

## **Investor Relations Call**

**Moderator: Xu, Helen**

**August 13, 2018**

**08:30 AM ET**

OPERATOR: This is Conference # 4769557

Operator Good morning. My name is Kyle and I will be your conference operator today. At this time I would like to welcome everyone to the Gulf Resources 2018 Second Quarter Earnings Conference Call.

All lines will be pleased on mute to prevent any background noise. After the speaker's remarks there will be a question and answer session. If you would like to ask a question, simply press star then the number one on your telephone keypad. To withdraw your question, press the pound key.

Thank you. Miss Xu, you may begin your conference.

Helen Xu Thank you operator. Good morning ladies and gentlemen and good evening to all those of you for joining us from China and we'd like to welcome all of you to Gulf Resources Second Quarter 2018 Earnings conference call.

My name is Helen, the IR Director. Our CEO of the company, Mr. Xiaobin Liu, will also join this call today. I will be offering translation for his comments for the company's operating results during the Q & A section.

I would like to remind you to all our listeners that in this call, certain management's statements during the call will contain forward-looking information about Gulf Resources, Inc. and its subsidiaries business and products within the meaning of Rule 175 under Securities Act of 1933 and Rule 3b-6 under the Securities Exchange Act of 1934, and are subject to the safe harbor created by those rules

Actual results may differ from those discussed today take into account a number of risk factors including, but not limited to, the general economic and business condition in China, future product development and production capabilities, shipments to end customers, market acceptance of new and existing products, additional competition from existing and new competition from the bromine and the other oilfield and power production chemicals, changing technology, the ability to make future bromine assets and the various other factors beyond its control. All forward looking statements are expressly qualified in their entirety by this cautionary statement and the risk factors detailed with the company's reports filed with the SEC. Gulf Resources assumes no obligation to revise or update any forward-looking statements to reflect events or circumstances after the date of this call

Accordingly our company believes expectation reflecting in those forward looking statements are reasonable and there can be no assurance of such will prove to be correct. In addition, any reference to the company's future performance represents the management's estimates as of today, the 13th of August 2018.

For those of you unable to listen to the entire call at this time, a replay will be available for fourteen days at the company's website. The call is also accessible through the webcast and the link is accessible through our website so please locate our press release issued earlier for the details.

(Chinese Language)

Xiaoban Liu (Chinese Language)

Helen Xu (Chinese Language)

So I will be offering translation for Mister Liu.

Thank you very much all for attending the Gulf Resources 2018 Second Quarter Earnings Conference call and the company has surrounding events of the close of the (inaudible).

So today our main thing will be answer all of the questions we received from the investors by Helen first.

Then I will do the response to questions by investors during the Q & A section. For now I will provide to summarize question and answers the company received recently from our shareholders and our investors.

First of all I'd like to look at bromine section regarding its rectification. The first question, that what's the status of approval process for each of the various bromine production plants? For this question we refer to the 10-Q and the press release. Company found an issue with the (inaudible) which provides a very detailed description of the issues in the various government agencies as it relates to the approval process for the various bromine plants. In the interest of time on this conference call we'll look at more conscious answers to these issues so that when it's time for Q & A section.

However the company wants to say that to all the, that all the complete detailed answers that had been reviewed by the company's auditors and lawyers, investors should refer to the 10-Q for more detailed information.

Second, what still needs to be done? There are six factories that had been already completed the rectification (inaudible) areas but there are few (inaudible) rectification did not finish yet.

Question 3, what's the current schedule for re-opening each of the bromine production plants that's past inspection? And in particular when will section one re-open? The opening of the section will be determined by the timing of the approval of the government.

We do not expect section number one to have a significantly different schedule than other factories. We are however optimistic that the issues can be solved at all parties best efforts. The chemical and the bromine industries are important in Shandong. We believe the goal of the government is to provide (inaudible) and (inaudible) for its people but not to close important industries.

Question 4, have you decided which of the alternative approaches as a (inaudible) 2018 press release your intent to follow for the four plants that

did not pass inspection yet. And if not, when do you expect to decide the answers? We are very close to settle the usuals for section number ten. The company is negotiating with a third party about the waste water discharged of the section number ten.

If an agreement is reached the company will invest additional (inaudible) to build a new aqueduct and discharge the waste water to the (inaudible) by the third party for treatment. This should mean that there will be only three factories that could present a problem. This remaining factory that have a slightly more complex issue that needs to be resolved. All bromine factories now require (inaudible) to prevent the halogen water resulting from the production process from flowing into the sea. (Inaudible) do not have (inaudible) via the waste water could be channeled. The company had four alternatives for this factory which do not have (inaudible).

First if you can't form partnerships with at a (inaudible) nearby brought (inaudible) that do have course (inaudible). The nature of these partnerships could take many forms.

Second a (inaudible) petition the government for zoning change so that the additional land for some plants could be obtained. The company believe this might be difficult but even worse (inaudible).

Third the company could negotiate a different method of dealing with this issue.

Or fourth, factories could conceivably be forced to close. At the present time the company is working with Diamond Steel on the issue and they did not reach any final solution yet for the rest of three bromine factories.

So now let's look at question 5. Is definitely closing those four plants still a possibility? If the company can complete the negotiations for factory number ten there would be three factories potentially at a risk.

It's too soon to gather whether solutions can be found for this factory. However as noted about the company is working with the government on this problem.

Question 6, what are the projected costs for the rectification costs in third

quarter and fourth quarter 2018? In 2017 we spent approximately \$17.9 million on rectification. In 2018 we have spent around \$8.7 million on rectification. Our original estimate for rectification costs was \$35 million.

We now expect to spend \$36 million. The additional \$1 million is for the building of aqueduct for factory number ten.

Question 7, what's the level of bromine production (inaudible) do you expect for 3rd quarter and 4th quarter 2018? Answer, the level of production in 3rd quarter and 4th quarter depends on the timing of the approvals from the government. At this point we cannot make a projection. Now let's look at the bromine business and its market.

Question 8, what fraction of bromine production in China do you expect will be permanently closed? We estimate that some, maybe approximately thirty percent of bromine (inaudible) in China we'll be permanently closed but (inaudible) estimates. At the moment there are several state owned enterprises in Shandong that have received final approval and are now producing. There are some smaller producers in (inaudible) province. While Shandong province has many chemical companies in (inaudible) the major problem is the pollution from the iron and steel industries.

Question 9, when do you expect to start landing full production of bromine in (inaudible) and how long do you expect your project will need before (inaudible) bromine production? As we have noted, the concentration of bromine (inaudible) Sichuan province are extremely high. It's our long term strategy to develop and (inaudible) the results.

However after we get our bromine and chemical operations in Shandong and our nature gas business (inaudible) fully operational we have not been able to focus on the (citron) bromine opportunities yet.

Now let's (inaudible) chemical business segment about its new (inaudible).

Question 10, can you provide a update, updated estimates of the schedule for the new (inaudible) and when do you expect that these (inaudible) to be completed? The company has (secured) from the (inaudible) for this chemical plant located at the (inaudible) chemical industry park and the (inaudible) of completed the construction being done dropped and (inaudible) documents to the local authorities for approval.

The company expected to receive feedback from the local authorities however the company does believe there could be a delay for the approval process even though ongoing rectification and approval process for the company's other plants and among industries.

Question 11, when do you expect construction to begin? Answer, we hope to begin construction in first quarter of 2019.

Question twelve, when do you expect the building to be completed? Response, we hope to finish production before the end, finish building before the end of the construction... sorry, we hope to finish the construction before the end of 2019 and begin production at the beginning of 2020.

Question 13, what's your current estimate of the total cost to help break down across (inaudible) re-location (inaudible). Any others? We continue to believe that (inaudible) costs around \$16 million. Most of this money will be for the (inaudible) and (inaudible). And as soon as the company has the approval from the government, we need (inaudible) the budget.

Question 14, due to back cash outflow for the new plan to be in 2018 and 2019? Answer, most of the money we'll be spending in year 2019. Now look at the, let's look at the (inaudible) and then question for the chemical business.

Question 15, any update on what will happen with the land occupied by old factories and will there be any shot on a long term financial responsibilities regarding the former chemical factories? (Inaudible...)  
The company currently have (inaudible) final cost for the old factory, sorry, for the old factories.

For example, we have to continue to provide security and in the long term we're going to see what (inaudible) has planned for that area. We could use the land and perhaps the buildings for some developments. We could use the land itself or we could return the lease back to the government.  
(Inaudible...) project.

Question 16, when the installation of new equipment completed, any of the old (inaudible) complete? If not when do you expect them to be completed? Answer, the installation was completed in July 2018.

Question 17, is the schedule still to begin testing in August and start production in September? Answer, we have not actively tested the equipment to make sure that it works and that there are no issues with the water on (inaudible). We will begin trial production in September.

Question 18, how long do you expect the production to last? We expect the trial production to last for one year.

Question 19, do you already have customers for the natural gas (inaudible)? What's your expectation for natural gas revenue in 2018 if the trial production is successful? We try to have some interesting customers. At this point it's difficult to project how fast the trial production will ramp up.

Question 20, when do you expect the first well to be at full productivity? We expect to be at full production around September of year 2019.

Question 21, if everything is going fine when do you expect the second well be built? We plan to start to drill our next well in the second half of year 2019 if everything goes fine with our first well.

Question 22, how long would it need to be in trial production? From the time we start drilling we expect it will take around (inaudible) to begin full production.

Question 23, what would be your expectation for number of wells drilled in the year 2019? Our current plan are to drill two wells in year 2019.

Question 24, what's your latest cost estimate for the drilling of a new well? At the present expect new well to cost approximately around 3.7, between 3.7 and 4.5 million dollars.

Question 25, are you still considering the possibility of a partnership for the additional well if the first two or three wells show that (inaudible) natural gas results are there any ongoing partnership in discussion? Answer, at the present time we are not having any discussions. We want to get the first well, first two wells operational before we enter into discussion with anyone.

Question 26, are you considering constructing a new chemical factory in Sichuan province? This is not a long term objective, however it could

be important our agreement with (inaudible) allows us to drill for halogen water and other minerals. The (inaudible) of the (inaudible) wants not only to develop its natural gas resources but also to develop other industry that could (inaudible) employment.

If we could open a chemical factory to produce products right from bromine, it could assist our company in getting more drilling licenses. So it could assist our company in getting more drilling wells, not just for bromine but also for natural gas.

Question 27, are you still optimistic about opportunity for natural gas in Sichuan? This (inaudible) problem we have in (inaudible) we are actually more optimistic. We have overcome the difficulties we have faced, so we are now more confident about the future. At the same time, the government policy of closing coal mines and forcing business like our bromine factories to use natural gas and electricity instead of coal had created (inaudible) shortage in China.

Last winter some factories in northern China were closed because there was not enough natural gas. But the order for natural gas as a (inaudible) its increasing (inaudible). We believe we can be a part of the solution.

Now let's look at shareholder value section.

Question 28, we appreciate the commitment of the chairman to buy more shares. How many shares has he been able to buy thus far? If he has been able to start buying when do you expect him to be in a position to do so? Why is this taking so long to get the action going? The answers, the chairman has not yet purchased any shares. If he had, we would have reported immediately. In attempting to purchase shares, the chairman encountered a number of problems and difficulties.

The first was that he needs to set up an account that could trade in US securities. As we have noted before, that has been not easy and very difficult. However it appears that this problem has been solved now.

The second problem is that China has been more aggressive in (inaudible) its citizens from taking money out of China. This is a continual problem but we do believe there are ways to accomplish this.

Finally following the guidance from the company inside the trading policy we have been in a black out period. Normally the blackout period appears before, occurs before the earnings are reported. In this instance, as well as ongoing discussions with the government about closing and reopening all the bromine factories and chemical factories, our chairman is committed to buy the shares he promised. He has indicated that he will purchase shares as soon as he's given the clearance and a chance in the future one year time.

Question 29, (inaudible) company will also take some limited measures to support a stock price. In the near term given that the delay is reopening the bromine plant has had a negative effect on the stock price? If so what measures is the company prepared to take? As noted in the answer above, the company is not currently in a position to buy back stocks.

More significantly, the company believes that the best strategy for the shareholders is for you to get its factories and natural gas project producing and the reopening and then generate profits at a higher level.

Question 30, shareholders appreciated the fact that you communicated about the struggles of the bromine production (inaudible) and natural gas equipment (inaudible). We would encourage you to continue communicating good or bad news between the call today and (inaudible). Are you planning on doing so even more in the future? Answer, we are committed to communicating with shareholders on much more consistent basis. Whenever something happens, whether it's good or bad, we will issue a press release.

Question 31, what impact of the US tariffs on China's goods might have on Gulf Resources? With the (inaudible) of the depreciation of (inaudible) and the trade war between US and China, we believe that imported bromine are becoming more expensive. As a result, the company anticipated that locally supplied bromine could become more popular as price could trend up. The company is optimistic about the long term earnings potential in the company's bromine (inaudible) segment.

Question 32, as you know the latest conference call was very difficult to understand and that a number of answers were not audible. Would you be willing to provide an added conference call script, call transcript of the conference call to ensure that the shareholders can understand the questions and answers, which is something the shareholders can see the importance for

better communication with the company?

Answer, we will provide an added conference call transcript at the conference call to ensure that shareholders can understand the questions and answers. We have no control of the (inaudible). But we are committed to improve our communication with our shareholders and investors.

So this all of the questions we received in queue now and with order responded the answers.

Hi operator, can we open up for the question part? Q & A part?

Operator Ladies and gentlemen, at this time I would like to remind everyone to ask a question, please press star then the number one on your telephone keypad. We will pause for a moment to compile the Q & A roster.

Your first question comes from the line of Jens Meyer. Your line is open.

Jens Meyer Hello congratulations first of all to your accumulation of net worth capital over all the years. I have one question about the government evaluation of fuel, bromine rectification plans and the environmental situation. Can you give a little bit more call out to this? Thank you.

Helen Xu Yeah I think this question, you want to see more details (inaudible) from the beginning. The company's 10-Q and the press release issued that would have more detailed information about it.

Jens Meyer And, thank you. Is it correct that the environmental issues has been completely resolved except of course three or four facilities?

Helen Xu No that's not, six factories have already complete the rectification (inaudible) areas. But there are few (inaudible) the rectification did not finish yet for these six factories. Yes, and for section number ten (inaudible) on the discussion with third parties to build aqueduct to transport halogen water to the desired place, this is for factory ten and the rest three factories did not have a final solution yet. (Inaudible) companies still under discussions with government and the related parties.

Jens Meyer Understand, so you are, your company and for example,

Mister Ming, the chairman with his own company are also in direct contact with the provincial government, is that correct?

Helen Xu Sorry I didn't get to your point.

Jens Meyer In your 8-K or 10-Q filings, you mentioned that the union or the local government is helping you to communicate with the provincial government for the approval.

Helen Xu No, the bromine association, the bromine association. It's (inaudible) only the bromine factories in (inaudible) is helping the company to do negotiations with local government.

Jens Meyer Mhm. Okay so you cannot give any more color but you will provide color as soon as possible? If it's available?

Helen Xu Of course. Yes.

Jens Meyer To our knowledge there was a good rating from the government regarding the evaluation of your progress, is that correct?

Helen Xu We cannot say that and deny it because we did not totally finish yet. But for the first six factories the company, yeah, before they did do it but later on the year several policies come out. So if you look at the company 10-Q and press release you'll have more details.

Since the beginning of the call the policy come out one by one. All have effect to the company's current situation.

Jens Meyer Okay, thank you very much.

Helen Xu Okay, thank you.

Operator Ladies and gentlemen if you would like to ask a question please press star then the number one on your telephone keypad. Your next question comes from the line of Glenn Krevlin. Your line is open.

Glenn Krevlin Yes good morning. Can you hear me?

Helen Xu Yes, hi Glenn.

Glenn Krevlin Okay, I have several questions. My first question is the six bromine facilities that you have spent the \$30 million on to date, that equals how much of prior production?

Helen Xu Mmhm okay. How much processing (inaudible) of the total production is accounted for the company, right?

Glenn Krevlin How much of the total, in the past, like in the past the six facilities that you spent the, that you've already spent the money and attempting to permit, what percent of the output does that represent?

Simple question.

Helen Xu Okay. Okay, yeah I got you. Then your next question? Do you want to do one by one?

Glenn Krevlin Yeah let's do one by one.

Helen Xu Okay.

(Chinese Language)

Xiaoban Liu (Chinese Language)

Helen Xu (Chinese Language)

Okay. Hi Glenn, these six factories which is represented 60% each of the total production of the prior company's production capability.

Glenn Krevlin That was 60, 6-0?

Helen Xu Yes 6-0.

Glenn Krevlin Okay. My second question is given the situation, why have you waited to 2019 to rebuild the chemical facilities, why not, why was this not done

earlier?

Helen Xu

Okay.

(Chinese Language)

Xiaoban Liu

(Chinese Language)

Helen Xu

Mhmm. Okay. .

(Chinese Language)

Okay, here's the response for the question from Mr. Liu. He stated that the company also want to start the construction for these chemical companies as soon, as early as they can. It's not under the company's control on it. Because first of all the company had to buy the land, get land in a rural area, by the government designed that's why we were located in this chemical area.

And then the company have to design, like we mentioned in our press release and in the 10-Q that the company have submitted in its completed draft design and all the related papers to the government and getting the approval, get their feedback and get the approval. And these approvals, it's not one approval only, there are several approvals which need in this process. Like the environmental approval, 50 productions, planning approval and project approval.

Then when we get all the approvals, then the country, the government will issue the company construction factory permits. Then the company can start building its factory.

So the company will try its best to get the all this done as soon as possible. But to get all the related approvals, it'll have to get all the related approvals first from government, otherwise it will be like illegal in the future on

the construction.

Glenn Krevlin Okay. My next question, thank you. My next question is in the past the company has indicated that it needs substantial cash on its balance sheet in order to pursue the natural gas opportunity and that the local governments wanted to see substantial assets, cash.

Given that you're likely to spend \$60 million on chemicals, \$30 million on bromine to date, another \$40 million and potentially more, is the company liquidity sufficient to continue the well program, or the natural gas program?

Helen Xu Okay.

(Chinese Language)

Xiaoban Liu (Chinese Language)

Helen Xu Okay. Hi Glenn. Yes, so based on this actual situation and the company did on time and (inaudible) communication discussion with (inaudible) county local governments about our current situation and about our rectification program in Shouguang and the local governments from (inaudible) also expressed that they understand the situation because overall the whole country is doing this.

And they understand the company's situation and they think, they also want the company to finish its rectification program in Shouguang first.

Glenn Krevlin Okay. And can you further explain to me the \$40 million in the press release, is that for the existing six bromine and salt facilities or is that for other facilities? I was confused what the \$40 million- where it's being spent and why it's being spent, I guess that's my question. Why and where is the \$40 million in the press release being spent?

Helen Xu Okay.

(Chinese language)

Xiaoban Liu (Chinese Language)

Helen Xu Okay, hi Glenn. Here's the answer from Mr. Liu, that this \$40 million is for all the 10 factory's wells but only half of these 10 factory wells we'll be upgrading.

Glenn Krevlin Helen? There's background noise. I can hear nothing...

Helen Xu Okay. Okay, okay. Wait.

(Chinese Language)

Right okay. Hi Glenn is it clear?

Glenn Krevlin Yes if you can start again- I didn't hear one word.

Helen Xu Okay. Okay I will say again. So here's the answer from Mr. Liu that this \$40 million the company planned to spend in 2018 is for all the ten factories, ten bromine factories, half of the wells from the ten bromine factories.

We want to upgrade those wells and keep running them because some of the wells are really old and we need to go further, make the wells more deeper then have more halogen water come out.

Xiaoban Liu (Chinese Language)

Helen Xu Okay. So this year we plan to do 50%, like half of the wells of these 10 bromine factories, next year we'll do the rest half upgrade. The major reason for doing this is that because most of the wells are more than ten years, which is beyond their usage life and have leakage problem. The government does not allow this to happen which will (inaudible) to the nearby land.

The company also wants first off, for itself, secondly for accomplish for the government policy and to build a better foundation for future.

Glenn Krevlin Helen, I'm confused. So how can the company get the ability to open the six wells if you have these issues with the salt mines and you need to spend

another \$40 million? I don't understand how you're going to get them open with that outstanding problem.

Helen Xu No, no, no. It's not like an outstanding problem, it's the company's own because the life, the well is old and the company wants to protect it.

Glenn Krevlin So it's environmentally, you think, sound but you want to expand the uhm, you wanna expand the uh, you want to upgrade the facility but you think it's functional.

Helen Xu Well we want to make the wells better, have a longer life.

Glenn Krevlin Okay so you would...

Helen Xu And the government also encourage company to do this.

Glenn Krevlin Right but this is, but this \$40 million is for all the wells, not just the six wells, I mean the six facilities is that correct?

Helen Xu Yes for all the ten factories, half of the wells from the ten factories. It's a budget of that, but we don't know because the rest three factories we do not know if they are going to get approval yet.

Glenn Krevlin Okay my last question is, I believe in the past that you indicated that a natural gas well I thought, and I could be wrong, you had said about \$2 million per well. Today you're indicating about \$3 to \$4 and a half million, am I incorrect? That in the past it's been \$2 million per well? Is my memory wrong?

Helen Xu I will double check, do you mind? Okay.  
(Chinese Language)

Xiaoban Liu (Chinese Language)

- Helen Xu           Hi Glenn (Chinese Language) Okay. I think that there is a misunderstanding or mistake regarding your \$2 million memory regarding per well because our current well, this first well, which costs more than \$6 million, near \$7 million a well, the first well.
- So in the future we budget to a full well, maybe around \$3 to \$5 million per well, but it definitely cannot be done within \$2 million.
- Glenn Krevlin     And what is the natural gas exploration budget for calendar 2018?
- Helen Xu           2018? If our first well goes fine we want to drill two more wells In the next half year of 2019.
- Glenn Krevlin     And how many wells have you drilled to date?
- Helen Xu           One.
- Glenn Krevlin     And what were the results of that well?
- Helen Xu           It's still under, it's just finished, it's still under testing.
- Glenn Krevlin     Under what?
- Helen Xu           After which we start trial production testing. Like we say that if you look like a response of the questions just now, in question 22 and 23... About like how about the natural gas well like-wait let me check.
- What's the wells schedule, like scheduled to begin testing in August and trial production in September the first well and it's expect to trial production lasts for one year.
- Glenn Krevlin     Okay so if you haven't had the results of the first well that you spent \$6 to \$7 million on, why are you pursuing another well? I'm confused.
- Helen Xu           It's like the first well trial production will finish around September 2019 and the company schedule is for two wells for next half year of 2019.
- Glenn Krevlin     So there's no capital spending on natural gas wells in 2018, all the money was spent last year, the \$6 to \$7 million was spent and now you're awaiting test

results? Is that, is that accurate?

Helen Xu Yes, I think so. Wait, I will double confirm but I think so. (Chinese Language)

Xiaoban Liu (Chinese Language)

Helen Xu Yes our understanding is correct, so there will be no more like major capital expenditure for the first well, but except the maintenance cost.

Glenn Krevlin Okay my last question, and I know I've asked a lot, is how much of the \$60 million for chemical and the \$40 million for the salt mines is going to be spent in 2018?

Helen Xu \$40 million, do mean the additional \$40 million budget, right.

Glenn Krevlin Yes how much of the \$40 million additional and the \$60 million chemical will be spent in 2018? And then the rest will be in 2019 I assume?

Helen Xu Okay.

(Chinese Language)

Xiaoban Liu (Chinese Language)

Helen Xu (Chinese Language)

Xiaoban Liu (Chinese Language)

Helen Xu (Chinese Language)

Xiaoban Liu (Chinese Language)

Helen Xu (Chinese Language)

So for the question, we talk about \$6 million budget for chemical settlement, they ask for \$20 million around, less than \$20 million which will be spent in year 2018, for its launch and designing and in related preparation for all the approvals. Then the rest \$40 million for chemical factories will be spent in year 2019. This is for the \$60 million for chemical settlements. (Inaudible)

Glenn Krevlin Yes, so the answer is 2018, \$20 million.

Helen Xu Yes \$20 million in chemical and \$40 million in 2019. And let's talk about the \$40 million, the \$40 million for bromine wells. They are two-thirds of \$40 million will be spent in year 2018. And then the rest will be spent in beginning of year 2019 but before the 10-K is filed.

Glenn Krevlin So two-thirds, 60 percent will be spent in 2018 of the \$40 million?

Helen Xu Two-thirds of the \$40 million yes, will be spent in year 2018. Yeah and the rest one-third we will spend in beginning of year 2019.

Glenn Krevlin So total capital spending for 2018 is going to be \$30 million, that's been spent on the bromine facilities to date, \$20 million for the chemical And two-thirds of \$40 million, right?

Helen Xu Two-thirds of \$40 million and the plus \$20 million, yes.

Glenn Krevlin The total capital spending for 2018 is projected at what number? That's my last question, I promise. Capital spending, 2018?

Helen Xu For the rest, for the 2018 year, would be around forty-six million, the rest of year of the capital expenditure would be forty-six million.

Glenn Krevlin No I'm asking for total capital spending. Total for the company, what is the projection for 2018?

Helen Xu (Chinese Language)

Xiaoban Liu (Chinese Language)

Helen Xu Hi Glenn. Hello?

Glenn Krevlin I just need a, one number, estimated capital spending. What is it?

Helen Xu Sixty-five, around \$65 million total for the year 2018.

Glenn Krevlin Okay Helen, but I got \$25 million is two-thirds of \$40 million. \$20 million for chemicals, \$20 million for chemicals and \$27 million you reported has been spent on the existing bromine- that's \$70 million. So some number you gave me is wrong.

Helen Xu Glenn, no number here is wrong in my calculation. First of all, we...

(Chinese Language)

Wait, okay. Hi Glenn.

Xiaoban Liu (Chinese Language)

Helen Xu (Chinese Language)

Hi, so you see my calculations. So \$30 million for chemicals, and then two-thirds of the \$40 million which is around \$26 million, right?

Glenn Krevlin Yes, I have \$25 million, yep.

Helen Xu And \$1 million for section number ten.

Glenn Krevlin The 27...

Helen Xu (Inaudible) number 10

Glenn Krevlin Yep, okay.

Helen Xu Okay and for the bromine rectification which part of \$35 million budget and the company already spent \$18 million so the rest, \$17 million we spent only in year 2018.

Glenn Krevlin I thought you said in the press release you spent \$27 million of a budget of \$30 million

Helen Xu Yes.

Glenn Krevlin And the \$27 million, so the \$27 million was spent in '17, '18? When was it spent, the \$27 million?

Helen Xu Year, in year 2017 we spent \$17.9 million and in year 2018 we spent \$8.7 million. So \$8.7 million should be in year 2018 budget.

Glenn Krevlin Okay, all right. I am very clear. I didn't recall that part of the \$27 million was spent in 2017, I apologize.

Thank you very much for answering all these questions. I think it's much, I

think you painted a very clear, a clearer picture. Thank you very much,  
thank you very much.

Helen Xu            Okay you have any questions feel free to email me.

Glenn Krevlin     I'm good now. Thank you.

Helen Xu            Okay thank you. Have a good day, bye -bye.

Hi operator, I think no more questions and our time is up. Can we close  
for the call today?

Operator            Go ahead.

Helen Xu            Yeah can we close for the call today?

Operator            All right, do you have any closing remarks?

Helen Xu            No. Just simply close the call for today. Thank you have a good day.

Operator            That concludes today's conference. You may now disconnect.