Wanhua Chemical Group Co., Ltd.

Announcement on the Summary of the Main Contents for 2016 General Meeting of Shareholders

Board of Directors of the Company and all members hereby guarantee that this announcement contains no false representations, misleading statements or material omissions, and shall assume joint and several liability for the veracity, accuracy, and integrity of the contents hereof.

Wanhua Chemical Group Co., Ltd. held the 2016 General Meeting on May 3, 2017. The summary of the main contents is announced as follows:

I. Time: 9:00-11:30, May 3, 2017

II. Location: Multimedia Conference Room of Yantai Wanhua Synthetic Leather Group Co., Ltd., 7 Xingfu South Road, Yantai City

III. Attendants at the meeting:
Wanhua Chemical: Mr. Liao Zengtai (chairman of the board/ president), Mr. Kou Guangwu (executive vice president and chief financial officer, secretary of the board of directors), Ms. Che Yun (the convenor of the Board of Supervisors)

Investors: Industrial Securities, China Merchants Securities, Guotai Junan Securities, Fullgoal Fund, Huaan Fund and other institutional investors, as well as around 120 individual investors.

IV. Main Contents for the Communicating:

Question 1: Where does the Company see the MDI price going in the future?
Answer: MDI price is too high to be conducive to the steady development of the downstream industries. Wanhua wish to become one of the MDI market leaders in China, and protect the benign development of the downstream industries via a healthy and orderly growth of MDI market. In view of the foregoing, we hope that the price of MDI remains reasonable.

Question 2: Why the 1st-quarter MDI listing price of the Company is not matching the price for the income and quantity disclosed in the quarterly operation data?
Answer: (1) The product price calculated based on the statement is tax free while the listing price of the company is inclusive of 17% VAT; (2) the MDI listing price of Wanhua is always not necessarily identical to the final closing price, which gives rise to the difference between both prices; (3) around 1/3 of the company's MDI is for export, and the export price is different from the import one.
Question 3: What's the margin level of the LPG trading engaged in by the company?
Answer: The company mainly rely on the current good reputation among the suppliers in Middle East and United States as well as our 1,180,000 cubic caves as the advantages for LPG trading. The profit level is not amongst our focuses, and we primarily consider to occupy resources for Wanhua via trading.

Question 4: What's the plan for and progress of the North America MDI program?
Answer: The board of directors has authorized the management to carry out preliminary work, currently on the stage of early negotiations for selecting the site in the Louisiana, with focuses on (1) raw material supply; (2) public facilities sharing. In addition, the company will make good use of the time to advance the high-tech going out policy supported by the government.

Question 5: What's the follow-up overhaul plan for the 800,000 tons in Ningbo?
Answer: It is expected to be in the middle and late May, and the company will announce the overhaul plan after determining the date.

Question 6: What is the future capital expenditure of the Company?
Answer: Taking into account the project in the hand of Wanhua, it is expected that there will be about 10 billion yuan of capital expenditure in the next 2-3 years, but the asset-liability ratio will be controlled under 70% in principle.