Wanhua Chemical Group Co., Ltd.

Announcement on the Reception of Investors for Company Survey

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.

Wanhua Chemical Group Co., Ltd received survey by investors on November 6, 2017. Main situations are hereby announced as below:

**I. Reception time:** 13:30-15:30, November 6, 2017

**II. Reception site:** Meeting Room, Administration Building, Wanhua Chemical

**III. Attendants of the meeting:**

Wanhua Chemical: Executive Vice President and Chief Financial Officer and Board Secretary Kou Guangwu, etc.


**IV. Meeting contents:**

Main survey contents are concluded as below:

**1. Basic situation of the company**

Wanhua Chemical is a Chinese company with independent intellectual property rights in MDI manufacturing technology. Through continuous technological innovation and optimization of industrial structure, Wanhua Chemical's major businesses have covered polyurethane products, petrochemical products, fine chemicals and new materials products.

In the first nine months of 2017, the Company achieved total sales revenue of approximately 38.964 billion yuan with net profit of 7.811 billion yuan. For the specific financial data, please refer to the third quarterly report of the Company for 2017.

**2. Domestic and foreign differences in the application of MDI**
MDI is more widely applied in the downstream industries with varied applications due to different situations at home and abroad. In China, it is mainly applied in home appliances, automobiles, furniture, buildings, leather products, shoes, clothing, textiles and other sectors. In foreign countries, it is mainly applied in buildings, adhesives, cold chain and other fields.

3. Reasons for recent price product price drop and MDI price trend in the future

In winter, pipeline thermal insulation, exterior wall thermal insulation and other industries in the north enter into the off-season, resulting in recent price drop. In addition to the influence of the macro economy, MDI price will also be affected by supply and demand, cost of raw materials and other factors. We believe that the MDI price in 2017 is abnormal. With the new equipment going into operation, the price will gradually return to a reasonable level, which will be conducive to the long-term development of the industry.

4. Main challenges faced by the company:

(1) Talents: Along with the international and diversified development of the company, its human resource will face higher challenges; (2) Safety: As a chemical manufacturer, the company should always put safety and environmental protection at the first place; (3) Technical innovation: Technical innovation is the core competitiveness of Wanhua and is a powerful guarantee for its sustainable operation.

5. TDI and PC project progress

Currently, TDI is under construction and is expected to be completed in 2018; The Phase I PC project with 70,000 tons output has been completed but not put into operation yet, which is subject to the company's announcement; Phase II PC project with 130,000 tons output will be completed by the end of 2018.

6. LPG procurement advantages

With a far-sighted perspective and a pursuit of sustainable development, Wanhua seeks for establishing strategic relations with suppliers and partners for mutual understanding and common development. To facilitate LPG procurement, Wanhua has invited Standard & Poor's, Moody's and Fitch for the company rating and has regularly released English reports in Hong Kong to enable LPG suppliers in the Middle East and the United State to have a better understanding of the company. In February, 2016, Wanhua obtained the CP price recommendation of Saudi Aramco and entered Middle East decision-
making committee of benchmark prices in LPG industry, the first Chinese enterprise that obtains the CP price recommendation right. In August 2017, Wanhua Chemical became the first Chinese member of the Contract Development Committee for Bulk Liquefied Petroleum Gas in Far East Region. All these are beneficial for improving our speaking right in the LPG industry. Besides, our 1 million cu m cave depot and deep-water wharf are also indispensable purchasing advantages.

It is hereby notified the above.

Wanhua Chemical Group Co., Ltd.
November 7, 2017