Stock Code: 600299 Stock Name: Adisseo No: 2020-020

Bluestar Adisseo Company

Announcement Changing of Accounting Standards

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.

Note:

- The implementation of the New Revenue Standards has no material impact on the Company's financial position, operating results and cash flow.

I. Introduction of the changes of accounting standards

The Ministry of Finance released the Accounting Standards for Business Enterprises No.14-Revenue (CK [2017] No.22) (hereinafter referred to as the "New Revenue Standards") in July 2017. The standards require dual listing enterprises or enterprises listed at abroad adopting IFRS to implement the New Revenue Standards since 1st January 2018, while other domestic listed enterprises to implement the New Revenue Standards since 1st January 2020.

According to above circulars, regulations and requirements for the Accounting Standards for Business Enterprises, Bluestar Adisseo Company (hereinafter referred to as the "Company") shall make adjustments in corresponding to the changes of accounting standards ("the Change") to original accounting standards.

II. The details of the Change

I). Main contents of the Change

Before the Change, the Company adopted the Accounting Standards for Business Enterprises - Basic Standards, specific accounting standards, application guidance for accounting standards, interpretations for accounting standards and other regulations issued by the Ministry of Finance.

After the Change, the Company adopted new Accounting Standards for Business Enterprises No.14-Revenue. Relevant standards and other regulations issued by the Ministry of Finance are still applicable to other unchanged accounting standards and those for which the implementation date has not fallen due.

The main contents of the New Revenue Standards implemented this time are as follows:

1. The current revenue and construction contract standards are incorporated into a unified revenue recognition model. The New Revenue Standards adopts a unified revenue recognition model to regulate the revenue generated by all contracts with

customers and provides specific guidance on whether revenue is recognized "over time" or "at a point in time".

2. The transfer of control instead of risk premium transfer is taken as the judgment standard for the timing of revenue recognition. The New Revenue Standards breaks the boundaries of goods and services, requiring enterprises, when they are fulfilling the performance obligations in a contract, to recognize revenues when customers obtain control of related goods (or services).
3. Identify the individual performance obligations included in one contract and separately recognize revenue when it satisfies a performance obligation.
4. Provide clearer guidelines for the accounting treatment of contracts involving multiple transaction arrangements. The New Revenue Standards require enterprises to measure the contract on the starting date, identify each performance obligation contained in the contract, and allocate the transaction price to each performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods (or services) promised by each performance obligation. And then confirm the corresponding revenue when fulfilling each performance obligation.
5. Define revenue recognition and measurement of specific transactions (or matters). The New Revenue Standards provides clear guidance for specific situations, such as total and net amounts in revenue recognition, sales with quality assurance clauses, sales with customers' additional purchase options, granting a intellectual property license to customers, sales with a right of return and non-refundable up-front fees, which helps to better guide practical operations, thereby improving the comparability of accounting information.

II). Time of implementation

The Company has adopted the New Revenue Standards since 1st January 2020.

III. Impacts on the Company

The Company has adopted the New Revenue Standards since 1st January 2020. According to the convergence provisions between the old and new standards, the Company shall adjust the amount of retained earnings and other related items in the financial statement based on the cumulative impacts of the initial implementation of the standards, with no adjustment made for information in the comparable period.

The implementation of the New Revenue Standards does not generate significant impacts on the Company's operating results, nor will it cause a major change in revenue recognition method, nor will it have a significant impact on the financial statements or cash flow.

It is hereby announced.

Board of Directors
10th September 2020

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