Stock Code: 600299 **Stock Name: Adisseo** **No: 2019-004**

Bluestar Adisseo Company

Announcement on receiving the inquiry letter from the Shanghai Stock Exchange

The board of directors and all directors guarantee that this announcement does not contain any false statement, misleading statement or material omission, and assume personal and joint liability for the authenticity, accuracy and integrity of this announcement.

Bluestar Adisseo Company (the Company) held the third meeting of the 7th session of the board on January 16th, 2019, which deliberated and passed the proposal on related-party acquisition of 15% common shares in Bluestar Adisseo Nutrition Group Limited. The relevant announcements have been released on 17th January 2019 on the Company's official disclosure media, i.e., China Securities Journal, Shanghai Securities News and the website of Shanghai Stock Exchange (http://www.sse.com.cn).

On January 17th, 2019, the Company received an Inquiry Letter "regarding the proposal on related-party acquisition of 15% common shares in Bluestar Adisseo Nutrition Group Limited" ("Inquiry Letter") from Shanghai Stock Exchange ([2019] 0125).

The details of the Inquiry Letter are as follows:
On January 17th, 2019, an announcement with regard to related transaction and investment was published, disclosing the fact that Bluestar Adisseo Company ("BAC") will ultimately acquire 15% of common shares of BANC (hereinafter referred to as "Target Company"), held by China National Bluestar (Group) Co. Ltd. The shares are valued at CNY 3.614 billion. We have reviewed the above-mentioned announcement and have the following comments. Pursuant to Stock Listing Rules Article 17.1, please provide us with additional information so we may better understand your disclosures.

I. Background & Acquisition Goals

According to the announcement, BAC was already holding 85% shares of the Target Company. After the completion of this transaction, the Target Company will become the fully-owned subsidiary of BAC, which will lead to better management of and coordination with the Target Company, improve your operation, and enhance core competitiveness. This will in turn translate into better financial results and business outcome. Please offer additional explanation on why it is necessary to acquire the minority stake of the Target Company in connection with your business situation and development plans.

II. Valuation of the Target Company

According to the announcement, DeveChina International Appraisals Co. Ltd estimated that with September 30th, 2018 as the base date, 100% common shares of the Target Company was pre-valued at CNY 24.095 billion. Therefore, 15% stake was pre-valued at CNY 3.614 billion. Checking the Target Company's unaudited consolidated financial results on September 30th, 2018, we find that the net asset attributable to common stock owners of the parent company was CNY 14.855 billion, and 15% of it will be CNY 2.228 billion. Therefore, the CNY 3.614 billion valuation means a premium of around 62%. The valuation method used here is market approach, which comprises of market value method and comparable transaction method. Market value method was chosen this time as your valuation methodology. We urge you and DeveChina International Appraisals Co. Ltd to disclose additional information on the following:

1. According to the valuation report, the market value method uses the average stock price around the base date and the total number of shares to determine the total value of a listed company's shares. This value minus other assets/liabilities (save for long-term equity investment) will be the final amount. Yet listed company shares have liquidity, therefore a liquidity discount rate should apply. Please include the base date for determining average stock price and total number of shares, the rationale(s) behind your choice, and how you determine liquidity discount and why;

2. When it comes to comparable transaction method, please include the list of companies that you chose, and explain your rationale in the context of their business scopes, major target markets, revenue mixes, company sizes, profitability, etc. Also, explain the method and rationale of selecting, calculating and adjusting the value ratio of reference companies;

3. According to the disclosure documents with regard to your major asset restructuring in 2015, Beijing ChinaCEA Co. Ltd used June 30th, 2014 as the base date and valued 100% common shares of the Target Company at CNY 13.028 billion, which was significantly lower than the valuation this time. The valuation methods used then were

DCF and market value method, and DCF method was eventually selected. Please explain why a different valuation is used, why there was a significant gap between two valuations in the context of operational status of underlying assets and financial results after the above-mentioned base dates.

III. The Impact of Large Cash Spending on Operating Capital

According to the announcement, the preliminary value of this transaction is CNY 3.614 billion RMB. The amount shall be payable in two installments. Precondition for the second payment is when buyer obtains sufficient funding (to pay the second installments) through re-financing or any other types of financing activities (including but not limit to bank loan, etc.). Your 2018 Q3 report shows that net profit attributable to the parent company in the first three quarters was CNY 710 million, down by 22% year-on-year; net operating cash flow was CNY 739 million, down by 53% year-on-year, cash-in-hand and cash-at-bank was 5.084 billion Yuan, down by 34% year-on-year. Please disclose, as appropriate, the following:

1. In the context of your financial situation and day-to-day operating capital requirements, whether you are capable of settling this acquisition in cash, where will the fund come from, and will there be follow-up financing plans;

2. Will there be a risk that the transaction cannot be closed due to insufficient funding? Please fully disclose relevant risks;

3. Will the above-mentioned payment have any negative impact on operating capital? Please fully disclose relevant risks.

IV. Completeness of Transaction-related Documents

According to the announcement, consolidated financial results of the target asset in the first three quarters of 2017 and 2018 were not audited. Pursuant to the relevant regulations of Listed Company Rules, please provide the audited report of the Target Company in the last year and the latest period.

V. Other

All directors, supervisors and senior executives are advised to clearly express their opinions on whether this deal is necessary, whether the target asset is valued at a reasonable level, and what the impact this acquisition will have on BAC, while explain whether their obligations of diligence have been fulfilled in connection to the due diligence of this transaction. Independent director(s) should clearly express his/her opinion on whether this deal is in line with the interest of BAC as well as its minority shareholders.

Please disclose this Letter of Inquiry on January 18th, 2019, and fulfill relevant information disclosure obligations by responding to it in writing prior to January 25th, 2019.

The Company will respond to the Inquiry Letter properly and timely, fulfilling the information disclosure obligations. The company's official disclosure media are China Securities Journal, Shanghai Securities News and Shanghai Stock Exchange website (http://www.sse.com.cn). Please pay attention to our following announcement.

It is hereby announced.

Board of Directors
January 17th, 2019

(In case of discrepancies between the English version and the Chinese version of this announcement, the Chinese version, officially published and disclosed, shall prevail.)