Bluestar Adisseo Company

Announcement on Foreign Exchange Hedging Business

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

Note:

- Purpose of transaction: To effectively avoid and prevent the foreign exchange market risk and prevent the large fluctuation of exchange rate from adversely affecting the Company's production and operation, Bluestar Adisseo Company (hereinafter referred to as the "Company") continuously monitors the exchange rate risk and plans to carry out foreign exchange hedging business in combination with the use of derivative financial instruments.
- Type of transaction: The foreign exchange includes different types of contracts (spot, forward, swaps and options).
- Trading venues: Over the counter (OTC) market.
- Amount of transaction: The foreign exchange transaction is limited to Euro $500 million at any points of time.
- Deliberation procedures: The Company held the eleventh meeting of the 8th session of the Board of Directors on 1st June 2023, deliberated and passed the Proposal on Foreign Exchange Hedging Business, and agreed that the Company and its subsidiaries to carry out foreign exchange hedging business. Independent directors issued their opinion regarding this proposal. This proposal is within the approval authority of the board of directors and does not need to be submitted to the shareholders' meeting for deliberation.
- Risks: The Company's foreign exchange hedging business follows the prudent principle and does not carry out foreign exchange transactions for the purpose of speculation. All foreign exchange hedging businesses are based on normal production and operation, supported by specific business operations, and aimed at avoiding and preventing exchange rate risks. However, there are certain risks in foreign exchange hedging business, including market risk, transaction default risk, customer default risk, legal risk and operational risk. Investors should pay special attention to assessing investment risks.

The Company held the eleventh meeting of the 8th session of the Board of Directors on 1st June 2023, deliberated and passed the proposal on Foreign Exchange Hedging Business, and agreed that the Company and its subsidiaries to carry out foreign exchange hedging business. The situation is announced as follows:

1. Overview of transaction

1) Purpose of transaction

The main business activities of the Company and its subsidiaries are in France, Spain, the United States and China, and the main transaction currencies are Euro, US dollar and RMB. Foreign currency business involving the receipt and payment of foreign exchange funds under many trade items in the daily operation process. To effectively avoid and prevent the foreign exchange market risk and prevent the large fluctuation of exchange rate from adversely affecting the Company's production and operation, the Company continuously monitors the exchange rate risk and plans to carry out foreign exchange hedging business in combination with the use of derivative financial instruments. The Company will carry out relevant foreign exchange hedging business based on real business, without speculation and arbitrage transactions.

2) Capital scale
According to the production and operation situation, the foreign exchange trading limit shall not exceed Euro $500 million at any point of the time, and the above limit can be used on a rolling basis.
The expected upper limit of transaction margin and royalty (including the value of collateral provided for transactions, the expected credit limit occupied by financial institutions, and the margin reserved for emergency measures) shall not exceed 50% of the Company's latest audited net profit.

3) Capital source
The funds invested by the Company for conducting foreign exchange hedging business are the operating funds of the Company and do not involve raised funds.

4) Business type
Foreign currency business involving the receipt and payment of foreign exchange funds under many trade items in the daily operation process. To effectively avoid and prevent the foreign exchange market risk and prevent the large fluctuation of exchange rate from adversely affecting the Company's production and operation, the Company plans to carry out foreign exchange hedging business in combination with the use of derivative financial instruments. The foreign exchange hedging business of the Company and its subsidiaries is limited to the settlement currency of the actual business, and the main currencies include Euro and US dollar. The Company's foreign exchange hedging business includes but is not limited to forward business, swap business, swap business, option business, futures business and other foreign exchange derivatives business.

5) Transaction term
The usage period of the authorized foreign exchange hedging business limit for this time is 12 months from the date of approval at the eleventh meeting of the 8th board of directors, and the trading limit can be recycled during the validity period.

2. Deliberation procedures

The Company held the eleventh meeting of the 8th session of the Board of Directors on 1st June 2023, deliberated and passed the Proposal on Foreign Exchange Hedging Business, and agreed that the Company and its subsidiaries to carry out foreign exchange hedging business. Independent directors issued their opinion regarding this proposal. This proposal is within the approval authority of the board of directors and does not need to be submitted to the shareholders' meeting for deliberation.

3. **Transaction risk analysis**

The Company's foreign exchange hedging business follows the prudent principle and does not carry out foreign exchange transactions for the purpose of speculation. All foreign exchange hedging businesses are based on normal production and operation, supported by specific business operations, and aimed at avoiding and preventing exchange rate risks. However, there are certain risks in foreign exchange hedging business:

1) Market risk
   The foreign exchange hedging business conducted by the Company and its wholly-owned subsidiaries engaged in foreign currency trading business faces certain market risk when the exchange rate fluctuates greatly.
2) Transaction default risk
   If the foreign exchange hedging counterparty defaults and fails to pay the hedging profit of the Company as agreed, thus unable to hedge the actual exchange loss of the Company, the Company will suffer losses.
3) Customer default risk
   When changes occur in the customer's ability to pay, making the customer unable to pay on time, the Company may be unable to settle on time, resulting in losses of the Company.
4) Legal risk
   Due to changes in relevant laws or violations of relevant legal systems by the counterparty, the contract may not be executed normally and losses may be incurred to the Company.
5) Operational risk
   In the implementation of a specific operation, if the operator fails to apply for approval according to the prescribed procedures, or fails to accurately, timely and completely record the information of foreign exchange hedging business, it may lead to economic loss or loss of trading opportunities.
6) Other risks
   Related businesses may be affected by global political, economic, and legal changes, or may face risks due to lack of liquidity in over-the-counter products, counterparty defaults, etc.

4. Risk control measures

1) The Company has formulated the *Measures for Foreign Exchange Hedging Business*, which clearly stipulates the operation, organization, business process, confidentiality system, risk management and other aspects of foreign exchange hedging business.
2) To control the performance risk, the Company only conducts foreign exchange hedging business with large banks and other financial institutions with legal qualifications.
3) To avoid internal control risks, the financial department of the company is responsible for the unified management of the company's foreign exchange hedging business and carries out business operations in strict accordance with the provisions of the *Measures for Foreign Exchange Hedging Business* to effectively ensure the implementation of the system.

5. Impact to the Company and accounting policies and principles

The Company conducts corresponding accounting and disclosure of foreign exchange hedging business in accordance with relevant regulations and guidelines of the Ministry of Finance such as *Accounting Standards for Business Enterprises No. 24 - Hedge Accounting*, *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*, *Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments*, and the rules by SSE, *Listing Rules of Shanghai Stock Exchange* and *Self-regulatory Guidelines for Listed Companies on Shanghai Stock Exchange No. 5 Trading and Related Party Transactions.*

6. Opinions of independent directors

The independent directors believe that the foreign exchange hedging business carried out by the Company to avoid exchange rate fluctuations and lock in exchange losses is closely related to daily operations. The Company's foreign exchange hedging business can further enhance its foreign exchange risk management capabilities and reduce the impact of exchange rate fluctuations on business performance. The Feasibility Study Report on Foreign Exchange Hedging Business developed by the Company complies with relevant laws and regulations and has established a sound risk management system and internal control system. The review and decision-making process of this proposal complies with relevant laws and regulations and the provisions of the Company's AOA, and there is no situation that harms the interests of the Company and its shareholders, especially small and medium-sized shareholders. We agree that the Company shall carry out foreign exchange hedging business within the authorized scope.

It is hereby announced.

Bluestar Adisseo Company
1st June 2023

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