Announcement of Wanhua Chemical Group Co., Ltd. on Distribution of Interests for 2016

The board of directors (the “Board”) of our company and all members of the Board warrant that there are no false representations, misleading statements or material omissions in this announcement, and are severally and jointly responsible for the authenticity, accuracy and completeness of the content herein.

Notes for Important Content:

- Per-share distribution ratio
  Per-A-share cash dividend is RMB0.5, with 0.2 bonus share for each A share

- Corresponding date

<table>
<thead>
<tr>
<th>Type of share</th>
<th>Date of registering equity</th>
<th>Last trading day</th>
<th>Ex-right (ex-interest) date</th>
<th>Date of listing the new non-restricted tradable shares</th>
<th>Date of paying the cash dividend</th>
</tr>
</thead>
</table>

- Differentiated distribution of dividend by providing or transferring into shares: No

I. Session and date of the general meeting at which the distribution scheme is passed

The distribution scheme was considered and approved at the 2016 general meeting of the Company that was held on May 3, 2017.

II. Distribution scheme

1. Distribution year: 2016

2. Distribution target:

   All the shareholders of the Company that are on the register filed with China Securities Depository and Clearing Corporation Limited, Shanghai branch (hereinafter referred to as CSDC Shanghai) as of the closing of Shanghai Stock Exchange on the equity registration date of May 17, 2017.

3. Distribution scheme:

   The distribution scheme proposes that based on the total share capital of 2,278,344,000 shares of the Company prior to the implementing thereof, each shareholder be declared a cash dividend of RMB0.5 (tax inclusive) for every share, totalling RMB1,139,172,000.00, together with bonus shares of 455,668,800 shares. Thereafter, the total share capital will be 2,734,012,800 shares.
III. Corresponding date

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IV. Method on implementing distribution

1. Implementation method

   (1) The cash dividend company entrusts CSDC Shanghai to, via its capital settlement system, pay the dividend to the shareholders that are on the register as of the closing session of Shanghai Stock Exchange on the equity registration date and have requested designated transactions at the members of Shanghai Stock Exchange. The investors that have requested designated transactions may obtain cash dividends at the designated securities operation division on the dividend payment date. The dividends of the investors that have not requested designated transactions will be temporarily kept by CSDC Shanghai and then paid after designated transactions are requested.

   (2) The dividends to be paid will be proportionally counted into the accounts of the shareholders based on the share numbers of the shareholders that are on the register as of the closing session of Shanghai Stock Exchange on the equity registration date.

2. Self-distribution target shareholder: Wanhua Industrial Group Co. Ltd.

3. Instructions on Taxation

   1. Individual shareholders and securities investment fund

      According to Notice of Issues Concerning the Implementation of Differential Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2012] No.85) and Notice of Issues Concerning the Differential Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2015] No.101), for the stocks that are obtained from public issuance and the transfer market and held for more than one month (inclusive), all the dividend earnings shall be taxable with an effective rate of 20%; if the above stocks are held more than one month but no more than one year (inclusive), the effective rate is 10%; and if the above stocks are held more than one year, the dividend earnings are exempted from individual income tax. Individual income tax is exempted for the payment of cash dividend for this year, and the cash dividend actually declared for each share is RMB0.5. When the individual shareholders and securities investment fund transfer the shares at the equity registration date, CSDC Shanghai will calculate the taxable amounts based on the share-holding period. Such amounts will be deducted from the individual capital account by securities companies and other entrusted share management institutions, and then be paid to CSDC Shanghai. CSDC Shanghai will transfer such amounts to the Company within 5 working days of next month, and
The Company will declare and pay the tax during the statutory declaration period of the month it receives such amounts.

2. Qualified Foreign Institutional Investors

For Qualified Foreign Institutional Investors (QFII) that hold the shares of the Company, pursuant to provisions in the Notice on Issues Regarding Withholding and Payment of Corporate Income Taxes when PRC Resident Enterprises Distribute Dividends, Bonuses and Interests to the QFII (Guo Shui Han, [2009] No. 47) issued by the State Administration of Taxation on January 23, 2009, corporate income taxes are withheld and paid by the Company at the uniform tax rate of 10%, and the cash dividend actually declared for each share is RMB0.43 after tax. If related shareholders deem necessary to claim the preferential treatment as stipulated in tax treaties (arrangements) after obtaining dividend and bonus incomes, application for tax refund can be submitted to the governing tax authority after obtaining such dividends and bonuses in accordance with the regulations.

3. Account filed with Hong Kong Securities Clearing Co. Ltd.

For the Hong Kong market investors (whether corporate and individual) that invest in the shares of the Company via Shanghai-Hong Kong Stock Connect, pursuant to the Notice on Tax Policy Regarding Shanghai-Hong Kong Stock Connect Pilot Programs (Cai Shui [2014] No.81), their dividends will be paid by the Company via CSDC Shanghai through the accounts of the nominal shareholder (Hong Kong Securities Clearing Co. Ltd.). The cash dividend declared for each share is RMB0.43 after taxation at the rate of 10% that is used to withhold and pay the income tax.

4. Institutional investors and legal-person shareholders

For institutional investors and legal-person shareholders, the income taxes from dividends shall be paid by their own, and the cash dividend actually declared for each share is RMB0.5 before tax.

5. Restricted shares of listed companies that are held by individuals.

For the natural-person shareholders of the restricted tradable shares, pursuant to the Notice of Issues Concerning the Differential Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2012] No.85), with regards to the restricted shares of listed companies that are held by individuals, the share-holding period for the dividend obtained after the restriction is released is calculated from the date of releasing the restriction; with regards to the dividends obtained before the restriction is released, they remain temporarily subject to income tax at a rate of 50%, and those to which the applicable 20% applies are subject to individual income tax, and the effective taxation rate is 10%.

V. Table on the change in the share capital structure

<table>
<thead>
<tr>
<th>Prior to the change</th>
<th>Number in change</th>
<th>After the change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares sent for free</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
I. Restricted tradable shares (non-tradable share)  
116,009,280  23,201,856  139,211,136

II. Non-restricted tradable shares (tradable share)  
2,162,334,720  432,466,944  2,594,801,664

1. A share  
2,162,334,720  432,466,944  2,594,801,664

III. Total share number  
2,278,344,000  455,668,800  2,734,012,800

VI. Instructions on diluted earnings per share

After the scheme on sending for free and transferring into shares is implemented, the earnings per share for 2016 is RMB1.35, which is diluted based on 2,734,012,800 shares of total new share capital.

VII. Contact Information

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It is hereby notified the above.

The Board of Directors of Wanhua Chemical Group Co., Ltd.
May 12, 2017