Company Code: 600299 Company Abbreviation: Adisseo

Bluestar Adisseo Company

Feasibility Analysis Report on the Use of Proceeds from the Private Issuing

April 2024

1. The Utilization Plan of the Funds to be Raised

The total amount of the funds to be raised in this offering of A-shares (including issuance expenses) will not exceed RMB 3 billion (including RMB 3 billion). After deducting the issuance expenses, the net amount of funds to be raised will be used for the following projects:

Unit: RMB 100 million

No.	Project Name	Project Location	Total Investment	Proposed Use of Funds to be Raised
1	**Project of performance products**		**49.32**	**17.43**
1.1	The powder methionine project with an annual production capacity of 150,000 tons (PICSAR)	Fujian, China	49.32	17.43
2	**Projects of specialty products**		**7.00**	**2.57**
2.1	The specialty feed additives project with an annual production capacity of 37,000 tons(FOSIC)	Jiangsu, China	3.05	0.60
2.2	SPain Ester Adisseo transfeR (SPEAR)	Burgos, Spain	3.95	1.97
3	**Sustainable development project**		**3.25**	**1.00**
3.1	Acrylic acid wastewater treatment and recycled water utilization project (PAQUES)	Jiangsu, China	3.25	1.00
4	**Supplementary working capital**		**9.00**	**9.00**
Total			**68.57**	**30.00**

Note: The total investment in the SPEAR project is 50.00 million euros, converted with FX rate 7.9

If the net amount of funds to be raised after deducting the issuance expenses are lower than the total planned investment of the funds to be raised in the above-mentioned projects, the shortfall will be resolved by the Company with self-raised funds. Before the funds to be raised from this issuance are in place, the Company will first invest with self-raised funds according to the actual progress of the fund-raising investment project, and replace them following the requirements and procedures stipulated in relevant laws and regulations after the funds raised are in place. Under the premise of complying with relevant laws and regulations, the Board of Directors and/or its authorized individuals will adjust and ultimately decide on the use of proceeds, priority order, and allocation of the funds raised on the actual net amount raised and the urgency of the projects.

2. Necessity and Feasibility Analysis of UoP Projects in this Fund-raising

2.1 Project of Performance Products

2.1.1 Basic Information of the UoP Projects

(1) Project name: The powder methionine project with an annual production capacity of 150,000 tons (PICSAR).

(2) Project investment amount: The total investment is RMB 4.93 billion, and the amount of UoP funds to be used is RMB 1.74 billion.

(3) Project construction period: 26 months.

(4) Project location: The project is located in Quanhui Petrochemical Industrial Zone, Hui'an, Quanzhou, Fujian Province, China. The land certificate number is Min (2023) Hui'an Real Estate Right No. 0014131.

(5) Project implementation entity: Sinochem Bluestar Adisseo Animal Nutrition Technology (Quanzhou) Co., Ltd.

(6) Main products of the project: Powder methionine and related by-products.

(7) Economic benefits of the project: The expected financial internal rate of return (after tax) of the total investment of the project should be 13.57%.

(8) Project filing and approval status: The project has completed the project filing with the Fujian Provincial Development and Reform Commission and has

obtained the environmental assessment approval issued by Quanzhou Municipal Bureau of Ecology and Environment.

2.1.2 Project Investment Plan

The total investment of the project is RMB 4.93 billion, and it is planned to use RMB 1.74 billion of the funds to be raised. The investment composition of the project is as follows:

Unit: RMB10,000

NO.	Items	Investment Amount
1	Construction investment	461,981.50
2	Interest during the construction period	18,509.22
3	Working capital	12,740.40
Total		**493,231.12**

2.1.3 Necessity of the Project

(1) Highly in line with the national development strategy and undertaking the important mission of ensuring national food security

Food security is one of the key priorities for the country and the ballast stone for maintaining economic development and social stability. The report to the 20th National Congress of the Communist Party of China (NCCPC) put forward higher requirements for ensuring national food security and further clarified the strategic deployment to consolidate the foundation of food security in an all-around way. Animal nutrition additives are of great significance to increase the production of meat, eggs and milk and to ensure food security. Methionine, as an important part of animal nutrition additives, can effectively improve the absorption and conversion rate of livestock feed, reduce feed consumption, and alleviate the shortage of food supply. Therefore, this fund-raising project is an important measure for the Company to implement the national development strategy and related industrial policies and is in line with the policy orientation of industry development.

(2) Optimizing global methionine production capacity layout, achieving cost reduction with improved efficiency, and ensuring supply stability

Europe is currently the production center of Adisseo’s powder methionine. Factors such as the international political situation have led to fluctuations in the prices of main raw materials for methionine production, such as natural gas and propylene, thereby causing certain disruptions to production costs. Additionally, changes in costs and raw material supply in European market may result in regional supply gaps. At the same time, it may have a certain impact on the continuity of plant operation, thus affecting the stability of the supply of European sources. Through establishing powder methionine domestic production line, Adisseo can optimize its domestic and international capacity layout, achieve cost reduction with improved efficiency, and ensure supply stability.

(3) Strengthening the layout of the powder methionine business and the Company's market position

As of the issuance date of this plan, the total production capacity of liquid methionine in the Company’s Nanjing production platform has reached 350,000 tons. There is currently no powder methionine production capacity layout in Nanjing plant, which makes it challenging to meet the market demands for various types of methionine from domestic and Asia-Pacific customers. Through establishing a domestic powder methionine production line, the Company can optimize its product portfolio. Additionally, since the production processes for powder methionine and liquid methionine have certain similarities, the Company could fully leverage the production management and equipment operation experience of the Nanjing production platform to achieve technological and operational synergies, integrate Adisseo’s industry-leading global technology and in-depth domestic production experience, to release full synergies in technology, channels and industry chain. Adisseo could then generate economies of scale, and reduce production costs, which will help further strengthen the Company’s market position in methionine industry.

2.1.4 Feasibility of the Project

(1) The methionine market has broad growth potentials

With the rising demand for animal protein by emerging economies and industrialization of poultry farming, the demand for animal nutrition additives including methionine is increasing rapidly. According to the global feed survey released by Alltech, a global animal health Company, global feed production has risen from 0.87 billion tons in 2011 to 1.27 billion tons in 2022, with a compound annual growth rate of 3.46%. Driven by the growth in downstream feed demand, global methionine demand has increased to more than 1.6 million tons in 2022. Based on historical data, there should be an additional demand of approximately 0.15 million tons every two years if the market continues to track an increasing trend.

(2) The Company has industry-leading methionine production technology and industrial foundation

The Company possesses expertise in both the hydrolysis and cyanohydrin processes for methionine production, along with relevant core patented technologies. Through large-scale production verification and continuous optimization, both production processes have achieved leading technical levels in the industry, resulting in significant advantages in methionine technology and production competitiveness. Additionally, the Company is one of the few global manufacturers capable of producing both liquid and powder methionine. It currently has two production platforms located in Europe and China, and continues to deepen global synergies and development. The Company has a solid foundation in the methionine industry, enabling it to provide high-quality products to customers economically and reliably. With its long-standing technological expertise in the methionine field, this fund-raising investment project possesses a solid technological and industrial foundation.

(3) The Company has an advantageous market position and stable customer resources

The Company has regional offices around the world and provides innovative animal nutrition solutions to over 4,200 customers in more than 110 countries globally relying on its research and development centers and production bases located in Europe, the United States, Singapore, and China. The Company has its own sales organizations in seven regions: Europe, Africa/Middle East, the Indian subcontinent, North America, Central America and South America, Asia-Pacific, and China. Since the establishment of its subsidiaries in China in the 1990s, the Company has accumulated stable customer resources and sales channels in APAC region which provides a reliable guarantee for future sales. With its advantageous market position, abundant customer resources, and stable sales channels, the Company will empower steady progress in the sales process for the fund-raising investment project.

2.2 Projects of Specialty Products

2.2.1 The specialty feed additives project with an annual production capacity of 37,000 tons(FOSIC)

2.2.1.1 Basic information of the UoP Projects

(1) Project name: The specialty feed additives project with an annual production capacity of 37,000 tons (FOSIC).

(2) Project investment amount: The total investment is RMB 304.97 million, and the amount of UoP funds to be used is RMB 60.00 million.

(3) Project construction period: 24 months.

(4) Project location: The project is located in Nanjing National Agricultural High-tech Industry Demonstration Zone, Baima, Lishui District, Nanjing, Jiangsu, China, with the land certificate number Su (2023) Ning li Real Estate No. 0008648.

(5) Project implementation entity: Bluestar Adisseo Health and Nutrition (Nanjing) Co., Ltd.

(6) Main products of the project: Adisseo specialty products including feed preservation products, liquid acidifiers, palatability products, and other dilution and mixing products.

(7) Economic benefits of the project: The expected financial internal rate of return (after tax) of the total investment of the project should be 20.87%.

(8) Project filing and approval status: This project has completed the project filing with the Administrative Approval Bureau of Lishui District, Nanjing, Jiangsu Province and has obtained the environmental assessment approval issued by Nanjing Ecological Environment Bureau.

2.2.1.2 Project Investment Plan

The total investment of the project is RMB 304.97 million. It is planned to use RMB 60.00 million of the funds to be raised. The investment composition of the project is as follows:

Unit: RMB10,000

NO.	Items	Investment Amount
1	Construction Investment	21,672.00
2	Construction period loan interest	535.00
3	Working capital	8,290.00
Total		**30,497.00**

2.2.2 SPain Ester Adisseo transfeR (SPEAR)

2.2.2.1 Fundamentals of the UoP Projects

(1) Project name: SPain Ester Adisseo transfeR (SPEAR).

(2) Project investment: The total investment is RMB 395.00 million, and the amount of UoP funds to be used is RMB 197.00 million.

(3) Project construction period: 15 months.

(4) Project site selection: The project is located in Burgos, Spain, with the registration number 60322.

(5) Project implementation entity: Adisseo Espana S.A.

(6) The main product of the project: Rumen-protected methionine.

(7) Economic benefits of the project: The expected financial internal rate of return (after tax) of the total investment of the project should be 25%.

(8) Project filing and approval status: The environmental protection permit for production and operation in Spain (IPPC permit) has been obtained. The relevant procedures for overseas investment filing with the Ministry of Commerce (MOC) regarding this project have not been completed.

2.2.2.2 Project Investment Plan

The total investment of the project is RMB 395.00 million, and it is planned to use RMB 197.00 million of the funds to be raised. The investment composition of the project is as follows:

NO.	Items	Investment Amount (Ten Thousand Euros)	Investment Amount (RMB 10,000)
1	Equipment cost	1,600.00	12,640.00
2	Construction costs	1,550.00	12,245.00
3	Service charge	940.00	7,426.00
4	Miscellaneous expenses	60.00	474.00
5	Contingency fund for emergencies	570.00	4,503.00
6	Owner costs	280.00	2,212.00
Total		**5,000.00**	**39,500.00**

Note: The total investment in the SPEAR project is 50.00 million euros, converted with FX rate 7.9

2.2.3 Necessity of the Project

(1) The market space for specialty feed additive products is vast driven by the policies

To ensure the security of important agricultural product supply, in November 2021, the State Council issued the "14th Five Year Plan to promote modernization of agriculture and rural areas", proposing to reduce the use of veterinary antibiotics and standardize the production and use of feed and feed additives. For instance, in February 2023, the Ministry of Agriculture and Rural Affairs issued the *"Opinions on Implementing the Deployment of Key Work on Comprehensively Promoting Rural Revitalization in 2023 by the Party Central Committee and the State Council"*. It emphasized the importance of focusing on grain and agricultural production to ensure a stable and secure supply of grain and important agricultural products. In recent years, China has been increasing the degree of intensification of farming in recent years, and the scale of farming has been expanding continuously. This has led to a higher probability of various diseases. Excessive use of antibiotics can cause issues such as antimicrobial resistance, drug residues, and environmental pollution. These problems pose serious risks to food safety, public health, and ecological safety. However, specialty products such as acidifiers can be used as alternatives in antibiotic-free feed. Rumen-protected methionine improves liver function, reduces inflammation and oxidatives stress, strengthens the cow's immune system, and ensures a safe and stable supply of produce. It is expected that in the future there will be a vast market space for specialty feed additive products in China and globally. The implementation of the fund-raising projects will help the Company seize the opportunities for the development of the specialty product market and support the rapid growth of the Company's feed additive business.

(2) Improve the Company's product structure, facilitate the diversification and upgrade product portfolios

The specialty product business line encompasses a diverse range of products with significant differences in production technologies. Adisseo's strong multi-product R&D capabilities support the diversified and high-quality development of the specialty product business. In terms of specific products, the company is the world’s best producer of protective methionine for ruminant animals. Based on the world's best-in-class methionine technology, the Company is able to produce MetaSmart®, the top performing rumen-protected methionine. It has a leading market position in the world, and its efficacy has been widely recognized by the major domestic pastoral groups. In addition, the Company has been making breakthroughs in product lines such as acidifiers, preservation products and palatability products. The specialty product’s performance and technological level possess significant advantages in the industry.

The Company will establish a feed additive factory with multi-product line capacity and cost competitiveness through the implementation of the project, promoting the comprehensive expansion and optimization of the Company’s feed additive production domestically and internationally. Adisseo’s advanced technology research and development and management expertise will continuously improve the Company’s product quality level, support the diversification and upgrade of the Company’s product structure, and enhance the Company’s market competitiveness.

(3) Overseas production capacity is under pressure, and reducing costs is becoming demanding

Specialty products are the second pillar of Adisseo’s development. At present, domestics specialty products have relied on imports for a long time. The implementation of the FOSIC project could realize domestic production of special products, reducing costs of imports and production costs. Furthermore, there is demand for reduction of costs and enhancement in efficiency for current overseas specialty products. The Company has been continuously expanding its capacity and business lines through mergers and acquisitions to meet the increasing demand. The existing producing capacity requires cost-reduction opportunities. The SPEAR project could be able to effectively reduce production costs, create synergies with existing capacity and maximize overall production efficiency.

2.2.4 Feasibility of the Project

(1) The Company has developed core technological process for the full range of specialty products, covering a diverse range of animal species

The Company actively explores innovative extended products in the field of specialty products. The Company’s specialty products include products for monogastric animals, ruminant animals, aqua and new alternative protein, covering diverse animal species such as poultry, swine, ruminants and aqua. This provides a rich product foundation for the implementation of the fund-raising projects. In the monogastric business sector, the Company is committed to developing products that enhance feed digestibility, such as enzymes. The Company has also developed products to support animal performance, such as organic selenium, probiotics, acidifiers and gut health products. In the ruminant business sector, Adisseo has developed and introduced two rumen-protected methionine products, namely “Smartamine®” and “MetaSmart®,” which effectively improve milk composition as well as overall production, reproduction, and health of cows. Additionally, the Company has launched two new products, RumenSmart® and Smartamine®ML. These new products are reinforcing Adisseo offering and its amino acids balancing diet nutritional program. In the field of aqua and new alternative protein, Adisseo entered the new alternative protein industry through a joint-venture Company called Calysseo which is formed together with Calysta, supplier of animal feed protein, in March 2020, to develop FeedKind® in the aqua industry throughout China and Southeast Asia. Adisseo actively explores core technology and processes for the full range of specialty products, covering a diverse range of animal species and product process technologies, to support the successful implementation of the fund-raising projects.

(2) High-standard quality control measures to maintain a competitive advantage in the market

For each product, Adisseo implements strict production and quality control management, ensuring safety, suitability for animal use, and compliance with industry standards. Operating within strict and complex health and trade environments in various regions and countries worldwide, the Company's current quality control team closely monitors every production process step in the factory to guarantee product safety and stable quality. This has led to the successful market access of the Company's products in over 130 countries. To address global factory production, Adisseo implements a unified comprehensive management standard complying to the ISO 9001 standard and to the FAMI-QS. The Company's team of experts adopts internationally accredited standard methods and procedures for real-time monitoring at regular intervals, ensuring the consistent high-quality performance of products produced in different locations under the brand. This allows the Company to maintain a great customers' satisfaction in the fierce market competition. The current fundraising is expected to effectively increase the Company's capability to satisfy customers' high level of expectations. The high-quality requirements for quality control contribute to the Company's ability to stand out in intense market competition.

(3) With a strong accumulation of technological advantages, the Company's innovative capabilities consistently remain at the forefront of the industry

With its outstanding innovation and research and development capabilities, Adisseo has become one of the global leaders in animal feed additives and nutritional solutions. The Company's 2 research and development centers and 4 experimental stations, spread across the globe, specialize in various areas such as nutrition, formulation, biotechnology, and chemistry. These centers conduct research and development to ensure that the Company's innovative capabilities remain at the cutting edge of the industry. Since 1986, Adisseo has actively increased its investment in research and development to find alternatives to antibiotics. This effort has resulted in the development of antibiotic-free feed additive solutions, including enzyme preparations, acidifiers and probiotics, which have been practiced in Europe for many years and promoted globally. These solutions have proven reliability and have empowered the feed additive industry. They have also contributed to the sustainable development of the farming industry, providing consumers with higher quality, cost-effective, and environmentally friendly food.

2.3 Sustainable Development Project

2.3.1 Basic Information of the UoP Project

(1) Project name: Acrylic acid wastewater treatment and recycled water utilization project (PAQUES).

(2) Project investment amount: The total investment is RMB 324.97 million, and the amount of UoP funds to be used is RMB 100.00 million.

(3) Project construction period: Expected Completion in June 2025.

(4) Project location: the project is located at the plant of Bluestar Adisseo Nanjing Co., Ltd, which is to be constructed on the existing land of the Company, and the land use right has been obtained with no additional need of land use.

(5) Project implementation subject: Bluestar Adisseo Nanjing Co., Ltd.

(6) Economic benefits of the project: This project is a technical modification of the treatment method of acrylic acid wastewater generated from the production of the Nanjing plant, which is not a manufacturing project. Upon completion, the expected financial internal rate of Return (after tax) of the whole investment of the project should be 17.47%.

(7) Project filling and approval status: The project has completed the project filling in the Administrative Approval Bureau of Nanjing Jiangbei New District Management Committee and has obtained the environmental assessment approval issued by Administrative Approval Bureau of Nanjing Jiangbei New District Management Committee.

2.3.2 Project Investment Plan

The total investment of the project is RMB 324.97 million. It is planned to use RMB 100.00 million of the funds to be raised. The composition of the project investment is as follows:

Unit: RMB10,000

No.	Items	Investment Amount
1	Construction Investment	32,217.25
2	Interest During Construction	144.08
3	Working Capital	135.98
Total		**32,497.30**

2.3.3 Necessity of the Project

(1) Actively responding to national policy guidelines for industrial wastewater treatment

In recent years, China's industrial wastewater treatment industry has been highly valued by governments at all levels and supported by key national industrial policies. The government has successively issued several policies to encourage the development and innovation of the industrial wastewater treatment industry, *"Yellow River Ecological Protection and Governance Action Program"*, *"Industrial Water Efficiency Improvement Action Plan"*, *"Synergistic Implementation Plan of Efficiency Enhancement for Pollution Reduction and Carbon Emission Reduction"*, and other policies for the development of the industrial wastewater treatment industry to provide clear and broad market prospects, and to provide a good environment for the Company's production and operation. The construction of this project is an active response to the national policy. The strong support of the national policy also provides a good external environment for the smooth implementation of this project.

(2) Adhering to the concept of sustainable development and achieving energy conservation and emission reduction

Adisseo has always maintained the concept of sustainable development, adhered to the principle of simultaneous planning, implementing, and developing economic construction and environmental construction, strictly controlled pollution, protected the environment and natural resources and advocated the coordinated development of economy, society, and environment. After the completion of this project, the wastewater and clean water of Phase 2 of the Nanjing Plant could be reused after treatment. After preliminary estimation, the project should enable the plant to reduce the discharge of clean water by about 1.78 million tons/year and generate about 1.56 million tons/year of supplementary water for the circulating cooling water system. In addition, the incineration method of acrylic acid waste liquid treatment has a great demand for natural gas. This project should enable the save of incineration natural gas after the completion using the biochemical method. It can not only reduce the risk of production reduction due to the insufficient supply of natural gas but also realize energy saving and carbon emission cutting. Therefore, based on effectively increasing the wastewater scale of BANC, the project should enable to reduce the total amount of pollution and carbon emissions, realize energy saving and emission reduction, and effectively improve the urban environment.

(3) Utilizing biotechnology as an innovative approach for treating acrylic acid wastewater, yielding remarkable economic benefits

As an innovative technology path for acrylic acid wastewater treatment, the biochemical method can reduce the cost of acrylic acid wastewater treatment and produce significant economic benefits compared with the traditional incineration method. According to internal calculations, if incineration is used for treatment, the cost is higher. However, if a biotechnology-based treatment method is employed, it can lead to cost savings in natural gas consumption. Additionally, the by-product of the project is biogas, which is expected to generating a considerable annual income. Taking into account the expenses related to sewage treatment and reuse operations, the biotechnology-based treatment method is still expected to yield a considerable annual profit. Overall, compared to incineration, the biotechnology-based wastewater treatment method is projected to create an appreciable annual benefit.

2.3.4 Feasibility of the Project

(1) Enhance industrial wastewater treatment capacity in the plant area, aligning with the national *"14th Five-Year Plan"* strategic planning

"The Development Plan for Urban Wastewater Treatment and Resource Utilization during the 14th Five-Year Plan Period" clearly states the emphasis on promoting the construction of urban wastewater treatment infrastructure during the 14th Five-Year Plan period. This project aims to collect and treat all production wastewater, rainwater, and clean wastewater generated during the production process. After meeting the requirements of the industrial zone's management standards, the treated wastewater will be discharged or reused according to the standards for recycled cooling water. This will effectively enhance the industrial wastewater treatment capacity and resource utilization capabilities in the Adisseo plant area, demonstrating practical support for the national strategic development planning of the *"14th Five-Year Plan"*.

(2) Leading biotechnology-based wastewater treatment technology provides solid support for project implementation

Acrylic acid wastewater is a challenging type of industrial wastewater to treat. Currently, the common method used in China is direct incineration, which has drawbacks such as high treatment costs and secondary pollution. This fund-raising project primarily adopts biotechnology-based treatment, which offers mature, reliable, and stable operation, low energy consumption, strong shock & load resistance, and simple operation and maintenance compared to incineration method. This technology has been validated through repeated experiments. Furthermore, the wastewater treated in this project contains substances like formaldehyde that are toxic to microorganisms. To ensure the microorganisms maintain sufficient activity during the wastewater treatment process, targeted experiments have been conducted on the wastewater from the plant in Nanjing. Through these experiments, the optimal treatment process and relevant parameter settings have been determined, providing a solid technical foundation for the successful implementation of this project.

2.4 Supplementing Working Capital

2.4.1 Basic Information of the UoP Project

To meet the Company's business development needs for working capital, the Company intends to utilize the proceeds from this issuance to supplement working capital requirements. The amount will not exceed RMB 900.00 million.

2.4.2 Necessity of Supplementing Working Capital

(1) Optimizing capital structure and enhancing risk resistance

Supplementing working capital is beneficial in addressing the funding shortages that may arise during the Company's rapid growth process. It also aids in optimizing the capital structure and improving the financial condition. Upon completion of this issuance, the Company's debt-to-equity ratio will maintain at a reasonable level, contributing to the optimization of the Company's capital structure, mitigating liquidity risks, and enhancing its risk resistance capabilities.

(2) Alleviating debt pressure and optimizing the Company's financial structure

To support the development strategy, the Company has increased investment efforts and capital expenditure in recent years, resulting in continuous growth of asset size and business scale. In addition to relying on its own operating cash flow to meet the needs of day-to-day operations and industrial development, the Company has increased the number of construction projects to form the capital needs. In order to solve the capital needs in the process of the Company's development, the Company mainly raises funds through bank borrowings and other methods Therefore, by raising funds to supplement working capital, it can alleviate the Company's debt pressure, reduce financial expenses, optimize the Company's financial structure, and enhance the overall financial stability of the Company.

2.4.3 3. Feasibility of Supplementing Working Capital

(1) Use of proceeds from the private issuing for supplementing working capital complies with the provisions of relevant laws and regulations

The use of proceeds from the private issuing for supplementing working capital complies with relevant laws and regulations, such as the *"Administrative Measures for the Issuance of Securities by Listed Companies"*. This plan is legally feasible. The funds to be raised will provide the Company with sufficient working capital, meeting the financial needs of the Company's operations. This will contribute to the continuous improvement of the Company's economic performance and the healthy and sustainable development of the enterprise.

(2) Sound internal governance and well-established internal controls

The Company has established a modern corporate governance system centered on legal person governance, following relevant laws, regulations, and regulatory documents. It has formed a well-defined and effective legal person governance structure and internal control environment. To ensure the proper management and utilization of the funds raised, the Company has established the *"Funds Raised Management Rules"*, which sets clear regulations on the storage, usage, purposes, and management and supervision of the funds raised.

3. Impact on Company's Operations and Financial Condition

3.1 Impact on Company's Operations and Management

The fund-raising investment projects are aligned with the Company's core business, in line with national industrial policies and the overall business development strategy of the Company, which have favorable market prospects. The implementation of the fund-raising investment projects will facilitate further business expansion, solidify and enhance the Company's competitive advantage in the industry, and improve profitability. This aligns with the long-term development needs of the Company and the interests of shareholders.

3.2 Impact on Company's Financial Condition

Upon completion of the private issuing, the Company's capital strength will be further enhanced. The total assets and net assets of the Company will increase, and working capital will be further enriched. Simultaneously, the Company's debt-to-equity ratio will correspondingly decrease, optimizing the Company's capital structure. This will enhance the Company's debt-paying ability and reduce financial risks. With the successful implementation of the fund-raising investment projects and effective utilization of the funds raised. The gradual release of project benefits will enhance the Company's operational scale and economic performance, thus bringing better investment returns to the Company and shareholders, while promoting the healthy development of the Company.

4. Conclusion of Feasibility Analysis for the UoP Projects

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. Therefore, these fund-raising investment projects are reasonable, feasible, and align with the interests of the company and all its 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.)