Bluestar Adisseo Company

Second Extraordinary Shareholders' Meeting of FY2019

Meeting Materials

27th November 2019

Bluestar Adisseo Company

Agenda for the Second Extraordinary Shareholders' Meeting of FY2019

Time of On-site Meeting: 6th December 2019 (Friday) 14:30 p.m.

Venue: 911 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 29th November 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 2019 Dividends Distribution Plan for the First Three Quarters of 2019
2	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 raise questions and 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

Second Extraordinary Shareholders' Meeting of FY2019

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 2019 Dividends Distribution Plan for the First Three Quarters of 2019

Dear Shareholders,

The net profit attributable to the shareholders of the Company at the consolidated level for the 30th September 2019 amounted to RMB 811,801,433 and the accumulated profits available for distribution at parent company level as at 30th September 2019 amounted to RMB 280,723,501.

To share the operation achievements with all shareholders and for further development of the Company, the board, after fully considering the actual operation status of the Company, propose that: the total share capital of the Company on the registration date being 2,681,901,273 shares. Company will distribute RMB 1.03 (inclusive of tax) per 10 shares in the form of cash dividends to all shareholders. The total amount of the cash dividend to be distributed is RMB 276,235,831.11.

Please review the above proposal.

Material 2

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 eighth meeting of the 7th session of board of directors on 23rd October 2019 and disclosed on the following day. For updated information please kindly find in the "Announcement on Updated Information of Related-party Transaction" (2019-038) released on 26th November 2019.

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

Please be aware:

- On 23rd October 2019, Bluestar Adisseo Company ("Company") held the 8th meeting of the 7th session of the Board and the meeting has approved the revised proposal on related-party acquisition of 15% common shares in Bluestar Adisseo Nutrition Group Limited ("Target Company, "BANG"), related Announcement was disclosed on 24th October 2019. According to the relevant provisions of the Listing Rules, this Transaction requires an audit report of the underlying assets for the latest financial year. On the date of this announcement, the audit firm has completed the audit of Q3 2019 financial report of the target company and issued an audit report.
- The appraisal value of the Target Shares at the benchmark date of 30th September 2019 is RMB 3.086 billion. 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.
- In this Transaction, the transaction price was settled based on market price method. 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.
- To offer greater protection to the rights of the Company and minority shareholders, the board of the Company promises that the future remuneration system, based on the revised acquisition plan, shall have a closer relationship with the Company's business operation performance. The remuneration is composed of base salary, annual bonus, and medium-term incentive, which guarantees the close relationship with the Company's business as well as in line with shareholders' interest.
- China National Bluestar (Group) Co., Ltd ("Bluestar Group"), the controlling shareholder of the Company, presented a written notice to the board of directors of the Company on 25th November2019, requesting adding an interim proposal to the second extraordinary shareholders' meeting of FY2019. The board of directors agreed to this suggestion.
- In the past 12 months, the Company has not conducted any types of related party transactions with the same related party except for day-to-day related party transactions and has not conducted such transactions with other related parties. In the past 12 months, the day-to-day related transaction between the Company and Bluestar Group and its related parties were approximately RMB 34 million.

I. background of the Related-party Transaction

On 29th September 2014, the listed company Bluestar New chemical Material "BNCM" (600299.SH) announced the Proposal on Material Assets Restructuring, Issuance of Shares, and Cash Payment to Purchase Assets, Supporting Fund Financing and Related Transaction, in which the company planned to purchase 100% common shares of Adisseo Nutrition

"BANG" through material assets restructuring. For the purpose of maintaining listing status, fully protecting all shareholders' interests including minority shareholders' interests, on 30th January 2015, the listed company BNCM (600299.SH) revised the proposal on material assets restructuring to acquire only 85% common shares of BANG. On 31st October 2015, in accordance to the approval by China Securities Regulatory Commission, the listed company BNCM (600299.SH) completed material assets restructuring with Adisseo, 85% common shares of BANG were injected into the company BNCM, and the rest 15% common shares were still owned by Bluestar Group, the controlling shareholder of BNCM. After the completion of that transaction, Bluestar Group's shareholding in the listed company is 89.09%.

On 23rd October 2019, the eighth meeting of the seventh board of directors of Bluestar Adisseo Company ("Company") was convened, where regarding the revised proposal on related-party acquisition of 15% common shares in Bluestar Adisseo Nutrition Group Limited was examined and approved. This transaction is the continuation of the previous material assets restructuring, aiming at optimizing management over the subsidiary companies, improving operational efficiencies and enhancing core competitiveness, and meanwhile, the transaction is beneficial to the Company for improving its financial results and operational outcome.

II. Overview of the Related-party Transaction and Acquisition of Assets

On 23rd October 2019, the Company held the eighth 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 of BANG by the Company from China National Bluestar (Group) Co., Ltd ("Bluestar Group") ("Transaction") in cash. After the completion of this Transaction, the Company will own 100% of common shares in BANG.

After the completion of this Transaction, the Company will own 100% of common shares in BANG. The appraisal value of common shares of BANG at the benchmark date of 30th September 2019 is RMB 20.58 billion, and the evaluation value of the target share is: 15% of the common stock value is RMB 3.086 billion. The final Consideration of the Target Shares equals to the final appraisal result provided in the assets appraisal report, which was issued by 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.

This Transaction does not constitute a material asset restructuring as stipulated by the Administrative Measures on Significant Asset Restructuring of Listed Companies. This Transaction is to be submitted to the shareholders' meeting for deliberation and approval.

III. Introduction of Related Party

I). 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.

II). Basic information of related party

1. Basic information of the Bluestar Group

1) Company Name: China National Bluestar (Group) Co., Ltd
2) Company Type: Limited liability company (Sino-foreign joint venture and not listed)
3) Registered Address: 9 Beitucheng West Road, Chaoyang District, Beijing
4) Main Office: 9 Beitucheng West Road, Chaoyang District, Beijing
5) Legal Representative: HAO Zhigang
6) Registered Capital: RMB 18,168,869,029
7) 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.
8) 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 June 2019, 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 June 2019, 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 FY2016, FY2017, FY2018 and the period from January to June this year, the revenues of Bluestar Group are RMB 47,766,337,500, RMB 55,511,455,500, RMB 60,013,377,500 and

RMB 27,094,684,000, respectively and the net profits of Bluestar Group are RMB 912,578,600, RMB 757,029,700, RMB 1,464,798,100 and RMB 325,236,900, 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 31st December 2018, FY2018 (audited)
Total Assets	102,238,899,674.24
Net Assets	25,746,155,315.66
Revenue	60,013,377,471.48
Net Profits	1,464,798,120.43

IV. Basic information of the Target Company

I). The Target Company

1. Type of transaction: Asset acquisition and related-party transaction

2. Basic Information of the Target Company

1) Company Name: Bluestar Adisseo Nutrition Group Limited
2) 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 250,000,000 preferred shares in the Target Company.
3) Main business: investment and holding company
4) Issued share capital: 8,000,000,000 common shares, 0.00025 euro per share; 320,000,000 preferred shares, 1 dollar per share
5) Paid-up share capital: 8,000,000,000 common shares, 0.00025 euro per share; 320,000,000 preferred shares, 1 dollar per share
6) Date of establishment: 21st November 2005
7) 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 asset 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:
Key financial indexes of the Target Company (on a consolidated basis) in the last year and the latest period:

Key Financial Indexes (10,000 RMB)	As of 31st December 2018 FY2018 (audited)	As of 30th September 2019 Q3 2019 (audited)
Total Assets	1,874,045	1,892,635
Net Assets	1,483,310	1,488,901
Revenues	1,141,798	831,264
Net Profits	117,082	96,500
Net Profits after deduction of nonrecurring profits and losses	114,869	80,873

Above figures have been audited by KPMG. KPMG is qualified to conduct businesses of securities and futures and has issued audit reports (Bi Ma Wei Hua Zhen Shen Zi No. 1902192, No. 1903560) for the target assets of this Transaction.

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.

On 22th November 2019, KPMG Huazhen completed the audit of Q3 2019 financial report of the underlying asset and issued an audit report, No. 1903560.

III). Determination of the price of the related-party transaction
According to the result of valuation conducted by DeveChina (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 appraisal value of the 100% of common shares in the Target Company at the benchmark date of 30th September 2019 is RMB 20.576 billion; and that of the Target Shares at the benchmark date of 30th September 2019 is RMB 3.086 billion, 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).

IV). Appraisal target

1. Appraisal result

As of 25th November 2019, the appraisal and filing work has completed. According to DeveChina, the appraisal value of common shares of BANG at the benchmark date of 30th September 2019 is RMB 20.58 billion, and the evaluation value of the target share is: 15% of the common stock value is RMB 3.086 billion. The final Consideration of the Target Shares equals to the final appraisal result provided in the assets appraisal report.

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

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 30th September 2019 as evaluation base date, which 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.

From January to September 2019, the highest price was 15.21 Yuan and the lowest price was 9.90 Yuan. The average price on the 60th and 120th date was between 10-12 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.

3. The transaction value and the value added of the book value of the target company

Based on 30th September2019, the book value of common shares on consolidated level of BANG was RMB 13,331,467,700; the appraisal value was RMB 20,575,665,100. The appreciation ratio was 54.53%.

4. Appraisal progress

For the purpose of this valuation, the target asset and its classification, combined with the data collection and applicable conditions of three fundamental valuation methods, the market approach is applied. The specific evaluation method is the market price method and the comparative method of listed companies.

1) Market price method

Besides owning 85% common shares of BANG, the Company has no other equity investment and no other actual operational activities, so the market price method is applied to assess the value of 100% common shares of target company.

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 value of common shares of BANG with market price method is calculated using the total share value of the listed company (weighted average stock price times total number of shares) minus other assets and liabilities other than long-term equity investments with liquidity discount considered. The detailed formulations are as follows:

Value of the 85% common shares of BANG (before deducting liquidity discount) = total share value of Adisseo – other assets and liabilities other than long-term equity investments

Value of the 100% common shares of BANG = (value of 85% common shares of BANG / 85%) x (1- liquidity discount)

(a) The arithmetic average of the daily weighted average price of 30 trading days before the benchmark date
As of the benchmark date, the arithmetic average of the daily weighted average price for the 30 trading days before the benchmark date is 10.58 Yuan. The calculation process is as follows:

Date	**Opening price**	**Highest price**	**Lowest price**	**Closing price**	**Trade volume(share)**	**Trade amount (RMB)**	**Daily weighted average price (RMB/share)**
2019/9/30	10.39	10.47	10.26	10.35	2149586	22244586	10.35
2019/9/27	10.4	10.52	10.35	10.38	3127357	32546399	10.41
2019/9/26	10.57	10.73	10.39	10.39	3025137	31856725	10.53
2019/9/25	10.82	10.82	10.6	10.61	3486790	37173706	10.66
2019/9/24	10.73	10.85	10.7	10.85	3745255	40327835	10.77
2019/9/23	10.85	10.85	10.61	10.67	3693979	39427054	10.67
2019/9/20	10.96	10.96	10.84	10.85	4220130	45935565	10.88
2019/9/19	10.68	11.18	10.68	10.95	6805296	74435904	10.94
2019/9/18	10.61	10.69	10.56	10.67	2773331	29485105	10.63
2019/9/17	10.95	10.97	10.56	10.6	4468256	47716689	10.68
2019/9/16	10.97	11.05	10.84	10.88	4217575	45939827	10.89
2019/9/12	11.19	11.28	10.92	10.97	5658078	62212009	11.00
2019/9/11	11.28	11.37	11.09	11.11	6628313	74348654	11.22
2019/9/10	10.9	11.36	10.84	11.24	10526664	117670393	11.18
2019/9/9	10.87	10.94	10.76	10.89	6232931	67618459	10.85
2019/9/6	10.8	10.94	10.62	10.85	6103668	65736730	10.77
2019/9/5	10.85	10.92	10.61	10.72	7418848	79747151	10.75
2019/9/4	10.65	11.18	10.6	10.73	11745505	127401278	10.85
2019/9/3	10.28	10.46	10.26	10.4	4362447	45206620	10.36
2019/9/2	10.2	10.36	10.14	10.33	4547678	46745119	10.28
2019/8/30	10.47	10.54	10.15	10.22	4284745	44250534	10.33
2019/8/29	10.5	10.56	10.28	10.46	5221380	54279960	10.40
2019/8/28	10.26	10.51	10.2	10.47	6607094	68815220	10.42
2019/8/27	10.09	10.35	10.06	10.24	4620817	47383191	10.25
2019/8/26	10.01	10.14	10	10.04	3633689	36503058	10.05
2019/8/23	10.14	10.27	10.07	10.24	2765444	28145341	10.18

Date	Opening price	Highest price	Lowest price	Closing price	Trade volume(share)	Trade amount (RMB)	Daily weighted average price (RMB/share)
2019/8/22	10.21	10.24	10.06	10.14	3377091	34149380	10.11
2019/8/21	10.22	10.3	10.19	10.2	2545300	26065067	10.24
2019/8/20	10.36	10.45	10.2	10.26	4308637	44446750	10.32
2019/8/19	10.26	10.37	10.16	10.36	4284131	44035068	10.28
Arithmetic average of daily weighted average share price of 30 trading days							**10.58**

Equity value of Adisseo = total shares*average share price
= 2,681,901,273×10.58
= RMB 28,374,515,468.34

(b) Other assets and liabilities other than long-term equity investment
According to Balance Sheet of the Company as of 30th September 2019, the Company's other assets and liabilities (already minus the long-term equity investment) are RMB 2,540,962,499.12. The details are as follows:

Item	in RMB
Cash	2,315,494,798.00
Prepayments	245,166.00
Other receivables	259,127,740.00
Fixed assets	93,380.00
Non-Current Assets	3,221,667.00
Other payables	36,903,749.00
Payroll payables	84,000.00
Tax payables	232,502.00
Total	**2,540,962,500.00**

(c) Value of the 85% common shares of BANG (before deducting liquidity discount)
Value of the 85% common shares of BANG (before deducting liquidity discount) = total share value of Adisseo – other assets and liabilities other than long-term equity investments
=28,374,515,468.34-2,540,962,500.00
= RMB 25,833,552,968.34

(d) Value of the 100% common shares of BANG (before deducting liquidity discount)
Value of the 100% common shares of BANG (before deducting liquidity discount) = Value of the 85% common shares of BANG / 85%
=25,833,552,969.22/85%
= RMB 30,392,415,256.87

(e) The determination for liquidity discount

As there is limited reference on liquidity discount in quantitative research globally, this appraisal has taken actual domestic condition into account and chosen the pricing for new share issuance to calculate the market liquidity discount.

As Adisseo is a company in pharmaceutical chemical industry, DeveChina use liquidity discount data of bio-pharmaceutical companies in A-share market to determine liquidity discount. When selecting the samples, three factors are taken into consideration: (a) the selected company should be a bio-pharmaceutical listed company; (b) shall have been listed on the A-share market over 3 years; (c) should be the representative 100 companies.

Based on analysis and calculation of the share price of those bio-pharmaceutical companies in the IPO date, the 30 trading days after IPO, the 60 trading days after IPO and the 90 trading days after IPO, excluding abnormal figures, the average rate is 32.37%. After adjustment, the market liquidity discount was determined at 32.30% in this appraisal. Detailed calculation is as follows:

No.	Stock ticker	Stock name	Discount for lacking liquidity				
			Calculation over the trading price on IPO day	Calculation over the 30 trading days after IPO day	Calculation over the 60 trading days after IPO day	Calculation over the 90 trading days after IPO day	Average
1	002107.SZ	沃华医药	45.66%	45.81%	48.02%	50.74%	47.56%
2	002118.SZ	紫鑫药业	44.25%	47.40%	54.04%	55.69%	50.35%
3	002166.SZ	莱茵生物	70.99%	68.26%	66.66%	66.24%	68.04%
4	002198.SZ	嘉应制药	72.16%	72.43%	71.64%	69.79%	71.51%
5	002219.SZ	恒康医疗	76.72%	72.83%	72.49%	70.80%	73.21%
6	002223.SZ	鱼跃医疗	38.57%	40.42%	44.91%	46.38%	42.57%
7	002252.SZ	上海莱士	39.34%	49.06%	48.99%	47.44%	46.21%
8	002262.SZ	恩华药业	58.17%	60.11%	57.90%	56.48%	58.17%
9	002275.SZ	桂林三金	43.84%	39.73%	37.24%	35.23%	39.01%
10	002287.SZ	奇正藏药	49.61%	49.33%	51.33%	51.43%	50.43%
11	002294.SZ	信立泰	35.20%	46.49%	50.19%	50.92%	45.70%
12	300003.SZ	乐普医疗	55.26%	49.65%	48.26%	46.17%	49.84%
13	300006.SZ	莱美药业	52.23%	52.16%	52.01%	49.92%	51.58%
14	300009.SZ	安科生物	62.83%	63.47%	62.79%	60.67%	62.44%
15	300015.SZ	爱尔眼科	46.78%	46.59%	45.92%	45.03%	46.08%
16	300016.SZ	北陆药业	47.89%	50.05%	49.77%	47.82%	48.88%
17	300026.SZ	红日药业	42.75%	38.96%	38.05%	36.89%	39.16%
18	002317.SZ	众生药业	37.20%	28.95%	26.48%	26.53%	29.79%
19	300030.SZ	阳普医疗	30.96%	24.46%	21.89%	21.97%	24.82%

No.	Stock ticker	Stock name	Discount for lacking liquidity				
			Calculation over the trading price on IPO day	Calculation over the 30 trading days after IPO day	Calculation over the 60 trading days after IPO day	Calculation over the 90 trading days after IPO day	Average
20	300039.SZ	上海凯宝	17.52%	11.10%	15.56%	12.44%	14.16%
21	002332.SZ	仙琚制药	58.09%	53.53%	52.67%	51.39%	53.92%
22	300049.SZ	福瑞股份	16.37%	8.28%	14.24%	15.34%	13.56%
23	002349.SZ	精华制药	18.90%	26.54%	31.15%	32.81%	27.35%
24	002365.SZ	永安药业	29.74%	27.33%	24.21%	21.41%	25.67%
25	002370.SZ	亚太药业	28.11%	34.94%	33.80%	31.15%	32.00%
26	002390.SZ	信邦制药	38.57%	31.87%	28.28%	22.69%	30.35%
27	002393.SZ	力生制药	25.70%	12.60%	8.71%	5.13%	13.04%
28	002399.SZ	海普瑞	16.42%	2.13%	-1.67%	-4.42%	3.12%
29	002411.SZ	必康股份	27.32%	23.62%	27.67%	31.74%	27.59%
30	002412.SZ	汉森制药	14.65%	7.64%	5.41%	6.71%	8.60%
31	300086.SZ	康芝药业	-5.03%	-5.25%	-6.15%	-0.21%	-4.16%
32	002422.SZ	科伦药业	3.40%	8.33%	13.17%	16.98%	10.47%
33	002424.SZ	贵州百灵	3.73%	5.59%	6.47%	10.21%	6.50%
34	002432.SZ	九安医疗	29.60%	25.04%	25.37%	28.07%	27.02%
35	002433.SZ	太安堂	11.34%	-0.83%	-0.22%	-0.02%	2.57%
36	002437.SZ	誉衡药业	12.84%	13.65%	17.64%	21.48%	16.40%
37	002462.SZ	嘉事堂	45.61%	54.40%	54.21%	53.52%	51.94%
38	300108.SZ	吉药控股	37.57%	32.03%	33.50%	37.13%	35.06%
39	300110.SZ	华仁药业	38.62%	33.68%	31.51%	30.42%	33.56%
40	300122.SZ	智飞生物	5.00%	5.35%	6.61%	4.52%	5.37%
41	600998.SH	九州通	28.95%	28.54%	26.67%	23.14%	26.83%
42	300142.SZ	沃森生物	34.49%	34.06%	32.72%	30.73%	33.00%
43	300147.SZ	香雪制药	15.64%	11.63%	8.88%	7.73%	10.97%
44	300158.SZ	振东制药	2.29%	-4.00%	-6.05%	-8.85%	-4.15%
45	300171.SZ	东富龙	1.47%	5.14%	-1.87%	-15.68%	-2.74%
46	002550.SZ	千红制药	15.72%	18.72%	17.20%	12.26%	15.98%
47	300181.SZ	佐力药业	19.67%	14.51%	13.16%	9.72%	14.27%
48	002551.SZ	尚荣医疗	23.66%	23.36%	20.03%	12.93%	20.00%
49	002566.SZ	益盛药业	1.00%	-3.75%	-6.61%	-10.85%	-5.05%
50	300194.SZ	福安药业	-4.40%	-7.19%	-10.32%	-20.39%	-10.58%
51	300199.SZ	翰宇药业	-3.39%	6.08%	8.76%	12.35%	5.95%
52	300204.SZ	舒泰神	-4.04%	-12.68%	-17.00%	-17.56%	-12.82%
53	300206.SZ	理邦仪器	-4.50%	-10.60%	-13.96%	-17.96%	-11.76%
54	300216.SZ	千山药机	10.42%	12.97%	14.32%	17.80%	13.88%

No.	Stock ticker	Stock name	Discount for lacking liquidity				
			Calculation over the trading price on IPO day	Calculation over the 30 trading days after IPO day	Calculation over the 60 trading days after IPO day	Calculation over the 90 trading days after IPO day	Average
55	002581.SZ	未名医药	11.66%	6.02%	8.99%	9.18%	8.96%
56	002589.SZ	瑞康医药	10.46%	18.52%	21.32%	21.93%	18.06%
57	300233.SZ	金城医药	9.09%	13.46%	14.19%	11.64%	12.10%
58	300238.SZ	冠昊生物	49.71%	61.69%	67.84%	67.59%	61.71%
59	300239.SZ	东宝生物	54.98%	61.98%	65.15%	63.93%	61.51%
60	300244.SZ	迪安诊断	43.44%	46.54%	49.39%	49.57%	47.24%
61	300246.SZ	宝莱特	37.55%	41.14%	41.84%	38.61%	39.79%
62	002603.SZ	以岭药业	19.42%	20.55%	18.89%	18.13%	19.25%
63	300254.SZ	仟源医药	23.89%	33.51%	29.64%	26.75%	28.45%
64	300255.SZ	常山药业	9.96%	11.10%	5.41%	1.28%	6.94%
65	300267.SZ	尔康制药	24.25%	18.87%	18.74%	14.87%	19.18%
66	300273.SZ	和佳股份	42.33%	41.14%	37.01%	32.68%	38.29%
67	002626.SZ	金达威	22.72%	24.84%	20.81%	17.19%	21.39%
68	002644.SZ	佛慈制药	12.59%	1.97%	7.43%	6.59%	7.15%
69	002653.SZ	海思科	-8.91%	-8.97%	-8.23%	-7.09%	-8.30%
70	300289.SZ	利德曼	19.28%	21.37%	19.69%	20.43%	20.19%
71	300294.SZ	博雅生物	34.19%	35.18%	33.10%	30.51%	33.25%
72	300298.SZ	三诺生物	13.30%	20.92%	25.88%	29.95%	22.51%
73	300314.SZ	戴维医疗	31.24%	26.53%	30.67%	32.68%	30.28%
74	300318.SZ	博晖创新	21.76%	13.68%	13.19%	13.54%	15.54%
75	002675.SZ	东诚药业	5.77%	6.28%	3.61%	2.18%	4.46%
76	002680.SZ	长生生物	32.28%	38.29%	37.63%	36.09%	36.07%
77	300326.SZ	凯利泰	34.94%	39.85%	38.71%	38.50%	38.00%
78	002693.SZ	双成药业	28.06%	21.92%	18.23%	14.43%	20.66%
79	300347.SZ	泰格医药	24.48%	33.10%	33.09%	32.55%	30.81%
80	300357.SZ	我武生物	29.75%	53.92%	52.82%	50.34%	46.71%
81	300358.SZ	楚天科技	28.07%	35.84%	35.01%	33.72%	33.16%
82	300381.SZ	溢多利	28.22%	43.55%	43.15%	42.48%	39.35%
83	300363.SZ	博腾股份	29.60%	52.96%	52.08%	54.31%	47.24%
84	002727.SZ	一心堂	30.38%	64.60%	68.52%	70.16%	58.42%
85	002728.SZ	特一药业	30.54%	62.93%	64.21%	64.39%	55.52%
86	300396.SZ	迪瑞医疗	29.86%	64.93%	67.12%	66.78%	57.17%
87	603456.SH	九洲药业	30.42%	57.50%	57.19%	56.82%	50.48%
88	603368.SH	柳州医药	30.50%	49.72%	50.66%	52.67%	45.89%
89	603998.SH	方盛制药	30.18%	58.24%	58.19%	60.33%	51.74%

No.	Stock ticker	Stock name	Discount for lacking liquidity				
			Calculation over the trading price on IPO day	Calculation over the 30 trading days after IPO day	Calculation over the 60 trading days after IPO day	Calculation over the 90 trading days after IPO day	Average
90	002737.SZ	葵花药业	30.44%	43.04%	44.89%	50.15%	42.13%
91	300412.SZ	迦南科技	30.06%	67.49%	70.13%	73.14%	60.21%
92	603222.SH	济民制药	30.57%	66.70%	71.39%	76.53%	61.30%
93	603939.SH	益丰药房	30.56%	60.20%	65.57%	68.01%	56.09%
94	603309.SH	维力医疗	30.11%	66.06%	71.91%	74.40%	60.62%
95	002750.SZ	龙津药业	30.39%	69.70%	75.32%	77.34%	63.19%
96	603883.SH	老百姓	30.33%	80.92%	80.00%	79.08%	67.58%
97	603567.SH	珍宝岛	30.39%	69.10%	66.34%	63.23%	57.27%
98	002758.SZ	华通医药	28.98%	77.36%	73.58%	71.55%	62.87%
99	300463.SZ	迈克生物	29.92%	73.17%	72.17%	70.37%	61.41%
100	300485.SZ	赛升药业	30.52%	60.45%	59.05%	58.67%	52.17%
		Average	28.00%	34.02%	34.08%	33.38%	32.37%

After considering the liquidity discount, the value of the 100% common shares of BANG (with liquidity discount) = 30,392,415,256.87× (1-32.30%) = RMB 20,575.6651 million

2) Comparative method of listed companies

This appraisal chose EV/EBITDA as value ratio mainly due to:

- This ratio is not impacted by income tax rate, so valuation of listed companies in different countries or listed in different markets are more comparable using this valuation method;
- This ratio is not impacted by different capital structure, as change in a company's capital structure would not impact its valuation using this valuation method;
- This ratio excludes the impact from non-cash cost such as depreciation and amortization, which can more accurately reflect a company's value.

(a) Choose of comparable companies

For the comparable transaction method, the comparable companies chosen include Koninklijke DSM NV, Evonik and Sumitomo Chemical Co Ltd. Compared to the comparable companies chosen back to 2015 the year when the major asset restructuring was conducted, all comparable companies are the same except Nutreco NV as it has been delisted, and CJ Corp as its main business has changed. Details and analysis of business scopes, major target markets, revenue mixes, company sizes, profitability of the target company under appraisal and the comparable companies are as follows:

- Main business scope

  The target company under appraisal and the comparable companies belong to chemical industry. The target company under appraisal mainly engages in research, production and sales of animal nutrition additives. The comparable company Koninklijke DSM NV is a globalized group engaged in nutritional healthcare products, chemical materials and pharmaceutical businesses. Evonik is a Germany based international innovative industrial group, taking leading market positions in specialty chemicals, energy and real estates. Health and nutrition segments are the major components under Evonik's chemical business. Sumitomo Chemical Company operates four major business segments covering basic chemicals, petrochemistry, fine chemicals and agro chemistry. Methionine business is one of its core industries within the agro chemistry segment. Therefore, in terms of business scope, the target company under appraisal is similar with the comparable companies, as animal nutrition additive are all companies' major businesses.

- Major target markets

  The target company under appraisal and the comparable companies are all globalized companies. Adisseo Nutrition operates over 40 subsidiaries over the globe such as France and China. The company is one of the world's leading methionine manufacturers, ranking No. 2 in terms of market share of methionine over the globe in 2017. Koninklijke DSM NV, headquartered in Netherlands, has more than 200 branches in Europe, Asia, North and South America with 21,000 employees over the world. Evonik is an internationalized innovative industrial group originated from Germany and operating businesses over the globe. It has 39,000 employees. Sumitomo Chemical Company is one of the main methionine producers in the world, and the other producer besides BANG who can produce both solid and liquid methionine. In terms of target markets, the target company under appraisal and the comparable companies are all globalized industry players.

- Revenue mixes

  According to 2018 annual reports released by the company under appraisal and the comparable companies, the revenue mixes of the company under appraisal are: functional products 74.40%, specialty products 19.70%, and others 5.90%; the revenue mixes of Koninklijke DSM NV: Nutrients 66.22%, chemical materials 31.43%, and others 2.34%; the revenue mixes of Evonik: energy 38%, nutrients 31%, specialty materials 26%, and others 5%; the revenue mixes of Sumitomo Chemical Company: petrochemistry 33%, IT related chemicals 17%, nutrients and pharmaceuticals 36%, energy 12% and others 2% . In terms of revenue mixes, nutrients account for relatively a big proportion of the company under appraisal and the comparable companies.

- Company sizes

  According to 2018 annual reports and the reports ended the base date released by the company under appraisal and the comparable companies, the total assets of the target company as of the benchmark date is RMB 18.74 billion, and its revenue in 2018 was RMB 11.418 billion. Koninklijke DSM NV's total asset as of the benchmark date is EUR 13.641 billion, and its revenue in 2018 was EUR 9.267 billion. Evonik's total asset is EUR 20.282 billion, and its revenue in 2018 was EUR 15.024 billion. Sumitomo Chemical Co Ltd.'s total asset is JPY 3,171.618 billion, and its revenue was JPY 2,318.572 billion. Total assets and revenue size of the company under appraisal are smaller than that of the comparable companies, mainly due to that the comparable companies are large multinational groups with diversified operations and wide business scopes. Products as feed additives are their partial business, hence scale advantage. But Adisseo Group enjoys a focused business with high specialty competitiveness.

- Profitability

  The profitability of the company under appraisal is more competitive versus the comparable companies according to their financial reports of 2018. The average return on equity, return on total assets, operating profit margin, EBITA margin of the comparable companies in 2018 were 11.86%, 8.22%, 10.39% and 15.87% respectively; and BANG's corresponding financial indicators were 8.04%, 8.65%, 14.29% and 22.11%, except for return on equity, rest of which are better than those of the comparable companies. The main reason behind is: the comparable companies operates a diversified business, besides engaging in production and selling of methionine related products, they also engage in common chemical products like polythene, which generates a lower blended gross profit margin. While BANG focuses on animal feed additives such as methionine, which has a relatively high entry barrier, and the company has already established a leading position within that sector. The major products introduced by Adisseo Nutrition enjoy a higher added value, enabling the company to continuously improve its market position and profitability.

Based on the above analysis, the three companies, Koninklijke DSM NV, Evonik and Sumitomo Chemical Co Ltd, are highly relevant and comparable. Therefore, the three companies were chosen as comparable companies.

(b) Adjustment to value ratio

The adjustment to value ratio is made based on comparison of the company under appraisal versus the comparable companies from four aspects, namely, profitability, operating growth rate, assets quality and liability risk. The score of each financial indicator is calculated by comparing each indicator of the company under appraisal and the comparable companies with the standard value of performance evaluation of the listed company.

After correction adjustment was made to the value ratio of each comparable company, the value ratio of the company under appraisal was generated.

(c) Value ratio

Comparable companies	**EV**	**EBITDA （2018）**	**EV/EBITDA**	**Correction coefficient**	**Adjusted EV/EBITDA**
Koninklijke DSM NV	2,166,810.89	170,738.90	12.70	0.94	11.94
Evonik Industries AG	1,811,853.79	212,882.40	8.50	1.03	8.76
Sumitomo Chemical Co Ltd	197,798,885.75	31,641,833.30	6.30	1.13	7.12

Comparable companies	EV	EBITDA（2018）	EV/EBITDA	Correction coefficient	Adjusted EV/EBITDA
Average EV/EBITDA after adjustment	9.27				

Using the comparative method of listed companies, BANG's EV/EBITDA is 9.27, and the estimate value of 2019 EBITDA (excluding non-recurring gains and losses) of BANG's is RMB 2,932.11 million and operating assets is RMB 27,182.6144 million.

Upon verification, the value of non-operating assets and liability is RMB 1,959,551,100.

Based on analysis and calculation of the share price of those bio-pharmaceutical companies on the IPO date, the 30 trading days after IPO, the 60 trading days after IPO and the 90 trading days after IPO, excluding abnormal figures, the average rate is 27.39%. After adjustment, the market liquidity discount was determined at 27.00%. The discount amount is 2,735,703.96×27.00%= RMB 7,386.4007 million.

(d) Value of common shares includes liquidity discount

Items	In 10,000 Yuan
Operating value	2,718,261.44
+ Non-operating assets and liabilities	196,955.11
Enterprise Value	2,915,216.56
- interest-bearing debt	18,113.70
- Minority shareholders' value	4,344.71
- Preferred stock	176,822.50
Equity value of common stock	2,715,935.64
- liquidity discount	733,302.62
Equity value of common stock with liquidity discount	1,982,633.02

Using the comparison method of listed companies, the value of BANG was RMB 19,982,633,200.

As the 85% of common shares of Target Company have been injected into the listed company and the company has no actual operational activities nor other equity investment, The Company's share price can objectively, directly and fairly reflect the equity value of Adisseo on the benchmark date. Then the share price is applied in calculating the equity value of BANG.

Even if the target company and comparable listed companies in the same industry or similar industries, there may be some differences in business scope, market risk, and performance growth. Due to the limited business and financial information disclosed by comparable listed companies, the adjusted and modified value ratio is hard to reflects all factors that may impacts the valuation.

Therefore, the market price method is more accurate and fairer under the benchmark date's environment.

5. The rationality of the valuation using the market price method in this Transaction
Since this evaluation approach is market price method, which reflects the market value, it is different from the book value. The reason for choosing market price method has been fully explained.

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.

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.

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 the listed company, it is 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 1.25 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.

6. 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 benchmark 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 13.028 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 54.53%, which is lower than the previous one.

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

VI). 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.

V. Main content and performance arrangement of the related-party transaction
On 23rd October 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 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 3.086 billion at the benchmark date of 30th September 2019, 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 1.543 billion) 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 (RMB1.543 billion). The second payment shall be settled by the Purchaser to the Seller's designated bank account within a specified

time by both Parties after the second payment terms are reached. In principle, the second payment should be paid no later than one year after the signing of the Share Purchase Agreement. Under regular circumstances, the Purchaser shall pay the second installment within six months of the signing of the Share Purchase Agreement.

5. Closing arrangement: After meeting the closing conditions or by written exempt, the Closing of this Transaction shall take place 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: The Share Purchase Agreement shall have been signed by the legal representatives of the two Parties or their authorized representatives and stamped by both Parties; 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; the preferred shareholder of the Target Company does not have any rights of first refusal and has approved this Transaction; both Parties shall obtain the foreign investment filing documents/certificates issued from the China National Development and Reform Commission and the Ministry of Commerce and complete the foreign exchange registration procedures; 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., both Parties shall certify the above matters with a properly signed statement on the delivery date; the Seller shall deliver a duly signed statement to the Purchaser at the 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.

7. The Second Closing Conditions: The Closing has been consummated in accordance with this Agreement; 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.

Despite the foregoing provisions, restricted by the regulations governing state-owned assets or other applicable laws, after the second payment terms are fulfilled, the second payment will not be made immediately according to the market conditions at that time and/or the Purchaser's own circumstances. Conducive to the interests of the Purchaser and the common interests of the Purchaser's shareholders, the Seller shall agree to extend the second payment period until the foregoing situation improved.

8. Ownership of profits or losses during the transition period: All proceeds from the target assets during the transition period belongs to the Purchaser, and all losses shall be

compensated by the Seller to the Purchaser in cash.

9. 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.

10. 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.

VI. The Impact of Large Cash Spending on Operating Capital

Facing fiercer industrial competition, this transaction is conducive to improving the net profit attributable to shareholders of the Company, which could promote the strategic development of Adisseo and enhancing the core competitiveness. Moreover, the transaction is fair and settled in cash, which increases the earnings per share on a pro forma basis. At the same time, in order to reduce the negative impact on the daily operating capital needs of the Company, in accordance with the Share Purchase Agreement Adisseo signed with Bluestar Group, 15% shares of the target company Adisseo Nutrition will be delivered in two stages.

I). Closing conditions

In accordance with the Share Purchase Agreement, the delivery of this transaction is subject to:

1. The First Closing Condition: The First Consideration equals to 50% of the Consideration (RMB 1.543 billion) 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.

2. The Second Closing Condition

The Closing has been consummated in accordance with this Agreement; 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.

Despite the foregoing provisions, restricted by the regulations governing state-owned assets or other applicable laws, after the second payment terms are fulfilled, the second payment will not be made immediately according to the market conditions at that time and/or the

Purchaser's own circumstances. Conducive to the interests of the Purchaser and the common interests of the Purchaser's shareholders, the Seller shall agree to extend the second payment period until the foregoing situation improved. The arrangement of multi-stage delivery is mainly to ensure that the cash payment will not have a significant negative impact on the daily operating capital of the listed company, and provide the flexibility of the second payment, so that the listed company only executes the second payment once it has defined the most suitable and economic way.

II). The above-mentioned payment does not have any negative impacts on operating capital.
The capital payment arrangement of this transaction is made by the listed company based on comprehensive consideration of the Company's plan for day-to-day operating capital use and for future business development and is agreed with the counterparty. The Company expects there will be no negative impact on use of day-to-day operating capital.

Given the above, this transaction will be settled through two deliveries. Each payment amount is 50% of the total transaction consideration. The first payment amount is around RMB 1.543 billion, and the Company plans to make the first payment through its cash. As of end of the third quarter of 2019, Adisseo's cash and cash equivalent was RMB 5.2 billion, and the Company's day-to-day operating capital demand is around RMB 2 billion, therefore, Adisseo has sufficient capital to meet its demand for day-to-day operations after the first payment. The precondition for the second payment is when the Company obtains sufficient funding (to pay the second payment) through re-financing or any other types of financing activities (including but not limit to bank loan, etc.). And the payment for the Second Consideration shall in no event cause any material adverse impact on the Purchaser's ordinary course of business.

In conclusion, the payment of this transaction would not cause any material negative impact on operating capital of the Company, and existing cash position of the listed company is sufficient to cover the transaction consideration to be paid by its existing cash as well as the required capital for day-to-day production and operation. Therefore, the overall risk is controllable.

VII. 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 cash. One of the preconditions for the second payment is when the Purchaser obtains sufficient funding (to pay the second payment) through re-financing or any other types of financing activities (including but not limit to bank loan, etc.). And the payment for the Second Consideration shall in no event cause any material adverse impact on the Purchaser's ordinary course of business. 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 7.47 Yuan. Due to the consideration of liquidity discount, the price is quite 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 7.47 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. 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 revised 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 Transaction's appraisal value and Company's share price. For illustrative purpose, the final incentive calculation method is:

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

Share price	*>12.7*	*8.46-12.7*	*<8.46*
Incentive adjustment factor	*1 to 1.2*	*1*	*0.8-1*
Impact on bonus	*More bonus will be distributed up till 120%*	*No impact on bonus calculation*	*Bonus will be in the range of 80% to the original amount*

Note:

- 10.58 is the arithmetic average of the daily weighted average price of the 30 trading days before 30th September 2019, which is the base value to calculate the valuation of CNY 20.576 bn.
- 8.46-12.7 are within 20% of 10.58.
- 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.

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

On 23rd October 2019, the Company held the eighth 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. Affiliated 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.

This Transaction shall be submitted to the shareholders' 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.

On 30th April 2019, China National Chemical Corporation Co., Ltd. issued a written resolution and agreed this Transaction. On 25th November 2019, the assets appraisal report of This Transaction has been filed with 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.

IX. 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.

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.

Please kindly be aware of risks.

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