Stock Code: 600299 **Stock Name: Adisseo** **No: 2019-033**

Bluestar Adisseo Company

Announcement on Acquisition of Assets and Related-party Transaction

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.

Please be aware:

- Transaction structure: Bluestar Adisseo Company ("Company") intends to ultimately acquire 15% of common shares in Bluestar Adisseo Nutrition Group Limited ("Target Company, "BANG") from China National Bluestar (Group) Co., Ltd ("Bluestar Group").
- The amount of this Transaction: The preliminary value of the Target Shares is RMB 3.086 billion at the benchmark date of 30th September 2019, and the final Consideration of the Target Shares shall equal to the final appraisal result provided in the assets appraisal report, which shall be issued by DeveChina International Appraisals Co. Ltd (DeveChina) and filed with ChemChina.
- Risk of transaction: This transaction is to be submitted to the Company's shareholders' meeting for deliberation and approval; and shall obtain/complete relevant approvals / filing procedures from / with MOC, NDRC and foreign exchange regulator. Whether this Transaction can obtain / complete the approval of the shareholders' meeting or relevant approvals / filing procedures (including the timeframe of completing the aforesaid procedures) remains uncertain.

I. Background & Acquisition Goals

On 29th September 2014, the listed company Bluestar New chemical Material "BNCM" (600299.SH) announced the Proposal on Material Assets Restructuring, Issuance of Shares, and Cash Payment to Purchase Assets, Supporting Fund Financing and Related Transaction, in which the company planned to purchase 100% common shares of Adisseo Nutrition "BANG" through material assets restructuring. For the purpose of maintaining listing status, fully protecting all shareholders' interests including minority shareholders' interests, on 30th January 2015, the listed company BNCM (600299.SH) revised the proposal on material assets restructuring to acquire only 85% common shares of BANG. On 31st October 2015, in accordance to the approval by China Securities Regulatory Commission, the listed company BNCM (600299.SH) completed material assets restructuring with Adisseo, 85% common shares of BANG were injected into the company BNCM, and the rest 15% common shares were still owned by Bluestar Group, the controlling shareholder of BNCM. After the completion of that transaction, Bluestar Group's shareholding in the listed company is 89.09%.

On 23rd October 2019, the eighth meeting of the seventh board of directors of the Company was convened, where regarding the revised proposal on related-party acquisition of 15% common shares in Bluestar Adisseo Nutrition Group Limited was examined and approved. This transaction is the continuation of the previous material assets restructuring, aiming at optimizing management over the subsidiary companies, improving operational efficiencies and enhancing core competitiveness, and meanwhile, the transaction is beneficial to the Company for improving its financial results and operational outcome.

II. Overview of the Related-party Transaction and Acquisition of Assets

On 23rd October 2019, the Company held the eighth meeting of the 7th session of the Board and the meeting has approved proposal on related-party acquisition of 15% common shares in Bluestar Adisseo Nutrition Group Limited, which agreed to acquire 15% of common shares of BANG by the Company from Bluestar Group ("Transaction") in cash. After the completion of this Transaction, the Company will own 100% of common shares in BANG.

After the completion of this Transaction, the Company will own 100% of common shares in BANG. The preliminary value of the Target Shares at the benchmark date of 30th September 2019 is RMB 3.086 billion, and the final Consideration of the Target Shares shall equal to the final appraisal result provided in the assets appraisal report, which shall be issued by DeveChina International Appraisals Co. Ltd (DeveChina) and filed with ChemChina.

Bluestar Group is the controlling shareholder of the Company, which is deemed as a related party of the Company. This Transaction is a related-party transaction.

This Transaction does not constitute a material asset restructuring as stipulated by the Administrative Measures on Significant Asset Restructuring of Listed Companies. This Transaction is to be submitted to the shareholders' meeting for deliberation and approval.

III. Introduction of Related Party

I). Introduction of related-party relationship

The counterparty of the Acquisition Bluestar Group is the controlling shareholder of the Listed Company, constituting the related party of the Listed Company.

II). Basic information of related party

1. Basic information of the Bluestar Group

1) Company Name: China National Bluestar (Group) Co., Ltd
2) Company Type: Limited liability company (Sino-foreign joint venture and not listed)
3) Registered Address: 9 Beitucheng West Road, Chaoyang District, Beijing
4) Main Office: 9 Beitucheng West Road, Chaoyang District, Beijing
5) Legal Representative: HAO Zhigang
6) Registered Capital: RMB 18,168,869,029
7) Main Business: Researching and developing on new chemical materials, chemical cleaning, anticorrosion and water treatment technology and fine chemical products; researching, producing and applying reverse osmosis membrane and the equipment; promoting transfer technology, conducting all kinds of domestic and overseas cleaning business; designing, applying and serving automation engineering; self-managing and acting as agent for import and export businesses of all kinds of products and technologies (excluding the products and technologies which are limited for company operation or prohibited to import or export by China); contracting for overseas chemical engineering and domestic international bidding projects, exporting the equipment and materials needed for the above mentioned overseas projects; consultation services and housing rental.
8) Controlling Shareholder: China National Chemical Corporation

2. Development conditions of Bluestar Group’s main business in the past three years: Bluestar Group’s main business includes material science, life science and environmental science. It owns a complete industrial chain of R&D, producing and sales regarding basic chemical raw material and new chemical material products, the main products of which include relevant products in relation to silica industry, engineering plastics, polyurethane, general plastics, phenol acetone, acrylic ester, polyethylene, polyether, methionine, Vitamin A/E, membrane materials, ionic membrane electrolytic cell, photovoltaic materials, etc.

   As of the end of June 2019, the R&D and technical service organizations of the Bluestar Group are located in China, France, Australia, England, America, Brazil, Norway etc., with operations in more than 140 countries and regions. The Bluestar Group owns 69 research institutions and more than 50 factories. As of the end of June 2019, Bluestar Group owns three listed companies (Adisseo (600299.SH), Shenyang Huagong (000698.SZ) and Elkem (listed on Oslo Stock Exchange, Norway)), the shareholdings of which owned by Bluestar Group directly and indirectly are 89.09%, 46.03% and 58.20%, respectively.

   In FY 2016, FY 2017, FY 2018 and the period from January to June this year, the revenues of Bluestar Group are RMB 47,766,337,500, RMB 55,511,455,500, RMB 60,013,377,500 and RMB 27,094,684,000, respectively and the net profits of Bluestar Group are RMB 912,578,600, RMB 757,029,700, RMB 1,464,798,100 and RMB 325,236,900, respectively. In the past three years and the latest period, Bluestar Group's business operation is stable.

3. Relationship between Bluestar Group and the Listed Company in respect of property rights, businesses, assets, credit and debt, employees, etc.: The Listed Company and Bluestar Group operate independently in respect of the abovementioned aspects.

4. Key financial indexes of BlueStar Group in the last year:

Key Financial Indexes (RMB)	As of 31th December 2018 / FY 2018 (audited)
Total Assets	102,238,899,674.24
Net Assets	25,746,155,315.66
Revenue	60,013,377,471.48
Net Profits	1,464,798,120.43

IV. Basic information of the Target Company

I). The Target Company

1. Type of transaction: external investment and related-party transaction

2. Basic Information of the Target Company
   1) Company Name: Bluestar Adisseo Nutrition Group Limited
   2) Shareholding Structure: The Listed Company holds 85% common shares in the Target Company, BlueStar Group holds 15% common shares in the Target Company, and Grandon Holdings Company Limited ("Grandon") holds 250,000,000 preferred shares in the Target Company.
   3) Main business: investment and holding company
   4) Issued share capital: 8,000,000,000 common shares, 0.00025 euro per share; 320,000,000 preferred shares, 1 dollar per share
   5) Paid-up share capital: 8,000,000,000 common shares, 0.00025 euro per share; 250,000,000 preferred shares, 1 dollar per share
   6) Date of establishment: November 21, 2005
   7) Registered address: Level 54, Hopewell Center, 183 Queen's Road East, Hong Kong

3. Right of first refusal: The other shareholders of the Target Company do not have any rights of first refusal. The preferred shareholder Grandon has approved this Transaction.

4. Ownership status: The target assets of the Acquisition is the 15% common shares Bluestar Group holds in Adisseo Nutrition Group ("Target Shares"), and the Target shares have clear property right, and is free of mortgage, pledge or any other restrictions on the share transfer. The Target Shares are not involving in any litigation,

arbitration, seizure, freezing or other judicial measures, and there is no other circumstance impeding the share transfer.

5. Key financial indexes of the Target Company in the last year and the latest period:
Key financial indexes of the Target Company (on a consolidated basis) in the last year and the latest period:

Key Financial Indexes (10,000 RMB)	As of 31th December 2018 / FY 2018 (audited)	As of 30th September 2019, / January to September of FY 2019 (audited)
Total Assets	1,874,045	1,913,251
Net Assets	1,483,310	1,488,901
Revenus	1,141,798	831,264
Net Profits	117,082	96,500
Net Profits after deduction of nonrecurring profits and losses	114,869	80,873

2018 financial data have been audited by KPMG. KPMG is qualified to conduct businesses of securities and futures and has issued an audit report (Bi Ma Wei Hua Zhen Shen Zi No. 1902192) for the target assets of this Transaction.

The audit and appraisal report based on 30th September 2019 are still in progress, and the company will separately disclose the appraisal report and audit report when they are completed. After the disclosure, an extraordinary shareholders' meeting will be convened.

II). Determination of the price of the related-party transaction
According to the result of preliminary valuation conducted by DeveChina (which has been jointly appointed by Bluestar Group and the Listed Company) which is qualified to conduct appraisal business in relation to securities and futures, the preliminary value of the 100% of common shares in the Target Company at the benchmark date of 30th September 2019 is RMB 20.576 billion; and that of the Target Shares at the benchmark date of 30th September 2019 is RMB 3.086 billion, and the final Consideration of the Target Shares shall equal to the final appraisal result provided in the assets appraisal report (which shall be issued by DeveChina and filed with ChemChina).

III). Transfer of credit and debt: This Transaction does not involve with any transfer of credit or debt of the Target Company.

IV). Analysis on the pricing of the Target Shares and fairness and reasonability: The Consideration of this Transaction shall be subject to the appraisal result which shall be filed with competent state-owned regulatory authority.

V. Valuation of the Target Company

I). Appraisal target

1. Estimated appraisal result
   According to estimated value from DeveChina, the preliminary value of the Target Shares at the benchmark date of 30^{th} September 2019 is RMB 20.576 billion; and that of the Target Shares at the benchmark date of 30^{th} September 2019 is RMB 3.086 billion. The final Consideration of the Target Shares shall equal to the final appraisal result provided in the assets appraisal report.

2. The consideration and rationale for determining the valuation base date
   According to the *Measures for the Supervision and Administration of State-Owned Equity of Listed Companies (No. 36 Order of the SASAC, Ministry of Finance)*, the 15% common stock value of BANG shall be assessed using 30^{th} September 2019 as evaluation base date, which is determined according to the needs of economic behavior, considering as close as possible to the realization of the economic behavior, enterprise accounting, and the integrity of accounting data.

   From January to September 2019, the highest price was 15.21 Yuan and the lowest price was 9.90 Yuan. The average price on the 60^{th} and 120^{th} date was between 10-12 Yuan. Therefore, the price was relatively stable during this period, with relatively limited fluctuation, and was able to reflect the real value of the listed company.

3. The rationality of the valuation using the market price method in this Transaction
   In this Transaction, DeveChina used the market price method and the comparative method to conduct evaluating, and finally adopted the market price method evaluation result in the evaluation report filed in SASAC.

   Besides owning 85% common shares of BANG, the Company has no other equity investment and no other actual operational activities, so the stake of BANG is the most important asset of the Company. Therefore, the listed companys share price can reasonably reflect the value of 85% of the common shares of BANG.

   Since the stock price of Adisseo has been relatively stable before the base date, the transaction price can reasonably reflect the equity value of the listed company. Therefore, the value of 15% common shares of BANG with market price method is calculated using the total share value of the listed company minus other assets and liabilities other than long-term equity investments with liquidity discount considered.

   Measures for the Supervision and Administration of State-Owned Equity of Listed Companies (No. 36 Order of SASAC, Ministry of Finance) stipulated in Article 32 that: Non-public solicitation of state-owned shareholders to transfer

shares of listed companies shall not be lower than the price of the higher of the two of the following:
(a) The arithmetic average of the daily weighted average price of 30 trading days before the suggestive announcement date;
(b) The audited net asset value per share of the listed company in the most recent fiscal year.
In evaluation of this Transaction, calculation of average share price of the listed company is based on the above-mentioned regulation.

The share price of a listed company is the fair value determined by free trading of each investor under fair market conditions. It has the characteristics of transparent trading process, public market data and persuasive trading results, which means that the stock price should be able to reflect the judgment of all investors of the fair value of listed company under the current market conditions.

Since the underlying assets of this Transaction are the core assets of the listed company, it is not appropriate to make public expectation on profit forecasts for the future performance. Therefore, the pricing method is not applied. To deliver a more intuitive understanding, the Company reverse-calculated the estimated transaction price by using the market price method combined with the liquidity discount pricing method, to calculate the future profit if the income method is applied. As the European risk-free rate has declined in recent years, assuming the future discount rate is 8%, and there is no significant change in the companys working capital structure. The simulated theoretical annual recurring net profit onward is to be at the level of around RMB 1.25 billion. This simulation is a simple calculation, and there will be various unexpected factors, i.e. macroeconomic fluctuations. Thus, the reversal simulation is only for reference and does not represent the companys business plan or performance forecast.

4. There is no significant difference between the valuation of this Transaction and the previous major asset restructuring valuation.
During the Major Asset Restructuring in 2015, Beijing China CEA Co. Ltd. used 30th June 2014 as the base date, the book value of net assets attributable to common stock owners of the parent companys is RMB 7.013 billion, and the appraised value is RMB 13.028 billion based on income method, i.e. the appreciation ratio vs. book value is 85.78%, while for this Transaction, the appreciation ratio is around 54%, which is lower than the previous one.

VI. Main content and performance arrangement of the related-party transaction
On 23rd October 2019, the Company signed a Share Purchase Agreement with Bluestar Group, the main content of which is as follows:
1. Parties: The Listed Company (as Purchaser) and Bluestar Group (as Seller)

2. Purchase price: According to the result of preliminary valuation conducted by DeveChina Appraisal (which has been jointly appointed by Bluestar Group and the Listed Company) which is qualified to conduct appraisal business in relation to securities and futures, the preliminary value of the Target Shares is RMB 3.086 billion at the benchmark date of 30th September 2019, and the final Consideration of the Target Shares shall equal to the final appraisal result provided in the assets appraisal report (which shall be issued by DeveChina and filed with ChemChina).

3. Payment: In cash

4. Payment schedule: The First Consideration equals to 50% of the Consideration (RMB 1.543 billion) and the Purchaser shall pay the First Consideration to the Seller's designated bank account within five (5) Business Days from the First Closing Date; and the Second Consideration equals to 50% of the Consideration (RMB1.543 billion). The second payment shall be settled by the Purchaser to the Seller's designated bank account within a specified time by both Parties after the second payment terms are reached. In principle, the second payment should be paid no later than one year after the signing of the Share Purchase Agreement. Under regular circumstances, the Purchaser shall pay the second installment within six months of the signing of the Share Purchase Agreement.

5. Closing arrangement: After meeting the closing conditions or by written exempt, the Closing of this Transaction shall take place at Room 6518, Beijing Haidian Garden Restaurant, No.30, East Garden Road, Haidian District, Beijing or at such other place as is agreed in writing by both Parties.

6. Closing conditions: The Share Purchase Agreement shall have been signed by the legal representatives of the two Parties or their authorized representatives and stamped by both Parties; this Transaction shall have been approved by both Parties' competent internal authorities and obtained relevant authorities' approvals; the Appraisal Report of this Transaction shall have been filed with ChemChina; the preferred shareholder of the Target Company does not have any rights of first refusal and has approved this Transaction; both Parties shall obtain the foreign investment filing documents/certificates issued from the China National Development and Reform Commission and the Ministry of Commerce and complete the foreign exchange registration procedures; no injunction, restraining order or other order or any other legal or regulatory objection, restraint or prohibition having been issued or made by any court of competent jurisdiction or any other governmental or regulatory authority which prevents the consummation of this Transaction contemplated by this Agreement, etc., both Parties shall certify the above matters with a properly signed statement on the delivery date; the Seller shall deliver a duly signed statement to the Purchaser at the Closing Date stating that the Seller's representations and warranties under this Agreement are true, accurate, complete and valid prior to or on the Second Closing

Date.

7. The Second Closing Conditions: The Closing has been consummated in accordance with this Agreement; and the Purchaser shall have received sufficient additional funds through the implementation of a refinancing or any other way of financing (including but without limitation, bank loans, etc.) made available to the Purchaser and the payments made by the Purchaser for the Second Consideration shall in no event cause any material adverse impact on the Purchaser's ordinary course of business.

   Despite the foregoing provisions, restricted by the regulations governing state-owned assets or other applicable laws, after the second payment terms are fulfilled, the second payment will not be made immediately according to the market conditions at that time and/or the Purchaser's own circumstances. Conducive to the interests of the Purchaser and the common interests of the Purchasers shareholders, the Seller shall agree to extend the second payment period until the foregoing situation improved.

8. Ownership of profits or losses during the transition period: All proceeds from the target assets during the transition period belongs to the Purchaser, and all losses shall be compensated by the Seller to the Purchaser in cash.

9. Breach of contract: If any Party cannot fulfill its obligations or commitments under this Agreement or the representations or warranties made by such Party have any false records, misleading statements or major omissions ("Breach"), all Losses (including reasonable expenses incurred to avoid such Losses) suffered by the other Party due to the Breach shall be fully reimbursed by such breaching Party.

10. Dispute resolution: Any dispute or claim arising from or in connection with this Agreement ("Disputes") shall be settled upon amicable consultation. If such Disputes cannot be settled within sixty (60) days from the date of such Disputes, either Party is entitled to submit the Disputes to Beijing International Arbitration Center in accordance with its arbitration rules applicable at the time when the arbitration proceedings are commenced. The seat or legal place of the arbitration shall be Beijing. There shall be three (3) arbitrators. The language of the arbitration shall be Chinese. The arbitration award shall be final and binding on both Parties.

VII. The Impact of Large Cash Spending on Operating Capital

Facing fiercer industrial competition, this transaction is conducive to improving the net profit attributable to shareholders of the Company, which could promote the strategic development of Adisseo and enhancing the core competitiveness. Moreover, the transaction is fair and settled in cash, which increases the earnings per share on a pro forma basis. At the same time, in order to reduce the negative impact on the daily operating capital needs of the Company, in accordance with the Share Purchase Agreement Adisseo signed with Bluestar Group, 15% shares of the target company

Adisseo Nutrition will be delivered in two stages.

I). Closing conditions

In accordance with the Share Purchase Agreement, the delivery of this transaction is subject to:

1. The First Closing Condition: The First Consideration equals to 50% of the Consideration (RMB 1.543 billion) and the Purchaser shall pay the First Consideration to the Seller's designated bank account within five (5) Business Days from the First Closing Date.

2. The Second Closing Condition: The Closing has been consummated in accordance with this Agreement; and the Purchaser shall have received sufficient additional funds through the implementation of a refinancing or any other way of financing (including but without limitation, bank loans, etc.) made available to the Purchaser and the payments made by the Purchaser for the Second Consideration shall in no event cause any material adverse impact on the Purchaser's ordinary course of business.

   Despite the foregoing provisions, restricted by the regulations governing state-owned assets or other applicable laws, after the second payment terms are fulfilled, the second payment will not be made immediately according to the market conditions at that time and/or the Purchaser's own circumstances. Conducive to the interests of the Purchaser and the common interests of the Purchasers shareholders, the Seller shall agree to extend the second payment period until the foregoing situation improved.

The arrangement of two-stage delivery is mainly to ensure that the cash payment will not have a significant negative impact on the daily operating capital of the listed company, and provide the flexibility of the second payment, so that the listed company only executes the second payment once it has defined the most suitable and economic way.

II). The above-mentioned payment does not have any negative impacts on operating capital.

The capital payment arrangement of this transaction is made by the listed company based on comprehensive consideration of the Company's plan for day-to-day operating capital use and for future business development and is agreed with the counterparty. The Company expects there will be no negative impact on use of day-to-day operating capital.

Given the above, this transaction will be settled through two deliveries. Each payment amount is 50% of the total transaction consideration. The first payment amount is around RMB 1.543 billion, and the Company plans to make the first payment through its cash. As of end of the third quarter of 2019, Adisseo's cash and cash equivalent was RMB 5.2 billion, and the Company's day-to-day operating capital demand is around RMB 2 billion, therefore, Adisseo has sufficient capital to meet its demand for day-to-day operations after the first payment. The precondition for the second payment is when the Company obtains sufficient funding (to pay the second payment) through re-financing or any other types of financing activities (including but not limit to bank loan, etc.). And the payment for the Second Consideration shall in no event cause any material adverse impact on the Purchaser's ordinary course of business.

In conclusion, the payment of this transaction would not cause any material negative impact on operating capital of the Company, and existing cash position of the listed company is sufficient to cover the transaction consideration to be paid by its existing cash as well as the required capital for day-to-day production and operation. Therefore, the overall risk is controllable.

VIII. Purpose of the related-party transaction and the relevant effect on the listed company

1. The transaction is beneficial to the Company for realization of deeper execution of the target company, simplify and optimize the Company's structure, and enhance the management decision and efficiency of the listed company.
   The acquisition target company Adisseo Nutrition and its subsidiaries are the core operational entities of the listed company and the target is the only subsidiary of the Company. Before this transaction, 85% common shares of BANG were injected into the listed company, and the rest 15% common shares were still owned by Bluestar Group. After the completion of this transaction, the target company Adisseo Nutrition will be wholly owned by the Company, which will enhance the Company's control of Adisseo Nutrition. Meanwhile, the transaction will be beneficial for improving and simplifying the org chart of the listed company and thus can enhance the Company's management decision and efficiency, improve and enhance the core competitiveness of the core operational entities of the Company, and realize efficient allocation of the Company's resources.

2. The transaction is conducive to improving the quality of operations and enhancing core competitiveness.
   In the recent two (2) years, in response to the macroeconomic environment fluctuations and the competition of new entrants in the market, the listed company relied on the target company and its subsidiaries to implement the "two-pillar" strategy. On one hand, the Company continues to maintain its leading position in the methionine market (The Companys first business pillar), and on the other hand, the Company continues to introduce innovative solutions to accelerate the development of specialty products business (the companys second business pillar). The announcement by the listed company of the construction of the new Nanjing Liquid Methionine Plant and the acquisition of Nutriad, a feed additive manufacturer are key steps in the implementation of the "two-pillar" strategy of the Company relied on the target company. After the completion of the transaction, 100% of the common shares of the Adisseo Nutrition will be owned by the listed company. On the one hand, with

the increased competition, it will help protect the interests of shareholders of listed company; on the other hand, it will be beneficial to further promote the development strategy and enhance the core competitiveness of the Company.

3. The transaction is positive for increasing net profit attributable to shareholders and the earnings per share of the listed company, without having negative impacts on daily operations.

   Before the transaction, 85% of common shares of Adisseo Nutrition was owned by the listed company, and 15% of common shares was owned by Bluestar Group. After the transaction, the target company will ultimately become a wholly-owned subsidiary of the listed company, which will allow having a clearer org chart.

   The pricing of this transaction is fair and settled in cash, which is conducive to increasing the earnings per share of listed company and is beneficial to minority shareholders. According to the financial statements of the Company for the third quarter of 2019, if assuming the transaction was completed by 30th September 2019, the net profit attributable to shareholders for the first nine months of 2019 could have an increase from RMB 810 million to RMB 970 million, or pro forma EPS could have an increase from RMB 0.3 to RMB 0.36. This transaction has ensured that the Company has sufficient funds based on reasonable design of the transaction structure and the two-step installment. This transaction will not have a major negative impact on the daily operation of the listed company.

IX. The controlling shareholder does not abuse shareholder's power and related party relations to harm interests of the listed company and other shareholders. All directors, supervisors, senior executives have fulfilled their duties in a faithful and diligent manner.

I). There is no abuse of shareholder rights from the controlling shareholder and there are no related relationships that would harm the interests of the Company and other shareholders.

This Transaction is objective and fair, and the controlling shareholder deliberated a prudent resolution on the necessity, valuation and delivery arrangement of this Transaction. It fully protects the interests of the Company and there is no harm to the interests of the Company and other shareholders.

1. This Transaction is a logical extension of previous major asset restructuring endeavor

   The underlying company BANG is a high-quality asset belonging to the controlling shareholder Bluestar, which has been committed to providing strategic guidance and support from development strategies, corporate operations, corporate governance and other aspects to BANG, to improving operating performance and promoting the long-term development.

   The controlling shareholders original intention for the development of BANG is to complete its listing, and further expanding and strengthening it with the support from capital market. In the process of the previous restructuring, in order to ensure the listing status of the Company, it failed to complete the injection of 100% equity of the Target Company. This transaction is a logical extension of the previous major asset restructuring endeavor, whose targets were to enable the listed company to have better control on the only subsidiary, simplify and optimize the Company's structure, improve operation quality, and meanwhile enhance the listed company's financial and operation result.

2. The valuation of the Transaction is reasonable, and the pricing is fair.
   In the context of this Transaction, controlling shareholder and the listed company engaged DeveChina, a certified agency with qualification to offer services in securities and futures market, as the appraiser to offer professional opinion. According to relevant regulation and policy, the price to be applied in this Transaction will be based on the valuation report issued by Deva China and filed by ChemChina.

3. The transaction delivery arrangement fully protects the interests of listed company
   To fully protect the interests of listed company and avoid the negative impact on the normal business operations, the Transaction will be settled through two deliveries. The Company plans to make the first payment through its existing cash. One of the preconditions for the second payment is when the Purchaser obtains sufficient funding (to pay the second payment) through re-financing or any other types of financing activities (including but not limit to bank loan, etc.). And the payment for the Second Consideration shall in no event cause any material adverse impact on the Purchaser's ordinary course of business. Such arrangement fully considers the interests of listed company and ensure that this Transaction will not adversely affect the operating working capital of the Company.

4. The trading decision-making procedures are in compliance with relevant laws, administrative regulations and regulatory documents.
   It is a related transaction between the controlling shareholder and the listed company. According to the relevant laws, administrative regulations and regulatory documents, the Transaction will be submitted to the shareholders meeting for further approval, and the combination of on-site voting and on-line voting will be adopted. Related shareholders, Bluestar and Beijing Research and Design Institute of Rubber Industry shall withdraw from voting.

In summary, the Transaction is objective and fair. There is no abuse of shareholder rights from controlling shareholder, and no circumstance of the Transaction will harm the interests of the Company and its shareholders.

Based on simulation according to the valuation result of this Transaction, the price is equivalent to the listed companys per share value of 7.47 Yuan. Due to the consideration of liquidity discount, the price is quite lower than the average price of 12.3 Yuan per share since 2017, which will not harm the minority shareholders. Meanwhile, in order to further protect the interests of listed company and other small and medium shareholders, the controlling shareholder of the listed company promises that if the closing trading price is lower than 7.47 Yuan per share for 30 consecutive trading days within one year after the underlying asset being successfully injected into the listed company, Bluestar will conduct a plan to increasing holdings of listed company according to the relevant regulations of SASAC, securities regulatory authority and stock exchange. The plan is to stabilize the stock price and protect the interests of small and medium shareholders.

In addition, to contribute to the successful implementation of the Company's future business plan, Bluestar commits to provide their strong support to the development of the Company as they have always done to help the Company to become bigger and stronger through organic growth as well as external M&A. If necessary, Bluestar will initiate or implement conducive measures or action plans to guarantee the interests of all shareholders, such as increase shares via stock market, company buy-back scheme, injection of high-quality assets, etc.

II). All directors, supervisors and senior executives have fulfilled the necessary due diligence obligations

In view of this Transaction, all directors, supervisors and senior executives have fulfilled the necessary due diligence obligations, prudently assessed the necessity of the Transaction, engaged independent third-party professional service providers to audit and evaluate on the Target Asset. The relevant risks of this Transaction have been fully assessed, and the proper decision-making procedures and obligations of diligence have been fulfilled.

In order to offer better protection to the interests of the listed company and minority shareholders, the board and the management will take measures from following aspects:

1. Implementation of strategic planning in all aspects of production and operation, tapping growth potential and paying close attention to market trends: Strict implementation of strategic planning and budget in purchasing, production and sales, and pay close attention to market trends for effective and swift adjustment in operation, always ensuring production and operation efficiency, and tapping potential from product development, research and development, expanding growth and development space. Besides that, the Company will take effective and timely measures to deal with changes in macro, industry and market, and to ensure healthy, stable and sustainable operation in the future.

2. Strengthen management and internal control to provide institutional guarantee for the

companys development: The Company follows the requirements of laws, regulations and regulatory documents, to continuously optimize the corporate governance structure, improve the investment decision-making mechanism, strengthen internal control, for the purpose to ensure shareholders can fully exercise their rights, the board of directors can exercise its function and power in accordance with laws, regulations and the Companys Articles of Association (AOA), to protect the Companys overall interests, especially the legitimate rights and interests of minority shareholders, to ensure the board of supervisors can independently and effectively exercise supervision over directors and senior management.

3. Improving the profit distribution system: In order to improve and perfect the scientific, sustainable and stable dividend-sharing decision-making and supervision mechanism of listed company, actively benefit investors, and guide investors to establish long-term investment and rational investment concept, the Company will follow relevant laws, regulations and normative documents and the Companys by-law to further improve the profit distribution system, earnestly safeguard the legitimate rights and interests of investors, strengthen the protection mechanism for the rights and interests of small and medium-sized investors in accordance with the conditions of the companys operation and developmen t plan, so as to strive the improvement of the level of shareholders returns.

4. The Companys board of directors guarantees its diligence and responsibility, protecting the interests of listed company and shareholders, promising the following items:
   - Commitment not to transfer benefits to other units or individuals without compensation or under unfair conditions, nor to damage the interests of Listed Companies in other ways;
   - Commitment not to use the assets of listed companies to engage in investment activities unrelated to the performance of their duties;
   - The existing as well as the future remuneration system of senior management of the Company established by the board will have a closer relationship with the Companys business operation performance. The remuneration is composed of base salary, annual bonus, and medium-term incentive that places a significant portion of pay closely related with the Company’s business as well as in line with shareholders’ interest. The target-setting of annual bonus is composed of 1) individual performance goals which is closely prioritized according to the Company’s development plan; 2) Company’s performance goals are matrix TRIR/Sales/EBITDA/FCFAT and/or ROCE reviewed annually based on the Company’s approved business plan. Long-term performance appraisal system is based on the creation of sustainable shareholder value and therefore may include total shareholders’ return, return on existing assets, profitable growth, and the quality of earnings. Long-term performance target will be consistent with shareholders’ expectations for the Company’s performance.

In order to better protect the interests of all shareholders, the Company will set up a revised five-year (2019-2024) incentive adjustment factor in addition to the current remuneration policy, which will ensure the management interests more closely linked with the Transaction's appraisal value and Companys share price. For illustrative purpose, the final incentive calculation method is:
Final bonus = incentive adjustment factor * (annual short-term bonus + medium term incentive bonus).

Share price	*>12.7*	*8.46-12.7*	*<8.46*
Incentive adjustment factor	*1 to 1.2*	*1*	*0.8-1*
Impact on bonus	*More bonus will be distributed up till 120%*	*No impact on bonus calculation*	*Bonus will be in the range of 80% to the original amount*

Note:

- 10.58 is the arithmetic average of the daily weighted average price of the 30 trading days before 30th September 2019, which is the base value to calculate the valuation of CNY 20.576 bn.
- 8.46-12.7 are within 20% of 10.58.
- The final adjustment factor in each range will be proposed by the Remuneration Committee according to the market situation and other factors in that specific year for annual board approval

The above long-term incentive scheme has been approved by the Remuneration Committee and the Board of Directors.

X. Deliberation procedures shall be completed regarding the related-party transaction

On 16th January 2019, the 3rd meeting of the 7th session of board of directors was convened. Proposal on Acquiring 15% common share of BANG & Related Transactions was deliberated and passed. Affiliated directors Hao Zhigang, Michael Koenig, Gerard Deman and Ge Yougen have abstained from voting when deliberating this proposal. This proposal was deliberated by unaffiliated directors and passed with 5 votes in favor, 0 objection, and 0 abstention. Audit committee and independent directors expressed their opinions and approved this Transaction. The proposal had been deliberated to the 1st extraordinary shareholders' meeting and rejected.

On 23rd October 2019, the Company held the eighth meeting of the 7th session of the Board and the meeting has approved the proposal on related-party acquisition of 15% common shares in Bluestar Adisseo Nutrition Group Limited. Affiliated directors Hao Zhigang, Michael Koenig, Gerard Deman and Ge Yougen have abstained from voting when deliberating this proposal. This proposal was deliberated by unaffiliated directors and passed with 5 votes in favor, 0 objection, and 0 abstention.

1. The independent directors have approved this proposal in advance and issued opinions as follow:
After reviewing relevant materials, based on the principles of independence and objective judgment, we understand: this related-party transaction aligns with the Company's strategies of business and development and relevant laws, regulations and rules; and there is no circumstance that harms the benefits of the Company and its shareholders, especially the minority shareholders.

Therefore, we agree to submit this related-party transaction to the Board of Directors for deliberation.

2. The independent directors issued independent opinions on this proposal as follow:
This proposal has been approved by us before submitting to the Board of Directors for deliberation.

After reviewing relevant materials, based on the principles of independence and objective judgment, we understand: this related-party transaction aligns with the Company's strategies of business and development and relevant laws, regulations and rules; and there is no circumstance that harms the benefits of the Company and its shareholders, especially the minority shareholders. When the Board of Directors deliberated this proposal, related-party directors have abstained from voting. The procedures of deliberation and voting complies with relevant laws, regulations, rules and the Company's Articles of Association.

Therefore, we agree on this related-party transaction.

This Transaction shall be submitted to the shareholders' meeting of the Listed Company for deliberation and approval. Related-party shareholders Bluestar Group and Beijing Rubber Industry Research Design Institute shall abstain from voting in such shareholders' meeting.

On 30th April 2019, China National Chemical Corporation Co., Ltd. issued a written resolution and agreed this Transaction. The assets appraisal report of This Transaction shall be filed with competent state-owned regulatory authority. This Transaction shall complete the filing procedures in relation to ODI with NDRC and MOC and relevant foreign exchange registrations.

XI. Risks

In this Transaction, DeveChina used the market price method and the comparative method to conduct evaluating, and finally adopted the market price method evaluation result in the evaluation report filed in SASAC. And the transaction price was settled through negotiation based on appraisal value. Although the appraisal agency strictly follows the relevant assessment requirements, the valuation may not in line with the actual situation, if there are major changes in the future due to macroeconomic fluctuations, changes in regional economic conditions and industry's development prospects.

This Transaction shall be submitted to the shareholders' meeting of the Listed Company for deliberation and approval. Related-party shareholders Bluestar and Beijing Rubber Industry Research Design Institute shall abstain from voting in such shareholders' meeting. This Transaction shall complete the filing procedures in relation to ODI with NDRC and MOC and relevant foreign exchange registrations.

Please kindly be aware of risks.

It is hereby announced.

Board of Directors
23rd October 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.)