Announcement on the Early Progress of the Proposed Polyurethane Industry Chain Integration-Ethylene Project

The board of directors of the company and all members of the board guarantee that there are no false representations, misleading statements or material omissions in this announcement, and will assume individual and joint liability for the authenticity, accuracy and integrity of the content hereof.

According to the “Announcement on the Resolutions of the 2nd Interim Session of the 7th Board of Directors of Wanhua Chemical Group Co., Ltd.in 2017”(Announcement No.2017-52) published by the Company on August 1st, 2017, the Company has proposed the Polyurethane Industry Chain Integration-Ethylene Project, and the Board of Directors has authorized the Company to carry out the preliminary report for approval and other early-stage work for the Project. The progress of the Project is hereby announced as follows:

I. Basic Information of the Proposed Project

Project Name: Polyurethane Industry Chain Integration-Ethylene Project of Wanhua Chemical Group Co., Ltd.

Location: Wanhua Yantai Industrial Park in Chemical Industry Park of Economic and Technological Development Zone, Yantai, Shandong Province

Major Facilities: 1,000,000 Tons/Year Ethylene Equipment; 150,000 Tons/Year EO Equipment; 450,000 Tons/Year LLDPE Equipment; 300,000/600,000 Tons/Year PO/SM Equipment; 50,000 Tons/Year Butadiene Equipment; 400,000 Tons/Year PVC Equipment, and supporting and public utilities.

Investment Amount and Fund Source: Total investment of RMB 17.8 billion, which is mainly funded by self-owned capital and bank loans.

II. Progress of the Proposed Project

Up to now, the environment impact assessment, safety assessment and other report preparation work for the Polyurethane Industry Chain Integration-Ethylene Project have been completed, and the application documents have been submitted for the approval by competent governmental authorities.
III. Risk Warning

1. The time to obtain the approval of the Project is uncertain.

2. The approved investment amount and major facilities may not be consistent with those reported.

3. Investment in the Project must be adopted by the meeting of the Board of Directors and the general meeting of shareholders.

The Company will make timely announcements according to the progresses of the Project. All investors are advised to pay attention to investment risks.

It is hereby notified the above.

Wanhua Chemical Group Co., Ltd.

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