Stock Code: 600299 Stock Name: Adisseo No.: 2024-007

Bluestar Adisseo Company

Announcement on Appointment of Auditor and Internal Control Auditor for the Year 2024

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

Subject of this announcement:

- Name of the accounting firm to be appointed: KPMG Huazhen LLP.
- The proposal has to be submitted to the shareholders' general meeting for review.

I. Introduction of the accounting firm

1. Institution information

1.1 Background information

KPMG Huazhen was established in Beijing on 18th August 1992. It was approved by the Ministry of Finance of the People's Republic of China to be converted into a special general partnership accounting firm on 5th July 2012 and was renamed KPMG Huazhen LLP. KPMG Huazhen LLP obtained an industrial and commercial business license on 10 July 2012 and commenced operations on 1 August 2012.

KPMG Huazhen LLP's head office is located in Beijing. Its registered address is the 8th floor of Building No. 2 East of Oriental Plaza, No. 1 East Chang'an Street, Dongcheng District, Beijing.

The Senior Partner of KPMG Huazhen LLP is Zou Jun, a Chinese national, with the qualification of Chinese Certified Public Accountant ("Chinese CPA").

As of 31st December 2023 KPMG Huazhen LLP had a total of 234 partners and 1,121 Chinese CPAs, among which more than 260 Chinese CPAs previously engaged in providing securities related services.

The audited total revenue of KPMG Huazhen LLP for 2022 was higher than RMB 4.1 billion, among which, the audit revenue was more than RMB 3.9 billion, including the revenue of securities related services over RMB 1.9 billion, which was composed of mainland China statutory securities services related revenue over RMB 900 million and other securities related services revenue over RMB 1 billion, securities related services revenue over RMB 1.9 billion.

During 2022, KPMG Huazhen LLP audited the annual financial statements for 80 A Share listed companies and received a total fee of RMB 490 million. These listed clients mainly operated in manufacturing, financial services, information transmission, software and information technology services, power, heat, gas and water production and supply, transportation, warehousing and postal services, mining, real estate, scientific research and technology services, wholesale and retail, leasing and business services, water conservancy, environment and public facilities management, and culture, sports and entertainment. During 2022, KPMG Huazhen LLP audited the annual financial statements for 41 A Share listed companies in the same industry of the Company.

1.2 Investor protection capability

The sum of purchased cumulative compensation limit of professional insurance and accrued professional risk funds of KPMG Huazhen LLP exceeds RMB 200 million, which satisfies the requirements of relevant supervisory regulations.

Over the past three years, KPMG Huazhen LLP has assumed civil liability in civil litigation related to its practice. In 2023, the bond related civil litigation case was concluded, and the final judgment was that KPMG Huazhen LLP was liable for compensation at a ratio of 2% to 3% (approximately RMB 2.7 million), and the case payment has been fully fulfilled.

1.3 Integrity records

Over the past 3 years, KPMG Huazhen LLP and its personnel had not been subject to any criminal or administrative penalties for their professional behavior, or have they been subject to any self regulatory measures or disciplinary actions by self regulatory organizations such as stock exchanges and industry associations. There was once an administrative regulatory measure that issued a warning letter, involving four employees. According to relevant laws and regulations, the aforementioned administrative regulatory measures are not administrative penalties and do not affect KPMG Huazhen LLP's continued undertaking or execution of securities services and other businesses.

2. Information regarding the engagement team members

2.1 Basic information

The basic information of the engagement partner, signature certified public accountant and engagement quality control reviewer of KPMG Huazhen LLP for the 2023 Annual Audit of Bluestar Adisseo Company are as follows:

The engagement partner is Zhang Huan, who obtained the qualification of Chinese CPA in 2007. Zhang Huan joined KPMG Huazhen LLP in 1997 and provided audit services for listed clients since 1997. The Company became one of Zhang Huan’s audit clients since 2020. Over the past three years, Zhang Huan signed or reviewed 25 audit reports of listed companies.

The co-signing CPA for this engagement is Wang Shan, who obtained the qualification of Chinese CPA in 2018. Wang Shan joined KPMG Huazhen LLP in 2008 and provided audit services for listed clients since 2008. The Company became one of Wang Shan’s audit clients since 2023. Over the past three years, Wang Shan signed or reviewed 1 audit reports of listed companies.

The engagement quality control reviewer is Duan Yuhua, who obtained the qualification of Chinese CPA in 2006. Duan Yuhua joined KPMG Huazhen LLP in 2001 and provided audit services for listed clients since 2004. The Company became one of Duan Yuhua’s audit clients since 2020. Over the past three years, Duan Yuhua signed or reviewed 16 audit reports of listed companies.

2.2 Integrity records for the above-mentioned members

Over the past 3 years, the co-signing CPA and the engagement quality control reviewer had not been subject to any criminal penalties, administrative penalties, or administrative supervision actions imposed by China Securities Regulatory Commission and agencies, or self-regulatory measures or disciplinary actions imposed by stock exchanges, industry associations or other self-regulatory organizations due to non-compliant practice behaviors. In December 2023, The engagement partner was once subject to administrative supervision measures issued by Liaoning Securities Regulatory Bureau with a warning letter. According to the provisions of relevant laws and regulations, the administrative supervision measures do not affect the relevant personnel to continue to undertake or perform securities service business and other businesses. In addition to the above circumstances, the person has not been subject to any criminal punishment, administrative punishment, or self-discipline supervision measures or disciplinary punishment of the stock exchange, industry association and other self regulatory organizations for his practice behavior in the past three years.

2.3 Independence

The above-mentioned team members had strictly followed the independence requirement under the China Code of Ethics for Certified Public Accountants.

2.3 Audit fees

KPMG Huazhen's audit fees are determined based on factors such as the responsibilities involved in the engagement, and the complexity, work requirements, working conditions and hours required for the engagement, as well as the professional knowledge and experience of the employees at all levels who will actually participate in the engagement.

The audit fees for financial auditing and internal control auditing in year 2023 was RMB 5.62 million and 1.53 million, respectively. For FY2024, the board of directors was authorized to determine service fees for this appointment, depending on the service scope, the workload and other factors. The audit fees for 2024 will be based on the audit fees for 2023 and will be determined through consultation with KPMG Huazhen on a fair and reasonable pricing ground with reference to the nature and complexity of audit service before the performance of the relevant decision-making procedures.

II. Procedures of Appointment of Auditor and Internal Control Auditor

1. Performance of the Audit Committee

The audit committee has approved this proposal in advance and issued opinion: KPMG Huazhen LLP has qualifications for businesses related to securities and futures, good independence and integrity records as well as investor protection capability. It is always diligent and responsible, able to effectively communicate with the members of the Audit, Risk and Compliance Committee, compose and conduct the annual audit plan, and fully qualified for the company's annual financial and internal control auditing. We agree to appoint this entity as the Company’s 2024 annual financial and internal control auditor. This appointment will not prejudice the benefits of the Company and shareholders, especially the benefits of the medium and small shareholders. We agree to submit this proposal to the board for deliberation.

2. Deliberation and voting of the board of directors

The Company deliberated and passed the proposal of appointment of auditor and internal control auditor for the year 2024 in the seventeenth meeting of the 8th session of board held on 28th March 2024, by 9 votes in favor, 0 objection, and 0 abstention.

3. Effective date

   The proposal has yet to be submitted to the annual shareholders' general meeting for FY2023 for review and will take effect from the date of approval of the general meeting of shareholders.

It is hereby announced.

Bluestar Adisseo Company
28th March 2024

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