Securities Code: 600299 Securities Abbreviation: Adisseo No.: Lin 2018-008

BlueStar Adisseo Company

Announcement of Day-to-Day Related-Party Transaction

The board of directors and all directors guarantee that this announcement does not contain any false statement, misleading statement or material omission, and assume personal and joint liability for the authenticity, accuracy and integrity of this announcement.

Important Notice:

- **Whether need to submit to the approval of Shareholding's meeting or not:** No
- **Impact to the company arising from day-to-day related-party transactions:** The day-to-day related-party transactions incurred in 2017 are all normal operation activities and the pricing of the related transactions strictly followed the marketing arm-length principle of being open, fair and just. The Company do not rely on those related parties substantially.

On the 17th meeting of the Company's 6th board of directors, the board unanimously adopted this connected transaction upon deliberation.

I General information of day-to-day related-party transactions

(I) Procedure of deliberations of the day-to-day related-party transactions

On the 17th meeting of the Company's sixth board of directors, the board unanimously adopted this connected transaction upon deliberation. Three associated directors withdrew from the voting (voting results: [4] approval, [0] objection, [0] abstention), 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 2018 annual related party transactions plan to the 17th meeting of the company's 6th session of the board for deliberation.

(II) Day-to-day related-party transactions in 2017 and prediction on day-to-day related-party transactions in 2018

The approved amount of related party transaction in 2017 on the 10th meeting of 6th session of the board is CNY120million in total. The sum of actual incurred annual connected transactions for 2017, as audited, was RMB90 million (CNY74million for Y2016), including RMB 80million (CNY 68million in 2016) incurred actually by the purchasing products and receiving services, and RMB 10million (CNY9.7million for Y2016) incurred actually by sales of products and providing services. It's predicted that, the sum of annual connected transactions for 2018 will not exceed RMB 40 million at the most, which will have an decrease of around RMB50 million compared with that of 2017.

The breakdown of the actual connected transaction in 2017 shown as below:

Unit: CNY thousand Yuan

Associated Parties	Type of connected transactions	Pricing principle	2017
Bluestar Nanjing Chemical New Materials Co., Ltd	Purchase of goods	Market price	66,996
Lanzhou Bluestar Cleaning Technology Co., Ltd	Purchase of services	Market price	6,687
Bluestar Nanjing Chemical New Materials Co., Ltd.	Purchase of services	Market price	1,787
Bluestar Shanghai Cleaning Technology Co., Ltd	Purchase of services	Market price	1,939
Lianyungang Lianyu Construction Supervision Co., Ltd.	Purchase of services	Market price	445
Hangzhou Water Technology Development Center Co., Ltd.	Purchase of services	Market price	489
Elkem Silicones France SAS(ex-Bluestar Silicones France SAS)	Purchase of services	Market price	641
China Bluestar Group Co., Ltd.	Office rentals	Market price	648
GDEM Conseil	Purchase of services	Market price	2,016
Total Purchase of goods/services			**81,648**
Elkem Silicones France SAS(ex-Bluestar Silicones France SAS)	Sales of goods/Providing services	Market price	10,496
Total Sale of goods/providing services			**10,496**
Total amount of connected transactions			**92,144**

(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 2018:

Unit: CNY thousand Yuan

Associated Parties	Type of connected transactions	Pricing principle	2018
Bluestar Nanjing Chemical New Material Co., Ltd	Purchase of services	Market price	8,500
Bluestar Shanghai Cleaning Technology Co., Ltd	Purchase of services	Market price	3,600
Lianyungang Lianyu Construction Supervision Co., Ltd	Purchase of services	Market price	3,000
Lanzhou Bluestar Cleaning Technology co., Ltd.	Purchase of services	Market price	8,000
Hangzhou Water Technology Development Center Co., Ltd.	Purchase of services	Market price	600
Elkem Silicones France SAS(ex-Bluestar Silicones France SAS)	Purchase of services	Market price	700
China National BlueStar (Group) Co., Ltd.	Office Rental	Market price	800
GDEM Conseil	Purchase of services	Market price	4,000
Elkem Silicones France SAS(ex-Bluestar Silicones France SAS)	Sales of Product/Providing services	Market price	11,000
Total amount of connected transactions			**40,200**

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, pipeline construction

engineering construction, environmental protection construction engineering construction, 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.

Lanzhou 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, 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 charcoal, wood vinegar, charcoal and its by-products; wholesale of methanol (for industrial use only) (storage allowed above) , toluene, acetone, benzene, phenol, phthalic anhydride, xylene, ethanol, solvent oil (closed cup flash point ≤60℃), ammonia, calcium carbide, ethylene, ethyl acetate, styrene, formaldehyde, sodium hydroxide, acetic acid, Para xylene (not allowed storage); house leasing and equipment leasing; testing and detection of Pressure gauge, standard platinum resistance thermometer, industrial metal thermocouples, standard mercury thermometer and pressure transmitter.

Hangzhou Water Treatment Technology Development Center Co., Ltd.
Legal representative: WANG Shougen; Registered capital: CNY 95.00 million; Scope of main businesses: membrane separation technology development; manufacture and sales of separated membrane; water treatment technology and product development; technical services; evaluation and consulting of water treatment equipment and environment; testing of separation membrane performance and water quality (with certificate of qualification); construction of basic engineering, construction engineering, municipal engineering and environmental engineering; installation and commissioning of water treatment system; sales, design and production of water treatment accessories; domestic advertising; import and export business.

China National BlueStar (Group) Co., Ltd.
Legal representative: Ren Jianxin; Registered capital: CNY 18168.869929million; 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.

Elkem Silicones France SAS(ex-Bluestar Silicones France SAS)
Legal representative: M Frederic JACQUIN; Registered capital: Euro 185,683,380; 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.

GDEM Conseil
Legal representative: Gérard Deman; Registered capital: Euro 1,450; Scope of main businesses: Business and other management advice. The company is owned by the chairman of the board.

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 17th Meeting of the Sixth Board of Directors of the Company;

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

Respectively submitted,

BlueStar Adisseo Company
Board of Directors
20 March 2018