Securities Code: 600299   Securities Abbreviation: Adisseo   No.: Temp 2017-004

BlueStar Adisseo Company

Announcement of Daily Connected Transaction

The Company and all members of its Board of Directors guarantee that the contents of this announcement are authentic, accurate and complete, and assume several and joint liabilities for any false information, misguiding statement or material omission in this announcement.

Important Notice:

- **Whether need to submit to the approval of Shareholding's meeting or not: No**

- **Impact to the company arising from the daily connected transactions: The daily connection transactions to be incurred in 2016 are all normal operation activities and the pricing of the connected transactions will strictly follow the marketing arm-length principle of being open, fair and just. The Company will not rely on those related parties substantially.**

On the 10th meeting of the Company's sixth board of directors, the board unanimously adopted this connected transaction upon deliberation.

I General information of daily connected transactions

(I) Procedure of deliberations of the daily connected transactions

On the 10th meeting of the Company's sixth board of directors, the board unanimously adopted this connected transaction upon deliberation. Two associated directors withdrew from the voting, and the Company's three independent directors Zhou Guommin, Song Lixin and Jean Falgoux issued beforehand approval and independent opinions on this matter. The audit committee of the company also provided their review comments. Please refer to details as below:

1. The related transactions between the company and its related parties has strictly followed the arm-length principle with reasonable price, which have embodied the fairness, justice, openness principal and protect the interests of all shareholders. The related party transactions are conducive to the management and development of the company.
2. It is agreed to submit the 2017 annual related party transactions plan to the tenth meeting of the company's sixth session of the board for deliberation.

(II) Daily connected transactions in 2016 and prediction on daily connected transactions in 2017

The approved amount of related party transaction in 2016 on the 4th meeting of 6th session of the board is CNY95million in total. The sum of actual incurred annual connected transactions for 2016, as audited, was RMB74 million (CNY747million for Y2015), including RMB54 million (CNY 732million in 2015) incurred actually by the purchasing and sale of products, and RMB20 million (CNY15million for Y2015) incurred actually by comprehensive services. It's predicted that, the sum of annual connected transactions for 2017 will not exceed RMB120 million at the most, which will remain at the similar level as in 2016.

The breakdown of the actual connected transaction in 2016 shown as below:

Unit: Yuan

关联单位 Associated Parties	关联交易类别 Type of connected transactions	定价原则 Pricing principle	2016 年 12 月 31 日 Dec. 31, 2016
Bluestar Nanjing Chemical New Materials Co., Ltd	Purchase of goods	Market price	38,994,962
Bluestar Nanjing Chemical New Materials Co., Ltd	Purchase of services	Market price	6,923,838
Bluestar Shanghai Cleaning Technology Co., Ltd	Purchase of services	Market price	2,870,000
Lianyungang Lianyu Construction Supervision Co., Ltd	Purchase of services	Market price	1,326,000
Gansu Bluestar Cleaning Technology Co., Ltd	Purchase of services	Market price	7,207,000
Bluestar Silicones France SAS	Purchase of services	Market price	293,656
China Bluestar Group Co., Ltd.	Office rental	Market price	360,073
Bluestar Adisseo Tianjin Co., Ltd.	Purchase of services		10,042,435
Total Purchase of goods/services			68,017,964
Bluestar Silicones France SAS	Sales of goods	Market price	9,705,331
Total Sale of goods			9,705,331
Total amount of connected transactions			77,723,295

(For details, please refer to the contents of connected transactions in the footnotes to the Annual Report of the Company.)

Details of forecasted connected transactions in 2017: Unit: Yuan

Associated Parties	Type of connected transactions	Pricing principle	2017
Bluestar Nanjing Chemical New Material Co., Ltd	Purchase of goods	Market price	60,000,000
Bluestar Nanjing Chemical New Material Co., Ltd	Purchase of services	Market price	9,500,000
Bluestar Shanghai Cleaning Technology Co., Ltd	Purchase of services	Market price	3,000,000
Lianyungang Lianyu Construction Supervision Co., Ltd	Purchase of services	Market price	1,500,000
Gansu Bluestar Cleaning Technology co., Ltd.	Purchase of services	Market price	7,500,000
Bluestar Silicones France SAS	Sales of goods	Market price	12,000,000
China National BlueStar (Group) Co., Ltd.	Office Rental	Market price	720,000
Total amount of connected transactions			94,220,000

II. Introduction of Related Parties: Chemchina and its affiliates

Bluestar Nanjing Chemical New Material Co., Ltd.

Legal representative: Ru Chengjun; Registered capital: CNY433.9094million; Scope of main businesses: The production of dangerous chemicals and hazardous chemicals (according to the sales permit listed in the scope of operations). The production and sale of new chemical materials, the import and export business of all kinds of commodities and technologies, and the cleaning services of various chemical equipment, pipeline containers and complete sets of equipment.

Bluestar Shanghai Cleaning Technology Co., Ltd.

Legal representative: Jiao Yongtao; Registered capital: CNY15million; Scope of main businesses: Chemical cleaning engineering, anti-corrosion insulation construction engineering construction, technology development, and related engineering technology consulting, technology transfer and technical services; the sales of water treatment equipment, water treatment agent, chemical cleaning products, fine chemical products, textile raw materials (except cotton), fuel oil (non hazardous chemicals), building materials and automotive products, engaged in goods and technology import and export business, wholesale of chemical raw materials and products (see dangerous goods business license, permit to operate).

Lianyungang Lianyu Construction Supervision Co., Ltd.

Legal representative: Dong Ruwen; Registered capital: CNY6million; Scope of main businesses: Engineering construction supervision, project management, technical consultation and service

Gansu Bluestar Cleaning Technology co., Ltd.

Legal representative: Lian Wentao; Registered capital: CNY20.8848million; Scope of main businesses: Research and development, fabrication and sales of tableware cleaning agent, cleaning agent, water treatment agent, motor vehicle brake fluid, chemical products (including dangerous goods) and water treatment equipment; research and development, service, consultation and installation on cleaning, water treatment, anti-corrosion technology; engineering of sports facilities; chemical equipment maintenance technology, chemical corrosion protection project; pressure vessel, pressure pipeline installation; sales of quartz wholesale of stone sales, charcoal, wood vinegar, charcoal and its by-products; wholesale of toluene, acetone, benzene, phenol, phthalic anhydride, xylene, ethanol, solvent oil, ammonia, methanol, epoxy resin, calcium carbide, ethylene, ethyl acetate, styrene, formaldehyde, sodium hydroxide, acetic acid, p-xylene; house leasing and equipment leasing

China National BlueStar (Group) Co., Ltd.

Legal representative: Ren Jianxin; Registered capital: CNY 18168.869029million; Scope of main businesses: To research and develop chemical new materials, chemical cleaning, anti-corrosion, and water treatment technologies and fine chemical products; research, manufacture and apply reverse osmosis membrane and its equipment; promote and transfer technologies, undertake domestic and overseas various cleaning businesses; deal with automation engineering design, application and service; engage in the import and export businesses of self-operated and acting various commodities and technologies (excluding the commodities and technologies that are restricted by China from the Company's operation or forbidden from import and export); contract foreign chemical engineering and domestic international bidding engineering, as well as export of equipment and materials needed for the above-mentioned foreign projects, consulting services, house leasing.

Bluestar Silicones France SAS

Legal representative: CHALVON DEMERSAY Pascal Francoise; Registered capital: Euro 106.938million; Scope of main businesses: Manufacturing of sales of chemical products, especially silicone products

Connected relationship of above Companies: The above companies are either wholly owned or controlled by the same ultimate controlling shareholder: China National Chemical Corporation ("Chemchina") or the joint ventures of the same controlling shareholder: Chemchina. The business incurred with those related parties are in normal situation and the execution ability and payment of those related parties are in normal situation. There is no breach of contract incurred.

III. Main Contents and Pricing Policy for the Connected Transaction

1. The main purpose of the connected transaction is to provide comprehensive services

and purchasing & sale of products.

2. Pricing method:

① Comprehensive services: The Company accepted the related parties to provide equipment cleaning services, logistics handling services, consulting services and leasing services and the pricing is in line with the similar market price. According to the principle of fair and reasonable pricing (see details below), the two parties negotiated and determined the scope of the service, the pricing and signed the contract accordingly.

a. Where national authorities have compulsory pricing, the pricing standard shall be executed;

b. Where there is no governmental pricing, the normal and fair price of similar services provided by third parties at the transaction place shall be referred to;

c. Where there is no third party price for reference, the actual cost of services provided by the supplier plus 5% margin shall be referred to;

d. The fees collected previously by the 3rd-party supplier for related services.

② Purchasing and sale of products: The Company purchases partial raw materials necessary for its production from related parties, and sells sulfur products to related parties. The following prices at the time of transaction shall be referred to:

a. Where the price is regulated by China, such price shall be executed;

b. Where there is applicable industrial price standard, such price standard shall be executed;

c. Where there is no applicable industrial price standard, local market price shall be executed.

3. Scope:

a. The counterparties are the subsidiaries and branches of ChemChina, no matter it is a legal entity or not.

b. Adisseo and its subsidiaries or branches, no matter it is a legal entity or not.

IV. The objective of the connected transaction and the influence of the connected transaction on listed company

The Company's board of directors considers that, the connected transaction will be able to ensure the continuous supply on related raw materials, partial energy resources and logistics services which are required by the Company's normal production and operation, and meanwhile, the Company can sell by-products to the other parties, which brings benefits to the Company with a fair transaction price. Thus, it is beneficial for the interests of the Company and all stockholders. Thanks to the strict implementation of the arm-length pricing principal, the connected transactions does not have negative impact on the Company's current or future financial positions or operations. Instead, it brings positive impact on the Company's continuous operation capability, profit earnings as well as the asset healthiness. The Company will not have strong rely on the connected transactions.

V. Opinions of Independent Directors

The Company's three independent directors Zhou Guommin, Song Lixin and Jean Falgoux unanimously consider that, the connected transaction strictly follows the Company's Connected Transaction Management System, meets the requirement of that associated directors withdraw from voting, persists with the principles of being open, fair and just, and does not involve any inside transaction. The transaction is necessary for the Company, and also, the transaction price is fair and reasonable, does not impair the benefits of the Company and non-associated stockholders, and it is fair to all stockholders. The connected transactions does not have negative impact on the Company's current or future financial positions or operations. Instead, it brings positive impact on the Company's continuous operation capability, profit earnings as well as the asset healthiness. The Company will not have strong rely on the connected transactions. It is unanimously adopted the connected transaction deliberated in the board.

VI. Reference Documents

1、Announcement on the Resolutions at the 10rd Meeting of the Sixth Board of Directors of the Company;

2、Announcement on the Resolutions at the 6th Meeting of the Sixth Board of Supervisors of the Company;

3、Independent Opinions of Independent Directors on the Connected Transaction.

Respectively submitted,

BlueStar Adisseo Company
Board of Directors
29th March 2017