89	6,575,152,381.97

1.4 As of January 1, 2019, the Company shall adopt the relevant provisions of CAS No.7 – Exchange of Non-monetary Assets (Accounting (2019) No. 8) and the non-monetary asset exchange that occurred between January 1, 2019 and the date of implementation of these Standards shall be adjusted in accordance with the provisions of the Code. Non-monetary asset exchanges that occur prior to January 1, 2019 do not require retroactive adjustments. The above changes in accounting policies have no effect on the Company's financial statements.

1.5 The Company shall adopt the relevant provisions of Enterprise Accounting Standard No. 12 - Debt Restructuring (Accounting (2019) No. 9 as of January 1, 2019, and the enterprise shall adjust the liability restructuring between January 1, 2019 and the date of implementation of these Standards. Corporate debt restructurings prior to January 1, 2019 do not require retroactive adjustments. The above changes in accounting policies have no effect on the Company's financial statements.

2. Changes in accounting estimates

There is no change in accounting estimation of report period.

3. Corrections of Accounting Errors of Prior Period

There is no correction of accounting errors of prior period.

4. Other

As noted in notes VII 7 of the financial statements, the data of the Company's opening financial statements were adjusted for the current period due to the consolidation of agricultural business reorganization stoisted under the same control, increasing the rights and interests of the opening owners by RMB13.38 billion.

VI. TAXES

1. Major categories of taxes and tax rates

Category of tax	Tax Basis	Tax rate
VAT	The output tax shall be calculated on the basis of the income from sales of goods and taxable services calculated in accordance with the provisions of the tax law. After deducting the input tax allowed to be deducted in the current period, the difference shall be the value-added tax payable (note 7.1)	16%, 13%, 11%, 10%, 9%, 6%, 5%, 3%
City Maintenance and Construction Tax	Calculated and paid according to the value-added tax and consumption tax actually paid, Turnover tax payable	5%, 7%
Education Surcharge	Turnover tax payable	5%, 3%, 2%
Local Education Surcharge	2% of the actually paid turnover tax.	2%
Land Use Tax	By land area	3 yuan/m ² , 18 yuan/m ² , 24 yuan/m ²
Property Tax	1.2% of the residual value of the property shall be paid for self use and 12% of the rental income shall be paid for	1.2%, 12%

Category of tax	Tax Basis	Tax rate
	rent.	
Vehicle and vessel use tax	Number of vehicles	480 yuan/amount
Sales Tax	Taxable turnover (applicable to some overseas subsidiaries)	1.5%
		Gasoline 2,109.76 yuan / ton
Consumption Tax (from volume)	Sales volume of taxable petrochemical products	Diesel: 1,411.23 yuan / ton Fuel oil 1,218.00 yuan / ton
Income Tax	Calculated and paid according to the taxable income, and paid by overseas subsidiaries according to the laws and regulations of the country or region where they are located (note);	15%, 17%, 18%, 25%

Note: ① For the VAT taxable consumption behavior or imported goods of the company., the original applicable tax rate was 16% and 10%. According to Announcement No. 39 of 2019 issued by the Ministry of finance, the State Administration of Taxation and the General Administration of customs, since April 1, 2019, when the taxpayers engaged in VAT taxable sales behavior or imported goods, the original applicable tax rates of 16% and 10% were adjusted to 13% and 9% respectively.

② The Tax Rate Apply to Overseas Subsidiaries

Company Name	Tax Rate
ADAMA Agricultural Solutions Ltd.	23.00% (the common income tax rate for Israel companies)
ADAMA Makhteshim Ltd.	7.50% (the common income tax rate for Israel companies)
ADAMA Agan Ltd.	16.00% (the common income tax rate for Israel companies)
ADAMA Brasil S.A.	34.00% (the common income tax rate for Brazil companies)
ADAMA of North America Inc.	24.70% (the common income tax rate for America companies)
ADAMA India Private Ltd.	34.60% (the common income tax rate for India companies)
ADAMA Deutschland GmbH	32.50% (the common income tax rate for German companies)
Control Solutions Inc.	24.00% (the common income tax rate for America companies)
ADAMA Italia S.R.L.	27.90% (the common income tax rate for Italy companies)
Alligare Inc.	27.50% (the common income tax rate for America companies)
Adisseo France, Bluestar organosilicon France Co., Ltd.	34.43% - 33.30% (the common income tax rate for France companies)
ADAMA France S.A.S	
Drakker holding Co., Ltd.	33.99% (the common income tax rate for Belgium companies)
Blue star Aiken international co. LTD, Bluestar Elkem Solar Co., Ltd. S.à.r.l.	24.94% (the common income tax rate for Luxembourg companies)

Company Name	Tax Rate
REC Solar Holdings AS, Elkem, Elkem Solar AS	22.00% (the common income tax rate for Norway companies)
China national chemical (UK) Co., Ltd.	19.00% (the common income tax rate for England companies)
Kenos holdings limited, ADAMAAustraliaPtyLtd.	30.00% (the common income tax rate for Australia companies)
REC Solar Pte. Ltd., China national chemical (Singapore) Co., Ltd	17.00% , 5.00% (the common income tax rate for Singapore companies)
Technology Absorption Limited (UK), Bluestar fiber Limited (UK)	15.00% (the common income tax rate for England companies)
Bluestar fibers investment Co. Limited (Hong Kong)	15.00% (the common income tax rate for HongKong companies)
Bluestar Adisseo nutrition Group Ltd., Bluestar Organosilicon Investment Ltd.(BSIHK) , Bluestar Organosilicon Hong Kong Commercial Company, ChemChina (H.K.) Investment Ltd., ChemChina International Holding (H.K.) Ltd., Bluestar Elkem Investment Ltd., Bluestar Finance Holdings Limited	16.50% (the common income tax rate for HongKong companies)

Note: The income tax rates for U.S. subsidiaries in the table above include federal and state taxes.

The Company's subsidiary, ADAMA, is registered in Israel and, under the Israel Capital Investment Incentive act and its amendments, its subsidiary, ADAMA Agan Ltd., has a preferential income tax rate of 7.5% in The Israeli Development Zone A and 6% in other regions.

The Company's subsidiary, ADAMA, is an industrial holding company registered in Israel, and part of its Israeli subsidiary is an "industrial company", which, under Israel's Industrial (Tax) Incentives Act of 1969, and its subsidiary ADAMA Makhteshim Ltd. are eligible for a combined income tax declaration and amortization of proprietary technology for more than eight years, and therefore enjoy certain tax benefits.

2. Tax preference

The subsidiaries of the company enjoy the following tax preferences:

2.1 Tax preference for the western development

The company's subsidiaries, Deyang Haohua Qingping Phosphate Mine Co., Ltd., Gullin Rubber Machinery Co., Ltd. and Sichuan Chenguang Engineering Design Institute, according to the ministry of finance, general administration of customs, state administration of taxation on the tax policies thorough implementation of western development strategy of the notice (CS [2011] No. 58), enjoy the preferential tax policy in west development state in 2019, according to 15% tax rate pay enterprise income tax.

Elkem Foundry (China) Co., Ltd., Western Development Concessions and Local Tax Deductions, applicable to the 9% tax rate.

2.2 Tax preference for high-tech enterprises

Subsidiaries of the company, including Zhonghao Chenguang Research Institute of Chemical Industry Co.,Ltd., Zhonghao Guangming Chemical Research and Design Institute Co., Ltd, Marine Chemical Research Institute, Zhonghao (Dalian) chemical research and Design Institute Co., Ltd, Zhonghao North coating industry research and Design Institute Co., Ltd, Shenyang Rubber Research and Design Institute Co., Ltd, NORTHWEST RUBBER&PLASTIC RESEARCH&DESIGN INSTITUTE LTD, China Chemical Group Shuguang rubber industry research and Design Institute Co., Ltd, China Chemical Zhuzhou Rubber Research and Design Institute Co., Ltd, Liming chemical research and Design Institute Co., Ltd, Jinxi Chemical Research Institute Co., Ltd, Xinan Chemical Research and Design Institute Co.,Ltd., Nanjing Tianhua Chemical Engineering Co., Ltd, Nanjing Sanfang Chemical Equipment Supervision Co.,Ltd., Yiyang Rubber&Plastics Machinery Group Co.,Ltd., Yiyang Yishen Rubber Machinery Co.,Ltd., Fujian Huaxiang Automatic Control Technology Co., Ltd, Sinochem chemical science and Technology Research Institute Co., Ltd, Beijing rubber industry research and Design Institute Co., Ltd, Blue Star Chengdu New Materials Co.,Ltd. ,Zhonglanchanghuagongcheng Science&Technology Co.,Ltd., Aeolus Tyre Co.,Ltd., China Blue Chenguang Chemical Research and Design Institute Co., Ltd, China Blue Star Harbin Petrochemical Co.,Ltd. Hangzhou water treatment technology research and Development Center Co., Ltd, Bluestar(Beijing)Chemical Machinery Co.,Ltd., Beijing Lanxing Cleaning Co.,Ltd., Shenyang Chemical Industry Co.,Ltd., Nantong Xingchen synthetic material Co., Ltd, Guangzhou Synthetic Material Institute Co.,Ltd., Shandong Lanxing Dongda Co., Ltd, Bluestar (Beijing) Technology Center Co., Ltd, Bluestar Engineering Co., Ltd, Jiangxi Bluestar spark silicone Co., Ltd, Ekon silicone (Shanghai) Co., Ltd, Bluestar Adisseo Nanjing Co.,Ltd., China BLUElink Design & Research Institute Co., Ltd, Anhui Kelihua Chemical Co., Ltd, Jiangsu Anbang electrochemical Co., Ltd, Anhui Chemical Research Institute, Adama Ltd., Cangzhou Dahua Co.,Ltd, won the recognition of hi-tech enterprises, according to the state administration of taxation on the implementation of a high and new technology enterprise preferential income tax related issues notice "(Guoshuihan [2009] no. 203),Corporate income tax will be paid at the 15% rate for 2019.

2.3 Tax preference for small low profit enterprises

The company's subordinate company, China Blue Chenguang Testing Technology Co., Ltd., China blue Lianhai (Shanghai) Chemical Engineering Center Technology Co., Ltd., Bluestar tendering (Jiangsu) Co., Ltd., Jiangsu Lianhai Testing Co., Ltd. and Lianyungang Lianyu Construction Supervision Co., Ltd. are small micro profit enterprises. According to the notice on further expanding the scope of income tax preferential policies for small micro profit enterprises (CS [2018] No. 77) issued by the Ministry of Finance and the State Administration of Taxation, since January 1, 2018 to December 31, 2020, the upper limit of annual taxable income of small low profit enterprises will be increased from RMB 500,000 to RMB 1,000,000. the annual taxable income of less than RMB 1,000,000 (contain RMB 1,000,000) a small meagre-profit enterprise satisfying, 50% of their income shall be included in the taxable income, and the enterprise income tax shall be paid at the rate of 20%.

2.4 The Company's subsidiary, ADAMA, is registered in Israel and, under the Israel Capital Investment Incentive act and its amendments, its subsidiary, ADAMA Agan Ltd., has a preferential income tax rate of 7.5% in The Israeli Development Zone A and 6% in other regions.

The Company's subsidiary, ADAMA, is an industrial holding company registered in Israel, and part of its Israeli subsidiary is an "industrial company", which, under Israel's Industrial (Tax) Incentives Act of 1969, and its subsidiary ADAMA Makhteshim Ltd. are eligible for a combined income tax declaration and amortization of proprietary technology for more than eight years, and therefore enjoy certain tax benefits.

2.5 The swiss canton of Basel, where Syngenta AG is headquartered, amended its income tax law in February 2019 to reduce the statutory corporate income tax rate from 22% to 13%. On 19 May 2019, Switzerland adopted the "Swiss Federal Tax Reform" programme, which includes the abolition of the special tax system, the introduction of tax incentives, the reduction of taxable income or profits generated by patents ("patent box system"), a reduction of up to 90 per cent, the specific percentage of the reduction determined by the state government where the business is located.

Syngenta AG management estimates that the patent box system will result in a further reduction in the actual corporate income tax rate at Syngenta AG headquarters from 13%

to 11%. In addition, Syngenta AG's other Swiss subsidiaries apply different tax reform policies depending on their region, and the applicable income tax rate for Syngenta AG headquarters and other Swiss subsidiaries after the tax reform is approximately 11%-13%.

2.6 Other tax benefits

Sichuan Bluestar Machinery Co., Ltd., a subsidiary of the company, and the main business is national encouraged industrial projects, shall pay enterprise income tax at the rate of 15% according to no.12 of 2012 and no.652 of Sichuan economic and trade letter [2012] issued by the state administration of taxation.

Tianhua chemical machinery and automation research and Design Institute Co., Ltd., a subsidiary of the company, on October 8, 2015, Gansu province development and reform commission audit conform to the national development and reform commission in 2013 21 order released the industry structure adjustment guidance catalogue (2011) ", since 2015, execute the enterprise income tax preferential rate of 15%.

Subsidiary of the company, China National Chemical Agrochemical Corporation, in accordance with the notice of the Ministry of Finance and the State Administration of Taxation on the policy of value added tax exemption for agricultural means of production (CS [2001] No. 113), China National Chemical Agrochemical Corporation and its subsidiaries are exempt from value added tax for seed sales in wholesale and retail.

VII. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

1. Subsidiaries Profile

No	Company Name	Legal form	Type	Location	Location	Business Field	Paid-in Capital (RMB '000 0)	Share Proportion (%)	Voting Right (%)	Investment (RMB '000 0)	Acquisition method
1	BlueStar Co.	2	Domestic Non-financial	Beijing	Beijing	Chemicals	1,536,658.92	79.48	79.48	1,648,468.40	Other
2	CNOA	2	Domestic Non-financial	Beijing	Beijing	Agricultural Chemicals	333,821.96	100	100	338,102.57	Investment and establishment
3	Petrochemical Co.	2	Domestic Non-financial	Beijing	Beijing	Oil Manufacturing	884,300.00	94.12	94.12	852,187.40	Investment and establishment

No.	Company Name	Level	Type	Location	Location	Business Field	Paid-In Capital (RMB '000 0)	Share Proportion (%)	Voting Right (%)	Investment (RMB '000 0)	Acquisition method
4	Tire& Rubber Corp.	2	Domestic Non-financial	Beijing	Beijing	Tire Manufacturing	160,000.00	100	100	346,300.10	Investment and establishment
5	Equip. Corp.	2	Domestic Non-financial	Beijing	Beijing	Chemical Machineries	100,000.00	100	100	72,488.00	Investment and establishment
6	HaoHua Co.	2	Domestic Non-financial	Beijing	Beijing	Chemicals	422,121.83	100	100	482,400.54	Other
7	ZhongLian Petrochemical	2	Domestic Non-financial	Beijing	Beijing	Chemicals	51,100.87	100	100	43,215.62	Investment and establishment
8	Academy of Sci.	2	Domestic Non-financial	Beijing	Beijing	Technical Services	18,762.90	100	100		Investment and establishment
9	Finance Corp.	2	Domestic Financial	Beijing	Beijing	Finance	84,122.50	91.08	100	43,580.88	Investment and establishment
10	CNCIC	2	Domestic Non-financial	Beijing	Beijing	Information Service	15,000.00	100	100	5,685.60	Investment and establishment
11	Interstar Group	2	Domestic Non-financial	Beijing	Beijing	Metallic ore	72,000.00	100	100	52,306.51	Other
12	Yellow Sea Rubber	2	Domestic Non-financial	Qingdao Shandong	Qingdao Shandong	Rubber Products	33,282.57	100	100		Investment and establishment
13	Asset Co.	2	Domestic Non-financial	Beijing	Beijing	Chemicals	85,714.29	35.00	35.00	1,337.18	Investment and establishment
14	HaoHua Corp.	2	Domestic Non-financial	Beijing	Beijing	Chemicals	235,408.12	100	100	244,222.93	Investment and

No	Company Name	Level	Type	Location	Location	Business Field	Paid-in Capital (RMB '000 0)	Share Proportion (%)	Voting Right (%)	Investment (RMB '000 0)	Acquisition method
			Domestic, Non-financial								Investment and establishment
15	ChemChina HK	2	Domestic, Non-financial	HK	HK	Outbound investment	0.85	100	100	0.85	Investment and establishment
16	Zhonghe QiXiu	2	Domestic, Non-financial	Beijing	Beijing	Vehicle Repair	82,422.05	100	100	27,805.14	Investment and establishment
17	Bluestar Info.	2	Domestic, Non-financial	Beijing	Beijing	Chemical Equipments	1,000.00	100	100	12,546.18	Investment and establishment
18	Chem. Museum	2	Public institution	Beijing	Beijing	Museum	4,879.29	100	100	105,000.00	Investment and establishment
19	China Union	2	Domestic, Non-financial	Beijing	Beijing	Business services	155,500.00	100	100	160,035.88	M&A
20	Chemical Century	2	Domestic, Non-financial	HK	HK	Outbound investment	0.88	100	100	0.89	Investment and establishment
21	ADAMA	4	Domestic, Non-financial	Jingzhou Hubel	Jingzhou Hubel	Agricultural Chemicals	244,655.40	78.91	78.91	1,870,884.42	Investment and establishment
22	Adisseo	3	Domestic, Non-financial	Beijing	Beijing	Chemicals	268,190.13	89.23	89.23	1,848,542.90	Investment and establishment
23	Krauss	6	Domestic, Non-financial	Qingdao Shandong	Qingdao Shandong	Chemicals	88,339.64	78.32	78.32	68,766.00	Investment and establishment
24	Shenya ng Chem.	4	Domestic, Non-financial	Shenyang Liaoning	Shenyang Liaoning	Chemicals	81,951.44	47.23	47.23	133,690.04	Investment and establishment

No.	Company Name	Level	Type	Location	Location	Business Field	Paid-in Capital (RMB '000 0)	Share Proportion (%)	Voting Right (%)	Investment (RMB '000 0)	Acquisition method
25	Aeolus Tyre	3	Domestic, Non-financial	Henan, Jiaozuo	Henan, Jiaozuo	tyre manufacture	56,241.32	44.58	44.58	25,071.16	Other
26	Cangzhou Dahua	4	Domestic, Non-financial	Cangzhou Hebei	Cangzhou Hebei	Chemicals	41,186.35	46.25	46.25	19,046.74	Investment and establishment
27	HAOHUA Chemical	3	Domestic, Non-financial	Chengdu Sichuan	Chengdu Sichuan	Chemicals	89,662.47	71.15	71.15	63,700.22	Investment and establishment
28	Sinofert	5	Overseas, Non-financial	Bermuda	China	Fertilizer Wholesale	588,738.44	52.65	52.65	728,847.97	Mergers under the same control
29	Pirelli	7	Overseas, Non-financial	Italy	Italy	Tire Manufacturing	1,398,170.78	45.50	45.50	1,594,743.71	M&A
30	Elkem	4	Overseas, Non-financial	Norway	Norway	Silicon products	646,762.66	58.20	58.20	1,415,605.00	M&A

Note: when the Company discloses subsidiaries, it discloses all secondary companies and subordinate listed companies with direct and indirect shareholding ratios.

2. Controlled investees of which the Company has less than half voting rights

No.	Name of the Company	Share Proportion (%)	Voting Right (%)	Registered capital	Investment Amount	Level	The reason of inclusion in the consolidated statement scope
1	Asset Co. (note 1)	35.00	35.00	857,142,857.14	13,371,829.86	2	Actual control right
2	Shenyang Chem. (note 2)	47.23	47.23	819,514,385.00	1,336,900,400.00	4	Actual control right
3	Aeolus Tyre (note 2)	44.58	44.58	562,413,222.00	619,088,311.59	3	Actual control right
4	Cangzhou Dahua (note 2)	46.25	46.25	411,863,502.00	301,888,300.00	4	Actual control right
5	Pirelli (note 2)	45.50	45.50	13,981,707,825.52	15,947,437,096.06	7	Actual control right

Note 1: Our Company is one of the largest shareholder equity companies, but other outside shareholders are mainly financial investors, the Company can exercise the power to appoint and remove the assets of the Company's personnel and performance directly KaoHeQuan, assets of the Company's investment projects are the Company within the project, basic not the assets of the Company daily management and outside shareholders intervene effect making major decisions. Therefore, the Company has the power over the asset Company and has the ability to use the power to influence the amount of return of the Company.

Note 2: The Company is the largest shareholder in the division, and the shares held by other shareholders are small and very dispersed. Therefore, the Company has the right to the branch of the department, and has the ability to use the power to affect the Company's return amount.

3. Significant Non-wholly-owned Subsidiaries Profile

3.1 Minority shareholder

No.	Name of the Company	Proportion of non-controlling interests (%)	Gain and loss attributable to non-controlling interests in Current Year	Dividends paid to Minority Shareholders in Current Year	Cumulative non-controlling interests at the end of Current Year
1	BlueStar Co.	20.52	-123,342,022.53	94,881,095.89	5,531,051,292.30
2	Petrochemical Co.	5.88	232,355,275.10		2,556,392,090.14
3	ADAMA	21.09	58,427,946.90	71,003,913.90	4,719,184,148.50
4	Adisseo	10.77	106,879,563.16	79,720,051.47	1,485,998,541.88
5	Krauss	21.68	-34,851,518.08		1,192,008,533.95
6	Shenyang Chemi	52.77	-393,538,321.53	28,109,746.35	1,960,567,071.42
7	Aeolus Tyre	55.42	114,289,064.51	6,156,883.75	1,162,013,558.93
8	Cangzhou Dahua	53.75	24,840,349.56	44,275,326.47	1,903,770,666.89
9	HAOHUA Chemical	28.85	151,480,784.90	18,087,287.29	1,716,740,346.12
10	Sinofert	47.35	289,536,423.83		3,890,487,728.00
11	Pirelli	54.50	1,843,885,065.92	744,902,730.00	20,123,623,088.66
12	Elkem	41.80	280,449,200.67	8,222,306.34	4,251,863,237.36

3.2 Major Financial Information

Unit: RMB 10 Thousands

Items	Current Year					
	BlueStar Co.	Petrochemical Co.	ADAMA	Adisseo	Krauss	Shenyang Chem.
Current Assets	5,355,907.40	3,208,616.37	2,514,222.60	900,213.51	709,740.90	374,441.40
Non-current Assets	4,934,591.32	2,975,008.94	2,014,671.40	1,212,512.30	925,847.13	537,649.25
Total Assets	10,290,498.72	6,183,625.31	4,528,894.00	2,112,725.81	1,635,588.03	912,090.65
Current Liabilities	3,511,943.04	3,075,246.12	1,194,499.10	247,795.67	579,394.73	514,932.30
Non-current Liabilities	4,148,268.05	694,306.81	1,097,228.40	143,477.50	506,373.87	51,476.12
Total Liabilities	7,660,211.09	3,769,552.93	2,291,727.50	391,273.17	1,085,768.60	566,408.42
Operating Revenue	5,579,944.75	17,459,701.51	2,756,323.90	1,113,548.98	1,057,610.13	1,104,076.10
Net Profits	-98,106.65	117,572.67	27,704.10	125,739.98	-16,075.42	-75,830.13
Total Comprehensive Income	-78,321.77	126,390.99	38,340.60	126,193.74	-19,072.83	-75,830.13
Cash Flows						
From Operating Activities	452,196.56	110,920.66	84,348.70	255,060.12	59,881.54	100,698.62

(Continued)

Items	Current Year					
	Aeolus Tyre	Cangzhou Dahua	HAOHUA Chemical	Sinofert	Pirelli	Elkem
Current Assets	347,610.71	194,884.26	433,892.27	1,066,139.92	3,105,961.58	1,056,596.84
Non-current Assets	375,615.47	300,298.02	440,533.59	621,237.67	7,739,314.85	1,285,049.16
Total Assets	723,226.18	495,182.28	874,425.86	1,687,377.59	10,845,276.43	2,341,646.00
Current Liabilities	422,572.36	53,836.82	151,999.24	876,528.04	2,825,142.80	515,577.07
Non-current Liabilities	90,979.77	50,959.92	114,441.25	36,388.02	4,247,882.91	801,246.47
Total Liabilities	513,552.13	104,796.74	266,440.49	912,916.06	7,073,025.71	1,316,823.54
Operating Revenue	591,419.87	210,556.86	470,068.61	2,306,055.57	4,324,401.97	1,745,250.43
Net Profits	20,622.35	2,581.00	53,684.43	64,004.64	353,434.26	70,392.49
Total Comprehensive Income	10,309.75	2,581.00	53,684.43	59,455.45	319,376.65	71,023.42

Items	Current Year					
	Aeolus Tyre	Cangzhou Dahua	HAOHUA Chemical	Sinofert	Pirelli	Elkem
Cash Flows From Operating Activities	42,439.5*	12,177.66	84,735.82	132,723.66	789,730.89	114,967.35

(Continued)

Items	Previous Year					
	BlueStar Co.	Petrochemical Co.	ADAMA	Adisseco	Krauss	Shenyang Chem.
Current Assets	5,262,369.20	3,172,313.75	2,523,546.40	938,517.97	644,204.82	338,987.75
Non-current Assets	4,961,520.77	3,028,982.47	1,940,646.20	1,206,618.26	954,152.92	604,207.40
Total Assets	10,223,889.97	6,201,296.22	4,464,192.60	2,145,336.23	1,598,357.74	943,195.15
Current Liabilities	4,784,989.72	3,140,053.20	1,225,110.40	255,652.19	465,385.08	430,279.50
Non-current Liabilities	2,906,266.49	556,947.29	964,596.00	149,846.74	565,573.50	89,853.43
Total Liabilities	7,691,256.21	3,697,000.49	2,189,706.40	405,498.93	1,030,958.58	520,132.93
Operating Revenue	6,001,337.75	18,558,901.93	2,686,730.80	1,141,798.18	1,130,409.40	1,081,298.03
Net Profits	146,479.81	190,748.91	244,787.60	121,568.71	19,304.76	11,989.77
Total Comprehensive Income	123,371.90	216,141.86	364,275.10	126,030.27	25,791.35	11,989.77
Cash Flows From Operating Activities	647,730.51	504,457.89	229,915.30	144,169.60	93,102.66	5,755.63

(Continued)

Items	Previous Year					
	Aeolus Tyre	Cangzhou Dahua	HAOHUA Chemical	Sinofert	Pirelli	Eken
Current Assets	323,215.31	244,686.41	435,274.37	1,171,644.94	2,801,122.14	1,311,382.40
Non-current Assets	394,272.15	216,716.31	422,508.45	593,323.61	7,710,323.51	1,167,456.31
Total Assets	717,487.46	461,402.72	857,782.82	1,764,968.55	10,611,445.65	2,478,838.71
Current Liabilities	434,061.03	56,214.47	243,767.82	1,000,092.29	2,424,696.38	690,741.78
Non-current Liabilities	81,683.18	8,187.04	106,950.97	36,028.29	4,615,504.82	713,921.54
Total Liabilities	515,744.21	64,401.51	350,718.79	1,036,120.58	7,040,200.20	1,404,663.32
Operating	621,863.95	443,172.75	425,199.88	2,308,799.84	4,333,669.04	2,082,061.13

Items	Aeolus Tyre	Cangzhou Dahua	Previous Year		Pirelli	Ekeri
			HAOHUA Chemical	Sinofert		
Revenue						
Net Profits Total	1,827.09	107,240.34	53,904.60	51,055.58	345,242.81	273,555.75
Comprehensive Income	547.53	107,240.34	53,904.60	58,272.73	312,949.41	301,200.45
Cash Flows From Operating Activities	35,313.58	150,035.06	55,206.89	-80,667.30	482,956.48	351,778.43

4. Original subsidiaries no longer included in the consolidation scope in the current period

No.	Name of the Company	Location	Paid-in Capital (RMB '0000)	Nature of the business	proportion of shareholding (%)	The proportion of voting rights enjoyed (%)	The reason
1	Haohua Huadong Chemical Co., Ltd	Shanghai	56,600.00	Chemical industry	100.00	100.00	Equity transfer
2	Shanghai Zhonghao Chemical Online Exchange Centre Co.,Ltd.	Shanghai	5,114.00	Trade	86.70	86.70	Equity transfer
3	Jiangsu Haohua Huadong polystyrene Industry Co., Ltd	Wuxi City, Jiangsu Province	25,800.00	Chemical industry	100.00	100.00	Equity transfer
4	Shanghai Zhongda Plaza Real Estate Management Co.,Ltd.	Shanghai	249.171	Property	100.00	100.00	Equity transfer
5	Sichuan denture Precision Technology Co., Ltd	Sichuan Danling	11,800.00	Parts processing	100.00	100.00	Equity transfer
6	Shenyang Jinbilan Chemical Co.,Ltd.	Shenyang, Liaoning Province	4,483.00	Chemical raw materials and chemical products manufacturing industry	100.00	100.00	Bankruptcy liquidation

On July 5, 2019, Haohua Co., Ltd. and Nanjing Changlin Ruicheng Business Management Co., Ltd. signed the property right transfer contract to transfer 100% of the equity of the wholly-owned subsidiary Haohua Donghua Chemical Co., Ltd., with the transfer price of RMB:101,480,000.00, delivery of equity in the current month. Haohua East China Chemical Co., Ltd. includes its subsidiaries Shanghai Zhonghao chemical online trading center Co., Ltd., Jiangyin huazhihao Trading Co., Ltd. and Shanghai Zhongda Plaza Property Management Co., Ltd., so the above four companies are no longer included in the scope of consolidation.

Shenyang jinbilan Chemical Co., Ltd. ("jinbilan"), a subsidiary of Bluestar, applied for bankruptcy liquidation to the people's Court of Hunnan District, Shenyang on July 19, 2019. On November 1, 2019, the People's Court of Hunnan District of Shenyang City issued a "Notice" ((2019) Liao 0112 Po No. 6) to Jin Bilan, ruled that Jin Bilan should accept bankruptcy and liquidation applications, and hired the bankruptcy administrator to take over Jin Bilin. Since November 1, 2019, the company no longer included Jin Bilin in the scope of consolidation.

5. Subjects newly included in the consolidation scope in the current period

No.	Name of the Company	The closing net asset	Net profit during this period	Nature of control
1	Qiqihar Yongli Economy&Trade Co.,Ltd.	-2,188,074.24	-1,789,071.14	Business combination not under the same control
2	Basel Chemie Co Ltd	44,336,930.69	74,720.92	Business combination not under the same control
3	Zoomlion (Beijing) Holding Co., Ltd	391,720,033.08	-188,450,127.76	Business combination not under the same control
4	Boned Products, Inc.	240,539,000.00	56,262,000.00	Business combination not under the same control
5	Three North Seed Industry Co., Ltd.	293,000,400.00	13,792,000.00	Business combination not under the same control
6	Sincfert	7,744,615,346.15	640,046,400.83	Business combination under the same control
7	Sinochem (UK) Limited	45,684,543.21	2,843,578.30	Business combination under the same control
8	Sinochem Modern Agriculture Co., Ltd.	325,411,514.17	-328,577,737.36	Business combination under the same control
9	China Seed Group Co., Ltd.	903,538,633.19	-12,548,667.35	Business combination under

No.	Name of the Company	The closing net asset	Net profit during this period	Nature of control
				the same control
10	Medium Science and Technology Innovation Services (Hubei) Co., Ltd.	181,186,673.31	-7,782,890.10	Business combination under the same control
11	China Green Food Co., Ltd.	3,776,823.85	16,171.97	Business combination under the same control

6. Merger of enterprises not under the same control that took place this year

Name of the Company	Purchases (Sales) Date	Carrying Amount of Net Assets	Fair value of the investee's identifiable net assets	
			Amount	Recognition
Qiqihar Yongli Economy&Trade Co.,Ltd.	2019.03.31	-1,647,838.30	8,683,015.45	Value assessment
Basel Chemie Co. Ltd.	2019.09.30	44,262,209.77	77,916,943.08	Value assessment
Zoomlion (Beijing) Holding Co., Ltd	2019.01.01	673,258,384.48	673,258,384.48	Value assessment
Bonet products Co.,Ltd.	2019.01.07	180,654,000.00	624,337,000.00	Value assessment

(Continued)

Name of the Company	Consideration payment	Original amount of goodwill		Revenue of the investee's from acquisition to the end of current period	Net profit of the investee's from acquisition to the end of current period
		Amount	Recognition		
Qiqihar Yongli Economy&Trade Co.,Ltd.	29,446,323.59	22,097,336.38	Difference between	7,965,856.44	-1,527,948.01
Basel Chemie Co. Ltd.	173,204,542.40	95,287,599.34	consideration	45,931,492.34	74,720.92
Zoomlion (Beijing) Holding Co., Ltd	1,600,358,797.15		and fair value of identifiable		-161,654,544.72
Bonet products Co.,Ltd.	833,383,000.00	209,046,000.00	net assets	455,477,000	27,369,000

7. Agricultural business restructuring in the current period

According to the authorization of SASAC to the leading group of cooperation between

Sinochem and Sinochem, on December 30, 2019, the company and Sinochem Group Co., Ltd. (hereinafter referred to as "Sinochem Group") issued the "Response to Approval of the Reorganization of Agricultural Assets in the Two Companies" Office [2019] No. 79), agreed to reorganize the equity of eight Sinochem Group companies engaged in agricultural business to the company by means of free transfer and agreement transfer:

100% equity of China National Seed Group Co.Ltd. (hereinafter referred to as "China seed company") (transfer free of charge);

100% equity of Sinochem Modern Agriculture Co., Ltd. (hereinafter referred to as "modern agriculture") (transfer free of charge);

100% equity of China Green Food Co., Ltd (hereinafter referred to as "China green food") (transfer free of charge);

85% equity of China seed technology innovation service (Hubei) Co., Ltd. (hereinafter referred to as "China seed Hubei") (transferred free of charge);

34.08% equity of Guangdong Jindao Breed Industry Co.,Ltd. (hereinafter referred to as "Guangdong Jindao ") (transferred free of charge);

39.88% equity of Jiangsu Yangnong Chemical Group Co., Ltd (hereinafter referred to as "Yangnong group") (transferred free of charge);

52.65% equity (nominal consideration transfer) of Sinofert Holdings Limited (hereinafter referred to as "Sinochem fertilizer");

100% equity (nominal consideration transfer) of Sinochem (UK) Co., Ltd. (hereinafter referred to as "Sinochem UK")

The benchmark date of equity transfer of the above company is December 31, 2018. On June 27, 2019, the company established Sinochem (Shanghai) Agricultural Technology Co., Ltd. (changed its name to Syngenta Group Co., Ltd. on January 14, 2020) in China (Shanghai) to receive the transferred equity. In the preparation of the company's consolidated financial statements for 2019, the company prepared in accordance with note IV 4.1 The accounting policy of business combination under the common control has adjusted the comparison period of the consolidated financial statements accordingly. The company's related assets, liabilities, profits and losses and cash flow are included in the Company's consolidated financial statements as of January 1, 2018 at its book value at the level of the consolidated statements of the CHEMCHINA.

The transferred equity of Yangnong group will be included in the consolidated

financial statements of the Company as of June 27, 2018 (the date when Sinochem Zhejiang Chemical Co., Ltd., a subsidiary of CHEMCHINA, acquired the relevant equity of Yangnong group) and accounted according to the equity method.

VIII. NOTES TO IMPORTANT ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

The data of financial statements disclosed as follow, excluding special indicators, "The opening of the year" means 1 January 2019, "The closing of the year " means 31 December 2019, "The current year" stands for 1 January 2019 to 31 December 2019, and "The prior year" stands for 1 January 2018 to 31 December 2018. In addition, unless otherwise specified, all amounts take Renminbi yuan(CNY) as the functional currency.

1. Cash at bank and on hand

Item	Closing balance	Opening balance
Cash on hand	50,215,827.28	26,297,642.41
Cash at bank	53,122,873,584.41	59,015,406,276.66
Other cash balances	24,906,318,589.05	15,054,920,297.19
<u>Total</u>	<u>78,079,408,000.74</u>	<u>74,096,624,216.26</u>
Including: The total amount of deposit overseas	<u>44,373,285,578.17</u>	<u>43,430,949,353.32</u>

Note: For details of the use of restricted monetary funds contained in the above monetary funds, see Note VIII.77 "Assets with restricted ownership".

2. Financial assets held for trading

Item	Closing fair value	Opening fair value
Financial assets measured at fair value and recorded in current profits and losses	727,432,639.63	464,888,351.09
Including: Debt instrument investment	713,709,639.63	440,901,351.09
Others	13,723,000.00	23,987,000.00
<u>Total</u>	<u>727,432,639.63</u>	<u>464,888,351.09</u>

3. Financial assets at Fair Value through Profit or Loss of current year

Item	Closing fair value	Opening fair value
Financial assets held for trading	139,747,146.12	136,698,464.51
Including: Equity instrument investment	139,747,146.12	111,896,128.46

Item	Closing fair value	Opening fair value
Others		25,002,336.05
<u>Total</u>	<u>139,747,146.12</u>	<u>136,698,464.51</u>

4. Derivative financial assets

Item	Closing balance	Opening balance
Financial forwards	474,381,600.00	597,098,400.00
Cash flow hedging instruments	456,913,919.37	507,548,266.90
Foreign exchange derivatives financial instruments	436,201,000.00	389,068,000.00
Foreign currency derivatives- included in net financial position	186,040,326.13	568,608,318.97
Foreign currency derivatives- transaction	93,270,677.19	95,823,270.44
Fair value hedging instruments	77,162,113.90	517,922.00
Others	184,045,488.08	290,066,452.40
<u>Total</u>	<u>1,908,015,124.67</u>	<u>2,448,730,630.71</u>

5. Notes receivables

5.1. Classification of receivables

Item	Closing balance		Carrying value
	Carrying amount	Bad debt provision	
Bank acceptance bills	2,420,319,438.83		2,420,319,438.83
Commercial acceptance bills	1,527,841,445.07		1,527,841,445.07
<u>Total</u>	<u>3,948,160,883.90</u>		<u>3,948,160,883.90</u>

(Continued)

Item	Opening balance		Carrying value
	Carrying amount	Bad debt provision	
Bank acceptance bills	2,285,157,675.36		2,285,157,675.36
Commercial acceptance bills	1,117,639,654.26		1,117,639,654.26
<u>Total</u>	<u>3,402,797,329.62</u>		<u>3,402,797,329.62</u>

5.2. Notes receivables pledged as collateral at the end of the year

Items	Amount
Bank acceptance bills	80,767,437.29
Commercial acceptance bills	6,733,760.00
<u>Total</u>	<u>87,501,197.29</u>

5.3. Unexpired notes receivable that have been endorsed or discounted as at the balance sheet date

Item	The confirmed amount terminated at the end of the year	The confirmed amount is not terminated at the end of the year
Bank acceptance bills	5,545,534,909.60	64,540,915.78
Commercial acceptance bills	16,381,337.63	100,000.00
<u>Total</u>	<u>5,561,916,247.23</u>	<u>64,640,915.78</u>

5.4. Bills transferred to accounts receivable due to non-performance of the issuers at the end of the year

Item	Amount that transfer accounts receivable at the end of the year
Bank acceptance bills	1,713,043.39
Commercial acceptance bills	832,511.00
<u>Total</u>	<u>2,545,554.39</u>

6. Accounts receivables

Item	Closing balance			
	Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and assessed for impairment individually	363,832,551.64	0.60	73,577,883.71	20.22
Collectively assessed for impairment based on credit risk characteristics	58,065,514,320.23	95.94	5,027,086,669.78	8.66
Individually insignificant but assessed for impairment individually	2,096,340,881.68	3.46	1,353,295,610.95	64.56
<u>Total</u>	<u>60,525,687,753.55</u>	—	<u>6,453,960,164.44</u>	—

(Continued)

Item	Opening balance			
	Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and assessed for impairment individually	1,398,870,743.97	2.30	667,139,485.36	47.69
Collectively assessed for impairment	58,708,969,233.28	96.48	4,335,281,108.08	7.38

Item	Opening balance			
	Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
based on credit risk characteristics				
Individually insignificant but assessed for impairment individually	745,859,650.76	1.22	582,414,586.78	78.09
Total	60,853,699,628.01	—	5,584,835,180.22	—

6.1. Accounts receivable that are individually significant at the end of the period but for which bad debt provision has been assessed individually

Debtor	Closing balance	Amount of bad debt	Aging	Proportion of provision (%)	Reasons for the provision
Shanghai Yangpu District Land Collection and Storage Center	200,000,000.00		Over 5 years		No expected loss
Other trade receivables with Specific Provision	163,832,551.64	73,577,883.71	Within 1 year	44.91	High recovery risk
Total	363,832,551.64	73,577,883.71	—	—	—

6.2. Accounts receivables for which bad debt provision has been assessed by portfolios

Accounts receivable portfolios for which bad debt provision has been assessed using the aging analysis approach

Item	Closing balance		
	Carrying amount		Bad debt provision
	Amount	Proportion (%)	
Within 1 year (inclusive)	2,281,494,711.95	56.84	4,185,272.96
More than 1 year but not exceeding 2 years	527,208,480.88	13.13	54,617,646.15
More than 2 years but not exceeding 3 years	140,902,086.09	3.51	49,521,322.95
More than 3 years	1,064,594,829.08	26.52	990,148,218.62
Total	4,014,200,108.00	—	1,098,472,460.68

(Continued)

Item	Opening balance	
	Carrying amount	

	Amount	Proportion (%)	Bad debt provision
Within 1 year (inclusive)	4,040,476,600.62	71.86	84,307,466.86
More than 1 year but not exceeding 2 years	281,164,813.90	5.00	29,438,290.63
More than 2 years but not exceeding 3 years	164,793,364.24	2.93	46,896,738.83
More than 3 years	1,138,097,362.42	20.21	974,596,898.05
<u>Total</u>	<u>5,622,532,141.18</u>	<u>—</u>	<u>1,135,239,392.37</u>

Accounts receivable portfolios for which bad debt provision has been assessed using expected credit analysis approach

Item	Opening balance		Closing balance	
	Carrying amount		Carrying amount	
	Amount	Bad debt provision	Amount	Bad debt provision
Expected credit portfolio	52,457,715,244.19	3,912,325,670.76	51,274,216,273.38	3,192,202,265.52
<u>Total</u>	<u>52,457,715,244.19</u>	<u>3,912,325,670.76</u>	<u>51,274,216,273.38</u>	<u>3,192,202,265.52</u>

Accounts receivable portfolios for which bad debt provision has been assessed using other portfolios

Item	Closing balance		
	Amount	Proportion (%)	Bad debt provision
Balance percentage method	1,487,371,831.74	1.16	16,288,538.34
Risk-free portfolio	106,227,136.30		
<u>Total</u>	<u>1,593,598,968.04</u>	<u>—</u>	<u>16,288,538.34</u>

(Continued)

Item	Opening balance		
	Amount	Proportion (%)	Bad debt provision
Balance percentage method	1,556,388,943.00	0.50	7,839,450.19
Risk-free portfolio	255,831,875.72		
<u>Total</u>	<u>1,812,220,818.72</u>	<u>—</u>	<u>7,839,450.19</u>

6.3. Accounts receivable that are not individually significant at the end of the period but for which bad debt provision has been assessed individually

Debtor	Closing balance	Amount of bad debt	Aging	Proportion of provision (%)	Reasons for the provision
TIRESDIRECT,INC.	99,003,315.18	15,771,256.96	2-3 years	15.93	High recovery risk
Other trade receivables with Specific Provision	95,431,639.48	69,501,373.59	Within 2 years &Over 2 years	72.83	High recovery risk
PNEUSOLAPNEUSEPECASS/A	63,515,896.37	40,361,907.09	Over 2 years	63.55	High recovery risk
PNEUSVIANOBRE LTD.A	50,537,961.63	1,063,150.26	Within 1 year	2.10	High recovery risk
Old tire factory legacy claims	49,988,390.16	49,988,390.16	Over 5 years	100.00	uncollectible receivables
EXT Debtor	41,783,939.34	38,430,398.18	Within 1 year	91.97	High recovery risk
COVENCAUCHO INDUSTRIAS,S.A	40,359,531.17	40,359,531.17	Over 2 years	100.00	uncollectible receivables
GBTYRESUKLTD-directdeliveries	38,343,046.20	6,216,965.29	Within 1 year	16.22	High recovery risk
Reifen Riter	34,047,100.32	34,047,100.32	Within 1 year	100.00	uncollectible receivables
Zhongrong Changrong Tire (Beijing) Co., Ltd.	33,847,613.92	33,847,613.92	Over 2 years	100.00	uncollectible receivables
China First Automobile Group Import and Export Corporation	32,384,968.26	32,384,968.26	Over 5 years	100.00	uncollectible receivables
INAM Debtor	31,208,829.99	30,705,351.68	Over 2 years	98.39	High recovery risk
EVROGROUP	27,988,571.61	27,988,571.61	1-2 years	100.00	uncollectible receivables
GOLDEN SUCCESS CORPORATION LIMITED	27,058,567.85	12,364,166.57	Over 2 years	45.70	High recovery risk
PNEULINE	26,761,658.55	20,131,399.37	1-2 years	75.22	High recovery risk
CENTRO GOMME S.p.A.	22,863,205.79	22,863,205.79	Within 1 year	100.00	uncollectible receivables
Panzhihua Yusai Chemical Technology Co., Ltd.	21,300,000.00	21,300,000.00	Over 2 years	100.00	uncollectible receivables
Zhaizhuang Zhongke Chemical Co., Ltd.	20,465,000.00	2,374,200.00	Over 2 years	11.60	High recovery risk
Others	1,339,453,445.86	853,594,060.71	-	63.01	High recovery risk
Total	2,096,340,881.68	1,353,295,610.95	—	--	--

6.4 Top 5 accounts receivable

Debtor	Carrying amount	Proportion of total accounts receivable (%)	Bad debt provision
PETROCHINA INTERNATIONAL(HONGKONG)	527,834,055.52	0.87	
FIAGRIL LTD A	474,381,600.00	0.78	
CORPORACION VENEZOLANA DE COMERCIO	362,762,400.00	0.60	362,762,400.00
CTYCOPHANTAPDOANLOCTR OI	341,833,800.00	0.56	
Mercuria Energy Trading Pte Ltd	238,902,088.02	0.39	
Total	1,945,713,943.54	3.21	362,762,400.00

7. Accounts receivables financing

Item	Closing balance	Opening balance
Notes receivables	2,408,937,082.73	2,094,257,081.79
Accounts receivables	460,429,200.00	356,886,400.00
Total	2,869,366,282.73	2,451,143,481.79

8. Prepayments

8.1 Aging analysis of prepayments is as follows

Aging	Closing balance			Opening balance		
	Amount	Proportion (%)	Bad debt provision	Amount	Proportion (%)	Bad debt provision
Within 1 year	8,216,174,627.72	88.35	124,036.74	8,074,124,938.73	86.13	90,835.61
Over 1 year but within 2 years (inclusive)	307,219,130.02	3.30	1,374,412.18	333,497,752.65	3.56	1,569,620.38
Over 2 years but within 3 years (inclusive)	82,401,064.18	0.89	1,092,971.47	120,908,499.96	1.29	68,242,144.72
More than 3 years	693,917,913.26	7.46	441,342,839.71	845,453,429.46	9.02	507,473,436.62
Total	9,299,712,735.18	--	443,934,260.10	9,373,984,620.80	--	577,376,037.33

8.2 Long prepayments aged more than one year

Creditors	Debtor	Closing balance	Aging	The reason for not settlement
Zhonglan International Chemical Co., Ltd.	Nanjing Duchan Investment Management Co., Ltd.	67,426,337.30	More than 3 years	Not yet settled
Zhonglan International Chemical Co., Ltd.	Dalian Jinchuan Cable Co., Ltd.	53,346,953.09	More than 3 years	Not yet settled
Zhonglan International Chemical Co., Ltd.	Shanghai Weiran Industrial Co., Ltd.	26,060,656.94	More than 3 years	Not yet settled
Zhonglan Changhua Engineering Technology Co., Ltd.	Chongqing Central Construction Co., Ltd.	17,522,916.73	More than 3 years	Not yet settled
Fujian Sanming Double Wheel Chemical Machinery Co., Ltd.	Sanming Two-Wheel Tire Trading Co., Ltd.	11,581,955.67	More than 3 years	Not yet settled
Zhonglan International Chemical Co., Ltd.	Oriental Huaken (Beijing) Grain and Oil Co., Ltd.	10,425,000.00	More than 3 years	Not yet settled
<u>Total</u>		<u>186,363,819.73</u>	—	—

8.3 Top 5 Prepayments

Debtor	Carrying amount	Proportion of total Prepayments (%)	Bad debt provision
Yantai Customs of the People's Republic of China	624,280,257.02	6.71	
CNOOC (Beijing) Trading Co., Ltd.	491,989,737.63	5.29	
Qingdao Anbang Refinery Co., Ltd.	483,514,974.94	5.31	
Daqing Oilfield Co., Ltd.	199,999,555.59	2.15	
Qinghai Salt Lake Industrial Co., Ltd.	182,201,741.52	1.96	
<u>Total</u>	<u>1,991,986,266.70</u>	<u>21.42</u>	—

9. Other receivables

Category	Closing balance	Opening balance
Interest receivable	2,591,674,586.08	1,445,139,474.15
Dividends receivable	174,284,983.80	179,529,983.80
Other receivables	29,554,336,811.36	28,050,986,718.08
<u>Total</u>	<u>32,320,296,381.24</u>	<u>29,675,656,176.03</u>

9.1 Interest receivable

9.1.1 Categories of interest receivable

Item	Closing balance	Opening balance
Time deposit	1,146,473,308.51	731,548,307.49
Entrust loan	19,948,829.65	12,850,912.70
Others	1,425,252,447.92	700,740,253.96
Total	<u>2,591,674,586.08</u>	<u>1,445,139,474.15</u>

9.2 Dividends receivable

Item	Closing balance	Opening balance	Reasons for uncollected amounts	Whether impairment occurs and its judgment basis
<u>Dividends receivable aged Within 1 year</u>		<u>5,245,000.00</u>		
Innov Aroma S.A		3,432,000.00		
Hubei Bank Corporation Limited		1,813,000.00		
<u>Dividends receivable aged more than 1 year;</u>	<u>174,284,983.80</u>	<u>174,284,983.80</u>		
Dezhou Shihua Chemical Co., Ltd.	72,857,881.64	72,857,881.64	Not yet issued	No
Haohua Aerospace Chemical Co., Ltd.	48,940,444.98	48,940,444.98	Not yet issued	No
Haohua Junhui Group Co., Ltd.	32,255,657.18	32,255,657.18	Not yet issued	No
Dongying Shenghong Real Estate Development and Investment Co., Ltd.	8,100,000.00	8,100,000.00	Not yet issued	No
Shanxi Tianji Coal Chemical Group Corporation.	7,344,000.00	7,344,000.00	Not yet issued	No
Beijing Zhonghao Lihua Real Estate Development Co., Ltd.	2,430,000.00	2,430,000.00	Not yet issued	No
Beijing Deyang Zhong Automobile Automotive Parts Co., Ltd.	2,000,000.00	2,000,000.00	Not yet issued	No
Zhongyin Alkali Industry Co., Ltd.	357,000.00	357,000.00	Not yet issued	No
Total	<u>174,284,983.80</u>	<u>179,529,983.80</u>	--	--

9.3 Other receivables

Item	Closing balance			
	Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Other receivable that are individually significant and for which bad debt provision that has been assessed individually	4,530,018,617.17	13.33	2,600,675,525.10	57.41
Other receivables for which bad debt provision has been assessed by portfolios	26,183,080,723.12	77.02	791,015,409.20	3.02
Other receivable that are not individually significant but for which bad debt provision has been assessed individually	3,281,029,320.42	9.65	1,048,100,915.05	31.94
<u>Total</u>	<u>33,994,128,660.71</u>	--	<u>4,439,791,849.35</u>	--

(Continued)

Item	Opening balance			
	Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Other receivable that are individually significant and for which bad debt provision that has been assessed individually	3,363,281,699.76	10.37	3,156,653,526.08	93.86
Other receivables for which bad debt provision has been assessed by portfolios	26,735,928,919.27	82.39	903,933,773.97	3.38
Other receivable that are not individually significant but for which bad debt provision has been assessed individually	2,349,769,741.82	7.24	337,406,342.72	14.36
<u>Total</u>	<u>32,448,980,360.85</u>	--	<u>4,397,993,642.77</u>	--

9.3.1 Other receivable that are individually significant at the end of the period but for which bad debt provision has been assessed individually

Debtor	Closing balance	Amount of bad debt	Aging	Proportion of provision (%)	Reasons for the provision
Heilongjiang Heihua Group Co., Ltd.	1,630,928,245.14	1,630,928,245.14	1-3 years	100	High recovery risk

Debtor	Closing balance	Amount of bad debt	Aging	Proportion of provision (%)	Reasons for the provision
Blue Star Petrochemical Co., Ltd.	1,204,020,130.26	174,088,799.60	Over 5 years	14.46	Partial recovery risk
Jamus Black Dragon Pesticide Co., Ltd.	299,456,752.90	299,456,752.90	Over 5 years	100	High recovery risk
Qingdao wire rope factory	152,402,496.18	152,402,496.18	Over 5 years	100	High recovery risk
Others	1,243,210,992.69	343,799,231.28	0-2 years	27.65	Partial recovery risk
<u>Total</u>	<u>4,530,018,617.17</u>	<u>2,600,675,525.10</u>	--	--	--

9.3.2 Other accounts receivables for which bad debt provision has been assessed by portfolios

Other accounts receivable portfolios for which bad debt provision has been assessed using the aging analysis approach

Item	Closing balance		
	Carrying amount		
	Amount	Proportion (%)	Bad debt provision
Within 1 year (inclusive)	6,553,536,512.23	86.88	14,457,089.52
More than 1 year but not exceeding 2 years	134,667,208.69	1.79	14,463,272.47
More than 2 years but not exceeding 3 years	32,694,857.06	0.43	8,764,000.57
More than 3 years	822,100,595.86	10.90	620,214,303.47
<u>Total</u>	<u>7,542,999,173.84</u>	=	<u>657,898,666.03</u>

(Continued)

Item	Opening balance		
	Carrying amount		
	Amount	Proportion (%)	Bad debt provision
Within 1 year (inclusive)	1,891,893,839.25	67.56	4,706,763.70
More than 1 year but not exceeding 2 years	69,524,861.21	2.48	6,733,718.48
More than 2 years but not exceeding 3 years	79,052,977.48	2.82	23,597,362.20
More than 3 years	759,837,012.20	27.13	729,868,369.56
<u>Total</u>	<u>2,800,308,690.14</u>	=	<u>764,906,213.94</u>

Other accounts receivable portfolios for which bad debt provision has been assessed using expected credit analysis approach

Item	Closing balance		Opening balance	
	Carrying amount		Carrying amount	
	Amount	Bad debt provision	Amount	Bad debt provision
Expected credit portfolio	3,264,448,127.36	133,116,743.17	2,199,146,759.96	139,027,560.03
Total	3,264,448,127.36	133,116,743.17	2,199,146,759.96	139,027,560.03

Other accounts receivable portfolios for which bad debt provision has been assessed using other credit analysis approach

Item	Closing balance			Opening balance		
	Carrying amount			Carrying amount		
	Amount	Proportion (%)	Bad debt provision	Amount	Proportion (%)	Bad debt provision
Other credit portfolio	15,375,633,421.92			21,736,473,469.17		
Total	15,375,633,421.92			21,736,473,469.17		

9.3.3 Other receivable that are not individually significant at the end of the period but for which bad debt provision has been assessed individually

Debtor	Closing balance	Closing balance	Aging	Proportion of provision (%)	Reasons for the provision
Bluestar (Tianjin) Chemical Co., Ltd.	134,487,049.76	134,487,049.76	Over 3 years	100	uncollectable
Old tire factory legacy claims	105,846,962.22	105,846,962.22	Over 5 years	100	uncollectable
Malan Ramen Fast Food Chain LLC	42,331,072.06	24,847,942.65	Over 5 years	58.70	High recovery risk
Heilongjiang Farming And Construction Data Sales Co., Ltd.	19,062,037.72	19,062,037.72	3-4 years	100	uncollectable
Others	2,979,302,198.66	763,856,922.70	1-5 years	25.64	High recovery risk
Total	3,281,029,320.42	1,048,100,915.05	—	—	—

9.3.4 Top 5 other receivables

Debtor	Nature of accounts receivable	Carrying amount	Aging	Proportion of total other receivable (%)	Bad debt provision
Bluestar Petrochemical Co., Ltd.	Payments	3,511,948,020.43	Over 5 years	10.33	174,088,799.60
Heilongjiang Heihua Group Co., Ltd.	Payments	1,630,928,245.14	1-3 years	4.80	1,630,928,245.14
Shandong Daoheng Agricultural Co., Ltd.	Payments	1,116,360,625.76	Over 3 years	3.28	
Haohua North Chemical Co., Ltd.	Payments	1,105,552,442.97	Over 5 years	3.25	
Haohua Junhua Group Co., Ltd.	Payments	511,047,599.80	1-5 years	1.50	
Total	--	<u>7,875,836,834.10</u>	--	<u>23.17</u>	1,805,017,044.74

10. Inventories

10.1 Categories of inventories

Item	Closing balance		
	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount
Raw materials	20,177,860,938.65	344,577,652.73	19,833,283,285.92
Work-in-progress	23,487,496,303.59	287,498,771.94	23,199,997,531.65
Including: Engineering construction(finished but not settlement)	33,828,353.52		33,828,353.52
Real estate development products under construction	61,446,876.18		61,446,876.18
Finished products	49,046,872,826.71	3,633,222,097.32	45,413,650,729.39
Packing materials, low-value consumables	960,751,935.22	47,071,549.49	913,680,385.73
Consumable biological assets	272,071,800.00		272,071,800.00

Item	Closing balance		
	Gross carrying amount	Provision for decline in value	Net carrying amount
		of inventories	
Others	419,990,497.81	7,365,000.00	412,625,497.81
Total	94,365,044,301.98	4,319,735,071.48	90,045,309,230.50

(Continued)

Item	Opening balance		
	Gross carrying amount	Provision for decline in value	Net carrying amount
		of inventories	
Raw materials	17,573,975,076.96	344,371,802.21	17,229,603,274.75
Work-in-progress	16,965,141,010.06	295,002,164.34	16,670,138,845.72
Including: Engineering construction(finished but not settlement)	34,270,909.41		34,270,909.41
Real estate development products under construction	21,743,120.66		21,743,120.66
Finished products	52,559,853,772.42	3,123,433,235.24	49,436,420,537.18
Packing materials, low-value consumables	897,138,843.36	73,861,692.79	823,277,150.57
Consumable biological assets	253,938,400.00		253,938,400.00
Others	244,268,864.18	8,385,000.00	235,883,864.18
Total	88,494,315,966.98	3,845,053,894.58	84,649,262,072.40

11. Held-for-sale assets

Item	Closing book value	Closing fair value	Estimated disposal costs	Timing
Slicer equipment and spare parts	29,580,263.71	29,580,263.71		Within 1 year
Total	29,580,263.71	29,580,263.71		

12. Non-current assets due within one year

Item	Closing balance	Opening balance
Principal of a commissioned loan due within 1 year	70,399,876.18	46,200,643.08
Financial Company Term Deposits		10,165,511.17
Total	70,399,876.18	56,366,154.25

13. Other current assets

Item	Closing balance	Opening balance
Input tax to be deducted	10,974,750,411.36	10,946,366,201.25
Commissioned loans	1,125,019,114.43	1,970,972,340.74
Holding financial assets to be resold	202,770,266.67	161,500,000.00
Banking financial products		108,100,000.00
Others	924,935,705.99	1,838,833,334.79
<u>Total</u>	<u>13,227,475,498.45</u>	<u>15,025,771,876.78</u>

14. Financial assets available for sale

14.1 Details of financial assets available for sale

Item	Carrying amount	Closing balance	Carrying value
		Provision of impairment losses	
1.Available-for-sale debentures	50,621,250.00		50,621,250.00
2.Available-for-sale equity investment	3,042,614,421.64	1,325,506,437.83	1,717,107,983.81
In the fair value measurement	1,357,543,097.57		1,357,543,097.57
Cost measurement	1,685,071,324.07	1,325,506,437.83	359,564,886.24
3.Others	200,000.00	200,000.00	
<u>Total</u>	<u>3,093,435,671.64</u>	<u>1,325,706,437.83</u>	<u>1,767,729,233.81</u>

(Continued)

Item	Carrying amount	Opening balance	Carrying value
		Provision of impairment losses	
1.Available-for-sale debentures			
2.Available-for-sale equity investment	2,916,382,771.70	1,329,856,085.24	1,586,526,686.46
In the fair value measurement	1,269,992,425.22		1,269,992,425.22
Cost measurement	1,646,390,346.48	1,329,856,085.24	316,534,261.24
3.Others	200,000.00	200,000.00	
<u>Total</u>	<u>2,916,582,771.70</u>	<u>1,330,056,085.24</u>	<u>1,586,526,686.46</u>

14.2. The Available-for-sale financial assets measured by fair value at the end of the year

Item	The cash dividends of the sellable equity instrument	The cash dividends of the sellable debt instrument	Others	<u>Total</u>
Equity instrument cost/ Debt instrument amortized cost	1,173,412,358.91			1,173,412,358.91
Closing fair value	1,357,543,097.57			1,357,543,097.57
Changing amount in fair value accumulatively reckoned in other comprehensive income	184,130,738.66			184,130,738.66
Provision for impairment				

15. Long-term receivables

Item	Carrying amount	Closing balance Provision of impairment losses	Carrying value
Commissioned loans	3,982,436,520.80		3,982,436,520.80
Sale of goods by instalments	220,286,465.91	421,063.11	219,865,402.80
Others	1,144,389,259.74		1,144,389,259.74
<u>Total</u>	<u>5,347,112,246.45</u>	<u>421,063.11</u>	<u>5,346,691,183.34</u>

(Continued)

Item	Carrying amount	Opening balance Provision of impairment losses	Carrying value
Sale of goods by instalments	3,999,036,520.80		3,999,036,520.80
Provision of services by instalments	488,522,855.51		488,522,855.51
Others	726,031,997.64		726,031,997.64
<u>Total</u>	<u>5,213,591,373.95</u>		<u>5,213,591,373.95</u>

16. Long-term equity investment

16.1 Categories of Long-term equity investment

Item	Opening balance	Increase	Decrease	Closing balance
Investment in joint ventures	2,367,677,598.90	287,628,958.87	273,735,599.10	2,381,570,958.67
Investment in associated enterprises	12,301,609,897.48	1,194,149,218.03	696,707,362.17	12,799,051,753.34
<u>Subtotal</u>	<u>14,669,287,496.38</u>	<u>1,481,778,176.90</u>	<u>970,442,961.27</u>	<u>15,180,622,712.01</u>
Minus: Depreciation reserves	44,113,576.30	67,299,268.40	4,116,349.03	107,296,495.67
<u>Total</u>	<u>14,625,173,920.08</u>	<u>1,414,478,908.50</u>	<u>966,326,612.24</u>	<u>15,073,326,216.34</u>

16.2 Details of long-term equity investment

Investee	Investment cost	Opening balance	Additional investment	Negative investment	Changes	
					Under the equity method to recognize the investment profit and loss	Other consolidated income
Total	14,838,205,635.05	14,669,287,496.38	1,055,231,176.25	415,858,132.76	685,946,186.45	-31,018,712.16
1.joint ventures	2,112,727,004.11	2,367,677,598.90	213,472,760.00	131,479,887.76	-18,829,110.67	-40,343,388.26
CIMO Compagnie industrielle de Monthey	453,453,000.00	782,404,800.00			6,896,000.00	-27,584,000.00
Xushen Tyro(Shanghai)Co.ltd	517,288,726.40	504,471,527.80			-55,274,076.00	
Yunnan Three Rings Sinochem Fertilizer Co., Ltd.	320,000,000.00	235,841,117.32			-10,987,938.42	
Blue Star Dongli membrane technology (Beijing) Co., Ltd.	181,224,507.30	207,550,544.36			36,794,100.79	
Gansu Yufu Chemical Co., Ltd.	54,330,000.00	119,277,021.42			10,697,959.14	
Qinghai Salt Cloud Potassium Salt Co., Ltd.	8,157,828.09	112,266,987.26			6,654,474.43	
Morninglight Kemu fluoro materials (Shanghai) Co., Ltd.	52,100,000.00	66,888,514.90			-19,334,069.79	
Alfa Agricultural Supplies S.A	35,846,621.20	62,696,000.00			8,423,000.00	-355,000.00
Hainan Zhongsheng Agricultural Technology Co., Ltd.	51,000,000.00	58,870,868.18		58,870,868.18		

	Investee	Investment cost	Opening balance	Additional investment	Changes		
					Negative investment	Under the equity method to recognize the investment profit and loss	Other consolidated income
Blue Star Xuhuacheng (Nantong) Engineering Plastics Manufacturing Co., Ltd.		55,014,300.00	54,788,954.59		54,788,954.59		
North Sea Container Line AS		396,050.00	45,460,745.60			17,504,815.65	
Puyang Blue Star New Materials Co., Ltd.		26,573,724.00	26,210,169.00		1,000,000.00		
Cotton Growers Services Pty Ltd		27,904,800.00	20,589,600.00			-6,896,000.00	
Blue Star Xuhuacheng (Nantong) Engineering Plastics Sales Co., Ltd.		16,975,010.00	16,820,064.99		16,820,064.99		
Other small totals		3,246,243,712	52,540,563.48	213,472,760.00		-13,307,376.47	-12,404,388.26
2. Associate company		<u>12,725,478,630.94</u>	<u>12,301,609,897.48</u>	<u>841,758,416.25</u>	<u>284,376,245.00</u>	<u>704,775,297.12</u>	<u>9,324,676.10</u>
Marcory Energy Group Holdings Limited		3,786,645,679.05	3,491,659,780.09			355,163,996.80	
China Chemical New Materials Co., Ltd.		3,202,831,947.09	3,421,329,581.76			24,602,269.01	
Jiangsu Yangnon Chemical Group Co., Ltd.		3,364,486,983.93	3,364,486,993.93			356,943,032.10	8,658,450.10
Guangxi Hechi Chemical Co., Ltd.		43,110,128.63	443,426,373.68				

Investee	Investment cost	Opening balance	Additional investment	Negative investment	Changes	
					Under the equity method to recognize the investment profit and loss	Other consolidated income
Yang Coal Plain Chemical Co., Ltd.	210,317,578.56	293,308,440.53			17,980,062.66	
Sanbei Seeds	251,143,200.00	288,254,400.00		234,464,000.00	-48,272,000.00	
Maisadoursemences SA	69,762,000.00	199,032,600.00			13,792,000.00	
Guizhou Xinxin Industrial Holding Group Co., Ltd.	95,532,467.00	145,420,062.33			2,169,300.66	
Beijing Deyang Zhong Automobile Automotive Parts Co., Ltd.	56,141,321.32	120,078,732.13			-32,357,090.91	
Shanghai Kalzhu Materials Technology Co., Ltd.	20,458,179.67	80,056,965.18			8,220,467.00	
Guizhou Xinxin Coal Chemical Co., Ltd.	84,467,533.00	73,024,792.02				
Euro stazioni S.p.A.	380,050,604.10	50,184,958.79				
Nanjing 6902 Technology Co., Ltd.	4,500,000.00	42,842,272.38		42,842,272.38		
Claseed Ltd.	39,205,200.00	39,766,000.00			-16,000.00	653,000.00
Qingdao Yijiaiyang Hong Fuel Oil Co., Ltd.	31,941,429.42	38,589,600.43				
Shandong Luyuan Agricultural Seed Co., Ltd.	39,038,190.00	37,157,035.69			1,632,968.35	

Investee	Investment cost	Opening balance	Additional investment	Negative investment	Changes	
					Under the equity method to recognize the investment profit and loss	Other consolidated income
Euro partnership BV	6,633,176.89	24,555,357.29			6,451,043.52	
EBP Chartering AS	6,755,424.85	19,120,877.11			-1,775,992.33	14,038.84
Newem (Beijing) Seeds Co., Ltd.	11,706,880.00	15,384,685.07			3,415,586.78	
Agrimetis	48,833,400.00	13,726,400.00			-13,792,000.00	
Focus Investment S.p.a	28,717,200.00	11,056,845.70				
Joint Stock Company	10,740,232.80	9,291,203.20			424,710.00	
Zhong Anrunxin (Beijing) Venture Capital Co., Ltd.	2,000,000.00	8,134,083.80			73,671.94	
Sichuan Mianzhu Longqing Mining Co., Ltd.	9,000,000.00	7,065,591.04			-344,738.83	
Longreach	6,976,200.00	6,863,200.00				
Floribreeders (Beijing) Horticulture Co., Ltd	6,976,200.00	6,863,200.00				
Beijing Zhongyi Lihua Real Estate Development Co., Ltd.	3,000,000.00	5,533,016.94			-475,382.65	
Shenyang Liaohua Automobile Bridge Co., Ltd.	12,007,658.00	4,834,359.05				
Yuhua Oriental International	5,050,000.00	4,102,854.03				

Investee	Investment cost	Opening balance	Changes		
			Additional investment	Negative investment	Under the equity method to recognize the investment profit and loss
Petrochemical Co., Ltd.					Other consolidated income
Qingdao Port China Logistics Co., Ltd.	2,500,000.00	3,865,272.46		3,865,272.46	
Combined Cargo Warehousing BV	2,450,757.40	3,519,006.95			1,249,947.24
National (Yang Ling) Dry Zone Plant Variety Trading Center Council	3,000,000.00	3,449,728.40			1,874,511.26
Tianshui 6913 Electronic Technology Co., Ltd.	2,208,372.04	3,142,299.83		3,142,299.83	
ZTE Hongtu (Beijing) Capital Management Co., Ltd.	2,000,000.00	2,870,616.17			565,210.07
Xi'an Junfengyuan Automobile Sales Service Co., Ltd.	2,000,000.00	2,122,657.20			-150,270.21
Wass Anticorrosion Engineering Co., Ltd.	1,282,545.56	1,081,745.25			-176,038.18
Euro Nordi Agencies Belgium NV	193,554.39	1,076,447.85			235,839.20
Organic Chemical Plant in Yanxian County, Shanxi Province	2,477,000.00	1,047,358.43			
Other small totals	869,337,577.24	14,484,302.77	841,758,416.25	64,400.33	7,320,193.64
					-822.84

(Continued)

Investee	Changes				Provision of impairment losses
	Other equity changes	Declaration of cash dividends or profits (Cash dividends paid are positive)	Provision of impairment losses for the period		
			Others	Closing balance	
<u>Total</u>	<u>-413,630,793.98</u>	<u>456,280,916.49</u>	<u>86,846,408.32</u>	<u>15,180,622,712.01</u>	<u>107,208,495.67</u>
1. joint ventures		40,913,869.18	<u>31,986,855.64</u>	<u>2,381,570,958.67</u>	<u>83,497,063.91</u>
CIMC Compagnie industrielle de Monthey			26,602,342.00	788,319,142.00	
Xushen Tyre(Shangai)Co.ltd			-2,713,567.80	446,483,884.00	
Yunnan Three Rings Sincochem Fertilizer Co., Ltd.				224,853,178.90	
Blue Star Dongli membrane technology (Beijing) Co., Ltd.		25,459,836.00		218,884,809.15	
Gansu Yufu Chemical Co., Ltd.				129,974,980.56	
Qinghai Salt Cloud Potassium Salt Co., Ltd.		2,750,000.00	-564,635.98	115,586,826.71	
Morninglight Kema fluoro materials (Shanghai) Co., Ltd.				47,554,445.11	
Alfa Agricultural Supplies S.A				75,924,000.00	
Hainan Zhongsheng Agricultural Technology Co., Ltd.			5,160,000.00		
Blue Star Xuhuacheng (Nantong) Engineering					

Investee	Changes				Others	Closing balance	Provision of impairment losses
	Other equity changes	Declaration of cash dividends or profits (Cash dividends paid are positive)	Provision of impairment losses for the period				
Plastics Manufacturing Co., Ltd.							
North Sea Container Line AS		11,767,679.59			551,762.27	52,749,643.93	
Puyang Blue Star New Materials Co., Ltd.						25,210,169.00	
Cotton Growers Services Pty Ltd					258,800.00	13,952,400.00	
Blue Star Xuhua Cheng (Nantong) Engineering							
Plastics Sales Co., Ltd.							
Other small totals		936,353.59			2,712,155.15	242,077,480.31	83,497,063.91
2. Associate company	-413,530,793.98	415,367,047.31			54,859,552.68	12,799,051,753.34	23,799,431.76
Morcom Energy Group Holdings Limited		383,229,623.85			59,108,194.79	3,522,722,347.83	
China Chemical New Materials Co., Ltd.						3,445,931,850.77	
Jiangsu Yangnon Chemical Group Co., Ltd.	-327,816,924.77				38,599,855.39	3,440,871,416.75	
Guangxi Hochi Chemical Co., Ltd.						443,426,373.68	
Yang Coal Plain Chemical Co., Ltd.						311,288,503.19	
Sanbei Seeds		6,896,000.00			1,377,600.00		
Maisadoursemanes SA					-3,538,800.00	209,286,000.00	
Guizhou Xinxin Industrial Holding Group Co.,						147,589,362.99	

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Investee	Other equity changes	Changes			Others	Closing balance	Provision of impairment losses
		Declaration of cash dividends or profits (Cash dividends paid are positive)	Provision of impairment losses for the period				
Ltd.							
Beijing Deyang Zhong Automobile Automotive Parts Co., Ltd.						87,721,641.22	
Shanghai Kaizhu Materials Technology Co., Ltd.	512,635.90	7,685,523.00				81,104,545.08	
Guizhou Xinxin Coal Chemical Co., Ltd.						73,024,792.02	
Euro slazioni S.p.A.					-203,366.98	49,981,591.81	
Nanjing 6902 Technology Co., Ltd.							
Claseed Ltd.						40,403,000.00	
Qingdao Yijiang Hong Fuel Oil Co., Ltd.					-38,589,600.43		
Shandong Luyan Agricultural Seed Co., Ltd.						38,790,004.04	
Euro partnership BV		7,003,517.25			103,613.51	24,106,497.07	
EBP Chartering AS					191,589.12	17,550,512.74	
Newem (Beijing) Seeds Co., Ltd.		4,317,161.27				14,483,110.58	
Agrimetis					65,600.00		
Focus Investment S.p.a					-44,806.20	11,012,039.50	11,012,039.50
Joint Stock Company					1,350,834.81	11,066,748.01	

Investee	Changes				Provision of impairment losses
	Other equity changes	Declaration of cash dividends or profits (Cash dividends paid are positive)	Provision of impairment losses for the period	Others	
Zhong Anrunxin (Beijing) Venture Capital Co., Ltd.				8,207,755.74	
Sichuan Mianzhu Longqing Mining Co., Ltd.				6,720,852.21	
Longreach			113,000.00	6,976,200.00	
Floribreeders (Beijing) Horticulture Co., Ltd			113,000.00	6,976,200.00	
Beijing Zhongyi Lihua Real Estate Development Co., Ltd.				5,057,634.29	
Shenyang Liaohua Automobile Bridge Co., Ltd.				4,634,359.05	4,634,359.05
Yuhua Oriental International Petrochemical Co., Ltd.			-4,102,854.03		
Qingdao Port China Logistics Co., Ltd.					
Combined Cargo Warehousing BV		1,915,192.99		2,815,275.36	
National (Yang Ling) Dry Zone Plant Variety Trading Center Council			-38,485.84	5,324,239.66	
Tianshui 6913 Electronic Technology Co., Ltd.					
ZTE Honglu (Beijing) Capital Management Co., Ltd.				3,435,826.24	

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Investee	Other equity changes	Changes				Provision of impairment losses
		Declaration of cash dividends or profits (Cash dividends paid are positive)	Provision of impairment losses for the period	Others	Closing balance	
Xian Junfengyuan Automobile Sales Service Co., Ltd.					1,972,386.99	
Wass Anticorrosion Engineering Co., Ltd.					906,707.07	
Euro Nordi cAgencies Belgium NV				1,076.62	1,313,363.67	
Organic Chemical Plant in Yanxian County, Shanxi Province					1,047,358.43	1,047,358.43
Other small totals	-86,226,505.11	4,320,028.95		353,101.92	773,304,257.35	7,105,674.76

16.3 Main financial information of important associates

Item	Amount in current period		Amount in previous period	
	Morcery	The New Materials Co. Ltd.	Morcery	The New Materials Co. Ltd.
			Yangnon Chemical	Yangnon Chemical
Current assets	92,232,340,200.00	27,189,893,002.64	11,399,332,154.56	27,217,823,670.03
Non-current assets	21,137,866,000.00	25,678,461,022.85	9,966,622,492.62	24,619,083,767.32
Total assets	113,370,226,200.00	52,868,354,025.49	20,365,954,647.18	51,836,907,437.35
Current liabilities	69,915,476,400.00	31,849,300,866.28	6,800,117,884.69	31,371,338,554.50
Non-current liabilities	13,017,589,200.00	6,983,748,943.16	926,556,961.68	5,872,984,099.04
Total liabilities	82,933,065,600.00	38,833,049,809.44	7,726,674,846.37	37,244,322,653.54
Net assets	30,437,160,600.00	14,035,304,216.05	12,639,279,800.81	14,592,584,783.81
Net assets share of joint ventures according to shareholding rate	3,652,459,272.00	3,649,179,096.18	3,397,314,695.78	3,794,072,044.00
Adjusting events	-129,736,924.17	-203,247,245.41	43,556,720.97	-372,742,462.24
The book value of equity investment to associated enterprises	3,522,722,347.83	3,445,931,850.77	3,440,871,416.75	3,421,329,581.76
The fair value of equity investment with public price				17,562,805.43
				3,364,466,993.93

Item	Amount in current period			Amount in previous period		
	Morcery	The New Materials Co. Ltd.	Yangnon Chemical	Morcery	The New Materials Co. Ltd.	Yangnon Chemical
Operating income	544,335,750,000.00	16,510,840,820.62	12,873,310,231.82	548,313,828,000.00	18,747,938,499.54	5,491,786,590.58
Net profit	3,872,086,000.00	81,456,738.89	1,686,456,403.40	2,771,268,000.00	192,967,397.45	421,493,633.09
Other comprehensive income	-41,376,000.00		23,446,510.40	-19,842,000.00		-2,210,006.68
Total comprehensive income	3,930,720,000.00	81,456,738.89	1,709,902,913.80	2,751,424,000.00	192,967,397.45	419,283,626.41
Dividends received from associated enterprises	378,797,280.00			435,068,920.00		

17. Other equity instruments

17.1 Details of other equity instruments

Item	Closing carrying amount	Opening carrying amount
Investing in other equity instruments held by Syngenta	976,668,000.00	844,173,600.00
Investment in other equity instruments held by Sinochem		
Fertilizer	390,570,206.53	498,495,240.80
RCS Mediagroup S.p.A.	194,551,241.50	223,247,837.70
Fin.Priv.S.r.l.	160,725,757.50	122,449,269.20
HUBEI BANK CO., LTD.	85,495,000.00	79,554,000.00
Agricover	67,781,000.00	
Fondo Anastasia	30,847,778.50	122,213,850.20
Others	135,855,552.95	142,952,683.84
Total	2,042,494,536.98	2,033,086,481.74

18. Other non-current financial assets

Item	Closing carrying amount	Opening carrying amount
Other non-current financial assets held by Syngenta	872,025,000.00	535,329,600.00
Animal feed & health Venture Fund (AFV FVPL)	32,676,606.00	8,663,419.00
Arconic Inc.	2,513,000.62	1,826,065.18
Alcoa Corporation	423,815.49	119,393.43
Total	907,638,422.11	545,938,417.61

19. Investment properties

Investment properties measured at cost

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original carrying amount	<u>727,889,579.23</u>	<u>60,818,613.94</u>	<u>53,168,809.77</u>	<u>735,539,383.40</u>
1. Houses and buildings	581,086,881.47	60,818,613.94	53,168,809.77	588,736,685.64
2. Land use rights	146,802,697.76			146,802,697.76
II. Total accumulated depreciation and amortization	<u>298,641,995.86</u>	<u>64,054,125.71</u>	<u>17,946,024.65</u>	<u>344,750,096.92</u>
1. Buildings	254,382,149.39	59,615,614.72	17,946,024.65	296,051,739.48
2. Land use rights	44,259,846.47	4,438,510.99		48,698,357.48
III. Total net book value for investment properties	<u>429,247,583.37</u>	—	—	<u>390,789,286.48</u>

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
1. Buildings	326,704,732.08	—	—	292,684,946.18
2. Land use rights	102,542,851.29	—	—	98,104,340.30
IV. Total accumulated provision for impairment losses of investment properties:				
1. Buildings				
2. Land use rights				
V. Total net carrying amount of investment properties	<u>429,247,583.37</u>	—	—	<u>390,789,286.48</u>
1. Buildings	326,704,732.08	—	—	292,684,946.18
2. Land use rights	102,542,851.29	—	—	98,104,340.30

Investment properties measured at fair value

Item	Opening carrying amount	Increase in the current period			Decrease in the current period		Closing carrying amount
		Outsourcing	Transfers from Self-use real estate or inventory	Change in Profit and losses of Fair Value	Disposals	Transfers to Self-use real estate	
I. Cost	<u>191,716,242.43</u>		<u>2,436,600.26</u>				<u>194,152,842.69</u>
1. Houses and buildings	62,517,512.07		2,436,600.26				64,954,112.33
2. Land use rights	129,198,730.36						129,198,730.36
II. Fair Value	<u>59,531,048.80</u>		<u>23,142,449.74</u>	<u>25,822,688.84</u>			<u>108,496,187.38</u>
1. Buildings	1,320,808.00		23,142,449.74				24,463,257.74
2. Land use rights	58,210,240.80			25,822,688.84			84,032,929.64
III. Book value	<u>251,247,291.23</u>	—	—	—	—	—	<u>302,649,030.07</u>
1. Buildings	63,838,320.07	—	—	—	—	—	89,417,370.07
2. Land use rights	187,408,971.16	—	—	—	—	—	213,231,660.00

20. Fixed assets

Item	Closing carrying amount	Opening carrying amount
Fixed assets	120,903,799,110.19	123,002,231,172.34
Disposal of fixed assets	26,337,430.37	39,276,043.15
<u>Total</u>	<u>120,930,136,540.56</u>	<u>123,041,507,215.49</u>

20.1 Fixed assets

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original book value	<u>228,199,486,753.35</u>	<u>17,050,665,118.07</u>	<u>8,974,883,485.76</u>	<u>236,275,268,385.66</u>
Including: Land assets	6,891,144,841.05	64,082,910.80	177,115,870.97	6,778,111,880.88
Houses and buildings	58,386,933,972.79	3,450,621,230.91	3,778,501,836.18	58,059,053,367.52
Machinery and equipment	155,549,384,983.05	12,859,717,466.02	4,708,754,254.72	163,700,348,194.35
Transportation vehicles	1,791,806,859.64	122,990,026.75	82,769,963.13	1,832,026,923.26
Electronic equipment	1,347,983,664.20	91,703,541.39	31,745,845.60	1,407,941,359.99
Office equipment	2,742,156,720.82	284,028,592.61	161,347,810.97	2,864,837,502.46
Others	1,490,075,711.80	177,521,349.59	34,647,904.19	1,632,949,157.20
II. Total accumulated depreciation	<u>99,606,376,443.79</u>	<u>13,588,461,050.36</u>	<u>5,485,090,910.79</u>	<u>107,709,746,583.36</u>
Including: Land assets				
Houses and buildings	19,064,806,661.46	2,217,225,831.37	1,760,904,041.36	19,521,128,451.47
Machinery and equipment	76,560,828,035.41	10,830,857,119.95	3,440,350,953.09	83,951,334,202.27
Transportation vehicles	759,586,372.93	97,622,971.45	60,023,241.51	797,186,102.87
Electronic equipment	724,328,405.15	105,342,466.45	25,745,200.98	803,925,670.62
Office equipment	1,909,526,197.53	204,953,698.50	148,283,261.81	1,966,196,634.22
Others	587,300,771.31	132,458,762.64	49,784,212.04	669,975,321.91
III. Total net book value of fixed assets	<u>128,593,110,309.56</u>	—	—	<u>128,565,521,802.30</u>
Including: Land assets	6,891,144,841.05	—	—	6,778,111,880.88
Houses and buildings	39,322,127,311.33	—	—	38,537,924,916.05
Machinery and equipment	76,988,556,947.64	—	—	79,749,013,992.08
Transportation vehicles	1,032,220,486.71	—	—	1,034,840,820.39
Electronic equipment	623,655,259.05	—	—	604,015,689.37
Office equipment	832,630,523.29	—	—	898,640,668.24
Others	902,774,940.49	—	—	962,973,835.29

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
IV. Total provision for impairment of fixed assets	<u>5,590,879,137.22</u>	<u>2,425,353,243.35</u>	<u>354,509,688.46</u>	<u>7,661,722,692.11</u>
Including: Land assets				
Houses and buildings	1,129,793,394.31	958,671,539.42	231,950,609.48	1,856,514,324.25
Machinery and equipment	4,417,168,201.98	1,424,165,586.34	119,933,072.07	5,721,400,716.25
Transportation vehicles	23,947,341.88	4,044,890.17	1,843,678.04	26,148,654.01
Electronic equipment	3,831,805.69	359,579.76	360,793.82	3,830,591.63
Office equipment	14,511,604.27	37,509,408.62	421,635.05	51,599,377.84
Others	1,626,789.09	602,239.04		2,229,028.13
V. Total book value of fixed assets	<u>123,002,231,172.34</u>	—	—	<u>120,903,799,110.19</u>
Including: Land assets	6,891,144,841.05	—	—	6,778,111,880.88
Houses and buildings	38,192,333,917.02	—	—	36,681,410,591.80
Machinery and equipment	74,571,388,745.66	—	—	74,027,613,275.83
Transportation vehicles	1,008,273,144.83	—	—	1,008,692,166.38
Electronic equipment	619,823,453.36	—	—	600,185,097.74
Office equipment	818,118,919.02	—	—	847,041,290.40
Others	901,148,151.40	—	—	960,744,807.16

20.2 Disposal of fixed assets

Item	Closing balance	Opening balance	Reason for disposal
Houses and buildings	14,509,157.05	27,549,870.89	Idle clean-up
Machinery and equipment	10,818,873.65	11,403,845.62	Idle clean-up
Electronic equipment	72,810.67	50,432.80	Idle clean-up
Transportation vehicles	936,497.46	265,385.67	Idle clean-up
Others	91.54	6,508.17	Idle clean-up
<u>Total</u>	<u>26,337,430.37</u>	<u>39,276,043.15</u>	—

21. Construction in progress

Item	Closing balance		Net carrying value
	Carrying amount	Impairment	
Construction in progress	15,099,935,085.31	544,831,105.03	14,555,103,980.28
Engineer material	71,133,549.82	3,359,326.51	67,774,223.31
<u>Total</u>	<u>15,171,068,635.13</u>	<u>548,190,431.54</u>	<u>14,622,878,203.59</u>

(Continued)

Item	Opening balance		
	Carrying amount	Impairment	Net carrying value
Construction in progress	13,339,838,698.04	319,485,661.87	13,020,353,036.17
Engineer material	59,817,083.88	2,449,440.91	57,367,642.97
Total	13,399,655,781.92	<u>321,935,102.78</u>	<u>13,077,720,679.14</u>

21.1 Details of construction in progress are as follows

Item	Closing balance		Carrying value
	Carrying amount	Provision of impairment losses	
1318 Projects	2,133,102,876.05		2,133,102,876.05
SAS Technology Reform Project &ADISSEOPSR	612,534,221.00		612,534,221.00
30,000 tons of PPE project	389,177,517.18		389,177,517.18
PC project	363,638,423.59		363,638,423.59
Slatina 4 - increase capacity	210,785,405.82		210,785,405.82
Silao 2 increase capacity	209,285,552.75		209,285,552.75
Information System Construction	198,765,859.54		198,765,859.54
Nanjing Tianhua Chemical Engineering Co., Ltd. Phase II	198,400,731.21		198,400,731.21
Teflon suspended resin and ancillary engineering projects	128,179,075.20		128,179,075.20
Technical transformation	125,892,529.88		125,892,529.88
Country VI. Gasoline quality upgrade project	119,914,430.79		119,914,430.79
L6981 Diquat 7,500 tpa Expansion	111,619,200.00		111,619,200.00
1 million tons/year phosphorus mine extension replacement project	109,911,862.85		109,911,862.85
Synthetic ammonia technology reform project	100,091,183.03		100,091,183.03
Others	10,088,636,216.42	544,831,105.03	9,543,805,111.39
Total	<u>15,099,935,085.31</u>	<u>544,831,105.03</u>	<u>14,555,103,980.28</u>

(Continued)

Item	Opening balance

	Carrying amount	Provision of impairment losses	Carrying value
1318 Projects	2,034,602,670.24		2,034,602,670.24
SAS Technology Reform Project			
&ADISSEOPSR	1,232,297,704.00		1,232,297,704.00
30,000 tons of PPE project	24,108,579.69		24,108,579.69
PC project			
Slalina 4 - increase capacity	236,152,934.43		236,152,934.43
Silao 2 increase capacity	382,164,428.13		382,164,428.13
Information System Construction	252,936,839.67		252,936,839.67
Nanjing Tianhua Chemical Engineering Co., Ltd. Phase II	40,189,457.24		40,189,457.24
Teflon suspended resin and ancillary engineering projects	3,660,376.98		3,660,376.98
Technical transformation	47,275,820.39		47,275,820.39
Country VI. Gasoline quality upgrade project	27,395,644.22		27,395,644.22
L6981 Diquai 7,500 tpa Expansion	75,495,200.00		75,495,200.00
1 million tons/year phosphorus mine extension replacement project	109,911,862.85		109,911,862.85
Synthetic ammonia technology reform project	69,642,371.65		69,642,371.65
Others	8,804,004,808.55	319,485,661.87	8,484,519,146.68
Total	13,339,838,698.04	319,485,661.87	13,020,353,036.17

21.2 Changed conditions of significant constructions in progress this year

Item	Budget amount	Opening balance	Increase in the current period	Transfer to fixed assets	Other decreases	Closing balance	Amount injected as a proportion of budget amount (%)	Construction progress	Amount of accumulated capitalized interest	Including: capitalized interest for the period	Interest capitalization rate for the period (%)	Source of funds
1378 Projects	1,777,242,590.00	2,034,502,870.24	136,186,834.63		37,586,628.82	2,133,102,875.05	122.14	99.99	39,795,328.62			Loan/Self-funded
S&S Technology Refarm Project & ADISSEOPSR	5,602,086,873.00	1,470,957,247.00	983,361,222.00	1,778,752,903.00	73,071,139.00	812,554,221.00	42.32	63.60				Own funds
30,000 tons of PPE project	660,000,000.00	21,108,575.62	365,068,937.49			386,177,577.18	58.37	50.00	7,937,735.28	7,937,735.28	4.75	Loan
PC project	2,122,862,590.00		363,638,421.59			363,638,421.59	17.13	50.00	22,983,663.69	14,591,173.75	4.35	Loan/Self-funded
Slaina 4 - increase capacity	1,565,560,348.44	236,152,904.43	457,221,562.79	437,720,382.58	45,468,698.82	210,785,405.32	44.26	44.28				Government funds
Silao 2 - increase capacity	1,383,862,525.70	382,164,428.13	32,234,110.88	224,237,826.40	-19,051,440.14	269,285,552.75	20.75	29.75				National local authority Self-fund
Information System	400,000,000.00	228,232,598.87	30,141,643.00		59,636,463.13	198,765,859.34	64.59	70.00				Government

Item	Budget amount	Opening balance	Increase in the current period	Transfer to fixed assets	Other decreases	Closing balance	Amount injected as a proportion of budget amount (%)	Construction progress %	Amount of accumulated capitalized interest	Including: capitalized interest for the period	Interest capitalization rate for the period (%)	Source of funds
Construction												ent funds
Tallon suspended resin and ancillary engineering projects	185 000 000.00	3 660 376.96	124 516 698.22			128 179 075.23	69.29	83.00	3,544,950.28	2,355,513.24	4.35	Loan/Self-funded
Technical transformation	371 420 000.00	47 275 820.39	264,564,951.66	185 548 242.17		125 892,529.88	93.96	93.02				Self-funded
Country VI Gasoline quality upgrade project	761 370 000.00	27 305,544.22	92,516,766.57			119 914,430.79	15.75	20.00				Self-funded
L6081 Dquat 7.500 tps Expansion	153 476 400.00	75 495 200.00	68,660,000.00	34,480,000.00	-1,844,000.00	111 619,200.00	94.12	95.00				Self-funded
Synthetic ammonia technology reform project	165 060 000.00	69 642,371.65	30,448 811.38			100 091 183.03	60.27	83.00	5,021 051.95			Loan/Self-funded
Total	15,158,850,147.14	4,539,215,766.40	2,258,033,992.21	<u>2,650,535,564.16</u>	<u>135,084,509.63</u>	<u>4,702,963,274.83</u>	--	--	479,293,022.82	24,884,422.27	--	--

21.3 Provision for impairment of construction projects in the current period

Item	Increased amount of the period	Reason
Greens Bayou CTN Facility	181,381,200.00	Project shutdown
Waxing Technical Reform Project	8,332,784.78	Project shutdown
Vulcanization Machine Technical Reform Project	4,147,402.25	Project shutdown
Steel-structure warehouse engineering	2,176,007.35	Project shutdown
High-performance catalyst BM626 production plant project	2,003,418.89	Project shutdown
3 million semi-steel project installation works	1,101,446.03	Stop production
Others	26,326,808.46	Project shutdown
Total	<u>225,469,067.76</u>	

21.4 Engineer material

Item	Closing amount	Opening amount
Dedicated equipment	29,172,336.02	46,399,965.59
Special materials	38,601,887.29	9,937,029.80
Others		1,030,647.58
Total	<u>67,774,223.31</u>	<u>57,367,642.97</u>

22. Productive biological assets

Measured at cost

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
crop farming		8,905,495.88	634,395.51	8,271,100.37
Including: Kiwi Tree		8,905,495.88	634,395.51	8,271,100.37
Total		<u>8,905,495.88</u>	<u>634,395.51</u>	<u>8,271,100.37</u>

23. Right of use assets

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original book value	<u>8,905,223,223.46</u>	<u>3,486,425,516.05</u>	<u>185,439,070.59</u>	<u>12,206,209,668.92</u>
Houses and buildings	5,732,177,512.76	2,703,150,950.71	95,910,481.54	8,339,417,981.93
Machines and equipment	2,107,605,705.78	400,996,688.03	46,097,522.91	2,462,504,870.90
Others	1,065,440,004.92	382,277,877.31	43,431,066.14	1,404,286,816.09
II. Total accumulated depreciation	<u>941,391,359.59</u>	<u>1,938,608,046.39</u>	<u>128,424,910.80</u>	<u>2,751,474,495.18</u>
Houses and buildings	2,568,444.83	1,082,070,594.09	81,511,631.73	1,003,127,407.19
Machines and equipment	927,656,352.24	467,022,443.70	29,892,307.68	1,364,986,488.26

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
Others	10,966,562.52	389,415,008.60	17,020,971.39	383,360,599.73
III. Total net book value of right to use assets	<u>7,963,831,863.87</u>	—	—	<u>9,454,735,173.74</u>
Houses and buildings	5,729,609,067.93	—	—	7,336,290,574.74
Machines and equipment	1,179,749,353.54	—	—	1,097,518,382.64
Others	1,054,473,442.40	—	—	1,020,926,216.36
IV. Total provision for impairment		<u>16,711,254.54</u>		<u>16,711,254.54</u>
Houses and buildings		14,968,909.92		14,968,909.92
Machines and equipment		1,742,344.62		1,742,344.62
Others				
V. Total book value of use right assets	<u>7,963,831,863.87</u>	—	—	<u>9,438,023,919.20</u>
Houses and buildings	5,729,609,067.93	—	—	7,321,321,664.82
Machines and equipment	1,179,749,353.54	—	—	1,095,776,038.02
Others	1,054,473,442.40	—	—	1,020,926,216.36

24. Intangible assets

Disclosure by categories

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original carrying amount	<u>212,872,811,558.56</u>	<u>5,572,777,048.55</u>	<u>886,150,203.51</u>	<u>217,559,438,403.60</u>
Including: Software	8,118,918,901.71	683,061,527.73	30,137,385.53	8,771,843,043.91
Land use right	9,193,732,294.37	287,782,972.84	376,894,745.10	9,104,620,522.11
Patents	5,941,637,297.66	77,111,808.09	40,082,888.91	5,978,666,216.84
Non-patents	98,271,662,654.64	2,637,322,440.92	283,418,194.43	100,625,566,901.13
Trademark right	70,700,635,327.49	1,151,717,703.96	71,126,258.62	71,781,226,772.83
Concession	68,783,669.99		85,554,924.60	3,228,745.39
Customer relationships	4,901,992,020.90	185,174,750.01	5,152,484.79	5,082,014,286.12
Prefential contract	48,272,830.10	278,415.00	196,746.60	48,354,498.50
Mining right	19,351,758.56			19,351,758.56
Others	15,807,824,803.14	550,327,430.00	13,586,574.93	16,144,565,658.21
II. Total accumulated amortization	<u>46,295,291,494.78</u>	<u>8,321,877,827.80</u>	<u>187,727,873.10</u>	<u>54,429,441,449.48</u>
Including: Software	4,230,181,075.57	809,231,200.43	24,944,525.81	5,014,467,750.19
Land use right	1,596,460,642.07	162,623,280.91	64,532,200.50	1,694,551,722.48
Patents	2,960,885,039.40	313,690,294.96	762,568.67	3,273,812,765.69
Non-patents	29,688,224,848.95	4,928,875,908.66	96,170,455.27	34,520,930,302.34

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
Trademark right	2,367,068,927.09	860,356,958.46	241,000.00	3,227,184,885.55
Concession	2,260,121.76	322,874.54		2,582,996.30
Customer relationships	2,058,938,213.55	573,956,058.41	522,915.93	2,632,371,356.03
Preferential contract	19,352,844.87	7,242,129.31		26,594,974.18
Mining right	19,351,758.56			19,351,758.56
Others	3,352,568,022.96	665,579,122.12	554,206.92	4,017,592,938.16
III. Total provision for impairment	<u>1,470,406,306.91</u>	<u>879,042,259.85</u>	<u>15,006,539.95</u>	<u>2,334,442,026.81</u>
Including: Software	41,176,584.90	12,237,337.89	154,719.01	53,259,203.78
Land use right	137,850,513.74	112,185,596.78	8,327,525.54	241,708,584.98
Patents	363,605,464.49	279,898,401.59	6,524,200.00	636,779,666.08
Non-patents	644,376,046.65	130,922,800.00		775,298,846.65
Trademark right	199,836,189.70	293,034,750.00		492,870,939.70
Concession				
Customer relationships	55,824,336.84	34,749,999.98		90,574,336.82
Preferential contract				
Mining right				
Others	27,737,170.59	16,213,373.61	95.40	43,950,448.80
IV. Total carrying amount of Intangible assets	165,107,113,756.87	--	--	<u>160,785,554,927.31</u>
Including: Software	3,847,561,241.24	--	--	3,704,116,089.94
Land use right	7,459,421,138.56	--	--	7,168,360,214.65
Patents	2,617,146,793.77	--	--	2,068,073,785.07
Non-patents	67,939,061,759.04	--	--	65,329,337,752.14
Trademark right	68,133,730,210.70	--	--	68,061,170,947.58
Concession	66,523,548.23	--	--	645,749.09
Customer relationships	2,787,229,470.51	--	--	2,359,068,593.27
Preferential contract	28,919,985.23	--	--	21,759,524.32
Mining right		--	--	
Others	12,227,519,609.59	--	--	12,083,022,271.25

25. Development Expenditure

Item	Opening balance	Increase in the current period	
		Expenditures for internal development	Others
Syngenta development expenditure		8,826,880,000.00	29,032,400.00
Enogen process	638,277,600.00	20,688,000.00	
Elkem's development expenditure	107,044,497.16	64,513,439.10	10,512,109.79
MAP Smart Agricultural Software Development	26,586,759.23	90,669,681.12	
Adisseco Solid Nitrogen Project	88,608,667.01	4,177,602.00	
Fat easy to pass		17,897,094.35	
GK135E Internal mixer (17-41)	40,842,771.68	17,335,162.56	
DLB-2200 x 16000 x 1 fabric core conveyor belt flat-panel vulcanismachine production line (18-90)	9,186,127.85	16,113,674.19	43,843.74
Anhui Province, "China's good grain and oil" demonstration enterprise intelligent system software and hardware integration project		12,433,962.30	
New GK270N Internal mixer product development (19-16)	7,385,815.90	4,428,593.97	20,861.88
GK135E Development of meshing shift fork hydraulic Internal mixer (18-44)	5,401,461.30	2,660,971.34	8,630.22
Others	157,931,361.50	218,455,523.28	2,404,962.13
<u>total</u>	<u>1,081,265,061.63</u>	<u>9,296,253,704.21</u>	<u>42,022,807.76</u>

(Continued)

Item	Decrease in the current period			Closing balance
	Confirmed as Intangible assets	recognized in profit or loss for the current period	Others	
Syngenta development expenditure		6,330,528,000.00		2,525,384,400.00
Enogen process		13,792,000.00	38,244,200.00	606,929,400.00
Elkem's development expenditure	72,227,874.83			109,842,171.22
MAP Smart Agricultural Software Development	335,141.50	31,661,852.09		85,259,448.76
Andy Su-Solid Nitrogen Project		12,694,968.00	462,204.00	79,629,097.01
Fat easy to pass				17,897,094.35
GK135E Internal mixer (17-41)	40,216,022.79		427,930.99	17,533,980.46
DLB-2200 x 16000 x 1 fabric core conveyor belt flat-panel vulcanismachine production line (18-90)	9,045,163.00			16,298,482.78
Anhui Province, "China's good grain and oil" demonstration enterprise intelligent system software and hardware integration project				12,433,962.30
New GK270N Internal mixer product development (19-16)				11,835,271.75
GK135E Development of meshing shift fork hydraulic Internal mixer (18-44)				8,071,062.86
Others	48,030,324.28	96,180,646.33	24,788,576.70	209,792,299.60
<u>total</u>	<u>169,854,526.40</u>	<u>6,484,857,466.42</u>	<u>63,922,911.69</u>	<u>3,700,906,669.09</u>

26. Goodwill

26.1 Original carrying amount of Goodwill

Name of the investee or item resulting in goodwill	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Syngenta AG	162,774,514,400.00			165,454,535,400.00

Name of the investee or item resulting in goodwill	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
		2,680,021,000.00		
Firelli & C. S.p.A.	18,451,065,143.29		74,770,159.36	18,376,294,983.93
ADAMA Agricultural Solutions Ltd	4,014,392,000.00	66,093,000.00		4,080,485,000.00
Nidera Seeds Argentina SAU	3,747,307,200.00		8,064,000.00	3,739,243,200.00
CGU	3,449,211,335.69	21,635,719.30		3,470,847,054.99
Blue Star Group buy Elkem AS	755,158,010.63	17,197,483.16	3,639,500.39	768,715,993.40
Blue Star Group buy AndySu Drakkar Group S.A. ("DGSA")	733,652,991.00		3,403,525.00	730,249,466.00
AndySu buy Nutriad	698,880,538.00		2,401,600.00	696,478,938.00
Sinochem Yunlong Co., Ltd.	531,073,744.64			531,073,744.64
Elkem buy Elkem Solar Holding S.a.r.l	468,435,958.19	6,248,012.42		474,683,970.61
Elkem buy Bluestar Silicones	335,894,376.50	3,730,741.77		339,625,118.27
Sinofert Holdings Limited	312,367,825.20	6,987,456.50		319,355,281.70
Strider Desenvolvimento de Software Ltda	219,622,400.00		3,360,200.00	216,262,200.00
Bonide Products, Inc.		212,488,000.00		212,488,000.00
AndySu buy Innov'ia S.A.	193,566,077.00		784,398.00	192,781,679.00
Others	395,932,863.94	374,422,795.83	14,440,831.09	755,914,828.68
Total	197,081,074,864.08	3,388,624,208.99	110,864,213.84	200,359,034,859.22

26.2 Provision for goodwill

Name of the investee or item resulting in goodwill	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Elkem buy Bluestar Silicones	277,363,437.31	2,999,139.42		280,362,576.73
Shicheng City Fluorite Mine (General Partnership)	25,885,580.59			25,885,580.59
Flamag GmbH	2,665,468.30		10,801.41	2,654,666.89
Ningdu Zhong Mine Tongfa Fluorite Co., Ltd.	7,225,278.96		7,225,278.96	
Ningdu Changhua Mining Co., Ltd.	425,311.09		425,311.09	
Total	313,565,076.25	2,999,139.42	7,651,391.46	308,902,824.21

27. Long-term deferred expenses

Item	Opening balance	Increase in the period	Amortization for the period	Other reductions	Closing balance	Reasons for other reductions
Adsorbents and catalysts	522,899,166.53	106,257,599.88	140,692,370.87	8,382,336.21	480,082,059.33	Asset impairment
Prepaid expenses	153,756,355.79	64,710,564.93		13,425,337.05	205,041,583.67	Exchange rate changes
Mould	64,085,422.30	29,625,296.32	26,289,986.30	366,148.81	67,054,583.51	sell
Rental expense	48,029,514.20	34,368,123.93	18,142,013.42	11,744,932.93	52,510,691.78	Reclassification on Consolidated
Renovation costs	8,566,610.41	43,171,910.44	9,947,722.22	841,672.46	40,949,125.17	internal net transfer
Project fees	43,402,724.10	3,788,408.16	6,299,312.45		40,891,819.81	
Project Improvement Expenditure	16,052,123.16	1,707,792.91	2,737,643.47	74,393.19	14,947,879.41	sell
Amortization of bulk materials	7,714,113.63			7,714,113.63		sell
Others	69,896,530.93	15,278,026.10	8,088,543.52	7,593,477.30	69,492,536.21	Exchange rate changes
Total	934,402,561.05	298,907,722.67	212,197,592.25	50,142,411.58	970,970,279.89	

28. Deferred tax assets/deferred tax liabilities

28.1 Deferred tax assets and deferred tax liabilities that are not presented at the net amount after offset

Item	Closing balance		Opening balance	
	Deferred tax assets or liabilities after offset	Deductible or taxable temporary differences after offset	Deferred tax assets or liabilities after offset	Deductible or taxable temporary differences after offset
1. Deferred tax assets:	<u>16,743,725,416.20</u>	<u>66,669,943,219.24</u>	<u>15,606,368,152.20</u>	<u>61,583,538,857.39</u>
Provision for impairment of assets	2,916,232,446.82	10,981,356,359.34	2,508,304,954.92	9,490,302,068.34
Deductible tax losses	1,870,945,504.49	7,728,263,505.04	2,112,144,530.16	9,254,889,011.96
Differences in inventory taxes and fees	3,691,631,029.43	13,847,212,792.30	2,927,920,236.14	11,211,677,502.81

Item	Closing balance		Opening balance	
	Deferred tax	Deductible or taxable	Deferred tax assets	Deductible or taxable
	assets or liabilities	temporary differences	or liabilities after	temporary
	after offset	after offset	offset	differences after
				offset
Changes in fair value of financial instruments	374,555,677.07	1,204,228,648.00	294,520,379.03	843,513,215.58
Fixed assets and intangible assets	24,966,333.68	38,610,188.22	26,976,719.19	85,246,627.52
Employee benefits payable	1,361,215,663.02	6,204,406,537.84	1,395,608,587.06	5,850,486,908.68
Unrealised profits from intragroup transactions	86,629,634.71	318,653,901.03	71,492,299.36	285,969,197.44
Projected liabilities	3,064,176,450.00	12,170,347,600.00	3,221,127,311.65	12,820,774,610.98
Risk reserve for oil price regulation	48,851,655.47	195,406,621.89	29,869,945.39	119,479,781.57
Others	3,304,521,021.51	13,981,457,065.58	3,018,403,189.28	11,621,199,932.51
2. Deferred tax liabilities:	<u>37,300,810,616.86</u>	<u>195,018,959,564.65</u>	<u>39,812,351,725.70</u>	<u>194,816,159,449.82</u>
Valuation of trading financial instruments and derivative financial instruments	71,108,877.52	252,959,475.23	58,259,473.39	238,025,774.32
Changes in the fair value of available-for-sale financial assets recognized in other comprehensive income	40,590,569.39	200,610,140.95	22,557,507.29	124,856,069.73
Fixed assets and intangible assets	20,196,047,140.38	124,844,983,766.92	22,536,655,699.51	127,624,684,510.63
Asset valuation appreciation	12,627,126,999.77	46,741,475,340.42	12,933,892,927.64	46,682,215,703.99
Differences in inventory taxes and fees	1,202,183,850.36	4,779,709,857.37	789,268,000.00	3,054,124,000.00
Right of use assets	55,809,600.00	489,334,000.00		
Projected liabilities	1,730,097,600.00	11,413,063,200.00	1,907,969,600.00	10,432,064,000.00
Others	1,377,845,979.44	6,297,813,783.76	1,565,748,517.87	6,660,189,391.15

28.2 Deferred tax assets and deferred tax liabilities that are presented at the net amount after offset

28.2.1 Deferred income tax assets or liabilities after offset and corresponding offset deductible or taxable temporary differences

Item	Deferred income tax assets or liabilities after year-end offset	Deferred income tax assets or liabilities after the exchange at the beginning of the year
1.Deferred tax assets:	11,174,697,363.70	10,235,787,615.93
2.Deferred tax liabilities:	31,731,782,564.36	34,441,771,189.43

28.2.2 Details of the mutual offset of deferred income tax assets and deferred income tax liabilities

Item	Amount of offset for the current period	Amount of offset for the previous period
Offset of deferred income tax assets and liabilities for the same taxable entity	5,569,028,052.50	5,370,580,536.27

28.3 Details of unrecognised deferred tax assets

Item	Closing amount	Opening amount
Deductible temporary differences	7,789,260,872.77	9,654,435,699.41
Deductible loss	30,624,177,352.54	28,604,776,144.83
<u>Total</u>	<u>38,413,438,225.31</u>	<u>38,259,211,844.24</u>

28.4 The deductible losses of unrecognised deferred tax assets shall be matured in the following years

Item	Closing amount	Opening amount	Note
2019		1,914,661,777.99	
2020	2,658,717,351.60	2,959,223,734.36	
2021	8,775,604,590.36	9,666,765,559.44	
2022	4,354,415,926.23	4,414,222,178.68	
2023	5,385,758,316.64	5,597,521,658.20	
2024	3,979,841,879.15	125,009,742.13	
After 2024	5,469,839,288.56	3,927,371,494.03	No due date
<u>Total</u>	<u>30,624,177,352.54</u>	<u>28,604,776,144.83</u>	

29. Other non-current assets

Item	Closing balance	Opening balance
Special reserves	2,981,288,231.68	2,981,288,231.68
Receivable margin and deposit	1,506,334,486.26	1,057,713,963.95

Item	Closing balance	Opening balance
Tax credit	1,207,547,231.07	364,739,270.91
Prepayment Engineering equipment	1,100,693,732.72	519,976,124.79
Pensions	836,720,364.43	714,486,183.77
Land Compensation	627,977,229.67	90,139,231.78
Equity Split Circulation Right	382,620,193.06	382,620,193.06
Entrusted Loan	324,965,226.27	1,450,024,681.57
Long-term receivables from joint ventures	217,321,231.83	789,333,490.02
Other non cash receivables	197,768,538.97	135,674,410.21
Derivative financial assets	163,851,456.76	160,824,224.34
Relocation payment	108,556,624.81	108,556,624.81
Others	490,537,080.00	1,134,849,897.05
<u>Total</u>	<u>10,146,181,627.53</u>	<u>9,890,226,527.94</u>

30. Short-term loans

Categories of short-term loans

Item	Closing balance	Opening balance
Pledged loans	434,425,334.24	4,863,194,277.60
Loans secured by mortgage	72,068,800.00	129,295,800.00
Guaranteed loans	42,305,003,382.12	37,102,819,977.08
Unsecured loans	34,223,160,672.23	21,717,841,533.81
<u>Total</u>	<u>77,034,658,188.59</u>	<u>63,813,151,588.49</u>

31. Financial liabilities held for trading

Item	Closing fair value	Opening fair value
Financial liabilities held for trading	4,291,634.62	6,141,088.14
Including: trading bonds issued		
Financial liabilities designated to be measured at fair value through profit or loss		
<u>Total</u>	<u>4,291,634.62</u>	<u>6,141,088.14</u>

32. Derivative Financial liabilities

Item	Closing balance	Opening balance
Foreign Exchange Derivatives	1,880,807,059.54	2,482,326,860.17
Cash Flow Hedging Instruments	104,332,942.12	241,449,019.64
Financial forwards	89,715,767.09	22,210,214.69

Item	Closing balance	Opening balance
Interest rate derivatives	80,711,121.80	303,298,337.39
Fair value hedging instrument	44,874,778.88	461,918,822.49
Others	132,372,116.04	230,353,891.15
<u>Total</u>	<u>2,332,813,785.47</u>	<u>3,741,556,945.53</u>

33. Notes payable

Item	Closing balance	Opening balance
Bank acceptance bills	925,988,954.79	992,724,881.27
Commercial acceptance bills	5,323,390,178.19	3,788,420,095.60
<u>Total</u>	<u>6,249,379,132.98</u>	<u>4,781,144,976.87</u>

34. Accounts payable

Aging	Closing balance	Opening balance
Within 1 year (Including 1 year)	62,777,600,745.65	59,049,119,652.02
More than 1 year but not exceeding 2 years	1,384,220,497.36	1,037,853,997.07
More than 2 years but not exceeding 3 years	320,904,856.63	356,961,765.34
More than 3 years	967,889,399.70	1,075,201,058.93
<u>Total</u>	<u>65,450,615,499.34</u>	<u>61,518,136,473.36</u>

Overdue accounts payable aged more than one year

Creditors of accounts payable	Amounts outstanding	Outstanding reason
Sinopec Fourth Construction Co., Ltd.	37,775,065.52	Not settled
(Hong Kong) tongzhou chemical trading Co., Ltd.	19,487,844.20	Not settled
Beijing Boda Yongsheng Technology Development Center	19,065,600.00	Not settled
China Chemical Engineering 13th Construction Co., Ltd.	16,239,816.17	Not settled
Jinan Great Wall Refinery Co., Ltd.	10,919,750.94	Not settled
FGHFT CO.LIMITED	10,381,575.45	Not settled
<u>Total</u>	<u>113,869,652.28</u>	-

35. Receipts in advance

Item	Closing balance	Opening balance
Within 1 year (Including 1 year)	4,334,000,799.81	4,508,473,844.84
More than 1 year	835,645,035.40	750,638,750.23
<u>Total</u>	<u>5,169,645,835.21</u>	<u>5,259,112,595.07</u>

Receipts in advance aged more than one year

Creditors of accounts payable	Amounts outstanding	Outstanding reason
Qingdao Energy Open Heat power Co., Ltd.	32,998,932.59	Not settled
Dalian Heavy Industries Electrical and Mechanical Equipment Package Co., Ltd.	19,000,000.00	Not settled
China Coal Energy Heilongjiang Coal Chemical Co., Ltd.	16,832,760.69	Not settled
Tianjin Zhengfeng Petrochemical Trading Co., Ltd.	14,802,918.20	Not settled
General Equipment Department of the People's Liberation Army	12,850,000.00	Not settled
Total	96,484,611.48	—

36. Contract liabilities

Item	Closing balance	Opening balance
Advances for goods and services	5,963,158,133.47	6,086,820,818.43
Customer loyalty programs	662,739,000.00	356,886,400.00
Sales discount	522,614,000.00	525,982,000.00
Total	7,148,511,133.47	6,969,689,218.43

37. Employee benefits payable

37.1 Employee benefits payable

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term benefits	6,642,913,771.55	41,040,554,939.05	40,679,793,984.43	7,003,674,726.17
II. Post-employment benefits-defined contribution plans	1,010,399,855.89	5,239,812,120.48	5,145,003,025.49	1,105,208,950.88
III. Compensation due to terminating the labor relationship	379,945,780.12	646,444,724.57	550,728,232.91	475,662,271.78
IV. Other benefits due within one year	602,248,700.84	847,278,510.45	860,349,500.84	589,177,710.45
V. Others	322,058,805.96	63,693,618.78	47,407,896.78	338,344,527.96
Total	8,957,566,914.36	47,837,783,913.33	47,283,282,640.45	9,512,068,187.24

37.2 Short-term employee benefits

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Wages payable	4,965,191,148.90	36,971,783,647.79	36,932,156,461.69	5,004,819,335.00

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
II. Welfare expense payable	320,926,668.80	529,329,935.39	505,913,583.32	344,343,020.87
III. Social security contributions	238,702,249.30	1,570,790,531.38	1,574,280,441.21	235,212,339.47
Including: 1. Medical insurance	215,381,438.10	1,376,802,072.57	1,379,126,107.72	213,057,402.95
2. Employment injury insurance	11,272,502.95	103,661,711.42	104,357,874.95	10,576,339.42
3. Maternity insurance	9,067,899.61	64,075,685.10	65,507,772.03	7,635,812.68
4. Others	2,980,408.64	26,251,062.29	25,288,686.51	3,942,784.42
IV. Housing fund	90,068,279.50	391,126,506.80	391,137,237.34	90,057,548.96
V. The union funds and employee education funds	156,513,408.98	104,022,362.26	101,807,064.98	158,728,706.26
VI. Short-term paid absences	542,010,074.80	335,533,662.63	311,653,863.96	565,889,873.47
VII. Short-term profit sharing plan	226,485,600.00	572,368,000.00	226,805,200.00	572,048,400.00
VIII. Other short-term compensation	103,016,341.27	565,600,292.80	636,041,131.93	32,575,502.14
<u>Total</u>	<u>6,642,913,771.55</u>	<u>41,040,554,939.05</u>	<u>40,679,793,984.43</u>	<u>7,003,674,726.17</u>

37.3 Defined contribution plans

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Basic pension	976,319,509.79	5,016,572,361.69	4,911,586,934.64	1,081,304,936.84
II. Unemployment insurance	24,800,474.75	110,674,886.11	117,212,029.84	18,263,331.02
III. Enterprise annuity payment	9,279,871.35	112,564,872.68	116,204,061.01	5,640,683.02
<u>Total</u>	<u>1,010,399,855.89</u>	<u>5,239,812,120.48</u>	<u>5,145,003,025.49</u>	<u>1,105,208,950.88</u>

38. Taxes payable

Item	Opening balance	Payable in current period	Amount paid in current period	Closing balance
Value added tax	1,474,596,124.53	11,521,450,782.84	11,846,070,461.17	1,149,976,446.20
Consumption tax	3,864,393,411.60	8,123,038,645.85	10,741,708,137.00	1,245,723,920.45
Resources tax	9,012,116.29	16,475,283.01	13,113,888.91	12,373,490.39
Corporate income tax	5,405,483,787.58	4,858,280,879.88	5,079,825,246.20	5,183,939,421.26
Urban maintenance and construction tax	224,231,552.28	666,076,160.99	786,941,205.98	103,366,507.29
Housing property tax	68,577,812.63	218,991,116.70	227,206,908.51	58,362,020.82
Land use tax	75,212,542.75	181,087,472.27	182,516,977.59	73,783,037.43

Item	Opening balance	Payable in current period	Amount paid in current period	Closing balance
Individual income tax	366,819,939.35	1,895,224,513.79	1,959,654,259.50	302,390,193.64
Education surcharges (including local education surcharges)	191,543,170.86	493,885,065.57	602,663,496.45	82,764,739.98
Others	880,799,819.66	1,318,702,107.51	1,371,276,644.40	828,225,282.77
<u>Total</u>	<u>12,560,670,277.53</u>	<u>29,291,212,008.41</u>	<u>32,810,977,225.71</u>	<u>9,040,905,060.23</u>

39. Other payable

Item	Closing balance	Opening balance
Interest payable	3,250,959,175.92	4,191,169,976.77
Dividends payable	156,311,866.28	38,637,378.45
Other payable	15,392,131,866.30	15,796,691,773.47
<u>Total</u>	<u>18,799,402,908.50</u>	<u>20,026,499,128.69</u>

39.1 Interest payable

Item	Closing balance	Opening balance
Interest of long-term borrowings with interest payable by installments and principal payable on maturity	1,416,272,160.44	200,147,653.48
Interest on corporate debenture	1,226,371,490.61	3,422,291,110.02
Interest payable on short-term borrowings	301,000,085.34	313,622,978.51
Others	307,315,439.53	255,108,234.76
<u>Total</u>	<u>3,250,959,175.92</u>	<u>4,191,169,976.77</u>

39.2 Dividends payable

Creditors of dividends payable	Closing balance	Opening balance
Common stock dividends	156,311,866.28	38,637,378.45
<u>Total</u>	<u>156,311,866.28</u>	<u>38,637,378.45</u>

39.3 Other payable

39.3.1 Other payable listed according to the nature of funds

Item	Closing balance	Opening balance
Current payment	6,556,545,244.98	5,549,663,227.36
Engineering equipment fund	2,258,053,555.99	2,867,150,990.35
Accrued expenses	1,803,733,508.76	1,389,701,594.83

Item	Closing balance	Opening balance
Deposit, security deposit, reserve fund	1,007,306,695.52	964,338,338.71
Expenses payable	905,219,519.77	773,804,341.44
Intermediary fee payable	425,548,200.00	519,463,000.00
Pending payment received temporarily	391,071,101.61	497,074,019.84
Staff placement payments	206,521,552.71	256,667,187.03
Equity transfers payable	79,523,379.00	79,549,299.00
Others	1,758,609,107.96	2,899,279,774.91
Total	15,392,131,866.30	15,796,691,773.47

39.3.2 Other payable aged more than one year

Creditors of other payable	Closing balance	Reason for unpaid
Fuzhou Bluestar Chemical Co., Ltd	500,000,000.00	Not settled
Risk reserve for oil price regulation	408,959,280.64	Not settled
Shandong Guoliang Carey Property Co., Ltd.	225,508,000.00	Not settled
Upper solute factory - staff placement trust funds	120,000,000.00	Not settled
Gansu Longrun Investment Management Co., Ltd.	94,670,000.00	Not settled
Beijing Zhongrui Hengsheng Asset Management Co., Ltd.	82,200,000.00	Not settled
Ruicheng Foster Chemical Co., Ltd.	63,870,291.49	Not settled
Beijing Huahai Printing Factory	61,659,600.06	Not settled
China Automobile Group Lanzhou Automotive Industry Co., Ltd.	56,857,523.13	Not settled
Shanghai Blue Star Polyformaldehyde Co., Ltd.	49,558,590.27	Not settled
Gansu Tianji Investment Management Co., Ltd.	43,142,476.87	Not settled
Total	1,706,425,762.46	—

40 Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term loans due within one year	29,191,788,565.87	15,884,177,816.53
Bonds payable due within one year	50,635,957,316.56	21,001,421,663.03
Long-term payable due within one year	149,693,381.55	870,106,175.18
Other long-term liabilities due within one year	3,207,612,074.16	10,006,904,708.60
Total	83,185,051,338.14	47,762,610,363.34

41 Other current liabilities

Item	Closing balance	Opening balance

Item	Closing balance	Opening balance
Short-term financing bills	17,940,000,000.00	9,500,000,000.00
Deposits and interbank deposits	596,635,480.37	229,699,317.50
Technical requirements and product quality assurance	544,899,985.79	1,183,205,454.24
Put options granted to minority shareholders of subsidiaries	148,886,000.00	404,463,000.00
Asset restructuring	106,220,460.50	
Risk reserve	88,242,520.48	202,500,282.76
Contractual obligations	76,559,577.45	
Others	354,323,011.58	828,284,427.70
Total	19,855,767,036.17	12,348,152,482.20

42 Long-term loans

Item	Closing balance	Opening balance	End-of-period interest rate range (%)
Pledged loans	44,828,145,874.48	42,045,448,635.60	2.15-4.65
Loans secured by mortgages	3,262,758,769.76	6,548,777,615.73	1.00-10.98
Guaranteed loans	17,256,650,124.69	23,439,023,678.87	1.20-10.98
Unsecured loans	39,083,101,528.96	48,484,974,104.34	1.00-10.00
Total	104,430,656,297.89	120,518,224,034.54	–

43 Bonds payable

43.1 Bonds payable

Name of bond	Closing balance	Opening balance
B-Series bond payable	95,266,127,777.55	96,499,821,863.60
Mid-term notes	120,601,661,929.01	96,227,045,218.04
Non-public directional bond payable	20,648,767,788.60	24,504,256,738.22
Subtotal	<u>236,516,557,495.16</u>	<u>217,231,123,819.86</u>
Less: Due within 1 year (Note VIII.40)	50,635,957,316.56	21,001,421,663.03
Total	185,880,600,178.60	196,229,702,156.83

43.2 Changes in bonds payable

Name of bond	Par value	Issue date	Term of the bond	Issue amount	Opening balance
16 Sinochemical Oil and Gas PPN001	3,000,000,000.00	2016-02-24	3 years	3,000,000,000.00	3,000,000,000.00
17 Oil and Gas 01	1,500,000,000.00	2017-09-07	3 years	1,500,000,000.00	1,500,000,000.00
18 Oil and Gas 01	800,000,000.00	2018-09-20	5 years	800,000,000.00	798,721,136.55
19 Oil and Gas 01	1,500,000,000.00	2019-11-06	5 years	1,500,000,000.00	
19 Oil and Gas 02	800,000,000.00	2019-12-04	5 years	800,000,000.00	
17 Yuhua 06 (145350)	700,000,000.00	2017-2-23	3 years	700,000,000.00	700,000,000.00
17 Yuhua 04 (145332)	500,000,000.00	2017-2-10	3 years	500,000,000.00	500,000,000.00
17 Yuhua 02 (145320)	300,000,000.00	2017-1-24	3 years	300,000,000.00	300,000,000.00
Yang Fan Project Euro High Bond	5,493,110,000.00	2018-12-7	5 years	5,493,110,000.00	5,479,806,808.80
Euro Medium Term Note New (Issue notes January 2018)	4,339,556,900.00	2018-1-22	5 years	4,699,300,000.00	4,287,344,246.97
Euro Medium Term Note New (Issue notes March 2018)	1,569,450,000.00	2018-3-15	2.5 years	1,563,100,000.00	1,568,136,529.31
Shuldschein (Tranche 1)	643,478,600.00	2018-7-26	3 years	640,871,000.00	641,548,187.74
Shuldschein (Tranche 2)	3,319,407,900.00	2018-7-26	5 years	3,305,958,500.00	3,308,800,830.15
Shuldschein (Tranche 3)	156,946,000.00	2018-7-26	7 years	156,310,000.00	156,431,044.48
18 Blue Star 01	1,500,000,000.00	2018-7-4	3 years	1,500,000,000.00	1,498,480,660.80
18 Blue Star 02	800,000,000.00	2018-8-22	3 years	800,000,000.00	799,149,246.18

Name of bond	Par value	Issue date	Term of the bond	Issue amount	Opening balance
19 Blue Star 01	1,500,000,000.00	2019-1-11	3 years	1,500,000,000.00	
19 Blue Star 02	1,200,000,000.00	2019-2-21	3 years	1,200,000,000.00	
19 Blue Star MTN001	1,500,000,000.00	2019-8-5	3 years	1,500,000,000.00	
19 Blue Star EB	4,275,000,000.00	2019-10-18	5 years	4,275,000,000.00	
Shenyang Chemical Bonds	300,972.00	1998-1-28	30 years	300,972.00	300,972.00
Senior Bond interest-2015-5 years	3,500,000,000.00	2015-6-11	5 years	3,500,000,000.00	3,429,955,918.78
Senior Bond interest-2016-5 years	4,185,720,000.00	2016-9-26	5 years	4,185,720,000.00	4,110,508,840.89
Senior Bond interest-2019-5 years	4,883,340,000.00	2019-7-16	5 years	4,883,340,000.00	
Elkem Senior Debt	1,384,712,771.01	2018-11-27	3 years	1,384,712,771.01	1,369,900,000.00
16 Blue Star PPN001	2,000,000,000.00	2016-2-29	3 years	2,000,000,000.00	1,996,327,803.87
16 Blue Star 01	2,400,000,000.00	2016-8-8	3 years	2,400,000,000.00	2,398,642,928.93
16 Blue Star 02	2,100,000,000.00	2016-11-24	3 years	2,100,000,000.00	2,098,227,181.08
Senior Bond interest-2016-3 years	3,500,000,000.00	2016-9-26	3 years	3,500,000,000.00	3,434,039,569.83
China Chemical Group's 2014 year first issue (5 year) medium-term notes	1,200,000,000.00	2014-5-16	5 years	1,200,000,000.00	1,200,000,000.00
China Chemical Group 2014 year second (5 year) medium-term notes	1,400,000,000.00	2014-10-22	5 years	1,400,000,000.00	1,400,000,000.00
China Chemical Group 2015 year 2 (5 year) medium-term notes	3,000,000,000.00	2015-11-4	6 years	3,000,000,000.00	3,000,000,000.00
China Chemical Group's 2017 year first issue (3 year) medium-term notes	2,500,000,000.00	2017-4-17	3 years	2,500,000,000.00	2,500,000,000.00

Name of bond	Par value	Issue date	Term of the bond	Issue amount	Opening balance
China Chemical Group 2017 year 2 (3 year) medium-term notes	1,500,000,000.00	2017-10-10	3 years	1,500,000,000.00	1,500,000,000.00
China Chemical Group's 2018 year first issue (3 year) medium-term notes	2,500,000,000.00	2018-1-12	3 years	2,500,000,000.00	2,500,000,000.00
China Chemical Group 2018 Year 2 (3 year) Medium Term Notes	1,500,000,000.00	2018-4-12	3 years	1,500,000,000.00	1,500,000,000.00
China Chemical Group's 3rd (3 year) Medium Term Notes 2018 Year	1,500,000,000.00	2018-10-15	3 years	1,500,000,000.00	1,500,000,000.00
China Chemical Group's 4th (3 year) medium-term note for 2018 year	1,500,000,000.00	2018-11-19	3 years	1,500,000,000.00	1,500,000,000.00
China Chemical Group 2019 year first issue (3 year) medium-term notes	1,500,000,000.00	2019-3-25	3 years	1,500,000,000.00	
China Chemical Group 2019 year 2 (3 year) medium-term notes	1,500,000,000.00	2019-6-24	3 years	1,500,000,000.00	
China Chemical Group 2019 year 3 (3 year) medium-term notes	1,500,000,000.00	2019-8-28	3 years	1,500,000,000.00	
China Chemical Group's 4th (3 year) medium-term note for 2019 year	1,500,000,000.00	2019-9-24	3 years	1,500,000,000.00	
China Chemical Group's 5th (3 year) Medium Term Note sq. 2019 year	1,500,000,000.00	2019-10-17	3 years	1,500,000,000.00	
China Chemical Group's 2019 year 6th (3 year) medium-term notes	1,500,000,000.00	2019-11-21	3 years	1,500,000,000.00	
2019 year medium-term notes	1,500,000,000.00	2019-10-31	3 years	1,500,000,000.00	
Agrochemica Peak Bridge USD 5billion	3,468,100,000.00	2017-07-19	3 years	3,251,368,471.74	3,467,042,719.29
Agrochemica Peak Bridge USD 1.5billion	10,464,300,000.00	2017-07-19	5 years	9,747,440,531.23	10,412,377,302.56
Agrochemica Peak Bridge USD 1billion	6,976,200,000.00	2017-07-19	10 years	6,479,671,217.49	6,939,317,732.49
Agrochemica Peak Bridge USD 2billion	13,952,400,000.00	2017-12-22	3 years	12,445,037,320.00	13,313,461,620.18
Agrochemica Peak Bridge USD 1billion	6,076,200,000.00	2018-03-14	3 years	6,863,200,000.00	6,914,288,412.06

Name of bond	Par value	Issue date	Term of the bond	Issue amount	Opening balance
Agrochemical Peak Bridge USD1.3billion	9,069,060,000.00	2018-03-14	5 years	8,922,160,000.00	9,008,265,195.46
Agrochemical Peak Bridge USD0.6billion	5,580,640,000.00	2018-03-14	7 years	5,490,560,000.00	5,519,750,476.07
Agrochemical Peak Bridge USD1.75billion	12,208,350,000.00	2018-03-14	10 years	12,010,800,000.00	12,078,039,430.43
Agrochemical Peak Bridge USD0.1billion	697,620,000.00	2018-03-14	30 years	686,320,000.00	695,084,329.28
Agrochemical Peak Bridge Euro0.1billion	6,371,440,000.00	2018-03-14	4.25 years	10,205,852,928.00	9,407,059,697.80
\$2.3 billion debt 3 year period	2,082,860,000.00	2019-06-19	3 years	2,083,466,448.15	
\$2.3 billion debt 5 year period	6,278,580,000.00	2019-06-19	5 years	6,244,936,973.85	
\$2.3 billion debt 10 year period	6,278,580,000.00	2019-06-19	10 years	6,219,822,653.85	
\$2.3 billion debt 30 year period	1,600,161,157.17	2019-06-19	30 years	1,600,161,157.17	
Societe Generale's 500 million private equity debt	3,431,600,000.00	2018-12-14	3 years	3,431,600,000.00	3,431,600,000.00
Morgan Bonds	13,743,114,000.00	2017-05-05	3 years	13,743,114,000.00	13,736,080,789.55
30 year dollar bonds issued in 2005 year	653,420,000.00	2005-12-6	30 years	653,420,000.00	75,465,200.00
15 year dollar bonds issued in 2005 year	480,065,000.00	2005-12-6	15 years	480,065,000.00	267,664,600.00
20 year dollar bonds issued in 2005 year	480,065,000.00	2005-12-6	20 years	480,065,000.00	377,476,000.00
10 year dollar bonds issued in 2012	3,267,100,000.00	2012-3-28	10 years	3,267,100,000.00	3,438,483,200.00
30 year dollar bonds issued in 2012	1,633,550,000.00	2012-3-28	30 years	1,633,550,000.00	1,762,073,600.00
7.6 year euro bonds issued in 2014	4,502,063,800.00	2014-3-24	7.6 years	4,502,063,800.00	3,925,351,831.75

Name of bond	Par value	Issue date	Term of the bond	Issue amount	Opening balance
5.6year franc bonds issued in 2014	2,587,543,200.00	2014-3-25	5.6 years	2,587,543,200.00	2,443,299,200.00
10.6year franc bond issued in 2014	1,849,178,600.00	2014-3-25	10.6 years	1,849,178,600.00	1,694,031,054.60
15.6 year franc bond issued in 2014 year	1,110,814,000.00	2014-3-25	15.6 years	1,110,814,000.00	1,411,496,887.70
12.5 year euro bonds issued in 2015 year	3,652,617,800.00	2015-3-3	12.5 years	3,652,617,800.00	3,847,293,225.05
2year dollar bonds issued by 2018 year	5,147,400,000.00	2016-4-17	2 years	5,147,400,000.00	5,133,673,600.00
3 year dollar bonds issued by 2018 year	5,147,400,000.00	2016-4-17	3 years	5,147,400,000.00	5,126,810,400.00
5 year dollar bonds issued by 2018 year	6,863,200,000.00	2016-4-17	5 years	6,863,200,000.00	6,835,747,200.00
2year dollar bonds issued by 2018 year	5,147,400,000.00	2016-4-17	7 years	5,147,400,000.00	5,126,810,400.00
7year dollar bonds issued in 2018 year	6,863,200,000.00	2016-4-17	10 years	6,863,200,000.00	6,828,884,000.00
2ycar dollar bonds issued by 2018 year	3,431,600,000.00	2016-4-17	30 years	3,431,600,000.00	3,417,873,600.00
CPI bonds issued by 2006year	2,673,640,000.00	2006-12-4	14-30 years	3,043,742,000.00	3,471,674,000.00
CPI bonds issued by 2012year	843,846,000.00	2012-1-16	8-24 years	842,579,000.00	1,016,314,000.00
2013 year issued CPI bonds	995,516,000.00	2013-1-7	7-23 years	1,120,339,000.00	1,277,399,000.00
2015 year issued CPI bonds	832,778,000.00	2015-2-1	5-21 years	1,047,439,000.00	1,210,195,000.00
2015 year issued CPI bonds	418,172,000.00	2015-6-1	5-21 years	556,841,000.00	671,516,000.00
10year RMB bonds issued in 2009year	2,500,000,000.00	2009-11-25	10 years	2,478,500,000.00	2,027,884,898.32
3 year RMB bonds issued in 2016 year	1,000,000,000.00	2016-7-21	3 years	1,000,000,000.00	1,000,000,000.00

Name of bond	Par value	Issue date	Term of the bond	Issue amount	Opening balance
<u>Sumtotal</u>					<u>217,231,123,819.86</u>
Minus Bonds due within 1 year					21,001,421,663.03
<u>Total</u>					<u>196,229,702,156.83</u>
(Continued)					
Name of bond	Current issued	Provision for interest at par	Amortization of premium price	Repaid in the current period	Closing balance
16 Sinochemical Oil and Gas PPV001		9,575,000.00	4,575,000.00	3,000,000,000.00	
*7 Oil and Gas 01		82,500,000.00	82,500,000.00	1,500,000,000.00	
*8 Oil and Gas 01		37,440,000.00	37,440,000.00		798,721,136.56
19 Oil and Gas 01	1,500,000,000.00	9,159,589.04	9,159,589.04		1,500,000,000.00
19 Oil and Gas 02	800,000,000.00	2,178,630.14	2,178,630.14		800,000,000.00
17 Yuhua 06 (145330);		30,025,558.00		223,025,558.00	507,000,000.00
17 Yuhua 04 (145332);		28,528,750.00		38,528,750.00	490,000,000.00
17 Yuhua 02 (145320);		18,075,000.00		18,075,000.00	300,000,000.00
Yang Fan Project Euro High Bond		101,136,034.00	118,813,481.87		5,462,128,360.93
Euro Medium Term Note New (Issue notes January 2018);		58,718,157.50	5,986,339.44	58,718,157.50	4,281,347,906.53
Euro Medium Term Note New (Issue notes March 2018)		5,534,372.78	5,017,440.53	5,013,461.56	1,563,103,300.00

Name of bond	Current issued	Provision for Interest at par	Amortization of premium price	Repaid in the current period	Closing balance
Shuldschein (Tranche 1)		4,893,771.18	1,699,581.09	5,115,886.79	638,626,491.04
Shuldschein (Tranche 2)		31,888,238.40	10,366,968.68	33,014,021.04	3,297,288,078.95
Shuldschein (Tranche 3)		1,888,237.48	522,705.87	1,952,407.31	155,854,168.76
18 Blue Star 01		79,200,000.00	78,615,897.33		1,498,084,763.47
18 Blue Star 02		40,000,000.00	39,690,141.32		799,459,144.86
19 Blue Star 01	1,500,000,000.00	59,156,113.14	60,397,998.18		1,498,758,114.96
19 Blue Star 02	1,200,000,000.00	40,815,656.93	41,860,487.36		1,198,955,169.57
19 Blue Star MTN001	1,500,000,000.00	23,091,240.88	28,964,923.13		1,494,126,317.75
19 Blue Star EB	4,275,000,000.00	9,113,300.49	-16,140,488.01		4,300,253,788.50
Shanyang Chemical Bonds					300,972.00
Senior Bond interest-2015-5 years		153,125,000.00	103,490,284.15		3,479,590,854.63
Senior Bond interest-2016-5 years		148,500,200.00	97,785,611.01		4,159,213,429.88
Senior Bond interest-2019-5 years	4,883,340,000.00	164,812,725.00	195,737,058.83		4,852,415,668.17
Elkem Senior Debt		36,002,532.05	21,189,761.04		1,384,712,771.01
16 Blue Star PFN001				1,998,327,803.87	
16 Blue Star 01				2,398,642,928.93	

Name of bond	Current issued	Provision for interest at par	Amortization of premium price	Repaid in the current period	Closing balance
16 Blue Star 02				2,098,227,161.08	
Senior Bond Interest-2016-3 years				3,434,039,589.83	
China Chemical Group's 2014 year first issue (5 year) medium-term notes		25,486,027.40	25,486,027.40	1,200,000,000.00	
China Chemical Group 2014 year second (5 year) medium-term notes		58,575,342.47	58,575,342.47	1,400,000,000.00	
China Chemical Group 2015 year 2 (5 year) medium-term notes		122,400,000.00	122,400,000.00		3,000,000,000.00
China Chemical Group's 2017 year first issue (3 year) medium-term notes		124,500,000.00	124,500,000.00		2,500,000,000.00
China Chemical Group 2017 year 2 (3 year) medium-term notes		75,300,000.00	75,300,000.00		1,500,000,000.00
China Chemical Group's 2018 year first issue (3 year) medium-term notes		140,000,000.00	140,000,000.00		2,500,000,000.00
China Chemical Group 2018 Year 2 (3 year) Medium Term Notes		75,000,000.00	75,000,000.00		1,500,000,000.00
China Chemical Group's 3rd (3 year) Medium Term Notes 2018 Year		63,600,000.00	63,600,000.00		1,500,000,000.00
China Chemical Group's 4th (3 year) medium-term note for 2018 year		61,350,000.00	61,350,000.00		1,500,000,000.00
China Chemical Group 2019 year first issue (3 year) medium-term notes	1,500,000,000.00	45,081,369.66	45,081,369.66		1,500,000,000.00
China Chemical Group 2019 year 2 (3 year) medium-term notes	1,500,000,000.00	30,219,863.01	30,219,863.01		1,500,000,000.00
China Chemical Group 2019 year 3 (3 year) medium-term notes	1,500,000,000.00	18,382,191.78	18,382,191.78		1,500,000,000.00
China Chemical Group's 4th (3 year) medium-term note for 2019 year	1,500,000,000.00	14,850,000.00	14,850,000.00		1,500,000,000.00
China Chemical Group's 5th (3 year) Medium Term Note sq., 2019 year	1,500,000,000.00	11,818,830.14	11,818,830.14		1,500,000,000.00

Name of bond	Current issued	Provision for interest at par	Amortization of premium price	Repaid in the current period	Closing balance
China Chemical Group's 2019 year 6th (3 year) medium-term notes	1,500,000,000.00	6,183,698.63	6,183,698.63		1,500,000,000.00
2019 year medium-term notes	1,500,000,000.00				1,500,000,000.00
Agrochemical Peak Bridge USD0.5billion		103,440,000.00	-64,888,939.40	103,440,000.00	3,531,831,658.69
Agrochemical Peak Bridge USD1.5billion		362,040,000.00	-186,216,445.13	362,040,000.00	10,598,595,747.69
Agrochemical Peak Bridge USD1billion		284,460,000.00	-120,300,341.15	284,460,000.00	7,059,618,073.64
Agrochemical Peak Bridge USD2billion		530,992,000.00	-422,002,834.58	530,992,000.00	13,735,464,454.76
Agrochemical Peak Bridge USD1billion		284,460,000.00	-128,625,211.09	284,460,000.00	7,042,811,023.15
Agrochemical Peak Bridge USD1.3billion		414,622,000.00	-156,339,766.87	414,622,000.00	9,164,604,862.33
Agrochemical Peak Bridge USD0.8billion		288,944,000.00	-97,900,618.11	288,944,000.00	5,617,851,092.18
Agrochemical Peak Bridge USD1.75billion		618,486,000.00	-208,572,834.42	618,486,000.00	12,286,612,264.85
Agrochemical Peak Bridge USD0.1billion		37,928,000.00	-11,451,109.51	37,928,000.00	708,535,438.79
Agrochemical Peak Bridge Euro0.1billion		164,177,899.20	-4,266,696.99	164,177,899.20	9,411,326,394.79
\$2.3 billion debt 3 year period	2,083,466,446.15	32,325,000.00	-3,795,490.12	32,325,000.00	2,087,261,936.27
\$2.3 billion debt 5 year period	6,244,936,973.85	104,733,000.00	-10,396,300.07	104,733,000.00	6,255,333,273.92
\$2.3 billion debt 10 year period	6,219,822,683.85	120,249,000.00	-10,734,436.00	120,249,000.00	6,230,557,088.85
\$2.3 billion debt 30 year period	1,600,161,167.17	32,756,000.00	-2,264,822.11	32,756,000.00	1,602,415,978.28

Name of bond	Current issued	Provision for interest at par	Amortization of premium price	Repaid in the current period	Closing balance
Societe Generale's 500 million private equity debt		111,700,402.36	-18,400,000.00	3,559,700,402.36	
Morgan Bonds		759,691,078.49	-227,572,170.44	689,600,000.00	14,033,754,948.48
30year dollar bonds issued in 2005 year			-1,243,000.00		76,738,200.00
15 year dollar bonds issued in 2005 year			2,569,200.00		265,093,600.00
20 year dollar bonds issued in 2005 year			-6,215,000.00		363,691,000.00
10 year dollar bonds issued in 2012			-126,375,000.00		3,564,838,200.00
30 year dollar bonds issued in 2012			-28,024,000.00		1,730,097,600.00
7.5year euro bonds issued in 2014			18,679,831.75	2,443,299,200.00	1,463,372,800.00
5.5year franc bonds issued in 2014					2,443,299,200.00
10.5year franc bond issued in 2014			-105,828,545.10		1,799,859,600.00
15.6 year franc bond issued in 2014 year			330,184,897.70		1,081,311,000.00
12.5 year euro bonds issued in 2015 year			-38,450,174.35		3,895,743,400.00
2year dollar bonds issued by 2018 year			-98,476,400.00		5,232,150,000.00
3 year dollar bonds issued by 2018 year			-91,387,200.00		5,218,197,600.00
5 year dollar bonds issued by 2018 year			-112,548,000.00		6,948,295,200.00
2year dollar bonds issued by 2018 year			-84,411,000.00		5,211,221,400.00

Name of bond	Current issued	Provision for interest at par	Amortization of premium price	Repaid in the current period	Closing balance
7 year dollar bonds issued in 2016 year			-119,411,200.00		6,948,285,200.00
2 year dollar bonds issued by 2016 year			-56,274,000.00		3,474,147,600.00
CPI bonds issued by 2006 year			-367,615,000.00		3,839,289,000.00
CPI bonds issued by 2012 year			-118,932,000.00		1,137,246,000.00
2013 year issued CPI bonds			-139,984,000.00		1,417,383,000.00
2015 year issued CPI bonds			-125,266,000.00		1,335,481,000.00
2015 year issued CPI bonds			-62,917,000.00		734,433,000.00
10 year RMB bonds issued in 2009 year			-2,115,000.00	2,030,000,000.00	
3 year RMB bonds issued in 2016 year				1,000,000,000.00	
Subtotal	42,306,727,231.02	6,274,956,510.35	-1,200,240,141.40	30,496,490,207.47	235,516,557,495.16
Minus: Bonds due within 1 year					50,633,957,316.56
Total					185,880,600,178.60

44 Lease liabilities

Item	Closing balance	Opening balance
Rental payments	14,036,965,561.01	8,842,923,492.79
Unrecognized financing costs	2,022,046,462.48	1,302,698,883.77
Reclassified non-current liabilities due within one year	1,876,589,822.67	1,454,624,559.62
Net lease liabilities	10,138,329,275.86	6,085,600,049.40

45 Long-term payable

Item	Opening balance	Increased in current year	Decreased in current year	Closing balance
long-term payable	549,390,621.09	146,733,172.95	394,335,708.33	301,788,085.71
Designated payables	458,330,450.14	243,582,967.87	223,408,059.20	478,505,358.81
<u>Total</u>	<u>1,007,721,071.23</u>	<u>390,316,140.82</u>	<u>617,743,767.53</u>	<u>780,293,444.52</u>

45.1 Top five long-term payable

Item	Closing balance	Opening balance
<u>Total</u>	<u>301,788,085.71</u>	<u>549,390,621.09</u>
Including: 1. Financing installment payments	103,216,696.70	306,659,759.29
2. Financial leases payable	54,878,125.41	158,643,074.90
3. Financial support for 150,000 sets of project start-up funds	20,000,000.00	20,000,000.00
4. Shares	4,360,345.00	4,360,345.00
5. Others	119,332,918.60	59,727,441.90

45.2 Top five designated payables

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
<u>Total</u>	<u>326,463,661.41</u>	<u>117,900,614.06</u>	<u>105,347,360.38</u>	<u>339,016,915.09</u>
Including: 1. Investment in several small-project countries	188,100,000.00			188,100,000.00
2. Infrastructure funds	84,822,127.00	37,085,302.29	23,500,000.00	98,407,429.29
3. Water supply, power supply, heating and property capital	21,170,487.55	26,992,042.15	16,291,985.26	31,870,544.44
4. Dahua resettlement fee allocated by the government	19,269,634.62			19,269,634.62
5. Renovation of shanty towns	13,101,412.24	53,823,269.62	65,555,375.12	1,369,306.74

46 Long-term employee benefits payable

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Post-employment benefits-defined benefit plans (net debt)	6,234,756,271.20	883,873,719.50	429,095,601.92	6,689,534,388.78
II. Termination benefits	891,957,725.17	79,587,568.48	259,203,181.74	712,342,111.91
III. Other long-term benefits	1,158,257,200.30	79,172,000.00	73,477,167.66	1,163,952,032.64
Total	8,284,971,196.67	1,042,633,287.98	761,775,951.32	8,565,828,533.33

47 Provisions

Item	Opening balance	Closing balance
Disposal costs	1,344,439,641.84	1,540,815,815.95
Product quality assurance	924,063,545.17	1,293,892,919.56
Outstanding litigations	776,248,772.45	1,143,721,071.42
Restructurings obligation	204,618,183.85	102,014,900.00
Water supply, power supply, heating and property management renovation	80,745,044.03	185,327,314.09
Providing external guarantee	25,275,672.39	25,885,056.99
Others	994,914,780.78	879,247,612.23
Total	4,349,306,640.51	5,170,904,630.24

48 Deferred income

Item	Opening balance	Increase in the current period	Decrease in the current period Included in profit and loss	return	Closing balance
Special funds	1,112,244,225.90	146,551,966.28	95,075,688.44		1,162,920,307.74
Deferred license revenue	446,138,000.00	44,855,800.00	79,368,000.00		411,595,800.00
Reimbursement subsidy	343,851,853.54	50,504,354.53	44,500,508.51		350,855,699.56
Land compensation	238,031,762.52		14,362,470.04		223,669,292.55
Construction Project	63,062,563.88		7,319,405.40		75,774,576.48
Government discount	77,632,126.36		21,891,243.06		49,690,905.28
Government subsidies for fixed assets	44,679,500.00	6,495,223.00	10,535,568.00		41,639,055.00
Government subsidies in Mexico	43,440,104.16		6,627,172.33		37,812,931.83
Government funds for scientific research	24,583,456.34	13,640,000.00	5,683,300.65		32,440,155.49

Item	Opening balance	Increase in the current period	Decrease in the current period		Closing balance
			Included in profit and loss	return	
projects					
Subsidy of national debt transfer fund	37,979,986.61		16,601,906.84		21,178,077.77
Demolition compensation	38,372,451.20		19,657,832.26		18,514,621.94
Unrealized leaseback income	21,725,000.02		4,738,965.12		16,926,139.90
Subsidy for sewage treatment plant	5,905,651.00		941,926.00		4,963,723.00
Industrial development fund subsidy	4,188,998.25		4,188,858.62		139.43
Government awards	262,476.00	7,086,836.00	2,349,314.00		
Others	634,893,292.40	1,026,656,842.59	906,667,102.70		654,883,032.29
Total	3,050,943,877.28	1,502,050,994.40	1,214,893,741.59		3,108,101,129.69

49 Other Non-current liabilities

Item	Opening balance	Closing balance
Non-current derivative financial liabilities	1,231,296,251.55	1,169,420,837.33
Minority Shareholder Put Options	207,472,000.00	
Shareholder borrowing	205,156,460.79	205,991,625.00
Key Construction Fund of China Agricultural Development Bank	200,000,000.00	200,000,000.00
Taxes	159,802,801.66	71,249,403.40
Delay payment	20,928,600.00	46,042,400.00
Others	71,206,239.14	323,960,314.05
Total	2,095,862,353.14	2,018,664,579.78

50 Paid-in capital

Name of the Investor	Opening balance		Increase in the current period	Decrease in the current period	Closing balance	
	Amount	Proportion (%)			Amount	Proportion (%)
Total	11,592,025,968.24	100.00			11,592,025,968.24	100.00
State-owned						
Assets Supervision and Administration Commission of the State Council	11,592,025,968.24	100.00			11,592,025,968.24	100.00

Note: according to the requirements of the Circular of the Ministry of finance, the Ministry of human resources and social security and the state owned assets supervision and Administration Commission on the transfer of part of the state-owned capital of 35 central enterprises such as CNPC (CAI Zi [2019] No. 37), 10% of the company's equity held by the state owned assets supervision and Administration Commission will be transferred to the social security foundation at one time. The transfer date is December 31, 2018, as of the audit report, the business change has not been completed.

51 Other equity instruments

Financial instruments issued	Opening balance		Increased in the current period	
	Quantity	Book value	Quantity	Book value
Perpetual bond	129,000,000.00	12,900,000,000.00		
<u>Total</u>	<u>129,000,000.00</u>	<u>12,900,000,000.00</u>		
Financial instruments issued	Decreased in the current period		Closing balance	
	Quantity	Book value	Quantity	Book value
Perpetual bond	49,000,000.00	4,900,000,000.00	80,000,000.00	8,000,000,000.00
<u>Total</u>	<u>49,000,000.00</u>	<u>4,900,000,000.00</u>	<u>80,000,000.00</u>	<u>8,000,000,000.00</u>

52 Capital reserves

Item	Opening balance	Increased in the current period	Decreased in the current period	Closing balance
Capital premium	9,389,747,814.72	1,942,480,036.06	3,876,030,431.47	7,456,197,419.31
Other capital reserves	20,223,612,543.32	8,153,910.74	191,388,207.69	20,040,378,246.37
<u>Total</u>	<u>29,613,360,358.04</u>	<u>1,950,633,946.80</u>	<u>4,067,418,639.16</u>	<u>27,496,575,665.68</u>

State-owned exclusive

capital reserves

Note1: The capital premium increased by RMB 1,942,480,036.06 this year, the main matters are as follows:

- (1) The capital reserve was increased by RMB 1,076,304,248.35 in the current period due to the difference between the difference between the consideration paid for repurchase of some minority shares of Petrochemical Co. and the book value of the minority shares.
- (2) Haohua Technology's non-public issuance of additional shares this year resulted in a capital premium of RMB 409,170,127.75.
- (3) In the current period, due to the increase of the company's shareholding in HaoHua Co. shares, indirect purchase of minority equity of the Finance Corp. increased the capital reserve by RMB 67,346,699.95.
- (4) The subsidiary of ZhongLan Petrochemical, Guangxi Blue Star Dahua Chemical Co.,

Ltd., increased its capital reserve by RMB 74,402,256.35 due to the valuation of value added.

(5) The equity transaction formed by the acquisition of minority shareholders by Zhenghe Group Co., Ltd., a subsidiary of Petrochemical Co., affected the increase in capital reserve by RMB 33,263,846.45.

(6) On September 2, 2003, the Ministry of science and Technology issued the notice on printing and distributing the accounting guidance for the special funds for scientific and technological literature and information. For the fixed assets purchased with special funds by enterprises, no depreciation shall be accrued, capital reserve shall be increased and special payables shall be reduced. This year, CNCIC used special funds from the Ministry of Science and Technology to purchase fixed assets to increase the capital reserve amount to RMB 31,530,852.16.

(7) Haohua Technology's non-public issuance of shares this year led to a change in the company's shareholding ratio and an increase of RMB 9,165,441.83 in the consolidated statement-level capital reserve.

Note2: The capital premium decreased by RMB 3,876,030,431.47 this year, the main matters are as follows:

(1) The company and Academy of Sc. reduced the capital reserve by RMB 1,674,787,255.56 by purchasing the minority shares of HaoHua Co.

(2) The purchase of 100% equity of China Union this year is regarded as the purchase of a 12.69% minority stake in BlueStar's shares at the level of the company's consolidated statement. This transaction is regarded as an equity transaction and the capital reserve is reduced by RMB 859,386,838.02 in the consolidated statement.

(3) On January 4, 2019, Adisseo Nutrition Group Limited ("Nutrition Group"), a subsidiary of BlueStar, redeemed a total of US \$70 million in preferred shares issued by Nutrition Group on March 27, 2014 at face value. The difference between the consideration paid for redemption and the book value of minority shareholders' equity decreased at the redemption date decreased by a capital reserve of RMB 48,508,204.62.

(4) Syngenta Group, a subsidiary of the agrochemical company, reduced the capital reserve by RMB 327,816,924.77 due to Yangnong Group's equity method accounting for Yangnong Group's special reserves, dividends to original shareholders, and business combinations under common control.

(5) On December 9, 2019, Klaus repurchased 14,506,511 shares of Sinochem Global Holdings (Hong Kong) Co., Ltd. to be compensated in 2018 with a total price of 1 yuan and cancelled them, resulting in a decrease of capital reserve of RMB 8,878,935.09.

(6) According to the requirements of the Datong Development and Reform Commission and the Urban and Rural Planning Bureau, some of the land and hospitals of the Shanxi Synthetic Rubber Group Co., Ltd., to which the company belongs, were expropriated free

of charge, resulting in a decrease of RMB 49,575,394.16 in capital reserves.

(7) In this year, CNCIC used special funds from the Ministry of Science and Technology to purchase fixed assets and transfer them into fixed assets for liquidation reducing the capital reserve by RMB 1,266,300.00.

Note3: Other capital reserves increased by RMB 8,153,910.74 this year, the main items are as follows:

(1) Elkem confirmed the capital reserve of RMB 20.07 million in 2019 due to share-based payment, and the company confirmed the share of RMB 7,802,993.52 according to the shareholding ratio.

(2) Liming Chemical Research and Design Institute Co., Ltd., a subsidiary of Haohua Co., adopted the equity method of accounting for associates, which resulted in an increase of RMB 350,917.22 in other capital reserves.

Note4: Other capital reserves decreased by RMB 191,388,207.69 this year, the main items are as follows:

(1) Equip. Corp.'s disposal of the equity of the associated company Nanjing 60902 Technology Co., Ltd. resulted in a reduction of capital reserves of RMB 16,600,000.00.

(2) On July 5, 2019, Haohua Corp. signed a "Property Transfer Contract" with Nanjing Changlin Ruicheng Commercial Management Co., Ltd., which transferred 100% of the shares of the wholly-owned subsidiary Haohua Donghua Chemical Co., Ltd. at a transfer price of RMB 101,480,000.00, resulting in a decrease of RMB 174,788,207.69 in capital reserves.

53 Special reserves

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance	Remark
Safety cost	102,376,442.66	275,349,270.58	252,648,795.37	125,076,917.87	
Total	102,376,442.66	275,349,270.58	252,648,795.37	125,076,917.87	—

54 Surplus reserves

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserve	204,526,831.60			204,526,831.60
Total	204,526,831.60			204,526,831.60

55 Returned earning

Item	Amount in current period	Amount in prior period
Returned earning at the beginning of the period	-37,349,328,737.26	-22,439,949,643.45
Increase in current period:	-8,207,884,242.59	-14,182,620,370.60

Item	Amount in current period	Amount in prior period
Including: Transferred from net profit for the current period	-8,641,635,984.62	-14,458,640,217.08
Other adjustment factors	433,751,742.03	276,019,846.48
Decrease in current period:	659,550,000.00	726,758,723.21
Including: Surplus reserve withdrawn in the current period		8,723.21
General risk reserve withdrawn in the current period		
Interest paid on perpetual bonds in this year	659,550,000.00	726,750,000.00
Transfer to paid-in capital		
Other decrease		
Returned earning at the end of the period	-46,216,762,979.85	-37,349,328,737.26

Note: Other adjustments increased Returned earning by RMB 433,751,742.03, the main items being:

(1) In the process of disposing two subsidiaries of Ningdu Zhongkuang and Ningdu Tongfa fluorite, including in 2019 year in consultation with the purchaser to confirm the impact of the mining rights of the Returned earnings attributed to minority shareholders RMB -16,303,561.73, plus the impairment of mining rights attributable to the minority shareholders of RMB 1,773,614.14. The total was RMB -14,529,947.59.

(2) On July 5, 2019, Haohua Corp. signed a "Property Transfer Contract" with Nanjing Changlin Ruicheng Commercial Management Co., Ltd., which transferred 100% of the shares of the wholly-owned subsidiary Haohua Donghua Chemical Co., Ltd. at a transfer price of RMB 101,480,000.00, resulting in a decrease of RMB 174,788,207.69 in capital reserves and a increase in Returned earning of RMB 180,482,047.72.

(3) The use of inflation accounting by the Argentine subsidiary of China Rubber International Limited, an overseas subsidiary of Tire and Rubber Corp., resulted in an increase in the Company's consolidated statements of Returned earning of RMB 83,131,416.63.

(4) The Returned earning of the company increased by RMB 9,873,155.68 due to the change of minority shareholders' equity of ZhongLan Petrochemical's subsidiaries Bluestar fiber (Beijing) Co., Ltd. and Bluestar Insurance brokerage Co., Ltd.

(5) Shanxi Synthetic Rubber Group Co., Ltd., a wholly-owned subsidiary of ZhongLan Petrochemical, transferred the whole assets, claims and debts agreement of Yanggao thermal power branch to Shanna Synthetic Rubber Co., Ltd., a subsidiary with a

shareholding ratio of 60.00%, resulting in an increase of Returned earnings of RMB 5,624,067.18.

56 Operating revenues and operating costs

Item	Amount recognized in current period		Amount recognized in prior period	
	Revenue	Cost	Revenue	Cost
<u>1. Primary business</u>	<u>449,113,158,796.76</u>	<u>344,298,223,120.40</u>	<u>460,449,359,842.50</u>	<u>356,681,117,125.26</u>
Including: Petroleum processing and petrochemical products	177,930,568,993.78	163,945,891,101.08	184,843,751,536.24	169,185,332,271.73
Seeds and agricultural chemicals	145,116,002,167.93	89,673,283,072.07	140,174,760,236.24	92,404,511,075.40
Tire rubber products	55,910,085,304.83	34,913,751,796.13	55,294,485,855.34	35,241,068,695.57
New chemical materials and specialty chemicals	51,376,000,585.69	41,460,785,397.87	59,151,439,786.18	43,619,627,968.98
Chemical machinery and equipment manufacturing	12,491,357,046.42	9,780,851,925.57	13,758,888,885.47	10,562,241,699.30
Others	8,287,144,698.11	4,523,659,827.68	7,226,033,543.03	5,668,335,414.19
<u>2. Other business revenue</u>	<u>5,232,757,212.56</u>	<u>4,433,980,225.21</u>	<u>8,970,559,769.26</u>	<u>8,053,553,246.47</u>
Including: Sales of raw materials and accessories	4,057,888,105.40	3,864,455,319.02	8,025,195,473.19	7,489,786,819.79
Assets rent out	231,101,120.54	104,379,491.55	153,427,597.76	44,811,246.89
Transfer power	10,614,504.41	7,512,863.69	33,616,254.59	32,237,263.08
Others	933,153,482.21	457,632,550.85	758,320,443.73	486,617,916.74
<u>Total</u>	<u>454,345,916,009.32</u>	<u>348,732,203,345.61</u>	<u>469,419,919,611.76</u>	<u>364,734,670,371.73</u>

57 Selling expenses

Item	Amount in current period	Amount in prior period
Salaries	11,569,878,630.29	10,933,303,826.35
Transportation expense	7,957,818,102.76	8,569,530,124.94
Advertising fees	3,690,952,182.46	3,624,701,936.21
Sales service fees	3,168,754,437.64	2,645,090,470.61
Business expense	2,461,420,137.94	3,487,373,957.14
Storage fees	1,326,618,797.49	1,298,543,513.02
Depreciation	1,213,195,979.24	827,100,010.38
Loading fee	292,207,325.13	111,910,582.54
Consignment fee	129,969,294.18	149,293,950.86
Insurance expenses	121,728,038.65	125,215,524.24

Item	Amount in current period	Amount in prior period
Repayment expenses	34,910,358.98	28,742,345.88
Packing fee	24,663,006.53	26,197,982.22
Loss of samples and products	17,680,923.70	7,274,864.88
Exhibition fee	11,887,563.51	8,728,300.35
Others	2,104,306,922.78	1,824,084,532.29
<u>Total</u>	<u>34,125,991,701.28</u>	<u>33,667,091,922.01</u>

58 Administrative expenses

Item	Amount in current period	Amount in prior period
Salaries	10,213,487,102.47	9,841,233,810.51
Intangible assets amortization	4,712,381,186.15	4,496,884,853.16
Depreciation	2,303,096,493.90	2,249,990,545.53
Consultation fee	992,385,452.23	1,221,910,357.48
Repayment expenses	742,769,541.85	708,181,422.25
Legal fee	652,784,101.09	300,102,477.45
Intermediary institution fees	587,445,837.66	714,243,444.90
Information system operation and maintenance fee	548,659,311.65	582,386,188.02
Lease fee	534,557,387.48	770,673,418.40
Travel expenses	503,714,674.43	623,256,349.21
Insurance expenses	395,103,789.63	399,707,698.84
Environmental expenditure	248,143,820.57	237,155,747.70
Water and electricity fee	223,773,579.67	201,845,588.39
Security defense fee	141,336,147.52	92,996,717.97
Vehicle fee	126,890,135.82	115,411,079.11
Office expenses	105,841,142.15	148,620,476.14
Communication fee	93,190,037.67	76,316,796.83
Entertainment expenses	91,431,564.87	111,200,183.11
Others	2,304,532,136.45	1,070,179,661.22
<u>Total</u>	<u>25,521,523,443.26</u>	<u>23,963,296,814.22</u>

59 Research and development expenses

Item	Amount in current period	Amount in prior period
Staff related expenses	3,491,444,954.32	5,549,853,497.77
Business expense	2,775,818,571.71	3,147,623,618.34
Outsourcing R&D expenses	2,181,290,591.77	2,077,058,731.23

Item	Amount in current period	Amount in prior period
Material consumption	1,300,202,185.75	1,170,713,979.02
Depreciation and amortization expenses	889,103,817.73	780,214,412.44
Consultation fee	68,379,490.97	57,963,937.31
Laboratory inspection fee	11,217,762.85	10,882,529.58
Fuel and power	10,533,837.20	9,556,612.29
Others	579,718,864.89	620,528,573.34
<u>Total</u>	<u>11,397,710,077.19</u>	<u>13,424,395,891.32</u>

60 Financial expenses

Item	Amount in current period	Amount in prior period
Interest expense	20,143,071,534.47	19,091,716,635.34
Less: Interest income	3,171,215,385.00	2,818,186,347.21
Net exchange loss	1,702,441,571.18	2,667,595,977.44
Less: Exchange net income		
Services fee of financial institution	586,507,325.70	597,213,311.20
Others	692,867,714.03	1,588,966,662.60
<u>Total</u>	<u>19,933,672,760.38</u>	<u>21,127,306,239.37</u>

61 Other income

Item	Amount in current period	Amount in prior period
Tax refund	420,774,255.82	489,445,331.56
Bounty	164,143,306.07	162,491,817.82
Italian government subsidy	152,364,936.45	120,785,843.35
Norwegian government subsidy	126,857,939.53	
Special fund	83,794,400.55	263,372,236.38
French government subsidy	43,324,673.69	
Land equipment related subsidies	42,109,779.54	37,481,677.07
Subsidy for scientific research	36,673,446.21	31,640,109.72
Appropriation for business expenses	22,326,547.46	5,672,781.67
Steady post subsidies	17,758,562.87	10,184,591.68
Amortization of subsidy of national debt transfer fund	16,801,908.84	16,801,908.84
Subsidy for energy conservation and environmental protection	16,368,799.08	11,825,659.30
Amortization of industrial development fund subsidy	14,728,526.82	20,823,359.64
Support and development funds of small and medium-sized	13,425,307.77	1,220,900.00

Item	Amount in current period	Amount in prior period
200 thousand ton integrated project subsidy	11,139,962.74	11,139,962.74
Production technology innovation and R & D subsidy	2,894,000.00	1,452,653.56
Government discount	2,507,142.86	
Insurance subsidy		8,560,000.00
Others	194,939,146.52	80,822,179.96
<u>Total</u>	<u>1,382,932,642.82</u>	<u>1,273,721,013.29</u>

62 Investment income

Source of investment income	Amount recognized in current period	Amount recognized in prior period
Investment income from long-term equity investments measured by the equity method	680,512,584.61	371,010,007.03
Investment income from disposal of long-term equity investment	-398,282,435.84	44,330,602.72
Investment income from financial assets held-for-trading during holding period	231,619,971.60	450,607,609.16
Investment income from disposal of financial assets held-for-trading	-231,261,680.63	229,645,565.74
Investment income from financial assets at fair value through profit or loss during holding period	5,998,498.50	533,463.50
Investment income from disposal of financial assets at fair value through profit or loss	1,838,687.89	16,374,671.97
Investment income from available-for-sale financial assets during holding period	22,075,034.29	17,541,803.84
Investment income from disposal of available-for-sale financial assets	33,931,787.86	9,914,557.05
Dividend income obtained during holding other equity instruments	48,750,401.97	36,934,702.87
Others	524,669,960.63	1,942,122,674.30
<u>Total</u>	<u>919,872,830.88</u>	<u>3,119,015,658.18</u>

63 Gains from net exposure hedge

Source of net exposure hedge income	Amount recognized in current period	Amount recognized in prior period
The amount of cash flow hedging reserve transferred into current profit and loss	378,037,926.90	645,797,907.75
<u>Total</u>	<u>378,037,926.90</u>	<u>645,797,907.75</u>

64 Gains from changes in fair values

Sources of income from changes in fair value	Amount recognized in current period	Amount recognized in prior period
Financial assets held for trading	1,929,538.09	-566,250.33
Holding financial assets at Fair Value through Profit or Loss	28,183,946.46	36,240,011.74
Derivative financial assets	1,812,447,928.14	21,626,023.81
Investment properties in fair value	25,822,688.84	
Others	-119,252,167.55	-11,535,000.00
Total	<u>1,749,131,933.98</u>	<u>45,764,785.22</u>

65 Impairment loss of creditability

Item	Amount in current period	Amount in prior period
Loss on bad debts	-1,111,353,593.11	-412,873,891.95
Others		-8,255,000.00
Total	<u>-1,111,353,593.11</u>	<u>-421,128,891.95</u>

66 Impairment losses of assets

Item	Amount in current period	Amount in prior period
Loss on bad debts	-116,111,826.24	-2,029,409,961.31
Loss on inventory valuation	-3,533,516,694.88	-2,453,537,708.19
Impairment loss of hold-for-sale financial assets		-9,034,346.01
Impairment loss of available-for-sale financial assets	-3,000,000.00	-195,316,705.07
Impairment loss of long-term equity investments		-6,820,453.18
Impairment loss of fixed assets	-2,409,151,502.04	-623,594,958.80
Impairment loss of construction materials	-1,030,647.58	
Impairment loss of construction in progress	-224,438,420.18	-63,936,809.09
Impairment loss of intangible assets	-825,853,882.58	-107,091,008.50
Impairment loss of right of use assets	-16,521,332.08	
Others	-42,064,661.21	-18,464,045.16
Total	<u>-7,171,687,965.79</u>	<u>-5,507,205,995.31</u>

67 Profit on disposal of assets

Item	Amount recognized in current period	Amount recognized in prior period	The amount of the non-recurring gains and losses of the year
Gain or loss from disposal of fixed	1,085,351,546.99	87,086,366.74	1,085,351,546.99

Item	Amount recognized in current period	Amount recognized in prior period	The amount of the non-recurring gains and losses of the year
assets			
Gain or loss from disposal of intangible assets	206,197,730.26	2,397,612,846.46	206,197,730.26
Gain or loss from disposal of held-for-sale non-current assets or disposal group	27,940,056.11	124,249,798.11	27,940,056.11
Others	579,809.08	-128,116.82	579,809.08
Total	1,320,069,144.44	2,608,820,894.49	1,320,069,144.44

68 Non-operating income

68.1. Details of non-operating income

Item	Amount recognized in current period	Amount recognized in prior period	The amount of the non-recurring gains and losses of the year
Compensation income	1,276,607,119.96	60,377,127.35	1,276,607,119.96
Government grants (details as follow)	511,107,551.66	705,869,798.81	194,404,426.46
Gains from insurance claims	96,553,639.34	140,922,292.02	96,553,639.34
Confirm payables that cannot be paid	84,757,861.05	48,223,569.77	84,757,861.05
Gains from debt restructuring	42,412,050.07	76,042,277.98	42,412,050.07
Incentive income	7,550,000.00	2,400,439.21	7,550,000.00
Penalty gains	3,877,989.22	78,762,839.63	3,877,989.22
Gains from non-current assets damage and retirement	3,469,232.21	2,555,471.14	3,469,232.21
Disposal of claims	271,405.35	107,884.96	271,405.35
Dispose of waste materials	190.00	3,908,700.57	190.00
Accepting donations	0.00	4,545,460.87	0.00
Others	360,996,664.51	216,427,289.25	360,996,664.51
Total	2,387,603,703.37	1,342,143,151.66	2,070,900,578.17

68.2. Details of government grants

Item	Amount recognized in current period	Amount recognized in prior period
Appropriation for business expenses	312,691,139.82	273,109,153.87
Subsidy for scientific research	45,672,967.92	47,373,114.38

Item	Amount recognized in current period	Amount recognized in prior period
Special fund	31,909,934.54	314,820,298.77
Subsidy for retirees	30,525,017.01	16,956,347.66
Government awards	663,288.00	1,133,800.00
Subsidy for energy conservation and environmental protection	94,400.00	142,857.15
Support and development funds of small and medium-sized enterprise	74,987.18	1,136,902.00
Government discount	60,000.00	10,947,142.86
Compensation for demolition	0.00	2,255,725.32
Others	89,415,817.19	37,994,456.90
<u>Total</u>	<u>511,107,551.66</u>	<u>705,869,798.91</u>

69 Non-operating expenses

Item	Amount recognized in current period	Amount recognized in prior period	The amount of the non-recurring gains and losses of the year
Retirees expenditure	249,570,402.35	215,927,221.83	199,915,565.53
Loss of non current assets damaged and scrapped	119,362,160.74	119,260,323.67	119,362,160.74
Compensation for breach of contract	72,546,285.15	68,746,719.96	72,546,285.15
External donation expenditure	69,444,335.60	49,599,080.91	69,444,335.60
Penalty and overdue fine	61,265,635.40	52,290,858.60	61,265,635.40
Expenditure on water supply, power supply, heating and property management renovation	58,778,035.72	294,766,710.16	58,778,035.72
Litigation compensation	5,608,549.28	4,101,633.16	5,608,549.28
Losses on debt restructuring	4,606,611.45	14,886,995.17	4,606,611.45
Abnormal loss of assets	957,212.27	32,421,290.41	957,212.27
Land reclamation		15,365,500.00	
Loss of transfer of claims		908,193.18	
Others	361,249,852.03	331,425,499.07	349,852,852.03
<u>Total</u>	<u>1,003,389,079.99</u>	<u>1,199,700,026.12</u>	<u>942,337,243.17</u>

70 Income tax expenses

Item	Amount incurred in current period	Amount incurred in prior period
Current income tax expense	5,336,263,248.76	5,778,369,080.81
Adjustment of deferred income tax	-4,260,337,709.04	-2,830,784,802.36
Others	397,766,873.54	-112,900,544.77
<u>Total</u>	<u>1,473,692,413.26</u>	<u>2,834,683,733.68</u>

71 Other comprehensive income attributed to the owners of parent company

Items of other comprehensive income and the impact of income tax and transferred in profit and loss

Item	Amount incurred in current period		
	Amount before income tax	Income tax	Amount after income tax
一、Other comprehensive income that will not be classified to profit or loss in the future	-414,915,130.99	338,762,713.51	-753,677,844.50
1. Remeasurement of changes in net liabilities or net assets of defined benefit plans	-432,699,158.49	329,557,900.88	-762,257,059.37
2. Share in other comprehensive income that the investee can't reclassify into profit and loss under equity method	14,897,775.05	13,792,000.00	1,105,775.05
3. Changes in fair value of other investments in equity instruments (under new financial instrument standards)	2,886,252.45	-4,587,187.37	7,473,439.82
二、Other comprehensive income that will be reclassified into profit and loss in the future	485,384,113.53	-327,321,695.89	812,705,809.42
1. Share of other comprehensive income that will be reclassified into profit and loss in the investee under equity method	7,072,187.04		7,072,187.04
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal	<u>7,072,187.04</u>		<u>7,072,187.04</u>
2. Gains or losses from fair value movement of available-for-sale financial assets	78,195,901.22	16,896,855.13	61,299,046.09
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal	<u>78,195,901.22</u>	<u>16,896,855.13</u>	<u>61,299,046.09</u>

Item	Amount incurred in current period		
	Amount before income tax	Income tax	Amount after income tax
3. Cash flow hedging reserve (effective part of cash flow hedging profit and loss)	-73,879,636.37	-446,548,163.46	372,668,527.09
Less: Adjustment amount of initially recognized amount transferred to hedged item			
other comprehensive income recognized in prior periods and transferred to profit or loss in current period	434,443,417.61		434,443,417.61
Subtotal	<u>-508,323,053.98</u>	<u>-446,548,163.46</u>	<u>-61,774,890.52</u>
4. Translation difference of foreign currency financial statements	949,312,677.72	96,544,000.00	852,768,677.72
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal	<u>949,312,677.72</u>	<u>96,544,000.00</u>	<u>852,768,677.72</u>
5. Others	-40,873,598.47	5,785,612.44	-46,659,210.91
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal	<u>-40,873,598.47</u>	<u>5,785,612.44</u>	<u>-46,659,210.91</u>
<u>Total other comprehensive income</u>	<u>70,468,982.54</u>	<u>11,441,017.62</u>	<u>59,027,964.92</u>

(Continued)

Item	Amount incurred in current period		
	Amount before income tax	Income tax	Amount before income tax
一、 Other comprehensive income that will not be classified to profit or loss in the future	276,772,039.39	104,986,257.99	171,785,781.40
1. Remeasurement of changes in net liabilities or net assets of defined benefit plans	190,364,917.00	71,916,257.99	118,448,659.01
2. Share in other comprehensive income that the investee can't reclassify into profit and loss under equity method	26,454,791.03	13,228,000.00	13,226,791.03
3. Changes in fair value of other investments in equity instruments (under new financial instrument standards)	59,952,331.36	19,842,000.00	40,110,331.36
二、 Other comprehensive income that will be reclassified	5,837,029,143.39	258,545,549.53	5,578,483,593.86

Item	Amount incurred in current period		
	Amount before Income tax	Income tax	Amount before Income tax
into profit and loss in the future			
1. Share of other comprehensive income that will be reclassified into profit and loss in the investee under equity method	-26,619,934.70	-4,582,062.90	-22,037,871.80
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal	<u>-26,619,934.70</u>	<u>-4,582,062.90</u>	<u>-22,037,871.80</u>
2. Gains or losses from fair value movement of available-for-sale financial assets	-92,701,312.28	-14,816,762.17	-77,884,560.11
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period	34,494,940.08	7,377,371.38	27,117,568.70
Subtotal	<u>-127,196,252.36</u>	<u>-22,194,123.55</u>	<u>-105,002,128.81</u>
3. Cash flow hedging reserve (effective part of cash flow hedging profit and loss)	1,016,181,768.86	172,883,735.98	843,298,032.88
Less: Adjustment amount of initially recognized amount transferred to hedged item	-13,771,645.00		-13,771,645.00
Other comprehensive income recognized in prior periods and transferred to profit or loss in current period	316,763,317.55		316,763,317.55
Subtotal	<u>713,190,096.31</u>	<u>172,883,735.98</u>	<u>540,306,360.33</u>
4. Translation difference of foreign currency financial statements	5,205,905,987.68	112,438,000.00	5,093,467,987.68
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal	<u>5,205,905,987.68</u>	<u>112,438,000.00</u>	<u>5,093,467,987.68</u>
5. Others	71,749,246.46		71,749,246.46
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal	<u>71,749,246.46</u>		<u>71,749,246.46</u>
<u>Total other comprehensive income</u>	<u>6,113,801,182.78</u>	<u>363,531,807.52</u>	<u>5,750,269,375.26</u>

72 Debt restructuring

72.1 Debtor disclosure

Manners of debt restructuring	Book value of debt	Gains from debt restructuring
Pay off debts with cash lower than the book value of debts	73,012,025.11	23,638,130.18

Manners of debt restructuring	Book value of debt	Gains from debt restructuring
Modify other debt conditions	1,722,290.36	-1,722,290.36
Mixed reorganization	26,507,288.37	16,507,288.37
<u>Total</u>	<u>101,241,603.84</u>	<u>38,423,128.19</u>

72.2. Creditor disclosure

Manners of debt restructuring	Book value of debt	Losses from debt restructuring
Cash recovery of claims lower than the book value of claims	38,886,551.41	2,207,240.10
Modify other debt conditions	1,722,290.36	-1,722,290.36
Mixed reorganization	3,891,186.00	648,065.49
<u>Total</u>	<u>44,500,027.77</u>	<u>1,133,015.23</u>

73 Leases

73.1 Assets leased under finance lease

73.1.1 Financial leasing lessor

Remaining lease term	Minimum lease receipts
Within 1 year (including 1 year)	711,572,400.00
1-2 year (including 2 years)	509,262,600.00
2-3 year (including 3 years)	411,595,800.00
More than 3 years	2,392,836,600.00
<u>Total</u>	<u>4,025,267,400.00</u>

73.2 Assets leased under operating lease

73.2.1 Operating lease lessor

Category	Closing carrying amount	Opening carrying amount
House and building	480,343,953.19	581,123,246.08
Land use right	87,114,340.27	214,094,616.25
Investment real estate	54,107,723.23	181,745,495.34
Machinery equipment	672,429.02	846,278.60
Means of transport	7,529.35	9,353.59
Others	7,785,480.41	10,288,762.91
<u>Total</u>	<u>630,031,455.47</u>	<u>968,107,752.77</u>

73.3 Financial lease as lessee

73.3.1 Fixed assets rented in

Category	Closing balance			Opening balance		
	Initial cost	Depreciation	Impairment reserve	Initial cost	Depreciation	Impairment reserve
House and building	927,423,954.18	81,642,316.82		252,097,608.80		
Machinery equipment	2,522,087,520.85	1,501,721,272.54	1,742,344.62	2,712,074,960.88	1,391,074,413.11	
Office equipment and other equipment	6,119,638.98	1,140,212.06		6,036,953.60		
Others	70,176,395.06	14,792,607.29		63,786,324.40		

73.3.2 Minimum lease payment to be paid in subsequent years

Remaining lease term	Minimum lease payments
Within 1 year (including 1 year)	97,526,531.05
1-2 year (including 2 years)	36,799,923.24
2-3 year (including 3 years)	3,150,000.00
More than 3 years	
<u>Total</u>	<u>137,476,454.29</u>

73.4 Significant operating lease

Remaining lease term	Operating lease amount
Within 1 year (including 1 year)	144,972,500.79
1-2 year (including 2 years)	79,555,171.03
2-3 year (including 3 years)	44,387,702.97
More than 3 years	101,563,947.78
<u>Total</u>	<u>370,479,322.57</u>

73.5 New leasing standards information disclosure of lessee

Item	Amount of money
Interest expense on lease liabilities	210,262,762.68
Short term lease expense included in current profit and loss	308,927,064.43
Low value asset lease expense	73,673,818.12
Variable lease payments not included in the measurement of lease liabilities	49,465,529.11
Income from sublease of right to use assets	

Item	Amount of money
Total cash outflow related to lease	888,575,782.68
Relevant profit and loss arising from sale and leaseback transactions	

74 Segment information

Item	Petroleum processing and petrochemical products		Seeds and agricultural chemicals	
	Amount incurred in	Amount incurred in	Amount incurred in	Amount incurred in
	current period	prior period	current period	prior period
一、 Operating Revenue	181,469,679,272.02	192,186,656,834.58	145,399,173,693.98	140,406,855,052.44
Incl: Foreign transaction income	181,366,590,525.43	192,114,830,016.13	145,391,998,980.16	140,401,856,089.08
Inter-segment transaction revenue	103,088,746.59	71,826,818.45	7,174,713.82	4,998,963.36
二、 Investment income in associate and joint venture	354,640,638.77	251,559,629.81	361,136,380.91	160,134,481.21
三、 Asset impairment loss	-1,789,886,285.48	-852,645,910.53	-3,485,784,067.54	-1,845,944,543.18
四、 Credit impairment loss (applicable to new standard)	-37,203,781.96		-774,488,903.52	-285,150,210.85
五、 Depreciation and amortization fees	1,764,907,534.51	1,724,106,748.74	10,417,672,902.43	9,755,959,020.04
六、 Total profit	675,575,261.12	2,395,114,343.03	1,599,933,654.54	-3,475,444,749.79
七、 Income tax expense	418,084,125.09	486,360,259.98	-890,889,496.41	340,738,676.25
八、 Net profit	257,491,136.03	1,908,754,083.05	2,490,823,150.95	-4,611,123,938.71
九、 Total assets	66,252,991,883.89	67,167,603,124.06	504,645,154,989.62	489,168,891,118.16
十、 Total liabilities	41,149,929,311.72	40,244,071,435.77	364,593,451,975.80	346,882,461,672.09
十一、 Other significant non-cash items				
Incl: Others non-cash item other than depreciation and amortization fees				
Increase in long-term equity investment equity method accounting for associates and (joint) ventures				

(Continued)

Item	Tire rubber products		New chemical materials and specialty chemicals	
	Amount incurred in current period	Amount incurred in prior period	Amount incurred in current period	Amount incurred in prior period
一、Operating Revenue	56,075,359,997.78	55,503,885,589.92	53,124,323,841.18	60,761,556,316.70
Incl: Foreign transaction income	56,073,133,486.32	55,502,334,280.77	52,047,625,033.18	60,011,299,522.90
Inter-segment transaction revenue	2,226,501.48	1,551,309.15	1,076,798,808.00	750,256,793.80
二、Investment income in associate and joint venture	-74,733,060.40	-90,220,520.23	58,643,167.60	33,577,482.95
三、Asset impairment loss	-470,001,946.98	-288,420,854.75	-1,377,967,909.20	-887,161,140.61
四、Credit impairment loss (applicable to new standard)	-287,229,055.21	-135,978,681.10	40,590,007.21	-
五、Depreciation and amortization fees	4,804,525,521.48	3,878,280,951.20	5,743,853,222.62	3,929,405,574.28
六、Total profit	4,361,257,285.51	3,162,279,387.52	-167,638,314.37	3,757,119,704.63
七、Income tax expense	1,464,125,824.29	511,542,302.67	439,953,058.96	1,277,209,345.68
八、Net profit	2,897,131,461.22	2,650,737,084.85	-607,591,373.33	2,479,910,358.95
九、Total assets	140,353,517,947.40	137,350,142,101.94	116,652,748,036.15	115,582,993,884.19
十、Total liabilities	104,844,180,959.27	103,822,315,864.00	91,349,522,097.48	91,094,610,847.29
十一、Other significant non-cash items			473,798,646.17	534,384,266.30
Incl: Others non-cash item other than depreciation and amortization fees			-2,083,672.68	-1,683,849.78
Increase in long-term equity investment equity method accounting for associates and joint ventures			475,882,318.85	536,068,116.08

(Continued)

Item	Chemical machinery and equipment manufacturing	Others

	Amount incurred in current period	Amount incurred in prior period	Amount incurred in current period	Amount incurred in prior period
一、Operating	12,675,191,249.01	13,876,244,398.33	7,453,001,086.15	8,208,073,428.37
Revenue				
Incl: Foreign	12,601,727,121.37	13,825,058,456.77	6,864,940,852.86	7,564,541,248.11
transaction income				
Inter-segment	73,464,127.64	51,185,941.56	588,060,233.29	643,532,182.26
transaction revenue				
二、Investment				
income in associate	-33,008,907.32	3,501,082.75	-22,286,787.23	18,268,397.69
and joint venture				
三、Asset impairment				
loss	-13,304,233.44	-35,922,807.61	-36,048,523.15	-1,866,419,185.37
四、Credit impairment				
loss (applicable to	-53,021,859.63			
new standard)				
五、Depreciation and				
amortization fees	738,204,176.87	745,830,413.20	445,047,458.25	484,660,119.63
六、Total profit	-652,327,082.66	-255,760,140.10	-1,492,474,165.91	-1,030,350,388.90
七、Income tax				
expense	-92,241,241.73	98,380,715.96	134,660,143.06	124,311,014.54
八、Net profit	-560,085,840.93	-354,150,856.06	-1,627,134,308.97	-1,154,661,403.44
九、Total assets	28,203,036,976.68	29,698,946,297.01	199,646,306,346.45	179,410,091,379.63
十、Total liabilities	23,768,967,272.95	24,672,338,789.77	116,331,654,140.74	87,365,918,211.49
十一、Other significant				
non-cash items	-33,158,781.95	3,219,794.77	-62,693,250.82	1,446,743.77
Incl: Others non-cash				
Item other than				
depreciation and				
amortization fees				
Increase in				
long-term equity				
investment equity				
method accounting	-33,158,781.95	3,219,794.77	-62,693,250.82	1,446,743.77
for associates and				
joint ventures				

(Continued)

	offset		Total	
Item	Amount incurred in current period	Amount incurred in prior period	Amount incurred in current period	Amount incurred in prior period
一、Operating	-1,850,813,130.80	-1,523,352,008.58	454,345,916,009.32	469,419,919,611.75
Revenue				
Incl: Foreign			454,345,916,009.32	469,419,919,611.76

Item	offset		Total	
	Amount incurred in current period	Amount incurred in prior period	Amount incurred in current period	Amount incurred in prior period
transaction income				
Inter-segment				
transaction	-1,850,813,130.80	-1,523,352,008.58		
revenue				
— Investment				
income in				
associate and joint	36,121,172.28	-5,810,547.15	680,512,584.61	371,010,007.03
venture				
— Asset				
	1,305,000.00	69,308,446.74	-7,171,687,965.79	-5,507,205,995.31
impairment loss				
(iv). Credit				
impairment loss				
(applicable to new			-1,111,353,593.11	-421,128,891.95
standard)				
(v). Depreciation				
and amortization	-19,967,648.84	-18,384,315.61	23,894,243,167.22	20,499,858,511.48
fees				
ix. Total profit	-94,779,423.53	-1,499,715,152.24	4,229,547,214.70	3,053,243,004.15
x. Income tax				
expense		-3,868,581.40	1,473,692,413.26	2,834,683,733.68
xi. Net profit	-94,779,423.53	-700,906,058.17	2,755,854,801.44	218,559,270.47
xii. Total assets	-211,791,988,212.75	-187,461,211,898.03	843,961,767,967.44	830,917,456,206.96
xiii. Total liabilities	-87,171,825,600.10	-69,514,321,093.02	654,863,880,157.86	624,567,395,727.39
xiv. Other				
significant				
non-cash items			377,946,613.40	539,050,804.84
Incl: Others				
non-cash item				
other than			-2,083,672.68	-1,683,849.78
depreciation and				
amortization fees				
Increase in				
long-term equity				
investment equity			380,030,286.08	640,734,654.62
method accounting				
for associates and				
joint ventures				

75 Consolidated Cash Flow Statement

75.1 Net profit adjusted to operating cash flow using the indirect method

Supplementary information	Amount incurred in current period	Amount incurred in prior period
1) Adjusting net accounting profit to operating cash flow		

Supplementary information	Amount incurred in current period	Amount incurred in prior period
Net profit	2,755,854,801.44	218,559,270.47
Add: Assets depreciation reserves	7,171,687,965.79	5,507,205,995.31
Credit impairment loss	1,111,353,593.11	421,128,891.95
Depreciation of fixed assets; depletion of oil and gas; depreciation of assets productive biological asset	15,631,419,958.98	12,883,752,758.10
Amortization of intangible assets	8,050,625,615.99	7,419,489,550.41
Amortization of long-term prepaid expenses	212,197,592.25	196,616,202.97
Losses on disposal of fixed assets, intangible assets and other long-term asset (gains are indicated by "-")	-1,320,069,144.44	-2,509,972,116.46
Losses on scrapped fixed assets (gains are indicated by "-")	115,892,928.53	90,535,638.17
Losses on changes in fair values (gains are indicated by "-")	-1,749,131,933.98	-45,764,785.22
Financial expenses (income is indicated by "-")	20,468,377,146.48	19,753,001,758.12
Losses on investment (gains are indicated by "-")	-919,872,830.88	-3,119,015,658.18
Decrease in deferred tax assets (increase is indicated by "-")	-938,909,747.77	402,658,460.34
Increase in deferred tax liabilities (decrease is indicated by "-")	-2,709,988,625.07	-2,613,404,070.96
Decrease in inventories (increase is indicated by "-")	-5,870,728,335.00	-7,073,850,958.51
Decrease in operating receivables (increase is indicated by "-")	-18,226,654,249.19	-44,224,402,115.88
Increase in operating payable (decrease is indicated by "-")	1,596,384,403.43	-47,530,081,314.88
Others		
Net cash flow from operating activities	25,378,439,139.67	28,225,261,737.51
2. Significant investing and financing activities that do not involve cash receipts and payments:	2,827,360,000.00	185,192,000.00
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance lease	2,827,360,000.00	185,192,000.00
3. Net changes in cash and cash equivalents:		
Closing balance of cash	52,120,890,784.34	49,893,718,794.48
Less: opening balance of cash	49,893,718,794.48	72,715,697,102.57
Add: closing balance of cash equivalents	11,175,872,400.00	7,899,543,200.00
Less: opening balance of cash equivalents	7,899,543,200.00	
Net changes in cash and cash equivalents	5,503,501,189.86	-14,922,435,108.09

75.2 Net cash received from acquiring and disposing subsidiaries this year

Item	Amount

Item	Amount
一、Cash or cash equivalents paid for the merger occurring during this period	1,321,852,739.13
Less: Cash and cash equivalents held by subsidiaries on the purchase date	21,327,695.53
Add: Cash or cash equivalents paid in current period for the merger occurring in previous period	
Net cash paid to acquire subsidiaries	1,300,525,043.60
二、Cash or cash equivalents received from the disposal of subsidiaries in this period	310,817,040.62
Less: Cash and cash equivalents held by subsidiaries on the loss of control day	4,292,552.73
Add: Cash or cash equivalents received from disposal of subsidiaries in the previous period	6,896,000.00
Net cash received from disposal of subsidiaries	313,420,487.89

75.3 Composition of cash and cash equivalents

Item	Amount incurred in current period	Amount incurred in prior period
一、Cash	52,120,890,784.34	49,893,718,794.48
Including: Cash on hand	50,215,827.28	26,297,642.41
Bank deposit that can be used for payment at any time	44,096,989,597.66	44,006,684,413.05
Other monetary funds that can be used for payment at any time	88,005,821.24	116,963,476.62
Deposit interbank funds	7,885,679,538.16	5,743,773,262.40
二、Cash equivalents	11,175,872,400.00	7,899,543,200.00
Including: Bond investment due within three months	11,175,872,400.00	7,899,543,200.00
三、Closing balance of cash and cash equivalents	63,296,763,184.34	57,793,261,994.48
Including: Cash and cash equivalents with restricted use of parent company or subsidiaries		

76 Foreign currency monetary items

Item	Closing balance of foreign currency	Exchange Rate	Closing balance of RMB
Monetary capital			33,958,944,093.76
Including: USD	1,868,549,476.72	6.9762	13,035,374,859.49
EUR	1,920,230,432.93	7.8155	15,007,560,948.56
HKD	8,405,200.93	0.8958	7,529,378.99
ARS	807,128,880.49	0.1162	93,788,375.91
BRL	2,260,651,215.96	1.7251	3,899,849,412.65
AUD	99,711,013.95	4.8843	487,018,505.44
TRY	255,667,297.00	1.1752	300,460,207.43

Item	Closing balance of foreign currency	Exchange Rate	Closing balance of RMB
JPY	1,355,684,536.98	0.0641	86,899,378.82
GBP	23,168,504.32	9.1861	212,828,197.53
SGD	744,246.60	5.1739	3,850,657.48
RUB	4,159,128.95	0.1126	468,317.92
NOK	820,162,285.29	0.7913	648,994,416.35
AED	3,510,990.95	1.8992	6,668,074.01
CHF	23,283,249.06	7.2006	167,653,363.18
Accounts receivable			<u>29,186,811,528.20</u>
Including: USD	2,854,484,120.93	6.9762	19,913,312,600.43
EUR	708,160,323.41	7.8155	5,534,627,007.61
ARS	1,714,884,543.01	0.1162	199,269,583.90
BRL	599,202,162.31	1.7251	1,033,683,650.20
AUD	142,612.40	4.8843	696,561.75
TRY	219,614,226.64	1.1752	258,090,639.15
GBP	20,887,134.37	9.1861	191,687,583.04
NOK	1,560,472.82	0.7913	1,234,802.14
MXN	166,265,838.84	1.1752	195,395,613.80
Others	1,858,813,486.18	1.0000	1,858,813,486.18
Short-term loans			<u>21,679,460,390.54</u>
Including: USD	1,441,426,637.26	6.9762	10,055,680,506.85
EUR	1,104,817,014.00	7.8155	8,634,697,372.92
RUB	4,286,244,124.13	0.1126	482,631,088.38
BRL	607,342,713.04	1.7251	1,047,726,914.27
TRY	5,375,858.00	1.1752	6,317,708.32
JPY	999,890,684.66	0.0641	64,092,992.89
GBP	140,177,598.86	9.1861	1,287,685,440.89
Others	100,628,366.02	1.0000	100,628,366.02
Long-term loans			<u>89,793,527,729.93</u>
Including: USD	9,598,633,638.53	6.9762	66,961,987,989.11
EUR	2,894,497,995.75	7.8155	22,621,949,085.78
BRL	121,494,785.83	1.7251	209,590,655.04
Bonds payable			<u>180,074,499,972.63</u>
Including: USD	22,016,326,491.16	6.9762	153,590,296,867.63

Item	Closing balance of foreign currency	Exchange Rate	Closing balance of RMB
EUR	3,388,676,745.57	7.8155	26,484,203,105.00
Other payables			<u>14,511,313.56</u>
Including:EUR	1,856,735.15	7.8155	14,511,313.56
Other receivables			<u>8,957.03</u>
Including:EUR	1,146.06	7.8155	8,957.03

77 Assets with restricted ownership and use rights

Item	Book value at the end of the period	Restricted reason
Monetary capital	14,782,644,816.40	Security deposit, judicial freeze, dedicated, reserve stat, pledge, housing maintenance fund
Notes receivable	87,501,197.29	Pledge notes
Accounts receivable	1,126,525,398.39	Factoring (with recourse), pledge
Accounts receivable financing	57,736,966.63	Pledge
Other receivables	107,613,000.00	Guarantees, statutory deposits, investment securitization
Inventories	274,382,800.00	Pledge
Fixed assets	3,076,712,925.22	Litigation, pledge and guarantee, financial lease
Intangible assets	212,997,129.97	Pledge, guarantee

The details of the restricted monetary funds are as follows:

Item	Ending balance	Initial balance
Time deposit or Notice deposit used for Guarantee	7,336,276,154.98	8,228,269,799.34
Letter of credit guarantee	5,387,849,564.42	5,229,449,498.60
Bank acceptance draft deposit	864,202,035.39	862,222,110.72
Special funds	802,280,473.92	664,701,630.68
Performance bond	160,461,734.05	183,983,449.56
Mortgage and margin	140,003,307.33	249,535,566.32
Freezing funds	72,642,564.73	10,453,140.31
Special account for housing maintenance fund	18,643,287.66	1,433,035.55
Others	305,693.92	873,313,990.70
<u>Total</u>	<u>14,782,644,816.40</u>	<u>16,303,362,221.78</u>

IX. CONTINGENCIES

1. Major pending litigation and estimated liabilities

- 1.1 China Bluestar (Group) Co., Ltd. has tax litigation, tax inspection and other matters in the course of its operation. It has accrued estimated liabilities according to the best estimate for the losses likely to be caused by relevant matters, including RMB 30,182,212.38 for the estimated liabilities accrued for pending litigation of overseas companies and RMB 187,504,948.10 for the estimated liabilities accrued for tax penalty.
- 1.2 The Italian TPIH company withdrew a business risk reserve of EUR 11,218,000 due to business disputes in Brazil this year.
- 1.3 After Pirelli's holding of cavi e Sistemi S.R.L. ("Prysmian") was sanctioned by the European Commission for allegedly monopolizing the European cable market, based on the principle of parent company liability, Pirelli accrued an estimated liability of EUR 33.5 million based on 50% of the sanctioned amount requested by the committee.

2. Guarantee matters

As of December 31, 2019, the company and its subsidiaries have provided guarantee of RMB 17,339.6441 million to new chemical materials and its affiliated enterprises.

X. EVENTS AFTER THE BALANCE SHEET DATE

1. Elkem ASA, a subsidiary of Bluestar, signed a contract in December 2019 to acquire all shares of Guangdong Aggregator Technology Co., Ltd. ("Guangdong Convergence Technology"). The parties to the equity deal have reached an agreement on the enterprise value of RMB 941 million valuation of Guangdong Convergence Technology, the acquisition had been completed on April 14, 2020.
2. In early March 2020, Bluestar subsidiary Andy Sioux has completed a total of \$30 million in D-1 round of preferred stock investments in American Kellers company. At the same time, the joint venture between Bluestar and Kellers company has been established in Hong Kong, with a total investment of \$80 million.

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. The Group's subsidiaries

See note VII "business combination and consolidated financial statements" for details.

2. The information of the Group 's joint ventures and associates

See note VIII (16) "long term equity investment" for details.

3. Other related parties

Name	Relationship
China Haohua Group Xuanhua Co.,Ltd.	Joint ventures and associated enterprises
Hainan Chemical Industry Corporation	Joint ventures and associated enterprises
Lianyungang staff sanatorium of the Ministry of chemical industry	Joint ventures and associated enterprises
Zibo Chuangcheng Engineering Design Co.,Ltd.	Joint ventures and associated enterprises
Dalian 4821 Shipping Co., Ltd	Joint ventures and associated enterprises
Changsha Bluestar chemical new material Co., Ltd	Joint ventures and associated enterprises
CIMO Compagnie Industrielle de Monthey SA	Joint ventures and associated enterprises
Maisadour Semences SA	Joint ventures and associated enterprises
North Sea Container line AS	Joint ventures and associated enterprises
Combined Cargo Warehousing BV	Joint ventures and associated enterprises
Elkem Chartering AS	Joint ventures and associated enterprises
Kiafieh.	Joint ventures and associated enterprises

4. Related parties

4.1 related party transaction

Type of transaction	Company name	Nature of related party relationships	Transaction amount	Percent of transaction amount accounted for total transaction amount (%)	Unsettled item amount	Bad-debt provision of unsettled item amount	Pricing policy
Purchase of goods/ receipt of services							
Purchase of goods and receipt of services	New chemical materials and subsidiaries	Other related parties	15,199,852.61				Agreement pricing
Purchase of goods and receipt of services	Toray Bluestar Membrane Co.,Ltd.	Other related parties	945,073.24		192,929.22		Agreement pricing

Type of transaction	Company name	Nature of related party relationships	Transaction amount	Percent of transaction amount accounted for total transaction amount (%)	Unsettled item amount	Bad-debt provision of unsettled item amount	Pricing policy
Purchase of goods	Shanghai Chenguang Gongchuang Macromolecule Materials Co.,Ltd. Zigong branch	Other related parties	52,868.48				Agreement pricing
Sales of goods/provision of services							
Sales of goods and provision of services	New chemical materials and subsidiaries	Other related parties	46,038,492.17	0.01	3,392,910.04		Agreement pricing
Sales of goods	Shanghai Chenguang Gongchuang Macromolecule Materials Co.,Ltd.	Other related parties	37,906,469.39	0.07	1,836,989.91		Agreement pricing
Sales of goods and provision of services	Huasi Antiseptic Engineering Co.,Ltd.	Other related parties	163,969.81		826.00		Agreement pricing
Sales of goods	Shanghai Carthane Co.,Ltd	Other related parties	138,522.71				Agreement pricing
Other transactions							
Interest incomes	New chemical materials and subsidiaries	Other related parties	5,258,529.99	0.17			agreed interest rates of loans
Housing and equipment leasing	Shanghai Chenguang Gongchuang Macromolecule Materials Co.,Ltd.	Other related parties	1,464,856.84	0.63			Agreement pricing
Lease of land use right	Dalian Petroleum General Company	Other related parties	1,523,809.60	0.66			Agreement pricing

4.2 Receivables and payables of related parties

Name of related party	Relationship with related parties	Receivables	Closing balance
New chemical materials and subsidiaries	Other related parties	Notes receivable	10,000,000.00
New chemical materials and subsidiaries	Other related parties	Accounts receivable	52,456,849.81
Shanghai Chenguang Gongchuang Macromolecule Materials Co.,Ltd.	Other related parties	Accounts receivable	1,836,989.91
Lantian (Beijing) fluid control equipment Co., Ltd	Other related parties	Accounts receivable	1,711,864.03
Toray Bluestar Membrane Co.,Ltd	Other related parties	Accounts receivable	49,205.07
Lantian (Beijing) fluid control equipment Co., Ltd	Other related parties	Prepayments	16,312,616.42
Toray Bluestar Membrane Co.,Ltd	Other related parties	Prepayments	752,144.02
New chemical materials and subsidiaries	Other related parties	Dividends receivable	146,992,179.83
New chemical materials and subsidiaries	Other related parties	Interest receivable	10,183,561.64
Shanghai Chenguang Gongchuang Macromolecule Materials Co.,Ltd.	Other related parties	Interest receivable	10,143,958.35
Lantian (Beijing) fluid control equipment Co., Ltd	Other related parties	Interest receivable	51,197.08
New chemical materials and subsidiaries	Other related parties	Other receivables	6,487,112,782.91
Lantian (Beijing) fluid control equipment Co., Ltd	Other related parties	Other receivables	5,190,280.82
Sichuan Mianzhu Longqing Mining Co., Ltd	Other related parties	Other receivables	1,701,136.39
Huasi Antiseptic Engineering Co.,Ltd.	Other related parties	Other receivables	826.00
Shanghai Chenguang Gongchuang Macromolecule Materials Co.,Ltd. Zigong branch	Other related parties	Other receivables	810.00
New chemical materials and subsidiaries	Other related parties	Other current assets	364,775,500.00
Shanghai Chenguang Gongchuang Macromolecule Materials Co.,Ltd.	Other related parties	Other current assets	50,000,000.00
New chemical materials and subsidiaries	Other related parties	Long-term receivables	350,000,000.00
New chemical materials and subsidiaries	Other related parties	Other non-current assets	345,205,000.00

Name of related party	Relationship with related parties	payables	Closing balance
New chemical materials and subsidiaries	Other related parties	Accounts payable	21,073,862.53

Name of related party	Relationship with related parties	payables	Closing balance
Huasi Antiseptic Engineering Co.,Ltd.	Other related parties	Accounts payable	315,264.00
Lantian (Beijing) fluid control equipment Co., Ltd	Other related parties	Accounts payable	168,455.06
New chemical materials and subsidiaries	Other related parties	Receipts in advance	26,885,809.03
Toray Bluesar Membrane Co.,Ltd.	Other related parties	Receipts in advance	200,000.00
Huasi Antiseptic Engineering Co.,Ltd.	Other related parties	Receipts in advance	900.00
New chemical materials and subsidiaries	Other related parties	Other payables	1,689,980,500.00

XII. INFORMATION THAT HELPS USERS OF FINANCIAL STATEMENTS TO EVALUATE THE OBJECTIVES, POLICIES, AND PROCEDURES OF AN ENTERPRISE'S MANAGEMENT CAPITAL

The enterprise financial management objective is the fundamental purpose of organizing financial activities and handling financial relations, determines the basic direction of enterprise financial management, is the starting point of enterprise financial management work, and is subject to financial management subject, financial management environment, corporate interest relationship, society responsibility and other factors.

On 31 December 2019, the total owner's equity of the Group was RMB 189,097,887,809.58; the total liabilities were RMB 654,863,880,157.86 and the debt to asset ratio was 77.59%. The Group is not subject to external mandatory capital requirements.

The goal of the Group's capital structure management is to establish a "best" capital structure. The financing method is a direct factor affecting the capital structure of the Group. The choice of financing method is also the most important content of capital structure management. Capital structure decision-making is an important part of management decision-making, and changes in capital structure will affect company value.

XIII. NOTES TO IMPORTANT ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Other receivables

Item	Closing Amount	Beginning Amount
dividends receivable	87,815,825.00	353,815,625.00
Other receivables	10,018,585,291.72	6,470,295,401.94
<u>Total</u>	<u>10,106,400,916.72</u>	<u>6,824,111,026.94</u>

1.1 Dividends receivables

Item	Closing Amount	Beginning Amount	Reasons for uncollected amounts	Whether the amount is impaired
Dividends receivable more than 1 year				
Including: (1)China Haohua Chemical Group Co.,Ltd.		266,000,000.00		No
(2)China National Tire&Rubber Co.,Ltd.	87,815,625.00	87,815,625.00		No
<u>Total</u>	<u>87,815,625.00</u>	<u>353,815,625.00</u>	--	--

1.2 Other receivables

Category	Closing Amount		Bad-debt provision	
	Carrying amount			
	Amount	Percentage (%)	Amount	Percentage (%)
Other receivables that are individually significant and for which bad debt provision has been assessed individually				
Accounts receivables for which bad debt provision has been assessed by portfolios	--	--	--	--
Risk free portfolio	41,109,220.82	0.41		
Intra group unit payment	9,977,476,070.90	99.59		
<u>Subtotal of combination</u>	<u>10,018,585,291.72</u>	<u>100.00</u>		
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually				
<u>Total</u>	<u>10,018,585,291.72</u>	<u>100.00</u>		--

(Continued)

Category	Beginning Amount		Bad-debt provision	
	Carrying amount			
	Amount	Percentage (%)	Amount	Percentage (%)
Other receivables that are individually significant and for which bad debt provision has been assessed individually				
Accounts receivables for which bad debt	--	--	--	--

Category	Beginning Amount			
	Carrying amount		Bad-debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)
provision has been assessed by portfolios				
Risk free portfolio	75,692,205.04	1.17		
Intra group unit payment	6,394,603,196.90	98.83		
Subtotal of combination	6,470,295,401.94	100.00		
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually				
Total	6,470,295,401.94	100.00		--

1.3 Top 5 other receivables

Name of the entity	Nature of accounts receivable	Carrying amount	Age	Percentage of other receivables (%)	Bad-debt provision
Haohua Chemical Co., Ltd	Current account	5,838,959,285.24	Note1	58.28	
CRRC automobile repair (Group) Corporation	Current account	2,063,395,151.94	More than 3 years	20.60	
China National Chemical Agrochemical Corporation	Current account	661,633,515.25	More than 3 years	6.61	
Bluestar fiber Investment Co., Ltd	Current account	287,205,320.00	Note2	2.87	
Bluestar silicone Investment Co., Ltd	Current account	267,396,000.00	More than 3 years	2.67	
Total		9,118,789,272.43		91.03	

Note1: Within one year: RMB 1,505,591,378.65, More than 1 year but not exceeding 2 years: RMB 521,531,170.14, More than 3 years: RMB 3,811,836,736.45.

Note2: More than 2 years but not exceeding 3years: RMB 35,921,320.00, More than 3 years: RMB 251,284,000.00.

2. Long-term equity investments

2.1 Disclosure by categories

Item	Opening balance	Increase	Decrease	Closing balance
Investment to subsidiaries	40,787,638,188.64	3,601,574,439.15		44,389,212,627.79
Subtotal	40,787,638,188.64	3,601,574,439.15		44,389,212,627.79
Less: impairment losses				

Item	Opening balance	Increase	Decrease	Closing balance
of Long-term equity investment				
<u>Total</u>	<u>40,787,638,188.64</u>	<u>3,601,574,439.15</u>		<u>44,389,212,627.79</u>

2.2 Long-term equity investments details

Investee	Opening balance	Additional investments	Increase and decrease		
			Negative investment	Investment income under the equity method	Other comprehensive income adjustment
Total	40,787,638,188.64	3,601,574,439.15			
1. Subsidiaries	40,787,638,188.64	3,601,574,439.15			
ChemChina Century	8,887.00				
CNCA	3,381,025,738.00				
Tire & Rubber Corp.	3,463,000,970.21				
ZhongChe QiXiu	278,051,358.84				
Bluestar Info.	125,461,639.77				
Shenyang Chemical	44,892,813.95				
BlueStar	14,472,157,315.21				
Equip. Corp.	724,880,045.52				
ZhongLan Petrochemical	432,166,212.46				
Hachua Corp.	2,442,229,318.60				
Asset Co.	13,371,829.66				
Finance Corp.	435,808,569.72				
Chem. Museum	1,048,792,900.00	1,207,100.00			
CNCIC	56,855,986.15				

Investee	Increase and decrease				
	Opening balance	Additional investments	Negative investment	Investment income under the equity method	Other comprehensive income adjustment
Petrochemical Co.	8,521,874,043.71				
China Union		1,600,358,797.15			
Hao-lua Co.	4,824,005,443.48	2,000,000,000.00			
Interstar Group	523,065,116.36				
ChemChina HK		8,542.00			
(Continued)					
Investee	Increase and decrease				
	Other equity changes	Declaration of Cash dividends or profits decelerated	Provision	Closing balance	Closing balance of Provision
Total				44,389,212,627.79	44,389,212,627.79
1. Subsidiaries				8,887.00	
ChemChina Century				3,381,025,738.00	
CNCA				3,463,000,970.21	
Tire& Rubber Corp.				278,051,358.84	
ZhongChe O'Xiu					

Investee	Increase and decrease				Closing balance	Closing balance of Provision
	Other equity changes	Declaration of Cash dividends or profits decelerated	Provision	Others		
Bluestar Info.					125,461,639.77	
Shenyang Chemical					44,892,813.95	
BlueStar.					14,472,157,315.21	
Equip. Corp.					724,880,045.52	
ZhongLan Petrochemical					432,156,212.46	
HaoHua Corp.					2,442,229,318.60	
Asset Co.					13,371,829.66	
Finance Corp.					435,808,569.72	
Chem. Museum					1,050,000,000.00	
CNCIC					56,855,986.15	
Petrochemical Co.					8,521,874,043.71	
China Union					1,600,358,797.15	
HaoHua Co.					6,824,005,443.48	
Interstar Group					523,065,118.36	
ChemChina HK					8,542.00	

3. Total operating income and total operating costs

Item	Accrual this period		Accrual prior period	
	Income	Cost	Income	Cost
Other business subtotal	<u>269,525,290.43</u>	<u>3,921,976.25</u>	<u>114,435,627.74</u>	<u>3,921,976.25</u>
Including: Guarantee fee	231,383,859.94		81,606,229.50	
Income from lease of assets	38,010,186.87	3,921,976.25	32,699,033.33	3,921,976.25
Others	131,243.62		130,364.91	
Total	<u>269,525,290.43</u>	<u>3,921,976.25</u>	<u>114,435,627.74</u>	<u>3,921,976.25</u>

4. Investment incomes

The source of investment income	Accrual this period	Accrual prior period
Others	76,205,179.37	
Total	<u>76,205,179.37</u>	

5. Reconciliation of net profit to cash flow from operating activities

Supplementary Information	Amount incurred in current period	Amount incurred in prior period
1. Adjusting net accounting profit to operating cash flow		
Net profit	-1,665,152,391.84	-1,894,440,950.62
Add: Assets depreciation reserves		
Credit impairment loss		
Depreciation of fixed assets; depletion of oil and gas; depreciation of assets productive biological asset	15,320,970.25	16,842,755.82
Amortization of intangible assets	12,557,204.57	11,135,232.46
Amortization of long-term prepaid expenses		
Losses on disposal of fixed assets, intangible assets and other long-term asset (gains are indicated by "-")		
Losses on scrapped fixed assets (gains are indicated by "-")	3,993.65	36,324.38
Losses on changes in fair values (gains are indicated by "-")		
Financial expenses (income is indicated by "-")	1,916,422,506.81	1,883,594,589.53
Losses on investment (gains are indicated by "-")	-76,205,179.37	
Decrease in deferred tax assets (increase is indicated by "-")		
Increase in deferred tax liabilities (decrease is indicated by "-")		
Decrease in inventories (increase is indicated by "-")		
Decrease in operating receivables (increase is indicated by "-")	-5,810,587,476.43	-537,144,537.08
Increase in operating payable (decrease is indicated by "-")	1,510,579,627.91	-1,624,404,464.60

Supplementary information	Amount incurred in current period	Amount incurred in prior period
Others		
Net cash flow from operating activities	-4,095,060,744.45	-2,144,381,050.11
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance lease		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	2,012,237,543.86	479,210,603.94
Less: opening balance of cash	479,210,603.94	1,069,981,630.22
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net changes in cash and cash equivalents	1,533,026,939.94	-580,771,026.28

XIV. OTHER CONTENTS TO BE DISCLOSED IN ACCORDANCE WITH THE RELEVANT FINANCIAL ACCOUNTING SYSTEM.

The company has no other content to be disclosed in accordance with the relevant financial accounting system in the current period.

XV. APPROVAL OF THE FINANCIAL STATEMENTS

The current financial statements have been approved by the board of directors of the company on May 15, 2020.



统一社会信用代码

911101085923423568

营业执照

(副本) (15-1)



名称 天朗国际会计师事务所(特殊普通合伙)

类型 特殊普通合伙企业

执行事务合伙人 邱靖之

经营范围

审查企业会计报表,出具审计报告;验证企业资本,出具验资报告;办理企业合并、分立、清算事宜中的审计业务,出具有关报告;基本建设年度财务决算审计;代理记账;会计咨询、税务咨询、管理咨询、会计培训;法律、法规规定的其他业务;技术开发、技术咨询、技术服务;应用软件服务;软件开发,计算机系统服务;软件咨询;产品设计;基础软件服务;数据处理(数据处理中的银行、中心、PUE值在1.4以上的云计算数据中心除外);企业管理咨询;销售计算机、软件及辅助设备。(依法须经批准的项目,经相关部门批准后依批准的内容开展经营活动。)

成立日期 2012年03月05日

合伙期限 2012年03月05日至 长期

主要经营场所 北京市西城区车公庄西路19号68号楼A-1和A-5区域



登记机关

2020年03月12日

国家企业信用信息公示系统网址: <http://www.gsxt.gov.cn>

本营业执照于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制



会计师事务所
执业证书

天职国际会计师事务所（特殊普通合伙）

名称：邱靖之
首席合伙人：
主任会计师：
经营场所：北京市海淀区车公庄西路19号68号楼A-1和A-5区域
组织形式：特殊普通合伙
执业证书编号：11010150
批准执业文号：京财会许可[2011]0105号
批准执业日期：2011年11月14日

证书序号：0000175

说明

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- 2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。
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发证机关：

中华人民共和国财政部制

年度检验登记
Annual Renewal Registration

本证书自检验合格之日起，有效期限为一年。
This certificate is valid for twelve months after
this renewal.

注册编号: 4275000000000
No. of Certificate

注册单位: 武汉市注册会计师协会
Subscribed Institute of CPAs

发证日期: 2019 年 02 月 22 日
Date of Issuance

注册会计师工作证受审事项登记
Registration of the Change of Working Unit by a CPA

同意变更
Agree the holder to be transferred to

原单位
Original Unit

新单位
New Unit

注册编号: 4275000000000
No. of Certificate

注册单位: 武汉市注册会计师协会
Subscribed Institute of CPAs

发证日期: 2019 年 02 月 22 日
Date of Issuance

注册会计师协会
THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

姓名: 廖朝光
Sex: 男
Date of Birth: 1964-04-20

身份证号: 420106196404200010
Certificate No.

工作单位: 武汉市注册会计师协会 (特
别普通合伙) 汉阳分所

China National Chemical Corporation Ltd.
Consolidated Financial Statements and
Independent Auditors' Report

Ruihua Audit [2019] NO.01580358

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Independent Auditors' Report

Ruihua Audit [2019] NO. 01580358

To: China National Chemical Corporation Ltd.

I. Audit Opinion

We have audited the accompanying financial statements of China National Chemical Corporation Ltd. (hereafter, the Company), which include the Consolidated and Separate Statements of Financial Position as of 31 December 2018, the Consolidated and Separate Statements of Comprehensive Income, the Consolidated and Separate Statements of Cash Flows and the Consolidated and Separate Statements of Changes in Owners' Equity for the year then ended and the notes to the financial statements.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Accounting Standards for Business Enterprises of China and presented fairly, in all material respects, the consolidated and separate financial position of the Company as of 31 December 2018, and the Company's consolidated and separate results of operations and consolidated and separate cash flows for the year then ended.

II. Basis of Forming the Audit Opinion

We conducted our audit in accordance with the China Standards on Auditing ("CSAS"). The section "Auditors' Responsibility for the Financial Statements" in the audit report further describes our responsibilities in accordance with these standards. According to the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), we are independent of the Company and fulfilled other ethical responsibilities of CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of the Company (hereafter, the management) is responsible for preparing and presenting the financial statements in accordance with Accounting

Standards for Business Enterprises of China and for the purpose of fair presentation and designing, implementing and maintaining necessary internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

During the preparation of the financial statements, the management is responsible for assessing the Company's going-concern capability; disclosing, where applicable, matters in relation to the going-concern status; and applying the going-concern assumption for preparation of the financial statements, unless the management plans to liquidate the Company, terminates operation of the Company or has no other practical alternative choice.

Those charged with governance are responsible for monitoring the Company's financial reporting process.

IV. Auditors' Responsibility for the Financial Statements

Our objective is to obtain reasonable assurance to whether the financial statements are free from material misstatement, whether due to frauds or errors, and issue an audit report with audit opinion. Reasonable assurance is a high-level assurance, but there is no guarantee that a material misstatement will always be found in the audit performed in accordance with CSAs. Misstatements may be caused by fraud or error and are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users based on the financial statements.

During the performance of our audit in accordance with the auditing standards, we use professional judgment and maintain professional skepticism. We also perform the following procedures:

- A. Identify and assess the risks of material misstatement of the financial statements due to fraud and error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as a basis for forming the audit opinion. As fraud may involve collusion, forgery, willful omission, misrepresentation or override of internal control, the risk of not discovering a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement resulting from a mistake.
- B. Understand the internal controls related to auditing in order to design appropriate audit procedures.
- C. Evaluate the appropriateness of accounting policies adopted by the management and the reasonableness of accounting estimates and relevant disclosures made by management.
- D. Conclude on the appropriateness of management's application of the going concern

assumption. Meanwhile, based on the audit evidence obtained, conclude whether there is material uncertainty about the Company's ability to continue as a going-concern. If we conclude that there is material uncertainty, the auditing standards require us to draw attention of the users of the financial statements to the relevant disclosures in the financial statements. If the disclosure is inadequate, we shall express a qualified opinion. Our conclusion is based on information available as of the date of the audit report. However, future events or circumstances may cause the Company not being able to continue as a going-concern.

E. Evaluate the overall presentation, structure and content of financial statements (including disclosures), and evaluate whether the financial statements present fairly the relevant transactions and events.

F. Obtain sufficient and appropriate audit evidence regarding to ChemChina financial information of the entities or business activities in order to express opinion on the financial statements. We are responsible for the guidance, supervision and execution of the group audit. We take full responsibility for the audit opinion.

We communicate with those charged with governance on the scope and time schedule of the audit, and significant audit findings, etc., including deficiency of internal control that we identified during the audit which warrants attention.

Ruihua Certified Public Accountants



Beijing, China

Certified Public Accountants



Certified Public Accountants



22 April 2019



Consolidated Statement of Financial Position

as of December 31, 2018

Prepared by: China National Chemical Corporation Ltd.

Currency: CNY

Item	Note	31 December 2018	1 January 2018	31 December 2017
Current assets				
Cash and Cash Equivalents	8.1	71,358,447,203.23	87,448,464,838.41	87,448,464,838.41
Settlement reserve				
Lending Funds				
Financial assets held for trading	8.2	267,163,187.35	1,436,042,521.69	
Financial assets at fair value through profit and loss	8.3	136,888,464.51	137,576,523.31	410,865,682.60
Derivative financial assets	8.4	2,448,730,630.71	1,244,106,003.49	1,244,106,003.49
Notes receivable and Accounts receivable	8.5	59,932,994,489.98	58,735,363,027.38	58,699,783,121.79
Advances to suppliers	8.6	8,070,789,849.00	5,833,747,014.58	5,833,747,014.58
Premiums receivable				
Reinsurance accounts receivable				
Reinsurance reserves receivable				
Other receivables	8.7	28,343,356,708.68	32,343,853,993.95	32,322,768,405.91
Buying back the sale of financial assets				
Inventories	8.8	61,372,884,494.98	77,620,044,502.66	77,620,044,502.66
Raw materials	8.8	19,275,574,101.48	15,181,688,161.28	15,181,688,161.28
Finished goods	8.8	42,354,093,235.88	44,955,552,527.40	44,935,844,838.08
Assets held for sale	8.9	1,124,537,998.07	403,297,000.00	403,297,000.00
Non-current assets due within one year	8.10	56,414,154.25	35,548,000.00	35,548,000.00
Other current assets	8.11	10,912,191,125.69	9,839,205,414.81	9,865,128,322.50
Total current assets		262,822,208,304.36	275,078,246,835.29	273,684,750,890.24
Non-current assets				
Loans and payments				
Available-for-sale financial assets	8.12	1,578,244,216.22	1,809,082,090.28	4,232,864,204.88
Held-to-maturity investments	8.13			
Long-term receivables	8.14	4,657,672,173.95	7,951,804,819.30	5,657,498,419.30
Long-term equity investments	8.15	10,274,020,571.36	10,306,493,680.21	10,306,493,680.21
Other investments in equity instruments	8.16	1,475,513,501.46	1,332,614,752.48	
Other non-current financial assets	8.17	947,121,800.00	1,195,758,600.00	
Investment properties	8.18	655,453,159.72	588,578,149.26	588,578,149.26
Fixed assets-net value	8.19	122,160,411,021.63	120,938,849,184.19	120,938,849,184.19
Construction in progress	8.20	12,604,126,581.32	15,519,885,135.44	15,519,885,135.44
Biological assets held for production				
Oil and gas assets				
Intangible assets	8.21	184,306,233,911.29	176,565,159,020.94	176,565,159,020.94
Development expenditure	8.22	1,025,210,738.31	1,014,196,319.45	1,014,196,319.45
Goodwill	8.23	179,173,133,535.75	186,367,077,112.62	186,367,077,112.62
Long-term deferred expenses	8.24	403,368,967.65	428,376,303.21	428,376,303.21
Deferred tax assets	8.25	9,959,843,662.34	10,177,851,838.50	10,200,114,567.21
Other non-current assets	8.26	6,806,339,054.26	5,353,891,940.53	5,857,639,362.26
Physical assets reserve specifically				
Total non-current assets		536,026,692,696.25	521,549,198,746.41	522,676,551,456.95
Total asset		798,848,901,000.60	796,627,445,581.70	796,361,302,347.19

Consolidated Statement of Financial Position (Continued)

as of December 31, 2018

Prepared by: China National Chemical Corporation Ltd.

Currency: CNY

Item	Note	31 December 2018	1 January 2018	31 December 2017
Current liabilities				
Short-term borrowings	8.27	63,681,762,768.48	154,603,722,896.38	154,603,722,896.38
Borrowings from central bank				
Deposits from customers and interbank				
Loans from other banks and other financial institutions				
Financial liabilities held for trading				
Financial liabilities arising from profit and loss				
Derivative financial liabilities	8.28	3,810,168,945.52	2,947,918,198.29	2,947,918,198.29
Notes payable and Accounts payable	8.29	62,647,838,418.07	61,358,888,033.74	61,672,329,633.74
Advances from customers	8.30	7,587,731,113.72	7,403,644,570.72	7,824,165,279.93
Contractual liabilities	8.31	1,424,652,465.00	1,547,393,152.78	
Funds from sales of financial assets with repurchase agreement				
Handling charges and commissions payable				
Employment benefits payable	8.32	8,882,754,471.21	9,203,865,240.97	9,203,865,240.97
Accrued payroll	8.32	4,956,970,867.30	3,899,138,106.66	3,899,138,106.66
Welfare benefits payable	8.32	43,442,442.53	8,746,263.00	8,746,263.00
Staff and worker's bonus and welfare	8.32			
Taxes and fees payable	8.33	12,133,081,646.61	8,054,970,167.68	6,046,361,619.59
Taxes payable	8.33	11,830,882,225.30	7,779,880,458.04	7,778,844,858.38
Other payables	8.34	16,219,320,676.45	23,112,623,980.88	23,615,985,980.88
Reinsurance accounts payable				
Provision for insurance contracts				
Funds received as agent of stock exchange				
Funds received as stock underwrite				
Liabilities held for sale	8.35	14,460,830.08		
Non-current liabilities due within one year	8.36	43,478,691,711.10	18,445,766,264.27	18,518,313,435.07
Other current liabilities	8.37	11,095,374,419.37	18,143,235,721.69	18,176,396,299.31
Total current liabilities		230,986,868,784.83	304,621,798,247.39	304,811,088,584.14
Non-current liabilities				
Long-term borrowings	8.38	120,820,204,834.54	97,989,149,488.68	97,734,315,698.68
Debentures payable	8.39	195,228,702,155.85	114,360,065,658.69	114,360,065,658.69
Including: Preferred shares				
Perpetual bonds				
Long-term payables	8.40	1,321,248,906.35	4,151,489,801.37	4,406,323,601.37
Long-term employee benefits payable	8.41	8,321,168,043.60	8,456,288,603.31	8,456,288,603.31
Provisions	8.42	5,063,614,653.44	11,662,656,905.02	11,662,656,905.02
Deferred income	8.43	2,804,189,452.14	2,806,709,434.23	2,806,709,434.23
Deferred tax liabilities	8.45	38,486,360,273.32	38,470,844,030.78	38,486,261,375.58
Other non-current liabilities	8.44	1,850,032,578.78	2,638,687,111.96	2,642,788,226.71
Authorized reserve fund				
Total non-current liabilities		374,886,730,603.02	280,635,961,033.64	280,655,469,493.59
Total liabilities		605,873,599,387.85	585,357,759,281.03	585,466,558,077.73
Shareholders' Equity				
Share capital	8.46	11,580,025,968.24	11,580,025,968.24	11,580,025,968.24
National capital	8.45	11,580,025,968.24	11,580,025,968.24	11,580,025,968.24
State-owned legal person's capital				
Collective capital				
Private capital				
Personal capital				
Foreign capital				
Less: Returned investment				
Net book value of share capital	8.45	11,580,025,968.24	11,580,025,968.24	11,580,025,968.24
Other equity instruments	8.46	12,900,000,000.00	12,900,000,000.00	12,900,000,000.00
Including: Preferred shares				
Perpetual bonds	8.46	12,900,000,000.00	12,900,000,000.00	12,900,000,000.00
Capital reserves	8.47	21,159,356,891.55	23,618,188,204.76	23,618,188,204.76
Less: Treasury shares				
Other comprehensive income	8.52	-3,758,083,324.70	-9,042,923,351.59	-9,062,811,058.92
Exchange differences on translating foreign operations	8.52	-6,664,689,838.87	-8,263,895,031.37	-8,263,895,031.37
Specialized reserve	8.48	94,298,591.37	78,046,432.14	78,046,432.14
Surplus reserves				
Including: Statutory surplus reserve				
Discretionary surplus reserve				
Reserved funds				
Enterprise expansion funds				
Profits capitalised on return of investments				
General risk reserve				
Retained earnings	8.49	-37,545,752,003.04	-22,238,301,003.13	-22,295,108,426.13
Equity attributable to shareholders of the Parent		2,440,833,923.42	16,894,636,251.42	16,827,341,121.88
Minority interests		180,526,467,389.33	194,375,660,052.25	194,367,403,149.48
Total shareholders' equity		192,967,301,312.75	211,269,696,303.67	211,194,744,271.46
Total liabilities and shareholders' equity		798,840,900,699.60	796,627,445,584.70	796,661,302,349.19

Legal Representative

Person in Charge of Accounting Work

Person in Charge of Financial Department

Consolidated Statement of Comprehensive Income

for the Year ended December 31, 2018

Prepared by: China National Chemical Corporation Ltd.

Currency: CNY

Item	Note	2018	2017
Total revenue	8.50	445,813,565,495.94	392,164,583,455.35
Including: Revenue from operation	8.50	445,813,565,495.94	392,164,583,455.35
Interest income			
Insurance premiums earned			
Handling charges and commissions income			
Total operating costs	8.50	481,972,983,227.81	393,536,865,354.89
Including: Cost of sales	8.50	342,306,942,431.72	317,079,338,166.43
Interest expenses			
Handling charges and commissions expenses			
Refund of insurance premiums			
Net payments for insurance claims			
Net provision for insurance contracts			
Commissions on insurance policies			
Cession charges			
Taxes and surcharges		11,471,110,805.42	3,288,890,279.69
Selling expenses	8.51	33,214,200,575.48	27,966,900,062.66
Administrative expenses	8.51	23,662,644,538.90	20,432,932,799.19
Party building work funds	8.51	7,584,729.60	2,561,522.90
Research and development expenses	8.51	13,213,685,807.42	9,540,809,999.66
Financial costs	8.51	22,227,389,013.16	11,677,480,748.44
Interest expense	8.51	19,983,730,613.53	14,367,537,851.57
Interest income	8.51	2,872,965,752.33	2,583,547,829.37
Net exchange gains	8.51		2,188,568,200.21
Net exchange losses	8.51	3,489,168,279.88	
Loss on asset impairment	8.52	5,472,396,374.41	3,552,834,217.93
Credit loss	8.53	404,813,661.10	
Others			
Add: Other income	8.54	1,205,081,998.75	1,015,706,161.86
Investment income (loss presented with "-" prefix)	8.55	2,875,145,169.87	-3,232,590.99
Including: Investment income from associates and joint ventures	8.55	-237,827,072.97	210,443,905.54
Gain on foreign exchange transactions (loss presented by "-" prefix)			
Gains from net exposure hedge ("-" for loss)	8.56	645,797,807.75	
Gain from changes in fair value (loss presented with "-" prefix)	8.57	46,331,035.55	-1,105,724,606.93
Gains from asset disposals ("-" for loss)	8.58	2,803,023,866.12	844,286,417.39
Profit from operation (loss presented with "-" prefix)		1,215,962,046.37	-823,186,516.21
Add: Non-operating income	8.59	1,402,195,619.41	2,089,486,743.99
Including: Government grants	8.59	706,725,302.40	504,388,814.96
Gains from debt restructuring	8.59	63,188,473.32	7,202,800.76
Less: Non-operating expenses	8.60	1,190,344,434.82	1,000,306,569.92
Including: Loss from debt restructuring	8.60	5,075,505.83	2,489,139.27
Profit before taxation (loss presented with "-" prefix)		1,427,837,430.96	245,903,655.86
Less: Income tax expenses	8.61	2,838,453,437.44	-440,730,196.84
Net profit (loss presented with "-" prefix)		-1,410,616,006.48	686,633,852.70
A. Net profit/loss classified by ownership			
Net profit attributable to parent company		-14,602,535,996.35	-6,901,027,044.15
*Profit/loss attributable to minority share-holders		13,191,869,989.87	7,587,770,896.85
B. Net profit/loss classified by continuity of operations			
Net profit from continuing operations		-645,091,446.05	650,793,726.78
Net profit from discontinued operations		-564,954,560.43	-184,049,914.56
Other comprehensive income after tax	8.62	3,095,531,341.30	-9,888,145,362.37
Other comprehensive income after tax attributable to parent company		3,284,133,433.39	-5,038,716,512.31
A. Comprehensive income I that will not be reclassified into profit or loss		186,424,494.14	699,984,719.32
1. Remeasurement of net assets or net liabilities of defined benefit plans		131,676,602.24	845,495,119.32
2. Other comprehensive income recognised under equity method		-1,208.97	53,489,600.00
3. Changes in fair value of other investments in equity instruments		54,749,100.87	
4. Changes in fair value of entity's credit risk			
5. Others			
B. Other comprehensive income that may be reclassified into profit or loss		3,007,708,939.25	-5,738,701,231.63
1. Other comprehensive income recognised under equity method		-26,324,983.06	16,870,499.68
2. Changes in fair value of other debt investments			
3. Gains or losses arising from changes in fair value of available-for-sale financial assets		-99,833,686.87	86,490,053.31
4. Amount included in other comprehensive income arising from reclassification of financial assets			
5. Gain or loss arising from reclassification of held-to-maturity investments as available-for-sale financial assets			
6. Provision for impairment of other debt investments			
7. Effective portion of gains or losses arising from cash flow hedging instruments		583,113,150.24	-514,065,892.87
8. Translation differences arising on translation of foreign currency financial statements		2,569,005,192.50	-5,327,101,891.65
9. Others		71,749,246.46	
Other comprehensive income after tax attributable to minority share-holders		-188,602,092.09	-4,831,428,850.06
Total comprehensive income		1,684,885,334.82	-9,191,401,548.87
Total comprehensive income attributable to shareholders of the Parent		2,719,178,872.96	-5,200,786,426.38
Total comprehensive income attributable to minority interests		-1,034,293,538.14	-3,990,635,123.28
Earning per share			
A. Basic earning per share			
B. Diluted earning per share			

Legal Representative

Person in Charge of Accounting Work

Person in Charge of Financial Department

Consolidated Statement of Cash Flows

for the Year ended December 31, 2018

Prepared by: China National Chemical Corporation Ltd.

Currency: CNY

Item	Note	2018	2017
Cash flows from operating activities			
Cash received for sales of goods and rendering of services		459,930,156,332.37	426,501,466,765.18
Net increase in deposits and placements from financial institutions			
Net increase in borrowing from central bank			
Net increase in funds borrowed from other financial institutions			
Cash received from premiums of original insurance contracts			
Net amount of reinsurance business			
Net increase in insured's deposits and investments			
Net increase in disposal of financial assets at fair value through profit and loss			
Cash received from interests, fees and commissions			
Net increase of placement from banks and other financial institutions			
Net increase in repurchasing			
Tax refund received		1,746,948,409.24	1,958,924,986.36
Other cash receipts relating to operating activities		15,528,494,878.24	3,962,861,749.81
Cash inflows from operating activities		477,205,599,619.85	432,423,253,521.35
Cash payments for purchase of goods and services		331,545,956,997.53	299,108,826,861.58
Net increase in loans and advances			
Net increase in deposits with central banks and other financial institutions			
Cash paid for claim settlements on original insurance contracts			
Cash paid for interest, fees and commissions			
Cash paid for policy dividends			
Cash paid to or on behalf of employees		44,848,526,908.54	39,776,290,267.61
Taxes and fees paid		20,243,171,404.99	13,974,958,061.18
Other cash payments relating to operating activities		51,485,748,969.50	36,039,505,378.93
Cash outflows for operating activities		446,123,406,280.56	388,899,590,587.30
Net cash flows from operating activities	8.66	29,082,193,339.29	43,523,662,934.05
Cash flows from investing activities			
Cash received from investment withdrawal		2,715,302,980.33	5,357,415,661.53
Cash investment income received		2,041,085,442.78	2,035,621,861.31
Net cash received from disposal of fixed assets, intangible assets or other non-current assets		6,939,577,672.94	1,361,009,466.30
Net cash received from disposal of subsidiaries or other invested entities		619,764,140.98	1,574,016,440.55
Other cash receipts relating to investing activities		4,902,624,479.34	9,463,535,636.81
Cash inflows from investing activities		17,218,554,716.37	20,812,199,266.50
Cash paid for purchase or construction of fixed assets, intangibles assets or other non-current assets		18,736,901,818.64	16,631,694,402.88
Cash paid for investment		11,127,193,409.25	9,658,993,604.37
Net increase in pledged loan			
Net cash paid for acquisition of subsidiaries and other invested entities		10,542,116,176.82	278,311,135,623.25
Other cash payments relating to investing activities		5,984,221,214.34	25,832,152,567.24
Cash outflows for investing activities		46,390,432,619.05	328,434,176,397.74
Net cash flows from investing activities		-29,171,877,902.68	-307,621,977,111.24
Cash flows from financing activities			
Cash received from investors		6,054,703,908.26	153,865,996,206.96
Including: Cash received from minority shareholders of subsidiaries		5,799,459,801.13	147,254,889,777.23
Cash received from loans raised		237,190,689,304.93	380,910,857,680.90
Cash received from debt instruments issued			
Other cash receipts relating to financing activities		7,936,645,709.02	12,276,876,462.90
Cash inflows from financing activities		251,184,038,922.21	526,873,732,350.78
Cash paid for debt repayment		219,188,398,195.69	209,017,972,970.78
Cash paid for dividends, profit distribution and interests		25,321,319,001.46	18,712,450,659.95
Including: Cash dividends and profit distribution paid to minority shareholders of subsidiaries		8,222,926,895.06	34,409,159.64
Other cash payments relating to financing activities		22,242,967,643.98	6,844,122,929.69
Cash outflows for financing activities		266,732,684,841.15	234,574,576,560.42
Net cash flows from financing activities		-15,548,645,918.94	292,299,155,790.34
Impact of change of foreign exchange rates on cash and cash equivalents		-662,267,861.96	-1,196,530,103.23
Net increase of cash and cash equivalents	8.66	-16,320,598,184.29	27,004,311,509.92
Add: cash and cash equivalents brought forward	8.66	71,873,684,365.75	44,869,372,855.83
Cash and cash equivalents carried forward	8.66	55,553,086,201.46	71,873,684,365.75

Legal Representative

Person in Charge of Accounting Work

Person in Charge of Financial Department

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Person in Charge of Accounting Work

Loyal Representative

Consolidated Statement of Changes in Shareholders' Equity(Continued)

for the Year ended December 31, 2018

Equity attributable to shareholders of the Parent														
	Share capital		Other equity instruments		Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others	Subtotal	Minority interest
	Preferred shares	Perpetual bonds	Others											
Balance at January 1, 2017	11,540,035,884.24				19,511,730,333.85		-3,837,843,888.43	76,472,108.89			13,209,402,182.70		34,067,188,158.28	47,793,765,554.32
Changes for the period (accounting presented by "China")					308,898,822.61						-)		-1,326,487,881.89	-118,523,807.02
1. Total comprehensive income														
2. Owner's contributions and withdrawal of capital														
3. Changes in ownership interests														
4. Capital contributed by other equity instrument holders														
5. Share-based payment included in owner's equity														
6. Others														
7. Actual and utilization of specific reserves														
8. Dividends														
9. Profit distribution														
10. Appropriation of surplus reserve including statutory surplus reserve														
11. Others														
12. Others														
13. Others														
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Consolidated Statement of Financial Position

as of December 31, 2018

Prepared by: China National Chemical Corporation

Currency: CNY

Item	Note	31 December 2018	1 January 2018	31 December 2017
Current assets				
Cash and Cash equivalents		479,210,603.94	1,059,981,630.22	1,059,981,630.22
Deposit Reservation for Balance				
Lending Funds				
Financial assets held for trading				
Financial assets at fair value through profit and loss				
Derivative financial assets				
Notes receivable and Accounts receivable				
Advances to suppliers				
Premiums receivable				
Reinsurance accounts receivable				
Reinsurance reserves receivable				
Other receivables	13.1	6,624,111,026.94	5,753,157,162.02	5,753,157,162.02
Buying back the sale of financial assets				
Inventories				
Raw materials				
Finished goods				
Assets held for sale				
Non-current assets due within one year				
Other current assets				
Total current assets		284,087,569.28	1,233,359,031.38	1,233,359,031.38
Non-current assets		7,587,409,200.16	6,046,497,823.62	6,046,497,823.62
Loans and payments				
Available-for-sale financial assets		26,377,594,881.70	31,274,248,750.00	31,274,248,750.00
Held-to-maturity investments				
Long-term receivables				
Long-term equity investments	13.2	40,767,638,186.64	40,762,527,601.64	40,762,527,601.64
Other investments in equity instruments				
Other non-current financial assets				
Investment properties				
Fixed assets-net value		426,263,067.53	343,261,131.77	343,261,131.77
Construction in progress		252,936,839.67	213,369,129.63	213,369,129.63
Biological assets held for production				
Oil and gas assets				
Intangible assets		54,936,027.80	61,954,200.91	61,954,200.91
Development expenditure				
Goodwill				
Long-term deferred expenses				
Deferred tax assets				
Other non-current assets		6,239,851,000.00		
Physical assets reserve specifically				
Total non-current assets		74,139,239,985.34	72,655,360,813.95	72,655,360,813.95
Total asset		81,726,649,185.60	80,701,858,837.57	80,701,858,837.57

Consolidated Statement of Financial Position (Continued)

as of December 31, 2018

Prepared by: China National Chemical Corporation Ltd.

Currency: CNY

Item	Note	31 December 2018	1 January 2018	31 December 2017
Current liabilities				
Short-term borrowings		5,000,000,000.00	4,960,000,000.00	4,960,000,000.00
Borrowings from central bank				
Deposits from customers and interbank				
Loans from other banks and other financial institutions				
Financial liabilities at fair value through profit and loss				
Derivative financial liabilities				
Notes payable and Accounts payable				
Advances from customers				
Contractual liabilities				
Funds from sales of financial assets with repurchase agreement				
Holding charges and commissions payable				
Employment benefits payable		3,940,608.00	3,746,540.30	3,746,540.30
Accrued payroll		2,527,196.79	2,048,754.25	2,048,754.25
Welfare benefits payable				
Staff and worker's bonus and salary				
Taxes and fees payable		1,556,616.59	866,662.93	866,662.93
Taxes payable		1,556,616.59	866,662.93	866,662.93
Other payables		13,251,206,486.32	14,706,668,011.13	14,706,668,011.13
Reinsurance accounts payable				
Provision for insurance contracts				
Funds received as agent of stock exchange				
Funds received as stock underwrite				
Liabilities held for sale				
Non-current liabilities due within one year		2,800,000,000.00		
Other current liabilities		4,500,000,000.00	8,500,000,000.00	8,500,000,000.00
Total current liabilities		25,366,703,712.91	28,171,481,214.36	28,171,481,214.36
Non-current liabilities				
Long-term borrowings		5,063,045,600.00	3,022,286,600.00	3,022,286,600.00
Debt instruments payable				
Debentures payable		14,000,000,000.00	9,600,000,000.00	9,600,000,000.00
Including: Preferred shares				
Perpetual bonds				
Long-term payables				
Long-term employee benefits payable				
Designated payables				
Provisions				
Deferred income		46,850,000.00	46,850,000.00	46,850,000.00
Deferred tax liabilities				
Other non-current liabilities				
Authorized reserve fund				
Total non-current liabilities		19,129,895,600.00	12,669,136,606.00	12,669,136,606.00
Total liabilities		44,496,599,312.91	40,840,617,814.36	40,840,617,814.36
Equity				
Share capital		11,580,025,966.24	11,580,025,966.24	11,580,025,966.24
National capital		11,580,025,966.24	11,580,025,966.24	11,580,025,966.24
State-owned legal person's capital				
Collective capital				
Private capital				
Personal capital				
Foreign capital				
Less: Returned investment				
Net book value of share capital		11,580,025,966.24	11,580,025,966.24	11,580,025,966.24
Other equity instruments		12,900,000,000.00	12,900,000,000.00	12,900,000,000.00
Including: Preferred shares				
Perpetual bonds		12,900,000,000.00	12,900,000,000.00	12,900,000,000.00
Capital reserves		22,660,588,428.74	22,672,588,428.74	22,672,588,428.74
Less: Treasury shares				
Other comprehensive income				
Exchange differences on translating foreign operations				
Specialized reserve				
Surplus reserves				
Statutory accumulation reserve				
Discretionary accumulation				
Reserved funds				
Enterprise expansion funds				
Profits capitalised on return of investments				
General risk reserve				
Retained earnings		-9,912,564,524.38	-7,291,373,573.77	-7,291,373,573.77
Equity attributable to shareholders of the Parent		37,240,049,872.59	39,861,240,823.21	39,861,240,823.21
Minority interests				
Total shareholders' equity		37,240,049,872.59	39,861,240,823.21	39,861,240,823.21
Total liabilities and shareholders' equity		81,726,649,185.50	80,701,858,637.57	80,701,858,637.57

Legal Representative

Person in Charge of Accounting Work

Person in Charge of Financial Department

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Consolidated Statement of Comprehensive Income

for the Year ended December 31, 2018

Prepared by: China National Chemical Corporation Ltd.

Currency: CNY

Item	Note	2018	2017
Total revenue	13.2	114,439,827.74	155,421,147.54
Including: Revenue from operation	13.3	114,439,827.74	155,421,147.54
Interest income			
Insurance premiums earned			
Handling charges and commissions income			
Total operating costs	13.5	2,005,042,887.62	752,962,448.81
Including: Cost for operation	13.2	3,921,979.25	3,983,163.57
Interest expenses			
Handling charges and commissions expenses			
Refund of insurance premiums			
Net payments for insurance claims			
Net provision for insurance contracts			
Commissions on insurance policies			
Cession charges			
Taxes and surcharges		8,583,284.48	6,464,023.79
Selling expenses			
Administrative expenses		215,676,732.04	122,701,406.28
Party building work funds		342,552.32	
Research and development expenses			
Financial costs		1,776,680,894.84	819,813,856.17
Interest expense		1,883,731,904.29	1,048,168,448.12
Interest income		298,701,233.43	97,521,884.88
Net exchange gains			372,355,357.60
Net exchange losses		140,154,127.00	
Loss on asset impairment			
Credit loss			
Others			
Add: Other income		89,775.86	
Investment income (loss presented with "-" prefix)	13.4		548,457.55
Including: Investment income from associates and joint ventures			
Gain on foreign exchange transactions (loss presented by "-" prefix)			
Gains from net exposure hedge ("-" for loss)			
Gain from changes in fair value (loss presented with "-" prefix)			
Gains from asset disposals ("-" for loss)			
Profit from operation (loss presented with "-" prefix)		-1,890,517,484.23	-596,894,843.59
Add: Non-operating income			8,334.95
Including: Government grants			
Gains from debt restructuring			
Less: Non-operating expenses		3,923,466.40	8,619,360.73
Including: Loss from debt restructuring			
Profit before taxation (loss presented with "-" prefix)		-1,894,440,950.62	-605,505,869.47
Less: Income tax expenses			
Net profit (loss presented with "-" prefix)		-1,894,440,950.62	-605,505,869.47
A. Net profit/loss classified by ownership			
Net profit attributable to parent company		-1,894,440,950.62	-605,505,869.47
*Profit/loss attributable to minority shareholders			
B. Net profit/loss classified by continuity of operations			
Net profit from continuing operations		-1,894,440,950.62	-605,505,869.47
Net profit from discontinued operations			
Other comprehensive income after tax			
Other comprehensive income after tax attributable to parent company			
A. Comprehensive income that will not be reclassified into profit or loss			
1. Remeasurement of net assets or net liabilities of defined benefit plans			
2. Other comprehensive income recognized under equity method			
3. Changes in fair value of other investments in equity instruments			
4. Changes in fair value of entity's credit risk			
5. Others			
B. Other comprehensive income that may be reclassified into profit or loss			
1. Other comprehensive income recognized under equity method			
2. Changes in fair value of other debt investments			
3. Gain or losses arising from changes in fair value of available-for-sale financial assets			
4. Amount included in other comprehensive income arising from reclassification of financial assets			
5. Gain or loss arising from reclassification of held-to-maturity investments as available-for-sale financial assets			
6. Provision for impairment of other debt investments			
7. Effective portion of gains or losses arising from cash flow hedging instruments			
8. Translation differences arising on translation of foreign currency financial statements			
9. Others			
Other comprehensive income after tax attributable to minority shareholders			
Total comprehensive income		-1,894,440,950.62	-605,505,869.47
Total comprehensive income attributable to shareholders of the Parent		-1,894,440,950.62	-605,505,869.47
Total comprehensive income attributable to minority interests			
Earning per share			
A. Basic earning per share			
B. Diluted earning per share			

Legal Representative

Person in Charge of Accounting Work

Person in Charge of Financial Department



Statement of Cash Flows for the Year ended December 31, 2018

Prepared by China National Chemical Corporation Ltd.

Currency: CNY

Item	Note	2018	2017
Cash flows from operating activities			
Cash received for sales of goods and rendering of services		124,079,378.87	88,545,909.42
Net increase in deposits and placements from financial institutions			
Net increase in borrowing from central bank			
Net increase in funds borrowed from other financial institutions			
Cash received from premiums of original insurance contracts			
Net amount of reinsurance business			
Net increase in insured's deposits and investments			
Net increase in disposal of financial assets at fair value through profit and loss			
Cash received from interests, fees and commissions			
Net increase of placement from banks and other financial institutions			
Net increase in repurchasing			
Tax refund received			
Other cash receipts relating to operating activities		8,929,729,632.11	17,961,337,956.88
Cash inflows from operating activities		9,053,809,010.98	18,047,883,866.30
Cash payments for purchase of goods and services			
Net increase in loans and advances			
Net increase in deposits with central banks and other financial institutions			
Cash paid for claim settlements on original insurance contracts			
Cash paid for interest, fees and commissions			
Cash paid for policy dividends			
Cash paid to or on behalf of employees		61,748,129.48	-82,542,963.68
Taxes and fees paid		9,458,931.31	7,702,789.31
Other cash payments relating to operating activities		11,126,983,000.30	15,178,833,476.83
Cash outflows for operating activities		11,198,180,061.09	15,249,079,228.80
Net cash flows from operating activities	13.5	-2,144,381,050.11	2,798,804,637.50
Cash flows from investing activities			
Cash received from investment withdrawal		2,368,698,460.00	176,096,800.00
Cash investment income received			646,457.58
Net cash received from disposal of fixed assets, intangible assets or other non-current assets			148,500.00
Net cash received from disposal of subsidiaries or other invested entities			
Other cash receipts relating to investing activities		1,604,000,000.00	
Cash inflows from investing activities		4,172,698,460.00	176,843,757.58
Cash paid for purchase or construction of fixed assets, intangible assets or other non-current assets		48,439,148.28	104,426,336.41
Cash paid for investment		2,497,146,261.70	17,238,199,750.00
Net increase in pledged loan			
Net cash paid for acquisition of subsidiaries and other invested entities			
Other cash payments relating to investing activities		1,919,220,000.00	
Cash outflows for investing activities		4,484,805,409.98	17,342,623,086.41
Net cash flows from investing activities		-292,106,949.98	-17,168,870,328.83
Cash flows from financing activities			
Cash received from investors			5,400,000,000.00
Including: Cash received from minority shareholders of subsidiaries			
Cash received from loans raised		30,979,134,800.00	27,616,883,900.00
Cash received from debt instruments issued			
Other cash receipts relating to financing activities			5,697,687,321.75
Cash inflows from financing activities		30,979,134,800.00	38,716,371,221.75
Cash paid for debt repayment		26,065,440,000.00	20,464,408,535.96
Cash paid for dividends, profit distribution and interests		2,131,568,688.57	1,660,707,945.83
Including: Cash dividends and profit distribution paid to minority shareholders of subsidiaries			
Other cash payments relating to financing activities		908,547,544.38	2,122,207,926.64
Cash outflows for financing activities		29,123,554,230.95	24,247,321,428.03
Net cash flows from financing activities		1,855,580,569.05	14,469,049,793.72
Impact of change of foreign exchange rates on cash and cash equivalents		136,414.78	-59,910.84
Net increase of cash and cash equivalents	13.5	-580,771,026.28	102,063,169.55
Add: cash and cash equivalents brought forward	13.5	1,059,981,630.22	957,918,440.67
Cash and cash equivalents carried forward	13.5	479,210,603.94	1,059,981,630.22

Legal Representative

Person in Charge of Accounting Work

Person in Charge of Financial Department

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Statement of Changes in Shareholders' Equity for the Year ended December 31, 2018

Currency: CNY

	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Retained earnings	Total shareholders' equity
		Preferred shares	Perpetual bonds	Others								
Balance brought forward	11,590,025,968.24		12,900,000,000.00		22,872,585,428.74						-7,291,373,573.77	39,861,240,823.21
Changes for the period (decrease presented by "-")												
1. Total comprehensive income												
2. Owner's contributions and withdrawals of capital												
a. Common stock contributed by owners												
b. Capital contributed by other equity instrument holders												
c. Share-based payment recorded in owner's equity												
d. Others												
3. Accrual and utilization of specific reserve												
a. Accrual of specific reserve												
b. Utilization of specific reserve												
4. Profits distribution												
a. Appropriation of surplus reserve												
including: statutory surplus reserve												
Discretionary surplus reserve												
General reserve fund												
Enterprise expansion fund												
Return of investment												
b. Accrual of general risk reserve												
c. Distribution to owner/shareholder												
d. Others												
5. Transfer within owner's equity												
a. Paid-in capital increased by capital reserve transfer	12,000,000.00				-12,000,000.00							
b. Paid-in capital increased by surplus reserve transfer												
c. Loss covered by surplus reserve												
d. Transfer of changes as a result of remeasurement of defined benefit plan liability												
e. Others												
Ending balance of current year	11,592,025,968.24		12,900,000,000.00		22,860,585,428.74						-9,912,564,524.39	37,240,049,872.59

Legal Representative

Person in Charge of Accounting Work

Person in Charge of Financial Department

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Statement of Changes in Shareholders' Equity (Continued)

for the Year ended 31 December 2018

Prepared by: China National Chemical Corporation Ltd.

Currency: CNY

	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Retained earnings	Total shareholders' equity
		Preferred shares	Perpetual bonds	Others								
Balance brought forward	11,580,025,968.24		10,500,000,000.00		18,812,390,454.50						-6,068,016,454.50	32,824,393,968.24
Add: Changes of accounting policies												
Correction of prior period errors												
Others												
Balance as at 1 January	11,580,025,968.24		10,500,000,000.00		22,154,416,325.83						-6,068,016,454.50	38,146,425,839.57
Changes for the period (decrease presented by "-" prefix)			2,400,000,000.00		538,172,103.11						-1,223,357,119.47	1,714,814,883.84
1. Total comprehensive income												
2. Owner's contributions and withdrawals of capital												
a. Common stock contributed by owners			2,400,000,000.00		538,172,103.11						-806,805,869.47	-695,605,869.47
b. Capital contributed by other equity instruments holders												
c. Share-based payment recorded in owner's equity			2,400,000,000.00		538,172,103.11							2,938,172,103.11
d. Others												
3. Accrual and utilization of specific reserve												
a. Accrual of specific reserve												
b. Utilization of specific reserve												
4. Profit distribution												
a. Appropriation of surplus reserve												
Including: Statutory surplus reserve												
Discretionary surplus reserve												
General reserve fund												
Enterprise expansion fund												
Return of investment												
b. Accrual of general risk reserve												
c. Distribution to owner/shareholder												
d. Others												
5. Transfer within owner's equity												
a. Paid-in capital increased by capital reserve transfer												
b. Paid-in capital increased by surplus reserve transfer												
c. Loss covered by surplus reserve												
d. Transfer of changes as a result of remeasurement of defined benefits plan liability												
e. Others												
Ending balance of current year	11,580,025,968.24		12,900,000,000.00		22,672,588,428.74						-7,281,373,573.77	39,861,240,823.21

Legal Representative

Person in Charge of Accounting Work

Person in Charge of Financial Department

CHINA NATIONAL CHEMICAL CORPORATION LTD.

Notes to the Financial Statements

For the Year Ended December 31, 2018

(All amounts are expressed, unless otherwise stated, in Renminbi (CNY))

Note 1: Company Profile

Upon the approval of the State-owned Assets Supervision and Administration Commission of the State Council (hereinafter as the "SASAC") (letter No. 115 [2003] of the State Council), China National Chemical Corporation Ltd. (hereinafter as the "Company") was set up on 22 April 2004. The Company was registered with Beijing Administration for Industry & Commerce with a registered capital of RMB 11,100,000,000.00. The Company's registered address is No.62 Beisihuan West Road, Haidian District, Beijing, legal representative is Ning gaoning, Unified Social Credit Code is 91110000710932515R and business term since November 29, 2017 to long term.

The Company owns 19 subsidiaries, namely China National BlueStar (Group) Co., Ltd. (BlueStar.), China HaoHua Chemical (Group) Co. Ltd. (HaoHua Co.), HaoHua Chemical Corporation (HaoHua Corp.), China National Chemical Equipment Corporation (Equip. Corp.), China National Agrochemical Company Limited (CNCA), China National Tire& Rubber Corporation (Tire& Rubber Corp.), ChemChina Petrochemical Co., Ltd. (Petrochemical Co.), ZhongChe QiXiu (Group) Corporation (ZhongChe QiXiu), ZhongLan Petrochemical Corporation (ZhongLan Petrochemical), ChemChina Finance Corporation (Finance Corp.), China National Chemical Information Center (CNCIC), ChemChina Asset Company (Asset Co.), China Chemical Museum (Chem. Museum), ChemChina Academy of Sciences (Academy of Sc.), Bluestar Information Equipment (Group) Corporation (BlueStar Info.), Qingdao Yello Sea Rubber Corporation (Yello Sea Rubber), Interstar Co. Ltd. (Interstar Group), ChemChina HK Company Limited (ChemChina HK), China chemical century Co. Ltd (ChemChina Century). The Company controls 9 listed companies, including 7 domestic respectively: Adama Co., Ltd. (hereinafter referred to as "Adama"), Bluestar Adisseo Co., Ltd. (hereinafter referred to as the "Adisseo"), Qingdao TianHuaYuan chemical engineering Co., Ltd. (hereinafter referred to as "TianHuaYuan"), Shenyang Chemical Industry Co., Ltd (hereinafter referred to as the "Shenyang Chemical"), Aeolus tyre Co., Ltd. (hereinafter referred to as the "Aeolus Tyre"), Cangzhou Dahua chemical Co., Ltd. (hereinafter referred to as the "Cangzhou Dahua"), Sichuan Tianyi science and technology Co., Ltd. (hereinafter referred to as the "Tianke Co."). The two foreign listed companies are respectively Pirelli & c. S.P.A. (hereinafter referred to as "Pirelli") and Bluestar Elkem international limited (hereinafter referred to as "Elkem").

The business scope of the Company is mainly engaged in: chemical raw materials, chemical products, chemical mines, chemical fertilizers, pesticides (except chemical dangerous goods), plastics, tires, rubber products, film equipment, chemical equipment production and sales; Machinery products, electronic products, instrumentation, building materials, textiles, light industrial products, forest products, forest products production and marketing; Research, development, design and construction of chemical equipment, chemical cleaning, anticorrosion, petrochemical and water treatment technologies; Technical consultation, information service and equipment leasing (the above products do not contain hazardous chemicals); Office space for rent.

This report is subject to the Chinese report.

Note 2: Basis for preparation of the financial statements

The financial statements of Company have been prepared on basis of going concern in conformity with the Chinese Accounting Standards for Business Enterprises and the Accounting Systems for Business Enterprises issued by the Ministry of Finance of People's Republic of China (Ministry of Finance issued order No.33, the Ministry of Finance revised order No.76) on 15 February 2006, the revised Accounting Standards (order 42 of the Ministry of Finance), the Guides on Enterprises Accounting Standards Application, Explanations on Enterprises Accounting Standards and other provisions related to individual financial statements – General Provisions on Financial Reports issued by the China Securities Regulatory Commission (CSRC).

Note 3: Statement of Compliance with Enterprise Accounting Standards

The financial statements of the Company have been prepared in accordance with the requirements of the Accounting Standards for Business Enterprises, and presented truly and completely for its financial position, annual operation outcomes and cash flows for the year ended 31 December 2018.

Note 4: Important Accounting Principles and Accounting Estimates

The ministry of finance issued on March 31, 2017, respectively by the accounting standards for enterprises no. 22 - recognition and measurement in financial instruments (2017 revision) "(finance and accounting) [2017] no. 7, the accounting standards for enterprises no. 23 - transfer of financial assets (revised in 2017)" (finance and accounting [2017] no. 8), the accounting standards for enterprises no. 24 - hedging accounting (2017 revision) "(finance and accounting [2017] 9). On May 2, 2017, it issued accounting standards for enterprises no. 37 - presentation of financial instruments (2017 revision) (accounting [2017] no. 14) (the above standards are collectively referred to as "new financial instruments standards"). On July 5, 2017, the accounting standards for enterprises no. 14 - revenue (2017 revision) (finance and accounting [2017] no. 22) (hereinafter referred to as "new revenue standards") was issued.

The Company's subsidiaries Andorra, Syngenta and Pirelli will implement the new financial instrument standards and new revenue standards from January 1, 2018. When preparing consolidated financial statements, the Company shall directly consolidate the financial statements prepared by the above companies in accordance with the new financial instrument standards and the new revenue standards. In the description of accounting policies and accounting estimates, the Company distinguishes between "companies that have implemented the new financial instrument standards" and "companies that have not yet implemented the new financial instrument standards"; "Companies that have implemented the new revenue guidelines" and "companies that have not yet implemented the new revenue guidelines" are described respectively.

4.1 Accounting period

The Company's accounting periods include an annual and a medium-term period. The medium-term accounting period is a period shorter than the reporting period of a complete accounting year. The accounting year of the Group is from 1 January to 31 December.

4.2 Monetary Unit

Renminbi (CNY) is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate, therefore, the Company and its domestic subsidiaries use CNY as their functional currency. Overseas subsidiaries of the Company select their functional currencies in accordance with the primary economic environment in which they operate. The financial statements of the Company's subsidiaries with functional currencies other from CNY have been translated based on the accounting policy set out in Note 4.6.3 Conversion of Foreign Currency Reports.

4.3 Accounting basis and valuation principle

According to the relevant provisions of accounting standards for enterprises, the Company's accounting is based on accrual basis. Except for certain financial instruments and investment properties, the financial statements are

based on historical costs. The value of the non-current assets held for sale at the fair value less the estimated expenses and the original book value at the time of the holding for sale, whichever is lower. In case of any impairment of assets, the corresponding provision for impairment shall be made in accordance with relevant provisions.

4.4 Business combination

Corporation merger refers to the transaction or other events that combine two or more entities into a single reporting entity. Accounting treatments for business combinations involves entities under common control and not under common control.

4.4.1 Business combinations under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The acquirer is the Company which obtained the right of control at the date of merger. The acquirees are other participating companies in the merger. The combination date is the date on which one combining entity obtains control of other combining entities.

Assets and liabilities acquired are measured at the acquiree's carrying amount at the date of merger. 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.

4.4.2 Business combinations not under common control

A business combination not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. The acquirer is the Company which obtained the right of control at the date of merger. The acquirees are other companies participating in the merger. The date of merger is the date when the acquirer actually obtains control of the acquiree.

The costs occurred in merger contain the assets paid, liabilities afforded and the fair value of equity securities issued for acquiring targets control right at the date of merger. The agency fee paid for auditing, legal services, measurement and consulting and the other managerial costs should be recorded in the profits and losses at the time it happened. The transaction costs of equity or debt securities which is issued for merger consideration by acquirer should be recorded in the initial recognized amounts of equity or debt securities. The relevant contingent consideration should be recognized into consolidation costs according to its fair value at the date of consolidation. If it is necessary to adjust contingent consideration for the new or further evidence of the existed condition at the date of merger, it should adjust the goodwill of consolidation correspondingly. Acquirer's consolidation costs and recognizable net assets should be recorded as the fair value at the date of merger. If consolidation costs are larger than fair value of targets' recognizable net assets at the date of merger, the difference should be recognized as goodwill. Otherwise, consolidation costs and the fair value of targets' recognizable assets, liabilities, and contingent liabilities should be reviewed firstly. If the consolidation costs are still smaller than the fair value of targets' net recognizable assets after reviewing, the difference should be recorded into profits and losses in current year.

Acquirees' deductible temporary difference obtained by acquirer, which are not recognized at the time of combination due to failure in meeting the criteria for deferred tax assets recognition, could be accounted for as deferred tax assets if there are new or further information to prove that the criteria are met at the time of combination and that the expected economic benefits of the acquirees' deductible temporary difference at the time of combination could be realized. Meanwhile, goodwill should be de deducted and if it could not cover the deduction, the difference could be recognized in profits and losses in current period.

For business combination not under common control involving multiple transactions, judgments should be made on whether multiple transactions form a bundled transaction or not according to the stipulations set out in No.33

Consolidation of Financial Statement, the Accounting Standards for Business Enterprises and other relative documents. If multiple transactions could be regarded as bundled transaction, the accounting treatment should refer to previous description in this section and section 4.14 Long-term equity investments. Otherwise, it should be accounted by distinguish individual financial statements or consolidated financial statements.

4.5 Preparation of the consolidated financial statements

4.5.1 The scope of consolidation

The scope of consolidation for the consolidated financial statements is determined on the basis of control. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities. The scope of consolidation includes the Company and all of its subsidiaries. Subsidiary is an enterprise or entity under the control of the Company.

In event of change in relevant facts and circumstances that could lead to changes in the elements involved in the above definition of the scope of consolidation, reassessment would be made by the Company.

4.5.2 Preparation of the consolidated financial statements

The subsidiary of the Company is included in the consolidated financial statements from the date when the control over the net assets and business decisions of the subsidiary is effectively obtained, and excluded from the date when the control ceases.

For a subsidiary disposed of by the Company, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate. For a subsidiary disposed during the period, no adjustment is made to the opening balance of the consolidated financial statements.

For a subsidiary acquired through a business combination not under common control, the operating results and cash flows from the acquisition (the date when the control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriated; no adjustment is made to the opening balance and comparative figures in the consolidated financial statements.

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. The results of operations and cash flow are included in the consolidated balance sheet and the consolidated income statement, respectively, based on their carrying amounts, from the date that common control was established, and the opening balances and the comparative figures of the consolidated financial statements are restated.

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. Where a subsidiary was acquired during the reporting period through a business combination not under common control, the financial statements was reconciliated on the basis of the fair value of identifiable net assets at the date of acquisition. Intra-Group balances and transactions, and any unrealized profit or loss arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

Non-controlling interest and the portion in the net profit or loss not attributable to the Company are presented separately in the consolidated balance sheet within shareholders' equity and net profit. Net profit or loss attributable to non-controlling shareholders in the subsidiaries is presented separately as non-controlling interest in the consolidated income statement below the net profit 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 shareholders' equity of the subsidiary, the excess is allocated against the non-controlling interests.

When the Company loses control over a subsidiary due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment is remeasured at its fair value at the date when control is lost. The difference between 1) the total amount of consideration received from the transaction that resulted in the

loss of control and the fair value of the remaining equity investment and 2) the carrying amounts of the interest in the former subsidiary's net assets immediately before the loss of the control is recognized as investment income for the current period when control is lost. Other comprehensive income related to the former subsidiary's equity investment, using the foundation and the acquiree directly related to the disposal of the same assets or liabilities are accounted when the control is lost (ie, in addition to the former subsidiary which is remeasured at the net defined benefit plan or changes in net assets and liabilities resulting from, the rest are transferred to the current investment income). The retained interest is subsequently measured according to the rules stipulated in the - "Chinese Accounting Standards for Business Enterprises No.2 - Long-term equity investment" or "Chinese Accounting Standards for Business Enterprises No.22 - Determination and measurement of financial instruments". See Note 4.14 Long-term equity investments and Note 4.9 Financial instruments for details.

The Company get through multiple transactions step deal with disposal of the subsidiary's equity investment until the loss of control, need to distinguish between equity until the disposal of a subsidiary's loss of control over whether the transaction is a package deal. Terms of the transaction disposition of equity investment in a subsidiary, subject to the following conditions and the economic impact of one or more of cases, usually indicate that several transactions should be accounted for as a package deal: a. These transactions are considered simultaneously, or in the case of mutual influence made; b. These transactions as a whole in order to achieve a complete business result; c. A transaction depends on at least other transaction; d. One transaction is not economical, but when considering together with other transactions is economical. If transaction not belong to the package deal, each of them separately, as the case of a transaction in accordance with "without losing control over the disposal of a subsidiary part of a long-term equity investments"(see Note 4.14.2.4) and "due to the disposal of certain equity investments or other reasons lost control of a subsidiary of the original" (see previous paragraph) principles applicable accounting treatment. Until the disposal of the equity investment loss of control of a subsidiary of the transactions belonging to the package deal, the transaction will be used as a disposal of a subsidiary and the loss of control of the transaction. The difference between each disposal price and the net asset share of the subsidiary corresponding to the disposal investment before the loss of control should be recognized as other comprehensive income in consolidated financial statements and be transferred into the loss of control of the current profit and loss.

4.6 Classification of joint venture arrangements and accounting of joint ventures

Joint venture arrangement refers to an arrangement controlled by two or more participants. According to the rights and obligations enjoyed in the joint venture arrangement, the Company divides the joint venture arrangement into joint operation and joint venture. Joint operation means the joint venture arrangement in which the Company enjoys the relevant assets of the arrangement and assumes the relevant liabilities of the arrangement. An equity joint venture refers to an equity joint venture arrangement in which the Company has rights only to the net assets of the said arrangement.

The Company's investment in the joint venture shall be accounted for by the equity method and shall be treated in accordance with the accounting policy stated in notes 4.14 (2) (ii) "long-term equity investment calculated by the equity method".

The Company, as a party to the joint venture, shall confirm the assets held separately by the Company, the liabilities borne separately, and the assets held jointly and the liabilities borne jointly according to the share of the Company; To recognize the income generated from the sale of the share of the joint venture output enjoyed by the Company; Confirm the income generated from the sale of the output of the joint operation according to the share of the Company; Confirm expenses incurred separately by the Company and expenses incurred jointly by the Company according to its share.

When the Company invests or sells assets to the joint venture (the assets do not constitute business, the same below) or purchases assets from the joint venture, before the sale of such assets to a third party, the Company only confirms the part of the profits and losses arising from the transaction belonging to other participants in the joint venture. In the event that such assets suffer impairment losses in accordance with the accounting standards

for business enterprises no. 8 - impairment of assets and other provisions, the Company shall fully recognize such losses in the case of the Company's investment or sale of assets to the joint venture; In the case that the Company purchases assets from joint operation, the Company shall recognize the loss according to its share.

4.7 Cash equivalent

Cash and cash equivalents of the Company include cash on hand, ready usable deposits and investments having short holding term (normally will be due within three months from the day of purchase), with strong liquidity and easy to be exchanged into certain amount of cash that can be measured reliably and have low risks of change.

4.8 Foreign exchange

4.8.1 Translation in foreign exchange transactions

The foreign currency transactions are recorded, on initial recognition in the functional currency, by applying [the spot exchange rate on the date of the transaction / an exchange rate that approximates the actual spot exchange rate on the date of transaction]. The exchange of foreign currency and transactions related to the foreign exchange are translated at the spot exchange rate.

4.8.2 Translation of monetary foreign currency and non-monetary foreign currency

At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. All the exchange differences thus resulted are taken to profit or loss, except for ①those relating to foreign currency borrowings specifically for construction and acquisition of qualifying assets, which are capitalized in accordance with the principle of capitalization of borrowing costs, ②hedging accounting, the exchange difference related to hedging instruments for the purpose of net overseas operating investment is recorded in the comprehensive income till the date of disposal and recognized in profit or loss of the period; exchange difference from changes of other account balance of foreign currency monetary items, ③ available-for-trade is recorded into profit or loss except for amortized cost.

Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rate prevailing on the transaction date, and the amount denominated in the functional currency is not changed. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rate prevailing at the date when the fair values are determined. The exchange difference thus resulted are recognized in profit or loss for the current period or as capital reserve.

4.8.3 The translation of financial statement in foreign currency

When the consolidated financial statements include foreign operation(s), if there is a foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognized as "exchange differences arising on translation of financial statements denominated in foreign currencies" in owner's equity, and in profit or loss for the period upon disposal of the foreign operation.

The Group translates the financial statements of its foreign operations into CNY by following rules. Assets and liabilities in the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; all equity items except for undistributed profit are translated at the spot exchange rates at the dates on which such items occur; income and expenses in income statement are translated at the spot exchange rates at the date of transaction; the opening balance of undistributed profit is the closing balance of undistributed profit of the last period after translation; the closing balance of undistributed profit is calculated and presented in the basis of each translated income statements and profit distribution item; the difference arising between the assets and liabilities and shareholders' equity shall be booked as translation difference of foreign currency statements, and shall be presented as a separate component of equity in the balance sheet. On a loss of control over Group's overseas operation due to disposal, the Company transfers the accumulated or proportionate share of the accumulated exchange difference arising on translation of financial statements of this overseas operation attributable to the owners' equity of the Company and presented under shareholders' equity, to profit or loss in the period in which the disposal occurs.

Foreign currency cash flows and cash flow of overseas subsidiaries are translated at the spot exchange rates on

the date of cash flows. The effect of exchange rate changes on cash is separately presented as an adjustment item in the cash flow statement.

The opening and actual amount of last year are presented in the financial statement after translation.

At the disposal of all of the Company's ownership interest in a foreign operation, or due to the disposal of part of the equity investment or other reasons, the loss of control over a foreign operation, the project owner's equity in the balance sheet listed under the relevant overseas operations attributable to statements of the parent Company's shareholders' equity of foreign currency translation differences, all transferred to the disposal of the income statement.

At the disposal of part of the equity investment or other causes lower hold percentage overseas business interests, but does not lose control over a foreign operation, and disposal of the foreign operation section related to foreign currency translation differences attributable to minority interests, is not transferred to the income statement. At the disposal of a foreign operation as part of the equity joint venture or joint ventures, foreign currency financial statements of the foreign operation and the associated translation difference in proportion to dispose of the foreign operation into the disposal of the income statement.

4.9 Financial instruments

The relevant accounting policies for companies that have not yet implemented the new financial instruments standards are as follows:

A financial asset or financial liability is recognized when the Company becomes a party to a financial instrument contract. Financial assets and financial liabilities are measured at fair value on initial recognition. For financial assets and financial liabilities measured at fair value through profit or loss, the related transaction expense is directly recognised in profit or loss. For other types of financial assets and financial liabilities, the related transaction expense is included in the initial recognition amount.

4.9.1.1. Method for determining the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant must pay to sell or transfer a liability in an orderly transaction that occurs on the measurement date. Where there is an active market for financial instruments, the Company uses quoted prices in an active market to determine its fair value. Quotations in an active market refer to prices that are readily available from exchanges, brokers, industry associations, pricing services, etc., and represent the prices of market transactions that actually occur in an arm's length transaction. If there is no active market for financial instruments, the Company uses valuation techniques to determine its fair value. Valuation techniques include reference to prices used in recent market transactions by parties familiar with the situation and voluntary transactions, current fair values of other financial instruments that are substantially identical, discounted cash flow methods, and option pricing models.

4.9.1.2. Classification, recognition and measurement of financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. On initial recognition, the Company's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to maturity investments, loans and receivables and available-for-trade financial assets. A financial asset is recognized initially at fair value. In the case of financial assets at fair value through profit or loss, relevant transaction costs are immediately charged to the profit and loss of the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognized.

1) Financial assets at fair value through profit or loss:

Including financial assets held-for-trade and financial assets designated at fair value through profit or loss.

Financial asset held-for-trade is the financial asset that meets one of the following conditions:

A. the financial asset is acquired for the purpose of selling it in a short term;

B. the financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits;

C. the financial asset is a derivative, except for a derivative that is designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent measurement.

Financial assets at fair value through profit or loss are subsequently measured at the fair value. Any gains or losses arising from changes in the fair value and any dividends or interest income earned on the financial assets are recognized in the profit or loss.

2) Investment held-to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Such kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognized in profit or loss for the current period.

Effective interest rate is the rate that exactly discounted estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company shall estimate future cash flow considering all contractual terms of the financial asset or financial liability without considering future credit losses, and also consider all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

3) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed determinable payment that are not quoted in an active market. Financial assets classified as loans and receivables by the Company include note receivables, account receivables, interest receivable dividends receivable and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

4) Financial assets available-for-trade

Financial assets available-for-trade include non-derivative financial assets that are designated on initial recognition as available for trade, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or investment held-to-maturity.

Financial assets available-for-trade are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognized as other comprehensive income and included in the capital reserve, except that impairment losses and exchange differences related to amortized cost of monetary financial assets denominated in foreign currencies are recognized in profit or loss, until the financial assets are derecognized, at which time the gains or losses are released and recognized in profit or loss.

Interests obtained and dividends declared by the investee during the period in which the financial assets available-for-trade are held, are recognized in investment gains.

4.9.1.3. Impairment of financial assets

The Group assesses at the balance sheet date the carrying amount of every financial asset except for the financial assets that measured by the fair value. If there is objective evidence indicating a financial asset may be impaired, a provision is provided for the impairment.

1) Impairment on held-to maturity investment, loans and receivables

The financial assets measured by cost or amortized cost write down their carrying value by the estimated present value of future cash flow. The difference is recorded as impairment loss. If there is objective evidence to indicate the recovery of value of financial assets after impairment, and it is related with subsequent event after recognition of loss, the impairment loss recorded originally can be reversed. The carrying value of financial assets after impairment loss reversed shall not exceed the amortized cost of the financial assets without provisions of

impairment loss on the reserving date.

2) Impairment loss on available-for-trade financial assets

Where the fair value of the equity instrument investment drops significantly or not contemporarily according to the integrated relevant factors, an available-for-trade financial asset is impaired.

When an available-for-trade financial asset is impaired, the cumulative loss arising from declining in fair value that had been recognized in capital reserve shall be removed and recognized in profit or loss. The amount of the cumulative loss that is removed shall be difference between the acquisition cost with deduction of recoverable amount less amortized cost, current fair value and any impairment loss on that financial asset previously recognized in profit or loss.

If, after an impairment loss has been recognized, there is objective evidence that the value of the financial asset is recovered, and it is objectively related to an event occurring after the impairment loss was recognized, the initial impairment loss can be reversed and the reserved impairment loss on available-for-trade equity instrument is recorded in the profit or loss, the reserved impairment loss on available-for-trade debt instrument is recorded in the current profit or loss.

The equity instrument where there is no quoted price in an active market, and whose fair value cannot be reliably measured, or impairment loss on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument shall not be reversed.

4.9.1.4. Recognition and measurement of financial assets transfer

The Group derecognises a financial asset when one of the following conditions is met:

- 1) the rights to receive cash flows from the asset have expired;
- 2) the enterprise has transferred its rights to receive cash flows from the asset to a third party under a pass-through arrangement; or
- 3) the enterprise has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the enterprise has neither retained all the risks and rewards from the financial asset nor control over the asset, the asset is recognised according to the extent it exists as financial asset, and correspondent liability is recognised. The extent of existence refers the level of risk by the financial asset changes the enterprise is facing. For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, (a) the carrying amount of the financial asset transferred; and (b) the sum of the consideration received from the transfer and any cumulative gain or loss that had been recognised in other comprehensive income, is recognised in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair value of those parts. The difference between (a) the carrying amount allocated to the part derecognised; and (b) the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised which has been previously recognised in other comprehensive income, is recognised in profit or loss.

4.9.1.5. Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss and other financial liabilities. For financial liabilities at fair value through profit or loss, relevant transaction costs are immediately recognised in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

1) Financial liabilities measured by the fair value and the changes recorded in profit or loss

The classification by which financial liabilities held-for-trade and financial liabilities designed at the initial recognition to be measured by the fair value follows the same criteria as the classification by which financial assets held-for-trade and financial assets designed at the initial recognition to be measured by the fair value and their changes are recorded in the current profit or loss.

For the financial liabilities measured by the fair value and changes recorded in the profit or loss, fair values are adopted for subsequent measurement. All the gains or losses on the change of fair value and the expenses on dividends or interests related to these financial liabilities are recognised in profit or loss for the current period.

2) Other financial liabilities

Derivative financial liabilities that linked with equity instruments, which do not have a quoted price in an active market and their fair value cannot be measured reliably, is subsequently measured by cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition or amortization is recognised in profit or loss for the current period.

3) Financial Guarantee Contract

Financial guarantee contracts that are not classified as financial liabilities measured by fair value with the changes in fair value recognised in profit or loss are initially recognised at fair value. After the initial recognition, financial guarantee contracts shall be measured at the higher of the amount recognised in accordance with the Accounting Standards for Enterprises No. 13 - Contingencies Subsequent measurement and the initial recognition amount deducted by the accumulative amortisation amount determined in accordance with the Accounting Standards for Business Enterprises No. 14 - Revenue.

4.9.1.6. Derecognition of financial liabilities

The Group derecognises a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged or cancelled or has expired. An agreement between the Company (an existing borrower) and existing lender to replace original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new liability.

When the Company derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

4.9.1.7. Derivatives and embedded derivatives

Derivative financial instruments include derivatives which are initially measured at fair value at the date when the derivative contracts are entered into and are substantially re-measured at fair value. The resulting gain and loss is recognised in profit or loss.

An embedded derivative is separated from the hybrid instrument, where the hybrid instrument is not designated as a financial asset or financial liability at fair value through profit or loss, and the treated as a standalone derivative if (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. If the Company is unable to measure the embedded derivative separately either at acquisition or at a subsequent balance sheet date, it designates the entire hybrid instrument as a financial asset or financial liability at fair value through profit or loss.

4.9.1.8. Offsetting financial assets and financial liabilities

When the Company has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

4.9.1.9. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The consideration received from issuing equity instruments, net of transaction costs, are added to shareholders' equity. All types of distribution (excluding stock dividends) made by the Company to holders of equity instruments are deducted from shareholders' equity. The Group does not recognise any changes in the fair value of equity instruments.

The relevant accounting policies of "companies that have implemented the new financial instruments standards" are as follows:

A financial asset or financial liability is recognized when the Company becomes a party to a financial instrument contract.

4.9.2.1. Classification, recognition and measurement of financial assets

According to the business model of financial assets management and the contract cash flow characteristics of financial assets, the Company divides financial assets into: financial assets measured by amortized cost; Financial assets measured at fair value and their changes included in other comprehensive income; Financial assets measured at fair value and recorded in current profits and losses.

Financial assets are measured at fair value at the time of initial recognition. For financial assets measured at fair value and whose changes are included in the current profit and loss, relevant transaction costs are directly included in the current profit and loss; For other categories of financial assets, relevant transaction costs shall be included in the initial recognition amount. For receivables or notes receivable arising from the sale of products or provision of services, which do not contain or do not take into account material financing elements, the Company shall be entitled to receive the amount of consideration as the initial recognition amount.

1) Financial assets measured at amortized cost

Management of the Company's financial assets measured at the amortized cost business model to cash flow for a contract as the goal, and the contractual cash flow characteristics of financial assets is consistent with the basic lending facility, namely the cash flow at a specific date, is only on the principal and on the basis of the outstanding principal amount of the payment of interest. For such financial assets, the Company adopts the effective interest rate method and carries out subsequent measurement according to the amortized cost. The profits or losses generated by the amortization or impairment shall be recorded into the current profit and loss.

2) Financial assets measured at fair value and whose changes are included in other comprehensive income

The Company's business model for managing such financial assets is to take the contract cash flow as the target and to sell as the target, and the contract cash flow characteristics of such financial assets are consistent with the basic loan arrangement. The Company measures such financial assets according to the fair value and the changes are included in other comprehensive income, but the impairment loss or gain, exchange profit and loss and the interest income calculated according to the real interest rate method are included in the current profit and loss.

In addition, the Company designates some non-tradable equity instruments as financial assets measured at fair value and their changes included in other comprehensive income. The Company shall record the relevant dividend income of such financial assets into the current profit and loss, and record the change of fair value into other comprehensive income. When the recognition of the financial asset is terminated, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained income and will not be included in current profit and loss.

3) Financial assets measured at fair value and recorded in current profits and losses

The Company classifies the above financial assets measured at amortized cost and financial assets measured at fair value and whose changes are included in other comprehensive income as financial assets measured at fair value and whose changes are included in current profit and loss. In addition, in the initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Company designates some financial assets as financial assets measured at fair value and their changes are included in the current profit and loss. For such financial assets, the Company adopts the fair value for subsequent measurement, and the fair value changes are included in the current profit and loss.

4.9.2. Classification, recognition and measurement of financial liabilities

Financial liabilities at the time of initial recognition are classified as financial liabilities and other financial liabilities measured at fair value and their changes are included in the current profits and losses. For financial liabilities measured at fair value and whose changes are included in the current profit and loss, relevant transaction costs

are directly included in the current profit and loss, and related transaction costs of other financial liabilities are included in their initial recognized amount.

1) Financial liabilities measured at fair value and recorded in current profits and losses

Financial liabilities measured at fair value and their changes are included in the current profit and loss, including trading financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities specified at the initial recognition as measured at fair value and their changes are included in the current profit and loss.

Traded financial liabilities (including derivative instruments belonging to financial liabilities) shall be subsequently measured according to their fair value. Except for those related to hedge accounting, changes in fair value shall be recorded into current profits and losses.

Is designated as at fair value and whose fluctuations are included in the current profits and losses of the financial liabilities and the liabilities caused by changes in the Company's own credit risk of the changes in fair value recorded in other comprehensive income, the liabilities, and terminated the recognition as included in other comprehensive income of their own credit risk changes caused by the changes in fair value of the total amount transferred to retained earnings. Other changes in fair value shall be recorded into current profits and losses. If the above treatment of the impact of the change in the credit risk of such financial liabilities will cause or expand the accounting mismatch in the profit and loss, the Company shall record all the gains or losses (including the amount affected by the change in the credit risk of the Company) of such financial liabilities into the current profit and loss.

2) Other financial liabilities

In addition to the transfer of a financial asset is not in conformity with the conditions to stop the recognition or formed by its continuous involvement in the transferred financial asset, financial liabilities and financial guarantee contract of other financial liabilities classified as financial liabilities measured at the amortized cost, measured at the amortized cost for subsequent measurement, recognition has been stopped or amortization of the profit or loss is included in the current profits and losses.

4.9.3. Financial assets impairment

The Company on the basis of the expected credit losses on financial assets measured at the amortized cost, measured at fair value and the changes are included in the debt instruments of other comprehensive income investment, lease receivables, contract provision for impairment of assets and the financial guarantee contract and confirm the impairment loss, credit reference this note 4, 22 "expected credit losses" in accounting.

4.9.4. Others

The recognition basis and measurement method of financial asset transfer, the termination recognition of financial liabilities, the offset of financial assets and financial liabilities, and the accounting policies of equity instruments of "companies that have implemented the new financial instrument standards" are consistent with the accounting policies of the aforementioned "companies that have not implemented the new financial instrument standards".

4.10 Hedging instrument

In order to avoid certain risks, the Company hedged certain financial instruments as hedging instruments. The Company shall adopt the hedging accounting method to deal with the hedging that meets the specified conditions. The hedging of the Company includes fair value hedging, cash flow hedging and the hedging of net investment in overseas operations. The Company shall treat the hedging of confirmed commitment of foreign exchange risk as cash flow hedging/fair value hedging.

At the beginning, the Company shall record the relationship between the hedging instrument and the hedged item, as well as the risk management objectives and the strategies of different hedging transactions. In addition, the Company will continuously evaluate the effectiveness of the hedge at the beginning and after the hedge to check whether the hedge is highly effective during the designated accounting period of the hedge relationship.

4.10.1 Fair value hedges

If a hedging instrument is designated as a fair value hedge and meets the conditions, the profit or loss resulting

from the change of fair value shall be included into the current profit and loss. The profit or loss of the hedged item due to the hedged risk is also included in the current profit and loss, and the book value of the hedged item is adjusted at the same time. When the Company withdraws the designation of the hedging relationship, the hedging instrument has expired or been sold, the contract is terminated or has been exercised, or the conditions for the use of hedge accounting are no longer met, the use of hedge accounting shall be terminated.

4.10.2 Cash-flow hedge

Designated as a cash flow hedging instrument and meets the conditions, the fair value change belongs to the effective hedging part and is recognized as other comprehensive income, and the invalid hedging part is included in the current profit and loss.

If the hedging of the expected transaction causes the Company to subsequently recognize a financial asset or financial liability, the amount originally included in other comprehensive income will be transferred out during the same period when the asset or debt affects the profit and loss of the enterprise and will be included in the current profit and loss; If the Company expects that all or part of the net loss originally included in other comprehensive income cannot be covered in the future accounting period, the part that cannot be covered will be transferred out and recorded into the current profit and loss.

If a hedging of forecast transaction makes the Company confirm a non-financial asset or non-financial liability, then transfer the profit or loss of other comprehensive income and included in the initial cost of a non-financial asset or non-financial liability in previously included in the amount of other comprehensive income/a non-financial asset or non-financial debt affect the enterprise profit and loss during the same turn out and included in the current profits and losses.

If it is expected that all or part of the net loss originally included in other comprehensive income cannot be made up in the future accounting period, the part that cannot be made up will be transferred out and recorded into the current profit and loss.

In addition to the above, the amount originally included in other comprehensive income shall be transferred out during the same period when the expected hedged transaction affects the profit and loss, and shall be included in the current profit and loss.

When the Company cancels the designation of the hedging relationship, the hedging instrument has expired or been sold, the contract is terminated, the hedge accounting conditions have been exercised or no longer meet, the Company shall terminate the use of the hedge accounting. When the hedge accounting terminates, the accumulated gains or losses that have been included in other comprehensive income will be included in the profits and losses when the expected transaction occurs and is included in the profits and losses, and the losses and gains will be included in the profits and losses after the transfer of other comprehensive income. If the transaction is not expected to occur, the accumulated gains or losses recorded in other comprehensive income will be immediately transferred out and recorded in the current profit and loss.

4.10.3 Net investment hedging of overseas operation

The hedging method of net investment in overseas operation is similar to that of cash flow hedging. Among the gains or losses of the hedging instrument, the part belonging to the effective hedging is recognized as other comprehensive gains, while the gains or losses of the ineffective hedging part are included in the current profit and loss.

Gains and losses that have been included in other comprehensive income shall be transferred out of other comprehensive incomes and included in current profits and losses in the disposal of overseas operations.

4.11 Receivables

The relevant accounting policies for companies that have not yet implemented the new financial instruments standards are as follows:

The receivables by the Company include account receivables, and other receivables.

4.11.1 Method for bad debts provision

1) Provisions of bad debts in account receivables that is individually significant.

Individual receivables equal to or higher than RMB 15 million are classified as receivables of individual significance.

For an account receivable that is individually significant, the asset is individually assessed for impairment, the impairment loss is recognized at the difference between the present value of future cash flow less the carrying amount, and provision is made accordingly.

2) Provisions of bad debts in account receivables that individually insignificant item with similar credit risk characteristics that have significant risk:

A. Evidence of credit risk characteristics

Whether the financial asset is individually significant or not individually significant, it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Such credit risk reflects the repayment of all due amount under the contract, and is related to the estimation of future cash flow expected to be derived from the assets.

Evidence of portfolios:

Items	Basis
General credit portfolio	No special high or low credit risk assessed.
Other credit portfolio	Low credit risk assessed.

B. Provision by credit risk characteristics

During the Company impairment test, the amount of bad debts provisions is determined by the assessed result from the experience of historical loss and current economic status and the existing loss in the estimated account receivables according to the set of account receivables and credit risk characteristic.

Provision for different portfolios:

Items	Provision
General credit portfolio	Age analysis method, percent of accounts receivable method.
Other credit portfolio	No allowance for bad debt, unless the related party is insolvent

a. Portfolio by age analysis:

Category	Percentage of accounts receivable	Percentage of other receivable
0 to 1 year (including 1 year)	0-5	0-5
1 to 2 years (including 2 years)	0.5-10	0.5-10
2 to 3 years (including 3 years)	0.5-30	0.5-30
Over 3 years	10-100	10-100

b. Bad debt provision shall be calculated and drawn by the balance percentage method

Ageing	Percentage of other receivable
Accounts receivable for which legal action has taken place	100
Overdue 180 days	40
Overdue 60-180 days	10
Overdue < 60 days	3
No overdue	0

3) Provisions of bad debts that is individually insignificant.

For the account receivables not individually significant, the Company assesses the account receivables

individually for impairment when are of following characteristics: if there is objective evidence indicating the impairment, the impairment loss is recognized at the difference between the present value of future cash flow less the carrying amount, and provision is made accordingly. For examples: receivables of individual insignificance bears differing credit risk characteristics to other receivables of individual insignificance account receivables with related parties; account receivables under litigations or arbitrations, or account receivables with obvious indication that debtor cannot fulfill the obligation of repayment.

4.11.2 The reversal of bad debts provision

If there is objective evidence of recovery in value of account receivables, and the recovery can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and recognized in profit or loss. However, the reversal shall not result in a carrying amount that exceeds what the amortized cost would have been had the impairment loss not been recognized at the date the impairment is reversed.

The relevant accounting policies of "companies that have implemented the new financial instruments standards" are as follows:

For "companies that have implemented the new financial instrument standards", the expected credit loss model is applicable to provision for bad debts. Refer to note 4.22 "expected credit loss" for accounting treatment.

4.12 Advances to suppliers

For "the Company has not yet implemented the new financial instrument standards", the Company for Advances to suppliers according to the individual recognition of bad debt provisions. On the date of the balance sheet, the Company inspects the recoverable status of related prepayments in an individual way, and determines the provision for bad debts based on the understanding of the debtor's operation and financial situation, the debtor's reputation and other conditions, and the possibility of the recovery of the payment.

For "companies that have implemented the new financial instrument standards", refer to note 4.22 "expected credit losses" for accounting treatment.

4.13 Inventories

4.13.1 Classification of inventory

Inventories include finished goods and merchandises held for sale, work-in-progress and materials and supplies to be consumed in the course of production of goods or rendering of services. Inventories are classified into materials in transit, raw materials, work-in-progress, finished goods, materials and goods of consignment and revolving materials etc.

4.13.2 Valuation method of inventories

Inventories are initially carried at the planed cost, to record the difference between planned cost and actual cost through the cost variances account, and carryover the cost variances of issued inventory on schedule, to adjust the planned cost to actual cost. Cost of issue is measured using the weighted average method.

4.13.3 Basis for determining net realizable value of inventories and provision methods for decline in value of inventories

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purpose of holding inventories and effect of post balance sheet events.

At the balance sheet date, inventories are measured at the lower of the cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. The provision for inventories decline in value is determined normally by the difference of the cost of individual item less its realizable value. For large quantity and low value items of inventories,

Provision for decline in value is made based on categories of inventories. For items of inventories relating to a product line that are produced and marketed in the same geographical area, have the same or similar end users or purposes, and cannot be practicably evaluated separately from other items in that product line provision for

decline in value is determined on an aggregate basis.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

4.13.4 The perpetual inventory system is maintained for stock system.

4.13.5 Amortization method for low cost and short-lived consumable items and packaging materials.

Low cost and short-lived consumable items are amortized using immediate write-off methods, packaging materials are amortized using immediate write-off method.

4.14 Long-term equity investments

Long-term equity investments referred to in this section refer to the Company invested entity has control, joint control or significant influence over the long-term equity investments. The Company invested does not have control, joint control or significant influence over the long-term equity investments as financial assets available for sale or at fair value and the changes included financial assets through profit or loss, which refer to the accounting policies in Note 4.9 "financial instruments".

Joint control is the Company control over an arrangement in accordance with the relevant stipulations are common, related activities and the arrangement must be after sharing control participants agreed to the decision-making. Significant influence is the Company's financial and operating policies of the entity has the right to participate in decision-making, but cannot control or with other parties joint control over those policies.

4.14.1 Determination of Investment cost

The cost of a long-term equity investment acquired through business combination under common control is measured at the acquirer's share of the combination date book value of the acquiree's net equity in the ultimate controller's consolidated financial statements. The difference between the cost and book value of cash paid, non-monetary assets transferred and liabilities assumed is adjusted to capital reserves, and to retained earnings if capital reserves is insufficient. If the consideration is transferred by way of issuing equity instruments, the face value of the equity instruments issued is recognised in share capital and the difference between the cost of the face value of the equity instruments issued is adjusted to capital reserves, and to retained earnings if capital reserves is insufficient. Where a business combination under common control is achieved by multiple acquisition of the acquiree's shareholding, the multiple acquisitions shall be assessed to determine whether the multiple acquisitions shall be viewed as one single transaction. If the multiple acquisitions shall be viewed as one single transaction, the multiple acquisitions shall be accounted for as one single transaction accordingly. If the multiple acquisitions shall not be viewed as one single transaction, the difference between the cost of combination and the sum of the book value of the investment in the acquiree immediately before the combination and the book value of the consideration transferred to acquire additional shareholding is adjusted to capital reserves, and to retained earnings if capital reserves is insufficient. Cumulative other comprehensive income associated with the investment recognised as a result of the treatment of equity method or available-for-sale financial assets prior to the combination is not affected by the combination.

The cost of a long-term equity investment acquired through business combination not under common control is the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued. Where a business combination not under common control is achieved by multiple acquisition of the acquiree's shareholding, the multiple acquisitions shall be assessed to determine whether the multiple acquisitions shall be viewed as one single transaction. If the multiple acquisitions shall be viewed as one single transaction, the multiple acquisitions shall be accounted for as one single transaction accordingly. If the multiple acquisitions shall not be viewed as one single transaction, the cost of combination is measured at the sum of book value of the investment in the acquiree immediately before the combination and cost of acquisition of additional shareholding. If the investment prior to the combination is measured by fair value, cumulative other comprehensive income associated with the investment prior to the combination is not affected by the combination. If the investment prior

to the combination is measured as an available-for-sale financial asset, the difference between the fair value and the book value of the investment immediately before the combination and the associated cumulative other comprehensive income recognised prior to the combination are carried to profit or loss.

All expenses incurred directly associated with the acquisition by the acquirer, including expenditure of audit, legal services, valuation and consultancy and other administrative expenses, are recognised in profit or loss for the period during which the acquisition occurs.

Long-term equity investments acquired not through business combination are measured at cost on initial recognition. Depending on the way of acquisition, the cost of acquisition can be the total cash paid, the fair value of equity instrument issued, the contract price, the fair value or book value of the assets given away in the case of non-monetary asset exchange, or the fair value of the relevant long-term equity investments. The cost of acquisition of a long-term equity investment acquired not through business combination also includes all directly associated expenses, applicable taxes and fees, and other necessary expenses. The cost of a long-term equity investment, which enables the Company has significant influence or joint control over the acquiree which is achieved through additional investment, is measured as the fair value determined in accordance with CAS 22 - Financial Instruments: Recognition and Measurement plus the cost of additional investment.

4.14.2 Subsequent Measurement

To be invested joint control (except constitute common operator) or long-term equity investments significant influence are accounted for using the equity method. In addition, the Company's financial statements using the cost method of accounting for long-term equity can exercise control over the investee.

1) Cost method of accounting for long-term equity investments

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

2) Equity method of accounting for long-term equity investments

Where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the time of acquisition, no adjustment shall be made to the initial investment cost.

The carrying amount of a long-term equity investment measured using the equity method is adjusted by the Company's share of the investee's net profit and other comprehensive income, which is recognised as investment income and other comprehensive income respectively. The carrying amount of a long-term equity investment measured using the equity method is reduced by profit distribution or cash dividends announced by the investee. The carrying amount of a long-term equity investment measured using the equity method is also adjusted by the investee's equity movement other than net profit, other comprehensive income and profit distribution, which is adjusted to capital reserves. The net profit of the investee is adjusted by the fair value of the investee's identifiable assets as at acquisition. The financial statements and hence the net profit and other comprehensive income of an investee which does not adopt accounting policies or accounting period uniform with the Company is adjusted by the Company's accounting policies and accounting period. The Company's share of unrealised profit or loss arising from related party transactions between the Company and an associate or joint venture is deducted from investment income. Unrealised loss arising from related party transactions between the Company and an associate or joint venture which is associated with asset impairment is not adjusted. Where assets transferred to an associate or joint venture which form part of the Company's investment in the investee but which does not enable the Company obtain control over the investee, the cost of the additional investment acquired is measured at the fair value of assets transferred and the difference between the cost of the additional investment and the book value of the assets transferred is recognised in profit or loss. Where assets transferred to an associate or joint venture form an operation, the difference between the consideration received and the book value of the assets transferred is recognised in profit or loss. Where assets

transferred from an associate or joint venture form an operation, the transaction is accounted for in accordance with CAS 20 - Business Combination, any gain or loss is recognised in profit or loss.

The Company's share of an investee's net loss is limited by the sum of the book value of the long-term equity investment and other net long-term investments in the investees. The Company has obligation to share additional net loss of the investee, the estimated share of loss recognised as accrued liabilities and investment loss. Where the Company has unrecognised share of loss of the investee when the investee generates net profit, the Company's unrecognised share of loss is reduced by the Company's share of net profit and when the Company's unrecognised share or loss is eliminated in full, the Company's share of net profit, if any, is recognised as investment income.

For long-term equity investments in associates and joint ventures which had been held by the Company before its first time adoption of Accounting Standards for Business Enterprises, where the initial investment cost of a long-term equity investment exceeds the Company's interest in the investee's net assets at the time of acquisition, the excess is amortized and is recognised in profit or loss on a straight line basis over the original remaining life.

3) Acquisition of minority interest

The difference between newly increased equity investment due to acquisition of minority interests and portion of net asset cumulatively calculated from the acquisition date is adjusted as capital reserve. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against returned earnings.

4) Disposal of long-term equity investment

The parent Company disposes long-term investment in a subsidiary without a change in control, the difference in the net asset between the amount of disposed long-term investment and the amount of the consideration paid or received is adjusted to the owner's equity. If the disposal of long-term investment in a subsidiary involves loss of control over the subsidiary, the related accounting policies in Note 4.5.2 applies. For disposal of long-term equity investments in any situation other than the fore-mentioned situation, the difference between the book value of the investment disposed and the consideration received is recognised in profit or loss.

The long-term equity investment is measured by the equity method both before and after part disposal of the investment, cumulative other comprehensive income relevant to the investment recognised prior to the acquisition is treated in the same manner that the investee disposes the relevant assets or liabilities proportionate to the disposal. The investee's equity movement other than net profit, other comprehensive income and profit distribution is recognised in profit or loss proportionate to the disposal.

The long-term equity investment is measured at cost both before and after part disposal of the investment, cumulative other comprehensive income relevant to the investment recognised, as a result of accounting by equity method or recognition and measurement principles applicable to financial instruments, prior to the Company's acquisition of control over the investee is treated in the same manner that the investee disposes the relevant assets or liabilities and recognised in profit or loss proportionate to the disposal. The investee's equity movement other than net profit, other comprehensive income and profit distribution, as a result of accounting by equity method, is recognised in profit or loss proportionate to the disposal.

The Company's control over an investee is lost due to partial disposal of investment in the investee and the Company continues to have significant influence over the investee after the partial disposal, the investment is measured by the equity method in the Company's separate financial statements; the Company's control over an investee is lost due to partial disposal of investment in the investee and the Company ceases to have significant influence over the investee after the partial disposal, the investment is measured in accordance with the recognition and measurement principles applicable to financial instruments in the Company's separate financial statements and the difference between the fair value and the book value of the remaining investment at the date of loss of control is recognised in profit or loss. Cumulative other comprehensive income relevant to the investment recognised, as a result of accounting by equity method or recognition and measurement principles applicable to financial instruments, prior to the Company's acquisition of control over the investee is treated in the

same manner that the investee disposes the relevant assets or liabilities on the date of loss of control. The investee's equity movement other than net profit, other comprehensive income and profit distribution, as a result of accounting by equity method, is recognised in profit or loss when control is lost. Where the remaining investment is measured by equity method, the fore-mentioned other comprehensive income and other equity movement are recognised in profit or loss proportionate to the disposal; Where the remaining investment is measured in accordance with the recognition and measurement principles applicable to financial instruments, the fore-mentioned other comprehensive income and other equity movement are recognised in profit or loss in full.

The Company's joint control or significant influence over an investee is lost due to partial disposal of investment in the investee, the remaining investment in the investee is measured in accordance with the recognition and measurement principles applicable to financial instruments, the difference between the fair value and the book value of the remaining investment at the date of loss of joint control or significant influence is recognised in profit or loss. Cumulative other comprehensive income relevant to the investment recognised, as a result of accounting by equity method, prior to the partial disposal is treated in the same manner that the investee disposes the relevant assets or liabilities on the date of loss of joint control or significant influence. The investee's equity movement other than net profit, other comprehensive income and profit distribution is recognised in profit or loss when joint control or significant influence is lost.

The Company's control over an investee is lost through multiple disposals and the multiple disposals shall be viewed as one single transaction, the multiple disposals is accounted for one single transaction which result in the Company's loss of control over the investee. Each difference between the consideration received and the book value of the investment disposed is recognised in other comprehensive income and reclassified in full to profit or loss at the time when control over the investee is lost.

4.15 Investment property

Investment property is held to earn rentals or for capital appreciation or for both. Investment property includes leased or ready to transfer after capital appreciation land use rights and leased buildings. In addition, the Company holds for future operating lease vacant buildings, if the board of directors (or similar body) to make a written resolution, made it clear that their intention for rent and shall not occur in the short term change, but also as an investment real estate presentation. Investment property is initially measured at cost. Subsequent expenditures related to an investment real estate are likely to flow about the economic benefits of the asset and its cost can be measured reliably, is included in the cost of investment real estate. Other subsequent expenditure is record in to the profit or loss when it incurred.

The Group uses the cost model for subsequent measurement of investment property, and in accordance with the depreciation or amortization of buildings or land use rights policy.

Investment property impairment test method and impairment accrual method described in Note 4.21 "Impairment of Non-current and non-financial assets".

Occupied real estate for investment property or investment property is transferred to owner-occupied real estate or stock conversion as the recorded value after the conversion, according to the book value before the conversion.

When an investment property is changed for personal use, since the change of date, the investment property is transferred to fixed assets or intangible assets. Owner-occupied property is changed to earn rentals or for capital appreciation, change the date, will be converted to fixed assets or intangible investment property. When the transition occurs, the conversion to the use of investment property cost model, the carrying value before conversion as the book value after conversion, convert to investment property measured at fair value model, the fair value of the conversion date as the conversion after the recorded value.

When the investment property is disposed of or permanently withdrawn from use and no future economic benefits are expected from the disposal, derecognition of the investment property. Investment property is sold, transferred, retired or damaged, the disposal income after deducting the book value and related taxes and profit or loss.

4.16 Fixed assets

4.16.1 The conditions of recognition

Fixed assets refers to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. Fixed assets only in the economic benefits associated with it will flow to the Company and the cost can be measured reliably only are confirmed. Fixed assets are stated at cost and considering the expected costs of abandoning the initial measurement.

4.16.2 The method for depreciation

Depreciation methods and estimated useful life, expected net salvage value rate and the annual depreciation rate determination: in addition to the use of safety cost to purchase fixed assets (this note 4, 28 " Safety expenses and renovation fund "), the other from fixed asset to the expected conditions for use of the month, after deducting the expected net salvage value within the life using the straight-line method depreciation. The depreciation rate and the amount of depreciation shall be recomputed and determined on the basis of the original value of the fixed asset minus the accumulated depreciation and the accumulated impairment provision (that is, the book value of the fixed asset) and the remaining useful life of the fixed asset for which the impairment provision has been set. The service life, expected net salvage value, annual depreciation rate and depreciation methods of various types of fixed assets are as follows:

Category	Estimated residual value (%)	Expected useful life	Depreciation (%)	Depreciation method
Houses and building	25-50	3-5	1.90-3.88	Straight-line depreciation
Machineries	5-20	3-5	4.75-19.40	Straight-line depreciation
Transportation facility	5-10	3-5	9.50-19.40	Straight-line depreciation
Electronic equipment	5-10	3-5	9.50-19.40	Straight-line depreciation
Office equipment	5-10	3-5	9.50-19.40	Straight-line depreciation
Others	0-10	3-5	0-19.40	Straight-line depreciation

Expected net residual value of fixed assets is the balance of the Company currently obtained from the disposal of the asset less the estimated costs of disposal amount, assuming the asset is out of useful life and state the expected service life in the end.

4.16.3 Measurement and recognition of fixed assets impairment

Impairment and provisions of fixed assets are disclosed on Note 4.21 "Impairment of Non-current non-financial assets".

4.16.4 Fixed Assets under finance leases

A finance lease is a lease that transfers in substance all the risks and rewards incident to ownership of an asset. Title may or may not eventually be transferred.

Fixed assets that are held under finance leases shall be depreciated by applying the same policy as that for the fixed assets owned by the Company. If it can be reasonably determined that the ownership of the leased assets can be obtained at the end of the lease period, the leased assets are depreciated over their useful lives; otherwise, the leased assets are depreciated over the shorter of the lease terms and the useful lives of the leased assets.

4.16.5 Others

A fixed asset is recognised only when the economic benefits associated with the asset will probably flow to the Company and the cost of the asset can be measured reliably. Subsequent expenditure incurred for a fixed asset that meet the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the

component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditure shall be recognised in profit or loss in the period in which they are incurred.

The revenue from selling or transferring, or disposing a fixed asset is booked into profit and loss after deduction of carrying value and related tax.

The Company conducts a review of useful life, expected net realizable value and depreciation methods of the fixed asset at least on an annual base. Any change is regarded as change in accounting estimates.

4.17 Construction in progress

Construction in progress is measured at its actual cost. The actual costs include various construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs. Construction in progress is transferred to a fixed asset when it is ready for intended use.

Testing method for provision impairment of construction in progress and accrued method for provision impairment please refer to Note 4.21.

4.18 Borrowing costs

Borrowing costs include interest, amortization of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. The amounts of other borrowing costs incurred are recognised as an expense in the period in which they are incurred. Qualifying assets are asset (fixed assets, investment property and inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

Where funds are borrowed for a specific-purpose, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds.

Where funds are borrowed for a general-purpose, the amount of interest to be capitalized on such borrowings is determined by applying a weighted average interest rate to the weighted average of the excess amounts of accumulated expenditure on the asset over and above the amounts of specific-purpose borrowings.

During the capitalization period, exchange differences related to a specific-purpose borrowing denominating in foreign currency are all capitalized. Exchange differences in connection with general-purpose borrowings are recognised in profit or loss in the period in which they are incurred.

Assets qualified for capitalization are the fixed assets, investment properties or inventories which need a long time of construction or production activities before ready for intended used or sale.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted by activities other than those necessary to prepare the asset for its intended use or sale, when the interruption is for a continuous period of more than 3 months. Borrowing costs incurred during these periods recognised as an expense for the current period until the acquisition, construction or production is resumed.

4.19 Intangible assets

4.19.1 Intangible asset

The term "intangible asset" refers to the identifiable non-monetary assets without physical shape, possessed or controlled by enterprises.

The intangible assets are initially measured by its cost. Expenses related to intangible assets, if the economic benefits related to intangible assets are likely to flow into the enterprise and the cost of intangible assets can be measured reliably, shall be recorded as cost of intangible assets. The expenses other than this shall be booked in the profit or loss when they occur.

Land use rights that are purchased by the Company are accounted for as intangible assets. Buildings, such as plants that are developed and constructed by the Company, and relevant land use rights and buildings, are

accounted for as intangible assets and fixed assets, respectively. Payments for the land and buildings purchased are allocated between the land use rights and the buildings; if they cannot be reasonably allocated, all of the land use rights and buildings are accounted for as fixed assets.

When an intangible asset with a definite useful life is available for use, its original cost less net residual value and any accumulate impairment losses is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized.

For an intangible asset with a definite useful life, the Company reviews the useful life and amortization method at the end of the period, and makes adjustment when necessary. An additional review is also carried out for useful life of the intangible assets with indefinite useful life. If there is evidence showing the foreseeable limit period of economic benefits generated to the enterprise by the intangible assets, then estimate its useful life and amortize according to the policy of intangible assets with definite useful life.

4.19.2 Research and development cost

Cost of research and development is distinguished into the research phase and the development phases.

Cost of the research phase is recognised in the profit or loss in the period in which it is incurred.

Unless the following conditions are satisfied, cost of the development phase is recognised in the profit or loss in the period in which it is incurred:

- 1) it is technically feasible to complete the intangible asset so as to use it or sell it;
- 2) it is clearly invented to complete the intangible asset in order to use it or sell it;
- 3) it is probable that the intangible asset is capable of generating future economic benefit, such as the market for the product produced by the intangible asset or the intangible asset itself, it is objectively evidential that the intangible asset is economically usable if it is going to be used internally;
- 4) there are sufficient technical, financial and other resources to complete the intangible asset and to use it or sell it;
- 5) the cost of the development of the intangible can be measured reliably.

If the cost cannot be distinguished into the search phase and the development phase, it is recognised in the profit or loss for the period in which it is incurred.

4.19.3 Impairment of intangible assets

Impairment and provisions of intangible assets are disclosed on Note 4.21.

4.20 Long-term deferred expenditure

An item long-term deferred expenses is an expense which has been incurred and which has a beneficial period (a period during which an expense is expected to bring economic benefits to an entity) which is longer than one year and which includes at least part of the reporting period during which the expense was incurred and subsequent reporting periods. An item of long-term deferred expenses is recognised at the actual amount of the expense incurred and allocated in each month of the beneficial period using the straight line method.

4.21 Impairment of Non-current and non-financial assets

Non-financial assets with non-current nature include fixed assets, construction in progress, intangible assets with definite useful lives, investment properties measured by cost methods and long-term equity investment on subsidiaries, jointly operations. The Company assesses whether there are any indicators of impairment for all non-financial assets at the balance sheet date, and impairment test is carried out and recoverable value is estimated if such an indicator exists. Goodwill and intangible assets with indefinite useful lives, as well as intangible assets not ready for use, are tested for impairment annually regardless of indicators of impairment.

Impairment of loss is calculated and provisions taken by the difference if the recoverable value of the assets is lower than the book value. The recoverable value is the higher of estimated present value of the future expected cash flows from the asset and net fair value of the asset less disposed cost. The fair value of asset is determined by the sales agreement price within an arm's length transaction. In case there is no sales agreement, but there is active market of assets, the fair value can be determined by the selling price. If there is neither sales agreement nor active market, the fair value of the asset can be estimated based on the best information obtained.

Disposal expenses include expenses related to the legislation, taxes, transportations and the direct expense for the asset to be ready for sale. When calculating the present value of expected future cash flows from an asset or asset Group, the management shall estimate the expected future cash flows from the asset or asset Group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for asset impairment is calculated and determined on the individual basis. If the recoverable of individual asset is hard to estimate, the recoverable amount can be determined by the asset Group where subject asset belongs. Asset Group is the smallest set of assets that can have cash flow in independently.

The Company determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the present value of the future expected cash flows from the asset Groups or sets of asset Groups to which the goodwill is allocated. Estimating the present value requires the Company to make an estimate of the expected future cash flows from the asset Groups or sets of asset Groups and also choose a suitable discount rate in order to calculate the present value of those cash flows. Once the loss from above asset impairment is recognised, the recoverable part cannot be reserved in the subsequent periods.

4.22 Expected credit loss

4.22.1 The Company uses the available reasonable and valid forward-looking information to determine whether the credit risk of financial instruments has increased significantly since the initial confirmation by comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial confirmation date. For the loan commitment and financial guarantee contract, when the Company applies the provisions on impairment of financial instruments, the date on which the Company becomes the party making an irrevocable commitment shall be taken as the initial confirmation date.

The Company will consider the following factors when evaluating whether the credit risk has significantly increased:

- a. Whether the external credit rating of financial instruments has changed significantly;
- b. Whether the external market indicators of the credit risk of the same financial instrument or similar financial instrument with the same expected duration have changed significantly;
- c. Whether the actual or expected internal credit rating of the debtor has been downgraded;
- d. Whether there are adverse changes in the business, financial or economic conditions that are expected to cause significant changes in the ability of the debtor to fulfill its debt paying obligations, such as the significant decline in the market share of the debtor, the sharp and continuous decline in the price of major products, the significant rise in the price of major raw materials, the serious shortage of working capital, and the decline in the quality of assets;
- e. Whether there is a significant change in the actual or expected operating result of the debtor, such as an obvious adverse change in operating indicators such as income and profit, and it is difficult to be improved in a short time;
- f. Whether the regulatory, economic or technological environment the debtor is in has undergone significant adverse changes, such as technological changes, whether the relevant policies proposed by the national or local government have significant adverse effects on the debtor;
- g. Whether there has been a significant change in the value of the collateral used as collateral for the debt or in the quality of the collateral or credit enhancement provided by a third party;
- h. Whether there is a significant change in the economic incentives that are expected to reduce the debtor's ability to repay the debt within the contractual term, such as a reduction in the financial support that the parent Company or other associated Company can provide, or a significant change in the quality of the credit enhancement
- i. Whether the debtor's expected performance and repayment behavior have changed significantly;
- j. Whether the Company's credit management methods for financial instruments have changed.

On the balance sheet date, if the Company judges that the financial instrument only has low credit risk, the Company assumes that the credit risk of the financial instrument has not increased significantly since the initial

recognition.

4.22.2 Financial assets whose credit impairment has occurred

When one or more events that the Company expects to have adverse effects on the future; cash flow of the financial asset occur, the financial asset becomes the financial asset with credit impairment. Evidence that credit impairment has occurred in financial assets includes the following observable information:

- a. Major financial difficulties occur to the issuer or debtor;
- b. A breach of contract by the debtor, such as default or late payment of interest or principal;
- c. The creditor gives the debtor concessions that would not be made under any other circumstances for economic or contractual reasons in connection with the debtor's financial difficulties;
- d. The debtor is likely to go bankrupt or undergo other financial restructuring;
- e. The financial difficulties of the issuer or debtor cause the active market of the financial asset to disappear;
- f. Purchase or source a financial asset at a substantial discount that reflects a credit loss.

4.22.3 Determination of expected credit losses

The Company determines the credit loss of the leasehold receivables on the basis of the single asset, and the credit loss of the relevant financial instruments on the basis of the impairment matrix on the basis of the external combination of the credit loss of the debtors with major financial difficulties on the basis of the single asset on the basis of the accounts receivable, contract assets and creditor's rights investment. Based on the characteristics of common risks, the Company divides financial instruments into different groups. Common credit risk characteristics adopted by the Company include: type of financial instrument, credit risk rating, type of collateral, initial confirmation date, remaining contract term, industry of debtor, geographical location of debtor, value of collateral relative to financial assets, etc.

The factors reflected by the Company's method for measuring the expected credit loss of financial instruments include: the unbiased probabilistic weighted average amount determined by evaluating a series of possible results; Time value of money; Reasonable and evidence-based information about past events, current conditions, and projections of future economic conditions that can be obtained on the balance sheet date without unnecessary additional cost or effort.

4.23 Employee Benefits

The employee benefits of the Company include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits:

Short-term employee benefits includes wages, bonuses, allowances and subsidies, welfare, health insurance, maternity insurance, work injury insurance, housing funds, labor union funds, employee education funds, non-monetary benefits and etc. The Company provides services accounting period in which an employee of the Company will be short-term employee benefits are recognised as liabilities actually incurred and loss account or the costs associated with the asset. The non-monetary benefits are measured at fair value.

Post-employment benefits mainly include basic old-age insurance, unemployment insurance and annuities. Post-employment benefits include defined contribution plans and defined benefit plans. Relevant contribution amount in the defined contribution plan shall be recognised as cost of related assets or profit or loss during the year. The defined benefit plan in the Company is old-age insurance. Projected unit credit cost method ("PUC") was used by independent actuaries engaged by the Company to determine the present value of the defined benefit obligations with unbiased and consistent actuarial assumptions regarding population variables and financial variables. Defined benefit obligation was presented with the present value and the related current service cost was accounted into current profit or loss.

When the Company terminates the labor relationship with employees prior to the employment contracts, or encourages employees to accept voluntary redundancy compensation proposals in this Company, a provision shall be recognised for the compensation arising from the termination of employment relationship with employees at the time when the Company cannot unilaterally withdraw layoff proposal termination benefits provided due to termination of employment, or the Company ensures the costs related to the payment for termination benefits

related to the restructuring, which one is early to confirm employee benefits liabilities, and recorded as profit or loss. However, if termination benefits cannot be fully paid after twelve months of the reporting date, the liability shall be processed in accordance with other long-term employee benefits.

Retirement plan adopts the same principles as the termination benefits. The salaries and insurance to be paid from the date when employees stop providing services to the date of normal retirement shall be recognised in profit or loss (termination benefits) when satisfying the requirements of a provision.

Other long-term employee benefits provided by the Company to employee that is in line with defined contribution plans shall adopt the accounting treatment in accordance with defined contribution plans, otherwise the accounting treatment of defined benefit plans.

4.24 Share-based payment

4.24.1 Class of share-based payments

A share-based payment is a transaction in which an equity instrument is granted or a liability is assumed on the basis of an equity instrument for the purpose of obtaining services from employees or other parties. Share-based payment is divided into share payment settled by equity and share payment settled by cash. As of December 31, 2018, the outstanding share-based payments of the Company are share-based payments settled by equity and share payments settled by cash.

1) Equity-settled share-based payment

The share payment in exchange for the settlement of the equity of the services provided by the employees shall be measured at the fair value of the equity instrument granted to the employees on the grant date. The amount of the fair value at the completion of the waiting period of service or the prescribed performance conditions to the vesting of cases, the waiting period for the number of vested equity instruments is based on best estimate, calculated on the straight-line method included in the relevant costs and expenses or exercised immediately after the grant, the grant date included in the relevant costs or expenses, capital reserves shall be increased accordingly.

In exchange for the rights of the other party to settle the share-based payment, if the other party service fair value can be measured reliably, according to the other party service in the day of the fair value measurement, if the other party service fair value cannot be reliably measured, but the fair value of the equity instruments can be reliably measured, in accordance with the fair value of the equity instruments in service date, included in the relevant costs or expenses, the owner's equity shall be increased accordingly.

2) cash-settled share-based payment

The share payment settled in cash shall be measured according to the fair value of the liabilities assumed by the Company based on shares or other equity instruments. If the feasible right is granted immediately, relevant costs or expenses shall be included in the grant date and the liabilities shall be increased accordingly; If the service within the waiting period must be completed or the feasible right can only be obtained after the specified performance conditions are met, on each balance sheet date of the waiting period, based on the best estimate of the feasible right, according to the fair value amount of the liabilities borne by the Company, the service obtained in the current period shall be recorded into the cost or expense, and the liabilities shall be increased accordingly. For each balance sheet date and settlement date before the settlement of relevant liabilities, the fair value of the liabilities shall be re-measured, and the changes shall be recorded into the current profits and losses.

4.24.2 Identify the basis for the best estimate of the instrument of vested interest

At each balance sheet date during the waiting period, the best estimate is made based on the latest available available employee changes and other subsequent information, and the number of equity instruments for the estimated available right is revised.

4.25 Bonds payable

Non-convertible corporate bonds issued by the Company shall be treated as liabilities according to the amount actually received (deducting relevant transaction costs); The difference between the amount actually received from the issuance of bonds and the total face value of the bonds shall be taken as the bond premium or discount,

amortized at the time of interest withdrawal at the coupon rate during the duration of the bonds, and shall be handled in accordance with the principle of borrowing costs.

The convertible bonds issued by the Company shall be split into the liability and equity components at the initial confirmation, and shall be handled separately. Firstly, the fair value of the liability component is confirmed and taken as its initial recognition amount; secondly, the initial recognition amount of the equity component is determined according to the total issuance price of the convertible corporate bonds (deducting relevant transaction costs) after deducting the initial recognition amount of the liability component.

4.26 Accrued liabilities

When it simultaneously meet the following conditions, obligations relating to contingencies recognized as accrued liabilities: 1) This obligation is the current obligation of the Company; 2) Compliance with this obligation is likely to lead to an outflow of economic benefits; 3) The amount of the obligation can be measured reliably.

On the balance sheet date, consider the risk, uncertainty, and time value of money associated with contingencies and measured in terms of the best estimate of the expenditure required to meet the relevant current obligations

If the expenditure required for the liquidation of the estimated liabilities is expected to be compensated by a third party in whole or in part and the amount of compensation can be received when it is basically determined, recognized separately as an asset, and the recognized amount of compensation shall not exceed the book value of the estimated liabilities.

4.27 Preferred shares, perpetual notes and other equity instruments

4.27.1 The distinction between perpetual debt and preferred stock, etc

Such financial instruments as perpetual bonds and preferred shares issued by the Company shall be regarded as equity instruments if they meet the following conditions:

1) The instrument does not include a contractual obligation to deliver cash or other financial assets to another party, or to exchange financial assets or financial liabilities with another party under potentially adverse conditions;

2) If the financial instrument is to be settled with or by the enterprise's own equity instrument in the future, if it is a non-derivative instrument, it does not include the contractual obligation to deliver a variable number of its equity instruments for settlement; In the case of derivatives, the Company can only settle the financial instrument by exchanging a fixed amount of cash or other financial assets with a fixed number of its own equity instruments.

Except for financial instruments that can be classified as equity instruments according to the above conditions, other financial instruments issued by the Company shall be classified as financial liabilities.

If the financial instrument issued by the Company is a composite financial instrument, it shall be recognized as a liability according to the fair value of the liability component, and the amount after deducting the fair value of the liability component from the actual amount received shall be recognized as "other equity instrument". Transaction costs incurred in issuing a complex financial instrument shall be apportioned between the liability component and the equity component in proportion to their respective shares in the total issue price.

4.27.2 The accounting treatment of perpetual debt, preferred stock, etc

The relevant interest, dividend (or dividends), gains or losses, and gains or losses arising from the redemption or refinancing of such financial instruments as perpetual bonds and preferred shares classified as financial liabilities shall be booked into the profits and losses of the current period except for the capitalized borrowing expenses (refer to note 4.15 "borrowing cost").

The issuance (including refinancing), repurchase, sale or cancellation of such instruments as perpetual bonds and preferred shares classified as equity instruments shall be treated by the Company as a change in equity and the relevant transaction fees shall be deducted from the equity. The distribution of equity instrument holders by the Company shall be treated as profit distribution.

The Company does not recognize changes in the fair value of equity instruments.

4.28 Safety expenses and renovation fund

The Company shall draw production safety expenses (hereinafter referred to as "safety expenses") and

maintenance fees in accordance with relevant regulations of the state. The Company withdraws the safety expenses and maintenance and simplification time, and records them into the special reserves in the production costs and owners' equity, and directly deducts the special reserves against the expenditures of a cost nature when they occur; The capital expenditure will be transferred to the fixed assets at the completion of the project, and the special reserve will be written down according to the cost of the fixed assets, and the accumulated depreciation will be confirmed in full amount. The related fixed assets will not be depreciated in the following period.

4.28.1 Safety expenses

The cost of safety production is mainly used for the expenditure of safety protection and the expenditure of fixed assets such as the update of safety protection equipment and facilities.

The actual operating income of the dangerous goods production enterprise and storage enterprise of the Company in the above years shall be the basis of calculation and withdrawal, and the excess regressive method shall be adopted according to the following standards: (2) 2% of the business income exceeding RMB 10 million to RMB 10 million ; (3) the part of business income exceeding RMB 10,000 to RMB 100,000 shall be deducted by 0.5%; (4) the portion of the business income exceeding RMB 100,000 shall be deducted by 0.2%.

4.28.2 Renovation fund

Maintenance cost is mainly used for development and extension, technical transformation, subsidence compensation, mine fixed assets renewal, transformation and sporadic purchase of fixed assets.

According to the relevant regulations of the state, the Company's subordinate coal mines extract maintenance costs according to the raw coal output.

4.29 Revenue

The relevant accounting policies of "companies that have not yet implemented the new revenue standards" are as follows:

4.29.1 Revenue from sales of goods

Revenue from the sale of goods shall be recognized when all the following conditions have been satisfied:

- a. The significant risks and rewards of ownership of the goods have been transferred to the buyer by the Company;
- b. The Company retains neither continuous managerial involvement to the degree usually associated with the ownership nor effective control over the sold goods;
- c. The amount of revenue can be measured reliably;
- d. It is probable that the economic benefits associated with the transaction will flow to the Company; and
- e. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

4.29.2 Revenue from rendering of service

Revenue arising from rendering of services is recognised on the balance date using the percentage of completion method when the outcome of the services rendered can be reliably estimated. The percentage of completion of the services rendered is calculated by dividing the cost to date by the budgeted total cost.

The outcome of the services rendered can be reliably estimated when revenue from the services render can be reliably measured, when the inflow of associated future economic benefits is probable, when the percentage of completion can be reliably measure, and when the cost incurred or to be incurred associated with the services can be reliably measured.

When the outcome of the services rendered cannot be reliably estimate, revenue is recognised as cost reimbursement received or to be received, if any, and cost incurred is recognised in profit or loss for the period in which the cost is incurred. No revenue is recognised if cost reimbursement is not probable.

When a contract between the group and another entity involves both sales of goods and rendering for services, the sales of goods and rendering of services are accounted for separately if they are distinguishable and separately measurable; the contract is accounted for as if it is a contract involves only sales of goods if the sales of goods and rendering of services are either indistinguishable or distinguishable but not separately measurable.

4.29.3 Revenue from construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract should be recognised as revenue and expenses according to the percentage of completion. at the balance sheet date.

The outcome of a construction contract can be estimated reliably when all the following conditions are satisfied: 1) total contract revenue can be measured reliably; 2) it is probable that the economic benefits associated with the contract will flow to the enterprise; 3) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates; and, 4) both the contract costs to complete the contract and the stage of contract completion at the balance sheet date can be measured reliably.

When the outcome of a construction contract cannot be estimated reliably, but revenue should be recognised only to the extent of contract costs incurred that it is probable will be recoverable; and If the cost cannot be recovered, contract costs should be recognised as an expense in the period in which they are incurred and the contract revenue cannot be recognised. When the uncertainty that makes the outcome of the construction unable to be estimated reliably disappears, the revenue and cost are recognised according to the percentage of completion.

An expected loss on the construction contract should be recognised as an expense during the year when the total contract cost is expected to be higher than the total contract revenue.

The incurred cost and accumulated gross profit (loss) and the settled price of the construction contract are disclosed as a net amount in the balance sheet. The excess amount of the incurred cost and accumulated gross profit (loss) over the settled price of the construction contract is disclosed as inventory, while the excess amount of the settled price over the incurred cost and accumulated gross profit (loss) of the construction contract is disclosed as advance from customers.

4.29.4 Royalty Revenue

According to the contract or agreement, the revenue is recognized on an accrual basis.

4.29.5 Interest Income

The amount of interest revenue should be measured and confirmed in accordance with the length of time for which the enterprise's cash is used by others and the actual interest rate.

The relevant accounting policies of "companies that have implemented the new revenue standards" are as follows:

If the contract between the Company and the customer simultaneously meets the following conditions, the revenue shall be confirmed when the customer obtains the control right of relevant commodities: the parties to the contract have approved the contract and promised to perform their respective obligations; The contract specifies the rights and obligations of each party relating to the goods or services transferred. The contract has clear payment terms related to the transferred goods; The contract has commercial substance, that is, the performance of the contract will change the risk, time distribution or amount of the Company's future cash flow; The Company may well recover the consideration it is entitled to for the transfer of goods to its customers.

On the beginning date of the contract, the Company shall identify each individual performance obligation existing in the contract and apportion the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the commodity promised in each performance obligation. In determining the transaction price, the influence of variable consideration, significant financing elements in the contract, non-cash consideration, payable customer consideration and other factors are considered.

For each single performance obligation in the contract, if one of the following conditions is met, the Company shall, in accordance with the progress of the performance of the contract, recognize as revenue the transaction price allocated to that single performance obligation within the relevant performance period. The customer can control the goods under construction during the Company's performance; The commodities produced in the

course of the Company's performance hereof shall have irreplaceable USES, and the Company shall have the right to collect payment for the part of the performance which has been accumulated to date throughout the contract period. The performance schedule shall be determined by the input method or output method according to the nature of the transferred commodities. If the performance schedule cannot be reasonably determined, if the Company's costs that have been incurred can be expected to be compensated, the revenue shall be confirmed according to the cost amount that has been incurred until the performance schedule can be reasonably determined.

If one of the above conditions is not met, then the Company will allocate the transaction price recognition income to the single performance obligation at the time when the customer obtains the control of the related commodities. In determining whether a customer has acquired control of a commodity, the Company shall take into account the following indications: The enterprise has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity; The enterprise has transferred the goods in kind to the customer, that is, the customer has possessed the goods in kind; The enterprise has transferred the main risks and rewards in the ownership of the commodity to the customer, that is, the customer has acquired the main risks and rewards in the ownership of the commodity; The customer has accepted the goods; Other signs that the customer has taken control of the merchandise.

4.30 Construction contracts

Where the results of a construction contract can be reliably estimated, contract revenues and contract costs are recognized on the balance sheet date in accordance with the percentage completion method. The contract completion schedule shall be determined according to the proportion of the contract workload that has been completed to the estimated total contract workload.

The results of the construction contract can be reliable estimation refers to the simultaneous satisfaction: (1) the total contract revenue can be measured reliably; The economic benefits related to the contract are likely to flow into the enterprise; (3) the actual cost of the contract can clearly distinguish and reliable measurement; (4) the contract completion schedule and for the completion of the contract still need to occur cost can be determined reliably.

If the result of the construction contract cannot be estimated reliably, but the contract cost can be recovered, the contract income shall be recognized according to the actual contract cost that can be recovered, and the contract cost shall be recognized as the contract cost in the current period when it occurs; If it is impossible to recover the contract cost, it shall be immediately recognized as the contract cost when it occurs, and the contract income shall not be recognized. In the absence of uncertainties which make it impossible to estimate reliably the outcome of a construction contract, the income and expenses related to the construction contract shall be determined in accordance with the percentage of completion method.

Where the estimated total cost of the contract exceeds the total revenue of the contract, the estimated loss shall be recognized as the current expense.

4.31 Government Grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Company at no consideration, excluding the capital invested by the government as equity owner. Government grant can be classified as grant related to the assets and grants related to the income. 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 non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognized immediately in profit or loss for the period.

A government grant related to an asset is recognized as deferred income or write down book value of relevant assets, and evenly amortized to profit or loss over the useful life of the related asset in a reasonable and systematic manner. For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent period, the grant is recognized as deferred income, and

recognized in profit or loss over the periods in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the period.

Government subsidies including both assets-related parts and income-related parts should be treated separately. If it is difficult to separate, the government subsidies as a whole will be classified as income-related government grants.

The government grants related to the daily activities of the Company are included in other income or offset the related costs according to the essence of the economic business. The government grants unrelated to the daily activities are included in the non-operating income and expenses.

When government subsidy needs to be returned, if the related deferred income balance exists, the book value of related deferred income shall be offset and the excess part shall be included in the current profit or loss; if it is other cases, it shall be directly carried to the current profits and losses.

4.32 Deferred tax assets and deferred tax liabilities

4.32.1 Income tax for the current period

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects at the balance sheet date, to recover the assets or settle the liabilities.

At the balance sheet date, current income tax liabilities or assets for the current and prior period, are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws. The calculation for income tax expenses in the current period is based on the taxable income according to the related tax laws after adjustment to the accounting profit of the reporting period.

4.32.2 Deferred income tax assets and liabilities

For temporary differences between the carrying amount of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

For temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognised.

For taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, no deferred income tax liability related is recognised except where the Company is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

All deferred income tax liabilities arising from taxable temporary differences except the ones mentioned above are recognised.

For temporary deductible differences associated with the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset is recognised.

For taxable temporary deductible differences associated with investments in subsidiaries and associates, and interests in joint ventures, no deferred income tax asset related is recognised if it is impossible to reversal the temporary difference in the foreseeable future, or it is not probable to obtain taxable income which can be used for the deduction of the temporary difference in the future.

Except mentioned above, the Company recognises other deferred income tax assets that can deduct temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

For the deductible losses and tax credit that can be carried forward, deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates according to tax law, that are expected to apply in the period in which the asset is realised or the liability is settled.

At the balance sheet date, the Company reviews the carrying amount of deferred tax assets. If it is no longer probable that sufficient taxable profit will be available in future periods to allow the benefits of the deferred tax assets to be used, the Company reduces the carrying amount of deferred tax assets. The amount of such reduction is reversed when it becomes probable that sufficient taxable profit will be available.

4.32.3 Income tax expenses

Income tax expenses consist of current income tax and deferred income tax.

The expenses from income tax and deferred income tax, as well as the revenue, shall be recorded into profit or loss in current accounting period, except expense for income tax of the current period and deferred income tax that booked into other income or equity and adjusted carrying value of deferred income tax goodwill arose from business combination.

4.32.4 Income tax offset

When we have the legal right, and have intended to, to make settlement with net amount, or through the asset acquisition and liability fulfillment simultaneously, the Company shall present the net value from the offset between current income tax asset and current income tax liability in the financial statement.

When the Company has the legal right to make a settlement with the current income tax asset and current income tax liability, and the deferred income tax asset and deferred income tax liability are related to the same taxable subject under the same tax payer, or related to different taxable subject, but the intension of net value settlement in regard of the current income tax asset and current income tax liability, the Company shall present net value after the offset of deferred income tax asset and deferred income tax liability.

4.33 Leases

A finance lease is a lease that transfers in substance all the risks and rewards incident to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

4.33.1 The Company as Lessee under operating Lease

Lease payments under an operating lease are recognised by a lessee on a straight-line basis over the lease term, and either included in the cost of the related asset or charged to profit or loss for the current period. The contingent rents shall be recorded in the profit or loss of the period in which they actually arise.

4.33.2 The Company as Lessor under operating Lease

Lease income from operating leases shall be recognised by the lessor in profit or loss on a straight-line basis over the lease term. Initial direct cost of significance in amount shall be capitalized when incurred. If another basis is more systematic and rational, that basis may be used. Contingent rents are credited to profit or loss in the period in which they actually arise.

4.33.3 Financial lease to which the Company is the lessee

At the commencement of a financial lease to which the Company is the Lessee, the lower of the lease-commencement-date fair value of the leased asset and the present value of the minimum lease payment is recognised as the cost of the leased asset; the minimum lease payment is recognised as a long-term payable; and the excess of the long-term payable over the amount recognised as the cost of the leased asset is recognised as unrecognised lease expenditure. Expenses incurred during the negotiation and signing of the lease contract for activities directly attributable to the lease are recognised as part of the cost of the leased asset. The residual amount after deducting the unrecognised lease expenditure from the long-term payable is divided into non-current liability and non-current liability due within one year depending on maturity and presented on (consolidated) financial statements separately.

The unrecognised lease expenditure is amortised over the lease term using the effective interest rate method

and the amortisation is recognised as lease expense in profit or loss for the relevant period. Contingency lease rental is recognised in profit or loss when it is incurred.

4.33.4 Financial lease to which the Company is the lessor

At the commencement of a financial lease to which the Company is the lessor, the sum of the minimum lease rental receivable and the initial expenses incurred for activities directly attributable to the lease is recognised as the initial amount of the respective financial lease rental receivable; unguaranteed residual value is recorded, if any; the excess of the present value of the sum of the minimum lease rental receivable, the initial expenses incurred for activities directly attributable to the lease and the unguaranteed residual value over the sum itself is recognised as unrecognised lease income. The residual amount after deducting the unrecognised lease income from the financial lease rental receivable is divided into non-current receivable and non-current receivable due within one year depending on maturity and presented on (consolidated) financial statements separately.

The unrecognised lease income is amortised over the lease term using the effective interest rate method and the amortisation is recognised as lease income in profit or loss for the relevant period. Contingency lease rental income is recognised in profit or loss when it is received or becomes receivable.

4.34 Held for sale

If the Company recovers its book value mainly through the sale (including the exchange of non-monetary assets with commercial substance, the same below) rather than the continuous use of a non-current asset or disposal group, it is divided into the holding for sale category. The specific criteria are to meet the following conditions simultaneously: a non-current asset or disposal group can be immediately sold in the current situation according to the practice of selling such assets or disposal group in similar transactions; The Company has made a resolution on the sale plan and obtained a firm commitment to purchase; The sale is expected to be completed within a year. The disposal group refers to a group of assets disposed of as a whole through sale or other means in a transaction, and the liabilities directly related to these assets transferred in the transaction. The disposal group shall include the goodwill apportioned to the disposal group if the asset group or combination of the disposal group apportion the goodwill acquired in the enterprise merger in accordance with the accounting standards for business enterprises no. 8 - asset impairment.

On the balance sheet date of the Company or initial measurement to measure classified as held for sale of non-current assets and disposal group, its book value is higher than the fair value minus the net amount after sale cost, book value will be down to the fair value minus the net amount after selling fees, the amount of write-down shall be recognized as asset impairment losses, included in the current profits and losses, provision for assets impairment provision holds for sale at the same time. For treatment group, confirmed by the asset impairment loss to offset the book value of the goodwill in the treatment group, and in proportion to offset the treatment groups within the applicable to the accounting standards for enterprises no. 42 - hold illiquid assets for sale, disposal and termination of business "(hereinafter referred to as the" guidelines "holds for sale) measurement of the book value of the non-current assets. Following the balance sheet date of the fair value minus the disposal group holds for sale after sale cost a net increase of write-down amount shall be reinstated, before and after the classified as held for sale category applicable rule holds for sale of non-current assets to confirm the asset impairment loss amount is converted back to, back to the amount recorded into the profits and losses, and according to the treatment group except goodwill rule holds for sale measurement provisions shall be applicable in all kinds of non-current assets book value proportion scale up its book value; The book value of the goodwill that has been reduced and the non-current assets that are subject to the measurement of the holding for sale criteria shall not be reversed until the impairment loss of the assets recognized prior to the classification of the holding for sale is recognized.

Non-current assets held for sale or non-current assets in the disposal group are not depreciated or amortized and interest and other expenses on liabilities in the disposal group held for sale continue to be recognised.

Non-current assets or to the disposition of the set is no longer meet the category division condition holds for sale, the Company will no longer to divided into categories or holds for sale from non-current assets held for sale in

the treatment groups, and according to the following both what is low measurement: 1) divided into categories holds for sale in front of the book value, according to the assumption that is not classified as held for sale category case shall confirm the depreciation, amortization and impairment of the adjusted amount; 2) Recoverable amount.

4.35 Fair value

Fair value is the price that market participants can receive or transfer a liability in an orderly transaction on the measurement date. Whether the fair value is observable or estimated using valuation techniques, the fair value measured and/or disclosed in the financial statements shall be determined on this basis.

4.35.1 Assets and liabilities measured at fair value

The Company at the end of this adopt the fair value of the assets including measured at fair value and the changes are recorded into the profits and losses of the current financial assets, available for sale financial assets and derivative financial assets, investment real estate, etc., using mainly includes the fair value of the liabilities measured at fair value and the changes are included in the current profits and losses of financial liabilities, derivative financial liabilities, etc.

4.35.2 Valuation technique

When measuring relevant assets or liabilities at fair value, the Company adopts valuation techniques that are applicable in the current situation and are supported by sufficient available data and other information. The valuation techniques used mainly include market method, income method and cost method. The Company USES one or more methods consistent with the valuation technology to measure the fair value, fully considers the rationality of the valuation results, and selects the amount that best represents the fair value under the current situation as the fair value.

The fair value measurement is divided into three levels based on the observability of the input value and the importance of the input value to the fair value measurement as a whole:

The first level input value is the unadjusted quote of the same asset or liability that can be obtained on the measurement date in the active market. Active market refers to the market in which the volume and frequency of transactions of relevant assets or liabilities are sufficient to provide continuous pricing information. The input value of the second level is the directly or indirectly observable input value of the relevant asset or liability except the input value of the first level. The second level of input values include: (1) Quotation of similar assets or liabilities in active markets. (2) Quotation of the same or similar assets or liabilities in inactive markets. (3) Other observable input values other than quotation, including observable interest rate, yield curve, implied volatility, credit spread, etc., during the normal quotation interval. (4) Market validation of the input value. The input value at the third level is unobservable. The Company only uses the input value at the third level when there is no market activity in the relevant assets or liabilities or when the market activity rarely leads to the inaccessibility or infeasibility of the relevant observable input value.

When measuring assets and liabilities at fair value, the Company uses the input value at the first level, the input value at the second level and the input value at the third level.

4.35.3 Accountant arrangement method

Other relevant accounting standards that require or allow the Company to measure or disclose relevant assets or liabilities at fair value and changes in fair value shall be included in current profit and loss or other comprehensive income and other accounting treatment issues. Please refer to other relevant contents in this note 4.

4.36 Asset securitization business

In applying the accounting policy for securitized financial assets, the Company has taken into account the extent to which the risks and rewards of assets transferred to other entities, as well as the extent to which the Company exercises control over the entity:

When the Company has transferred almost all the risks and rewards in the ownership of the financial asset, the Company shall terminate the recognition of the financial asset;

When the Company retains almost all risks and rewards in the ownership of the financial asset, the Company continues to recognize the financial asset;

If the Company does not transfer or retain nearly all the risks and rewards in the ownership of the financial asset, the Company shall consider whether there is any control over the financial asset. If the Company does not retain control, the Company terminates recognition of the financial asset and recognizes the rights and obligations generated or retained in the transfer as assets or liabilities. If the Company retains control, the financial assets are recognized according to the degree of continuous involvement in the financial assets.

Note 5: Significant changes in accounting policies and accounting estimates

5.1 Changes in accounting policies

5.1.1 Changes in accounting policies due to the implementation of the new Accounting Standards for Business Enterprises

Adama, Syngenta and Pirelli, the overseas subsidiaries of the Company, implemented the new financial instrument standards and new revenue standards from January 1, 2018. Please refer to the relevant part of "important accounting policies and accounting estimates" in this note 4 for the revised accounting policies.

(1) Accounting policy changes resulting from the implementation of new financial instrument standards

Retrospective application of the new financial instrument standards, but for classification and measurement (including impairment) involved in the previous comparative financial statement data and the new financial instrument standards are inconsistent, choose not to repeat.

a. Comparison table of recognition and measurement of financial assets before and after the implementation of new financial instrument standards:

Class of financial assets	31/12/2017 (Before change)		1/1/2018 (After change)	
	Measurement category	Carrying amount	Measurement category	Carrying amount
Accounts receivable	Loans and accounts receivable	5,056,850,000.00	Amortized cost	5,038,575,000.00
Other receivable	Loans and accounts receivable	1,037,836,000.00	Amortized cost	1,029,557,000.00
Financial assets at fair value through profit and loss	Financial assets at fair value through profit and loss	259,064,159.59	Financial assets held for trading	259,064,159.59
Available-for-sale financial assets	Available-for-sale financial assets	2,423,822,114.58	Financial assets held for trading	1,162,753,362.10
			Financial assets measured at fair value and changes are included in other comprehensive income	1,332,614,752.48

b. At first execution date, instrument classification and book value reconciliation

Item	31/12/2017 (Before change)	Reclassification	Remeasurement	1/1/2018 (After change)
Assets:				
Financial assets at fair value through profit and loss	282,064,159.59	-282,064,159.59		
Financial assets held for trading		1,444,817,521.69		1,444,817,521.69
Accounts receivable	12,928,833,781.72		-35,826,094.40	12,893,007,687.32
Other receivable	4,811,681,950.88		21,085,588.04	4,832,767,538.92

Item	31/12/2017 (Before change)	Reclassification	Remeasurement	1/1/2018 (After change)
Other current assets	2,455,331,837.42		-25,922,907.69	2,429,408,929.73
Available-for-sale financial assets	2,459,213,632.50	-2,423,822,114.58		35,391,517.92
Long-term receivable	1,006,266,800.00	-705,693,600.00		300,573,200.00
Other investments in equity instruments		1,261,068,752.48	71,546,000.00	1,332,614,752.48
Other non-current financial assets		1,195,758,600.00		1,195,758,600.00
Deferred tax assets	1,908,282,655.83		1,574,071.29	1,909,856,727.12
Other non-current assets	4,533,329,285.82	-490,065,000.00	-13,882,421.73	4,029,381,864.09
Liabilities:				
Advances from customers	226,711,000.00	-226,711,000.00		
Contractual liabilities		746,578,000.00		746,578,000.00
Taxes and surcharges payable	1,516,917,144.29		6,608,548.10	1,523,525,692.39
Other payable	1,422,734,000.00	-503,362,000.00		919,372,000.00
Other current liabilities	482,583,000.00	-16,505,000.00		466,078,000.00
Long-term borrowings	6,534,200.00	254,833,800.00		261,368,000.00
Long-term payable	254,833,800.00	-254,833,800.00		
Deferred tax liabilities	10,102,787,440.96		-15,417,344.80	10,087,370,096.16
Equity:				
Other comprehensive income	-2,042,722,036.97		20,563,782.74	-2,022,158,254.23
Undistributed profit	1,225,155,402.08		17,565,049.66	1,242,720,451.74
Minority interests	36,205,919,237.24		-10,745,800.19	36,195,173,437.05

Note: the above table shows the amount affected by the implementation of the new financial instrument standards at the reporting level of Adama, Syngenta and Pirelli. At the merger level of the Company, the affected amount includes: increased other comprehensive income of RMB 9,887,706.44, increased undistributed profit of RMB 19,270,826.02, reduced minority shareholders' equity of RMB 1,775,500.25.

c. Adjustment sheet for impairment of financial assets on the first execution date

Measurement category	31/12/2017 (Before change)	Reclassification	Remeasurement	1/1/2018 (After change)
Accounts receivable impairment provision	386,425,000.00		18,281,000.00	404,706,000.00

5.1.2 Implementation of new revenue standards resulting in accounting policy changes

To implement the new revenue guidelines, Adama, syngenta and pirelli have reassessed the recognition, measurement, accounting and presentation of major contract revenues. According to the regulation of the new income principles, only on January 1, 2018 has not yet been done to adjust the cumulative effect of the contract, as well as the earliest than during the initial (i.e., on January 1, 2017) or before January 1, 2018 occurred before the contract changes to simplify the processing, namely change the final arrangement according to the contract, identification has been and is not subject to the performance of the obligations, determine the trading price and is

and is not subject to the performance of the obligations between the share price. Adjustment of cumulative impact amount for the first execution the retained earnings at the beginning of the current period (i.e., January 1, 2018) and the amounts of other related items in the financial statements for the first execution shall not be adjusted for the 2017 financial statements.

Project names and adjustment amount that affected by the new revenue standard:

Content of change	Item	1/1/2018 (After change)	31/12/2017 (Before change)
Significant financing component of revenue recognition	Accounts receivable	5,128,256,000.00	5,056,850,000.00
	Deferred tax assets	867,175,000.00	891,012,000.00
	Accounts payable	20,739,559,554.15	21,053,201,154.15
	Advances from customers	147,775,382.58	341,615,091.79
	Contractual liabilities	600,785,152.78	
	Current portion of non-current liabilities	616,474,723.05	689,021,873.85
	Other current liabilities	451,606,237.08	468,261,814.70
	Other non-current liabilities	389,690,141.35	393,791,256.50
	Undistributed profit	3,334,280,000.00	3,286,711,000.00

Note: the above table shows the amount affected by the implementation of the new revenue standards at the reporting level of Adama, Syngenta and Pirelli. At the merger level of the Company, the affected amount is: RMB 37,536,596.98 for increased undistributed profits and RMB 10,032,403.02 for increased minority shareholders' equity.

5.2 Change in accounting estimates

None.

5.3 Significant prior period errors correction

5.3.1 Merge scope of adjustment

a. The equity of Beijing chemical machinery Co., Ltd. (hereinafter referred to as "Beijing chemical machinery") held by ZhongLan Petrochemical was sold in previous years and was not included in the scope of merger. The transaction was not actually completed because the equity transfer payment was not paid as agreed in the contract. The equity transfer agreement shall not be executed after friendly negotiation between both parties. In this year, ZhongLan Petrochemical incorporated Beijing chemical machinery into the merger scope and restated the previous year.

b. Bluestar holds 45.33% of the equity of Bluestar fiber (Beijing) Co., Ltd. (hereinafter referred to as "Bluestar fiber"). Through the entrustment management agreement signed by ZhongLan Petrochemical and Bluestar, Bluestar can manage Bluestar fiber, control Bluestar fiber and obtain variable returns. In this year, Bluestar fiber was included in the merger scope and the previous year was restated.

c. The Company subordinates in the blue sea design and research institute Co., Ltd. (hereinafter referred to as "the sea court") the previous year will be 55% owned by Qinghai potash salt cloud Co., Ltd. (hereinafter referred to as "the Qinghai salt cloud") as a subsidiary into the consolidation scope according to the relevant provisions of the articles of association of Qinghai salt cloud management decision-making should be agreed by more than half of the sea school only two seats on the board (totally 5), did not have more than half of the voting rights, not control this year even the sea is no longer a cloud of Qinghai salt into the scope, and to repeat the previous year.

d. In 2013, due to the clean-up and rectification of Jinan petrochemical group Co., Ltd. (hereinafter referred to as "Jinan petrochemical"), the Company will no longer include it in the scope of merger. Because Jinan petrochemical has not been completed cleaning, this year HaoHua limited will be incorporated into the scope of the merger of Jinan petrochemical, and the previous year to restate.

The adjustment of the above merger scope has the effect of increasing the total assets at the beginning of the year by RMB 2,182,159,307.19, increasing the total liabilities at the beginning of the year by RMB 5,283,067,556.88, the owner's equity belonging to the parent company reduced by RMB 3,712,032,980.63 and increasing the minority shareholders' equity by RMB 611,124,730.94.

5.3.2 Adjustment of loaning instead of allocating

China Haohua chemical (group) corporation (hereinafter referred to as "China Haohua"), the predecessor of HaoHua Co., transfers the project fund of "loaning instead of allocating" to Haohua Corp. for accounting when carrying out the overall system reform. Due to the non-standard accounting of part of the "loaning instead of allocating" funds, the accounting treatment of this part of the "loaning instead of allocating" funds was corrected and adjusted in advance, with the total assets at the beginning of the year reduced by RMB 92,060,527.98, and the owner's equity attributable to the parent company at the beginning of the year reduced by RMB 92,060,527.98.

5.3.3 Adjustment of staff residence

China Haohua overall restructuring, the north rubber house project transferred to Haohua Corp., which project housing, parking, bottom business and other supporting facilities have been basically sold in 2014. This year, the residential sales business of this project were corrected and adjusted for errors in the early stage. The total assets at the beginning of the year were reduced by RMB 440,488,146.86, the total liabilities at the beginning of the year was reduced by RMB 467,295,947.14, and the owner's equity attributable to the parent company at the beginning of the year were increased by RMB 26,807,800.28.

5.3.4 Adjustment of dismiss welfare

Due to the agreement with employees to terminate the labor contract and the payment of the overall expenses for the retired employees, some of the subordinate enterprises of ZhongLan Petrochemical failed to fully plan and withdraw the dismiss welfare for the early error correction and adjustment. The total liabilities at the beginning of the year were increased by RMB 132,902,281.83. The owner's equity attributable to the parent company at the beginning of the year was reduced by RMB 132,902,281.83.

Note 6: Taxation

6.1 Major Taxes and Tax Rates

Types	Tax rate
VAT	Taxable income shall be calculated at the tax rate of 16%, 13%, 10%, 6%, 5% and 3%, and the VAT shall be calculated and paid based on the difference after deducting the input tax that is allowed to be deducted in the current period; The Company and its subsidiaries shall implement the policy of tax exemption and refund for the export products, and the overseas subsidiaries shall be subject to the VAT rate of the country or region where they are located.
Consumption Tax	Consumption tax on gasoline, diesel oil, wax oil, slurry, fuel oil and naphtha sold shall be calculated and paid according to state regulations;
City Maintenance and Construction Tax	City maintenance and construction tax should be paid based on 7%, 5% or 1% of the amount of VAT paid.
Income Tax	The Company should pay 25%, 20% or 15% of taxable income for its income tax. Overseas subsidiaries should pay income tax in accordance with the relevant regulations of their jurisdictions.
Education Surcharge	The Company should pay 3% of the amount of VAT paid for education surcharge.
Local Education Surcharge	The Company should pay 2% the amount of VAT paid for local education surcharge.
Land Use Tax	The Company should pay RMB 3, 18 or 24 per square meter for land use tax based on the area of land used.
Property Tax	For property for self-use, 1.2% of the residual value of the property and for property leased out, 12% of the rentals is calculated as the amount of property tax.
Other Tax	Other tax should be paid according to relative national regulation.

Notes:

1. The original tax rate of 17/11% shall apply to VAT taxable sales or import goods of the Company. According to the notice of the ministry of finance and the state administration of taxation on the adjustment of VAT rate (Caishui [2018] no. 32), the applicable tax rate will be adjusted to 16/10% from May 1, 2018.
2. The Tax Rate Apply to Overseas Subsidiaries

Company Name	Tax Rate
ADAMA Agricultural Solutions Ltd.	23.00% (the common income tax rate for Israel companies)
ADAMA Makhteshim Ltd.	7.50% (the common income tax rate for Israel companies)
ADAMA Agan Ltd.	16.00% (the common income tax rate for Israel companies)
ADAMA Brasil S.A.	34.00% (the common income tax rate for Brazil companies)
ADAMA of North America Inc.	24.70% (the common income tax rate for America companies)
ADAMA India Private Ltd.	34.60% (the common income tax rate for India companies)
ADAMA Deutschland GmbH	32.50% (the common income tax rate for German companies)
Control Solutions Inc.	24.00% (the common income tax rate for America companies)
ADAMA Australia Pty Ltd.	30.00% (the common income tax rate for Australia companies)
ADAMA France S.A.S	33.30% (the common income tax rate for France companies)
ADAMA Andina B.V.Sucursal Colombia	33.00% (the common income tax rate for Columbia companies)
ADAMA Italia S.R.L.	27.90% (the common income tax rate for Italia companies)
Alligare Inc.	27.50% (the common income tax rate for America companies)
ADAMA Brasil S/A	34.00% (the common income tax rate for Brazil companies)
ADAMA Andina B.V.Sucursal Colombia	34.00% (the common income tax rate for Columbia companies)
Adisseo France, Bluestar organosilicon France Co., Ltd, ADAMA France S.A.S	34.43%、33.30% (the common income tax rate for France companies)
Drakker holding Co., Ltd	33.99% (the common income tax rate for Belgium companies)
ADAMA Deutschl and GmbH	32.50% (the common income tax rate for Germany companies)
Blue star Aiken international co. LTD, Bluestar Elkem Solar Co.,Ltd. S.à.r.l.	26.01% (the common income tax rate for Luxembourg companies)
REC Solar Holdings AS, Elkem, Elkem Solar AS	24.00% (the common income tax rate for Norway companies)
China national chemical (UK) Co., Ltd	20.00% (the common income tax rate for England companies)
Kenos holdings limited, ADAMA Australia Pty Ltd.	30.00% (the common income tax rate for Australia companies)
REC Solar Pte. Ltd., China national chemical (Singapore) Co., Ltd	17.00%、5.00% (the common income tax rate for Singapore companies)
Bluestar Adisseo nutrition Group Ltd., Bluestar Organosilicon Investment Ltd.(BSIHK), Bluestar Organosilicon Hong Kong Commercial Company, ChemChina (H.K.) Investment Ltd., ChemChina International Holding (H.K.) Ltd., Bluestar Elkem Investment Ltd., Bluestar Finance Holdings Limited	16.50% (the common income tax rate for HongKong companies)

Note: The President of the United States signs the tax reform bill on December 22, 2017. Under the bill, the U.S. corporate income tax rate would be reduced from 35 percent to 21 percent in a single cut starting in 2018. The income tax rates for U.S. subsidiaries in the table above include federal and state taxes.

Adama, the subsidiary Company of the Company, is registered in Israel. According to the capital investment encouragement act of Israel and its amendment, the preferential income tax rate of its subsidiary Company, ADAMA Agan Ltd. is 9% in zone A of Israel and 16% in other areas.

The Company's subsidiary Adama is industrial holding company registered in Israel, part of it, a subsidiary of Israel's "industrial company", in 1969, according to Israeli industry (tax) to encourage law, with its subsidiary ADAMAMakhteshimLtd Adama. can be consolidated income tax return, amortization and proprietary technology, can be more than eight years, so it can enjoy certain tax breaks.

6.2 Tax incentives and approvals

The Company's subsidiaries enjoy the following tax benefits:

a. Preferential tax treatment for the development of the western region

The Company subordinate Deyang HaoHua qingping phosphate rock Co., Ltd., Guilin rubber machinery co., LTD and Sichuan light engineering design institute, according to the ministry of finance, general administration of customs, state administration of taxation on the tax policies thorough implementation of western development strategy of the notice (Caishui [2011] no. 58) enjoy the preferential tax policy in west development state in 2018, according to 15% tax rate pay enterprise income tax.

b. Tax incentives for high-tech enterprises

The Company subordinate ZhongHao chenguang chemical research institute Co., Ltd., ZhongHao light chemical research and design institute Co., Ltd., Marine chemical industry research institute Co., Ltd., day shares, southwest chemical research and design institute Co., Ltd., ZhongHao (Dalian) chemical research and design institute Co., Ltd., north ZhongHao coatings industry research and design institute Co., Ltd., Shenyang rubber research and design institute Co., Ltd., the northwest rubber plastics research and design institute Co., Ltd., Shuguang rubber industry research and design institute of China chemical group Co., Ltd., China national chemical Zhuzhou rubber research and design institute Co., Ltd., dawn chemical research and design institute Co., Ltd., Jinxi chemical industry research institute Co., Ltd. In the design and research institute of the blue sea, blue length in engineering technology Co., Ltd., Bluestar new material (Chengdu) Co., Ltd., Shenyang blue star cleaning co., LTD, Anhui branch made China chemical industry Co., Ltd., Jiangsu business electrochemical Co., Ltd., Anhui province chemical industry research institute, wheat, Cangzhou dahua chemiacl, blue in daqing petrochemical Co., Ltd., Fengshen shares, the Chinese chemical industry science and technology research institute, Beijing research and design institute of rubber industry, blue light in the chemical industry research and design institute Co., Ltd., Hangzhou water treatment technology research and development center Co., Ltd., bluestar (Beijing) chemical machinery Co., Ltd., Beijing blue star cleaning Co., Ltd., Shenyang chemical industry,, nantong starsSynthetic material Co., Ltd., Guangzhou institute of synthetic materials Co., Ltd., Hangzhou west doumen (torch) film industry Co., Ltd., Shandong bluestar dongda chemical Co., Ltd., bluestar technology center (Beijing) Co., Ltd., China national bluestar Harbin petrochemical Co., Ltd., bluestar engineering Co., Ltd., Jiangxi bluestar spark our organic silicon Co., Ltd., Nanjing chemical engineering co., LTD and Nanjing chemical equipment supervision Co., Ltd., won the recognition of hi-tech enterprises, according to the state administration of taxation on the implementation of a high and new technology enterprise preferential income tax related issues notice "(Guoshuihan [2009] no. 203),Corporate income tax will be paid at the 15% rate for 2018.

c. Three exemptions and three halving of tax benefits

The company subordinates Beijing bluestar energy-saving investment management Co., Ltd., according to the ministry of finance, state administration of taxation issued by the ministry of finance, state administration of taxation on promoting energy-saving services industry business tax and enterprise income tax policy issue VAT notice (caishui [2010] no. 110), conform to the conditions of the project, since the project made the first tax year, production and operation income belongs to enjoy the tax preference of three exemptions and three halving.

d. Tax incentives for small, low-margin enterprises

The Company subordinates in the blue the morning Chengdu testing technology Co., Ltd. And the blue sea (Shanghai) chemical technology Co., Ltd., for a small meagre-profit enterprise satisfying engineering center,

according to the ministry of finance, state administration of taxation issued "on further expanding the scope of the small profit-making enterprise income tax preferential policy notice (Caishui [2018] 77 date), since January 1, 2018 to December 31, 2020, will be a small meagre-profit enterprise satisfying the maximum annual taxable income from RMB 500,000 to RMB 1 million, the annual taxable income of less than RMB 1 million (contain RMB 1 million) a small meagre-profit enterprise satisfying, The enterprise income tax shall be paid at the rate of 20%.

e. Other tax benefits

Sichuan bluestar machinery Co., Ltd., a subsidiary of the Company, shall pay enterprise income tax at the rate of 15% according to no.12 of 2012 and no.652 of Sichuan economic and trade letter [2012] issued by the state administration of taxation.

The Company subsidiary our chemical machinery and automation research and design institute Co., Ltd., on October 8, 2015, Gansu province development and reform commission audit conform to the national development and reform commission in 2013 21 order released the industry structure adjustment guidance catalogue (2011) ", since 2015, execute the enterprise income tax preferential rate of 15%.

Note 7: Business combination and consolidation financial statements

7.1 Subsidiaries Profile

No	Company Name	Level	Type	Location	Business Field	Paid-in Capital (RMB '0000)	Share Proportion (%)	Voting Right (%)	Investment (RMB '0000)	Acquisition method
1	BlueStar Co.	2	Domestic, Non-financial	Beijing	Chemicals	1,536,558.92	66.78	66.78	1,488,432.52	Other
2	CNCA	2	Domestic, Non-financial	Beijing	Agricultural Chemicals	333,821.96	100	100	338,102.57	Investment and establishment
3	ChemChina Century	2	Domestic, Non-financial	HK	Outbound investment	0.88	100	100	0.89	Investment and establishment
4	Petrochemical Co.	2	Domestic, Non-financial	Beijing	Oil Manufacturing	684,300.00	72.73	72.73	852,187.40	Investment and establishment
5	Tire& Rubber Corp.	2	Domestic, Non-financial	Beijing	Tire Manufacturing	160,000.00	100	100	346,300.10	Investment and establishment
6	Equip. Corp.	2	Domestic, Non-financial	Beijing	Chemical Machineries	100,000.00	100	100	72,488.00	Investment and establishment
7	HaoHua Co.	2	Domestic, Non-financial	Beijing	Chemicals	422,121.93	69.20	69.20	482,400.54	Other
8	ZhongLan Petrochemical	2	Domestic, Non-financial	Beijing	Chemicals	51,100.87	100	100	43,215.62	Investment and establishment
9	Academy of Sc.	2	Domestic, Non-financial	Beijing	Technical Services	18,762.90	100	100		Investment and establishment
10	Finance Corp.	2	Domestic, Financial	Beijing	Finance	84,122.50	86.20	100	43,580.86	Investment and establishment
11	CNCIC	2	Domestic, Non-financial	Beijing	Information Service	15,000.00	100	100	5,685.60	Investment and establishment
12	Interstar Group	2	Domestic, Non-financial	Beijing	Metallic ore	72,000.00	100	100	52,306.51	Other

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No	Company Name	Level	Type	Location	Business Field	Paid-in Capital (RMB '0000)	Share Proportion (%)	Voting Right (%)	Investment (RMB '0000)	Acquisition method
13	Yellow Sea Rubber	2	Domestic, Non-financial	Qingdao Shandong	Rubber Products	33,282.57	100	100		Investment and establishment
14	Asset Co.	2	Domestic, Non-financial	Beijing	Chemicals	85,714.29	35.00	35.00	1,337.18	Investment and establishment
15	HaoHua Corp.	2	Domestic, Non-financial	Beijing	Chemicals	235,408.12	100	100	244,222.93	Investment and establishment
16	ChemChina HK	2	Domestic, Non-financial	HK	Outbound investment	0.85	100	100	0.85	Investment and establishment
17	ZhongChe QiXiu	2	Domestic, Non-financial	Beijing	Vehicle Repair	82,422.05	100	100	27,805.14	Investment and establishment
18	Bluestar Info.	2	Domestic, Non-financial	Beijing	Chemical Equipments	1,000.00	100	100	12,546.16	Investment and establishment
19	Chem. Museum	2	Public institution	Beijing	Museum	4,879.29	100	100	104,879.29	Investment and establishment
20	Adama	5	Domestic, Non-financial	Jingzhou Hubei	Agricultural Chemicals	244,655.40	78.91	78.91	1,870,864.42	Investment and establishment
21	Adisseo	3	Domestic, Non-financial	Beijing	Chemicals	268,190.13	89.74	89.74	1,848,542.90	Investment and establishment
22	TianHuaYuan	4	Domestic, Non-financial	Qingdao Shandong	Chemicals	89,809.15	78.18	78.18	41,766.76	Investment and establishment
23	Shenyang Chem.	4	Domestic, Non-financial	Shenyang Liaoning	Chemicals	81,951.44	47.23	47.23	133,690.04	Investment and establishment
24	Aeolus Tyre	3	Domestic, Non-financial	Henan, Jiaozuo	tyre manufacture	56,241.32	44.58	44.58	61,908.83	Other
25	Cangzhou Dahua	4	Domestic, Non-financial	Cangzhou Hebei	Chemicals	41,186.35	46.25	46.25	30,188.83	Investment and establishment
26	Tian Yi Co.	3	Domestic, Non-financial	Chengdu Sichuan	Chemicals	83,718.60	75.73	75.73	704,367.31	Investment and establishment
27	Pirelli	7	Overseas, Non-financial	Italy	Tire Manufacturing	1,398,170.78	46.00	46.00	1,594,743.71	M&A
28	Elkem	4	Overseas, Non-financial	Norway	Silicon products	646,782.66	58.20	58.20	1,415,605.00	M&A

Note: when the Company discloses subsidiaries, it discloses all secondary companies and subordinate listed companies with direct and indirect shareholding ratios.

7.2 Controlled investees of which the Company has less than half voting rights

No.	Name of the Company	Share Proportion (%)	Voting Right (%)	Registered capital	Investment Amount	Level	The reason of inclusion in the consolidated statement scope
1	Asset Co. (note 1)	35.00	35.00	857,142,857.14	13,371,829.66	2	Actual control right

No.	Name of the Company	Share Proportion (%)	Voting Right (%)	Registered capital	Investment Amount	Level	The reason of inclusion in the consolidated statement scope
2	Shenyang Chem. (note 2)	47.23	47.23	819,514,395.00	1,336,900,400.00	4	Actual control right
3	Aeolus Tyre (note 2)	44.58	44.58	562,413,222.00	619,088,311.59	3	Actual control right
4	Cangzhou Dahua (note 2)	46.25	46.25	411,863,502.00	301,888,300.00	4	Actual control right
5	Pirelli (note 2)	46.00	46.00	13,981,707,825.52	15,947,437,096.06	7	Actual control right

Note 1: Our Company is one of the largest shareholder equity companies, but other outside shareholders are mainly financial investors, the Company can exercise right of appointment and performance appraisal right, assets of the Company's investment projects are the Company within the project, basic not the assets of the Company daily management and outside shareholders intervene effect making major decisions. Therefore, the Company has the power over the asset Company and has the ability to use the power to influence the amount of return of the Company.

Note 2: The Company is the largest shareholder in the division, and the shares held by other shareholders are small and very dispersed. Therefore, the Company has the right to the branch of the department, and has the ability to use the power to affect the Company's return amount.

7.3 Significant Non-wholly-owned Subsidiaries Profile

7.3.1 Minority shareholder

No.	Name of the Company	Proportion of non-controlling interests (%)	Gain and loss attributable to non-controlling interests in Current Year	Dividends paid to Minority Shareholders in Current Year	Cumulative non-controlling interests at the end of Current Year
1	BlueStar Co.	33.22	186,073,320.60		3,583,054,984.01
2	Petrochemical Co.	27.27	434,511,654.70		5,295,549,920.37
3	HaoHua Co.	30.8	29,057,602.92		1,055,765,491.97
4	Adama	21.09	506,679,235.80	38,562,854.10	3,579,013,222.47
5	Adisseo	10.26	214,973,759.01	183,168,303.85	3,243,614,008.45
6	TianHuaYuan	21.82	42,122,992.08		1,238,064,950.89
7	Shenyang Chem.	52.77	29,703,685.75		2,843,312,218.51
8	Aeolus Tyre	55.42	10,125,721.00		1,118,061,080.45
9	Cangzhou Dahua	53.75	576,416,839.49		1,928,535,331.79
10	TianYi Co.	24.27	130,807,541.99	4,327,728.72	746,300,322.04
11	Pirelli	54.00	1,864,311,161.97		18,933,829,736.33
12	Elkem	41.80	892,275,945.42		4,930,373,004.90

7.3.2 Major Financial Information

Unit: RMB 10 Thousands

Items	Current Year					
	BlueStar Co.	Petrochemical Co.	HaoHua Co.	Adama	Adisseo	TianHuaYuan
Current Assets	5,262,369.20	3,470,442.57	817,966.20	2,468,948.80	938,517.97	644,204.82
Non-current Assets	4,961,520.77	2,730,853.65	613,569.09	1,812,301.70	1,116,424.89	954,152.92
Total Assets	10,223,889.97	6,201,296.22	1,431,535.29	4,281,250.50	2,054,942.86	1,598,357.74
Current Liabilities	4,781,649.38	3,140,053.20	504,204.47	1,133,916.70	255,652.19	465,385.08
Non-current Liabilities	2,867,625.05	556,947.29	459,314.57	919,321.20	149,846.74	565,573.50
Total Liabilities	7,649,274.43	3,697,000.49	963,519.04	2,053,237.90	405,498.93	1,030,958.58
Operating Revenue	6,001,337.75	18,558,901.93	552,830.36	2,561,511.90	1,141,798.18	1,130,409.40
Net Profits	146,479.81	190,748.91	9,920.68	240,246.20	121,568.71	19,304.76
Total Comprehensive Income	123,371.90	216,141.86	9,920.68	359,749.40	126,030.27	25,791.35
Cash Flows from Operating Activities	647,730.51	504,457.89	33,993.40	200,213.90	144,169.60	93,102.66

(Continue)

Items	Current Year					
	Shenyang Chem.	Aeolus Tyre	Cangzhou Dahua	TianYi Co.	Pirelli	Elkem
Current Assets	330,118.11	323,215.31	244,686.41	411,786.96	2,901,893.45	1,311,382.40
Non-current Assets	584,252.59	394,272.16	216,716.31	415,741.12	7,324,470.05	1,167,456.31
Total Assets	914,370.70	717,487.47	461,402.72	827,528.08	10,226,363.50	2,478,838.71
Current Liabilities	374,238.07	434,061.03	56,214.47	223,242.43	2,371,709.57	690,741.78
Non-current Liabilities	89,594.34	81,683.18	8,187.04	105,855.90	4,283,408.48	713,921.54
Total Liabilities	463,832.41	515,744.21	64,401.51	329,098.33	6,655,118.05	1,404,663.32
Operating Revenue	1,079,078.09	621,863.95	443,172.75	418,182.89	4,333,669.04	2,082,061.13
Net Profits	11,860.58	1,827.09	107,240.34	53,896.80	345,242.81	273,555.75
Total Comprehensive Income	11,860.58	547.53	107,240.34	53,896.80	312,949.41	301,200.45
Cash Flows From Operating Activities	6,450.09	35,313.58	150,035.06	53,611.36	482,956.48	351,778.43

(Continue)

Items	Previous Year					
	BlueStar Co.	Petrochemical Co.	HaoHua Co.	Adama	Adisseo	TianHuaYuan
Current Assets	5,446,047.17	3,438,541.30	815,402.11	2,337,519.60	1,206,818.27	612,721.21
Non-current Assets	4,893,789.12	2,768,278.78	594,787.29	1,632,882.80	1,016,483.33	928,862.83
Total Assets	10,339,836.29	6,206,820.08	1,410,189.40	3,970,402.40	2,223,301.60	1,541,584.04

Items	Previous Year					
	BlueStar Co.	Petrochemical Co.	HaoHua Co.	Adama	Adisseo	TianHuaYuan
Current Liabilities	4,263,418.44	2,833,816.80	604,476.35	1,129,544.40	279,992.45	445,264.20
Non-current Liabilities	3,585,917.26	1,059,493.53	347,237.15	954,046.50	127,208.39	578,801.83
Total Liabilities	7,849,335.70	3,893,310.33	951,713.50	2,083,590.90	407,200.84	1,024,066.03
Operating Revenue	5,576,070.81	17,353,372.66	519,113.97	2,381,956.80	1,039,782.31	1,091,222.63
Net Profits	75,006.59	183,920.11	10,305.24	154,587.90	167,608.64	21,933.75
Total Comprehensive Income	68,709.53	150,949.66	9,716.94	36,407.10	226,181.49	32,475.84
Cash Flows From Operating Activities	775,174.31	628,130.82	52,735.97	395,838.90	251,308.56	44,262.38

(Continue)

Items	Previous Year					
	Shenyang Chem.	Aeolus Tyre	Cangzhou Dahua	TianYi Co.	Pirelli	Elkem
Current Assets	360,512.58	314,267.85	186,313.83	405,678.72	2,623,259.01	637,848.62
Non-current Assets	625,471.89	424,486.39	248,084.35	394,831.61	7,311,321.43	683,726.16
Total Assets	985,984.47	738,754.24	434,398.18	800,510.33	9,934,580.44	1,321,574.78
Current Liabilities	483,999.17	413,733.71	127,663.98	229,524.52	2,313,936.56	318,019.44
Non-current Liabilities	63,307.60	133,116.26	2,427.20	116,091.13	4,362,416.50	343,509.37
Total Liabilities	547,306.77	546,849.97	130,091.18	345,615.65	6,676,353.06	661,528.81
Operating Revenue	1,190,816.21	730,361.42	441,719.51	364,581.26	4,578,195.85	1,343,016.60
Net Profits	22,792.30	-47,499.32	144,811.92	33,943.47	191,262.57	72,666.67
Total Comprehensive Income	22,792.30	-47,603.02	144,811.92	33,355.18	222,968.03	83,103.51
Cash Flows From Operating Activities	20,464.70	-21,016.79	176,555.45	53,908.11	867,293.33	143,278.93

7.4 New Consolidated and Unconsolidated Subjects in the Current Year

7.4.1 The merger scope of atomic companies will not be included this year

Previous name	Registration place	Nature of the business	proportion of shareholding (%)	The proportion of voting rights enjoyed (%)	The reason why this year is no longer a subsidiary
Jiangsu zhongrun fluorine chemical technology Ltd	Jiangsu Rudong	Refrigerant manufacture	75.00	75.00	Sale of transfer
Huaxing fluorine chemical Ltd	Jiangxi Ganzhou	Freon fabrication	100.00	100.00	Sale of transfer
Ganzhou huaxing fluorine salt chemical co. Ltd	Jiangxi Ganzhou	Anhydrous aluminum fluoride	100.00	100.00	Sale of transfer
Ganzhou guoxin mining Ltd	Jiangxi Ganzhou	Fluorite	50.00	50.00	Sale of transfer

Previous name	Registration place	Nature of the business	proportion of shareholding (%)	The proportion of voting rights enjoyed (%)	The reason why this year is no longer a subsidiary
Ningdu zhongkuang tongfa fluorite Ltd	Jiangxi Ganzhou	Fluorite	58.00	58.00	Divided into holding for sale assets until disposal is completed in February 2019
Ning du changhua mining Ltd	Jiangxi Ganzhou	Fluorite	58.00	58.00	
Heilongjiang heihua group Ltd	Heilongjiang Qiqihaer	Chemicals	100.00	100.00	bankrupt
China HaoHua chemical group xuanhua chemical Ltd	Hebei Xuanhua	Chemicals	100.00	100.00	bankrupt
Rafferty3	luxembourg	Chemicals	100.00	100.00	cancellation
Shenyang chemical factory	Liaoning Shenyang	Chemicals	100.00	100.00	cancellation
CRRC tianshui 7452 factory	Gansu Tianshui	Chemicals	100.00	100.00	Sale of transfer
Huass anticorrosive engineering Ltd	Beijing	Corrosion protection	75.07	75.07	Sale of transfer
Ecosil-industriaquimica Dobrasiltda	Meleiro	Rubber Products	35.73	35.73	Sale of transfer
Nanjing lide Orient Ltd	Jiangsu Nanjing	Production and sale of rubber products	51.00	51.00	Sale of transfer

7.4.2 The financial position of atomization on the disposal date and the balance sheet date of the previous accounting period

Name of the Company	Disposal Date	Financial Performance at Disposal Date		
		Total Assets	Total Liabilities	Total Equity
Jiangsu zhongrun fluorine chemical technology Ltd	2018-2-1	256,126,200.12	122,689,822.24	133,436,377.88
Huaxing fluorine chemical Ltd	2018-12-1	120,702,212.51	29,652,797.91	91,049,414.60
Ganzhou huaxing fluorine salt chemical co. Ltd	2018-12-2	32,630,090.91	43,351,921.06	-10,721,830.15
Ganzhou guoxin mining Ltd	2018-12-3	30,030,384.91	1,989,391.03	28,040,993.88
Heilongjiang heihua group Ltd	2018-12-18	799,299,644.56	2,124,595,928.24	-1,325,296,283.68
China HaoHua chemical group xuanhua chemical Ltd	2018-1-1	16,450,300.15	76,211,129.04	-59,760,828.89
Rafferty3	2018-12-20	6,499,138.00		6,499,138.00
Shenyang chemical factory	2018-3-31	156,300,506.89	46,106,921.44	110,193,585.45
CRRC tianshui 7452 factory	2018-12-31	55,707,465.26	107,943,863.03	-52,236,397.77
Huass anticorrosive engineering Ltd	2018-10-1	13,727,325.65	6,748,227.07	6,979,098.58
Ecosil-industriaquimica Dobrasiltda	2018-8-27	10,817,761.20	17,662,627.80	-6,844,866.60
Nanjing lide Orient Ltd	2018-2-13	759,834,039.03	370,220,156.35	389,613,882.68

(Continue)

Name of the Company	31/12/2017		
	Total Assets	Total Liabilities	Total Equity
Jiangsu zhongrun fluorine chemical technology Ltd	259,578,295.68	127,446,784.95	132,131,510.73
Huaxing fluorine chemical Ltd	131,059,425.88	45,361,327.51	85,698,098.37
Ganzhou huaxing fluorine salt chemical co. Ltd	33,358,275.91	42,504,925.06	-9,146,649.15
Ganzhou guoxin mining Ltd	32,686,919.27	2,195,441.58	30,491,477.69
Heilongjiang heihua group Ltd	818,893,096.48	2,243,291,088.72	-1,424,397,992.24
China HaoHua chemical group xuanhua chemical Ltd	16,450,300.15	76,211,129.04	-59,760,828.89
Rafferty3	588,415,518.19	213,400,309.38	375,015,208.81
Shenyang chemical factory	156,300,506.89	46,106,921.44	110,193,585.45
CRRC tianshui 7452 factory	61,600,080.02	87,944,278.01	-26,344,197.99
Huass anticorrosive engineering Ltd	17,144,519.38	9,516,916.99	7,627,602.39
Ecosil-industriaquimica Dobrasiltda	8,941,435.80	15,635,809.20	-6,694,373.40
Nanjing lide Orient Ltd	803,035,712.50	424,074,166.24	378,961,546.26

7.4.3 The operating results of atomics from the beginning of this year to the disposal date

Name	Disposal Date	Year Beginning to Disposal Date		
		Revenue	Cost	Net Profits
Heilongjiang heihua group co. LTD	2018-12-18	261,321,051.31	168,205,606.30	93,115,445.01
Rafferty3	2018-12-20		457,376.86	-1,556,072.49
Shenyang chemical factory	2018-3-31			
CRRC tianshui 7452 factory	2018-12-31	633,543.52	24,594,931.86	-25,892,199.78
Huasi anticorrosive engineering LTD	2018-10-1	8,192,206.80	8,868,580.61	-648,503.81
Ecosil-industriaquimica Dobrasiltda	2018-8-27	15,234,188.80	1,381,378.80	13,845,005.60
Nanjing lide Orient LTD	2018-2-13	61,501,391.18	60,181,358.00	1,642,798.20

7.5 New Consolidated in the Current Year

No.	Name of the Company	Ending net asset	Net income for the year	Domination property
1	Nidera SeedsHolding B.V	2,055,408,536.65	-42,987,554.98	Acquired
2	Strider Desenvolvimentode SoftwareLtda	722,665.84	-9,906,517.65	Acquired
3	Nutriad Holding B.V.	679,865,176.00	36,641,586.00	Acquired
4	Raccolta Limited	683,924,742.31		Acquired
5	Cuarzo Limited	146,186,160.75		Acquired

No.	Name of the Company	Ending net asset	Net income for the year	Domination property
6	Shandong bluestar dongda (nanjing) co. LTD	87,150,000.00		Newly Established
7	Joint Stock Company "Scientific institute of medical polymers"	32,445,148.38	-691,188.95	Acquired
8	TP (Tianjin) Enterprise Management Consulting Co., Ltd.	1,997,184.93		Newly Established
9	Ptg Logisticae Servicos Ltda..	1,942,222.44	178,728.58	Newly Established
10	Pirelli Trading (Beijing) Co., Ltd	7,899,688.57	138,403.24	Newly Established
11	Pirelli International Treasury S.p.A.	345,281.20	-46,826.40	Newly Established
12	Jmc Pneus Comercio Importacaoe Exportacao Ltda	-13,617,890.53	-1,394,880.41	Acquired

7.6 Merger of enterprises not under the same control that took place this year

Name of the Company	Purchases (Sales) Date	Basis for Purchases Date Recognition	Carrying Amount of Net Assets	Fair value of the investee's identifiable net assets	
				Amount	Recognition
Nidera Seeds Holding B.V.	2018-02-06	Date of acquiring control	3,211,977,600.00	5,730,772,000.00	Value assessment
Raccolta Limited	2018-12-31	Date of acquiring control	683,924,742.31	339,309,444.60	Acquisition value
Nutriad Holding B.V.	2018-02-09	Date of acquiring control	249,176,097.00	679,865,176.00	Value assessment
Cuarzo Limited	2018-12-31	Date of acquiring control	146,186,160.75	72,482,555.40	Acquisition value
FarmShots Inc.	2018-02-01	Date of acquiring control	48,042,400.00	130,400,800.00	Value assessment
Abbott and Cobb	2018-03-30	Date of acquiring control	34,316,000.00	109,811,200.00	Value assessment
Strider Desenvolvimento de Software Ltda	2018-04-30	Date of acquiring control	6,863,200.00	61,768,800.00	Value assessment
Icepage Limited(Floranova)	2018-07-26	Date of acquiring control	6,863,200.00	13,726,400.00	Value assessment
Jmc Pneus Comercio Importacaoe Exportacao Ltda	2018-10-31	Date of acquiring control	-12,984,807.50		Value assessment

(Continue)

Name of the Company	Consideration payment	Original amount of goodwill		Revenue of the investee's from acquisition to the end of current period	Net profit of the investee's from acquisition to the end of current period
		Amount	Recognition		
Nidera Seeds Holding B.V.	10,109,493,600.00	4,378,721,600.00	Difference between consideration and fair value of identifiable net assets		
Raccolta Limited	339,309,444.60				
Nutriad Holding B.V.	1,374,738,014.00	694,872,838.00		679,641,855.00	36,641,586.00
Cuarzo Limited	72,482,555.40				
FarmShots Inc.	144,127,200.00	13,726,400.00			
Abbott and Cobb	123,537,600.00	13,726,400.00			

Name of the Company	Consideration payment	Original amount of goodwill		Revenue of the investee's from acquisition to the end of current period	Net profit of the investee's from acquisition to the end of current period
		Amount	Recognition		
Strider Desenvolvimento de Software Ltda	281,391,200.00	219,622,400.00			
Icepage Limited (Floranova)	34,316,000.00	20,589,600.00			
Jmc Pneus Comercio Importacao Exportacao Ltda	66,005,447.00	78,990,254.50		18,285,969.27	-1,394,873.87

7.7 The change in the share of owner's equity in a subsidiary of the parent company

1). This year, Syngenta acquired 1.94% of the minority equity, paying the consideration of RMB 5,449,619,523.02. The fair value of the minority equity on the acquisition date from the date of purchase was RMB 2,782,001,912.97. As an equity transaction, the transaction reduced the capital reserve at the consolidated statement level by RMB 2,667,617,606.61.

2). On March 22, 2018, ecken completed its initial public offering on the Oslo stock exchange of Norway, offering a total of 179,310,344 new shares at a price of 29 Norwegian kroner per share. After deducting the issuance fees, it raised about 5.17 billion Norwegian kroner. In the process of Listed, the parent company Bluestar Elkem InternationalCo. ltd. S.A. sell 63,661,464 shares and receive consideration about 1.861 billion Norwegian krone. As of December 31, 2018, Bluestar Elkem International Co. Ltd. holds 338,338,536 shares and maintains control of ecken, reducing its shareholding ratio from 100% to 58.20%. This transaction as an equity transaction, adds RMB 1,236,327,275.21 to the capital reserve at the consolidated statement level.

3). Our enterprise is therefore very helpful through the purchase 487,455,450 ordinary shares, issue price of 12.93 RMB/share, the Company subordinate China chemical equipment international holdings (Hong Kong) Co., Ltd. (hereinafter referred to as the "universal" equipment) to buy its owns a 100% stake in equipment of Luxembourg and the Fujian sanming two-wheel chemical machinery Co., Ltd. And China rubber automatic control technology Co., Ltd. To buy the assets such as land, property and equipment of the production. After the completion of asset delivery on December 28, 2018, the Company's investment proportion in TianHuaYuan changed from 52.29% to 78.18%. As an equity transaction, the transaction reduced the capital reserve by RMB 821,926,797.69 at the consolidated statement level.

4). ChemChinaHK acquired 100% shares of Cuarzo Limited (hereinafter referred to as Company C) and Raccolta Limited (hereinafter referred to as "Company R") this year, paying the consideration of us \$0.01 billion and undertaking debts of us \$0.50 million of original shareholders' shares of bluesar, which is equivalent to about RMB 412 million. Company C and Company R hold a combined 3.2 percent stake in bluestar. This transaction is regarded as the purchase of minority shares of bluestar at the level of merger. The difference between the purchase consideration paid and the fair value calculated continuously from the purchase date of minority shares is RMB 379 million. At the level of consolidated statement, the capital reserve is reduced by RMB 32,712,163.33.

5). This year, Huanghai rubber acquired all the equity of its wholly-owned subsidiary Qingdao Huanghai rubber Co., Ltd. from Aeolus Tyre and its creditor's rights to the subsidiary. This transaction is regarded as the acquisition of minority equity at the level of merger and the reduction of capital reserve of RMB 25,441,798.82 at the level of consolidated statement.

6). The difference between the purchase consideration paid by the rubber Company and the fair value continuously calculated by the minority equity when it acquired the minority equity of Aeolus Tyre this year reduced the capital reserve by RMB 11,298,330.12 at the consolidated statement level.

Note 8: Notes to significant elements of the financial statements

Unless otherwise stated (includes notes to significant elements of the financial statements is), the current year is 2018, prior year is 2017 respectively.

8.1 Cash and cash equivalents

Items	Balance as at 31/12/2018	Balance as at 31/12/2017
Cash in hand	26,239,487.80	177,817,784.43
Bank deposit	55,512,641,960.38	71,984,636,411.44
Others	15,817,565,755.05	15,287,010,640.54
Total	71,356,447,203.23	87,449,464,836.41
Including: The total amount of deposit abroad	40,909,465,154.66	55,417,233,987.55

Note: For details of the use of restricted monetary funds contained in the above monetary funds, see Note 8.68 "Assets with restricted ownership".

8.2 Financial assets held for trading

Items	Fair value at the end of the year	Fair value at the beginning of the year
Financial assets measured at fair value and recorded in current profits and losses	267,163,187.35	1,436,042,521.69
a. Debt instrument investment	235,632,187.35	273,289,159.59
b. Equity vehicle investment		1,162,753,362.10
c. Others	31,531,000.00	
Total	267,163,187.35	1,436,042,521.69

8.3 Financial asset measured by fair value and with changes in fair value recognized in profit or loss

Items	Balance as at 31/12/2018	Balance as at 31/12/2017
Financial assets held for trading	136,665,663.71	137,576,523.31
a. Debt instrument investment		
b. Equity instrument investment	136,665,663.71	137,576,523.31
c. Others		
Financial assets measured at fair value and recorded in current profits and losses	32,800.80	
a. Debt instrument investment		
b. Equity instrument investment	32,800.80	
c. Others		
Total	136,698,464.51	137,576,523.31

8.4 Derivative Financial Assets

Items	Balance as at 31/12/2018	Balance as at 31/12/2017
Foreign currency derivatives Financial Instruments	389,068,000.00	449,553,000.00

Items	Balance as at 31/12/2018	Balance as at 31/12/2017
financial forwards	597,098,400.00	405,120,400.00
Currency interest rate swap - cash flow hedge	322,136,185.04	
Foreign currency derivatives-transaction	95,823,270.44	67,774,515.10
Foreign currency derivatives-included in net financial position	568,608,318.97	171,714,344.79
Cash flow hedging Instruments	232,232,435.23	64,057,530.21
Fair value hedging Instruments	517,922.00	4,143,021.00
Others	243,246,099.03	81,743,192.39
Total	2,448,730,630.71	1,244,106,003.49

8.5 Notes receivable and Accounts receivable

Items	Balance as at 31/12/2018	Balance as at 31/12/2017
Notes receivable	4,856,913,791.94	6,209,380,072.78
Accounts receivable	55,076,080,698.04	52,525,982,954.61
Total	59,932,994,489.98	58,735,363,027.39

8.5.1 Notes receivable

a. Classification of receivables

Items	Balance as at 31/12/2018	Balance as at 31/12/2017
Bank acceptance bills	3,725,866,237.68	5,118,636,620.71
Commercial acceptance bills	1,131,047,554.26	1,090,743,452.07
Total	4,856,913,791.94	6,209,380,072.78

b. Notes receivable pledged as at the end of the year

Items	Amount has pledged at the end of the year
Bank acceptance bills	51,442,864.00
Total	51,442,864.00

c. Unexpired notes receivable that have been endorsed or discounted as at the balance sheet date

Items	The confirmed amount terminated at the end of the year	The confirmed amount is not terminated at the end of the year
Bank acceptance bills	6,629,358,996.64	71,496,333.86
Commercial acceptance bills	2,528,000.00	12,920,000.00
Total	6,631,886,996.64	84,416,333.86

d. Bills transferred to accounts receivable due to default by the drawer at the end of the year

Items	Amount that transfer accounts receivable at the end of the year
Bank acceptance bills	9,353,905.97
Commercial acceptance bills	880,000.00
Total	10,233,905.97

8.5.2 Accounts receivable

Items	Balance as at 31/12/2018			
	Carrying amount		Allowance for bad debt	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and assessed for impairment individually				
Collectively assessed for impairment based on credit risk characteristics	59,885,927,523.39	98.74	4,966,600,994.14	8.29
Individually insignificant but assessed for impairment individually	765,340,376.06	1.26	608,586,207.27	79.52
Total	60,651,267,899.45	100.00	5,575,187,201.41	

(Continued)

Items	Balance as at 31/12/2017			
	Carrying amount		Allowance for bad debt	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and assessed for impairment individually	749,938,904.78	1.25	428,135,368.91	57.09
Collectively assessed for impairment based on credit risk characteristics	55,076,989,877.83	91.72	6,841,615,765.46	12.42
Individually insignificant but assessed for impairment individually	4,224,534,601.76	7.03	255,729,295.39	6.05
Total	60,051,463,384.37	100.00	7,525,480,429.76	

8.5.2.1 Accounts receivable with provision for bad debts based on credit risk portfolio

a. Accounts receivable which are collectively assessed for impairment using the ageing analysis method at the end of the year

Ageing	Balance as at 31/12/2018		
	Accounts receivable	Allowance for bad debt	Proportion (%)
Within 1 year	11,242,391,809.51	93,911,148.86	81.04
1 to 2 years	542,725,597.31	71,942,375.05	3.91
2 to 3 years	385,362,026.82	70,560,879.57	2.78
Over 3 years	1,701,956,479.33	1,284,635,762.13	12.27
Total	13,872,435,912.97	1,521,050,165.61	100.00

b. Provision for bad debt accounts receivable in accordance with the expected credit portfolio

Items	Balance as at 31/12/2018		Balance as at 31/12/2017	
	Accounts receivable	Allowance for bad debt	Accounts receivable	Allowance for bad debt
Expected credit portfolio	44,078,533,372.70	3,437,711,378.34	40,714,655,249.11	5,415,913,329.79
Total	44,078,533,372.70	3,437,711,378.34	40,714,655,249.11	5,415,913,329.79

c. Accounts receivable of bad debt provision according to other credit portfolios

Items	Balance as at 31/12/2018		
	Accounts receivable	Allowance for bad debt	Proportion (%)
Percentage balance method	1,556,388,943.00	7,839,450.19	0.50
Others	378,569,294.72		
Total	1,934,958,237.72	7,839,450.19	

8.5.2.2 Accounts receivable that are individually insignificant but assessed for impairment individually

Accounts receivables (By company)	Carrying amount	Allowance for bad debt	Age	Proportion (%)	Reason of Provision
Old tire factory leaves creditor's rights	49,988,390.16	49,988,390.16	Over 3 years	100.00	Note
Zhonghao changrong tire (Beijing) Co. Ltd.	33,847,613.92	33,847,613.92	Over 3 years	100.00	Note
China first automobile group import and export corporation.	32,384,968.26	32,384,968.26	Over 3 years	100.00	Note
Zaozhuang zhongke chemical Co. Ltd.	22,465,000.00	22,465,000.00	Over 3 years	100.00	Note
Panzhihua excellent chemical technology Co. Ltd.	21,300,000.00	21,300,000.00	Over 3 years	100.00	Note
Beijing ji'an yida trading Co. Ltd.	16,643,112.87	5,826,937.57	1-2 years	35.01	Note
Jiangxi lanhengda chemical Co. Ltd.	16,428,174.25	3,228,556.28	2-3 years	19.65	Note
Others	572,283,116.60	439,544,741.08	Over 1 years	76.81	Note
Total	765,340,376.06	608,586,207.27			

Note: Combined with ageing and the Company's business condition, for all or part of accounts receivable plan the provision for bad debt.

8.5.2.3 Recovery and reversal of allowance for bad debt

Debtors	Amount	Accumulated provision for bad debts	Reason and way
SINAGROPRODAGROPSA	2,656,058.40	2,656,058.40	Collection and bank transfer
ADEMARANTONIOMARCAL	2,271,719.20	2,271,719.20	Collection and bank transfer
AGROINSUMOSCOMLAGREIRELI	2,134,455.20	2,134,455.20	Collection and bank transfer
PRODUZIRAGROPLTDA	1,345,187.20	1,345,187.20	Collection and bank transfer
AGROARAGUAIA COMINSAGRLTDA	1,228,512.80	1,228,512.80	Collection and bank transfer

Debtors	Amount	Accumulated provision for bad debts	Reason and way
Filipdoo	1,118,701.60	1,118,701.60	Collection and bank transfer
Others	62,099,884.82	62,099,884.82	Collection and bank transfer
Total	72,854,519.22	72,854,519.22	

8.5.2.4 Accounts receivable written off during the current year

Items	Written off amount	Reasons	Whether due to related transactions
PirellideVenezuelaC.A.	1,666,784,439.72	Disposal of subsidiaries	No
Wuzhou lianyi chemical Co. Ltd.	15,342,199.73	Quality problem	No
Shanxi linden water supply company	4,678,100.00	Prolonged	No
China chemical engineering third construction company xuzhou engineering project	4,119,400.00	Prolonged	No
Ziyang ronghua trading company	2,128,792.85	Prolonged	No
Kingboard (hengyang) industrial Co. Ltd.	1,800,000.00	Quality problem	No
Hebei jheng chemical Co. Ltd.	1,165,366.51	Quality problem	No
Others	220,402,156.89	Unable to recover	No
Total	1,916,420,455.70		

8.5.2.5 Details of top five accounts receivable

Name of the Debtor	Carrying amount	Percentage (%)	Allowance for bad debt
NUTRIENAGSOLUTIONS	1,997,191,200.00	3.29	
MercuriaEnergyTradingSA	750,265,830.99	1.24	
China united petroleum corporation	550,651,055.04	0.91	
FIAGRILLTDA	418,655,200.00	0.69	
WINFIELDUNITED	391,202,400.00	0.65	
Total	4,107,965,686.03	6.78	

8.5.2.6 Accounts receivable that are terminated by the transfer of financial assets

Name of the Debtor	Amount derecognised	Gains and losses associated with derecognition(The loss to "-")
PirellideVenezuelaC.A.	1,666,784,439.72	
Securitization of assets (Brazil purchase corporation)	2,541,443,000.00	-79,060,000.00
Total	4,208,227,439.72	-79,060,000.00

Note: Pirelli sold to A third party its PirellideVenezuelaC. A. all equity and accounts receivable, the account receivable has been in the previous year full provision for bad debts.

8.5.2.7 The transfer of accounts receivable, such as securitization and factoring, continues to involve the amount of assets and liabilities formed

Items	Closing balance
Assets:	
Securitized receivables continue to be involved	129,893,000.00
Securitized receivables that have been transferred but are yet to be collected	622,362,000.00
Sub-total	752,255,000.00
Liabilities:	
Transfer accounts receivable and continue to involve liabilities	35,572,000.00
Sub-total	35,572,000.00

8.6 Advances to suppliers

8.6.1 Disclosure by age

Age	Balance as at 31/12/2018			Balance as at 31/12/2017		
	Amount	Proportion (%)	Provision for bad debts doubtful debts	Amount	Proportion (%)	Provision for bad debts doubtful debts
Within 1 year	6,167,371,317.35	82.93	90,835.61	4,840,693,874.60	76.17	3,440,407.66
1 to 2 years	326,804,266.01	4.39	2,746,085.88	296,397,779.26	4.67	9,267,774.39
2 to 3 years	118,957,674.89	1.61	68,459,711.50	148,194,425.96	2.33	8,028,073.68
Over 3 years	823,383,547.81	11.07	494,430,324.07	1,069,518,859.74	16.83	500,321,669.25
Total	7,436,516,806.06	100.00	565,726,957.06	6,354,804,939.56	100.00	521,057,924.98

8.6.2 Large amount of advance payment with ageing over 1 year

Creditors	Debtors	Closing Balance	Ageing	Reasons of unsettlement
Jiangsu HaoHua chemical polybenzene industry Co., Ltd.	Shanghai HaoHua polystyrene Co., Ltd.	69,177,273.71	Over 3 years	Unsettlement
China blue international chemical Co., Ltd.	Nanjing duchen investment management Co., Ltd.	67,426,337.30	Over 3 years	Bankrupt
China blue international chemical Co., Ltd.	Dalian jinchuan cable Co., Ltd.	53,346,953.09	Over 3 years	Bankrupt
Lanzhou bluestar fiber Co., Ltd.	Lanzhou xigu district new town	35,272,360.00	Over 3 years	Unsettlement
HaoHua huadong chemical Co., Ltd.	Ningbo HaoHua packaging technology development Co., Ltd.	31,575,000.00	2-3 years	Litigation
HaoHua huadong chemical Co., Ltd.	Zhejiang shanghang new material Co., Ltd.	29,966,260.00	2-3 years	Litigation
Petrochemical Co.	Shandong Weiyi construction Co., Ltd.	26,680,000.00	1-2 years	Unsettlement
China blue international chemical Co., Ltd.	Shanghai weiran industry Co., Ltd.	26,060,656.94	Over 3 years	Bankrupt
Petrochemical Co.	Guangrao county guankai venture capital Co., Ltd.	23,835,117.00	1-2 years	Unsettlement

Creditors	Debtors	Closing Balance	Ageing	Reasons of unsettlement
Petrochemical Co.	Dongying tianhua construction and installation Co., Ltd.	20,800,000.00	1-3 years	Unsettlement
Jiangsu huaihe chemical Co., Ltd. Co., Ltd.	Chengdu gaoke da technology Co., Ltd.	20,033,872.34	Over 3 years	Unsettlement
Southwest chemical research and design institute Co., Ltd.	Hangzhou kaida catalytic metal materials Co., Ltd.	13,936,000.00	1-2 years	Unsettlement
China blue international chemical Co., Ltd.	PORTCOR,SOCIEDADEPORTUGUESADECORTICA,LDA	11,903,877.67	Over 3 years	Bankrupt
HaoHua huadong chemical Co., Ltd.	Zhejiang huayao xinyu new material technology Co., Ltd.	10,000,000.00	2-3 years	Litigation
合计		440,013,708.05		

8.6.3 Details of top five advance to suppliers

Debtors	Carrying amount	Percentage (%)	Allowance for bad debt
Cnooc and sinopec united international trading Co., Ltd.	398,450,201.46	5.36	
PETROBRASGLOBALTRADINGB.V.	383,534,824.11	5.16	
Shanghai HaoHua polystyrene Co., Ltd.	69,190,671.71	0.93	69,190,671.71
Nanjing duchen investment management Co., Ltd.	67,426,337.30	0.91	49,404,557.30
Dalian jinchuan cable Co., Ltd.	53,346,953.09	0.72	24,346,953.09
Total	971,948,987.67	13.08	142,942,182.10

8.7 Other receivable

Items	Balance as at 31/12/2018	Balance as at 31/12/2017
Interest receivable	1,701,424,657.45	1,563,098,483.15
Dividends Receivable	179,524,983.80	172,284,983.80
Other receivable	26,462,407,065.43	30,608,470,527.00
Total	28,343,356,706.68	32,343,853,993.95

8.7.1 Interest receivable

Items	Balance as at 31/12/2018	Balance as at 31/12/2017
Fixed deposit receipt	731,517,557.49	225,279,568.85
Entrusted loans	23,171,909.13	30,783,844.18
Bond investment		158,321,686.51
Others	946,735,190.83	1,148,713,383.61
Total	1,701,424,657.45	1,563,098,483.15

8.7.2 Dividends Receivable

Items	Balance as at 31/12/2018	Balance as at 31/12/2017	Reason for uncollection	Impairment Yes/No
Ageing within 1 year	7,240,000.00			
(1) InnovAroma S.A	3,432,000.00		Not Declare	No
(2) Beijing Deyang Zhongche Auto Parts Co., Ltd.	2,000,000.00		Not Declare	No
(3) Hubei Bank	1,808,000.00		Not Declare	No
Ageing above 1 year	172,284,983.80	172,284,983.80		
Incl: (1) Dezhou Shihua Chemical Co., Ltd.	72,857,881.64	72,857,881.64	Not Declare	No
(2) HaoHua Aerospace Chemical Co., Ltd.	48,940,444.98	48,940,444.98	Not Declare	No
(3) HaoHua Junhua Group Co., Ltd.	32,255,657.18	32,255,657.18	Not Declare	No
(4) Dongying Shenghong Real Estate Development Investment Co., Ltd.	8,100,000.00	8,100,000.00	Not Declare	No
(5) Shanxi Tianji coal chemical group company	7,344,000.00	7,344,000.00	Not Declare	No
(6) Lihua Real Estate Development Co., Ltd.	2,430,000.00	2,430,000.00	Not Declare	No
(7) Zhonghao Alkali Industry Co., Ltd.	357,000.00	357,000.00	Not Declare	No
Total	179,524,983.80	172,284,983.80		

8.7.3 Other receivable

Items	Balance as at 31/12/2018			
	Carrying amount		Allowance for bad debt	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and assessed for impairment individually	3,025,485,753.84	9.57	2,553,129,770.05	84.39
Collectively assessed for impairment based on credit risk characteristics	24,155,759,737.70	76.45	825,400,589.34	3.42
Individually insignificant but assessed for impairment individually	4,416,970,352.94	13.98	1,757,278,419.66	39.78
Total	31,598,215,844.48	100.00	5,135,808,779.05	

(Continued)

Items	Balance as at 31/12/2017			
	Carrying amount		Allowance for bad debt	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and assessed for impairment individually	4,178,735,366.82	12.33	2,117,425,599.44	50.67
Collectively assessed for impairment based on credit risk characteristics	27,699,787,165.20	81.72	977,340,518.06	3.53
Individually insignificant but assessed for impairment individually	2,019,132,804.84	5.95	194,418,692.36	9.63
Total	33,897,655,336.86	100.00	3,289,184,809.86	

8.7.3.1 Other receivables which are individually significant and assessed for impairment individually

Other receivables (By company)	Balance as at 31/12/2018			
	Other receivables	Allowance for bad debt	Proportion (%)	Reasons for allowance
Heilongjiang heihua group Co., Ltd.	1,505,330,714.61	1,505,330,714.61	100.00	Bankrupt
Heilongjiang xintai petrochemical Co., Ltd.	646,444,783.39	174,088,799.60	26.93	Disputable
Spark chemical plant	283,437,587.45	283,437,587.45	100.00	Bankrupt
Siping HaoHua chemical Co., Ltd.	232,784,436.85	232,784,436.85	100.00	Bankrupt
Jiamusi black dragon pesticide Co., Ltd.	205,201,030.36	205,201,030.36	100.00	Bankrupt
Qingdao Wire rope Company	152,287,201.18	152,287,201.18	100.00	Bankrupt
Total	3,025,485,753.84	2,553,129,770.05		

8.7.3.2 Other receivable with provision for bad debts based on credit risk portfolio

a. Other receivables which are collectively assessed for impairment using the ageing analysis method at the end of the year

Items	Balance as at 31/12/2018		
	Carrying amount	Allowance for bad debt	Proportion (%)
Within 1 year	12,170,130,897.17	64.90	7,009,348.54
1 to 2 years	3,551,734,229.58	18.94	6,575,294.99
2 to 3 years	2,228,119,536.95	11.88	23,733,059.24
Over 3 years	802,871,460.54	4.28	655,443,672.33
Total	18,752,856,124.24	100.00	692,761,375.10

b. Provision for bad debt accounts receivable in accordance with the expected credit portfolio

Items	Balance as at 31/12/2018		Balance as at 31/12/2017	
	Accounts receivable	Allowance for bad debt	Accounts receivable	Allowance for bad debt
Expected credit portfolio	2,173,062,100.61	132,639,214.24	5,758,553,743.21	69,742,419.88
Total	2,173,062,100.61	132,639,214.24	5,758,553,743.21	69,742,419.88

c. Accounts receivable of bad debt provision according to other credit portfolios

Items	Balance as at 31/12/2018	Balance as at 31/12/2017
Others	3,229,841,512.85	8,023,203,065.31
Total	3,229,841,512.85	8,023,203,065.31

8.7.3.3 Other receivables which are individually insignificant but assessed for impairment individually

Other receivables (By company)	Balance as at 31/12/2018			
	Other receivables	Allowance for bad debt	Proportion (%)	Reasons for allowance
Cangzhou Dahua Group Co. Ltd-Huanghua Chlor-Alkali Company	148,559,773.61	148,559,773.61	100.00	Bankrupt

Other receivables (By company)	Balance as at 31/12/2018			
	Other receivables	Allowance for bad debt	Proportion (%)	Reasons for allowance
Bluestar group shifang southwest chemical machinery factory	142,591,641.89	142,591,641.89	100.00	Bankrupt
Bluestar (tianjin) chemical Co., Ltd.	134,487,049.76	134,487,049.76	100.00	Bankrupt
Yibin tianke coal chemical Co., Ltd.	121,335,865.20	121,335,865.20	100.00	Bankrupt
Jiamusi Heilong Pesticide Co., Ltd.	52,096,756.54	52,096,756.54	100.00	Bankrupt
Harbin huayu Co., Ltd.	43,431,000.00	43,431,000.00	100.00	Bankrupt
Changzhou Huachen Chemical Light Industrial Materials Co., Ltd.	40,000,000.00	40,000,000.00	100.00	Bankrupt
Others	3,734,468,265.94	1,074,776,332.66	28.78	Note
Total	4,416,970,352.94	1,757,278,419.66		

Note: Combined with ageing and the Company's business condition, for all or part of accounts receivable plan the provision for bad debt.

8.7.3.4 Recovery and reversal of allowance for bad debt

Debtors	Amount	Accumulated provision for bad debts	Reason and way
Changyi industrial and commercial bank of China	10,933,355.32	10,933,355.32	Collection and bank transfer
Jiamusi Heilong Pesticide Co., Ltd.	629,547.45	629,547.45	Collection and bank transfer
Ningxia shenzhou tire co. LTD	233,117.47	233,117.47	Collection and bank transfer
Others	5,791,495.39	5,791,495.39	Collection and bank transfer
Total	17,587,515.63	17,587,515.63	

8.7.3.5 Other receivable written off during the current year

Items	Amount written off	Reasons	Whether due to related transactions
China ping an property insurance co., LTD. Shaanxi branch	2,514,924.45	Uncollectible	No
Laoshan district laboratory, Marine coatings research institute, ministry of chemical industry	212,828.89	Uncollectible	No
Jinan east shun barrel co. LTD	29,777.36	Uncollectible	No
Others	68,098,591.96	Uncollectible	No
Total	70,856,122.66		

8.7.3.6 Details of top five other receivables

Debtors	Nature of OR	Carrying amount as at 31/12/2018	Age	Proportion (%)	Allowance for bad debt as at 31/12/2018
Hunan xiangwei co. LTD	Accounts	2,307,927,890.17	Whin 1 year, 1-3 years	7.3	
MIICompanyLimited	Accounts	2,028,447,644.46	Over 3 years	6.42	
Heilongjiang heihua group co. LTD	Accounts	1,505,330,714.61	Whin 1 year, 1-2 years	4.76	1,505,330,714.61

Debtors	Nature of OR	Carrying amount as at 31/12/2018	Age	Proportion (%)	Allowance for bad debt as at 31/12/2018
Shandong dacheng agrochemical co. LTD	Accounts	1,141,121,344.42	Whin 1 year, 1-3 years	3.61	
HaoHua north chemical co. LTD	Accounts	1,105,552,442.97	Whin 1 year, over 5 years	3.50	
Total		8,088,380,036.63		25.59	1,505,330,714.61

8.8 Inventories

Items	Balance as at 31/12/2018		
	Carrying amount before impairment allowance	Impairment allowance	Net carrying amount
Raw material	18,604,472,551.78	328,898,450.32	18,275,574,101.46
Work in process	19,674,732,295.44	263,684,287.84	19,411,048,007.60
Stock goods (finished products)	45,445,827,525.16	3,091,734,289.28	42,354,093,235.88
Turnover material (packaging, low-value consumables, etc.)	1,027,653,901.17	70,379,406.09	957,274,495.08
Expendable biological assets	253,938,400.00		253,938,400.00
Construction (uncompleted settlement)	21,605,338.13		21,605,338.13
Others	99,350,916.83		99,350,916.83
Total	85,127,580,928.51	3,754,696,433.53	81,372,884,494.98

(Continued)

Items	Balance as at 31/12/2017		
	Carrying amount before impairment allowance	Impairment allowance	Net carrying amount
Raw material	15,371,580,984.69	189,892,823.41	15,181,688,161.28
Work in process	16,423,104,024.21	110,423,183.32	16,312,680,840.89
Stock goods (finished products)	47,840,894,645.12	2,885,342,117.72	44,955,552,527.40
Turnover material (packaging, low-value consumables, etc.)	913,249,947.71	70,471,770.48	842,778,177.23
Expendable biological assets	235,231,200.00		235,231,200.00
Construction (uncompleted settlement)			
Others	92,113,595.86		92,113,595.86
Total	80,876,174,397.59	3,256,129,894.93	77,620,044,502.66

8.9 Held-for-sale assets

Items	Balance as at 31/12/2018	Fair value	Expected disposal costs	The expected time for disposal
BaselSite Buildings 4,5&6	940,258,400.00	1,839,337,600.00	68,286,048.34	2019.03
Buildings ATOM	77,626,755.02	77,626,755.02		2019.02
Tianshui 7452 factory	60,835,001.28	60,835,001.28		2019.02

Items	Balance as at 31/12/2018	Fair value	Expected disposal costs	The expected time for disposal
Ningdu Zhongfa Tongfa Fluorite Co., Ltd., Changhua Mining	29,407,952.51	29,407,952.51		2019.02
Yuanhua Assets	10,249,437.03	13,606,533.00	300,000.00	2019.03
Buildings Brazil	6,160,452.23	6,160,452.23		2019.02
Total	1,124,537,998.07	2,026,974,294.04	68,586,048.34	

8.10 Non-current Assets Due Within 1 Year

Items	Carrying amounts as at 31/12/2018	Carrying amounts as at 31/12/2017
Entrusted Loan (note 8.26)	46,200,643.08	35,500,000.00
Other non-receivable items (note 8.26)	48,000.00	46,000.00
Deposit (note 8.26)	10,165,511.17	
Total	56,414,154.25	35,546,000.00

8.11 Other current assets

Items	Carrying amounts as at 31/12/2018	Carrying amounts as at 31/12/2017
Input tax to be deducted	7,206,104,612.24	6,266,622,080.12
Value added for acquiring Nidera		980,130,000.00
Financial products	269,600,000.00	954,170,000.00
Deposit paid under CSA agreement	761,815,200.00	771,035,600.00
Holding assets to be resold	370,612,800.00	378,983,600.00
Entrusted Loan	579,181,675.79	337,712,905.87
Securities – Current portion	1,448,135,200.00	26,136,800.00
Tax refund receivable	171,580,000.00	19,602,600.00
Reclassification of Interest-bearing Funds	59,031,040.99	
Others	46,130,596.57	104,811,828.82
Total	10,912,191,125.59	9,839,205,414.81

8.12 Available-for-sale financial assets

8.12.1 The situation of available-for-sale financial assets

Items	Carrying amounts as at 31/12/2018		
	Carrying amounts	Impairment	Net carrying amounts
Available for sale equity instruments	2,907,933,814.79	1,329,689,598.57	1,578,244,216.22
Including: measured at fair value	1,312,508,332.76		1,312,508,332.76
Measured by cost	1,595,425,482.03	1,329,689,598.57	265,735,883.46
Total	2,907,933,814.79	1,329,689,598.57	1,578,244,216.22

(Continued)

Items	Carrying amounts as at 31/12/2017		
	Carrying amounts	Impairment	Net carrying amounts
Available for sale equity instruments	2,972,469,194.99	1,163,407,104.71	1,809,062,090.28
Including: measured at fair value	1,444,183,293.45	19,962,616.17	1,424,220,677.28
Measured by cost	1,528,285,901.54	1,143,444,488.54	384,841,413.00
Total	2,972,469,194.99	1,163,407,104.71	1,809,062,090.28

8.12.2 Available-for-sale financial assets measured at fair value by the end of year

Items	Available-for-sale equity instrument	Others	Total
Cost of equity instruments / amortised cost of debt instruments	1,173,412,358.91		1,173,412,358.91
Fair value	1,312,508,332.76		1,312,508,332.76
Cumulative fair value changes recognised in other comprehensive income	139,095,973.85		139,095,973.85
Provision for impairment			

8.13 Held-to-maturity Investment

Items	Carrying amounts as at 31/12/2018			Carrying amounts as at 31/12/2017		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Bond investment – important railway bonds	213,000.00	213,000.00		213,000.00	213,000.00	
Total	213,000.00	213,000.00		213,000.00	213,000.00	

8.14 Long-term receivables

Items	Carrying amounts as at 31/12/2018			Discount rate
	Account Balance	Allowance for bad debt	Book Value	
Sale of goods by instalments	488,522,855.51		488,522,855.51	1.41%-16.83%
Entrusted Loan	4,066,201,318.44		4,066,201,318.44	3%-5%
Other	102,948,000.00		102,948,000.00	
Total	4,657,672,173.95		4,657,672,173.95	

(Continued)

Items	Carrying amounts as at 31/12/2017			Discount rate
	Account Balance	Allowance for bad debt	Book Value	
Sale of goods by instalments	454,995,467.78	452,744.48	454,542,723.30	1.41%-16.83%
Entrusted Loan	7,196,688,896.00		7,196,688,896.00	3%-5%
Other	300,573,200.00		300,573,200.00	
Total	7,952,257,563.78	452,744.48	7,951,804,819.30	

8.15 Long-term Equity Investment

8.15.1 Disclosure by classification

Items	Opening Balance	Current year increase	Current year decrease	Ending Balance
Investments in Joint venture	1,397,653,147.74	686,623,747.21	130,588,302.97	1,953,688,591.98
Investments in associates	9,107,293,258.37	447,627,755.03	1,190,475,457.72	8,364,445,555.68
Sub-total	10,504,946,406.11	1,134,251,502.24	1,321,063,760.69	10,318,134,147.66
Less: Provision for impairment of Long-term equity investments	198,452,725.90	6,958,442.42	161,297,592.02	44,113,576.30
Total	10,306,493,680.21	1,127,293,059.82	1,159,766,168.67	10,274,020,571.36

8.15.2 The Details of Long-term equity investment

Investees	Investment Cost	Opening balance	Current year movement			
			Addition	Decrease	Investee's profit or loss under equity method	Other Comprehensive Income Adjustment
Total	12,886,794,791.25	10,504,946,406.11	537,654,785.53	168,515,495.10	237,527,072.97	-18,689,028.99
1、Joint venture	1,680,091,836.68	1,397,653,147.74	529,725,896.22	303,515.43	-30,557,704.24	-18,416,716.36
CIMOCompagniei ndustrielledeMonth ey	446,108,000.00	718,762,000.00			26,456,000.00	13,228,000.00
XushenTyre(Shan gai)Co.Ltd	511,816,600.60		509,018,630.41		-7,304,919.17	
Bluestar toray membrane technology (Beijing) co. LTD	181,224,507.30	175,072,130.03			32,478,414.33	
Qinghai salt cloud potassium salt co. LTD	8,157,828.09	106,456,440.11			5,810,547.15	
Chenguang kemu fluorine materials (Shanghai) co., LTD	52,100,000.00	61,974,233.32			4,914,281.58	
AlfaAgriculturalSuppliesS.A	33,568,834.00	54,362,000.00			10,612,000.00	
Bluestar xu hua (nantong) engineering plastics manufacturing co. LTD	55,014,300.00	54,985,060.85			-196,106.26	
NorthSeaContainerLineAS	396,050.00	59,297,400.75			5,680,187.50	
Puyang blue star new material co. LTD	26,573,724.00	26,210,169.00				
CottonGrowersServicesPtyLtd	27,452,800.00	19,602,600.00			-6,614,000.00	
Other	337,679,192.69	120,931,113.68	20,707,265.81	303,515.43	-102,394,109.37	-31,644,716.36
2、Associate company	11,206,702,954.57	9,107,293,258.37	7,928,889.31	168,211,979.67	268,084,777.21	-272,312.63
Mercuria Energy (Group) Co., Ltd	3,786,645,679.05	3,506,913,387.47			250,179,841.20	

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Investees	Investment Cost	Opening balance	Current year movement			
			Addition	Decrease	Investee's profit or loss under equity method	Other Comprehensive Income Adjustment
The New Materials Co., Ltd.	3,202,831,947.09	3,409,308,343.16			12,021,238.60	
Guangxi Hechi Chemical Co., Ltd.	43,110,128.63	454,000,868.51			-10,574,494.83	
SanbeiSeeds	247,075,200.00	280,970,600.00			6,614,000.00	
Beijing deyang CRRC auto parts co. LTD	56,141,321.32	150,586,286.48			-10,507,554.35	
Shanghai kaizhong material technology co., LTD	20,458,179.67	74,835,734.37			11,591,250.60	
EurostazioniS.p.A.	415,412,520.10	48,929,686.72			967,745.70	
Nanjing 6902 technology co. LTD	4,500,000.00	42,934,530.29			13,630,145.42	
ClaseedLtd.	36,714,000.00	37,860,000.00				
Qingdao yijia yanghong fuel oil co. LTD	31,941,429.42	36,887,698.62			1,701,901.81	
Other	3,361,872,549.29	1,064,066,122.75	7,928,889.31	168,211,979.67	-7,539,296.94	-272,312.63

(Continued)

Investees	Current year changes				Ending Balance	Impairment Provision At Closing Balance
	other changes in owners' equity	approved dividend payment	provision for impairment of investments	Others		
Total	803,135.01	521,819,378.67	6,820,453.18	-253,773,349.20	10,318,134,147.66	44,113,576.30
1、Joint venture		30,027,250.00		105,614,734.05	1,953,688,591.98	16,127,453.91
CIMOCompagnieindustrielledeMonthey				23,958,800.00	782,404,800.00	
XushenTyre(Shangai) Co.ltd				2,757,816.56	504,471,527.80	
Bluestar toray membrane technology (Beijing) co. LTD					207,550,544.36	
Qinghai salt cloud potassium salt co. LTD					112,266,987.26	
Chenguang kemu fluorine materials (Shanghai) co., LTD					66,888,514.90	
AlfaAgriculturalSuppliesS.A		6,063,000.00		3,785,000.00	62,696,000.00	
Bluestar xu hua (nantong) engineering plastics manufacturing co. LTD					54,788,954.59	
NorthSeaContainerLineAS		18,281,250.00		-235,592.65	46,460,745.60	
Puyang blue star new material co. LTD					26,210,169.00	

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Investees	Current year changes				Ending Balance	Impairment Provision At Closing Balance
	other changes in owners' equity	approved dividend payment	provision for impairment of investments	Others		
CottonGrowersService sPtyLtd				7,601,000.00	20,589,600.00	
Other		5,683,000.00		67,747,710.14	69,360,748.47	16,127,453.91
2、Associate company	803,135.01	491,792,128.67	6,820,453.18	-359,388,083.25	8,364,445,555.68	27,986,122.39
Mercuria Energy (Group) Co., Ltd		415,895,540.25		150,462,091.67	3,491,659,780.09	
The New Materials Co.,Ltd.					3,421,329,581.76	
Guangxi Hechi Chemical Co., Ltd.					443,426,373.68	
SanbeiSeeds		6,614,000.00		7,283,800.00	288,254,400.00	
Beijing deyang CRRC auto parts co. LTD		20,000,000.00			120,078,732.13	
Shanghai kaizhong material technology co., LTD	803,135.01	7,173,154.80			80,056,965.18	
EurostazioniS.p.A.				287,526.37	50,184,958.79	
Nanjing 6902 technology co. LTD		13,722,403.33			42,842,272.38	
ClaseedLtd.				1,906,000.00	39,766,000.00	
Qingdao yijia yanghong fuel oil co. LTD					38,589,600.43	
Other		28,387,030.29	6,820,453.18	-519,327,501.29	348,256,891.24	27,986,122.39

8.15.3 The Main Financial Information of The Major Joint Ventures

Items	Current Year		Prior Year	
	Mercuria Energy (Group) Co., Ltd	The New Materials Co. Ltd.	Mercuria Energy (Group) Co., Ltd	The New Materials Co. Ltd.
Current Assets	96,604,084,000.00	27,217,823,670.03	96,876,049,200.00	27,434,432,247.21
Non-Current Assets	23,433,402,000.00	24,619,083,767.32	19,831,297,000.00	23,815,208,762.38
Total Assets	120,037,486,000.00	51,836,907,437.35	116,707,346,200.00	51,249,641,009.59
Current Liabilities	75,564,950,000.00	31,372,276,311.80	77,776,582,600.00	32,253,510,384.40
Non-current Liabilities	17,083,962,000.00	5,834,943,031.91	12,042,530,600.00	4,641,044,559.05
Total Liabilities	92,648,912,000.00	37,207,219,343.71	89,819,113,200.00	36,894,554,943.45
Net Assets	27,388,574,000.00	14,629,688,093.64	26,888,233,000.00	14,355,086,066.14
Net Assets Shares Calculated at Proportion of Shares	3,286,628,880.00	3,803,718,904.35	3,226,587,960.00	3,732,322,377.20
Adjusting Events	205,030,900.09	-382,389,322.59	280,325,427.47	-323,014,034.04
The Book Value of The Equity Investment of Joint Venture	3,491,659,780.09	3,421,329,581.76	3,506,913,387.47	3,409,308,343.16

Items	Current Year		Prior Year	
	Mercuria Energy (Group) Co., Ltd	The New Materials Co. Ltd.	Mercuria Energy (Group) Co., Ltd	The New Materials Co. Ltd.
The Public Fair Value of The Equity Investment				
Operating Income	548,313,828,000.00	18,747,936,499.54	471,299,976,000.00	16,504,509,347.33
Net Profit	2,771,266,000.00	197,470,707.28	2,613,643,200.00	-79,489,342.66
Other Comprehensive Income	-19,842,000.00		108,057,600.00	
Total Comprehensive Income	2,751,424,000.00	197,470,707.28	2,721,700,800.00	-79,489,342.66
Dividends Received Form Joint Venture In This Current Year				

8.15.4 The Information of Unimportant Joint Ventures

Items	Current Year	Prior Year
Joint Ventures:		
Aggregate carrying amount of investments	1,953,688,591.98	1,397,653,147.74
Aggregate amount in proportion of Ownership of below items		
Net Profit	-30,557,704.24	-1,830,102.37
Other Comprehensive Income	-18,416,716.36	53,489,600.00
Total Comprehensive Income	-48,974,420.60	51,659,497.63
Associates:		
Aggregate carrying amount of investments	1,451,456,193.83	2,191,071,527.74
Aggregate amount in proportion of Ownership of below items		
Net Profit	5,883,697.41	122,991,224.85
Other Comprehensive Income	-272,312.63	-968,413.10
Total Comprehensive Income	5,611,384.78	122,022,811.75

8.16 Other equity instrument investments

8.16.1 Investment in other equity instruments

Items	Carrying amounts as at 31/12/2018	Carrying amounts as at 31/12/2017
Measured at fair value	844,173,600.00	614,214,800.00
RCS Media group S.p.A	223,247,837.70	235,457,809.40
Fin.Priv.S.r.l.	122,449,269.20	155,328,188.40
Fondo Anastasia	122,213,850.20	119,133,318.70
Hubei bank	79,554,000.00	79,554,000.00
Istituto Europeo di	54,625,055.30	51,487,377.70

Items	Carrying amounts as at 31/12/2018	Carrying amounts as at 31/12/2017
Others	29,249,889.05	77,439,258.28
Total	1,475,513,501.45	1,332,614,752.48

8.16.2 Investment status of other important equity instruments at the end of the year

Items	Investment cost	Amount of changes in fair value that are included in other comprehensive income	Ending fair value
Measured at fair value	741,225,600.00	102,948,000.00	844,173,600.00
RCS Media group S.p.A	294,116,804.00	-70,868,966.30	223,247,837.70
Fin.Priv.S.r.l.	191,073,907.70	-68,624,638.50	122,449,269.20
Fondo Anastasia	113,613,209.40	8,600,640.80	122,213,850.20
Hubei bank	20,000,000.00	59,554,000.00	79,554,000.00
Istituto Europeodi	45,153,364.20	9,471,691.10	54,625,055.30

8.17 Other non-current financial assets

Items	Carrying amounts as at 31/12/2018	Carrying amounts as at 31/12/2017
Financial instruments - derivatives	205,896,000.00	365,915,200.00
Brazilian judicial deposit	164,716,800.00	222,162,800.00
Long-term incentive plan	329,433,600.00	326,710,000.00
Galecron accounts receivable	96,084,800.00	84,944,600.00
others	150,990,400.00	196,026,000.00
Total	947,121,600.00	1,195,758,600.00

8.18 Investment property

8.18.1 Investment property subsequently measured using the cost model

Items	Balance as at 31/12/2017	Increased in current year	Decrease in current year	Balance as at 31/12/2018
1. Original book value	666,685,811.36	105,649,362.44	8,832,074.57	763,503,099.23
Incl: Houses and buildings	519,883,113.60	42,479,762.44	8,832,074.57	553,530,801.47
Land use right	146,802,697.76	63,169,600.00		209,972,297.76
2. Accumulated Depreciation and accumulated amortization	263,799,753.33	35,547,172.26	5,604,894.85	293,742,030.74
Incl: Houses and buildings	223,978,825.92	31,108,253.20	5,604,894.85	249,482,184.27
Land use right	39,820,927.41	4,438,919.06		44,259,846.47
3. Net book value	402,886,058.03			469,761,068.49
Incl: Houses and buildings	295,904,287.68			304,048,617.20
Land use right	106,981,770.35			165,712,451.29
4. Accumulated amount of impairment provision				

Items	Balance as at 31/12/2017	Increased in current year	Decrease in current year	Balance as at 31/12/2018
Incl: Houses and buildings				
Land use right				
5. Carrying amount	402,886,058.03			469,761,068.49
Incl: Houses and buildings	295,904,287.68			304,048,617.20
Land use right	106,981,770.35			165,712,451.29

8.18.2 Investment property subsequently measured using the cost model

Items	Opening fair value	Increase in the year			Decrease in the year		Closing fair value
		Outsourcing	Transfers to Self-use real estate or inventory	Change in Profit and losses of Fair Value	Disposi tion	Transfers to Self-use real estate	
1. Cost	185,692,091.23						185,692,091.23
Incl: Houses and buildings	61,452,720.07						61,452,720.07
Land use right	124,239,371.16						124,239,371.16
2. Fair Value							
Incl: Houses and buildings							
Land use right							
3. Book value	185,692,091.23						185,692,091.23
Incl: Houses and buildings	61,452,720.07						61,452,720.07
Land use right	124,239,371.16						124,239,371.16

8.19 Fixed assets

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Fixed assets	122,108,673,094.21	120,928,659,992.40
Fixed assets disposal	51,737,927.42	9,989,191.79
Total	122,160,411,021.63	120,938,649,184.19

8.19.1 Conditions of fixed assets

Items	Balance as at 31/12/2017	Increase in the year	Decrease in the year	Balance as at 31/12/2018
1. Original book value	212,731,139,245.71	16,921,043,855.01	7,433,261,125.41	222,218,921,975.31
Incl: Land	6,866,491,130.56	392,367,314.08	-30,716,586.40	7,289,575,031.04
Houses and buildings	54,803,622,459.43	3,409,289,230.43	2,509,176,051.78	55,703,735,638.08
Machinery equipment	141,677,451,712.90	11,849,871,860.14	4,159,301,491.32	149,368,022,081.72
Transportation equipment	2,579,691,959.32	218,293,248.84	361,262,373.74	2,436,722,834.42
Electronic equipment	2,296,125,488.45	514,922,541.07	107,423,815.44	2,703,624,214.08
Office equipment	2,939,405,499.99	307,048,298.27	26,681,182.50	3,219,772,615.76

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Items	Balance as at 31/12/2017	Increase in the year	Decrease in the year	Balance as at 31/12/2018
Others	1,568,350,995.06	229,251,362.18	300,132,797.03	1,497,469,560.21
2. Accumulative depreciation	87,402,060,436.45	12,035,063,388.54	3,629,501,720.49	95,807,622,104.50
Incl: Land				
Houses and buildings	16,741,118,692.41	2,044,429,626.97	843,188,711.55	17,942,359,607.83
Machinery equipment	65,557,065,408.31	9,190,316,409.02	2,305,558,697.11	72,441,823,120.22
Transportation equipment	1,267,505,009.31	135,255,586.51	289,442,506.80	1,113,318,089.02
Electronic equipment	1,223,296,847.00	293,037,879.78	77,128,752.96	1,439,205,973.82
Office equipment	1,960,472,223.68	208,661,981.00	-114,508,392.55	2,283,642,597.23
Others	652,602,255.74	163,361,905.26	228,691,444.62	587,272,716.38
3. Net book value	125,329,078,809.26			126,411,299,870.81
Incl: Land	6,866,491,130.56			7,289,575,031.04
Houses and buildings	38,062,503,767.02			37,761,376,030.25
Machinery equipment	76,120,386,304.59			76,926,198,961.50
Transportation equipment	1,312,186,950.01			1,323,404,745.40
Electronic equipment	1,072,828,641.45			1,264,418,240.26
Office equipment	978,933,276.31			936,130,018.53
Others	915,748,739.32			910,196,843.83
4. Impairment provision	4,400,418,816.86	647,417,884.39	745,209,924.65	4,302,626,776.60
Incl: Land				
Houses and buildings	892,955,717.33	96,898,115.54	354,439,066.24	635,414,766.63
Machinery equipment	3,461,523,049.56	530,334,502.15	382,990,346.52	3,608,867,205.19
Transportation equipment	25,316,686.22	543,678.71	4,092,781.48	21,767,583.45
Electronic equipment	2,928,924.13	19,472,601.08	233,341.52	22,168,183.69
Office equipment	16,110,310.08	73,464.99	3,401,526.52	12,782,248.55
Others	1,584,129.54	95,521.92	52,862.37	1,626,789.09
5. Book value	120,928,659,992.40			122,108,673,094.21
Incl: Land	6,866,491,130.56			7,289,575,031.04
Houses and buildings	37,169,548,049.69			37,125,961,263.62
Machinery equipment	72,658,863,255.03			73,317,331,756.31
Transportation equipment	1,286,870,263.79			1,301,637,161.95
Electronic equipment	1,069,899,717.32			1,242,250,056.57
Office equipment	962,822,966.23			923,347,769.98

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Items	Balance as at 31/12/2017	Increase in the year	Decrease in the year	Balance as at 31/12/2018
Others	914,164,609.78			908,570,054.74

Note: The negative decrease in this year is mainly due to the translation of foreign currency statements.

8.19.2 Fixed assets pending certificates of ownership

Items	Original cost	Accumulated depreciation	Provision for impairment	Carrying amount	Remarks
Houses and buildings	186,390,586.39	142,490,694.30	28,328,433.96	15,571,458.13	Idle production
Machinery equipment	831,080,490.86	651,588,318.70	121,083,031.49	58,409,140.67	Idle production
Transportation equipment	226,442.66	194,772.18	11,074.89	20,595.59	Idle production
Electronic equipment	531,788.51	332,791.85		198,996.66	Idle production
Office equipment	8,070,261.30	7,051,060.70	779,797.75	239,402.85	Idle production
Total	1,026,299,569.72	801,657,637.73	150,202,338.09	74,439,593.90	

8.19.3 Fixed assets disposal

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017	Reason
Houses and buildings	27,549,870.89	1,605,749.15	Idle clearance
Machinery equipment	23,898,896.82	5,950,245.33	Idle clearance
Transportation equipment	265,385.67	2,416,618.45	Idle clearance
Electronic equipment	17,265.87	12,830.75	Idle clearance
Others	6,508.17	3,748.11	Idle clearance
Total	51,737,927.42	9,989,191.79	

8.20 Construction in progress

Items	Carrying amounts as at 31/12/2018		
	Carrying amounts	Impairment	Net carrying amounts
1318 project	2,034,602,670.24		2,034,602,670.24
SAS technical upgrade project	1,232,297,703.39		1,232,297,703.39
Silao2increasecapacity(PirelliMexico)	382,164,428.13		382,164,428.13
Slatina4-15millionpieces(PirelliRumania)	236,152,934.43		236,152,934.43
YZmachinaries	227,258,365.16		227,258,365.16
USNM-NampaTIDGreenhouse	150,990,400.00		150,990,400.00
R&DTechnologyCentreatEnkhuizen	130,400,800.00		130,400,800.00
150,000 tons/year naphtha upgrading	118,608,884.20		118,608,884.20
Extended replacement project of 1 million tons/year phosphate rock	109,911,862.85		109,911,862.85
SingaporeFPPPlantProject	102,948,000.00		102,948,000.00

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Items	Carrying amounts as at 31/12/2018		
	Carrying amounts	Impairment	Net carrying amounts
Others	8,121,882,555.54	300,459,665.59	7,821,422,889.95
Construction materials	142,945,633.58	85,577,990.61	57,367,642.97
Total	12,990,164,237.52	386,037,656.20	12,604,126,581.32

(Continued)

Items	Carrying amounts as at 31/12/2017		
	Carrying amounts	Impairment	Net carrying amounts
1318 project	1,932,653,006.80		1,932,653,006.80
SAS technical upgrade project	880,515,776.00		880,515,776.00
Silao2increasecapacity(PirelliMexico)	377,634,829.89		377,634,829.89
Slatina4-15millionpieces(PirelliRumania)	324,944,339.61		324,944,339.61
YZmachinaries			
USNM-NampaTIDGreehouse	13,068,400.00		13,068,400.00
R&DTechnologyCentreatEnkhuizen	104,547,200.00		104,547,200.00
150,000 tons/year naphtha upgrading	118,636,404.55		118,636,404.55
Extended replacement project of 1 million tons/year phosphate rock	96,939,153.17		96,939,153.17
SingaporeFPPPlantProject			
Others	11,830,386,921.21	274,345,002.70	11,556,041,918.51
Construction materials	198,762,757.52	83,858,650.61	114,904,106.91
Total	15,878,088,788.75	358,203,653.31	15,519,885,135.44

8.20.1 Movements of major construction projects in progress during the year

Name of items	Budget	Opening balance	Increased amount	Transfers to fixed assets	Other decreases	Closing balance
1318 project	1,680,922,000.00	1,932,653,006.80	107,574,098.60		5,624,435.16	2,034,602,670.24
SAS technical upgrade project	1,371,580,000.00	880,515,775.39	963,765,348.00	618,576,509.00	-6,593,089.00	1,232,297,703.39
Silao2increasecapacity(PirelliMexico)	1,389,036,353.69	377,634,829.89	396,454,189.85	412,750,331.70	-20,825,740.12	382,164,428.16
Slatina4-15millionpieces(PirelliRumania)	1,639,915,798.11	324,944,339.61	507,956,505.17	599,411,666.92	-2,663,756.58	236,152,934.44
YZmachinaries	356,428,721.25		226,016,001.90		-1,242,363.24	227,258,365.14
USNM-NampaTIDGreehouse	205,896,000.00	13,068,400.00	132,280,000.00		-5,642,000.00	150,990,400.00
R&DTechnologyCentreatEnkhuizen	130,400,800.00	104,547,200.00	19,842,000.00		-6,011,600.00	130,400,800.00

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Name of items	Budget	Opening balance	Increased amount	Transfers to fixed assets	Other decreases	Closing balance
150,000 tons/year naphtha upgrading	206,000,000.00	118,636,404.55			27,520.35	118,608,884.20
Extended replacement project of 1 million tons/year phosphate rock	450,000,000.00	96,939,153.17	12,972,709.68			109,911,862.85
Singapore FPP Plant Project	109,811,200.00		99,210,000.00		-3,738,000.00	102,948,000.00

(Continued)

Name of items	Percentage of actual cost to budget (%)	Project progress (%)	Accumulative amount of capitalized interests	Of which: the amount of the capitalized interests of the period	Capitalization rate of the interests of the period (%)	Capital resources
1318 project	97.73	90.00	391,795,326.60			Loans, self-financing
SAS technical upgrade project	85.00	85.00				own funds
Silao 2 increase capacity (Pirelli Mexico)	91.00	91.00				Government funds
Slatina 4-15 million pieces (Pirelli Rumania)	57.00	57.00				Government funds
YZ machineries	64.00	64.00				own funds
USNM-Nampa TID Greenhouse	73.00	73.00				self-financing
R&D Technology Centre at Enkhuizen	100.00	99.00				self-financing
150,000 tons/year naphtha upgrading	57.58	98.00				self-financing
Extended replacement project of 1 million tons/year phosphate rock	45.00	38.00	4,135,572.07			Loans
Singapore FPP Plant Project	94.00	94.00				self-financing

8.20.2 Provision for impairment of construction projects in the current period

Items	Increased amount of the period	Reason
3 million semi-steel projects	34,046,226.70	Long term stoppage
Vulcanizing Machine Technological Reform Project	9,370,776.46	Long term stoppage
Tianjin Blue Star Cleaning Sporadic Project	4,541,304.95	Assets dismantled
Twin Screw Project	2,276,459.37	The project has never been used
One tow two tread winding station	2,233,638.48	Long term stoppage
Skew tire forming machine	1,220,502.73	Long term stoppage
Rear inflatable device	1,202,135.94	Long term stoppage
Electric control cabinet	1,000,812.24	Long term stoppage
Others	5,716,273.29	Long term stoppage
Construction materials	2,328,678.93	Long term stoppage
Total	63,936,809.09	

8.20.3 Construction materials

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Special equipment	46,399,965.59	97,282,060.27
special material	9,937,029.80	13,918,584.27
Spare parts		344,135.86
Others	1,030,647.58	3,359,326.51
Total	57,367,642.97	114,904,106.91

8.21 Intangible assets

Items	Balance as at 31/12/2017	Increase in the year	Decrease in the year	Balance as at 31/12/2018
1. Original book value	218,149,708,418.30	17,511,896,673.57	1,953,807,468.05	233,707,797,623.82
Incl: Software	7,160,442,339.11	656,384,560.74	-344,225,418.35	8,161,052,318.20
Land use right	8,285,648,570.77	459,554,104.73	536,170,213.18	8,209,032,462.32
Patent right	5,985,089,495.74	229,704,249.43	320,141,184.70	5,894,652,560.47
Non-patent technology	99,183,809,463.50	4,708,566,615.54	-3,692,991,757.56	107,585,367,836.60
Trademark	68,757,613,680.83	905,899,994.62	-2,125,534,436.85	71,789,048,112.30
Franchise	65,554,924.60			65,554,924.60
Mining rights	318,747,122.07		172,585,939.93	146,161,182.14
Crude oil quota	6,962,083,082.65			6,962,083,082.65
Others	21,430,719,739.03	10,551,787,148.51	7,087,661,743.00	24,894,845,144.54
2. Accumulative amortization	38,171,135,801.44	9,376,064,484.48	-400,516,417.42	47,947,716,703.34
Incl: Software	3,419,827,167.93	859,380,965.45	-3,767,551.54	4,282,975,684.92
Land use right	1,255,355,183.57	137,489,080.54	54,908,138.38	1,337,936,125.73
Patent right	2,745,513,952.26	130,199,076.69	15,850,696.06	2,859,862,332.89
Non-patent technology	17,760,888,667.83	4,257,437,794.37	-977,046,180.86	22,995,372,643.06
Trademarks	1,647,074,869.73	873,095,284.00	-24,225,000.00	2,544,395,153.73
Franchise				
Mining rights	121,997,772.76	2,736,474.62	71,635,961.37	53,098,286.01
Crude oil quota				
Others	11,220,478,187.36	3,115,725,808.81	462,127,519.17	13,874,076,477.00
3. Depreciation	1,413,413,595.92	117,946,975.41	77,513,562.14	1,453,847,009.19
Incl: Software		41,167,084.90		41,167,084.90
Land use right	134,628,758.23	35,293,755.51	32,072,000.00	137,850,513.74

Items	Balance as at 31/12/2017	Increase in the year	Decrease in the year	Balance as at 31/12/2018
Patent right	368,688,983.91		5,218,200.00	363,470,783.91
Non-patent technology	499,076,604.68	6,614,000.00	-3,322,441.97	509,013,046.65
Trademarks	197,247,501.25		-2,303,000.00	199,550,501.25
Franchise				
Mining rights	38,818,004.11		38,818,004.11	
Crude oil quota				
Others	174,953,743.74	34,872,135.00	7,030,800.00	202,795,078.74
4. Book value	178,565,159,020.94			184,306,233,911.29
Incl: Software	3,740,615,171.18			3,836,909,548.38
Land use right	6,895,664,628.97			6,733,245,822.85
Patent right	2,870,886,559.57			2,671,319,443.67
Non-patent technology	80,923,844,190.99			84,080,982,146.89
Trademarks	66,913,291,309.85			69,045,102,457.32
Franchise	65,554,924.60			65,554,924.60
Mining rights	157,931,345.20			93,062,896.13
Crude oil quota	6,962,083,082.65			6,962,083,082.65
Others	10,035,287,807.93			10,817,973,588.80

8.22 Development expenditure

Items	Balance as at 31/12/2017	Increase in the year	
		Internal development expenditure	Other
Enogenprocess	627,283,200.00	105,824,000.00	4,380,400.00
KM Capitalized R&D Project	69,587,855.37	265,882,695.11	
EIK project	214,564,688.80	120,201,293.88	
Solid-state azine project	78,920,265.01	18,293,514.00	505,651.00
New Polymerization Technology of Polytetrafluoroethylene Dispersion Resin	4,528,471.69	6,941,102.96	
Beijing Cleaning Big Data Project		5,249,169.35	
Carbonylation of dimethyl ether	4,884,570.83		
New Polymerization Technology of Polytetrafluoroethylene Suspension Resin	2,022,782.61	1,341,183.87	
Conveyor bed Methanation		3,118,955.26	
acrylic acid		2,815,150.76	

Items	Balance as at 31/12/2017	Increase in the year	
		Internal development expenditure	Other
Others	12,404,485.14	13,050,553,535.84	244,946.55
Total	1,014,196,319.45	13,580,220,601.03	5,130,997.55

(Continued)

Items	Decrease in the year			Balance as at 31/12/2018
	Identify as an intangible asset	Transfer to current profit and loss	Other	
Enogenprocess	99,210,000.00			638,277,600.00
KM Capitalized R&D Project	28,736,316.49	161,950,889.66		144,783,344.33
EIK project	199,164,671.07		28,556,814.45	107,044,497.16
Solid-state azine project		9,110,763.00		88,608,667.01
New Polymerization Technology of Polytetrafluoroethylene Dispersion Resin				11,469,574.65
Beijing Cleaning Big Data Project				5,249,169.35
Carbonylation of dimethyl ether				4,884,570.83
New Polymerization Technology of Polytetrafluoroethylene Suspension Resin				3,363,966.48
Conveyor bed Methanation				3,118,955.26
acrylic acid				2,815,150.76
Others	4,963,856.79	13,042,624,154.76	19,712.50	15,595,243.48
Total	332,074,844.35	13,213,685,807.42	28,576,526.95	1,025,210,739.31

8.23 Goodwill

8.23.1 Carrying amount of Goodwill

Name of investee or events from which goodwill arose	Opening balance	Increase in the year	Decrease in the year	Closing balance
SyngentaAG	138,472,766,400.00		-6,972,168,000.00	145,444,934,400.00
ResidualGoodwillfromMarcoPololoIndustrialHoldingS.p.A. ("Bidco")	18,345,258,314.01	105,806,829.28		18,451,065,143.29
NideraSeedsHoldingB.V.		4,219,732,000.00	-158,989,600.00	4,378,721,600.00
Adama solutions	3,821,974,000.00	192,418,000.00		4,014,392,000.00
CGU	3,399,263,993.14	49,947,342.55		3,449,211,335.69
Elkem AS	764,129,611.94		8,971,601.31	755,158,010.63
Bluestar Adisseo Company	729,445,890.00	4,207,101.00		733,652,991.00
Nutriad		694,872,838.00	-4,007,700.00	698,880,538.00

Name of investee or events from which goodwill arose	Opening balance	Increase in the year	Decrease in the year	Closing balance
ElkemSolarHoldingS.a.r.l	460,836,793.68	7,599,164.51		468,435,958.19
Bluestar Silicones	339,884,945.87		3,990,569.37	335,894,376.50
StriderDesenvolvimentodeSoftwareLtda		211,648,000.00	-7,974,400.00	219,622,400.00
Innov'iaS.A	142,852,311.00	50,713,766.00		193,566,077.00
Others	213,416,538.92	140,418,927.31	13,337,152.83	340,498,313.40
Total	166,689,828,798.56	5,677,363,968.65	-7,116,840,376.49	179,484,033,143.70

Note: The decrease negative in this year is mainly due to the translation of foreign currency statements. The main reasons for the increase in goodwill this year are as follows:

- ① Syngenta acquired 100% of its subsidiary, NideraSeeds Holdings B.V. (hereinafter referred to as "Nidera"), which was completed on February 16, 2018. The fair value of the acquisition consideration paid by Syngenta over Nidera's identifiable net assets at the acquisition date of approximately RMB 4.22 billion was recognized as goodwill.
- ② In December 2017, Adisseo and the transferor signed an agreement to acquire a 100% stake in Nutriad Holdings B.V. (hereinafter referred to as "Nutriad"). The transaction was completed on February 9, 2018. The acquisition consideration paid by Adisseo exceeds Nutriad's fair value of identifiable net assets at the acquisition date of approximately RMB 695 million as goodwill.
- ③ Syngenta acquired a 100% stake in StriderDesenvolvimentodeSoftware Ltda (hereinafter referred to as "Strider"), which was completed on April 30, 2018. The fair value of the acquisition of the identifiable net assets of Synder on the acquisition date of approximately RMB 212 million was recognized as goodwill.

8.23.2 Impairment of Goodwill

Name of investee or events from which goodwill arose	Opening balance	Increase in the year	Decrease in the year	Closing balance
Bluestar Silicones	280,658,634.00		3,295,196.69	277,363,437.31
Jiangsu zhonggrun fluorine chemical technology co. LTD	25,885,580.59			25,885,580.59
Shicheng county Fluorite mine (general partnership)	8,556,881.30		8,556,881.30	
Ningdu mine tongfa fluorite co. LTD	7,225,278.96			7,225,278.96
Ningdu county changhua mining co. LTD	425,311.09			425,311.09
Total	322,751,685.94		11,852,077.99	310,899,607.95

Note: The decrease in goodwill impairment provision this year was due to the decrease in the disposal of subsidiaries by the National Star Company and the translation of the foreign exchange statement of the Blue Star Ecker.

8.24 Long-term deferred expenses

Items	Carrying amount as at 31/12/2017	Increase during the current year	Amortisation for the current year	Other decrease during the current year	Carrying amount as at 31/12/2018
Adsorbents and catalysts	158,162,096.18	24,057,611.09	77,638,935.49		104,580,771.78
Prepaid expenses	67,846,335.27	57,706,684.01		40,839,744.30	84,713,274.98
Mould	60,161,300.20	29,870,162.44	25,946,040.34		64,085,422.30

Items	Carrying amount as at 31/12/2017	Increase during the current year	Amortisation for the current year	Other decrease during the current year	Carrying amount as at 31/12/2018
Project Improvement Expenditure	36,711,971.13	46,817,904.56	20,674,541.19	1,325,558.80	61,529,775.70
Renovation costs	15,224,765.84	5,497,294.52	4,263,240.85		16,458,819.51
Deferred financing costs	18,310,748.09		2,361,742.70	166,593.55	15,782,411.84
Rental expense	15,648,989.54	7,567,251.60	9,298,613.95	778,563.65	13,139,063.54
Repair and maintenance fees	1,542,951.37	1,609,638.83	1,072,343.79	864,889.95	1,215,356.46
Unconfirmed financing charges	23,021,196.83	3,543,538.56	26,564,735.39		
Others	31,745,948.76	24,418,359.25	12,880,425.79	1,419,810.68	41,864,071.54
Total	428,376,303.21	201,088,444.86	180,700,619.49	45,395,160.93	403,368,967.65

8.25 Deferred tax assets and deferred tax liabilities

8.25.1 Deferred tax assets and deferred tax liabilities presented as before the offset

8.25.1.1 Recognized Deferred tax assets detail

Items	Ending Balance		Beginning Balance	
	Deferred tax assets/liabilities	Deductible / taxable temporary differences	Deferred tax assets/liabilities	Deductible / taxable temporary differences
1. Deferred tax assets	10,219,178,695.56	41,372,784,971.24	10,587,501,389.93	41,652,574,669.80
Provision for impairment of assets	4,998,998,444.69	19,256,835,714.72	787,808,503.22	3,438,635,752.52
Deductible loss	565,938,779.56	2,609,756,082.64	1,519,845,846.97	6,676,315,951.15
Other liabilities	3,219,908,998.15	12,812,652,521.00	2,670,078,732.25	10,676,785,500.00
Employee benefits payable	114,056,881.02	717,245,749.27	152,885,839.17	993,482,583.96
Temporary differences in accrued expenses	144,983,678.21	549,867,879.56	457,003,904.69	1,623,064,953.98
Derivative instruments	43,349,957.77	192,570,225.62	100,657,939.80	436,210,272.00
Unrealised profits from intragroup transactions	27,609,668.97	110,438,675.88	112,665,452.91	430,334,191.64
Fixed assets and intangible assets	10,251,082.99	31,807,610.52	28,791,549.93	101,551,384.88
Risk reserve for oil price regulation	29,869,945.39	119,479,781.57		
Others	1,064,211,258.81	4,972,130,730.46	4,757,763,620.99	17,276,194,079.67
2. Deferred income tax liabilities	38,754,695,306.54	193,421,876,501.06	38,880,493,782.21	188,868,590,936.97
Fixed assets and intangible assets	3,044,871,464.62	12,591,232,197.13	4,068,952,446.05	16,088,605,821.30
Asset valuation appreciation	8,944,145,274.24	31,757,309,574.79	9,554,780,922.90	33,154,690,332.42
Changes in the fair value of available-for-sale financial assets recognized in other comprehensive income	15,939,139.75	90,199,502.16	25,064,052.30	126,456,979.71

Items	Ending Balance		Beginning Balance	
	Deferred tax assets/liabilities	Deductible / taxable temporary differences	Deferred tax assets/liabilities	Deductible / taxable temporary differences
Valuation of trading financial instruments and derivative financial instruments	73,537,218.60	313,113,449.44	223,631,424.42	766,314,156.36
State appropriation of construction project			6,750,000.00	45,000,000.00
Others	26,676,202,209.33	148,670,021,777.54	25,001,314,936.54	138,687,523,647.18

8.25.1.2 Details of unrecognised deferred tax assets

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Deductible temporary differences	12,759,038,321.87	10,679,886,472.86
Deductible loss	21,776,421,960.42	28,260,504,752.41
Total	34,535,460,282.29	38,940,391,225.27

8.25.1.3 The deductible losses of unrecognised deferred tax assets shall be matured in the following years

Year	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017	Note
2018		2,805,949,484.59	
2019	1,909,479,894.14	2,279,108,814.47	
2020	3,006,277,933.66	3,583,599,923.81	
2021	4,864,613,397.74	5,770,562,165.61	
2022	2,136,366,543.24	2,325,330,592.18	
2023	6,422,138,840.10	8,165,536,738.13	
After 2023	3,437,545,351.54	3,330,417,033.62	No maturity date
Total	21,776,421,960.42	28,260,504,752.41	

8.25.2 Deferred tax assets and deferred tax liabilities presented as after the offset

8.25.2.1 Deferred tax assets and deferred tax liabilities after the offset and Deductible / taxable temporary differences

Items	Deferred tax assets/liabilities after the offset at the end of the year	Deferred tax assets/liabilities after the offset at the beginning of the year
1. Deferred tax assets	9,959,843,662.34	10,177,851,638.50
2. Deferred tax liabilities	38,495,360,273.32	38,470,844,030.78

8.25.2.2 The details of deferred tax assets and deferred tax liabilities after the offset

Items	The offset mount in current year	The offset mount in last year
The offset of deferred tax assets and deferred tax liabilities for same taxable subject	259,335,033.22	409,649,751.43

8.26 Other non-current assets

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Entrusted Loan	1,450,072,681.57	345,915,297.86

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Receivable margin and deposit	1,019,883,696.78	945,617,643.79
Prepayment Engineering equipment	1,037,259,966.42	753,037,398.43
Long-term receivables from joint ventures	578,613,634.32	613,910,703.81
Overseas prepayments for long-term taxes	555,919,200.00	627,283,200.00
Retirement benefits and long-term incentive compensation	370,612,800.00	437,791,400.00
Tax credit	364,739,270.91	197,818,281.44
Derivative financial assets	114,118,365.06	133,606,765.40
Relocation payment	108,556,624.81	108,556,624.81
Land Compensation	90,139,231.78	73,571,090.86
Split share distribution rights	89,986,098.72	89,986,098.72
Unrealized gains and losses from After sale leaseback	56,952,858.13	67,713,082.40
Other non-cash accounts receivable	20,600,000.00	137,805,379.80
Pensions	14,439,783.77	12,527,192.02
IndbraTPIndustrialdePneusBrasilLtda		162,156,698.94
Others	990,858,996.24	681,941,082.25
Subtotal	6,862,753,208.51	5,389,237,940.53
Less: due within 1 year (Note 8.)	56,414,154.25	35,546,000.00
Total	6,806,339,054.26	5,353,691,940.53

8.27 Short-term loan

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Pledged loans	4,663,194,277.60	30,138,036,802.21
Loans secured by mortgage	70,625,800.00	183,325,800.00
Guaranteed loans	34,239,128,179.69	92,788,857,578.07
Unsecured loans	24,708,844,531.20	31,493,502,716.08
Total	63,681,792,788.49	154,603,722,896.36

8.28 Derivative Financial Liabilities

Items	Balance as at 31/12/2018	Balance as at 31/12/2017
Cash flow Hedging instrument	593,418,329.39	455,517,933.49
Foreign currency derivatives- transaction	630,012,904.28	886,944,184.17
Foreign currency derivatives- included in net financial position	147,995,291.15	69,011,764.82
Financial forwards	818,341,414.69	516,201,800.00

Items	Balance as at 31/12/2018	Balance as at 31/12/2017
Foreign currency derivatives financial instruments	1,430,497,000.00	485,530,000.00
Hedging derivative financial instruments	21,173,000.00	303,520,000.00
Other derivatives	168,751,006.02	231,192,515.81
Total	3,810,188,945.53	2,947,918,198.29

8.29 Notes payable and Accounts payable

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Notes payable	2,920,394,814.42	2,682,674,981.95
Accounts payable	59,727,244,600.65	58,676,013,051.79
Total	62,647,639,415.07	61,358,688,033.74

8.29.1 Notes payable

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Commercial acceptance bills	984,594,881.27	546,695,854.88
Bank acceptance bills	1,935,799,933.15	2,135,979,127.07
Total	2,920,394,814.42	2,682,674,981.95

8.29.2 Accounts payable

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Within 1 year	57,466,929,549.56	56,241,395,713.31
1-2 year (Inclusive)	972,024,459.14	754,656,253.74
2-3 years (Inclusive)	300,317,765.72	413,687,682.40
Over 3 year	987,972,826.23	1,266,273,402.34
Total	59,727,244,600.65	58,676,013,051.79

Details of significant accounts payable aged over 1 year:

Creditors	Amounts outstanding as at 31/12/2018	Reason(s) for unsettlement
Shandong united energy pipeline transportation Co., Ltd.	24,901,622.91	Unpaid
Dow chemical (Shanghai) Co., Ltd.	23,561,114.87	Unpaid
Beijing Boda yongsheng technology development center	19,065,600.00	Unpaid
Sinopec fourth construction Co., Ltd.	17,503,626.52	Unpaid
Hunan sanhua garment industry Co., Ltd.	14,692,401.29	Unpaid
Guizhou chemical construction Co., Ltd.	11,964,459.48	Unpaid
(Hong Kong) tongzhou chemical trading Co., Ltd.	11,481,341.37	Unpaid
Jinan Great Wall oil refining Co., Ltd.	10,919,750.94	Unpaid

Creditors	Amounts outstanding as at 31/12/2018	Reason(s) for unsettlement
FGHFTCO.LIMITED	10,381,575.45	Unpaid
China national nuclear industry second third construction Co., Ltd.	9,899,869.55	Unpaid
Anhui yuhe agricultural means of production Co., Ltd.	9,586,899.49	Unpaid
Beijing beitri dairui technology development Co., Ltd.	9,341,150.00	Unpaid
Jiaozuo yuyang trading Co., Ltd.	8,244,468.00	Unpaid
Shenyang turbine machinery Co., Ltd.	8,167,000.00	Unpaid
Hua ao tire equipment technology (suzhou) Co., Ltd.	8,037,000.00	Unpaid
Haikou luhai rubber chemical Co., Ltd.	7,950,350.49	Unpaid
Qingdao lianchuang Co., Ltd.	7,914,063.82	Unpaid
Shenyang turbine machinery Co., Ltd.	7,849,000.00	Unpaid
Cangzhou yunhe district industry and information bureau	7,014,000.00	Unpaid
Total	228,475,294.18	

8.30 Advances from customers

8.30.1 Detail for accounts payable

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Within 1 year (inclusive)	6,852,770,628.65	6,526,277,654.86
Over 1 year	744,960,485.07	877,366,915.86
Total	7,597,731,113.72	7,403,644,570.72

8.30.2 Details of significant advances from customers aged over 1 year

Creditors	Amounts outstanding as at 31/12/2018	Reason(s) for unsettlement
Nanning oasis chemical Co. Ltd.	75,110,000.00	Unpaid
Ordos Donghai new energy Co. Ltd.	23,454,000.00	Unpaid
Dalian heavy industry machinery and electrical equipment Co. Ltd.	19,000,000.00	Unpaid
China coal energy Heilongjiang coal chemical Co. Ltd.	16,832,760.69	Unpaid
Jinrentong	15,540,000.00	Unpaid
Tianjin Zhengfeng petrochemical trade Co. Ltd.	10,502,918.20	Unpaid
Zhejiang Shanghang new material Co. Ltd.	10,180,000.00	Unpaid
Shandong fortier tire co. LTD	5,982,000.00	Unpaid
Shandong xinhecheng vitamin co. LTD	5,280,000.00	Unpaid
Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences	5,128,205.10	Unpaid
Total	187,009,883.99	

8.31 Contract liability

Items	Carrying amounts as at 31/12/2018	Carrying amounts as at 31/12/2017
Advances for goods and services	333,111,548.46	443,872,290.04
Deferred revenue	208,872,514.54	112,624,062.74
Customer loyalty programs	356,886,400.00	287,504,800.00
Sales discount	525,982,000.00	503,362,000.00
Total	1,424,852,463.00	1,347,363,152.78

8.32 Employee benefits payable

8.32.1 Disclosure by classification

Items	Carrying amount as at 31/12/2017	Increase during the current year	Decrease during the current year	Carrying amount as at 31/12/2018
1. Short-term employee benefits	5,868,466,413.32	38,225,841,910.88	37,472,494,969.18	6,621,813,355.02
2. Post-employment benefits - defined contribution plans	869,618,351.85	3,352,293,351.54	3,620,534,444.44	601,377,258.95
3. Termination benefits	529,133,184.97	555,379,975.85	706,003,548.68	378,509,612.14
4. Other benefits due within one year	1,087,230,602.72	1,917,220,957.53	2,189,953,321.11	814,498,239.14
5. Others	849,416,688.11	913,679,483.17	1,296,540,165.32	466,556,005.96
Total	9,203,865,240.97	44,964,415,678.97	45,285,526,448.73	8,882,754,471.21

8.32.2 Disclosure by classification of short-term employee benefits

Items	Carrying amount as at 31/12/2017	Increase during the current year	Decrease during the current year	Carrying amount as at 31/12/2018
1. Wages, salaries and subsidies	3,899,138,106.66	34,681,040,808.13	33,621,508,247.49	4,958,670,667.30
2. Employee welfare	8,746,263.00	454,977,243.72	420,281,064.19	43,442,442.53
3. Social insurance:	189,987,135.88	1,589,835,986.57	1,541,979,820.32	237,843,302.13
Including: Medical insurance	164,087,592.07	1,404,976,513.09	1,354,376,367.38	214,687,737.78
Employment injury insurance	13,798,463.29	104,080,895.48	106,690,755.84	11,188,602.93
Maternity insurance	9,739,998.74	63,179,520.19	63,931,522.79	8,987,996.14
Others	2,361,081.78	17,599,057.81	16,981,174.31	2,978,965.28
4. Housing provident fund	126,013,660.11	295,731,789.11	333,765,409.21	87,980,040.01
5. Labour union fee and employee education fee	148,523,442.40	96,712,221.40	100,061,776.82	145,173,886.98
6. Short-term paid absences	553,990,652.80	310,712,447.04	322,693,025.04	542,010,074.80
7. Short-term profit sharing plan	392,052,000.00	231,273,600.00	396,840,000.00	226,485,600.00
8. Other short-term compensation	550,015,152.47	565,557,814.91	735,365,626.11	380,207,341.27
Total	5,868,466,413.32	38,225,841,910.88	37,472,494,969.18	6,621,813,355.02

8.32.3 Disclosure by defined contribution plan

Items	Carrying amount as at 31/12/2017	Increase during the current year	Decrease during the current year	Carrying amount as at 31/12/2018
1. Basic pension	815,461,090.32	3,148,310,936.88	3,414,227,999.44	549,544,027.76
2. Unemployment insurance	24,325,598.78	114,110,009.90	114,697,719.01	23,737,889.67
3. Enterprise annuity payment	10,966,780.23	89,872,404.76	88,686,448.91	12,152,736.08
4. Others	18,864,882.52		2,922,277.08	15,942,605.44
Total	869,618,351.85	3,352,293,351.54	3,620,534,444.44	601,377,258.95

8.33 Taxes payable

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
VAT	1,096,011,414.29	1,663,369,297.21
Consumption tax	3,864,393,411.60	395,399,452.84
Resource tax	7,553,777.99	8,531,136.18
Corporate income tax	5,390,682,678.58	4,477,627,561.14
Urban maintenance and construction surcharge	224,119,298.97	78,116,634.32
Property tax	68,268,104.59	78,007,657.54
Land use tax	74,925,202.02	131,903,901.87
Personal income tax	351,562,313.75	309,771,703.91
Education surcharge	191,443,022.84	59,854,435.32
Others	864,102,724.18	852,388,387.36
Total	12,133,061,948.81	8,054,970,167.69

8.34 Other payables

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Interest payables	1,557,790,311.36	1,543,439,823.38
Dividends Payable	4,681,265.28	39,113,294.98
Other payables	14,656,849,101.81	21,730,070,862.52
Total	16,219,320,678.45	23,312,623,980.88

8.34.1 Interest payables

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Interest on long-term borrowings with interest payments due on installments	138,918,528.59	361,772,058.48
Corporate bond interest	695,943,294.61	432,527,957.08
Interests on Short-term borrowings	671,812,095.62	731,245,894.33
Others	51,116,392.54	17,893,913.49
Total	1,557,790,311.36	1,543,439,823.38

8.34.2 Dividends Payable

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Ordinary stock dividend	4,681,265.28	39,113,294.98
Others		
Total	4,681,265.28	39,113,294.98

8.34.3 Other payables

1) Detail for other payables

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Accounts current	4,312,817,481.23	5,879,377,539.95
Engineering equipment engineering fund	2,476,855,679.72	2,252,199,949.22
Temporary receive and pay for another	1,630,520,101.46	4,068,582,296.46
Accrued expenses	911,578,530.39	918,078,532.72
Insurance, deposit	701,386,431.55	515,055,699.51
Agency fees payable	632,672,591.93	1,378,431,719.33
Fiscal appropriation	265,470,066.07	846,189,230.94
Employee resettlement money	263,072,421.75	331,774,931.18
Share transfer payables	103,874,939.00	103,849,019.00
Others	3,358,600,858.71	5,436,531,944.21
Total	14,656,849,101.81	21,730,070,862.52

2) Details of significant other payables aged over 1 year

Items	Carrying amount as at 31/12/2018	Reason(s) for unsettlement
Fuzhou Bluestar Chemical Co. Ltd.	500,000,000.00	Unpaid
Jinan Chemical New Material Co. Ltd.	282,208,000.00	Unpaid
Shandong Guoliang Kerry Property Co. Ltd.	225,508,000.00	Unpaid
Beijing Demaowei Investment Co. Ltd.	120,080,000.00	Unpaid
Bluestar Petrochemical Co. Ltd.	113,653,998.62	Unpaid
Beijing zhongrui hengsheng asset management Co. Ltd.	100,000,000.00	Unpaid
Nierenqing	79,523,379.00	Unpaid
Ruicheng Foster Chemical Co. Ltd.	63,870,291.49	Unpaid
Shanghai Bluestar Polyformaldehyde Co. Ltd.	49,558,590.27	Unpaid
Gansu Longrun Investment Management Co. Ltd.	94,670,000.00	Unpaid
Hunan xiangwei co. LTD	45,000,000.00	Unpaid

Items	Carrying amount as at 31/12/2018	Reason(s) for unsettlement
Qingdao anbound refining and chemical co. LTD	36,720,718.96	Unpaid
Total	1,710,792,978.34	

8.35 Liabilities held for sale

Items	Carrying amount as at 31/12/2018	Fair value at the end of the year	Estimated disposal cost	Time
Ningdu zhongkuang tongfa fluorite co. LTD, Ning duchanghua mining co. LTD	14,460,830.08	14,460,830.08		2019.02
Total	14,460,830.08	14,460,830.08		

8.36 Non-current liabilities due within one year

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Long-term borrowings due within one year (note 8. 38)	15,886,557,816.53	9,826,624,435.16
Bonds payable within one year (note 8. 39)	17,973,536,663.71	4,242,908,259.62
Long-term payable at the end of one year (note 8. 40)	904,076,529.33	556,317,747.39
Other long-term liabilities due within one year	8,714,520,701.53	3,819,915,842.10
Total	43,478,691,711.10	18,445,766,284.27

8.37 Other Current Liabilities

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Short-term bonds payable	9,500,000,000.00	15,343,503,793.70
Minority shareholders' put options	404,463,000.00	285,329,000.00
Interest-bearing funds	336,277,049.62	
Deposits and deposits	229,699,317.50	1,788,465,140.64
Provision for other risks s/t	202,500,282.76	267,908,456.70
Product quality assurance	149,686,000.00	161,643,000.00
Technical claims and product warranties	120,626,105.99	135,804,875.41
Labour lawsuits	77,877,464.96	74,590,438.93
Claims	23,644,000.00	18,714,000.00
Government subsidies related to research and development expenditure	13,412,022.00	13,394,890.00
Reorganisation and closure of business units	8,337,756.25	33,081,752.00
Others	28,851,420.29	20,800,374.31
Total	11,095,374,419.37	18,143,235,721.69

Including, movements of short-term bonds payable:

Bond name	Par value	Issuance date	Bond period	Issuance Amount	Beginning Balance
Total				26,843,503,793.7	15,343,503,793.70
China National Chemical Corporation's 2017 third short-term financing bill	100.00	2017.4.25	271 days	2,500,000,000.00	2,500,000,000.00
China Chemical Industry Corporation's 2017 fourth ultra-short-term financing bill	100.00	2017.9.29	271 days	2,500,000,000.00	2,500,000,000.00
China Chemical Industry Corporation's 2017 fifth short-term financing bill	100.00	2017.11.13	270 days	1,500,000,000.00	1,500,000,000.00
China National Chemical Corporation's 2017 first super short-term financing bill	100.00	2017.10.27	366 days	2,000,000,000.00	2,000,000,000.00
China National Chemical Corporation's 2018 first super short-term financing bill	100.00	2018.1.24	181 days	2,000,000,000.00	
China National Chemical Corporation's 2018 second super short-term financing bill	100.00	2018.7.11	271 days	1,500,000,000.00	
China National Chemical Corporation's 2018 third super short-term financing bill	100.00	2018.10.18	245 days	1,500,000,000.00	
China National Chemical Corporation's 2018 fourth super short-term financing bill	100.00	2018.10.23	273 days	1,500,000,000.00	
17 HaoHua CP001	100.00	2017.6.22	365 days	500,000,000.00	500,000,000.00
17 HaoHua CP001	100.00	2017.7.26	365 days	500,000,000.00	500,000,000.00
China Chemical Agrochemical Corporation 2017 First Phase Short-term Financing Coupon	100.00	2017.12.21	365 days	1,500,000,000.00	1,500,000,000.00
China Chemical Agrochemical Corporation 2018 First Phase Short-term Financing Coupon	100.00	2018.3.20	365 days	1,500,000,000.00	
2018 CNAC 01	100.00	2018.11.12	365 days	1,500,000,000.00	
FinbridgeUSD0.1billion	1.00	2017.12.22	365 days	643,503,793.70	643,503,793.70
18 Bluestar SCP004	100.00	2018.5.28	240 days	1,000,000,000.00	
18 Bluestar SCP005	100.00	2018.11.5	240 days	1,000,000,000.00	
China Bluestar (Group) Co., Ltd. 2017 first phase short-term financing bill	100.00	2017.8.21	270 days	1,000,000,000.00	1,000,000,000.00
China Bluestar (Group) Co., Ltd. 2017 second phase short-term financing bill	100.00	2017.8.24	160 days	2,000,000,000.00	2,000,000,000.00
China Bluestar (Group) Co., Ltd. 2017 third phase short-term financing bill	100.00	2017.12.4	180 days	700,000,000.00	700,000,000.00

(Continued)

Bond name	Issued current year	Accrued interest at par	Amortization of premium price and conversion into money	Repay current year	Ending Balance
Total		556,170,772.46		17,777,560,182.59	9,500,000,000.00
China National Chemical Corporation's 2017 third short-term financing bill		6,805,555.56		2,506,805,555.56	

Bond name	Issued current year	Accrued interest at par	Amortization of premium price and conversion into money	Repay current year	Ending Balance
China Chemical Industry Corporation's 2017 fourth ultra-short-term financing bill		60,843,750.00		2,560,843,750.00	
China Chemical Industry Corporation's 2017 fifth short-term financing bill		46,962,500.00		1,546,962,500.00	
China National Chemical Corporation's 2017 first super short-term financing bill		82,500,000.00		2,082,500,000.00	
China National Chemical Corporation's 2018 first super short-term financing bill	2,000,000,000.00	51,000,000.00		2,051,000,000.00	
China National Chemical Corporation's 2018 secondt super short-term financing bill	1,500,000,000.00	32,293,333.33		32,293,333.33	1,500,000,000.00
China National Chemical Corporation's 2018 third super short-term financing bill	1,500,000,000.00	11,408,333.33		11,408,333.33	1,500,000,000.00
China National Chemical Corporation's 2018 fourth super short-term financing bill	1,500,000,000.00	10,896,250.00		10,896,250.00	1,500,000,000.00
17 HaoHua CP001		29,791,666.67		529,791,666.67	
17 HaoHua CP001		27,500,000.00		527,500,000.00	
China National Agrochemical Co., Ltd. 2017 First Phase Short-term Financing Coupon		85,350,000.00		1,500,000,000.00	
China National Agrochemical Co., Ltd. 2018 First Phase Short-term Financing Coupon	1,500,000,000.00	63,887,500.00		63,887,500.00	1,500,000,000.00
2018 CNAC 01	1,500,000,000.00	10,167,500.00		10,167,500.00	1,500,000,000.00
FinbridgeUSD0.1billion	1.00			643,503,793.70	
18 Bluestar SCP004	1,000,000,000.00	30,320,547.95			1,000,000,000.00
18 Bluestar SCP005	1,000,000,000.00	6,443,835.62			1,000,000,000.00
China Bluestar (Group) Co., Ltd. 2017 first phase short-term financing bill				1,000,000,000.00	
China Bluestar (Group) Co., Ltd. 2017 second phase short-term financing bill				2,000,000,000.00	
China Bluestar (Group) Co., Ltd. 2017 thirdphase short-term financing bill				700,000,000.00	

8.38 Long-term borrowing

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Pledged loans	8,240,660,263.75	12,157,069,633.07
Loans secured by mortgages	9,156,793,615.73	9,484,718,333.61
Guaranteed loans	73,141,727,370.92	27,463,788,234.07
Unsecured loans	46,167,581,400.67	58,710,197,723.09
Subtotal	136,706,762,651.07	107,815,773,923.84
Less: Due within 1 year (Note 8. 36)	15,886,557,816.53	9,826,624,435.16
Total	120,820,204,834.54	97,989,149,488.68

8.39 Debentures Payable

8.39.1 Disclosure by classification

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Mid-term notes	7,649,098,000.00	7,777,410,000.00
B-Series bond payable	32,042,067,646.45	19,696,215,422.48
Non-public directional bond payable	174,512,073,174.11	91,129,348,495.83
Subtotal	214,203,238,820.56	118,602,973,918.31
Less: Due within 1 year (Note 8.36)	17,973,536,663.71	4,242,908,259.62
Total	196,229,702,156.85	114,360,065,658.69

8.39.2 Movement of debentures payable

Bond name	Par value	Issuance date	Bond term	Issuance	Carrying amount as at 31/12/2017
16 ChemChina Petrochemical PPN001		2016.2.24	3 years	3,000,000,000.00	3,000,000,000.00
17 Petrochemical 01		2017.9.7	3 years	1,500,000,000.00	1,500,000,000.00
18 Petrochemical 01		2018.9.20	5 years	800,000,000.00	
China Chemical Industry Group Co., Ltd. 2014 first period (5 years) medium-term notes		2014.5.15	5 years	1,200,000,000.00	1,200,000,000.00
China Chemical Industry Group Co., Ltd. 2014 second (5 years) medium-term notes		2014.10.20	5 years	1,400,000,000.00	1,400,000,000.00
China Chemical Industry Group Co., Ltd. 2015 first (5 years) medium-term notes		2015.11.4	5 years	3,000,000,000.00	3,000,000,000.00
China Chemical Industry Group Co., Ltd. 2017 first (3 years) medium-term notes		2017.4.13	3 years	2,500,000,000.00	2,500,000,000.00
China Chemical Industry Group Co., Ltd. 2017 second (3 years) medium-term notes		2017.10.17	3 years	1,500,000,000.00	1,500,000,000.00
China National Chemical Corporation Limited 2018 First Phase (3 Years) Medium Term Notes		2018.1.11	3 years	2,500,000,000.00	

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Bond name	Par value	Issuance date	Bond term	Issuance	Carrying amount as at 31/12/2017
China National Chemical Corporation Limited 2018 Second Phase (3 years) Medium Term Notes		2018.4.10	3 years	1,500,000,000.00	
China National Chemical Corporation Limited 2018 Phase III (3 years) Medium Term Notes		2018.10.12	3 years	1,500,000,000.00	
China National Chemical Corporation Limited 2018 Phase 4 (3 years) Medium Term Notes		2018.11.16	3 years	1,500,000,000.00	
Corporate debt		2017.1.24	3 years	300,000,000.00	300,000,000.00
Corporate debt		2017.2.10	3 years	500,000,000.00	500,000,000.00
Corporate debt		2017.2.23	3 years	700,000,000.00	700,000,000.00
0.750%CHFbond2019		2014.3.25	5.6 years	2,587,543,200.00	1,798,710,470.07
USPP\$75m2020		2005.12.8	15 years	490,065,000.00	247,622,035.05
1.875%Eurobond2021EUR/USD		2014.3.24	7.6 years	4,502,063,800.00	4,099,894,141.10
3.125%\$Notes2022		2012.3.28	10 years	3,267,100,000.00	3,234,784,781.65
1.625%CHFbond2024		2014.3.25	10.6 years	1,849,178,600.00	1,132,949,944.88
USPP\$75m2025		2005.12.8	20 years	490,065,000.00	411,899,619.82
1.250%Eurobond2027		2015.3.3	12.5 years	3,652,617,800.00	2,373,145,911.40
2.125%CHFbond2029		2014.3.25	15.6 years	1,110,814,000.00	3,804,758,409.19
USPP\$100m2035		2005.12.8	30 years	653,420,000.00	168,010,288.81
4.375%\$Notes2042		2012.3.28	30 years	1,633,550,000.00	1,494,446,798.03
3.698%USDbond2020		2018.4.17	2 years	5,147,400,000.00	
3.933%USDbond2021		2018.4.17	3 years	5,147,400,000.00	
4.441%USDbond2023		2018.4.17	5 years	6,863,200,000.00	
4.892%USDbond2025		2018.4.17	7 years	5,147,400,000.00	
5.182%USDbond2028		2018.4.17	10 years	6,863,200,000.00	
5.676%USDbond2048		2018.4.17	30 years	3,431,600,000.00	
CNAC Finbridge USD0.5billion		2017.7.19	3 years	3,251,368,471.74	3,297,874,767.18
CNAC Finbridge USD1.5billion		2017.7.19	5 years	9,747,440,531.23	9,906,765,454.88
CNAC Finbridge USD1billion		2017.7.19	10 years	6,479,671,217.49	6,603,318,277.72
CNAC Finbridge USD2billion		2017.12.22	3 years	12,445,037,320.00	12,462,221,700.30
CNAC Finbridge USD1billion		2018.3.14	3 years	6,863,200,000.00	
CNAC Finbridge USD1.3billion		2018.3.14	5 years	8,922,160,000.00	
CNAC Finbridge USD0.8billion		2018.3.14	7 years	5,490,560,000.00	
CNAC Finbridge USD1.75billion		2018.3.14	10 years	12,010,600,000.00	

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Bond name	Par value	Issuance date	Bond term	Issuance	Carrying amount as at 31/12/2017
CNAC Finbridge USD0.1billion		2018.3.14	30 years	686,320,000.00	
CNAC Finbridge Euro0.1billion		2018.3.14	4.25 years	10,205,852,928.00	
CNAC Finbridge Xingye privately raised company bonds USD 0.5billion		2018.12.14	3 years	3,431,600,000.00	
EuroMediumTermNote		2014.11.18	10 years	4,708,380,000.00	4,652,352,377.70
EuroMediumTermNoteNew		2018.1.22	2.5 years	6,277,840,000.00	
Shuldschein		2018.7.26	3 years	4,119,832,500.00	
Yang Fan Project Euro Premium Bond		2016.12.7	5 years	5,493,110,000.00	5,443,863,044.78
Morgan Bond		2017.5.5	3 years	12,872,374,000.00	13,014,216,410.82
Corporate Bond Series B		2006.12.4	14 years	3,043,742,000.00	3,531,088,000.00
Corporate Bond Series B		2012.1.16	10 years	842,579,000.00	1,027,019,000.00
Corporate Bond Series B		2013.1.7	10 years	1,120,339,000.00	1,295,327,000.00
Corporate Bond Series B		2015.2.1	5 years	1,047,439,000.00	1,233,624,000.00
Corporate Bond Series B		2015.1.31	5 years	556,941,000.00	690,352,000.00
2015 first bond underwriting		2015.11.19	3 years	1,000,000,000.00	998,162,600.53
2016 private debt		2016.2.29	3 years	2,000,000,000.00	1,995,195,257.58
2016 first bond underwriting		2016.8.8	3 years	2,400,000,000.00	2,396,447,346.44
2016 second bond underwriting		2016.11.24	3 years	2,100,000,000.00	2,096,329,836.30
2018 first bond underwriting		2018.7.4	3 years	1,500,000,000.00	
2018 second bond underwriting		2018.8.22	3 years	800,000,000.00	
SeniorBondinterest-2015-3years		2015.6.11	3 years	3,249,601,388.17	3,244,745,659.09
SeniorBondinterest-2015-5years		2015.6.11	5 years	3,249,601,388.17	3,235,110,182.85
SeniorBondinterest-2016-3years		2016.9.30	3 years	3,245,441,898.39	3,238,561,482.27
SeniorBondinterest-2016-5years		2016.9.30	5 years	3,884,469,512.17	3,873,876,147.87
Shenyang Chemical Bond		1998.1.28	30 years		300,972.00
Aiken senior debt		2018.11.27	3 years	1,369,900,000.00	
Subtotal					118,602,973,918.31
Less: Due within 1 year (Note VIII 40)					4,242,908,259.62
Total					114,360,065,658.69

(Continued)

Bond name	Accrued interest at par	Amortization of premium price and conversion into money	Repay current year	Other Adjust-Interim	Ending Balance
16 chem oil PPN001					3,000,000,000.00
17oil 01					1,500,000,000.00
18 oil 01	800,000,000.00		1,278,863.44		798,721,136.56
China Chemical Industry Group Co., Ltd. 2014 first period (5 years) medium-term notes					1,200,000,000.00
China Chemical Industry Group Co., Ltd. 2014 second (5 years) medium-term notes					1,400,000,000.00
China Chemical Industry Group Co., Ltd. 2015 first (5 years) medium-term notes					3,000,000,000.00
China Chemical Industry Group Co., Ltd. 2017 first (3 years) medium-term notes					2,500,000,000.00
China Chemical Industry Group Co., Ltd. 2017 second (3 years) medium-term notes					1,500,000,000.00
China National Chemical Corporation Limited 2018 First Phase (3 Years) Medium Term Notes	2,500,000,000.00				2,500,000,000.00
China National Chemical Corporation Limited 2018 Second Phase (3 years) Medium Term Notes	1,500,000,000.00				1,500,000,000.00
China National Chemical Corporation Limited 2018 Phase III (3 years) Medium Term Notes	1,500,000,000.00				1,500,000,000.00
China National Chemical Corporation Limited 2018 Phase 4 (3 years) Medium Term Notes	1,500,000,000.00				1,500,000,000.00
Corporate debt		16,500,000.00		16,500,000.00	300,000,000.00
Corporate debt		28,500,000.00		28,500,000.00	500,000,000.00
Corporate debt		41,860,000.00		41,860,000.00	700,000,000.00
0.750%CHFbond2019			-644,588,729.93		2,443,299,200.00
USPP\$75m2020			-20,042,764.95		267,664,800.00
1.875%Eurobond2021EUR/USD			174,542,309.35		3,925,351,831.75
3.125%\$Notes2022			-203,678,418.35		3,438,463,200.00

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Bond name	Accrued interest at par	Amortization of premium price and conversion into money	Repay current year	Other Adjust-Interim	Ending Balance
1.625%CHFbond2024			-561,081,110.02		1,694,031,054.90
USPP\$75m2025			34,423,619.82		377,476,000.00
1.250%Eurobond2027			-1,474,147,314.25		3,847,293,225.65
2.125%CHFbond2029			2,393,262,521.49		1,411,495,887.70
USPP\$100m2035			92,515,088.81		75,495,200.00
4.375%\$Notes2042			-207,626,801.97		1,702,073,600.00
3.698%USDbond2020	4,934,044,000.00		-199,629,600.00		5,133,673,600.00
3.933%USDbond2021	4,934,044,000.00		-192,766,400.00		5,126,810,400.00
4.441%USDbond2023	6,580,930,000.00		-254,817,200.00		6,835,747,200.00
4.892%USDbond2025	4,934,044,000.00		-192,766,400.00		5,126,810,400.00
5.182%USDbond2028	6,580,930,000.00		-247,954,000.00		6,828,884,000.00
5.676%USDbond2048	3,293,772,000.00		-124,101,600.00		3,417,873,600.00
USD0.5billion			-21,799,479.66		3,319,674,246.84
USD1.5billion			-11,530,016.46		9,918,295,471.34
USD1billion			27,440,364.98		6,575,877,912.74
USD2billion			-1,055,250,301.16	133,969,415.28	13,383,502,586.18
USD1billion	6,719,292,743.32		-205,670,698.44		6,924,963,441.76
USD1.3billion	8,722,941,584.62		-290,776,441.79		9,013,718,026.41
USD0.8billion	5,362,255,979.94		-189,754,940.31		5,552,010,920.25
USD1.75billion	11,719,056,848.45		-431,945,728.19		12,151,002,576.64
USD0.1billion	668,132,296.53		-26,061,947.40		694,194,243.93
Euro0.1billion	10,097,644,640.44		-123,800,849.09		10,221,445,489.53
HY Markets Private EquityUSD0.5billion	3,431,600,000.00				3,431,600,000.00
EuroMediumTermNote		156,196,513.91	-27,760,253.72	4,836,309,145.33	
EuroMediumTermNoteNew	6,174,581,380.38	64,348,931.51	-15,695,820.71	399,145,357.32	5,855,480,775.28
Shuldschein	4,082,969,845.00	22,450,714.16	-1,359,503.21		4,106,780,062.37
Yang Fan Project Euro Premium Bond		133,621,529.71	97,677,765.69		5,479,806,808.80
Morgan Bond		1,325,338,605.31	-64,855,783.44	668,320,000.00	13,736,090,799.57
Corporate Bond Series B			59,414,000.00		3,471,674,000.00
Corporate Bond Series B			8,705,000.00		1,018,314,000.00
Corporate Bond Series B			17,928,000.00		1,277,399,000.00

Bond name	Accrued interest at par	Amortization of premium price and conversion into money	Repay current year	Other Adjust-Interim	Ending Balance
Corporate Bond Series B			23,429,000.00		1,210,195,000.00
Corporate Bond Series B			18,836,000.00		671,516,000.00
2015 first bond underwriting					
2016 private debt		76,000,000.00	-4,132,546.30	76,000,000.00	1,999,327,803.88
2016 first bond underwriting		100,800,000.00	-2,195,582.49	100,800,000.00	2,398,642,928.93
2016 second bond underwriting		91,350,000.00	-1,897,325.78	91,350,000.00	2,098,227,162.08
2018 first bond underwriting	1,498,200,000.00	39,057,534.25	-280,680.80	39,057,534.25	1,498,480,680.80
2018 second bond underwriting	799,040,000.00	14,356,164.38	-109,246.18	14,356,164.38	799,149,246.18
SeniorBondinterest-2015-3y ears					
SeniorBondinterest-2015-5y ears		150,468,143.41	-194,845,735.92	150,468,144.41	3,429,955,917.77
SeniorBondinterest-2016-3y ears		107,477,246.00	-195,478,087.56	107,477,246.00	3,434,039,569.83
SeniorBondinterest-2016-5y ears		144,449,418.63	-236,632,693.03	144,449,418.64	4,110,508,840.89
Shenyang Chemical Bond					300,972.00
Aiken senior debt	1,369,900,000.00				1,369,900,000.00
Subtotal	99,703,379,318.68	2,512,774,801.27	-4,475,581,467.53	6,848,562,425.61	214,203,238,820.56
Less: Due within 1 year (Note VIII 40)					17,973,536,663.71
Total					196,229,702,156.85

8.40 Long-term payment

Items	Carrying amount as at 31/12/2017	Increased in current year	Decreased in current year	Carrying amount as at 31/12/2018
Long-term payment	3,700,632,691.81	541,355,909.98	3,399,702,148.33	842,286,453.46
Designated payables	450,857,109.56	258,282,192.13	230,176,845.80	478,962,455.89
Total	4,151,489,801.37	799,638,102.11	3,629,878,994.13	1,321,248,909.35

8.40.1 Long-term payment

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Obligation under finance lease	1,151,480,227.13	1,535,134,418.49
Financing installment payment	394,189,504.62	614,236,621.73
Long-term guarantee	25,106,000.00	24,203,000.00
Financial support for 150,000 sets of project start-up funds	20,000,000.00	20,000,000.00
Tax	20,028,199.95	20,028,199.95

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Others	135,559,051.09	2,043,348,199.03
Subtotal	1,746,362,982.79	4,256,950,439.20
Less: Due within 1 year (Note 8.36)	904,076,529.33	556,317,747.39
Total	842,286,453.46	3,700,632,691.81

8.40.2 Designated payables

Items	Carrying amount as at 31/12/2017	Increased in current year	Decreased in current year	Carrying amount as at 31/12/2018
Total	450,857,109.56	240,361,677.55	212,256,331.22	478,962,455.89
Infrastructure funds	54,346,244.90	5,905,882.10		60,252,127.00
Shantytown renovation funds	22,440,000.00			22,440,000.00
allowance for staff	19,269,634.62			19,269,634.62
Investment in the revitalization of key industries within the central budget	50,400,000.00			50,400,000.00
economic compensation	22,205,826.85		175,740.59	22,030,086.26
Other	282,195,403.19	234,455,795.45	212,080,590.63	304,570,608.01

8.41 Long-term employee benefits payable

Items	Carrying amount as at 31/12/2017	Increase during the current year	Decrease during the current year	Carrying amount as at 31/12/2018
1. Post-employment benefits-net liabilities of defined benefit plans	6,833,441,707.26	589,283,772.34	1,293,788,328.80	6,128,937,150.80
2. Termination benefits	813,678,830.33	213,244,757.52	88,815,813.24	938,107,774.61
3. Other long-term benefits	809,168,065.72	494,505,297.26	149,550,244.79	1,154,123,118.19
Total	8,456,288,603.31	1,297,033,827.12	1,532,154,386.83	8,221,168,043.60

8.42 Provisions

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Disposal costs	1,478,795,328.63	1,530,042,789.59
Warranty for product quality	1,293,892,919.56	954,160,784.45
Outstanding litigations	1,121,863,071.42	11,386,390,504.25
Restructurings obligation	102,014,900.00	
Providing external guarantee	25,885,056.99	26,475,897.27
Executory onerous contracts	7,695,988.36	189,440,503.12
Others	1,274,156,302.20	1,067,297,513.82
Subtotal	5,304,303,567.16	15,153,807,992.50
Less: Due within 1 year (Note 8.40)	250,488,913.72	3,491,151,087.48
Total	5,053,814,653.44	11,662,656,905.02

8.43 Deferred income

Items	Carrying amount as at 31/12/2017	Increased in current year	Decreased in current year		Carrying amount as at 31/12/2018
			Reckon into profit and loss	Return	
Special fund	1,020,622,756.37	252,106,331.26	371,800,614.28		900,928,473.35
Land compensation	720,952.48		595,700.55		125,251.93
The Romanian government grants	281,814,656.64	96,738,380.40	34,701,183.45		343,851,853.59
Production grants	60,835,169.23	14,830,000.00	5,108,324.03		70,556,845.20
Research grant	344,200,654.97	83,554,404.31	116,926,217.73		310,828,841.55
Energy conservation and environmental protection benefits	45,857,648.23	129,500.00	8,159,599.86		37,827,548.37
Government discount	20,560,375.67	35,890,361.21	3,864,076.00		52,586,660.88
The Mexican government subsidies	40,340,336.38	13,558,006.77	10,949,293.42		42,949,049.73
Unrealized leaseback earning	26,523,860.14		4,798,860.12		21,725,000.02
Compensation for demolition	75,809,308.94	80,339,217.14	4,515,886.76		151,632,639.32
Business cost allocation	228,076,857.74	9,200,000.00	9,311,178.88		227,965,678.86
Bounty		500,000.00			500,000.00
Deferred license revenue	463,928,200.00	24,292,400.00	42,112,600.00		446,108,000.00
Others	197,478,657.44	97,427,964.88	98,293,012.98		196,613,609.34
Total	2,806,769,434.23	708,566,565.97	711,136,548.06		2,804,199,452.14

8.44 Other non-current liabilities

Items/Categories	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Derivative financial liabilities	1,066,102,029.23	1,979,740,253.52
Asian Infrastructure Investment Bank	227,851,000.00	
Pension and social securities (non-current portion)	239,404,996.81	248,872,693.91
Priority construction funds of CADB	200,000,000.00	200,000,000.00
Tax payable (non-current portion)	71,249,403.40	73,774,998.75
Delay payment	48,042,400.00	
Long-term contract liability	28,146,000.00	
Deferred rental income	28,233,902.68	26,667,972.71
Other transaction-related liabilities	34,686,808.10	35,600,256.42
Confer minority shareholder put option		53,509,000.00
Margin		4,376,419.30
Others	6,316,039.56	16,145,516.95
Total	1,950,032,579.78	2,638,687,111.56

8.45 Share capital

Investors	Carrying amount as at 31/12/2017		Current year increase	Current year decrease	Carrying amount as at 31/12/2018	
	Amount	Percentage (%)			Amount	Percentage (%)
Total	11,580,025,968.24	100.00	12,000,000.00		11,592,025,968.24	100.00
State-owned Assets Supervision and Administration Committee	11,580,025,968.24	100.00	12,000,000.00		11,592,025,968.24	100.00

8.46 Other equity instruments

Outstanding financial instruments	Carrying amount as at 31/12/2017		Increase during the current year	
	Amount	Book Value	Amount	Book Value
Perpetual Bond	129,000,000	12,900,000,000.00		
Total	129,000,000	12,900,000,000.00		

(Continued)

Outstanding financial instruments	Decrease during the current year		Carrying amount as at 31/12/2018	
	Amount	Book Value	Amount	Book Value
Perpetual Bond			129,000,000	12,900,000,000.00
Total			129,000,000	12,900,000,000.00

8.47 Capital reserves

Items	Carrying amount as at 31/12/2017	Increase during the current year	Decrease during the current year	Carrying amount as at 31/12/2018
Share premium	3,060,993,580.07	1,344,804,066.12	3,718,287,638.63	687,510,007.56
Other capital reserves	20,558,194,624.69	30,471,989.71	116,819,730.41	20,471,846,883.99
Total	23,619,188,204.76	1,375,276,055.83	3,835,107,369.04	21,159,356,891.55
State-owned exclusive capital reserves				

8.48 Designated reserves

Items	Carrying amount as at 31/12/2017	Increase during the current year	Decrease during the current year	Carrying amount as at 31/12/2018
Safety fund	76,046,433.14	237,320,370.08	219,080,211.85	94,286,591.37
Total	76,046,433.14	237,320,370.08	219,080,211.85	94,286,591.37

8.49 Undistributed profit

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Balance at the end of last year	-22,295,108,426.13	-13,209,402,192.70
Add: Accounting policy changes	56,807,423.00	
Adjustment of major accounting errors		-1,566,827,939.28
Opening Balance	-22,238,301,003.13	-14,776,230,131.98
Increase	-14,580,701,199.91	-6,901,027,044.15

Items	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
Incl: Transferred from net profit for the current period	-14,602,535,996.35	-6,901,027,044.15
Other adjusting factors	21,834,796.44	
Decrease	726,750,000.00	617,851,250.00
Incl: Distribution of cash dividend for the current period	726,750,000.00	617,851,250.00
Ending Balance	-37,545,752,203.04	-22,295,108,426.13

8.50 Operating revenues and costs

Items	Current year		Prior year	
	Revenue	Cost	Revenue	Cost
Subtotal of operating income from main business	436,262,733,788.99	333,699,722,468.03	377,303,025,277.23	303,983,960,276.20
Petroleum processing and petrochemical products	180,251,715,300.10	164,828,536,158.84	164,985,049,894.48	158,763,895,440.01
Agricultural chemicals	117,133,722,744.55	70,779,750,638.15	76,517,481,193.55	46,790,279,977.81
Tire rubber products	55,229,863,331.42	35,095,401,753.86	58,146,523,698.18	38,635,771,457.90
New chemical materials and specialty chemicals	61,617,055,011.84	47,122,095,611.26	55,349,528,580.05	44,188,116,858.58
Chemical machinery and equipment manufacturing	12,567,560,703.15	9,403,615,489.65	11,806,346,471.59	8,944,043,986.90
Others	9,462,816,697.93	6,470,322,816.27	10,498,095,439.38	6,661,852,555.00
Subtotal of other business	9,550,831,706.95	8,607,219,963.69	14,861,558,178.12	13,095,377,910.22
Selling materials	7,694,497,237.37	7,235,316,866.32	13,148,358,578.56	12,176,014,199.43
Assets rent out	130,948,694.73	38,322,036.20	478,410,523.99	55,973,028.70
Transfer power	36,073,797.69	34,151,085.51	61,748,837.34	56,871,500.23
Others	1,689,311,977.16	1,299,429,975.66	1,173,040,238.23	806,519,181.86
Total	445,813,565,495.94	342,306,942,431.72	392,164,583,455.35	317,079,338,186.42

8.51 Sales expenses, General and administrative expenses and Financial costs

8.51.1 Sales expenses

Items	Current year	Prior year
Employee benefits	10,547,065,031.73	8,204,569,009.91
Transportation fees	7,700,247,218.68	6,929,977,047.99
Advertising fees	3,598,919,481.82	3,819,375,378.52
Business fees	3,416,317,394.43	2,086,409,171.00
Sales service fee	2,839,054,805.15	2,234,106,818.64
Depreciation	2,018,478,549.01	1,614,479,425.36
Warehousing fees	1,228,078,434.60	1,075,927,453.08
Travel expenses	165,054,516.50	239,971,587.12
Consignment fee	141,780,066.74	112,425,304.09
Repairment expense	136,117,617.67	136,386,778.43

Items	Current year	Prior year
Others	1,423,087,459.15	1,513,272,088.42
Total	33,214,200,575.48	27,966,900,062.56

8.51.2 General and administrative expenses

Items	Current year	Prior year
Employee benefits	9,317,950,334.27	7,985,371,149.11
Intangible assets amortization	5,353,810,241.38	3,958,267,788.77
Depreciation and amortization of assets	1,225,274,978.19	1,074,087,662.68
Consultant fees	1,224,683,799.47	1,318,603,533.73
Intermediary institution fees	736,463,708.51	622,149,327.20
Rental expenses	649,009,799.98	712,183,074.34
Maintenance expenses	642,712,861.03	705,016,819.23
Travel expenses	600,624,236.35	591,263,240.52
Information system operation and maintenance fee	442,667,259.06	378,910,674.89
Insurance	395,491,104.40	388,576,257.52
Party construction work expenses	7,564,729.60	2,561,522.90
Others	3,066,391,486.66	2,695,941,818.3
Total	23,662,644,538.90	20,432,932,869.19

8.51.3 Financial costs

Items	Current year	Prior year
Interest expenses	19,083,730,613.53	14,367,537,851.57
Less: Interest income	2,872,965,752.33	2,583,547,829.37
Net interest expense	16,210,764,861.20	11,783,990,022.20
Net exchange loss	3,469,168,279.86	
Exchange of net income		2,188,568,200.21
Financial institution fees	589,338,173.56	614,739,434.50
Others	1,958,097,698.54	1,467,299,491.95
Total	22,227,369,013.16	11,677,460,748.44

8.52 Impairment loss on assets

Items	Current Period	Prior Period
Impairment loss of bad debts	2,035,191,597.73	1,250,747,091.08
Impairment loss of Inventories	2,415,347,389.41	1,145,170,115.45
Impairment loss of hold-for-sale financial assets	9,034,346.01	

Items	Current Period	Prior Period
Impairment loss of available-for-sale financial assets	193,796,705.07	268,286,708.17
Impairment loss of held-to-maturity investments		
Impairment loss of long-term equity investments	6,820,453.18	5,749,476.20
Impairment loss of investment properties		
Impairment loss of fixed assets	623,322,020.26	429,243,094.28
Impairment loss of construction materials		
Impairment loss of construction in progress	63,936,809.09	19,678,891.40
Impairment loss of intangible assets	111,201,008.50	34,305,280.44
Impairment loss of goodwill		
Impairment loss of other assets	13,746,045.16	399,353,560.91
Total	5,472,396,374.41	3,552,534,217.93

8.53 Credit losses

Items	Carrying amounts as at 31/12/2018	Carrying amounts as at 31/12/2017
Loss on bad debts	404,613,681.10	
Total	404,613,681.10	

8.54 Other income

Items	Current Period	Prior Period
Tax returns	489,557,391.83	338,036,701.51
Special fund	256,348,356.59	48,252,993.45
Bounty	176,114,813.91	115,612,892.51
Government grants from the Italy government insurance	116,099,741.66	1,677,566.00
Research grant	27,473,567.71	94,068,306.37
Industrial development funding for amortization	20,823,359.64	26,449,641.62
Bond lending fund for amortization	16,801,908.84	16,801,908.84
Land compensation	14,678,238.71	16,718,238.71
Energy conservation and environmental protection benefits	11,633,180.14	5,408,467.12
Benefits from 200 thousand tons integrated project	11,139,962.74	11,688,132.84
Business cost allocation	6,154,948.13	7,613,371.21
Steady post subsidies	5,698,641.70	4,917,293.34
Patent grants	3,312,161.30	2,216,700.00
Support and development funds of small and medium-sized enterprise	1,238,900.00	42,551,793.24
Production grants	1,117,913.31	3,478,713.30

Items	Current Period	Prior Period
The Romanian government grants		25,182,423.62
Insurance		11,250,000.00
Government discount		2,400,000.00
Others	46,888,912.54	241,441,018.18
Total	1,205,081,998.75	1,015,766,161.86

8.55 Investment income

Source of investment income	Current year	Prior year
Investment income from long-term equity investments measured by the equity method	237,527,072.97	210,443,905.54
Investment income from disposal of long-term equity investment	-136,673,552.00	884,700,670.40
Investment income from financial assets held-for-trading during holding period	450,607,609.16	
Investment income from disposal of financial assets held-for-trading	235,034,478.74	
Investment income from financial assets at fair value through profit or loss during holding period	-1,923,355.75	48,511,099.85
Investment income from disposal of financial assets at fair value through profit or loss	632,467,944.07	-1,451,599,350.18
Investment income from held-to-maturity investments during holding period (under old financial instrument standards)		1,204,468.56
Investment income from available-for -sale financial assets during holding period (under old financial instrument standards)	6,231,002.59	84,717,214.31
Investment income from disposal of available-for -sale financial assets (under old financial instrument standards)	9,420,621.80	193,167,036.07
Investment income obtained by subsidiaries	1,566,134,272.49	19,537,749.49
Others	-123,680,924.20	6,084,614.97
Total	2,875,145,169.87	-3,232,590.99

8.56 Gains from net exposure hedge

Source of net exposure hedge income	Current year	Prior year
The amount of cash flow hedging reserve transferred into current profit and loss	645,797,907.75	
Total	645,797,907.75	

8.57 Gain from fair-value changes ("-"for loss)

Sources of income from changes in fair value	Current Period	Prior Period
Financial assets at fair value through profit and loss	-938,172,988.26	119,644,699.79
Derivative assets	989,425,023.81	-1,225,498,306.72
Financial liabilities at fair value through profit and loss		
Investment properties in fair value		
Other	-4,921,000.00	129,000.00
Total	46,331,035.55	-1,105,724,606.93

8.58 Gains from asset disposals ("-"for loss)

Items	Current Period	Prior Period	Included in the non-recurring gains and losses of the year
Gain or loss from disposal of product rights	1,646,886,000.00		1,646,886,000.00
Gain or loss from disposal of fixed assets	167,839,781.65	364,355,410.04	167,839,781.65
Gain or loss from disposal of land	32,648,285.56	-49,427,653.37	32,648,285.56
Gain or loss from disposal of intangible assets	755,649,598.91	59,243,534.48	755,649,598.91
Gain or loss from disposal of held-for-sale non-current assets or disposal group		132,503,920.02	
Gain or loss from disposal of construction in progress		137,611,206.22	
Total	2,603,023,666.12	644,286,417.39	2,603,023,666.12

8.59 Non-operating income

8.59.1 Disclosure by classification

Items	Current Period	Prior Period	Included in the non-recurring gains and losses of the year
Government grants (details as follow)	706,725,302.40	504,388,814.96	706,725,302.40
Gains from insurance claims	145,181,243.18	145,027,575.17	145,181,243.18
Unpayable accounts payable	129,445,681.55	122,123,076.98	129,445,681.55
Gains from debt restructuring	63,168,473.32	7,202,800.76	63,168,473.32
Compensation revenue	31,041,887.73	63,150,685.06	31,041,887.73
Gains from non-monetary assets exchange	9,868,900.00	2,009,845.47	9,868,900.00
Dispose debt	5,004,904.66	2,459,323.89	5,004,904.66
Gains from disposal of non-current assets	4,644,041.01	10,643,883.97	4,644,041.01
Confiscated gains	1,831,021.26	972,543.08	1,831,021.26
Gains from the recipient	1,265,460.87	10,704,269.33	1,265,460.87
Dispose of waste materials		1,612,013.26	
Others	304,022,903.43	1,199,191,912.06	304,022,903.43
Total	1,402,199,819.41	2,069,486,743.99	1,402,199,819.41

8.59.2 Government Grants Details

Items	Current Period	Prior Period
Business cost allocation	261,045,110.38	228,972,893.46
Special fund	181,830,956.65	17,910,426.00
Government discount	43,464,692.78	22,230,261.06

Items	Current Period	Prior Period
Research grant	50,864,973.27	127,930,521.76
Energy conservation and environmental protection benefits	27,666,801.00	36,751,939.79
Retirement benefits	16,126,775.66	15,077,300.00
Bounty	7,614,900.00	4,938,996.78
Steady post subsidies	2,803,787.73	2,354,587.72
Compensation for demolition	1,584,120.16	17,982,871.75
Support and development funds of small and medium-sized enterprise	1,040,200.00	776,000.00
Others	112,682,984.77	29,463,016.64
Total	706,725,302.40	504,388,814.96

8.60 Non-operating expenses

Items	Current Period	Prior Period	Included in the non-recurring gains and losses of the year
Expenditure on water supply, power supply, heating and property management renovation	294,766,710.16		294,766,710.16
Retirement expenses	203,542,662.25	164,155,512.50	203,542,662.25
Overdue fine expenses	122,163,653.64	77,719,876.96	122,163,653.64
Loss from disposal of non-current assets	121,164,163.74	202,175,297.29	121,164,163.74
Loss from disposal of assets	96,044,708.66	77,064,806.09	96,044,708.66
Donation expenses	48,637,680.91	80,041,948.18	48,637,680.91
Expense from compensation for breach of contract	15,483,342.18	23,476,905.29	15,483,342.18
Losses from debt restructuring	5,675,505.83	2,469,139.27	5,675,505.83
Land reclamation	5,365,500.00	21,136,500.00	5,365,500.00
Expense from compensation of litigation	3,414,690.79	25,085,185.72	3,414,690.79
Loss from disposal of debt		40,459,584.46	
Bounty expenses		8,420,300.00	
Others	274,085,816.66	278,101,514.16	274,085,816.66
Total	1,190,344,434.82	1,000,306,569.92	1,190,344,434.82

8.61 Income tax expenses

8.61.1 General information

Items	Current year	Prior year
Current tax expense for the year based on tax law and regulations	5,649,917,100.93	5,219,172,627.13
Changes in deferred tax assets / liabilities	-2,811,433,663.49	-5,659,922,783.97
Total	2,838,483,437.44	-440,750,156.84

8.61.2 Reconciliation of account profit and income tax expenses

Items	Current year
Profit before tax	1,427,837,430.96
Income tax computed in accordance with the applicable tax rate	356,959,357.74
Effect of different tax rates applied by subsidiaries	-583,803,249.68
Adjustments to income tax of previous years	145,475,258.93
Effect of non-taxable income	-1,264,943,681.14
Effect of non-deductible costs, expense and losses	1,422,867,917.80
Effect of using the deductible losses for which no deferred tax asset was recognised in previous period	-618,116,490.36
Effect of deductible temporary differences or deductible losses for which no deferred tax asset was recognised this year	3,364,114,441.92
Others	15,929,882.23
Income tax expenses	2,838,483,437.44

8.62 Other comprehensive income

8.62.1 General information

Items	Current year		
	Amount for the year before tax	Current year increase/decrease ("-" for decrease)	Amount for the year before tax
1. Other comprehensive income that will not be classified to profit or loss	290,727,272.87	104,302,778.73	186,424,494.14
Remeasurement of defined benefit plan net assets/liabilities	216,137,380.97	84,460,778.73	131,676,602.24
Proportions of the other comprehensive income of the investee that will not be reclassified to profit or loss under equity method	-1,208.97		-1,208.97
Changes in fair value of other investments in equity instruments (under new financial instrument standards)	74,591,100.87	19,842,000.00	54,749,100.87
Changes in fair value due to entity's own credit risk change (under new financial instrument standards)			
Others			
2. Other comprehensive income that may be classified to profit or loss	3,325,033,466.67	227,324,527.42	3,097,708,939.25
Proportions of the other comprehensive income of the investee that will be reclassified to profit or loss in the future under equity method	-30,729,211.47	-4,404,248.39	-26,324,963.08
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal	-30,729,211.47	-4,404,248.39	-26,324,963.08
Changes in fair value of other debt investments (under new financial instrument standards)			

Items	Current year		
	Amount for the year before tax	Current year increase/decrease ("-" for decrease)	Amount for the year before tax
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal			
Gains or losses from fair value movement of available-for-sale financial assets (under old financial instrument standards)	-97,322,858.61	-13,866,479.87	-83,456,378.74
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period	20,174,592.66	3,797,284.53	16,377,308.13
Subtotal	-117,497,451.27	-17,663,764.40	-99,833,686.87
Amount included in other comprehensive income arising from reclassification of financial assets (under new financial instrument standards)			
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal			
Gains or losses from the reclassification from held-to-maturity financial assets to available-for-sale financial assets (under old financial instrument standards)			
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal			
Credit losses of other debt investments (under new financial instrument standards)			
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal			
Effective portion of gains or losses arising from cash flow hedging instruments	1,264,340,920.43	136,954,540.21	1,127,386,380.22
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Adjustment amount for items that are transferred to cash flow hedging instruments	544,273,229.98		544,273,229.98
Subtotal	720,067,690.45	136,954,540.21	583,113,150.24
Translation differences arising from translation of foreign currency financial statements	2,681,443,192.50	112,438,000.00	2,569,005,192.50
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal	2,681,443,192.50	112,438,000.00	2,569,005,192.50
Others	71,749,246.46		71,749,246.46

Items	Current year		
	Amount for the year before tax	Current year increase/decrease ("-" for decrease)	Amount for the year before tax
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal	71,749,246.46		71,749,246.46
3.Total other comprehensive income	3,615,760,739.54	331,627,306.15	3,284,133,433.39

(Continued)

Items	Prior year		
	Amount for the year before tax	Current year increase/decrease ("-" for decrease)	Amount for the year before tax
1. Other comprehensive income that will not be classified to profit or loss	917,119,125.80	217,134,406.48	699,984,719.32
Remeasurement of defined benefit plan net assets/liabilities	853,861,859.71	207,366,740.39	646,495,119.32
Proportions of the other comprehensive income of the investee that will not be reclassified to profit or loss under equity method	63,257,266.09	9,767,666.09	53,489,600.00
Changes in fair value of other investments in equity instruments (under new financial instrument standards)			
Changes in fair value due to entity's own credit risk change (under new financial instrument standards)			
Others			
2. Other comprehensive income that may be classified to profit or loss	-5,846,149,403.01	-109,448,171.38	-5,736,701,231.63
Proportions of the other comprehensive income of the investee that will be reclassified to profit or loss in the future under equity method	20,668,963.38	3,798,463.70	16,870,499.68
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal	20,668,963.38	3,798,463.70	16,870,499.68
Changes in fair value of other debt investments (under new financial instrument standards)			
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal			
Gains or losses from fair value movement of available-for-sale financial assets (under old financial instrument standards)	117,581,236.85	-21,273,991.29	138,855,228.14
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period	67,145,566.44	16,786,391.61	50,359,174.83
Subtotal	50,435,670.41	-38,060,382.90	88,496,053.31

Items	Prior year		
	Amount for the year before tax	Current year increase/ decrease ("-" for decrease)	Amount for the year before tax
Amount included in other comprehensive income arising from reclassification of financial assets (under new financial instrument standards)			
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal			
Gains or losses from the reclassification from held-to-maturity financial assets to available-for-sale financial assets (under old financial instrument standards)			
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal			
Credit losses of other debt investments (under new financial instrument standards)			
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal			
Effective portion of gains or losses arising from cash flow hedging instruments	-545,857,641.51	-75,186,252.18	-470,671,389.33
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Adjustment amount for items that are transferred to cash flow hedging instruments	44,294,503.64		44,294,503.64
Subtotal	-590,152,145.15	-75,186,252.18	-514,965,892.97
Translation differences arising from translation of foreign currency financial statements	-5,353,704,001.62		-5,353,704,001.62
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period	-26,602,109.97		-26,602,109.97
Subtotal	-5,327,101,891.65		-5,327,101,891.65
Others			
Less: other comprehensive income recognized in prior periods and transferred to profit or loss in current period			
Subtotal			
3.Total other comprehensive income	-4,929,030,277.21	107,686,235.10	-5,036,716,512.31

8.62.2 Reconciliation of other comprehensive income items

Items	Remeasurement of defined benefit plan net assets/liabilities	Proportion of the other comprehensive income of the equity-accounted investee that will not be reclassified to profit or loss	Changes in fair value of other investments in equity instruments	Proportion of the other comprehensive income of the equity-accounted investee that may be reclassified to profit or loss
1. Balance at January 1, 2017	66,712,902.00	74,628.00		-10,979,797.99
2. Increase /(decrease) during the year 2017 ("-" for decrease)	646,495,119.32	53,489,600.00		16,870,499.68
3. Balance at December 31, 2017	713,208,021.32	53,564,228.00		5,890,701.69
4. Adjustment of accounting standards				
5. Balance at January 1, 2018	713,208,021.32	53,564,228.00		5,890,701.69
6. Increase /(decrease) during the year 2018 ("-" for decrease)	131,676,602.24	-1,208.97	54,749,100.87	-26,324,963.08
7. Balance at December 31, 2018	844,884,623.56	53,563,019.03	54,749,100.87	-20,434,261.39

(Continued)

Items	Gains or losses arising from changes in fair value of available-for-sale financial assets	Effective portion of gains or losses arising from cash flow hedging instruments	Translation differences arising from translation of foreign currency financial statements	Others	Subtotal
1. Balance at January 1, 2017	309,704,317.13	-326,359,578.85	-3,936,793,139.72		-3,897,640,669.43
2. Increase /(decrease) during the year 2017 ("-" for decrease)	-29,957,822.98	-514,965,892.97	-5,327,101,891.65		-5,155,170,388.60
3. Balance at December 31, 2017	279,746,494.15	-841,325,471.82	-9,263,895,031.37		-9,052,811,058.03
4. Adjustment of accounting standards		39,944,923.70		-30,057,217.26	9,887,706.44
5. Balance at January 1, 2018	279,746,494.15	-801,380,548.12	-9,263,895,031.37	-30,057,217.26	-9,042,923,351.59
6. Increase /(decrease) during the year 2018	-99,833,686.87	583,113,150.24	2,569,005,192.50	71,455,839.96	3,283,840,026.89
7. Balance at December 31, 2018	179,912,807.28	-218,267,397.88	-6,694,889,838.87	41,398,622.70	-5,759,083,324.70

8.63 Debt restructuring

8.63.1 The Company's debt restructuring as a debtor

Manners of debt restructuring	Gains from debt restructuring	Increase in capital	Contingent payables
Pay off debts by cash amount less than carrying amount of debts	59,831,431.55		
Debts transferred to paid-in capital	3,337,041.77		
Total	63,168,473.32		

8.63.2 The Company's debt restructuring as a creditor

Manners of debt restructuring	Losses from debt restructuring	Increase in long-term investment	Proportion of debtors' shares (%)	Contingent receivables
Recover debts by cash that lower than carrying amount of debts	5,334,385.00			
Recover debts by non-cash assets	341,120.83			
Total	5,675,505.83			

8.64 Leases

8.64.1 Finance lease (Lessor)

The minimum lease receivable amount for the subsequent leased finance lease assets:

Remaining lease term	Minimum lease receipt
Within 1 year	97,788,275.00
1 to 2 years	75,805,575.00
2 to 3 years	75,805,575.00
Over 3 years	147,895,900.00
Total	397,295,325.00

8.64.2 Operating lease (Lessor)

Categories	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
House and building	601,932,053.69	530,953,699.55
Machineries	1,192,030.48	1,058,745.11
Vehicles	9,353.59	11,248.50
Land use rights		72,144,795.44
Total	603,133,437.76	604,168,488.6

8.64.3 Finance lease (Lessee)

8.64.3.1 Financing lease of the rented fixed assets

Categories	Carrying amount as at 31/12/2018	Carrying amount as at 31/12/2017
House and building	896,969.93	577,370.20
Machineries	1,777,412,393.37	2,306,800,665.74
Total	1,778,309,363.30	2,307,378,035.94

8.64.3.2 Minimum payments for subsequent year

Remaining lease period	Minimum payments
Within 1 years (Include 1 year)	908,628,777.51
1 – 2 years (Include 2 years)	360,686,002.62
2 – 3 years (Include 3 years)	200,654,521.41
Over 3 years	238,199,395.94
Total	1,708,168,697.48

8.64.4 Operating lease (Lessee)

Major operating leases and operating leases the remaining lease term

Remaining lease period	Minimum payments
Within 1 years (Include 1 year)	1,597,154,643.03
1 – 2 years (Include 2 years)	1,418,159,648.24
2 – 3 years (Include 3 years)	1,095,214,371.44
Over 3 years	3,826,193,228.99
Total	7,936,721,891.70

8.65 Segments

Items	Petroleum processing and petrochemical products		Tire rubber products	
	Current year	Prior year	Current year	Prior year
Operating Revenue	185,589,019,327.77	173,533,726,629.04	55,503,885,589.92	57,947,278,719.00
Incl: Segment revenue from external customer	185,470,447,058.62	173,511,876,240.95	55,293,151,733.01	57,945,405,556.58
Revenue between segments	118,572,269.15	21,850,388.09	210,733,856.91	1,873,162.42
Investment income in associate and joint venture	251,559,629.81	128,496,164.71	-90,220,520.23	-62,923,823.09
Impairment loss	835,511,454.70	447,353,715.48	288,420,854.75	228,525,750.92
Credit impairment loss (applicable to new standard)			135,978,681.10	
Depreciation & Amortization	1,314,819,786.05	1,202,039,061.08	3,878,280,951.20	3,697,387,331.94
Total profit	2,378,119,043.61	2,249,972,899.70	3,162,279,387.52	1,340,507,634.24
Income tax	470,629,954.46	410,771,845.85	511,542,302.67	456,267,677.33
Net profit	1,907,489,089.15	1,839,201,053.85	2,650,737,084.85	884,239,956.91
Total assets	62,012,962,229.85	62,068,200,824.09	133,116,568,552.17	136,972,710,696.75
Total liabilities	36,970,004,892.24	38,933,103,303.59	99,588,742,314.23	99,871,825,942.28
Other significant non-cash Items				
Others non-cash Item other than depreciation & amortization				
Addition in Associate company & Joint venture Long-term equity investment				

(Continued)

Items	New chemical materials and specialty chemicals		Agricultural chemicals	
	Current year	Prior year	Current year	Prior year
Operating Revenue	61,299,767,325.45	57,717,549,430.20	116,994,020,638.60	77,030,870,563.51
Incl: Segment revenue from external customer	60,427,863,833.12	57,021,954,261.93	116,984,847,412.31	77,015,366,392.54

Items	New chemical materials and specialty chemicals		Agricultural chemicals	
	Current year	Prior year	Current year	Prior year
Revenue between segments	871,903,492.33	695,595,168.27	9,173,226.29	15,504,170.97
Investment income in associate and joint venture	48,712,625.90	86,633,074.39	20,821,919.60	53,458,400.00
Impairment loss	537,327,690.36	274,000,722.95	1,816,797,170.87	1,500,468,343.85
Credit impairment loss (applicable to new standard)			268,635,000.00	
Depreciation & Amortization	4,938,447,690.07	4,454,467,872.37	10,085,089,198.29	7,459,371,132.96
Total profit	2,361,684,776.45	2,142,054,397.93	-4,008,820,449.28	-5,970,111,964.59
Income tax	953,465,934.60	1,072,553,518.38	639,829,195.35	-3,019,017,078.11
Net profit	1,408,218,841.85	1,069,500,879.55	-4,648,649,644.63	-2,951,094,886.48
Total assets	122,807,396,396.65	125,298,696,729.08	520,627,795,889.27	492,946,736,007.67
Total liabilities	89,246,868,502.17	97,893,046,996.65	343,917,246,775.37	304,490,563,272.64
Other significant non-cash Items				
Others non-cash Item other than depreciation & amortization				
Addition in Associate company & Joint venture Long-term equity investment				

(Continued)

Items	Chemical machinery and equipment manufacturing		Others	
	Current year	Prior year	Current year	Prior year
Operating Revenue	13,400,085,333.90	12,431,201,205.71	16,185,860,498.31	14,887,353,095.70
Incl: Segment revenue from external customer	13,387,645,516.04	12,368,366,362.13	14,249,609,942.84	14,301,614,641.22
Revenue between segments	12,439,817.86	62,834,843.58	1,936,250,555.47	585,738,454.48
Investment income in associate and joint venture	3,219,794.77	18,696,431.94	9,244,170.27	-13,916,342.41
Impairment loss	39,166,929.66	56,049,498.93	2,036,192,135.87	941,282,291.96
Credit impairment loss (applicable to new standard)				
Depreciation & Amortization	729,049,646.69	669,476,120.95	898,714,743.14	607,690,472.26
Total profit	-102,113,914.56	245,716,852.45	-1,221,158,569.02	234,004,475.60
Income tax	94,265,847.64	198,233,622.16	172,691,747.38	440,440,257.55
Net profit	-196,379,762.20	47,483,230.29	-1,393,850,316.40	-206,435,781.95
Total assets	28,656,054,300.90	26,215,343,474.41	130,848,734,743.22	129,795,719,686.82
Total liabilities	24,157,156,429.20	21,911,156,394.36	89,371,571,309.45	85,621,065,468.33

Items	Chemical machinery and equipment manufacturing		Others	
	Current year	Prior year	Current year	Prior year
Other significant non-cash Items				
Others non-cash Item other than depreciation & amortization				
Addition in Associate company & Joint venture Long-term equity investment				

(Continued)

Items	Elimination		Total	
	Current year	Prior year	Current year	Prior year
Operating Revenue	-3,159,073,218.01	-1,383,396,187.81	445,813,565,495.94	392,164,583,455.35
Incl: Segment revenue from external customer			445,813,565,495.94	392,164,583,455.35
Revenue between segments	-3,159,073,218.01	-1,383,396,187.81		
Investment income in associate and joint venture	-5,810,547.15		237,527,072.97	210,443,905.54
Impairment loss	-81,019,861.80	104,853,893.84	5,472,396,374.41	3,552,534,217.93
Credit impairment loss (applicable to new standard)			404,613,681.10	
Depreciation & Amortization	-273,381,927.82	1,229,103,747.23	21,571,020,087.62	19,319,535,738.79
Total profit	-1,142,152,843.76	3,849,360.53	1,427,837,430.96	245,993,655.86
Income tax	-3,941,544.66		2,838,483,437.44	-440,750,156.84
Net profit	-1,138,211,299.10	3,849,360.53	-1,410,646,006.48	686,743,812.70
Total assets	-199,220,611,111.46	-176,669,961,834.12	798,848,901,000.60	796,627,445,584.70
Total liabilities	-77,369,990,534.81	-63,363,012,096.82	605,881,599,687.85	585,357,749,281.03
Other significant non-cash Items				
Others non-cash Item other than depreciation & amortization				
Addition in Associate company & Joint venture Long-term equity investment				

8.66 Supplementary information to the statement of cash flows

8.66.1 Supplementary information to the statement of cash flows

Items	Current year	Prior year
1. Reconciliation of cash flows from operating activities to net profit:		
Net profit	-1,410,646,006.48	686,743,812.70

Items	Current year	Prior year
Add: Loss on asset impairment	5,472,396,374.41	3,552,534,217.93
Credit impairment loss (applicable to new standard)	404,613,681.10	
Depreciation of fixed assets, oil and gas assets, biological assets held for production	12,598,060,316.81	12,102,052,959.43
Amortization of intangible assets	8,792,259,151.32	7,029,909,546.36
Amortization of Long-term deferred expenditure	180,700,619.49	187,573,233.00
Loss on non-current assets disposal (gain presented by "-" prefix)	-2,603,023,666.12	-644,286,417.39
Loss on scrap of fixed assets (gain presented by "-" prefix)	116,520,122.73	191,531,413.32
Loss on fair value changes (gain presented by "-" prefix)	-46,331,035.55	1,105,724,606.93
Financial costs (gain presented by "-" prefix)	21,971,040,634.12	14,846,726,844.31
Investment loss (gain presented by "-" prefix)	-2,875,145,169.87	3,232,590.99
Decrease of deferred tax assets (increase presented by "-" prefix)	448,111,568.83	-8,314,298,071.30
Increase of deferred tax liabilities (increase presented by "-" prefix)	-3,259,545,232.32	2,654,375,287.33
Decrease of inventories (increase presented by "-" prefix)	-2,380,514,345.13	-43,597,011,237.16
Decrease of operating receivables (increase presented by "-" prefix)	2,436,644,422.12	-39,481,381,389.62
Increase of operating payables (decrease presented by "-" prefix)	-3,621,580,134.53	94,173,960,895.62
Others	-7,141,367,961.64	-973,725,358.40
Net cash flows generated from operating activities	29,082,193,339.29	43,523,662,934.05
2. Significant investing and financing activities involve no cash:		
Debt-to-capital conversion		
Convertible loan due within one year		
Fixed assets acquired under financial lease	185,192,000.00	26,744,800.00
3. Movement of cash and cash equivalents:		
Cash as at 31/12/2018	55,553,086,201.46	71,873,684,365.75
Less: Cash as at 31/12/2017	71,873,684,365.75	44,869,372,855.83
Add: Cash equivalents as at 31/12/2018		
Less: Cash equivalents as at 31/12/2017		
Net increase of cash and cash equivalents	-16,320,598,164.29	27,004,311,509.92
6.66.2 Net cash from subsidiaries or disposal subsidiaries this year		
Items	Current year	
1. Cash or cash equivalents that occurred in this year	10,793,302,800.15	
Less: Cash and cash equivalents held on the acquisition date	251,186,623.33	
Add: Cash or cash equivalents that have occurred during the previous period		

Items	Current year
Net cash payments from acquiring subsidiaries	10,542,116,176.82
2. Cash or cash equivalents received by the subsidiaries this year	628,358,377.29
Less: Cash and cash equivalents held by the Company during the day of loss of control	39,875,921.66
Add: Cash or cash equivalents received by the subsidiary during the previous period	31,281,685.35
Net cash received from the disposal of subsidiary	619,764,140.98

6.66.3 Composition of cash and cash equivalents

Items	Current year	Prior year
1. Cash	55,553,086,201.46	71,873,684,365.75
Including: Cash at hand	26,239,487.80	177,817,784.43
Demand bank deposit	48,405,102,030.47	64,749,968,275.04
Demand other monetary funds	1,377,971,420.79	971,471,406.51
Deposit in the industry	5,743,773,262.40	5,974,426,899.77
2. Cash equivalents		
Including: Debt instrument matured within three months		
3. Cash and cash equivalents as at 31/12/2018	55,553,086,201.46	71,873,684,365.75
Including: restricted cash and cash equivalents in parent company or subsidiary		

8.67 Foreign currency monetary items

Items	Original amount as at 31/12/2018	Foreign exchange rate	Translated amount as at 31/12/2018
Monetary funds			37,375,280,817.76
Including: -NOK	3,940,051,807.38	0.7828	3,084,272,554.82
-USD	2,180,582,295.31	6.8632	14,965,772,409.17
-EUR	1,806,047,360.71	7.8473	14,172,595,453.70
-ARS	1,129,758,688.00	0.1818	205,390,129.48
-BRL	993,647,849.00	1.7712	1,759,949,070.15
-AUD	139,608,013.95	4.8250	673,608,667.31
-PLN	103,279,000.00	1.8255	188,535,814.50
-TRY	100,639,500.00	1.2995	130,781,030.25
-JPY	90,127,452.00	0.0619	5,578,889.28
-ILS	60,227,000.00	1.8312	110,287,682.40
-RON	47,005,000.00	1.6848	79,194,024.00
-GBP	16,598,589.60	8.6762	144,012,683.09
-SGD	1,615,000.35	5.0062	8,085,014.75
-RUB	1,375,918.84	0.0986	135,665.60

Items	Original amount as at 31/12/2018	Foreign exchange rate	Translated amount as at 31/12/2018
-HKD	393,218.98	0.8762	344,538.47
-AED	165,170.50	1.8681	308,555.01
-CAD	8,521.76	5.0381	42,933.48
-CHF	0.49	6.9494	3.41
-Others	1,846,385,698.89	1.0000	1,846,385,698.89
Accounts receivable			46,263,642,640.86
Including: -USD	5,476,937,375.84	6.8632	37,589,316,597.87
-BRL	1,309,193,765.00	1.7712	2,318,843,996.57
-ARS	1,159,012,236.50	0.1818	210,708,424.60
-RUB	963,627,000.00	0.0988	95,206,347.60
-EUR	392,474,925.74	7.8473	3,079,868,484.76
-ZAR	254,335,000.00	0.4757	120,987,159.50
-TRY	157,206,490.24	1.2995	204,289,834.07
-NOK	103,284,559.46	0.7828	80,851,153.15
-RON	83,020,000.00	1.6848	139,872,096.00
-MXN	58,305,253.00	0.3485	20,319,380.67
-GBP	20,539,305.68	8.6762	178,203,123.94
-AUD	149,338.87	4.8300	721,306.74
-Others	2,224,454,735.39	1.0000	2,224,454,735.39
Long-term borrowing			67,844,747,999.64
Including: -USD	7,163,843,919.25	6.8632	49,166,893,586.60
-EUR	2,373,090,771.67	7.8473	18,622,355,212.53
-BRL	31,229,788.00	1.7712	55,314,200.51
Others	185,000.00	1.0000	185,000.00

8.68 Assets with restricted ownership

Items	Year-end book value	Limited reason
Monetary funds	15,803,361,001.77	Deposit, reserve, time deposit for guarantee or notice deposit, loan pledge, special account for housing maintenance fund.
Notes receivable	51,442,864.00	Pledge
Accounts receivable	942,688,301.70	Pledge, Loan guarantee
Fixed assets	3,777,288,179.07	Pledge Against A Loan
Intangible assets	127,969,821.05	Pledge Against A Loan

The details of the restricted monetary fund are as follows:

Items	Balance as at 31/12/2018	Balance as at 31/12/2017
Bank acceptance bills deposits	915,162,110.72	1,106,324,423.97
Letter of credit guarantee	5,229,449,498.60	129,066,975.71
Performance bond	824,611,495.71	745,011,557.09
Time deposit or Notice deposit used for Guarantee	7,428,930,399.34	12,022,758,756.28
Required to meet insurance solvency requirements	1,076,852,558.14	758,385,526.59
Pledge loan	300,000,000.00	794,117,500.00
Freezing funds	14,249,831.87	756,475.53
Special account for housing maintenance fund	6,880,085.42	7,126,354.70
Special funds	5,583,495.73	12,212,144.83
Others	1,641,526.24	20,755.96
Total	15,803,361,001.77	15,575,780,470.66

Note 9: Contingency

9.1 Main Outstanding Litigations

a. The overseas subsidiaries of Bluestar stock have made provision for the estimated liabilities of several projects for the environmental recovery and reconstruction plant, and the total environmental recovery and reconstruction costs are equivalent to RMB 339,504,128.63. Due to the dispute with the local tax authorities over tax payment, the pending litigation of overseas companies is worth RMB 58,710,000.00, and the estimated tax penalty is worth RMB 212,694,335.98.

b. Adama and its subsidiaries outside the Company have incurred an estimated liability of \$64,002,000 as they face class action lawsuits related to patent infringement and similar plant protection products in the market.

9.2 Guarantee

At the end of December 31, 2018, the Company has provided guarantee of RMB 18,056,358,863.72. Details are shown as following charts:

Guarantee Company	Guaranteed Company	Amount
The Company and subsidiaries	New chemical materials and affiliated enterprises	18,027,311,400.00
Jingzhou Sanoda Holding Ltd.	Sanoda Yuchun co. LTD.	18,650,000.00
Jingzhou Sanoda Holding Ltd.	Datian Corp.	7,557,463.72
Yello Sea Rubber	Qingdao Ruber Group Inner Tube Branch	1,340,000.00
Yello Sea Rubber	Qingdao Rubber Light Tire Factory	1,500,000.00
Total		18,056,358,863.72

Note 10: Events after the balance sheet date

1) On August 21, 2018, Cangzhou dahua group co., LTD. (hereinafter referred to as Canghua group) was publicly listed and transferred 50.98% of its equity in Beijing equity exchange. After public solicitation, Nanjing Jinpudongyu investment co., LTD. (hereinafter referred to as "Jinpudongyu") is confirmed as the transferee of the equity. On Oct 25, 2018, CNAC signed the property right transfer agreement with Jinpudongyu. On January 22,

2019, it was approved by the state-owned assets supervision and administration commission (state-owned assets property right [2019] no. 28). In March 2019, CNAC and Jinpudongyu signed the custody agreement to determine the scope of Jinpudongyu's participation in the daily operation of Canghua group during the transition period from the effective date of the agreement to the equity transfer of Canghua group. This agreement does not involve matters related to the purchaser's exercise of the shareholder rights of the target company. As of the date of approval of this financial statement, CNAC has received RMB 1.261 billion of equity transfer payment from Jinpudongyu, and the "property right transfer agreement" is being implemented.

2) On January 2, 2019, Adama board of directors issued the indicative announcement on the intention to acquire 100% equity of Jiangsu anbang dianhua and related transaction, and the parties reached preliminary consensus on the potential transaction. On March 19, 2019, the parties to the transaction signed the "equity transfer agreement", and agreed to take March 29, 2019 as the delivery date of the equity transaction for the equity transfer. As of the date of approval of the financial statements, the parties to the transaction have not completed the procedures for filing with the commercial commission and industrial and commercial alteration related to the equity transfer of Jiangsu anbang electric chemical co., LTD.

3) In March 2019, the Company acquired 100% equity of Malan holdings co., LTD. (hereinafter referred to as Malan holdings), paid the purchase consideration of RMB 110 million, and undertook all debts of RMB 1.55 billion, equivalent to about RMB 1.66 billion. Malan holdings indirectly owns 15.97 percent of Bluestar shares.

4) Since September 12, 2014, Syngenta has incurred an estimated liability of \$1.56 billion for AGRISUREVIPTERA(MIR162) and DURACADE corn seed products marketed in the United States without a Chinese import license. Several plaintiffs have filed lawsuits in state and federal courts, and has paid \$400 million in settlements in 2018, with the remaining \$1.16 billion to be paid by the end of March 2019.

Note 11: Related parties and related party transactions

11.1 Subsidiaries Profile

Please refer to note 7.1 Business Combination and Consolidated Financial Statements for details.

11.2 Joint ventures and associated enterprises

Please refer to note 8.15 Long-term Equity Investment

11.3 Other related parties

Name	Relationship
China HaoHua Xuanhua Group Co., Ltd..	Joint ventures and associated enterprises
Beijing Hongtu Changli Investment fund management center (limited partnership)	Joint ventures and associated enterprises
New Material Company and Subsidiary	Joint ventures and associated enterprises
Hainan Chemical Industry Company	Joint ventures and associated enterprises
Nanjing Technology Co., Ltd.. (6902)	Joint ventures and associated enterprises
Chemical industry department lianyungang worker sanatorium	Joint ventures and associated enterprises
Zibo chuancheng engineering design Co., Ltd..	Joint ventures and associated enterprises
Shandong Huaxing Petrochemical Group Company	Joint ventures and associated enterprises
Dalian 4821 shipping Co., Ltd..	Joint ventures and associated enterprises
Changsha Blue Star chemical new material co. LTD	Joint ventures and associated enterprises
Beijing zhongan investment management center (limited partnership)	Joint ventures and associated enterprises
Blue pearl (Beijing) fluid control equipment co. LTD	Joint ventures and associated enterprises

Name	Relationship
Blackstone Group	Joint ventures and associated enterprises
Cabot blue star chemical (jiangxi) co. LTD	Joint ventures and associated enterprises
Yibin tianke coal chemical co. LTD	Joint ventures and associated enterprises
CIMO Compagnie Industrielle de Monthey SA	Joint ventures and associated enterprises
Maisadour Semences SA	Joint ventures and associated enterprises
North Sea Containerline AS	Joint ventures and associated enterprises
Combined Cargo Warehousing BV	Joint ventures and associated enterprises
Elkem Chartering AS	Joint ventures and associated enterprises
Klafi ehf.	Joint ventures and associated enterprises

11.4 Related Party Transactions

11.4.1 Pricing policy

The Company transactions with related party are according to fair market value.

11.4.2 Related Party Transactions

11.4.2.1 Selling goods

Name	Current year		Prior year	
	Amount	Percentage (%)	Amount	Percentage (%)
New Material Company and Subsidiary	585,338,929.38	0.13	25,078,638.44	0.01
North Sea Container line AS			48,574,815.37	0.01
Total	585,338,929.38	0.13	73,653,453.81	0.02

11.4.2.2 Purchasing goods

Name	Current year		Prior year	
	Amount	Percentage (%)	Amount	Percentage (%)
New Material Company and Subsidiary	556,469,146.19	0.17	11,999,488.49	
CIMO Compagnie Industrielle de Monthey SA			300,879,000.00	0.10
Maisadour Semences SA			60,175,800.00	0.02
North Sea Containerline AS			56,124,006.37	0.02
Combined Cargo Warehousing BV			29,116,734.80	0.01
Elkem Chartering AS			27,132,832.74	0.01
Klafi ehf.			5,451,077.12	
Zibo chuangcheng engineering design co. LTD			339,805.89	
Total	556,469,146.19	0.17	491,218,745.41	0.16

11.4.2.3 Provide labor services

Name	Current year		Prior year	
	Amount	Percentage (%)	Amount	Percentage (%)
New Material Company and Subsidiary	16,456,784.76	0.17		
Total	16,456,784.76	0.17		

11.4.2.4 Rendering of service

Name	Current year		Prior year	
	Amount	Percentage (%)	Amount	Percentage (%)
New Material Company and Subsidiary	68,985.27			
Total	68,985.27			

11.4.2.5 Interest income

Name	Current year		Prior year	
	Amount	Percentage (%)	Amount	Percentage (%)
New Material Company and Subsidiary	107,043,132.51			
Beijing Hongtu Changli Investment fund management center (limited partnership)	6,583,561.64			
Total	113,626,694.15			

11.4.2.6 Balance of accounts payable

Items	Current year		Prior year		The terms and conditions	Gain or provide guarantee
	Amount	Percentage (%)	Amount	Percentage (%)		
Accounts receivable:						
New Material Company and Subsidiary	49,119,574.26	0.08	74,587,049.89	0.12	None	No
Dalian 4821 shipping Co., Ltd..	200,000.00		200,000.00		None	No
North Sea Containerline AS			4,267,206.52	0.01	None	No
Shandong Huaxing Petrochemical Group Company			821,308.33		None	No
Total	49,319,574.26	0.08	79,875,564.74	0.13		
Notes Receivable:						
New Material Company and Subsidiary			1,500,000.00	0.02	None	No
Total			1,500,000.00	0.02		
Advances to suppliers:						
New Material Company and Subsidiary	98,455.27		21,690,575.44	0.34	None	No
Blue pearl (Beijing) fluid control equipment Co., Ltd..			4,169,850.00	0.07	None	No

Items	Current year		Prior year		The terms and conditions	Gain or provide guarantee
	Amount	Percentage (%)	Amount	Percentage (%)		
Bluestar Dongli Technology (Beijing) Co., Ltd..			1,625,651.00	0.03	None	No
Total	98,455.27		27,486,076.44	0.44		
Other Receivable:						
New Material Company and Subsidiar	6,928,232,196.70	26.19	4,847,420,159.54	14.30	None	No
China HaoHua Xuanhua Group Co., Ltd..	166,973,858.89	0.63	166,973,858.89	0.49	None	No
Yibin tianke coal chemical co. LTD	121,335,865.20	0.46			None	No
Hainan chemical industry corporation	381,600.00				None	No
Chemical industry department lianyungang worker sanatorium			14,021,343.33	0.04	None	No
Changsha Blue Star chemical new material Co., Ltd..			4,892,053.19	0.01	None	No
Blue pearl (Beijing) fluid control equipment Co., Ltd..			3,347,879.55	0.01	None	No
Total	7,216,923,520.79	27.28	5,036,655,294.50	14.85		
Long-term Receivables:						
Nanjing Technology Co., Ltd. (6902)	16,600,000.00	0.36	16,600,000.00	0.21	None	No
New Material Company and Subsidiar			350,000,000.00	4.40	None	No
Total	16,600,000.00	0.36	366,600,000.00	4.61		
Dividends Receivable:						
New Material Company and Subsidiar	154,410,983.80	86.01	154,410,983.80	89.63	None	No
Total	154,410,983.80	86.01	154,410,983.80	89.63		
Interest receivable:						
Beijing Hongtu Changli Investment fund management center (limited partnership)	6,583,561.64	0.39			None	No
New Material Company and Subsidiar	439,954.16	0.03	660,414.59	0.04	None	No
Total	7,023,515.80	0.41	660,414.59	0.04		
Accounts Payable:						
New Material Company and Subsidiar	11,606,656.54	0.02	10,570,222.20	0.02	None	No
North Sea Containerline AS			6,177,066.27	0.01	None	No
Combined Cargo Warehousing BV			1,774,689.24		None	No
Cabot blue star chemical (jiangxi) Co., Ltd..			676,478.48		None	No

Items	Current year		Prior year		The terms and conditions	Gain or provide guarantee
	Amount	Percentage (%)	Amount	Percentage (%)		
Blue pearl (Beijing) fluid control equipment Co., Ltd..			151,155.71		None	No
Total	11,606,656.54	0.02	19,349,611.90	0.03		
Advances From Customers:						
New Material Company and Subsidiar	59,688,626.80	0.79	31,699,492.30	0.43	None	No
Total	59,688,626.80	0.79	31,699,492.30	0.43		
Other Payables:						
New Material Company and Subsidiar	3,187,076,029.65	21.74	4,775,765,257.61	21.98	None	No
Hainan chemical industry corporation	5,700,000.00	0.04			None	No
China HaoHua Xuanhua Group Co., Ltd..	5,340,000.00	0.04	6,560,404.09	0.03	None	No
Beijing zhongan investment management center (limited partnership)			119,143,870.64	0.55	None	No
Zibo chuangcheng engineering design Co., Ltd..			287,000.00		None	No
Blue pearl (Beijing) fluid control equipment Co., Ltd..			99,308.24		None	No
Total	3,198,116,029.65	21.82	4,901,855,840.58	22.56		
Long-term Payables:						
New Material Company and Subsidiar			100,868,800.00	2.73	None	No
Total			100,868,800.00	2.73		
Interest payables:						
New Material Company and Subsidiar	341,047.74	0.02			None	No
Total	341,047.74	0.02				

Note 12: Information that helps users of financial statements evaluate the objectives, policies, and procedures of an enterprise's management capital
None.

Note 13: Main project notes of the Company's financial statement

13.1 Other receivable

Items	Balance as at 31/12/2018	Balance as at 31/12/2017
Interest receivable		
Dividends Receivable	353,815,625.00	353,815,625.00
Other receivable	6,470,295,401.94	5,399,341,537.02
Total	6,824,111,026.94	5,753,157,162.02

13.1.1 Dividends Receivable

Items	Balance as at 31/12/2018	Balance as at 31/12/2017	Reason for uncollection	Impairment Yes/No
Ageing above 1 year	353,815,625.00	353,815,625.00		
Including: HaoHua Co.	266,000,000.00	266,000,000.00	Unpaid	No
Tire& Rubber Corp.	87,815,625.00	87,815,625.00	Unpaid	No
Total	353,815,625.00	353,815,625.00		

13.1.2 Other receivable

Items	Balance as at 31/12/2018			
	Carrying amount		Allowance for bad debt	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and assessed for impairment individually				
Collectively assessed for impairment based on credit risk characteristics	6,470,295,401.94	100.00		
Individually insignificant but assessed for impairment individually				
Total	6,470,295,401.94	100.00		

(Continued)

Items	Balance as at 31/12/2017			
	Carrying amount		Allowance for bad debt	
	Amount	Proportion (%)	Amount	Proportion (%)
Individually significant and assessed for impairment individually				
Collectively assessed for impairment based on credit risk characteristics	5,399,341,537.02	100.00		
Individually insignificant but assessed for impairment individually				
Total	5,399,341,537.02	100.00		

12.1.2.1 Accounts receivable using related party group and other methods for measurement of allowance for bad debt

Items	Balance as at 31/12/2018	
	Accounts receivable	Allowance for bad debt
Related party	6,394,603,196.90	5,321,975,683.88
The method of other group	75,692,205.04	77,365,853.14
Total	6,470,295,401.94	5,399,341,537.02

12.1.2 Details of top five other receivables

Debtors	Nature of OR	Carrying amount as at 31/12/2018	Age	Proportion (%)	Allowance for bad debt as at 31/12/2018
ZhongChe QiXiu	Account current	2,063,395,151.94	Over 5 years	31.89	
HaoHua Corp.	Account current	2,027,122,548.79	Within 2 years	31.33	
CNCA	Account current	880,733,515.25	Within 3 years	13.61	
Blue star organic silicon investment Co. Ltd.	Account current	274,528,000.00	Within 1 years, over 3 years	4.24	
New Material Company	Account current	242,157,300.00	1-3 years	3.74	
Total		5,487,936,515.98		84.81	

13.2 Long-term Equity Investment

13.2.1 Disclosure by classification

Items	Opening Balance	Current year increase	Current year decrease	Ending Balance
Investments in subsidiaries	40,762,527,601.64	25,110,587.00		40,787,638,188.64
Investments in Joint venture				
Investments in associates				
Subtotal	40,762,527,601.64	25,110,587.00		40,787,638,188.64
Less: Provision for impairment of Long-term equity investments				
Total	40,762,527,601.64	25,110,587.00		40,787,638,188.64

13.2.2 The Details of Long-term equity investment

Investee	Percentage (%)	Investment Cost	Beginning Balance	Current year movement		
				Additional investment	Reduced Investment	Profit or loss on investment under equity method
Total		40,787,638,188.64	40,762,527,601.64	25,110,587.00		
Subsidiaries		40,787,638,188.64	40,762,527,601.64	25,110,587.00		
BlueStar Co	63.58	14,472,157,315.21	14,472,157,315.21			
Petrochemical Co.	72.73	8,521,874,043.71	8,521,874,043.71			
HaoHua Co.	69.20	4,824,005,443.48	4,824,005,443.48			

Investee	Percentage (%)	Investment Cost	Beginning Balance	Current year movement		
				Additional investment	Reduced Investment	Profit or loss on investment under equity method
Tire& Rubber Corp.	100.00	3,463,000,970.21	3,463,000,970.21			
CNCA	100.00	3,381,025,738.00	3,381,025,738.00			
HaoHua Corp.	100.00	2,442,229,318.60	2,713,670,873.91			
Chem. Museum	100.00	1,048,792,900.00	1,023,691,200.00	25,101,700.00		
Equip. Corp.	100.00	724,880,045.52	453,438,490.21			
Interstar Group	100.00	523,065,116.36	523,065,116.36			
Finance Corp.	49.41	435,808,569.72	435,808,569.72			
ZhongLan Petrochemical	100.00	432,156,212.46	432,156,212.46			
ZhongChe QiXiu	100.00	278,051,358.84	278,051,358.84			
Bluestar Info.	100.00	125,461,639.77	125,461,639.77			
CNCIC	100.00	56,855,986.15	56,855,986.15			
Shenyang Chem.	1.20	44,892,813.95	44,892,813.95			
Asset Co.	100.00	13,371,829.66	13,371,829.66			
ChemChina Century	100.00	8,887.00		8,887.00		
Academy of Sc.	100.00					
Yello Sea Rubber	100.00					

(Continued)

Investee	Current year movement					Ending Balance	Ending Impairment provision
	Other comprehensive income adjustment	Other equity movement	Announces the distribution of cash dividends or profits	Impairment provision	Others		
Total						40,787,638,188.64	
Subsidiaries						40,787,638,188.64	
BlueStar Co						14,472,157,315.21	
Petrochemical Co.						8,521,874,043.71	
HaoHua Co.						4,824,005,443.48	
Tire& Rubber Corp.						3,463,000,970.21	
CNCA						3,381,025,738.00	
HaoHua Corp.					-271,441,555.31	2,442,229,318.60	

Investee	Current year movement					Ending Balance	Ending Impairment provision
	Other comprehensive income adjustment	Other equity movement	Announces the distribution of cash dividends or profits	Impairment provision	Others		
Chem. Museum						1,048,792,900.00	
Equip. Corp.					271,441,555.31	724,880,045.52	
Interstar Group						523,065,116.36	
Finance Corp.						435,808,569.72	
ZhongLan Petrochemical						432,156,212.46	
ZhongChe QiXiu						278,051,358.84	
Bluestar Info.						125,461,639.77	
CNCIC						56,855,986.15	
Shenyang Chem.						44,892,813.95	
Asset Co.						13,371,829.66	
ChemChina Century						8,887.00	
Academy of Sc.							
Yello Sea Rubber							

13.3 Operating revenues and costs

Items	Current year		Prior year	
	Revenue	Cost	Revenue	Cost
Subtotal of other business	114,435,627.74	3,921,976.25	155,421,147.54	3,983,163.57
Premium income	81,606,229.50		121,967,123.98	
Assets rent out	32,699,033.33	3,921,976.25	33,413,194.08	3,983,163.57
Others	130,364.91		40,829.48	
Total	114,435,627.74	3,921,976.25	155,421,147.54	3,983,163.57

13.4 Investment income

Items	Current year	Prior year
The long-term return on equity investment calculated by cost method		641,252.10
Bank financing income		5,205.48
Total		646,457.58

13.5 Supplementary information to the statement of cash flows

13.5.1 Supplementary information to the statement of cash flows

Items	Current year	Prior year
1. Reconciliation of cash flows from operating activities to net profit:		
Net profit	-1,894,440,950.62	-605,505,869.47
Add: Loss on asset impairment		
Depreciation of fixed assets, oil and gas assets, biological assets held for production	16,842,755.82	21,212,680.65
Amortisation of intangible assets	11,135,232.46	10,712,119.05
Amortisation of Long-term deferred expenditure		
Loss on non-current assets disposal (gain presented by "-" prefix)		
Loss on scrap of fixed assets (gain presented by "-" prefix)	36,324.38	-1,118.88
Loss on fair value changes (gain presented by "-" prefix)		
Financial costs (gain presented by "-" prefix)	1,883,594,589.53	1,048,228,358.96
Investment loss (gain presented by "-" prefix)		-646,457.58
Decrease of deferred tax assets (increase presented by "-" prefix)		
Increase of deferred tax liabilities (increase presented by "-" prefix)		
Decrease of inventories (increase presented by "-" prefix)		
Decrease of operating receivables (increase presented by "-" prefix)	-537,144,537.08	1,771,003,365.85
Increase of operating payables (decrease presented by "-" prefix)	-1,624,404,464.60	553,801,558.92
Others		
Net cash flows generated from operating activities	-2,144,381,050.11	2,798,804,637.50
2. Significant investing and financing activities involve no cash:		
Debt-to-capital conversion		
Convertible loan due within one year		
Fixed assets acquired under financial lease		
3. Movement of cash and cash equivalents:		
Cash as at 31/12/2018	479,210,603.94	1,059,981,630.22
Less: Cash as at 31/12/2017	1,059,981,630.22	957,918,440.67
Add: Cash equivalents as at 31/12/2018		
Less: Cash equivalents as at 31/12/2017		
Net increase of cash and cash equivalents	-580,771,026.28	102,063,189.55

12.5.2 Composition of cash and cash equivalents

Items	Current year	Prior year
1. Cash	479,210,603.94	1,059,981,630.22
Including: Cash at hand	18,278.63	18,281.32
Demand bank deposit	478,558,964.96	1,059,332,015.13

Items	Current year	Prior year
Demand other monetary funds	633,360.35	631,333.77
2. Cash equivalents		
Including: Debt instrument matured within three months		
3. Cash and cash equivalents as at 31/12/2018	479,210,603.94	1,059,981,630.22
Including: restricted cash and cash equivalents in parent company or subsidiary		

Note 14: Other contents disclosed in accordance with the relevant financial accounting system

On May 5, 2017, the Company acquired control of Syngenta through an overseas acquisition entity. The merger and acquisition according to the accounting standards for enterprises "belongs to in a business combination not under the same control, the business combination not under the same control needs to be of the identifiable assets and liabilities of the combined party of the apportionment, share the balance as goodwill, the value of the final enterprises should also be to divide the transfer or amortization, the part will affect the value of amortization and turn out for the parent company combine the profits of the combined party. In the merger of enterprises not under the same control of Syngenta, the amount of the fair value increment is a total of RMB 235.163 billion, of which the net amount allocated to identifiable assets and liabilities is RMB 89.184 billion, and the recognized goodwill is RMB 145.979 billion. The value-added portion is allocated to the impact of the transfer and amortization of identifiable assets and liabilities, with a total profit of RMB 10.364 billion and a net profit of RMB 8.08 billion in 2018. This amortization has no effect on the Company's revenue, cash flow and business.

After excluding the impact of amortization and transfer of fair value increment of Swiss Syngenta, the Company's total profit in 2018 is RMB 11.792 billion and net profit is RMB 6.669 billion .

Note 15: Approval of financial statements

The financial statements are approved and submitted by the 29th meeting of the first board of directors of the Company on April 22, 2019.



营业执照

(副本) (5-1)



社会信用代码 9111010856949923XD

名称 瑞华会计师事务所(特殊普通合伙)

类型 特殊普通合伙企业

主要经营场所 北京市海淀区西四环中路16号院2号楼4层

执行事务合伙人 其他股东(委派杨荣华, 刘贵彬, 冯忠为代表)

成立日期 2011年02月22日

合伙期限 2011年02月22日至2061年02月21日

经营范围 审计企业会计报表, 出具审计报告; 验证企业资本, 出具验资报告; 办理企业合并、分立、清算事宜中的审计业务, 出具有关报告; 基本建设年度财务决算审计; 代理记账; 会计咨询、税务咨询、管理咨询、会计培训; 法律、法规规定的其他业务。(企业依法自主选择经营项目, 开展经营活动; 依法须经批准的项目, 经相关部门批准后依批准的内容开展经营活动; 不得从事本市产业政策禁止和限制类项目的经营活动。)



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登记机关



2018年12月13日

提示: 每年1月1日至6月30日通过企业信用信息公示系统报送上一年度年度报告并公示。

企业信用信息公示系统网址: qyxy.baic.gov.cn

中华人民共和国国家工商行政管理总局监制

证书序号: 0000146

说明

- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批, 准予执行注册会计师法定业务的凭证。
- 2、《会计师事务所执业证书》记载事项发生变动的, 应当向财政部门申请换发。
- 3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
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发证机关: 北京市财政局

二〇一八年六月十三日

中华人民共和国财政部制



会计师事务所 执业证书

名称 瑞华会计师事务所(特殊普通合伙)

首席合伙人 刘贵彬

主任会计师:

经营场所:

北京市海淀区西四环中路16号院2号楼4层

组织形式 特殊普通合伙

执业证书编号: 11010130

批准执业文号: 京财会许可[2011]0022号

批准执业日期: 2011年02月14日



姓名 Full name 张庆海
性别 Sex 男
出生日期 Date of birth 1972/09/04
工作单位 Working unit 河南中兴会计师事务所有限公司
身份证号码 Identity card No. 413028720904001



年度检验登记
Annual Renewal Registration



本证书经检验合格
This certificate is valid for
this renewal.



姓名: 张庆海
证书编号: 410100040055

2013年9月24日
13/09/24

年度检验登记
Annual Renewal Registration



本证书经检验合格
This certificate is valid for
this renewal.



2012年9月1日
12/09/01



由 扫描全能王 扫描创建



姓名 谢攀影
Full name
性别 女
Sex
出生日期 1977-5-29
Date of birth
工作单位 北京中守
Working unit 会计师事务所有限责任公司
身份证号码 131125197705293427
Identity card No.



年度检验登记
Annual Renewal Registration

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This certificate is valid for another year after this renewal.



姓名：谢攀影
证书编号：110000512041



2008年 3 月 20 日
y m d

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.



2009年 3 月 20 日
y m d

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China National Chemical Corporation Limited
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Central, Hong Kong

GUARANTOR

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Beijing 100048, PRC

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**PRINCIPAL PAYING AGENT,
TRANSFER AGENT AND REGISTRAR**

**The Hongkong and Shanghai Banking
Corporation Limited**
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