Company Code: 600299 Company Abbreviation: Adisseo

Bluestar Adisseo Company

Demonstration and Analysis Report on the Private Issuing of A-shares

April 2024

In order to meet the company's business development needs, enhance its capital strength, and improve profitability and market competitiveness, in accordance with the relevant laws, regulations, and regulatory documents such as *Company Law of the People's Republic of China* (hereinafter referred to as the *"Company Law"*), *Securities Law of the People's Republic of China* (hereinafter referred to as the *"Securities Law"*), *Administrative Measures for the Issuance of Securities by Listed Companies* (hereinafter referred to as the *"Administrative Measures"*), and *the Articles of Association of Bluestar Adisseo Company*. (hereinafter referred to as the *"Articles of Association"*), the company has prepared this analysis report for the private issuing.

Unless otherwise specified in this analysis report, the relevant terms have the same meaning as in "*The Plan for Private Issuing of A-shares of Bluestar Adisseo Company in 2024*".

1. The Background and Purpose of this Private Issuing

1.1 The Background of of this Issuance to Specific Targets

1.1.1 Grain consumption is upgraded and the animal nutrition market has broad prospects.

With expanding global population, increasing income per capita in emerging economies and changes in diets in advanced countries, there is higher demand for animal proteins, resulting in constant growth in animal feed additives. Animal nutrition additives play a crucial role in improving the quality and safety of food products, enhancing poultry feed efficiency, reducing adverse environmental impacts, ensuring animal health and high-quality breeding and other aspects. According to data published by Straits Research[1], the global animal nutrition market size was $23.5 billion in 2023 and will grow to $39.1 billion in 2032, at a CAGR of 5.85%. Adisseo has been committed to providing innovative solutions for the feed industry to improve animal performance and yield, reduce waste and feed consumption, and provide

[1] Animal Nutrition Market Size, Share & Trends Analysis Report, Straits Research, 2023

economically high-quality meat, milk and eggs for the increasing global population. This helps alleviate existing supply-demand contradictions and is economically feasible in terms of product solutions. Under the background of upgrading consumption of global grain structure, the animal nutrition additives market has broad prospects, and the issuer's business will continue to develop steadily.

1.1.2 Accelerating the process of modern low-carbon agriculture and promoting the realization of green and low-carbon development.

Promoting agricultural and rural emission reduction and carbon sequestration is an important aspect of China's goal to achieve carbon emission peak and carbon neutrality. In October 2022, the National Development and Reform Commission issued *the Catalogue of Industries Encouraging Foreign Investment (2022 Edition)*, which encourages the development and production of safe, efficient and environmentally friendly feed, feed additives (including vitamins, methionine and feed enzymes) and alternative products to antimicrobial drugs for animal growth promotion. Methionine helps to decrease the amount of protein contained in animal feed, reduce ammonia generated from animal intestinal fermentation, and improve the carbon and nitrogen utilization ratio of anaerobic microorganisms in order to reduce carbon emissions. Specialty products for ruminant animals can effectively improve nitrogen utilization efficiency and reduce urinary nitrogen emissions. As a result, products such as methionine can effectively lower carbon emissions, help animal husbandry and food industries actively take their role of protecting environment and social responsibility, accelerating the progress of green agriculture, and play a significant role in achieving green and low-carbon development.

1.1.3 The Company has been deeply involved in the animal feed additive industry for many years and has accumulated strong technical strength and constructed a comprehensive product portfolio.

The Company is primarily engaged in innovation, production, and sales of animal feed additives, and has become one of the leading global enterprises in the field of animal feed additives after over 80 years of development. With a diverse product portfolio and an integrated industry layout, the Company has established a solid foundation for business expansion. In terms of the industrial scale and technological level, the Company holds industry-leading position in aspects of methionine, vitamins, rumen-protected methionine, enzyme preparations and gut health products. Starting with the methionine business, the Company is the world's second-largest supplier of methionine and the largest supplier of liquid methionine, and it is one of the few global manufacturers that are capable of producing both liquid and powder methionine. At the same time, the Company is also accelerating the expansion of profitable and relatively stable specialty portfolios. From 2014 onwards, Adisseo launched new products/service every year, emphasizing the increasing importance of specialty products in the Company's strategy. The Company will fully utilize the synergies of its various product categories and provide customers with customized, integrated and diversified product and service solutions through its global sales channels. It aims to accelerate its development process in the favorable environment of industry in which demand expands acceleratively.

1.1.4 The Company has always centered around ESG principles, practicing the concept of sustainable development, and showcasing corporate social responsibility.

Adisseo has always focused on the ESG principles in its operations, practicing the concept of sustainable development, and demonstrating corporate social responsibility. The Company is dedicated to reducing carbon emissions and pursuing its reduction policies. It has set the objective of decreasing by 13% its GHG emissions from 2020 to 2025 while pursuing business growth. In order to achieve these goals, the Company is actively implementing renewable energy projects, employing eco-friendly technologies to strive for sourcing key raw materials needed for production from renewable energy sources, thus reducing the consumption of natural resources. Currently, the nutrition solutions provided by the Company have already demonstrated positive effects in terms of reducing animal waste and greenhouse gas emissions reduction. The Company will continue to reduce the adverse impact of the production process on the environment, including minimizing energy consumption and water resource utilization. The Company will strive for sustainable development in the economy, environment, and society by continuously upholding the principles of Environmental, Social, and Governance (ESG).

1.2 The Purpose of this Issuance to Specific Targets

1.2.1 Implementing the "two-business-pillar" strategy and adhering to sustainable development

Adisseo is implementing a “two-pillar” development strategy, which is continuously consolidating its leadership in methionine industry and accelerating the development of specialty business. Adisseo is also committed to deepening its global collaboration strategy to realize its vision of feeding the planet in a high-quality, affordable, safe and sustainable way. The PICSAR project will effectively expand Adisseo’s methionine production capacity in China and optimize its methionine product structure and global production capacity layout, to achieve cost reduction with improved efficiency and ensure supply stability. It is a crucial step in implementing the “two-pillar” strategy and an important measure to realize the ambition of becoming the best methionine player globally. The specialty product projects focus on cost optimization and capacity expansion. It effectively implements the Company’s strategic plan to develop the specialty business as its second pillar. Furthermore, the Company actively embraces sustainable development and carries out the acrylic acid wastewater treatment and recycled water utilization project which can reduce the total amount of pollutants discharged and carbon emissions, realize energy saving and emission reduction, and effectively reduce the environment impact.

1.2.2 Expanding the production capacity of methionine products to provide a capacity base for future business expansion

In the future, due to population growth, economic development of emerging economies, and the modernization of the animal husbandry sector, the demand for methionine in the Asia-Pacific area, including China, continues to increase rapidly. Furthermore, as the industry's demand for cost reduction and efficiency enhancement in the methionine sector continues to increase, there is a further requirement for the technical level of methionine manufacturers in the industry. Through this issuance, the Company will further increase its existing methionine production capacity and provide a sufficient and highly competitive production capacity foundation for future business expansion

1.2.3 Increasing investment in specialty products to further enhance the development potential of core business

In addition to essential nutrients for animals, Adisseo currently offers various types of specialty products including digestibility improvement, preserving precious resources and qualitatively formulated feed, stabilization of gut flora, improving animal health by strengthening the animals' intestinal tract and therefore increase their resistance to harmful micro-organisms. They contribute to the prudent use of antibiotics, reducing the risk of Antimicrobial resistance (AMR). These specialty products also contribute to the increasing usage efficiency of animal feed and the balance of animal productivity and welfare. In recent years, specialty products such as Rovabio, Selisseo, etc. have shown a rapid development trend and have promising market prospects.

After this issuance, the Company will allocate a portion of the Use of Proceeds ("UoP") funds to increase investment in specialty products. This will promote the market penetration of the Company's specialty products, further enrich the Company's portfolio of specialty products, and effectively enhance the development potential of core specialty business.

1.2.4 Enhancing financial strength of the listed Company, optimizing the financial structure, and satisfying operational capital requirements

The Company belongs to resource-intensive industry and has significant capital-intensive characteristics. The Company requires significant and continuous capital investment for expanding production capacity, conducting research and development activities, supporting production operations, promoting market applications of products and services, and recruiting talent. On one hand, as the Company's methionine and specialty product businesses continue to grow, the Company needs to allocate more funds to satisfy its daily operational requirements. On the other hand, in response to market demands, the Company aims to enrich its existing portfolio of specialty products and expand its end-market coverage, which requires significant investment in research and development of new products and technologies. Therefore, the Company urgently needs to enhance its financial strength to support the sustainable and healthy development of its existing businesses while meeting future business development needs.

This issuance will be beneficial to strengthen the Company's capital healthiness. A portion of the funds to be raised in this issuance is intended to supplement working capital, optimize the Company's existing asset-liability structure, alleviate short-to-medium-term operational cash flow pressures, and reduce financing risk. Simultaneously, from the perspective of the Company's long-term strategic development, an increase in financial strength will help the Company fully leverage the advantages of a listed Company. It will optimize its industrial chain layout, new business opportunities exploration, talent attraction, and technological research and development and innovation, ultimately enhancing the depth and breadth of its business. The Company will be able to keenly seize market development opportunities and achieve sustainable development.

2. The necessity of the issuance and the choice of its types

2.1 Class and Par Value of Shares to be Issued

Shares to be issued will be common shares in Renminbi (A-shares) with face value of RMB1.00.

2.2 The necessity of the issuance and the choice of its types

2.2.1 The main purpose of the Use of Proceeds projects is capital

expenditure, and the capital recovery cycle is relatively long

The overall planning cycle of the fund-raising investment projects is relatively long. It requires a certain amount of time from project construction to the realization of benefits and capital recovery. However, debt financing options such as bank loans have shorter terms and face greater limitations in terms of financing scale due to credit policies. Therefore, using equity financing is more beneficial in addressing the long-term capital requirements of the Company.

2.2.2 Private issuing is a suitable financing option for the Company at the current stage

Equity financing offers better planning and coordination, supporting the steady achievement of the company's strategic objectives. Choosing equity financing allows the company to maintain a stable capital structure, increase net assets, reduce future debt pressure, minimize capital outflows, lower financial risks, enhance financing capabilities, and leave room for other financing options in the future.

With the company's rapid business growth and the gradual implementation of fund-raising investment projects, the company has the ability to absorb the dilutive impact on immediate returns resulting from equity expansion, while safeguarding the interests of existing shareholders. By private issuing, the Company's total assets and net assets increase, further strengthening its financial capacity and ability to withstand financial risks, providing a solid foundation for future development.

In conclusion, the Company's private issuing of A-shares is necessary.

3. The appropriateness of the selection scope, quantity, and criteria of the issuance targets

3.1 The appropriateness of the selection scope of the issuance targets

The target subscribers of the private issuing include securities investment fund management companies, securities companies, trust companies, finance companies, insurance investment institutions, asset management companies, qualified foreign institutional investors, other domestic institutional and individual investors, no more than 35 specific subscribers in total. A securities investment fund management company, a securities company, qualified foreign institutional investors or Renminbi qualified foreign institutional investors subscribing for the Shares through two or more of the products under its management shall be deemed as one single target subscriber. Target subscribers which are trust companies shall only subscribe for the Shares with their own capital. All subscribers are required to subscribe in cash in a lump sum. After obtaining approval from the SSE and being registered by the CSRC, the final issuing targets will be determined through auction by the Company's Board of Directors and/or authorized representatives, within the scope authorized by the Shareholders' Meeting. This determination will be made in conjunction with the sponsor (lead underwriter), based on the subscription prices proposed by the issuing targets, and in accordance with the relevant laws, regulations, and regulatory documents.

If there are new regulations in the national laws and regulations regarding the issuance targets of the private issuing, the Company will make adjustments according to the new regulations.

The selection scope of the issuance targets complies with the relevant provisions of the *"Administrative Measures"* and other laws and regulations. The selection scope is appropriate.

3.2 The appropriateness of the quantity of the issuance targets

The target subscribers of the private issuing include securities investment fund management companies, securities companies, trust companies, finance companies, insurance investment institutions, asset management companies, qualified foreign institutional investors, other domestic institutional and individual investors, no more than 35 specific subscribers in total. The quantity of the issuance targets complies with the relevant provisions of the *"Administrative Measures"* and other laws and regulations. The quantity of issuance targets is appropriate.

3.3 The appropriateness of the criteria for selecting the issuance targets

The issuance targets should have a certain risk identification capability and risk-bearing capacity, as well as corresponding financial strength. The criteria for selecting the issuance targets comply with the relevant provisions of the *“Administrative Measures”* and other laws and regulations. The criteria for selecting the issuance targets are appropriate.

4. Price Determination Date, Issue Price, and Pricing Principles

The price determination date for the private issuance of shares shall be the first day of the offer period. The issue price shall not be less than 80% of the average trading price of A-shares for the 20 trading days preceding the price determination date (excluding the price determination date. The average trading price of the Company’s A-shares preceding the 20 trading days before the price determination date is calculated as the total trading value divided by the total trading volume.), and shall not be less than the latest audited net asset value per Share attributable to the shareholders of the parent company of the Company (In the event that the Company distributes dividends, grants bonus shares, converts capital reserve into share capital or carries out any other ex-right or ex-dividend activities during the period commencing from the balance sheet date of its latest audited financial reports to the Date of Issuance, adjustments shall be made to the abovementioned net assets per Share accordingly). In the event that the Company distributes dividends, grants bonus shares, converts capital reserve into share capital or carries out any other ex-right or ex-dividend activities during the 20 trading days, the trading prices for those trading days prior to such adjustment shall be adjusted by the ex-right or ex-dividend activities accordingly. Based on the aforementioned minimum issue price, after obtaining approval from the SSE and being registered by the CSRC, the final issue price will be determined by the Company’s Board of Directors and/or its authorized individuals, within the scope authorized by the Shareholders’ Meeting, in conjunction with the sponsor (lead underwriter), following the relevant laws, regulations, and regulatory requirements, on an auction basis, based on the subscription prices provided by the issuing targets, following the principle of price priority, but not lower than the minimum issue price mentioned above.

In the event that the Company distributes dividends, grants bonus shares, converts capital reserve into share capital or carries out any other ex-right or ex-dividend activities during the period commencing from the balance sheet date of its latest audited financial reports to the Date of Issuance, the issue price of this offering will be adjusted accordingly.

The adjustment formula is as follows:

Cash dividends: $P_1=P_0-D$

Bonus issue or capitalizing of common reserves: $P_1=P_0/(1+N)$

Both of the above events occur simultaneously: $P_1=(P_0-D)/(1+N)$

Where P_1 is the adjusted offering price, P_0 is the original offering price, D is the cash dividend per share, and N is the number of shares issued as bonus or capitalizing of common reserves.

After adjusting the subscription price according to the above method, the total subscription amount remains unchanged, while the number of subscriptions will be adjusted accordingly. The adjusted number is equal to the total subscription amount divided by the adjusted subscription price. Any fractional shares resulting from the calculation shall be discarded.

If there are new regulations in relevant laws, regulations, and regulatory documents regarding the issuance base date and issuance price for the private issuing, the Company’s Board of Directors will make adjustments according to the new regulations, as authorized by the Shareholders’ Meeting.

The method and procedures for pricing the private issuing are in accordance with the relevant provisions of the *“Administrative Measures”* and other laws and regulations. The Board of Directors and Shareholders’ Meeting were convened to review and disclose the relevant announcements on the exchange website and designated information disclosure media.

In conclusion, the methods and procedures for pricing in this issuance are in accordance with the relevant provisions of the *"Administrative Measures"* and other laws and regulations.

5. The feasibility of this issuance

5.1 The issuance method in this case is legal and compliant

5.1.1 The issuance meets the issuance requirements stipulated in the "*Securities Law*"

The issuance complies with relevant provisions of Article 12 of the *"Securities Law"*, which stipulates that for an listed company to issue new shares, it should meet the conditions specified by the securities regulatory authority approved by the State Council. The specific management measures are determined by the securities regulatory authority under the State Council.

5.1.2 The company does not have any circumstances that violate Article 11 of the *"Administrative Measures"*, which prohibits the private issuing

5.1.2.1 Not correcting unauthorized changes to the use of previous fundraising or not obtaining approval from the Shareholders' Meeting.

5.1.2.2 The preparation and disclosure of the financial statements in the past year do not comply with significant aspects of the Accounting Standards for Business Enterprises or relevant information disclosure rules. The audit report issued in the past year contains an adverse opinion or a disclaimer of opinion. The audit report issued in the past year contains a qualified opinion, and the matters involved in the qualified opinion have not been eliminated, which has a significant adverse impact on the listed company. This excludes cases involving major asset restructuring in the current issuance.

5.1.2.3 The current directors, supervisors, and senior management have been subject to administrative penalties by the CSRC in the past three years, or publicly condemned by the securities exchange in the past year.

5.1.2.4 The listed company or its current directors, supervisors, and senior management are under investigation by judicial authorities due to suspected crimes or under investigation by the CSRC for suspected violations of laws and regulations.

5.1.2.5 The controlling shareholder or actual controller has engaged in significant illegal activities that have seriously harmed the interests of the listed company or the legitimate rights and interests of investors in the past three years.

5.1.2.6 There have been significant illegal activities in the past three years that have seriously harmed the legitimate rights and interests of investors or the public interest.

5.1.3 The use of the funds raised by the Company complies with the relevant provisions of Article 12 of the *"Administrative Measures"*

5.1.3.1 The use of the raised funds complies with the national industrial policies and relevant laws and administrative regulations on environmental protection and land management.

5.1.3.2 Except for financial enterprises, the use of the funds raised shall not be for holding financial investments or directly or indirectly investing in companies whose main business is trading securities.

5.1.3.3 After the implementation of the fund-raising investment project, it shall not create significant adverse effects such as unfair related-party transactions, unfair competition with the controlling shareholder, the actual controller, or other enterprises under their control, or severely impacting the independence of the company's production and operation.

5.1.4、The issuance complies with the relevant provisions of Article 55 of the *"Administrative Measures"*

When a listed company issues securities to specific targets, the targets of the issuance should meet the conditions specified in the Shareholders' Meeting resolution, and the number of targetss for each issuance should not exceed 35.

5.1.5 The issuance complies with the relevant provisions of Article 56 of the *"Administrative Measures"*

The listed company issues shares to specific targets, and the issuance price shall not be lower than 80% of the average trading price of the company's stock in the 20 trading days before the pricing base date.

5.1.6 The issuance complies with the relevant provisions of Article 57 of the *"Administrative Measures"*

The pricing base date for the issuance of shares to specific targets is the first day of the issuance period. The listed company should issue the shares at a price not lower than the minimum issuance price.

5.1.7 The issuance complies with the relevant provisions of Article 58 of the *"Administrative Measures"*

If the private issuance is outside the scope of the second paragraph of Article 57 of the *"Administrative Measures"*, the listed company should determine the issuance price and the specific targets through auction. If the Board of Directors determines some of the specific targets, they shall not participate in the auction process, accept the auction results, and clarify whether to continue with the subscription if the issuance price is not determined through auction, as well as the principle for determining the price and the quantity of the subscription.

5.1.8 The issuance complies with the relevant provisions of Article 59 of the *"Administrative Measures"*

The shares issued to specific targets shall not be transferred within six months from the end of the issuance. If the specific investors fall within the scope of the second paragraph of Article 57 of the *"Administrative Measures",* the shares subscribed by them shall not be transferred within eighteen months from the end of the issuance.

5.1.9 The issuance of shares to specific targets complies with the relevant provisions of the *"Administrative Measures for the Issuance of Securities by Listed Companies,* regarding Articles 9, 10, 11, 13, 40, 57, and 60—*Interpretation on the Application of Laws in Securities and Futures No. 18*"

5.1.9.1 The Company does not have significant financial investments at the end of the most recent period.

5.1.9.2 The controlling shareholder and the actual controller of the Company have not engaged in any significant illegal activities in the past three years that have seriously harmed the interests of the listed company, investors' legitimate rights and interests, or the public interest. The Company has not engaged in any significant illegal activities in the past three years that have seriously harmed investors' legitimate rights and interests or the public interest.

5.1.9.3 The number of shares to be issued in this securities offering does not exceed 30% of the total pre-issue share capital.

5.1.9.4 For listed companies applying for additional issuance, rights issue, or private issuing, the interval between the date of the board resolution for this issuance and the date of the previous fundraising should generally be no less than eighteen months. If the previous fundraising has been mostly utilized or the funds are planned to be invested without significant changes, the interval should generally be no less than six months. These provisions do not apply to previous fundraising activities such as initial public offerings, additional issuances, rights issues, private issuing , issuance of convertible bonds, preferred shares, issuance of shares for asset acquisitions with accompanying fundraising, and Issuance subject to simplified procedures.

5.1.9.5 The Company has disclosed the quantity of shares to be issued in this securities offering, the fundraising interval, the amount of funds to be raised, and the usage of the funds. The funds raised in this offering will primarily be invested in the company's main business. This issuance is considered as rational financing, and the scale of fundraising is reasonable.

5.1.9.6 The proportion of funds raised in this offering for supplementing working capital and debt repayment does not exceed 30% of the total funds raised.

5.1.10 The Company does not fall within the scope of enterprises that require punishment as stipulated in the *"Memorandum of Cooperation on Joint Punishment of Dishonest Persons Subject to Enforcement"* and the *"Memorandum of Cooperation on Joint Punishment of Customs Dishonest Enterprises"*. It is not considered a general dishonest enterprise or a customs dishonest enterprise

After self-examination, the company does not fall within the scope of enterprises that require punishment as stipulated in the *"Memorandum of Cooperation on Joint Punishment of Dishonest Persons Subject to Enforcement"* and the *"Memorandum of Cooperation on Joint Punishment of Customs Dishonest Enterprises"*. It is not considered a general dishonest enterprise or a customs dishonest enterprise.

5.1.11 The issuance is in compliance with the relevant requirements of the CSRC Coordinating the Balance between the Primary and Secondary Markets and Optimizing the Supervisory Arrangements for IPOs and Refinancing

5.1.11.1 On any of the 20 trading days prior to the meeting of the Board of Directors of the refinancing proposal, there is no stock price below the issue price or net asset value per share.

The meeting of the Board of Directors of the Private Issuing will be held on 25th April, 2024. The lowest closing price of the Company during the 20 trading days prior to the meeting of the Board of Directors of the refinancing proposal was RMB 26.27 per share (post-complexed). Both of the closing price of the Company on the resolution data and during the 20 trading days prior to the meeting were higher than the Company's initial offering price which was RMB 6.41 per share (before ex-rights). The closing price of the Company was RMB 8.33 per share (post-complexed with the base date of 31st December, 2023), which was also higher than net asset per share, RMB 5.61 per share, at 31 December 2023.

In summary, it is not expected that the Company's share price will be lower than the issue price or net asset per share on any of the 20 trading days prior to the Board of Directors' meeting for the refinancing.

5.1.11.2 The time gap between the date of the Board of Directors of the issuance and the date of the previous fund raising is not less than 18 months.

The Company has not carried out any UoP projects in the last five years. There is no such situation.

5.1.11.3 No high proportion of financial investments.

At the end of the most recent period, the Company does not hold financial investments (including quasi-financial business) of significant amount.

5.1.11.4 The company does not have any situation related to the use of funds raised in the previous issuance.

The Company has not carried out any UoP projects in the last five years. There is no such situation.

5.1.11.5 The fund-raising is invested in the main business, and the implementation of the fund-raising project is conducive to the improvement of the company's operating profitability, asset status, etc..

The company's main business is the production of animal nutritional additive products, with production and R&D platforms at home and abroad. At present, the company has established a number of production plants in Europe and continued to expand production, and set up a liquid methionine plant in Nanjing, China, with a production capacity of 350,000 tons/year, and the capacity utilisation rate is maintained at a high level.

The projects are "The powder methionine project with an annual production capacity of 150,000 tons", "The specialty feed additives project with an annual production capacity of 37,000 tons" and "SPain Ester Adisseo transfer”. The projects will further expand the company's production capacity and enhance the company's market position in the animal nutrition additives industry. At the same time, the acrylic acid wastewater treatment and recycled water utilization project, as a layout and the demonstration effect of the industry of Adisseo in the field of water reuse, energy saving and emission reduction, is expected to further enhance the core competitiveness of the company, in line with the company's long-term adherence to the concept of sustainable development of production.

The implementation of the fund-raising investment project is conducive to realising the further expansion of the Company's business, consolidating and developing the Company's competitive advantages in the industry, improving the Company's profitability, and is in line with the Company's long-term development needs and shareholders' interests. After the completion of the private placement, the capital strength of the Company will be further enhanced. Both the total assets and net asset size of the Company will grow accordingly, and the cash flow position and asset position will be further improved.

In conclusion, the company complies with the relevant provisions of the *“Administrative Measures”* and other related regulations. There are no circumstances that prohibit the issuance of securities. The issuance method is in accordance with the requirements of relevant laws and regulations, and it is legal, compliant, and feasible.

5.2 The process of determining the issuance method is legal and compliant

The current issuance has been reviewed and approved by the Eighteenth Meeting of the 8th Session of the Board meeting, the Twelfth Meeting of the 8th Session of Board of Supervisors on April 25, 2024.The issuance of shares to specific targets by the Company still requires approval from the State-owned Assets Supervision and Administration Commission, approval from the Shareholders’ Meeting of the

Company, approval from the Stock Exchange, and registration with the China Securities Regulatory Commission.

In summary, the review process for the issuance of shares to specific targets is legal and compliant, and the issuance method is feasible.

6. The fairness and reasonableness of the current issuance plan

The current issuance plan was approved after careful consideration by the Board of Directors. The plan takes into account the company’s current industry status, future development trends, and the company’s strategic development. The implementation of the issuance plan will contribute to the company’s sustained and stable growth and increase the equity of all shareholders, aligning with their interests.

The issuance plan to specific investors and related documents have been disclosed on the designated information disclosure website of the China Securities Regulatory Commission, ensuring the right to information for all shareholders.

The company will convene a Shareholders’ General Meeting to review the issuance plan at a later date, allowing all shareholders to make an equitable vote on the plan. Resolutions regarding the issuance to specific investors must be approved by a two-thirds majority of the voting rights held by attending shareholders, with separate vote counting for small and medium-sized investors. Additionally, shareholders can exercise their rights through on-site or online voting methods.

The issuance plan complies with regulatory documents such as the “*Securities Issuance and Underwriting Management Measures*” and the “*Registration Management Measures*”.

After the issuance is completed, the company will promptly disclose an issuance report to specific investors, providing clear information on the final issuance situation. This ensures the right to information and participation for all shareholders, safeguarding the fairness and reasonableness of the issuance.

In conclusion, the current issuance plan is fair and reasonable. It does not harm the interests of the company and its shareholders, particularly small and medium-sized shareholders.

7. The potential impact of dilution on key financial indicators of the company and specific measures to address it in the issuance of private placement

Following the requirements of the *"Opinions of the General Office of the State Council on Further Strengthening the Protection of Legitimate Rights and Interests of Small and Medium-sized Investors in the Capital Market" (Guo Ban Fa [2013] No. 110), "The Opinions of the State Council on Further Promoting the Healthy Development of the Capital Market" (Guo Fa [2014] No. 17)*, and the *"Guiding Opinions on Dilution of Immediate Returns in Initial Public Offerings, Refinancing, and Significant Asset Restructuring"* issued by the China Securities Regulatory Commission *(CSRC Announcement [2015] No. 31)*, the Company has conducted a thorough analysis of the dilution of immediate returns resulting from the issuance of private placement. The impact of dilution on the Company's key financial indicators and the measures taken by the Company are explained as follows:

7.1 Impact of the Dilution of Immediate Return arising from the Private Issuing on Company's Key Financial Indicators

7.1.1 Assuming no significant adverse changes occur in the macroeconomic environment and securities market, and no significant adverse changes occur in the Company's operating environment, industry policies, industry development, and major cost prices.

7.1.2 Assuming that the issuance of private issuing will be completed by the end of November 2024 (the completion time is an estimated assumption used solely for calculating the impact of the dilution of immediate returns on the Company's key financial indicators from the issuance of shares to specific targets. It does not constitute a commitment to the actual completion time, and the actual issuance will be determined by the SSE's approval and the CSRC's registration).

7.1.3 When predicting the total share capital of the Company, based on the total share capital of 2,681,901,273 shares as of the announcement date of this plan, only the impact of the issuance of private issuing is considered, without considering other factors such as capital surplus conversion, stock dividend distribution, convertible bond conversion, etc., that may cause changes in share capital.

7.1.4 It is assumed that the number of shares to be issued of the private issuing will be calculated on the basis of the total proceeds raised from the issuance divided by the issuance price determined by the final auction, and will not exceed 30 percent of the total share capital of the Company prior to the issuance, i.e., not more than 804,570,381 shares (inclusive). Assuming the company issues stocks to specific targets at a price of RMB 7.16 /share, the total funds to be raised through the issuance of private issuing do not exceed RMB 300 million, without considering the impact of deducting issuance expenses. Based on this calculation, the number of shares to be issued in this issuance does not exceed 418,994,413 shares (the above-mentioned number of issued shares and the total funds to be raised are estimates only and do not constitute binding commitments. The scale of this issuance and the final number of shares issued will be determined based on the approval of the SSE, approval of the CSRC for registration, and actual issuance conditions).

7.1.5 Assuming no consideration is given to the impact of force majeure factors on the Company's financial conditions.

7.1.6 Assuming no consideration is given to the impact of the receipt of UoP funds raised in this issuance on the Company's production, operation, financial condition, etc., such as operating income, financial expenses, investment income, etc.

7.1.7 Assuming no consideration is given to the impact of profit distribution.

7.1.8 The net profit attributable to the common shareholders of the parent Company in 2023 was RMB 52.17 million, and the net profit attributable to the common shareholders of the parent Company after deducting non-recurring gains and losses was RMB 13.00 million. For the net profit attributable to the common shareholders of the parent Company in 2024 and the net profit attributable to the common shareholders of the parent Company after deducting non-recurring gains and losses, calculations are made based on three scenarios (the assumptions below do not represent the Company's judgment on the operating conditions and trends of 2024 and do not constitute the Company's profit forecast):

Scenario 1: Assuming the net profit attributable to the common shareholders of the parent company in 2024 and the net profit attributable to the common shareholders of the parent company after deducting non-recurring gains and losses remain unchanged compared to 2023.

Scenario 2: Assuming the net profit attributable to the common shareholders of the parent company in 2024 and the net profit attributable to the common shareholders of the parent company after deducting non-recurring gains and losses increase by 20% compared to 2023.

Scenario 3: Assuming the net profit attributable to the common shareholders of the parent company in 2024 and the net profit attributable to the common shareholders of the parent company after deducting non-recurring gains and losses decrease by 20% compared to 2023.

Please note that the above assumptions are only for calculating the diluted immediate return on the issuance to specific entities and its impact on the Company's key financial indicators. These assumptions do not represent the Company's judgment on future operating conditions and trends, nor do they constitute profit forecasts. Investors should not make investment decisions based on these assumptions. The Company shall not be held responsible for any losses resulting from investor decisions made in reliance on these assumptions.

Based on the assumptions mentioned above, the Company has conducted an estimation of the impact on its key financial indicators from this offering:

Items	**Year 2023 / December 31, 2023**	**Year 2024 / December 31, 2024**	
		Before the Offering	**After the Offering**
Total outstanding shares	2,681,901,273	2,681,901,273	3,100,895,686
Total funds raised in this offering (in RMB 10,000)	300,000.00		
Number of shares issued in this offering (shares)	418,994,413		
Assumption 1: Assuming the net profit attributable to the common shareholders of the parent company in 2024 and the net profit attributable to the common shareholders of the parent company after deducting non-recurring gains and losses remain unchanged compared to 2023.			
Net profit attributable to shareholders of the listed Company (in RMB 10,000)	5,216.55	5,216.55	5,216.55
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (in 10,000 yuan)	1,299.62	1,299.62	1,299.62
Basic earnings per share (RMB/share)	0.0195	0.0195	0.0192
Diluted earnings per share (RMB/share)	0.0195	0.0195	0.0192
Basic earnings per share after deducting non-recurring gains and losses (RMB/share)	0.0048	0.0048	0.0048
Diluted earnings per share after deducting non-recurring gains and losses (RMB/share)	0.0048	0.0048	0.0048
Assumption 2: Assuming the net profit attributable to the common shareholders of the parent company in 2024 and the net profit attributable to the common shareholders of the parent company after deducting non-recurring gains and losses increase by 20% compared to 2023.			
Net profit attributable to shareholders of the listed Company (in RMB 10,000)	5,216.55	6,259.86	6,259.86
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (in 10,000 yuan)	1,299.62	1,559.54	1,559.54
Basic earnings per share (RMB/share)	0.0233	0.0233	0.0230
Diluted earnings per share (RMB/share)	0.0233	0.0233	0.0230
Basic earnings per share after deducting non-recurring gains and losses (RMB/share)	0.0058	0.0058	0.0057
Diluted earnings per share after deducting non-recurring gains and losses (RMB/share)	0.0058	0.0058	0.0057
Assumption 3: Assuming the net profit attributable to the common shareholders of the			

<table>
<tr><th rowspan="2">Items</th><th rowspan="2">Year 2023 / December 31, 2023</th><th colspan="2">Year 2024 / December 31, 2024</th></tr>
<tr><th>Before the Offering</th><th>After the Offering</th></tr>
<tr><td colspan="4">parent company in 2024 and the net profit attributable to the common shareholders of the parent company after deducting non-recurring gains and losses decrease by 20% compared to 2023.</td></tr>
<tr><td>Net profit attributable to shareholders of the listed Company (in RMB 10,000)</td><td>5,216.55</td><td>4,173.24</td><td>4,173.24</td></tr>
<tr><td>Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (in 10,000 yuan)</td><td>1,299.62</td><td>1,039.70</td><td>1,039.70</td></tr>
<tr><td>Basic earnings per share (RMB/share)</td><td>0.0156</td><td>0.0156</td><td>0.0154</td></tr>
<tr><td>Diluted earnings per share (RMB/share)</td><td>0.0156</td><td>0.0156</td><td>0.0154</td></tr>
<tr><td>Basic earnings per share after deducting non-recurring gains and losses (RMB/share)</td><td>0.0039</td><td>0.0039</td><td>0.0038</td></tr>
<tr><td>Diluted earnings per share after deducting non-recurring gains and losses (RMB/share)</td><td>0.0039</td><td>0.0039</td><td>0.0038</td></tr>
</table>

Note: Basic earnings per share, diluted earnings per share, and other indicators are calculated according to the formulas specified in the *"Disclosure of Company Information for Public Issuance of Securities: Reporting Rules No.9 - Calculation and Disclosure of Return on Equity and Earnings per Share"*.

Based on the above assumptions, after the completion of this offering, the Company's earnings per share for 2024 and earnings per share after deducting non-recurring gains and losses are expected to decrease. Therefore, there is a possibility of dilution of the Company's immediate return from this offering.

7.2 Special Risk Warnings Regarding Diluted Immediate Return arising from the Private Issuing to Specific Targets

After the completion of this issuance, the Company's share capital and net asset scale will increase accordingly. As the implementation and benefits of UoP projects may require a certain period, there is a risk of diluted immediate returns to the Company after the funds are raised. Investors are hereby reminded to pay attention to the risk of diluted immediate returns in this issuance of private placement.

The assumptions and analyses made by the Company in calculating the dilution impact on immediate returns in this issuance process are not profit forecasts of the Company. The specific measures formulated to fill the dilution risk of immediate returns do not guarantee the future profits of the Company. Investors should not make investment decisions based on these measures. The Company shall not be held responsible for any losses incurred by investors who make investment decisions based on this information. Please be aware of this as an investor.

7.3 Necessity and Rationality of the Board of Directors' Decision on this Financing

These UoP projects will revolve around the Company's main business and will be allocated to performance product projects, specialty product projects, sustainable development projects, as well as supplementing working capital. They will help optimize the product portfolio, improve the Company's industry position, and enhance core competitiveness and profitability. These UoP projects align with national industrial policies, industry development trends, and the Company's future development strategy. They have promising market prospects and economic benefits, which are in the best interest of the Company and all its shareholders.

For specific details regarding the necessity and reasonableness of the issuance of A-shares to specific investors, please refer to the company's simultaneous announcement titled "*Feasibility Analysis Report on the Use of Proceeds from the Private Issuing*".

7.4 Relationship between the UoP Projects and the Company's Existing Business, and the Company's Reserves in Personnel, Technology, and Marketing in Engaging in the UoP Projects

7.4.1 Relationship between the UoP Projects Funded by this Issuance and the Company's Existing Business

The Company is a leading global animal feed additive enterprise. The UoP projects funded by this issuance will be invested in line with the Company's current main business and include performance product projects, specialty product projects, sustainable development projects, as well as the use of funds for supplementary working capital. The aforementioned projects are related to the Company's performance product business, specialty product business, and sustainable development strategic planning. Upon reaching the production capacity, these projects will expand the Company's core business, optimize service capabilities, consolidate industry position, and strengthen core competitiveness and profitability.

7.4.2 The talent, technology and market reserve of the Company in proceeds-funded projects

The investment project for the raised funds in this round has all the necessary conditions for project implementation. For more details, please refer to the company's simultaneous announcement titled "*Plan for Private Issuing of A-shares*".

7.5 Specific Measures to Fill the Diluted Immediate Return arising from the Private Issuing to Specific Targets

This issuance may result in a decrease in the immediate returns for investors. The Company intends to enhance the management of the UoP funds, expedite the progress of UoP projects, improve the Company's profitability, strengthen operational management and internal controls, and enhance profit-generating capabilities to improve asset quality and achieve sustainable development, thereby filling the shareholder returns. The specific measures are as follows:

7.5.1 Strengthening the Supervision of UoP Funds to Ensure their Reasonable and Lawful Use

To regulate the management and utilization of the UoP funds and effectively protect the legitimate rights and interests of investors, the Company has formulated the *"UoP Funds Utilization Management Measures"*, which clearly stipulates the storage, utilization, supervision, and disclosure of the UoP funds. The Company will strictly adhere to relevant regulations such as the *"UoP Funds Utilization Management Measures"*, and the UoP funds will be jointly supervised by the sponsor, custodian bank, and the Company to ensure that the funds are used following the committed purpose and amount, guaranteeing that the UoP funds are used rationally and in compliance with regulations, in coordination with the supervision and inspection by the custodian bank and the sponsor to ensure their proper and regulated use.

7.5.2 Accelerating the Progress of UoP Projects to Improve the Company's Profitability

The UoP funds from this issuance will mainly be used for performance product project, specialty product projects, and sustainable development project. These projects have been thoroughly studied and assessed from various aspects such as feasibility and necessity. They not only have good development prospects but also align with the Company's overall strategic objectives. They will contribute to further expanding the Company's business, strengthening its competitive advantages in the industry, and consolidating and enhancing the Company's profitability.

After the UoP funds from this issuance are in place, the Company will accelerate the construction and operation of the UoP projects, actively allocate resources, and reasonably coordinate and arrange project progress. Efforts will be made to achieve the expected benefits of the projects as soon as possible, increase future shareholder returns, reduce the risk of diluting immediate returns caused by the issuance, and enhance the Company's long-term and sustainable profitability, thereby ensuring the long-term development and interests of the shareholders.

7.5.3 Strengthening Operational Management and Internal Controls to Provide Institutional Safeguards for the Company's Development

The Company strictly adheres to the requirements of laws, regulations, and normative documents such as the *"Company Law"*, *"Securities Law"*, and *"Listed Company governance standards"*, continuously improving its corporate governance structure. This ensures that shareholders can fully exercise their rights, the Board of Directors can exercise its powers and make informed decisions following laws, regulations, and the Company's *"Articles of Association"*, independent directors can faithfully fulfill their responsibilities, safeguard the overall interests of the Company, especially the legitimate rights and interests of minority shareholders, and the supervisors can independently and effectively exercise their supervisory and inspection rights over directors, senior executives, and the Company's financial affairs, promoting the Company's sustainable, regulated, and healthy development.

Currently, the Company has established a relatively sound internal control system and management framework, ensuring the normal and orderly conduct of various business activities. In the coming years, the Company will further improve its operational and management capabilities, enhance investment decision-making procedures, strictly control costs and expenses, strengthen cost management, optimize budget management processes, reinforce execution supervision, comprehensively and effectively enhance operational efficiency, and reduce potential operational risks.

7.5.4 Continuously Improving the Profit Distribution Policy and Strengthening the Investor Return Mechanism

The Company has clearly defined the principles, methods, conditions, decision-making procedures, and mechanisms for profit distribution in its *"Articles of Association"*. It has also formulated a well-defined shareholder return plan in compliance with the requirements of the *"Notice of the China Securities Regulatory Commission on Further Implementing Matters Related to Cash Dividends of Listed Companies"* and the *"Regulatory Requirements for Cash Dividends of Listed Companies (revised in 2023)"*. While focusing on its development, the Company attaches great importance to providing reasonable investment returns to shareholders and has established relevant dividend plans.

The Company highly values protecting the legitimate rights and interests of shareholders. After the completion of this issuance, the Company will strictly comply with the relevant laws, regulations, and provisions of the articles of association regarding profit distribution. Taking into consideration the Company's operating conditions and development plans and fully listening to the opinions of minority shareholders, the Company will continue to improve its cash dividend policy, strictly implement it, and strive to enhance shareholder returns.

In conclusion, after the completion of this issuance to specific offerees, the Company will strengthen internal management, regulate the use of UoP funds, improve fund utilization efficiency, and take various measures to continuously enhance operating performance. While meeting the conditions for profit distribution, the Company will actively promote profit distribution to shareholders, thereby improving the Company's ability to provide returns to investors and effectively reducing the risk of diluting immediate returns for shareholders.

7.6 Undertakings in relation to Remedial Measures for the Dilution of Immediate Return of the Private Issuing

7.6.1 Commitments of Company's Directors and Senior Executives

After the completion of the issuance of shares to specific targets, the Company's directors and senior executives will continue to faithfully and diligently perform their duties, safeguarding the legitimate rights and interests of the Company and all shareholders. The following commitments are made regarding the implementation of measures to fill the return by the Company:

1. Commitment to faithfully and diligently perform duties and safeguard the legitimate rights and interests of the Company and all shareholders.

2. Commitment not to gratuitously or under unfair conditions provide benefits to other entities or individuals, and not to adopt any other means to harm the interests of the Company.

3. Commitment to restrict personal consumption behavior related to their positions.

4. Commitment not to use Company assets for investment or consumption activities unrelated to the performance of duties.

5. Commitment to link the remuneration system formulated by the Board of Directors or the Remuneration and Assessment Committee to the implementation of measures to fill the return by the Company.

6. Commitment to link the exercise conditions of future disclosed equity incentive plans to the implementation of measures to fill the return by the Company.

7. Commitment to effectively fulfill the relevant measures to fill the return formulated by the Company and any commitments made by oneself in this regard. In the event of a violation of these commitments resulting in losses to the Company or investors, one is willing to bear compensation liability following the law.

8. This commitment shall be effective from the date of issuance until the completion of the Company's issuance of shares. If the CSRC or the SSE makes new regulatory provisions regarding the measures to fill the return and their commitments, and the above commitments do not meet the requirements of such regulations, one promises to issue supplementary commitments following the latest regulations of the CSRC and the SSE.

9. As one of the responsible parties for implementing the measures to fill the return, in the event of a violation of the above commitments or refusal to fulfill the above commitments, one agrees that the CSRC, the SSE, and other securities regulatory agencies may impose relevant penalties or take regulatory measures following their formulated or published provisions and rules.

7.6.2 Commitments of Bluestar Group

Bluestar Group commits to lower the dilution impact of the Company's issuance of private issuing on the immediate return and ensure the effective implementation of the measures to fill the return by the Company. The following commitments are made:

1. The Company commits to exercise shareholder rights following relevant laws, regulations, and the Company's articles of association, and undertakes not to

intervene in the operation and management activities of the Listed Company beyond my/our authority and not to encroach upon the interests of the Listed Company.

2. In the event that from the date of issuance of this commitment letter to the completion of the Issuance of Shares to Specific Target Subscribers, the CSRC, the SSE and other securities regulatory authorities provide otherwise or make other requirements in respect of the measures to be taken to make up for diluted immediate returns and the commitments thereof, and the relevant contents of the commitments cannot meet the requirements of the CSRC, the SSE and other securities regulatory authorities, the company undertakes to make supplementary commitments in accordance with the latest requirements.

3. As one of the responsible parties for implementing the measures to fill the return, the Company commits to strictly fulfill the above commitments. The company is willing to bear the liability of compensating the Listed Company or investors in accordance with laws in the event of any breach of such commitments and any loss caused to the Listed Company or investors.

7.6.3 Commitments of Sinochem Holdings

Sinochem Holdings commits to lower the dilution impact of the Company's issuance of private issuing on the immediate return and ensure the effective implementation of the measures to fill the return by the Company. The following commitments are made:

1. The Company commits to exercise rights following relevant laws, regulations, and the Company's articles of association, and undertakes not to intervene in the operation and management activities of the Listed Company beyond my/our authority and not to encroach upon the interests of the Listed Company.

2. In the event that from the date of issuance of this commitment letter to the completion of the Issuance of Shares to Specific Target Subscribers, the CSRC, the SSE and other securities regulatory authorities provide otherwise or make other requirements in respect of the measures to be taken to make up for diluted immediate

returns and the commitments thereof, and the relevant contents of the commitments cannot meet the requirements of the CSRC, the SSE and other securities regulatory authorities, the company undertakes to make supplementary commitments in accordance with the latest requirements.

3. The Company commits to strictly fulfill the above commitments. Where there is any violation, breach or non-performance of the commitments aforesaid which cause losses to the Listed Company or the investors, the Company is willing to bear the liabilities providing by relevant rules or regulations of CSRC, SSE or other securities regulatory authorities.

8. Conclusion

In summary, the Private Issuing of A-shares is necessary and feasible. The plan for Private Issuing of A-shares is fair and reasonable, in accordance with relevant laws and regulations, and will be conducive to further enhancing the company's profitability, in line with the company's development strategy, and in line with the interests of the company and all shareholders.

The Board of Directors, Bluestar Adisseo Company

25th April, 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.)