Stock Code: 600299 **Stock Name: Adisseo** **No: 2019-038**

Bluestar Adisseo Company

Announcement on Updated Information of 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:

- On 23rd October 2019, Bluestar Adisseo Company ("Company") held the 8th meeting of the 7th session of the Board and the meeting has approved the revised proposal on related-party acquisition of 15% common shares in Bluestar Adisseo Nutrition Group Limited ("Target Company, "BANG"), related Announcement was disclosed on 24th October 2019. According to the relevant provisions of the Listing Rules, this Transaction requires an audit report of the underlying assets for the latest financial year. On the date of this announcement, the audit firm has completed the audit of Q3 2019 financial report of the target company and issued an audit report.
- The appraisal value of the Target Shares at the benchmark date of 30th 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, which shall be issued by DeveChina International Appraisals Co. Ltd ("DeveChina") and filed with ChemChina.
- In this Transaction, the transaction price was settled based on market price method. 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.
- To offer greater protection to the rights of the Company and minority shareholders, the board of the Company promises that the future remuneration system, based on the revised acquisition plan, shall have a closer relationship with the Company's business operation performance. The remuneration is composed of base salary, annual bonus, and medium-term incentive, which guarantees the close relationship with the Company's business as well as in line with shareholders' interest.
- China National Bluestar (Group) Co., Ltd ("Bluestar Group"), the controlling shareholder of the Company, presented a written notice to the board of directors of the Company on 25th November2019, requesting adding an interim proposal to the

second extraordinary shareholders' meeting of FY2019. The board of directors agreed to this suggestion.

- In the past 12 months, the Company has not conducted any types of related party transactions with the same related party except for day-to-day related party transactions and has not conducted such transactions with other related parties. In the past 12 months, the day-to-day related transaction between the Company and Bluestar Group and its related parties were approximately RMB 34 million.

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

I). The introduction of this Transaction

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 appraisal value of common shares of BANG at the benchmark date of 30th September 2019 is RMB 20.58 billion, and the evaluation value of the target share is: 15% of the common stock value is RMB 3.086 billion. The final Consideration of the Target Shares equals to the final appraisal result provided in the assets appraisal report, which was issued by 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.

II). Preliminary progress of this Transaction

The board of directors of the Company deliberated and approved the proposal on "Convening the second extraordinary shareholders' meeting of FY2019" and disclosed the " Notice on convening the second Extraordinary Shareholders' Meeting of FY2019" on the following day.

According to the relevant provisions of the *Listing Rules*, this Transaction requires an audit report of the underlying assets for the latest financial year. Using 30th September 2019 as the benchmark date, the audit and appraisal filing work on are still in progress. After the above work is completed, the company will separately disclose the appraisal report and audit report and fulfill the corresponding information disclosure obligations.

II. Updated progress of this Transaction

I). Audit report

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 31st December 2018 FY2018 (audited)	As of 30th September 2019 Q3 2019 (audited)
Total Assets	1,874,045	1,892,635
Net Assets	1,483,310	1,488,901
Revenues	1,141,798	831,264
Net Profits	117,082	96,500
Net Profits after deduction of nonrecurring profits and losses	114,869	80,873

On 15th April 2019, KPMG Huazhen completed the audit of the 2018 annual financial report of the underlying asset and issued an audit report, No. 1902192.

On 22nd November 2019, KPMG Huazhen completed the audit of the Q3 2019 financial report of the underlying asset and issued an audit report, No. 1903560.

II). Appraisal target

1. Appraisal result

On 25th November 2019, the evaluation and filing of the target company was completed. According to DeveChina, the appraisal value of common shares of BANG at the benchmark date of 30th September 2019 is RMB 20.58 billion, thus the appraisal value of the Target Shares 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 100% common stock value of BANG shall be assessed using 30th 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 transaction value and the value added of the book value of the target company

Based on 30^{th} September2019, the book value of common shares on consolidated level of BANG was RMB 13,331,467,700; the appraisal value was RMB 20,575,665,100. The appreciation ratio was 54.53%.

4. Appraisal progress

For the purpose of this valuation, the target asset and its classification, combined with the data collection and applicable conditions of three fundamental valuation methods, the market approach is applied. The specific evaluation method is the market price method and the comparative method of listed companies.

1) Market price method

Besides owning 85% common shares of BANG, the Company has no other equity investment and no other actual operational activities, so the market price method is applied to assess the value of 100% common shares of target company.

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 value of common shares of BANG with market price method is calculated using the total share value of the listed company (weighted average stock price times total number of shares) minus other assets and liabilities other than long-term equity investments with liquidity discount considered. The detailed formulations are as follows:

Value of the 85% common shares of BANG (before deducting liquidity discount) = total share value of Adisseo – other assets and liabilities other than long-term equity investments

Value of the 100% common shares of BANG = (value of 85% common shares of BANG / 85%) x (1- liquidity discount)

(a) The arithmetic average of the daily weighted average price of 30 trading days before the benchmark date

As of the benchmark date, the arithmetic average of the daily weighted average price for the 30 trading days before the benchmark date is 10.58 Yuan. The calculation process is as follows:

Date	Opening price	Highest price	Lowest price	Closing price	Trade volume(share)	Trade amount (RMB)	Daily weighted average price (RMB/share)
2019/9/30	10.39	10.47	10.26	10.35	2149586	22244586	10.35
2019/9/27	10.4	10.52	10.35	10.38	3127357	32546399	10.41
2019/9/26	10.57	10.73	10.39	10.39	3025137	31856725	10.53
2019/9/25	10.82	10.82	10.6	10.61	3486790	37173706	10.66
2019/9/24	10.73	10.85	10.7	10.85	3745255	40327835	10.77
2019/9/23	10.85	10.85	10.61	10.67	3693979	39427054	10.67
2019/9/20	10.96	10.96	10.84	10.85	4220130	45935565	10.88
2019/9/19	10.68	11.18	10.68	10.95	6805296	74435904	10.94
2019/9/18	10.61	10.69	10.56	10.67	2773331	29485105	10.63
2019/9/17	10.95	10.97	10.56	10.6	4468256	47716689	10.68
2019/9/16	10.97	11.05	10.84	10.88	4217575	45939827	10.89
2019/9/12	11.19	11.28	10.92	10.97	5658078	62212009	11.00
2019/9/11	11.28	11.37	11.09	11.11	6628313	74348654	11.22
2019/9/10	10.9	11.36	10.84	11.24	10526664	117670393	11.18
2019/9/9	10.87	10.94	10.76	10.89	6232931	67618459	10.85
2019/9/6	10.8	10.94	10.62	10.85	6103668	65736730	10.77
2019/9/5	10.85	10.92	10.61	10.72	7418848	79747151	10.75
2019/9/4	10.65	11.18	10.6	10.73	11745505	127401278	10.85
2019/9/3	10.28	10.46	10.26	10.4	4362447	45206620	10.36
2019/9/2	10.2	10.36	10.14	10.33	4547678	46745119	10.28
2019/8/30	10.47	10.54	10.15	10.22	4284745	44250534	10.33
2019/8/29	10.5	10.56	10.28	10.46	5221380	54279960	10.40
2019/8/28	10.26	10.51	10.2	10.47	6607094	68815220	10.42
2019/8/27	10.09	10.35	10.06	10.24	4620817	47383191	10.25
2019/8/26	10.01	10.14	10	10.04	3633689	36503058	10.05
2019/8/23	10.14	10.27	10.07	10.24	2765444	28145341	10.18
2019/8/22	10.21	10.24	10.06	10.14	3377091	34149380	10.11
2019/8/21	10.22	10.3	10.19	10.2	2545300	26065067	10.24
2019/8/20	10.36	10.45	10.2	10.26	4308637	44446750	10.32
2019/8/19	10.26	10.37	10.16	10.36	4284131	44035068	10.28
Arithmetic average of daily weighted average share price of 30 trading days							**10.58**

Equity value of Adisseo = total shares*average share price
= 2,681,901,273×10.58
= RMB 28,374,515,468.34

(b) Other assets and liabilities other than long-term equity investment

According to Balance Sheet of the Company as of 30th September 2019, the Company's other assets and liabilities (already minus the long-term equity investment) are RMB 2,540,962,499.12. The details are as follows:

Item	in RMB
Cash	2,315,494,798.00
Prepayments	245,166.00
Other receivables	259,127,740.00
Fixed assets	93,380.00
Non-Current Assets	3,221,667.00
Other payables	36,903,749.00
Payroll payables	84,000.00
Tax payables	232,502.00
Total	**2,540,962,500.00**

(c) Value of the 85% common shares of BANG (before deducting liquidity discount)
Value of the 85% common shares of BANG (before deducting liquidity discount) = total share value of Adisseo – other assets and liabilities other than long-term equity investments
=28,374,515,468.34-2,540,962,500.00
= RMB 25,833,552,968.34

(d) Value of the 100% common shares of BANG (before deducting liquidity discount)
Value of the 100% common shares of BANG (before deducting liquidity discount) = Value of the 85% common shares of BANG / 85%
=25,833,552,969.22/85%
= RMB 30,392,415,256.87

(e) The determination for liquidity discount
As there is limited reference on liquidity discount in quantitative research globally, this appraisal has taken actual domestic condition into account and chosen the pricing for new share issuance to calculate the market liquidity discount.

As Adisseo is a company in pharmaceutical chemical industry, DeveChina use liquidity discount data of bio-pharmaceutical companies in A-share market to determine liquidity discount. When selecting the samples, three factors are taken into consideration: (a) the selected company should be a bio-pharmaceutical listed company; (b) shall have been listed on the A-share market over 3 years; (c) should be the representative 100 companies.

Based on analysis and calculation of the share price of those bio-pharmaceutical companies in the IPO date, the 30 trading days after IPO, the 60 trading days after

IPO and the 90 trading days after IPO, excluding abnormal figures, the average rate is 32.37%. After adjustment, the market liquidity discount was determined at 32.30% in this appraisal. Detailed calculation is as follows:

No.	Stock ticker	Stock name	Discount for lacking liquidity				
			Calculation over the trading price on IPO day	Calculation over the 30 trading days after IPO day	Calculation over the 60 trading days after IPO day	Calculation over the 90 trading days after IPO day	Average
1	002107.SZ	沃华医药	45.66%	45.81%	48.02%	50.74%	47.56%
2	002118.SZ	紫鑫药业	44.25%	47.40%	54.04%	55.69%	50.35%
3	002166.SZ	莱茵生物	70.99%	68.26%	66.66%	66.24%	68.04%
4	002198.SZ	嘉应制药	72.16%	72.43%	71.64%	69.79%	71.51%
5	002219.SZ	恒康医疗	76.72%	72.83%	72.49%	70.80%	73.21%
6	002223.SZ	鱼跃医疗	38.57%	40.42%	44.91%	46.38%	42.57%
7	002252.SZ	上海莱士	39.34%	49.06%	48.99%	47.44%	46.21%
8	002262.SZ	恩华药业	58.17%	60.11%	57.90%	56.48%	58.17%
9	002275.SZ	桂林三金	43.84%	39.73%	37.24%	35.23%	39.01%
10	002287.SZ	奇正藏药	49.61%	49.33%	51.33%	51.43%	50.43%
11	002294.SZ	信立泰	35.20%	46.49%	50.19%	50.92%	45.70%
12	300003.SZ	乐普医疗	55.26%	49.65%	48.26%	46.17%	49.84%
13	300006.SZ	莱美药业	52.23%	52.16%	52.01%	49.92%	51.58%
14	300009.SZ	安科生物	62.83%	63.47%	62.79%	60.67%	62.44%
15	300015.SZ	爱尔眼科	46.78%	46.59%	45.92%	45.03%	46.08%
16	300016.SZ	北陆药业	47.89%	50.05%	49.77%	47.82%	48.88%
17	300026.SZ	红日药业	42.75%	38.96%	38.05%	36.89%	39.16%
18	002317.SZ	众生药业	37.20%	28.95%	26.48%	26.53%	29.79%
19	300030.SZ	阳普医疗	30.96%	24.46%	21.89%	21.97%	24.82%
20	300039.SZ	上海凯宝	17.52%	11.10%	15.56%	12.44%	14.16%
21	002332.SZ	仙琚制药	58.09%	53.53%	52.67%	51.39%	53.92%
22	300049.SZ	福瑞股份	16.37%	8.28%	14.24%	15.34%	13.56%
23	002349.SZ	精华制药	18.90%	26.54%	31.15%	32.81%	27.35%
24	002365.SZ	永安药业	29.74%	27.33%	24.21%	21.41%	25.67%
25	002370.SZ	亚太药业	28.11%	34.94%	33.80%	31.15%	32.00%
26	002390.SZ	信邦制药	38.57%	31.87%	28.28%	22.69%	30.35%
27	002393.SZ	力生制药	25.70%	12.60%	8.71%	5.13%	13.04%
28	002399.SZ	海普瑞	16.42%	2.13%	-1.67%	-4.42%	3.12%
29	002411.SZ	必康股份	27.32%	23.62%	27.67%	31.74%	27.59%
30	002412.SZ	汉森制药	14.65%	7.64%	5.41%	6.71%	8.60%
31	300086.SZ	康芝药业	-5.03%	-5.25%	-6.15%	-0.21%	-4.16%

No.	Stock ticker	Stock name	Discount for lacking liquidity				
			Calculation over the trading price on IPO day	Calculation over the 30 trading days after IPO day	Calculation over the 60 trading days after IPO day	Calculation over the 90 trading days after IPO day	Average
32	002422.SZ	科伦药业	3.40%	8.33%	13.17%	16.98%	10.47%
33	002424.SZ	贵州百灵	3.73%	5.59%	6.47%	10.21%	6.50%
34	002432.SZ	九安医疗	29.60%	25.04%	25.37%	28.07%	27.02%
35	002433.SZ	太安堂	11.34%	-0.83%	-0.22%	-0.02%	2.57%
36	002437.SZ	誉衡药业	12.84%	13.65%	17.64%	21.48%	16.40%
37	002462.SZ	嘉事堂	45.61%	54.40%	54.21%	53.52%	51.94%
38	300108.SZ	吉药控股	37.57%	32.03%	33.50%	37.13%	35.06%
39	300110.SZ	华仁药业	38.62%	33.68%	31.51%	30.42%	33.56%
40	300122.SZ	智飞生物	5.00%	5.35%	6.61%	4.52%	5.37%
41	600998.SH	九州通	28.95%	28.54%	26.67%	23.14%	26.83%
42	300142.SZ	沃森生物	34.49%	34.06%	32.72%	30.73%	33.00%
43	300147.SZ	香雪制药	15.64%	11.63%	8.88%	7.73%	10.97%
44	300158.SZ	振东制药	2.29%	-4.00%	-6.05%	-8.85%	-4.15%
45	300171.SZ	东富龙	1.47%	5.14%	-1.87%	-15.68%	-2.74%
46	002550.SZ	千红制药	15.72%	18.72%	17.20%	12.26%	15.98%
47	300181.SZ	佐力药业	19.67%	14.51%	13.16%	9.72%	14.27%
48	002551.SZ	尚荣医疗	23.66%	23.36%	20.03%	12.93%	20.00%
49	002566.SZ	益盛药业	1.00%	-3.75%	-6.61%	-10.85%	-5.05%
50	300194.SZ	福安药业	-4.40%	-7.19%	-10.32%	-20.39%	-10.58%
51	300199.SZ	翰宇药业	-3.39%	6.08%	8.76%	12.35%	5.95%
52	300204.SZ	舒泰神	-4.04%	-12.68%	-17.00%	-17.56%	-12.82%
53	300206.SZ	理邦仪器	-4.50%	-10.60%	-13.96%	-17.96%	-11.76%
54	300216.SZ	千山药机	10.42%	12.97%	14.32%	17.80%	13.88%
55	002581.SZ	未名医药	11.66%	6.02%	8.99%	9.18%	8.96%
56	002589.SZ	瑞康医药	10.46%	18.52%	21.32%	21.93%	18.06%
57	300233.SZ	金城医药	9.09%	13.46%	14.19%	11.64%	12.10%
58	300238.SZ	冠昊生物	49.71%	61.69%	67.84%	67.59%	61.71%
59	300239.SZ	东宝生物	54.98%	61.98%	65.15%	63.93%	61.51%
60	300244.SZ	迪安诊断	43.44%	46.54%	49.39%	49.57%	47.24%
61	300246.SZ	宝莱特	37.55%	41.14%	41.84%	38.61%	39.79%
62	002603.SZ	以岭药业	19.42%	20.55%	18.89%	18.13%	19.25%
63	300254.SZ	仟源医药	23.89%	33.51%	29.64%	26.75%	28.45%
64	300255.SZ	常山药业	9.96%	11.10%	5.41%	1.28%	6.94%
65	300267.SZ	尔康制药	24.25%	18.87%	18.74%	14.87%	19.18%
66	300273.SZ	和佳股份	42.33%	41.14%	37.01%	32.68%	38.29%

No.	Stock ticker	Stock name	Discount for lacking liquidity				
			Calculation over the trading price on IPO day	Calculation over the 30 trading days after IPO day	Calculation over the 60 trading days after IPO day	Calculation over the 90 trading days after IPO day	Average
67	002626.SZ	金达威	22.72%	24.84%	20.81%	17.19%	21.39%
68	002644.SZ	佛慈制药	12.59%	1.97%	7.43%	6.59%	7.15%
69	002653.SZ	海思科	-8.91%	-8.97%	-8.23%	-7.09%	-8.30%
70	300289.SZ	利德曼	19.28%	21.37%	19.69%	20.43%	20.19%
71	300294.SZ	博雅生物	34.19%	35.18%	33.10%	30.51%	33.25%
72	300298.SZ	三诺生物	13.30%	20.92%	25.88%	29.95%	22.51%
73	300314.SZ	戴维医疗	31.24%	26.53%	30.67%	32.68%	30.28%
74	300318.SZ	博晖创新	21.76%	13.68%	13.19%	13.54%	15.54%
75	002675.SZ	东诚药业	5.77%	6.28%	3.61%	2.18%	4.46%
76	002680.SZ	长生生物	32.28%	38.29%	37.63%	36.09%	36.07%
77	300326.SZ	凯利泰	34.94%	39.85%	38.71%	38.50%	38.00%
78	002693.SZ	双成药业	28.06%	21.92%	18.23%	14.43%	20.66%
79	300347.SZ	泰格医药	24.48%	33.10%	33.09%	32.55%	30.81%
80	300357.SZ	我武生物	29.75%	53.92%	52.82%	50.34%	46.71%
81	300358.SZ	楚天科技	28.07%	35.84%	35.01%	33.72%	33.16%
82	300381.SZ	溢多利	28.22%	43.55%	43.15%	42.48%	39.35%
83	300363.SZ	博腾股份	29.60%	52.96%	52.08%	54.31%	47.24%
84	002727.SZ	一心堂	30.38%	64.60%	68.52%	70.16%	58.42%
85	002728.SZ	特一药业	30.54%	62.93%	64.21%	64.39%	55.52%
86	300396.SZ	迪瑞医疗	29.86%	64.93%	67.12%	66.78%	57.17%
87	603456.SH	九洲药业	30.42%	57.50%	57.19%	56.82%	50.48%
88	603368.SH	柳州医药	30.50%	49.72%	50.66%	52.67%	45.89%
89	603998.SH	方盛制药	30.18%	58.24%	58.19%	60.33%	51.74%
90	002737.SZ	葵花药业	30.44%	43.04%	44.89%	50.15%	42.13%
91	300412.SZ	迦南科技	30.06%	67.49%	70.13%	73.14%	60.21%
92	603222.SH	济民制药	30.57%	66.70%	71.39%	76.53%	61.30%
93	603939.SH	益丰药房	30.56%	60.20%	65.57%	68.01%	56.09%
94	603309.SH	维力医疗	30.11%	66.06%	71.91%	74.40%	60.62%
95	002750.SZ	龙津药业	30.39%	69.70%	75.32%	77.34%	63.19%
96	603883.SH	老百姓	30.33%	80.92%	80.00%	79.08%	67.58%
97	603567.SH	珍宝岛	30.39%	69.10%	66.34%	63.23%	57.27%
98	002758.SZ	华通医药	28.98%	77.36%	73.58%	71.55%	62.87%
99	300463.SZ	迈克生物	29.92%	73.17%	72.17%	70.37%	61.41%
100	300485.SZ	赛升药业	30.52%	60.45%	59.05%	58.67%	52.17%
		Average	28.00%	34.02%	34.08%	33.38%	32.37%

After considering the liquidity discount, the value of the 100% common shares of BANG (with liquidity discount) = 30,392,415,256.87 × (1-32.30%) = RMB 20,575.6651 million

2) Comparative method of listed companies

This appraisal chose EV/EBITDA as value ratio mainly due to:

- This ratio is not impacted by income tax rate, so valuation of listed companies in different countries or listed in different markets are more comparable using this valuation method;
- This ratio is not impacted by different capital structure, as change in a company's capital structure would not impact its valuation using this valuation method;
- This ratio excludes the impact from non-cash cost such as depreciation and amortization, which can more accurately reflect a company's value.

(a) Choose of comparable companies

For the comparable transaction method, the comparable companies chosen include Koninklijke DSM NV, Evonik and Sumitomo Chemical Co Ltd. Compared to the comparable companies chosen back to 2015 the year when the major asset restructuring was conducted, all comparable companies are the same except Nutreco NV as it has been delisted, and CJ Corp as its main business has changed. Details and analysis of business scopes, major target markets, revenue mixes, company sizes, profitability of the target company under appraisal and the comparable companies are as follows:

- Main business scope

  The target company under appraisal and the comparable companies belong to chemical industry. The target company under appraisal mainly engages in research, production and sales of animal nutrition additives. The comparable company Koninklijke DSM NV is a globalized group engaged in nutritional healthcare products, chemical materials and pharmaceutical businesses. Evonik is a Germany based international innovative industrial group, taking leading market positions in specialty chemicals, energy and real estates. Health and nutrition segments are the major components under Evonik's chemical business. Sumitomo Chemical Company operates four major business segments covering basic chemicals, petrochemistry, fine chemicals and agro chemistry. Methionine business is one of its core industries within the agro chemistry segment. Therefore, in terms of business scope, the target company under appraisal is similar with the comparable companies, as animal nutrition additive are all companies' major businesses.

- Major target markets

  The target company under appraisal and the comparable companies are all globalized companies. Adisseo Nutrition operates over 40 subsidiaries over the globe such as France and China. The company is one of the world's leading methionine manufacturers, ranking No. 2 in terms of market share of methionine over the globe in 2017. Koninklijke DSM NV, headquartered in Netherlands, has more than 200 branches in Europe, Asia, North and South America with 21,000 employees over the world. Evonik is an internationalized innovative industrial group originated from Germany and operating businesses over the globe. It has 39,000 employees. Sumitomo Chemical Company is one of the main methionine producers in the world, and the other producer besides BANG who can produce both solid and liquid methionine. In terms of target markets, the target company under appraisal and the comparable companies are all globalized industry players.

- Revenue mixes

  According to 2018 annual reports released by the company under appraisal and the comparable companies, the revenue mixes of the company under appraisal are: functional products 74.40%, specialty products 19.70%, and others 5.90%; the revenue mixes of Koninklijke DSM NV: Nutrients 66.22%, chemical materials 31.43%, and others 2.34%; the revenue mixes of Evonik: energy 38%, nutrients 31%, specialty materials 26%, and others 5%; the revenue mixes of Sumitomo Chemical Company: petrochemistry 33%, IT related chemicals 17%, nutrients and pharmaceuticals 36%, energy 12% and others 2% . In terms of revenue mixes, nutrients account for relatively a big proportion of the company under appraisal and the comparable companies.

- Company sizes

  According to 2018 annual reports and the reports ended the base date released by the company under appraisal and the comparable companies, the total assets of the target company as of the benchmark date is RMB 18.74 billion, and its revenue in 2018 was RMB 11.418 billion. Koninklijke DSM NV's total asset as of the benchmark date is EUR 13.641 billion, and its revenue in 2018 was EUR 9.267 billion. Evonik's total asset is EUR 20.282 billion, and its revenue in 2018 was EUR 15.024 billion. Sumitomo Chemical Co Ltd.'s total asset is JPY 3,171.618 billion, and its revenue was JPY 2,318.572 billion. Total assets and revenue size of the company under appraisal are smaller than that of the comparable companies, mainly due to that the comparable companies are large multinational groups with diversified operations and wide business scopes. Products as feed additives are their partial business, hence scale advantage. But Adisseo Group enjoys a focused business with high specialty competitiveness.

- Profitability

  The profitability of the company under appraisal is more competitive versus the comparable companies according to their financial reports of 2018. The average return on equity, return on total assets, operating profit margin, EBITA margin of the comparable companies in 2018 were 11.86%, 8.22%, 10.39% and 15.87% respectively; and BANG's corresponding financial indicators were 8.04%, 8.65%, 14.29% and 22.11%, except for return on equity, rest of which are better than those of the comparable companies. The main reason behind is: the comparable companies operates a diversified business, besides engaging in production and selling of methionine related products, they also engage in common chemical products like polythene, which generates a lower blended gross profit margin. While BANG focuses on animal feed additives such as methionine, which has a relatively high entry barrier, and the company has already established a leading position within that sector. The major products introduced by Adisseo Nutrition enjoy a higher added value, enabling the company to continuously improve its market position and profitability.

Based on the above analysis, the three companies, Koninklijke DSM NV, Evonik and Sumitomo Chemical Co Ltd, are highly relevant and comparable. Therefore, the three companies were chosen as comparable companies.

(b) Adjustment to value ratio

The adjustment to value ratio is made based on comparison of the company under appraisal versus the comparable companies from four aspects, namely, profitability, operating growth rate, assets quality and liability risk. The score of each financial indicator is calculated by comparing each indicator of the company under appraisal and the comparable companies with the standard value of performance evaluation of the listed company.

After correction adjustment was made to the value ratio of each comparable company, the value ratio of the company under appraisal was generated.

(c) Value ratio

Comparable companies	**EV**	**EBITDA（2018）**	**EV/EBITDA**	**Correction coefficient**	**Adjusted EV/EBITDA**
Koninklijke DSM NV	2,166,810.89	170,738.90	12.70	0.94	11.94
Evonik Industries AG	1,811,853.79	212,882.40	8.50	1.03	8.76
Sumitomo Chemical Co Ltd	197,798,885.75	31,641,833.30	6.30	1.13	7.12
Average EV/EBITDA after adjustment	9.27				

Using the comparative method of listed companies, BANG's EV/EBITDA is 9.27, and the estimate value of 2019 EBITDA (excluding non-recurring gains and losses) of BANG's is RMB 2,932.11 million and operating assets is RMB 27,182.6144 million.

Upon verification, the value of non-operating assets and liability is RMB 1,959,551,100.

Based on analysis and calculation of the share price of those bio-pharmaceutical companies on the IPO date, the 30 trading days after IPO, the 60 trading days after

IPO and the 90 trading days after IPO, excluding abnormal figures, the average rate is 27.39%. After adjustment, the market liquidity discount was determined at 27.00%. The discount amount is 2,735,703.96×27.00%= RMB 7,386.4007 million.

(d) Value of common shares includes liquidity discount

Items	Value 10,000 Yuan
Operating value	2,718,261.44
+ Non-operating assets and liabilities	196,955.11
Enterprise Value	2,915,216.56
- interest-bearing debt	18,113.70
- Minority shareholders' value	4,344.71
- Preferred stock	176,822.50
Equity value of common stock	2,715,935.64
- liquidity discount	733,302.62
Equity value of common stock with liquidity discount	1,982,633.02

Using the comparison method of listed companies, the value of BANG was RMB 19,982,633,200.

As the 85% of common shares of Target Company have been injected into the listed company and the company has no actual operational activities nor other equity investment, The Company's share price can objectively, directly and fairly reflect the equity value of Adisseo on the benchmark date. Then the share price is applied in calculating the equity value of BANG.

Even if the target company and comparable listed companies in the same industry or similar industries, there may be some differences in business scope, market risk, and performance growth. Due to the limited business and financial information disclosed by comparable listed companies, the adjusted and modified value ratio is hard to reflects all factors that may impacts the valuation.

Therefore, the market price method is more accurate and fairer under the benchmark date’s environment.

5. The rationality of the valuation using the market price method in this Transaction

Since this evaluation approach is market price method, which reflects the market value, it is different from the book value. The reason for choosing market price method has been fully explained.

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 company's 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 company's 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 company's business plan or performance forecast.

6. 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 company's 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 54.53%, which is lower than the previous one.

III). Filing procedure with competent state-owned regulatory authority
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 has been filed with competent state-owned regulatory authority on 25th November 2019. This Transaction shall complete the filing procedures in relation to ODI with NDRC and MOC and relevant foreign exchange registrations.

IV). Approval from shareholders' meeting
Controlling shareholder issued a written notice to the Company, requesting to add an interim proposal on related-party acquisition of 15% common shares in Bluestar Adisseo Nutrition Group Limited to the second extraordinary shareholders' meeting on 6th December 2019.

III. 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
25th November 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.)