Bluestar Adisseo Company

First Extraordinary Shareholders' Meeting in FY 2019

Meeting Materials

30th July 2019

Bluestar Adisseo Company

Agenda for the first Extraordinary Shareholders' Meeting in FY 2019

Time of On-site Meeting: 8th August 2019 (Thursday) 14:30 p.m.

Venue: Meeting room in Bluestar Building, 9 Beituchengxi Road, Chaoyang District, Beijing

Host: Dr. Hao Zhigang, the Chairman of Adisseo

Attendee:

1. Shareholders holding the Company's shares on the record day
   The record day for the shareholders' meeting is 1st August 2019. Shareholders who are registered in book by China Securities Depository and Clearing Corporation Limited (CSDC) Shanghai Division after the trading market is closed on the record day are entitled to attend the shareholders' meeting. They may also appoint proxies in writing to attend and vote. The proxies can be non-shareholders.
2. Directors, supervisors and senior management
3. Lawyers engaged by the Company

Agenda

Time	Content
14:30-14:35	**Introduction**
1	Welcome speech
2	The voting rules and highlights
3	Electing vote counters and scrutineer
14:35-14:50	**Attendees deliberate and discuss the following proposals**
1	Proposal on related-party acquisition of 15% common shares in Bluestar Adisseo Nutrition Group Limited
14:50-15:00	**Q&A Session for Shareholders and Voting**
1	Shareholders vote
2	Votes cast on-site are counted and announced
3	Lawyers read the legal opinion
4	Directors, supervisors and the board secretary sign
5	The meeting ends

Bluestar Adisseo Company

First Extraordinary Shareholders' Meeting in FY 2019

Notes on the Meeting

I. The Office of the Board Secretary is in charge of organization of the meeting and handling relevant matters.

II. The board of directors protects legitimate benefits and rights of shareholders in the principle of ensuring the order and efficiency of the meeting as well as exercising its legal duties and responsibilities.

III. Shareholders attending the meeting have legal rights of speaking, inquiring and voting, etc.

IV. Shareholders shall register with the Office of the Board Secretary before speaking in the shareholders' meeting. The total time of shareholders' speeches shall generally be limited to 30 minutes. In case more than one shareholder asks to speak, the host shall arrange the sequence of speaking in terms of shareholding, where shareholder with most shares speaks first. Shareholder shall report its shareholding before speaking. Generally, each shareholder shall not speak for longer than 5 minutes.

V. To enhance the efficiency of the meeting, after the ending of shareholders' speeches related to the proposals, the voting shall begin immediately. The registration of the meeting closes before the voting.

VI. The meeting adopts both on-site voting and online voting.

VII. Shareholders attending the shareholders' general meeting shall exercise their legal obligations seriously. They shall not violate other shareholders' rights and benefits, neither shall they disturb the order of the meeting.

Bluestar Adisseo Company
Board Secretary Office

Material 1

Proposal on related-party acquisition of 15% common shares in Bluestar Adisseo Nutrition Group Limited

Dear Shareholders,

Proposal has been deliberated and passed by the third meeting of the 7th session of board of directors on 16th January 2019 and disclosed on the following day. Convening the first Extraordinary Shareholders' Meeting in FY 2019 has been deliberated and passed by the sixth meeting of the 7th session of board on 9th July 2019. For updated information please kindly find in the "Announcement on Updated Progress of Related-party Transaction and External Investment" released on same day (2019-024).

Please review the above proposal.

Attachment: Related-party acquisition of 15% common shares in Bluestar Adisseo Nutrition Group Limited

Related-party acquisition of 15% common shares in Bluestar Adisseo Nutrition Group Limited

I. Overview of the Related-party Transaction and External Investment

On 16th January 2019, the Company held the third meeting of the 7th session of the Board and the meeting has approved proposal on related-party acquisition of 15% common shares in Bluestar Adisseo Nutrition Group Limited, which agreed to acquire 15% of common shares in Bang by the Company from Bluestar Group ("Transaction").

After the completion of this Transaction, the Company will own 100% of common shares in BANG. The preliminary value of the Target Shares at the benchmark date of 30th September 2018 is RMB 3,614,255,400, and the final Consideration of the Target Shares shall equal to the final appraisal result provided in the assets appraisal report, which shall be issued by DeveChina International Appraisals Co. Ltd (DeveChina) and filed with ChemChina.

Bluestar Group is the controlling shareholder of the Company, which is deemed as a related party of the Company. This Transaction is a related-party transaction.

II. Introduction of Related Party

1. Introduction of related-party relationship

The counterparty of the Acquisition Bluestar Group is the controlling shareholder of the Listed Company, constituting the related party of the Listed Company.

2. Basic information of related party

(1) Basic information of the Bluestar Group

(i) Company Name: China National Bluestar (Group) Co., Ltd

(ii) Company Type: Limited liability company (Sino-foreign joint venture and not listed)

(iii) Registered Address: 9 Beitucheng West Road, Chaoyang District, Beijing

(iv) Main Office: 9 Beitucheng West Road, Chaoyang District, Beijing

(v) Legal Representative: HAO Zhigang

(vi) Registered Capital: RMB 18,168,869,029

(vii) Main Business: Researching and developing on new chemical materials, chemical cleaning, anticorrosion and water treatment technology and fine chemical products; researching, producing and applying reverse osmosis membrane and the equipment; promoting transfer technology, conducting all kinds of domestic and overseas cleaning business; designing, applying and serving automation engineering; self-managing and acting as agent for import and export businesses of all kinds of products and technologies (excluding the products and

technologies which are limited for company operation or prohibited to import or export by China); contracting for overseas chemical engineering and domestic international bidding projects, exporting the equipment and materials needed for the above mentioned overseas projects; consultation services and housing rental.
(viii) Controlling Shareholder: China National Chemical Corporation

(2) Development conditions of Bluestar Group's main business in the past three years: Bluestar Group's main business includes material science, life science and environmental science. It owns a complete industrial chain of R&D, producing and sales regarding basic chemical raw material and new chemical material products, the main products of which include relevant products in relation to silica industry, engineering plastics, polyurethane, general plastics, phenol acetone, acrylic ester, polyethylene, polyether, methionine, Vitamin A/E, membrane materials, ionic membrane electrolytic cell, photovoltaic materials, etc.

As of the end of September 2018, the R&D and technical service organizations of the Bluestar Group are located in China, France, Australia, England, America, Brazil, Norway etc., with operations in more than 140 countries and regions. The Bluestar Group owns 69 research institutions and more than 50 factories. As of the end of September 2018, Bluestar Group owns three listed companies (Adisseo (600299.SH), Shenyang Huagong (000698.SZ) and Elkem (listed on Oslo Stock Exchange, Norway)), the shareholdings of which owned by Bluestar Group directly and indirectly are 89.09%, 46.03% and 58.20%, respectively.

In FY 2015, FY 2016, FY 2017 and the period from January to September this year, the revenues of Bluestar Group are RMB 48,164,646,000, RMB 47,766,337,500, RMB 55,511,455,500 and RMB 43,936,971,900, respectively and the net profits of Bluestar Group are RMB 2,011,737,700, RMB 912,578,600, RMB 757,029,700 and RMB 1,542,620,300, respectively. In the past three years and the latest period, Bluestar Group's business operation is stable.

(3) Relationship between Bluestar Group and the Listed Company in respect of property rights, businesses, assets, credit and debt, employees, etc.: The Listed Company and Bluestar Group operate independently in respect of the abovementioned aspects.

(4) Key financial indexes of BlueStar Group in the last year:

Key Financial Indexes (RMB)	**As of December 31, 2017 / FY 2017 (audited)**
Total Assets	102,783,780,986.30

Net Assets	24,251,204,063.26
Revenue	55,511,455,471.65
Net Profits	757,029,731.02

III. Basic information of the Target Company

1. The Target Company

(1) Type of transaction: external investment and related-party transaction

(2) Basic Information of the Target Company

(i) Company Name: Bluestar Adisseo Nutrition Group Limited

(ii) Shareholding Structure: The Listed Company holds 85% common shares in the Target Company, BlueStar Group holds 15% common shares in the Target Company, and Grandon Holdings Company Limited ("Grandon") holds 320,000,000 preferred shares in the Target Company.

(iii) Main business: investment and holding company

(iv) Issued share capital: 8,000,000,000 common shares, 0.00025 euro per share; 320,000,000 preferred shares, 1 dollar per share

(v) Paid-up share capital: 8,000,000,000 common shares, 0.00025 euro per share; 320,000,000 preferred shares, 1 dollar per share

(vi) Date of establishment: November 21, 2005

(vii) Registered address: Level 54, Hopewell Center, 183 Queen's Road East, Hong Kong

(3) Right of first refusal: The other shareholders of the Target Company do not have any rights of first refusal. The preferred shareholder Grandon has approved this Transaction.

(4) Ownership status: The target assets of the Acquisition is the 15% common shares Bluestar Group holds in Adisseo Nutrition Group ("Target Shares"), and the Target shares have clear property right, and is free of mortgage, pledge or any other restrictions on the share transfer. The Target Shares are not involving in any litigation, arbitration, seizure, freezing or other judicial measures, and there is no other circumstance impeding the share transfer.

(5) Key financial indexes of the Target Company in the last year and the latest period:

(i) Key financial indexes of the Target Company (on a consolidated basis) in the last year and the latest period:

Key Financial Indexes (10,000	As of December 31, 2017 / FY 2017 (audited)	As of December 31, 2018 / FY 2018 (audited)

RMB)		
Total Assets	1,907,590	1,874,045
Net Assets	1,429,260	1,483,310
Revenues	1,039,782	1,141,798
Net Profits	161,447	117,082
Net Profits after deduction of nonrecurring profits and losses	157,549	114,869

Above figures have been audited by KPMG. KPMG is qualified to conduct businesses of securities and futures and has issued an audit report (Bi Ma Wei Hua Zhen Shen Zi No. 1902192) for the target assets of this Transaction.

2. Determination of the price of the related-party transaction

According to the result of preliminary valuation conducted by DeveChina International Appraisals ("DeveChina Appraisal") (which has been jointly appointed by Bluestar Group and the Listed Company) which is qualified to conduct appraisal business in relation to securities and futures, the preliminary value of the 100% of common shares in the Target Company at the benchmark date of 30th September 2018 is RMB 24,095,035,800; and that of the Target Shares at the benchmark date of September 30, 2018 is RMB 3,614,255,400, and the final Consideration of the Target Shares shall equal to the final appraisal result provided in the assets appraisal report (which shall be issued by DeveChina and filed with ChemChina).

3. Transfer of credit and debt: This Transaction does not involve with any transfer of credit or debt of the Target Company.

4. Analysis on the pricing of the Target Shares and fairness and reasonability: The Consideration of this Transaction shall be subject to the appraisal result which shall be filed with competent state-owned regulatory authority.

IV. Main content and performance arrangement of the related-party transaction

On 16th January 2019, the Company signed a Share Purchase Agreement with Bluestar Group, the main content of which is as follows:

1. Parties: The Listed Company (as Purchaser) and Bluestar Group (as Seller)

2. Purchase price: According to the result of preliminary valuation conducted by DeveChina

International Appraisals ("DeveChina Appraisal") (which has been jointly appointed by Bluestar Group and the Listed Company) which is qualified to conduct appraisal business in relation to securities and futures, the preliminary value of the Target Shares is RMB 3,614,255,400 at the benchmark date of 30th September 2018, and the final Consideration of the Target Shares shall equal to the final appraisal result provided in the assets appraisal report (which shall be issued by DeveChina and filed with ChemChina).

3. Payment: in cash

4. Payment schedule: the First Consideration equals to 50% of the Consideration (RMB 1,807,127,700) and the Purchaser shall pay the First Consideration to the Seller's designated bank account within five (5) Business Days from the First Closing Date; and the Second Consideration equals to 50% of the Consideration (RMB 1,807,127,700) and the Purchaser shall pay the Second Consideration to the Seller's designated bank account within five (5) Business Days from the Second Closing Date.

5. Closing arrangement: The Closing of this Transaction includes two steps. The target assets of the First Closing are 7.50% of common shares in the Target Company and that of the Second Closing is the remaining 7.50% of common shares in the Target Company. The First Closing shall take place on the First Closing Date at Room 6518, Beijing Haidian Garden Restaurant, No.30, East Garden Road, Haidian District, Beijing or at such other place as is agreed in writing by both Parties; and the Second Closing shall take place on the Second Closing Date at Room 6518, Beijing Haidian Garden Restaurant, No.30, East Garden Road, Haidian District, Beijing or at such other place as is agreed in writing by both Parties.

6. Closing conditions:
(1) The First Closing Conditions: this Transaction shall have been approved by both parties' competent internal authorities and obtained relevant authorities' approvals; the Appraisal Report of this Transaction shall have been filed with ChemChina; and no injunction, restraining order or other order or any other legal or regulatory objection, restraint or prohibition having been issued or made by any court of competent jurisdiction or any other governmental or regulatory authority which prevents the consummation of this Transaction contemplated by this Agreement, etc.
(2) The Second Closing Conditions: the First Closing has been consummated in accordance with this Agreement; the Seller shall deliver a duly signed statement to the Purchaser at the Second Closing Date stating that the Seller's representations and warranties under this Agreement are true, accurate, complete and valid prior to or on the Second Closing Date; and

the Purchaser shall have received sufficient additional funds through the implementation of a refinancing or any other way of financing (including but without limitation, bank loans, etc.) made available to the Purchaser and the payments made by the Purchaser for the Second Consideration shall in no event cause any material adverse impact on the Purchaser's ordinary course of business.

7. Breach of contract: If any Party cannot fulfill its obligations or commitments under this Agreement or the representations or warranties made by such Party have any false records, misleading statements or major omissions ("Breach"), all Losses (including reasonable expenses incurred to avoid such Losses) suffered by the other Party due to the Breach shall be fully reimbursed by such breaching Party.

8. Dispute resolution: Any dispute or claim arising from or in connection with this Agreement ("Disputes") shall be settled upon amicable consultation. If such Disputes cannot be settled within sixty (60) days from the date of such Disputes, either Party is entitled to submit the Disputes to Beijing International Arbitration Center in accordance with its arbitration rules applicable at the time when the arbitration proceedings are commenced. The seat or legal place of the arbitration shall be Beijing. There shall be three (3) arbitrators. The language of the arbitration shall be Chinese. The arbitration award shall be final and binding on both Parties.

V. Updated progress of this Transaction

I). Appraisal target

1. Appraisal result

On 28th April 2019, the evaluation and filing of the target company was completed. According to DeveChina, the preliminary value of the Target Shares at the benchmark date of September 30, 2018 is RMB 3,614,255,400, and the final Consideration of the Target Shares shall equal to the final appraisal result provided in the assets appraisal report.

2. The consideration and rationale for determining the valuation base date

Bluestar and listed company contemplated this Transaction since the beginning of 2018. Bluestar held an internal meeting on 10th October 2018 and decided to implement this Transaction. According to the *Measures for the Supervision and Administration of State-Owned Equity of Listed Companies* (No. 36 Order of the SASAC, Ministry of Finance), the 15% common stock value of BANG shall be assessed using the market price method on 30th

September 2018.

From March 2018 to September 2018, the highest price was 14.27 Yuan and the lowest price was 10.65 Yuan. The average price on the 60th and 120th date was between 11-12 Yuan. Therefore, the price was relatively stable during this period, with relatively limited fluctuation, and was able to reflect the real value of the listed company.

The evaluation base date is determined according to the needs of economic behavior, considering as close as possible to the realization of the economic behavior, enterprise accounting, and the integrity of accounting data.

3. The rationality of the valuation using the market price method in this Transaction

Besides owning 85% common shares of BANG, the Company has no other equity investment and no other actual operational activities, so the stake of BANG is the most important asset of the Company. Therefore, the listed company's share price can reasonably reflect the value of 85% of the common shares of BANG.

Since the stock price of Adisseo has been relatively stable before the base date, the transaction price can reasonably reflect the equity value of the listed company. Therefore, the value of 15% common shares of BANG with market price method is calculated using the total share value of the listed company minus other assets and liabilities other than long-term equity investments with liquidity discount considered.

Measures for the Supervision and Administration of State-Owned Equity of Listed Companies (No. 36 Order of SASAC, Ministry of Finance) stipulated in Article 32 that: Non-public solicitation of state-owned shareholders to transfer shares of listed companies shall not be lower than the price of the higher of the two of the following:

(a) The arithmetic average of the daily weighted average price of 30 trading days before the suggestive announcement date;

(b) The audited net asset value per share of the listed company in the most recent fiscal year.

In evaluation of this Transaction, calculation of average share price of the listed company is based on the above-mentioned regulation.

Since February 2019, Adisseo's share price has fluctuated following the overall trend of the market. During the period, the highest price was 15.80 Yuan and the lowest was 10.31 Yuan. On 31st May 2019, the arithmetic mean of the daily weighted average price of the first 30 trading days, 60 days and 120 days is 11.93, 12.13 and 11.61 Yuan. It is relatively close to the arithmetic mean of the daily weighted average price of 12.27 Yuan for the 30 trading days prior to 30th September 2018. If extending to 20th June 2019, the arithmetic mean of the daily weighted average price of the first 30 trading days, 60 days and 120 days is 10.74, 11.81 and 11.50 Yuan, some downward in line with market adjustment. However, its long-term price trending does not change. The market consensus did not forecast significant variation in the valuation of the listed company, i.e. the rational of using market pricing with liquidity discount is reasonable.

The share price of a listed company is the fair value determined by free trading of each investor under fair market conditions. It has the characteristics of transparent trading process, public market data and persuasive trading results, which means that the stock price should be able to reflect the judgment of all investors of the fair value of listed company under the current market conditions.

Since the underlying assets of this Transaction are the core assets of listed companies, it not appropriate to make public expectation on profit forecasts for the future performance. Therefore, the pricing method is not applied. To deliver a more intuitive understanding, the Company reverse-calculated the estimated transaction price by using the market price method combined with the liquidity discount pricing method, to calculate the future profit if the income method is applied. As the European risk-free rate has declined in recent years, assuming the future discount rate is 8%, and there is no significant change in the company's working capital structure. The simulated theoretical annual recurring net profit onward is to be at the level of around RMB 1.56 billion. This simulation is a simple calculation, and there will be various unexpected factors, i.e. macroeconomic fluctuations. Thus, the reversal simulation is only for reference and does not represent the company's business plan or performance forecast.

4. There is no significant difference between the valuation of this Transaction and the previous major asset restructuring valuation.

During the Major Asset Restructuring in 2015, Beijing China CEA Co. Ltd. used 30th June 2014 as the base date, the book value of net assets attributable to common stock owners of the parent company's is RMB 7.013 billion, and the appraised value is RMB 13.28 billion based on income method, i.e. the appreciation ratio vs. book value is 85.78%, while for this Transaction, the appreciation ratio is around 85.50%.

There is no significant difference between the two appreciation rates in each valuation. However, there is a certain difference between the current valuation and the previous valuation in the absolute value, which is mainly due to the two different base dates with two different operating environments. Since 2015, BANG has expanded steadily its production capacity, effectively managed and enhanced its operation efficiency, increased R&D investment, actively explored new markets and introduced new products to the market every year. Although facing more adverse market challenges and macro environment, its operating profit level remains comparatively better than expected.

II). Audit report

On 15th April 2019, KPMG Huazhen completed the audit of the 2018 annual financial report of the underlying asset and issued an audit report, No. 1902192.

III). The approval of the state-owned assets supervision department

On 30th April 2019, China National Chemical Corporation Co., Ltd. issued a written resolution and agreed this Transaction.

VI. The controlling shareholder does not abuse shareholder's power and related party relations to harm interests of the listed company and other shareholders. All directors, supervisors, senior executives have fulfilled their duties in a faithful and diligent manner.

I). There is no abuse of shareholder rights from the controlling shareholder and there are no related relationships that would harm the interests of the Company and other shareholders.

This Transaction is objective and fair, and the controlling shareholder deliberated a prudent resolution on the necessity, valuation and delivery arrangement of this Transaction. It fully protects the interests of the Company and there is no harm to the interests of the Company and other shareholders.

1. This Transaction is a logical extension of previous major asset restructuring endeavor

The underlying company BANG is a high-quality asset belonging to the controlling shareholder Bluestar, which has been committed to providing strategic guidance and support from development strategies, corporate operations, corporate governance and other aspects to BANG, to improving operating performance and promoting the long-term development.

The controlling shareholder's original intention for the development of BANG is to complete its listing, and further expanding and strengthening it with the support from capital market. In the process of the previous restructuring, in order to ensure the listing status of the Company, it failed to complete the injection of 100% equity of the Target Company. This transaction is a logical extension of the previous major asset restructuring endeavor, whose targets were to enable the listed company to have better control on the only subsidiary, simplify and optimize the Company's structure, improve operation quality, and meanwhile enhance the listed company's financial and operation result.

2. The valuation of the Transaction is reasonable, and the pricing is fair.

In the context of this Transaction, controlling shareholder and the listed company engaged DeveChina, a certified agency with qualification to offer services in securities and futures market, as the appraiser to offer professional opinion. According to relevant regulation and policy, the price to be applied in this Transaction will be based on the valuation report issued by Deva China and filed by ChemChina.

3. The transaction delivery arrangement fully protects the interests of listed company

To fully protect the interests of listed company and avoid the negative impact on the normal business operations, the Transaction will be settled through two deliveries. The Company plans to make the first payment through its existing cash. The precondition for the second settlement is when buyer obtains sufficient funding through re-financing or any other types of financing activities (including but not limit to bank loan, etc.). The Board of Directors agreed to explore reasonable and feasible domestic and abroad financing channels with reference to recent capital market cases.

Such arrangement fully considers the interests of listed company and ensure that this Transaction will not adversely affect the operating working capital of the Company.

4. The trading decision-making procedures are in compliance with relevant laws, administrative regulations and regulatory documents.

It is a related transaction between the controlling shareholder and the listed company. According to the relevant laws, administrative regulations and regulatory documents, the Transaction will be submitted to the shareholders' meeting for further approval, and the combination of on-site voting and on-line voting will be adopted. Related shareholders, Bluestar and Beijing Research and Design Institute of Rubber Industry shall withdraw from voting.

In summary, the Transaction is objective and fair. There is no abuse of shareholder rights from controlling shareholder, and no circumstance of the Transaction will harm the interests of the Company and its shareholders.

Based on simulation according to the valuation result of this Transaction, the price is equivalent to the listed company's per share value of 8.63 Yuan. Due to the consideration of liquidity discount, the price is lower than the average price of 12.3 Yuan per share since 2017, which will not harm the minority shareholders. Meanwhile, in order to further protect the interests of listed company and other small and medium shareholders, the controlling shareholder of the listed company promises that if the closing trading price is lower than 8.63 Yuan per share for 30 consecutive trading days within one year after the underlying asset being successfully injected into the listed company, Bluestar will conduct a plan to increasing holdings of listed company according to the relevant regulations of SASAC, securities regulatory authority and stock exchange. The plan is to stabilize the stock price and protect the interests of small and medium shareholders.

In addition, to contribute to the successful implementation of the Company's future business plan, Bluestar commits to provide their strong support to the development of the Company as they have always done to help the Company to become bigger and stronger through organic growth as well as external M&A. If necessary, Bluestar will initiate or implement conducive measures or action plans to guarantee the interests of all shareholders, such as increase shares via stock market, company buy-back scheme, injection of high-quality assets, etc.

II). All directors, supervisors and senior executives have fulfilled the necessary due diligence obligations

In view of this Transaction, all directors, supervisors and senior executives have fulfilled the necessary due diligence obligations, prudently assessed the necessity of the Transaction, engaged independent third-party professional service providers to audit and evaluate on the Target Asset. On the basis of carefully reviewing the audit report and asset appraisal report issued by relevant professional service agencies, the relevant risks of this Transaction have been fully assessed, and the proper decision-making procedures and obligations of diligence have been fulfilled.

In order to offer better protection to the interests of the listed company and minority shareholders, the board and the management will take measures from following aspects:

1. Implementation of strategic planning in all aspects of production and operation, tapping

growth potential and paying close attention to market trends: Strict implementation of strategic planning and budget in purchasing, production and sales, and pay close attention to market trends for effective and swift adjustment in operation, always ensuring production and operation efficiency, and tapping potential from product development, research and development, expanding growth and development space. Besides that, the Company will take effective and timely measures to deal with changes in macro, industry and market, and to ensure healthy, stable and sustainable operation in the future.

2. Strengthen management and internal control to provide institutional guarantee for the company's development: The Company follows the requirements of laws, regulations and regulatory documents, to continuously optimize the corporate governance structure, improve the investment decision-making mechanism, strengthen internal control, for the purpose to ensure shareholders can fully exercise their rights, the board of directors can exercise its function and power in accordance with laws, regulations and the Company's Articles of Association (AOA), to protect the Company's overall interests, especially the legitimate rights and interests of minority shareholders, to ensure the board of supervisors can independently and effectively exercise supervision over directors and senior management.

3. Improving the profit distribution system: In order to improve and perfect the scientific, sustainable and stable dividend-sharing decision-making and supervision mechanism of listed company, actively benefit investors, and guide investors to establish long-term investment and rational investment concept, the Company will follow relevant laws, regulations and normative documents and the Company's by-law to further improve the profit distribution system, earnestly safeguard the legitimate rights and interests of investors, strengthen the protection mechanism for the rights and interests of small and medium-sized investors in accordance with the conditions of the company's operation and development plan, so as to strive the improvement of the level of shareholders' returns.

4. The Company's board of directors guarantees its diligence and responsibility, protecting the

interests of listed company and shareholders, promising the following items:

- Commitment not to transfer benefits to other units or individuals without compensation or under unfair conditions, nor to damage the interests of Listed Companies in other ways;
- Commitment not to use the assets of listed companies to engage in investment activities unrelated to the performance of their duties;
- The existing as well as the future remuneration system of senior management of the Company established by the board will have a closer relationship with the Company's business operation performance. The remuneration is composed of base salary, annual bonus, and medium-term incentive that places a significant portion of pay closely related with the Company's business as well as in line with shareholders' interest. The target-setting of annual bonus is composed of 1) individual performance goals which is closely prioritized according to the Company's development plan; 2) Company's performance goals are matrix TRIR/Sales/EBITDA/FCFAT and/or ROCE reviewed annually based on the Company's approved business plan. Long-term performance appraisal system is based on the creation of sustainable shareholder value and therefore may include total shareholders' return, return on existing assets, profitable growth, and the quality of earnings. Long-term performance target will be consistent with shareholders' expectations for the Company's performance.

In order to better protect the interests of all shareholders, the Company will set up a five-year (2019-2024) incentive adjustment factor in addition to the current remuneration policy, which will ensure the management interests more closely linked with the Company's share value. For illustrative purpose, the final incentive calculation method is:

Final bonus = incentive adjustment factor * (annual short-term bonus + medium term incentive bonus).

Share price	*>12.27*	*9.8-12.27*	*8.63-9.8*	*<8.63*
incentive adjustment factor	*1 to 1.2*	*1*	*0.9-1*	*0.5-0.9*
Impact on bonus	*More bonus will be distributed up till 120%*	*No impact on bonus calculation*	*Up till 10% discount on the bonus*	*Bonus will be in the range of 50% to 90% of*

				original amount

Note:

- 12.27 is the arithmetic average of the daily weighted average price of the 30 trading days before 30th September 2018, which is the base value to calculate the valuation of CNY24bn.
- 9.8 is 80% of 12.27 as 20% is a line for significant adjustment
- 8.63 is the purchase price of 15% equity
- The final adjustment factor in each range will be proposed by the Remuneration Committee according to the market situation and other factors in that specific year for annual board approval

The above long-term incentive scheme has been approved by the Remuneration Committee and the Board of Directors.

VII. Deliberation procedures shall be completed regarding the related-party transaction

On 16th January 2019, the Company held the third meeting of the 7th session of the Board and the meeting has approved the proposal on related-party acquisition of 15% common shares in Bluestar Adisseo Nutrition Group Limited. Related-party directors Hao Zhigang, Michael Koenig, Gerard Deman and Ge Yougen have abstained from voting when deliberating this proposal. This proposal was deliberated by unaffiliated directors and passed with 5 votes in favor, 0 objection, and 0 abstention.

1. The independent directors have approved this proposal in advance and issued opinions as follow:

After reviewing relevant materials, based on the principles of independence and objective judgment, we understand: this related-party transaction aligns with the Company's strategies of business and development and relevant laws, regulations and rules; and there is no circumstance that harms the benefits of the Company and its shareholders, especially the minority shareholders.

Therefore, we agree to submit this related-party transaction to the Board of Directors for deliberation.

2. The independent directors issued independent opinions on this proposal as follow:
This proposal has been approved by us before submitting to the Board of Directors for deliberation.

After reviewing relevant materials, based on the principles of independence and objective judgment, we understand: this related-party transaction aligns with the Company's strategies of business and development and relevant laws, regulations and rules; and there is no circumstance that harms the benefits of the Company and its shareholders, especially the minority shareholders. When the Board of Directors deliberated this proposal, related-party directors have abstained from voting. The procedures of deliberation and voting complies with relevant laws, regulations, rules and the Company's Articles of Association.

Therefore, we agree on this related-party transaction.

3. The audit committee of the Board issued written opinions on this proposal as follows:
This related-party transaction is aligned with the Company's strategy of operation and development, and also complies with relevant laws, regulations and other regulatory documents. This transaction does not harm the interests of the Company and its shareholders especially the minority shareholders, and also will not affect the independence of the Company's business operation. Through this Transaction, Bluestar Adisseo Nutrition Group Limited will become the wholly-owned subsidiary of the Company, which will improve the Company's quality of business operation, and enhance the core competitiveness. Therefore we agreed on the above related-party transaction.

This Transaction shall be submitted to the SH meeting of the Listed Company for deliberation and approval. Related-party shareholders Bluestar Group and Beijing Rubber Industry Research Design Institute shall abstain from voting in such shareholders' meeting.

The assets appraisal report of This Transaction shall be filed with competent state-owned regulatory authority and the Transaction shall be approved by competent state-owned regulatory authority.

This Transaction shall complete the filing procedures in relation to ODI with NDRC and MOC and relevant foreign exchange registrations.

VIII. Risks

In this Transaction, DeveChina used the market price method and the comparative method to conduct evaluating, and finally adopted the market price method evaluation result in the evaluation report filed in SASAC. And the transaction price was settled through negotiation based on appraisal value. Although the appraisal agency strictly follows the relevant assessment requirements, the valuation may not in line with the actual situation, if there are major changes in the future due to macroeconomic fluctuations, changes in regional economic conditions and industry's development prospects.

With the completion of the audit and evaluation of the target assets involved in this Transaction, the Company plans to hold the first extraordinary shareholders' meeting on 8th August 2019 in accordance with the Securities Law, AOA and other relevant laws and regulations. This Transaction shall be submitted to the shareholders' meeting for deliberation. Please refer to the "Notice on Convening the First Extraordinary Shareholders' Meeting of FY2019" disclosed on the same day for further information (No. 2019-023).

This Transaction shall be submitted to the shareholders' meeting of the Listed Company for deliberation and approval. Related-party shareholders Bluestar and Beijing Rubber Industry Research Design Institute shall abstain from voting in such shareholders' meeting. This Transaction shall complete the filing procedures in relation to ODI with NDRC and MOC and relevant foreign exchange registrations.

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