Clarification Announcement of Wanhua Chemical Group Co., Ltd.

The Board of Directors and all the directors of the Company undertake that the information in this announcement contains no false records, misleading statements or material omissions, and they are jointly and severally liable for the veracity, accuracy, and integrity of the content hereof.

I. Summary of media reports

Recently, there are some media reports on "Wanhua Raises Its Price of Chemical Polymeric MDI by 300 yuan/ton, Breaking the Record of the Second Season", "Price of Chemical Polymeric MDI of Wanhua Soars Significantly; High Profits May Be a New Normal" and "Wanhua Gives a Surprising Shot -- It Will Launch the PMMA Project with the Highest Single-Production-Line Productivity in the World". It is said that the price of polymeric MDI has been raised to 3000 yuan/ton, that Wanhua is investing PMMA and MMA projects, and is planning to start the second phase of Wanhua Yantai Industrial Park, etc.

II. Clarification announcement

Wanhua is making the following announcement in response to relevant media reports:

1. In reports "Wanhua Raises Its Price of Chemical Polymeric MDI by 300 yuan/ton, Breaking the Record of the Second Season" and "Price of Chemical Polymeric MDI of Wanhua Soars Significantly; High Profits May Be a 'New Normal'", it is said that "Wanhua has raised the price of polymeric MDI to 26,000 yuan/ton".

Clarification: On Jun 29, 2017, Wanhua issued Lin No. 2017-47 Announcement-"Announcement of Polymeric MDI List Price in the China region on July 2017 of Wanhua Chemical Group Co., Ltd.", in which it is stated that the list price of polymeric MDI in the China region is 23,000 yuan/ton. The price hasn't changed so far.

Current quoted prices of some traders in the market don't represent the list price
of Wanhua.

2. In the report "Wanhua Gives a Surprising Shot -- It Will Launch the PMMA Project with the Highest Single-Production-Line Productivity in the World", it is said that "Wanhua is investing 410 million yuan to construct a plant with the annual production of 80,000 ton PMMA. When finished, it will be the plant with the largest single-production-line productivity of PMMA in the world, with an annual production value of 2 billion yuan and 0.4 billion yuan of profit and tax." And Wanhua is also planning "an MMA project with the total investment of 3.4 billion yuan".

Clarification: MMA (Methl Methacrylate) and PMMA (polymethyl methacrylate) are extended products of Wanhua's petrochemical industrial line. MMA is mainly used as the raw material of PMMA. In the 2016 annual report "Discussion and Analysis of Business Conditions", Wanhua mentioned that self-developed new products such as MMA and PMMA are still in the industrialized development phase. Current situation of the projects shows that the output of MMA is expected to be 50,000 ton/year, with the estimated investment of 1 billion yuan. The MMA project is planned to be completed in the second half year of 2018. The estimated annual output of PMMA is 80,000 ton, with 0.4 billion yuan of investment being expected. This project is due to be completed by the second half year of 2018. However, the production value, profit and tax after launching production are unpredictable because the chemical industry market is unstable and the industry is cyclical.

3. In the report "Wanhua Gives a Surprising Shot -- It Will Launch the PMMA Project with the Highest Single-Production-Line Productivity in the World", it is said that Wanhua "is investing 40 billion yuan to the second phase of the project".

Clarification: the second phase of Yantai Industrial Park Project is not an individual project. It consists of several sub-projects of different batches and stages. The investment of each project is influenced by the land accessibility, the environment and security evaluations and the market. There is uncertainty the completion time and progress of projects. Other than MMA and PMMA projects, projects in progress also include the PC project and the TDI project. First stage of the PC project with the annual output of 70,000 ton has been completed and is under test; the second stage of 130,000 ton/ year is expected to be completed before the end of 2018. The 300,000-ton-per-year TDI project is still under construction, estimated to be completed in the second half year of 2018.
III. Risk Warning

To investors: the China Securities Journal, Shanghai Securities Journal, Securities Times, Securities Daily and the official website of Shanghai Stock Exchange (http://www.sse.com.cn) are the designated disclosure media of Wanhua's information. All the information about Wanhua is subject to reports on the newspapers and website abovementioned. Please invest rationally and be aware of investment risks.

It is hereby notified the above.

The Board of Directors of Wanhua Chemical Group Co., Ltd.

July 14.2017