

China Petrochemical Development Corporation

Annual Shareholder Meeting Handbook 2014

Time: June 26, 2014 (Thursday), 9:30 a.m.

Location: The Toufen Plant of China Petrochemical Development Corporation
(No. 217, Sec.2, Ziqiang Road, Toufen Township, Miaoli County,
Taiwan)

DISCLAIMER

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2014 ANNUAL SHAREHOLDERS' MEETING (THE "HANDBOOK") OF CHINA PETROCHEMICAL DEVELOPMENT CORPORATION (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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I. Meeting Procedures

1. Call to Order 2014 Annual Shareholders' Meeting

(Report the number of shares represented at the meeting)

2. Declaration of the commencement of the meeting.
3. Report Items
4. Ratification Items
5. Discussion Items
6. Extemporaneous Motions
7. Meeting Adjournment

II. Meeting Agenda

Time: 9:30a.m., Thursday, June 26, 2014

Venue: The Toufen Plant of China Petrochemical Development Corporation
No. 217, Sec. 2, Ziqiang Road, Toufen Township, Miaoli County, Taiwan

Meeting Procedure:

1. Report the number of shares represented at the meeting
2. Declaration of the commencement of the meeting.
3. Opening remarks by the chairman
4. Report Items
 - (1) 2013 Business Report
 - (2) Audit Committee's Review Report
 - (3) Status of the capital raising proposal by means of the issuance of common shares to participate in Global Depository Receipts ("GDR") offerings resolved by shareholders at the 2013 Annual General Meeting.
 - (4) Other reporting items
5. Ratification Items
 - (1) Ratification of the 2013 Business Report and Financial Statements
 - (2) Ratification of the 2013 Loss Appropriation Proposal
6. Discussion Items
 - (1) Discussion of amendments to the "Procedures for Acquisition and Disposal of Assets."
 - (2) Discussion of re-submission of the capital raising proposal by GDR offerings resolved at the 2013 Shareholders meeting with the same terms and conditions and an issue size no greater than 300 million shares.
7. Extemporaneous Motions
8. Adjournment

III. Report Items

1. 2013 Business Report

Description: 2013 Business Report (Please refer to Attachment 1).

2. Audit Committee's Review Report

Description: Audit Committee's Review Report (Please refer to Attachment 2).

3. Status of the capital raising proposal by means of the issuance of common shares to participate in Global Depository Receipts ("GDR") offerings resolved by shareholders at the 2013 Annual General Meeting:

Description:

A. Shareholders at the Company's annual general meeting held on June 28, 2013 resolved the capital raising proposal by means of the issuance of common shares to participate in Global Depository Receipts ("GDR") offerings:

To enhance the Company's financial condition for working capital needs, investment in China subsidiaries, and future business development and to advance the Company's competitiveness, it was proposed that the shareholders' meeting authorize the Board of Directors to issue one time or at multiple times up to a maximum of 300,000,000 common shares for capital increase to participate in GDR offerings, based on market conditions.

B. To accommodate the plan for investment in China subsidiaries and adjustment of the funding schedule, the above-mentioned GDR issuance was not initiated and thus expired.

4. Other Reporting Items

IV. Ratification Items

ITEM 1: Ratification of the 2013 Business Report and Financial Statements

(Proposed by the Board of Directors)

Proposal: Submission of the Company's 2013 business report and financial statements for ratification.

Description:

1. The Company's 2013 financial statements have been audited by Ms. Melody Chen and Mr. Charles Chen of KPMG.
2. The Company's 2013 business report and financial statements have been reviewed and determined to be correct and accurate by the Audit Committee of the Company, and are hereby submitted for adoption.
3. Please refer to:
Attachment 1: 2013 Business Report
Attachment 3: 2013 Financial Statements

Resolution:

ITEM 2: Ratification of the 2013 Loss Appropriation Proposal
(Proposed by the Board of Directors)

Proposal: Submission of the proposal for appropriation of 2013 losses for ratification.

Description:

1. The Company's net loss after-tax for 2013 is NT\$1,429,922,313. With the inclusion of undistributed earnings at the beginning of the period amounted NT\$551,861,489, plus the effect of the transition to Taiwan-IFRS of NT\$174,601,803, and after deducting the recognized actuarial loss of NT\$56,854,187 for the year in defined benefit plan, the loss to be appropriated is equal to NT\$760,313,208.
2. Please refer to Attachment 4 for the 2013 Loss Appropriation Statement.

Resolution:

V. Discussion Items

ITEM 1: Discussion of amendments to the “Procedures for Acquisition and Disposal of Assets”

(Proposed by the Board of Directors)

Proposal: Submission of a proposal to amend certain parts of the Company’s “Procedures for Acquisition and Disposal of Assets”.

Description:

1. Certain parts of the Company’s “Procedures for Acquisition and Disposal of Assets” are proposed to be amended in accordance with the amendments made in the *Regulations Governing the Acquisition and Disposal of Assets by Public Companies* promulgated by the Financial Supervisory Commission (“FSC”) on December 30, 2013 (Ref. 1020053073).
2. Please refer to Attachment 5 for the pre and post-amendment comparison table.

Resolution:

ITEM 2: Discussion of resubmission of the capital raising proposal by Global Depository Receipts (“GDR”) offerings resolved at the 2013 Shareholders meeting with the same terms and conditions and an issue size no greater than 300 million shares.

(Proposed by the Board of Directors)

Proposal: Resubmission of the capital raising proposal by GDR offerings resolved at the 2013 Shareholders meeting that was not initiated and expired due to accommodating the plan for investment in China subsidiaries and adjustment of the funding schedule, with the same terms and conditions, to the 2014 Shareholders meeting for approval.

Description:

1. In order to accommodate the plan for investment in China subsidiaries and adjustment of the funding schedule, the capital raising proposal by GDR issuance resolved at the 2013 Shareholders' meeting was not initiated and thus expired. The Company resubmits the proposal with the same terms and conditions for the 2014 shareholders' meeting for approval.
2. To enhance the Company's financial condition for working capital needs, investment in China subsidiaries, and future business development and to advance the Company's competitiveness, the Company requests approval from shareholders to authorize the Board of Directors to issue one time or at multiple times up to a maximum of 300,000,000 common shares for capital increase to participate in GDR offerings, based on market conditions (hereafter referred as “the Issuance”).
 - A. This Issuance complies with Article 267 of the Company Act: 10% to 15% of the total amount of shares to be issued shall be allocated for subscription by company employees. Except for the portion of shares allocated for the employees' subscription described above, it is proposed for the shareholders' meeting to approve the rights to subscribe to the remaining shares shall be waived by the shareholders and such remaining shares should be offered to the public under Article 28-1 of the Securities and Exchange Act as the underlying shares of the global depository shares to be sold in the DR Offering. Any new common shares not subscribed by employees of the Company shall be determined by the Chairman, as authorized by the Board of Directors, depending on the market needs, to be allocated as underlying shares of the global depository shares or to be subscribed by the designated person(s).
 - B. The issuing price of the Issuance will be set in accordance with Article 9 of the “Self-regulatory rules of the Taiwan Securities Association underwriter members in respect to capital raising and securities issuance.” The issuance price shall not be lower than the closing price on the pricing date, or 90% of the simple average with one of the one, three, five trading days before the pricing date and the pricing date closing price after dividends. Considering the likelihood of share price volatility, and in accordance with international capital market practices, and with discussions with the underwriters. The price determination shall follow regulations from government authorities. Existing shareholders can purchase domestic common shares at the price close to GDR price without taking exposure to currency exchange risk. Thus, the price determination above shall be considered reasonable.

- C. The Company requests approval from the shareholders' meeting to authorize the board to deal with the condition, quantity, price, amount, fund allocation and usage, underwriter selection, with changes to the above if necessary and other related matters regarding the Issuance. In addition, the Company requests approval to allow the board to authorize the chairman or chairman's designated representative to sign any contracts related to the Issuance and to conduct related matters regarding the Issuance.
2. The Issuance is limited to a maximum of 300,000,000 shares, is approximately 12.93% of total shares outstanding of the Company, and shall not cause major share dilution to the current shareholders. The capital increase is primary for the expansion plan in China, to improve long term competitiveness and profitability, and to also strengthen the Company's financial capital.
 3. The newly issued shares from the capital raising are entitled to the same obligations and rights as the original shares.
 4. After the approval by the shareholders and the pertinent government agencies, the Board of Directors is authorized to carry out the matter regarding new share issuance in adherence to regulations.
 5. This proposal has been approved by the Board of Directors and is hereby submitted to the Shareholders' Meeting for discussion.

Resolution:

VI. Extemporaneous Motions

VII. Meeting Adjournment

Attachment 1

China Petrochemical Development Corporation 2013 Business Report

The Company reported 2013 consolidated revenues of NT\$35.3 billion, net operating loss of NT\$1.797 billion and net loss after-tax of NT\$1.461 billion. Below is a detailed breakdown of the Company's 2013 performance.

1. Sales of Major Products

A total of 196,000 tonnes of Acrylonitrile (AN) and related byproducts were produced in 2013, which were 1,000 tonnes or 1% less than 197,000 tonnes in 2012. Sales volume in tonnes grew 1,000 tonnes or 1% from 197,000 tonnes in 2012 to 198,000 tonnes in 2013. The production of Caprolactam (CPL) and related byproducts decreased by 20,000 tonnes or 6% from 319,000 tonnes in 2012 to 299,000 tonnes in 2013. Sales volume in tonnes decreased by 10,000 tonnes or 3% from 289,000 tonnes in 2012 to 279,000 tonnes in 2013. The adjustments of production and sales were made primarily in response to the newly added production capacities in Asia and the changing industry landscape. To protect the interests of contract customers, although Acetate Acid products were no longer produced in 2012 in consideration of the efficiency and economies of scale of future production, a total of 25,000 tonnes were purchased and sold to customers with contracts in 2012.

2. Operating Revenue and Expense:

- 1) Operating revenues were NT\$35.339 billion, decreased 8% or NT\$3.014 billion from NT\$38.353 billion in 2012, specifically:
 - a. The revenues from AN and GAC and related byproducts were NT\$11.687 billion, decreasing 7% or NT\$805 million from NT\$12.491 billion in 2012. The decrease was mainly driven by a 5% decline in unit price from 2012 for AN products. Sales volume for Acetic Acid from contract customers reduced by 25,000 tonnes from previous year also accounted for the revenue decline.
 - b. The revenues from CPL and byproduct were NT\$20.44 billion, decreasing 7% or NT\$1.584 billion from NT\$22.024 billion in 2012. The decrease was mainly resulted from a 5% drop in unit price from 2012 for CPL. Sales volume of nylon chips, impacted by market conditions, was reduced by 9,000 tonnes from the previous year, which also accounted for the revenue decline.
 - c. The revenues from other departments (including subsidiaries) were NT\$3.212 billion, down 6% or NT\$626 million from NT\$3.838 billion in 2012. The unit price of ammonia sulfate (AS) fell 25% from last year primarily attributed to the decline.
- 2) Net operating loss was NT\$1.797 billion, up 198% or NT\$1.195 billion from net operating loss of NT\$602 million in 2012. The deteriorating operating profits in 2013 were due to increased competition from capacity oversupply for CPL in China, which caused changes in

the industry landscape. Combined with slower economic growth and weak recovery in China, this resulted in significant price pressure on CPL. The decline in CPL price from 2012 negatively impacted profitability and drove net profits lower by NT\$810 million. In regards to AN, due to the decline in demand or substitution effect for downstream products, ABS and acrylic fibers, sale prices also declined, resulting in a profit decline of NT\$450 million. With the continued effort by the management team, NT\$370 million was added to the net profit from savings in improved production efficiency and reduction in operating expenses compared to 2012. Nonetheless, the overall operating loss was significantly higher than last year due to unfavorable market and economic conditions.

- 3) Non-operating profits decreased NT\$2.136 billion or 84% from NT\$2.547 billion in 2012 to NT\$411 million. The decrease was primarily resulted in the non-recurring gains occurred last year: disposal gains of NT\$1.357 billion from the sale of equity interests in Taiwan Prosperity Chemical Corporation and NT\$272 million from sale of land located at Fengbitou Section, and the gain on reversal of impairment loss on assets amounted to NT\$316 million. Below are the highlights of 2013 non-operating profits:
 - a. NT\$367 million from proportionate interests in subsidiaries and affiliates recognized under the equity method.
 - b. NT\$167 million from interest income, dividend income, and other incomes.
 - c. NT\$109 million from foreign currency exchange P/L, loss from impairment of assets, and other losses.
 - d. NT\$14 million from financial cost and interest cost.
- 4) 2013 Net Loss before Tax was NT\$1.386 billion, decreasing NT\$3.331 billion or 171% from net profit of NT\$1.945 billion in 2012.
- 5) 2013 Net Loss after Tax was NT\$1.461 billion or NT\$0.62 per share. Comparing to Net Profit after Tax of NT\$1.58 billion or NT\$0.69 per share in 2012, the Net Profit after Tax decreased NT\$3.041 billion or 192%.

3. 2013 Financial Performance:

- 1) Financial structure overview: At the end of 2013, total consolidated assets amounted to NT\$45.561 billion; total liabilities was NT\$13.687 billion; and shareholder equity was NT\$31.875 billion.
- 2) Key financial ratios: Current Ratio stood at 220%, Quick Ratio was 173%, and Debt Ratio (Debt to Total Assets) was 30.04%.
- 3) Cash and Cash Equivalents: Cash and Cash Equivalents inflow from operating, investing and financing activities was NT\$2.874 billion during 2013. The year-end balance was NT\$8.187 billion.

4. Key Management and R&D

2013 key management initiatives include the following aspects. For production, a cyclohexanone

production facility was built to provide raw materials for manufacturing CPL. In addition to enhancing self-sufficiency and procurement flexibility for raw material, the facility can effectively reduce production cost and adjust the production output with optimal manufacturing process for both CPL and AN in response to market demand. We also continued to promote electronic systems and automation to further reduce manufacturing costs and improve our productivity within the production plants. For labor safety and environmental protection, we set up an internal audit team and security group to patrol the manufacturing plants and monitor labor safety, in an effort to achieve a safer working environment. For management, ERP system optimization, office automation and HR inventory were implemented to strengthen management. We also continued the construction of integrated information infrastructure incorporating technology R&D, market intelligence and engineering capability to support management decision-making and to respond to challenges brought by environmental change. As for financial management and capital planning, we restructure lines of credit with financial institutions and engage in active cash management to improve working capital and intend to raise more capital to support the needs of business expansion.

For the R&D segment, reducing manufacturing costs while introducing more energy preserving and emission reducing (or “green”) production processes continued to be our priority. In addition to technology innovation for our current manufacturing process, CPDC has also set up a New Product Development team responsible for the development of downstream derivatives products, functional polymer products and specialty chemicals, and investigating business opportunities and launching marketing campaigns for new products. With several new products and pilot plants continuing to come on stream, this new team will utilize these facilities to develop and test our own technology to underscore our leadership in the petrochemical industry. In 2013, CPDC received approval for 35 new patents. An additional 13 applications were submitted and are currently in the approval process. In aggregate, CPDC has registered 115 invention patents over the years. Our intellectual property management system was the first system among our peers to be accredited by the Taiwan Intellectual Property Management System (TIPS), a system sponsored by the Industrial Development Bureau, Ministry of Economic Affairs.

5. Future Prospects

In recent years, with the emerging Chinese competitors in the petrochemical industry and the impact of competition from South Korea and Japan, coupled with the commercial scale shale gas extraction, global energy, petrochemical, textile, plastics, and related downstream industries have been affected. Taiwan is not exempted from the changing industry landscape. Facing the challenges of industry structural change and heightened awareness of environmental protection, expansion of bulk petrochemical products is becoming increasingly difficult. Along with the severe challenge from volatile prices of raw materials, surging energy prices and tariff barriers, controlling raw materials, staying close to the market and expanding our capacity abroad, particularly in China, is the inevitable choice for CPDC.

To grasp the business opportunities brought by the 12th five-year plan for China, CPDC has laid out the expansion roadmap in Rudong, China. With our advanced production techniques and talented personnel, an integrated petrochemical base will be built in several phases based on a

rolling development strategy. We will establish a sustainable operations model by prioritizing manufacturing products related to our current products - a cyclohexanone production line is being built to enhance product competitiveness and to solve the issue of raw material integration, so as to stay closer to the market and to lower transportation and storage costs. This expansion plan will enable us to grasp market dynamics in production and sales and to establish a solid operation model to strengthen cross-strait competitiveness. Finally, CPDC will continue to conduct business in a socially responsible fashion, enhance our corporate governance practices and achieve the triple bottom line sustainability.

Going forward, the management team will proactively seek breakthroughs and elevate competitiveness by endogenous growth and seize opportunities for future development to counteract drastic changes in the business environment. CPDC will not only strengthen R&D and enhance product add-on values, but will also advance our competitive edge in higher-value petrochemical products. We plan to integrate the advantages of the two markets and build management to strengthen operations in both China and Taiwan and actively lay out the foundation for the Rudong integrated petrochemical base in China, and to mandate the management team to fully exploit its advantages to maximize value for the Company and its shareholders.

Chairperson:



Manager (acting CEO):



Accounting Manager:



Attachment 2

China Petrochemical Development Corporation Audit Committee's Review Report

The Board of Directors has prepared the Company's 2013 Business Report, Financial Statements, Consolidated Financial Statements and Loss Appropriation Statement for 2013. The CPA firm of KPMG was retained to audit China Petrochemical Development Corporation's Financial Statements and Ms. Melody Chen and Mr. Charles Chen have issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, Consolidated Financial Statements and loss appropriation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of China Petrochemical Development Corporation. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

China Petrochemical Development Corporation

Convener of the Audit Committee: 陳瑞隆 陳瑞隆

April 23, 2014

Attachment 3

China Petrochemical Development Corporation Independent Accountant's Audit Report

(English Translation of Consolidated Financial Report Originally Issued In Chinese) INDEPENDENT ACCOUNTANTS' AUDIT REPORT

The Board of Directors and Stockholders
China Petrochemical Development Corporation

We have audited the accompanying consolidated balance sheets of China Petrochemical Development Corporation and its subsidiaries (the Consolidated Company) as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of one of the consolidated subsidiaries, Chung Hua Shuang Tzu Hsing Kai Fa Co., Ltd., were audited by other auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts for the company, were based solely on the report of other auditor. The total assets of Chung Hua Shuang Tzu Hsing Kai Fa Co., Ltd. were \$2,379,388 thousand, representing 5% of consolidated total assets as of December 31, 2013, and the total operating revenue thereon of \$0 thousand, representing 0% of consolidated total operating revenue for the year ended December 31, 2013. Moreover, certain investments, which were accounted for under the equity method based on the financial statements of the investees, were audited by other auditors. Our audit, insofar as it related to the investments accounted for under the equity method balances of \$1,581,316 thousand, \$1,834,912 thousand and \$2,389,850 thousand, representing 3%, 4% and 4% of consolidated total assets as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, and the related shares of investment income from subsidiaries, the associated and joint ventures accounted for using equity method thereof amounting to \$169,430 thousand and \$376,268 thousand, representing (12)% and 19% of consolidated net (loss) income before income tax for the year ended December 31, 2013 and 2012, respectively, were based solely on the reports of other auditors.

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall

Notes to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

consolidated financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of China Petrochemical Development Corporation and its subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and the results of their consolidated operations and their consolidated cash flows for the years ended December 31, 2013 and 2012, in conformity with the “Guidelines Governing the Preparation of Financial Reports by Securities Issuers”, the International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance translated by Accounting Research and Development Foundation endorsed by the Financial Supervisory Commission of the Republic of China.

As described in Notes 6.i and 6.m, the Tainan Municipal Government and Environment Protection Administration, Executive Yuan publicly announced that a portion of the land at the Anshun plant was polluted and designated it as under pollution control. As China Petrochemical Development Corporation never used the land since it took over from its merger with TAIC, the Company still has a dissenting view on the government perception about the condition of pollution. Aside from cooperating with the government in its control and management procedure, the Company is seeking a way to define its responsibilities. In addition, the China Petrochemical Development Corporation submitted for approval a remediation project proposal to the Tainan Municipal Government in accordance with the related regulations and accrued relevant remediation project expenses in June 2008. This remediation project proposal was approved in May 2009.

We have audited and expressed a modified unqualified opinion on the parent company only financial statements of China Petrochemical Development Corporation for the years ended December 31, 2013 and 2012.

KPMG
CPA: Melody Chen
CPA: Charles Chen
Securities and Futures Commission
Ministry of Finance, R.O.C. regulation
(88) Tai-Tsai-Jung (6) No. 18311
March 26, 2014

Notes to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditors’ report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors’ report and financial statements, the Chinese version shall prevail.

(English Translation of the Report Originally Issued in Chinese)

CHINA PETROCHEMICAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2013, December 31, 2012 and January 1, 2012

(Expressed in thousands of New Taiwan dollars)

ASSETS	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
Current assets						
Cash and cash equivalents (Notes 4 and 6 a.)	\$ 8,186,545	18	5,312,792	12	13,487,033	25
Financial assets reported at fair value through profit or loss - current (Notes 4 and 6 b.)	1,088,420	2	606,915	1	650,886	1
Notes and accounts receivable, net (Notes 4 and 6 c.)	2,223,097	6	2,730,198	6	3,178,823	6
Accounts receivable from related parties, net (Notes 4, 6 c. and 7)	129,608	-	147,187	-	124,726	-
Other receivables	53,315	-	811,756	2	93,788	-
Inventories (Notes 4 and 6 d.)	2,708,127	6	2,780,905	6	2,659,340	5
Prepayments	191,530	-	707,626	2	447,651	1
Non-current assets held for sale (Notes 4 and 6 e.)	-	-	-	-	2,327,215	4
Other current assets	333,877	1	1,536,088	3	362,466	1
Total current assets	14,914,519	33	14,633,467	32	23,331,928	43
Non-current assets						
Available-for-sale financial assets - non-current (Notes 4 and 6 b.)	1,592,009	4	1,246,206	3	3,051,565	6
Financial assets carried at cost - non-current (Notes 4 and 6 b.)	1,285,419	3	687,934	2	687,934	1
Investments accounted for using equity method (Notes 4 and 6 f.)	2,503,943	5	2,869,779	6	3,285,630	6
Property, plant and equipment (Notes 4 and 6 h.)	18,797,074	41	19,422,071	43	17,395,607	32
Investment property, net (Notes 4 and 6 i.)	6,402,931	14	6,403,256	14	6,403,582	12
Intangible assets (Notes 4 and 6 j.)	21,972	-	49,787	-	55,019	-
Deferred tax assets (Notes 4 and 6 q.)	4,204	-	25	-	25	-
Other non-current assets	39,316	-	37,293	-	118,317	-
Total non-current assets	30,646,868	67	30,716,351	68	30,997,679	57
TOTAL ASSETS	\$ 45,561,387	100	45,349,818	100	54,329,607	100

The accompanying notes are an integral part of the consolidated financial statements.

(With KPMG audit report dated March 26, 2014)

(English Translation of the Report Originally Issued in Chinese)

CHINA PETROCHEMICAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2013, December 31, 2012 and January 1, 2012

(Expressed in thousands of New Taiwan dollars)

	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
LIABILITIES AND EQUITY						
Current liabilities						
Short-term loans (Note 6 k.)	\$ 3,386,798	7	-	-	-	-
Accounts payable	2,032,514	4	2,628,095	6	1,862,126	3
Accounts payable to related parties (Note 7)	21,295	-	26,226	-	21,535	-
Other payables	351,728	1	619,509	1	1,355,751	2
Current tax liabilities (Notes 4 and 6 q.)	53,818	-	63,163	-	848,927	2
Current provisions (Notes 4, 6 m. and 6 p.)	697,355	2	927,697	2	537,097	1
Current portion of long-term bank loans (Notes 6 k.)	-	-	-	-	8,600	-
Other current liabilities, others	242,411	1	161,489	-	1,279,331	2
Total current liabilities	6,785,919	15	4,426,179	9	5,913,367	10
Non-current liabilities						
Long-term bank loans (Notes 6 k.)	400,000	1	-	-	4,247,200	8
Non-current provisions (Notes 4, 6 m. and 6 p.)	1,749,270	4	2,731,203	6	2,954,656	5
Deferred tax liabilities (Notes 4 and 6 q.)	3,873,086	9	3,874,073	9	3,873,483	7
Long-term notes and bills payable (Notes 6 l.)	599,900	1	-	-	-	-
Non-current preference share liabilities (Notes 4 and 6 n.)	165,548	-	-	-	-	-
Other non-current liabilities, others	112,779	-	128,370	-	83,855	-
Total non-current liabilities	6,900,583	15	6,733,646	15	11,159,194	20
Total liabilities	13,686,502	30	11,159,825	24	17,072,561	30
Equity attributable to shareholders of the parent						
Share Capital						
Common stock (Notes 6 r.)	23,199,897	51	23,199,897	51	19,744,593	37
Retained earnings: (Notes 6 r.)						
Appropriated as legal capital reserve	1,823,040	4	1,681,232	4	588,642	1
Appropriated as special capital reserve	8,430,049	19	4,194,973	9	-	-
Unappropriated earnings	(760,313)	(2)	6,263,342	14	16,868,832	32
	9,492,776	21	12,139,547	27	17,457,474	33
Others						
Exchange differences arising on translation of foreign operations (Notes 4 and 6 r.)	(142,972)	-	(190,171)	-	(133,648)	-
Changes in fair value of available-for-sale financial assets (Notes 4 and 6 r.)	(885,919)	(2)	(997,886)	(2)	128,584	-
	(1,028,891)	(2)	(1,188,057)	(2)	(5,064)	-
Non-controlling interests	211,103	-	38,606	-	60,043	-
Total equity	31,874,885	70	34,189,993	76	37,257,046	70
TOTAL LIABILITIES AND EQUITY	\$ 45,561,387	100	45,349,818	100	54,329,607	100

The accompanying notes are an integral part of the consolidated financial statements.

(With KPMG audit report dated March 26, 2014)

(English Translation of the Report Originally Issued in Chinese)
CHINA PETROCHEMICAL DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2013 and 2012
(Expressed in thousands of New Taiwan dollars)

	2013		2012	
	Amount	%	Amount	%
Operating revenue (Notes 4 and 6 t.)	\$ 35,338,541	100	38,352,880	100
Operating costs (Notes 4 and 6 d.)	35,871,077	102	37,537,345	98
Less: Unrealized profit (loss) on intercompany transactions	474	-	1,180	-
Add: Realized profit (loss) on intercompany transactions	1,180	-	831	-
Gross profit (loss)	(531,830)	(2)	815,186	2
Operating expenses				
Selling expenses	636,717	2	728,192	2
Administrative expenses	401,269	1	459,803	1
Research and development expenses	227,201	1	229,565	1
	1,265,187	4	1,417,560	4
Income (loss) from operations	(1,797,017)	(6)	(602,374)	(2)
Non-operating income and expenses				
Other income (Notes 6 u.)	167,199	-	230,694	1
Other gains and losses (Notes 6 u.)	(109,514)	-	1,675,921	4
Finance costs (Notes 6 u.)	(14,261)	-	(17,813)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method (Notes 4 and 6 f.)	367,613	1	658,230	2
Total non-operating income and expenses	411,037	1	2,547,032	7
Income (loss) before income tax	(1,385,980)	(5)	1,944,658	5
Less: Income tax benefit (expense) (Notes 4 and 6 q.)	(74,594)	-	(364,730)	1
Net income (loss)	(1,460,574)	(5)	1,579,928	4
Other comprehensive income:				
Exchange differences arising on translation of foreign operations	46,511	-	(59,170)	-
Changes in fair value of available-for-sale financial assets	177,763	1	(1,070,409)	(3)
Actuarial loss from defined benefit plans	(61,587)	-	-	-
Share of other comprehensive income (loss) of associates and joint ventures	(59,637)	-	(53,414)	-
Other comprehensive income (loss) for the year, net of income tax	103,050	1	(1,182,993)	(3)
Total comprehensive income (loss) for the year	\$ (1,357,524)	(4)	396,935	1
Net income (loss) attributable to :				
Shareholders of the parent	\$ (1,429,922)	(5)	1,592,681	4
Non-controlling interests	(30,652)	-	(12,753)	-
	\$ (1,460,574)	(5)	1,579,928	4
Comprehensive income (loss) attributable to :				
Shareholders of the parent	\$ (1,327,610)	(4)	409,688	1
Non-controlling interests	(29,914)	-	(12,753)	-
	\$ (1,357,524)	(4)	396,935	1
Earnings (loss) per share (NTD)(Notes 4 and 6 s.)				
Basic earnings (loss) per share	\$ (0.62)		0.69	
Diluted earnings (loss) per share	\$ (0.62)		0.68	

The accompanying notes are an integral part of the consolidated financial statements.

(With KPMG audit report dated March 26, 2014)

(English Translation of the Report Originally Issued in Chinese)
CHINA PETROCHEMICAL DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2013 and 2012
(Expressed in thousands of New Taiwan dollars)

	Equity Attributable to Shareholders of the Parent								
	Common Stock	Retained earnings			Others		Total	Non-controlling interests	Total Equity
		Legal Reserve	Special Reserve	Unappropriated earnings	Exchange differences arising on translation of foreign operations	Changes in fair value of available-for-sale financial assets			
Balance – January 1, 2012	\$ 19,744,593	588,642	-	16,868,832	(133,648)	128,584	37,197,003	60,043	37,257,046
Net income (loss) for the year ended December 31, 2012	-	-	-	1,592,681	-	-	1,592,681	(12,753)	1,579,928
Other comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	(56,523)	(1,126,470)	(1,182,993)	-	(1,182,993)
Total comprehensive income (loss)	-	-	-	1,592,681	(56,523)	(1,126,470)	409,688	(12,753)	396,935
Appropriations and distribution of 2011 earnings :									
Legal reserve	-	1,092,590	-	(1,092,590)	-	-	-	-	-
Special reserve	-	-	4,194,973	(4,194,973)	-	-	-	-	-
Cash dividends	-	-	-	(3,455,304)	-	-	(3,455,304)	-	(3,455,304)
Stock dividends	3,455,304	-	-	(3,455,304)	-	-	-	-	-
Changes in equity related to non-current assets held for sale	-	-	-	-	-	-	-	(8,684)	(8,684)
Balance – December 31, 2012	23,199,897	1,681,232	4,194,973	6,263,342	(190,171)	(997,886)	34,151,387	38,606	34,189,993
Net income (loss) for the year ended December 31, 2013	-	-	-	(1,429,922)	-	-	(1,429,922)	(30,652)	(1,460,574)
Other comprehensive income (loss) for the year ended December 31, 2013	-	-	-	(56,854)	47,199	111,967	102,312	738	103,050
Total comprehensive income (loss)	-	-	-	(1,486,776)	47,199	111,967	(1,327,610)	(29,914)	(1,357,524)
Appropriations and distribution of 2012 earnings :									
Legal reserve	-	141,808	-	(141,808)	-	-	-	-	-
Special reserve	-	-	4,235,076	(4,235,076)	-	-	-	-	-
Cash dividends	-	-	-	(1,159,995)	-	-	(1,159,995)	-	(1,159,995)
Change in non-controlling interests	-	-	-	-	-	-	-	202,411	202,411
Balance – December 31, 2013	\$ 23,199,897	1,823,040	8,430,049	(760,313)	(142,972)	(885,919)	31,663,782	211,103	31,874,885

The accompanying notes are an integral part of the consolidated financial statements.
(With KPMG audit report dated March 26, 2014)

(English Translation of the Report Originally Issued in Chinese)
CHINA PETROCHEMICAL DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2013 and 2012
(Expressed in thousands of New Taiwan dollars)

	2013	2012
Cash flows from operating activities:		
Net income (loss) before income tax	\$ (1,385,980)	1,944,658
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation expense	1,935,867	1,647,428
Amortization expense	9,866	10,861
Interest expense	14,261	17,813
Interest income	(33,902)	(107,870)
Shares of profit (loss) of subsidiaries and associates accounted for using equity method	(367,613)	(658,230)
Loss (gain) on disposal of property, plant and equipment	14,426	(263,672)
Gain on reversal of impairment loss of property, plant and equipment	-	(578,795)
Gain on disposal of investments	(3)	(1,361,704)
Impairment loss of financial assets	(46,086)	13,971
Impairment loss of intangible assets	23,453	-
(Gain on reversal of) impairment loss on non-financial assets	(67,732)	35,647
Total adjustments to reconcile net income (loss)	1,482,537	(1,244,551)
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in financial assets held for trading	(424,451)	30,000
Decrease in accounts receivable	507,101	448,625
Decrease (increase) in receivables from related parties	17,579	(22,461)
(Increase) decrease in other receivables	(4,379)	33,266
Decrease (increase) in inventories	140,510	(275,256)
Decrease (increase) in prepayments	516,096	(262,820)
Decrease (increase) in other current assets	1,169,238	(1,208,933)
Total changes in operating assets	1,921,694	(1,257,579)
Changes in operating liabilities:		
(Decrease) increase in accounts payable	(595,581)	765,969
(Decrease) increase in payables to related parties	(4,931)	4,691
Decrease in other payables	(323,269)	(614,913)
(Decrease) increase in current provisions	(230,342)	390,529
Decrease in non-current provisions	(981,933)	(223,453)
Increase (decrease) in other current liabilities	56,174	(1,361,229)
Total changes in operating liabilities	(2,079,882)	(1,038,406)
Total changes in operating assets and liabilities	(158,188)	(2,295,985)
Total adjustments	1,324,349	(3,540,536)
Cash generated by (used in) operations	(61,631)	(1,595,878)
Interest received	30,157	120,567
Interest paid	(14,996)	(99,721)
Income taxes paid	(88,998)	(1,149,719)
Net cash used in operating activities	(135,468)	(2,724,751)
Cash flows from investing activities:		
Acquisition of current financial assets at fair value through profit or loss	(10,968)	-
Proceeds from disposal of non-current assets held for sale	766,565	1,835,400
Acquisition of available-for-sale financial assets	(241,200)	(56,077)
Proceeds from disposal of available-for-sale financial assets	-	2,053,711
Acquisition of financial assets carried at cost	(599,995)	-
Proceeds from capital reduction of financial assets carried at cost	2,510	-
Proceeds from disposal of investments accounted for using equity method	-	141,030
Acquisition of property, plant and equipment	(1,268,853)	(2,758,771)
Proceeds from disposal of property, plant and equipment	1,722	1,214
(Increase) decrease in other non-current assets	(7,527)	60,928
Dividend received	710,711	961,991
Other investing activities	-	(99,410)
Net cash (used in) generated by investing activities	(647,035)	2,140,016
Cash flows from financing activities:		
Increase in short-term loans	3,386,798	-
Increase in long-term bank loans	400,000	-
Repayment of long-term bank loans	-	(4,234,300)
Increase in long-term notes and bills payable	599,900	-
Increase in preference share liabilities	165,548	-
Increase in other non-current liabilities	(15,591)	44,515
Cash dividends	(1,159,995)	(3,455,304)
Changes in non-controlling interests	202,411	-
Net cash generated from (used in) financing activities	3,579,071	(7,645,089)
Effect of exchange rate changes on cash and cash equivalents	77,185	55,583
Net increase (decrease) in cash and cash equivalents	2,873,753	(8,174,241)
Cash and cash equivalents, beginning of the year	5,312,792	13,487,033
Cash and cash equivalents, end of the year	\$ 8,186,545	5,312,792

(English Translation of Parent Company Only Financial Report Originally Issued In Chinese)
INDEPENDENT ACCOUNTANTS' AUDIT REPORT

The Board of Directors and Stockholders
China Petrochemical Development Corporation

We have audited the accompanying parent company only balance sheets of China Petrochemical Development Corporation as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related parent company only statements of comprehensive income, changes in stockholders' equity, and cash flows for the years ended December 31, 2013 and 2012. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. Certain investments, which were accounted for under the equity method based on the financial statements of the investees, were audited by other auditors. Our audit, insofar as it related to the investments accounted for under the equity method balances of \$3,590,927 thousand, \$1,834,912 thousand and \$2,389,850 thousand, representing 8%, 4% and 4% of total assets as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, and the related shares of investment income from subsidiaries, the associates and joint ventures accounted for using equity method thereof amounting to \$157,646 thousand and \$376,268 thousand, representing (11)% and 20% of net (loss) income before income tax for the year ended December 31, 2013 and 2012, respectively, were based solely on the reports of other auditors.

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the parent company only financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the parent company only financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall parent company only financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of China Petrochemical Development Corporation as of December 31, 2013, December 31, 2012 and January 1, 2012, and the results of its parent company only operations and its parent company only cash flows for the years ended December 31, 2013 and 2012, in conformity with the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers".

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, results of operations and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

As described in Notes 6.i and 6.l, the Tainan Municipal Government and Environment Protection Administration, Executive Yuan publicly announced that a portion of the land at the Anshun plant was polluted and designated it as under pollution control. As China Petrochemical Development Corporation never used the land since it took over from its merger with TAIC, the Company still has a dissenting view on the government perception about the condition of pollution. Aside from cooperating with the government in its control and management procedure, the Company is seeking a way to define its responsibilities. In addition, the China Petrochemical Development Corporation submitted for approval a remediation project proposal to the Tainan Municipal Government in accordance with the related regulations and accrued relevant remediation project expenses in June 2008. This remediation project proposal was approved in May 2009.

KPMG
CPA: Melody Chen
CPA: Charles Chen
Securities and Futures Commission
Ministry of Finance, R.O.C. regulation
(88) Tai-Tsai-Jung (6) No. 18311
March 26, 2014

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, results of operations and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of the Report Originally Issued in Chinese)
CHINA PETROCHEMICAL DEVELOPMENT CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2013 and 2012
(Expressed in thousands of New Taiwan dollars)

	<u>December 31, 2013</u>		<u>December 31, 2012</u>		<u>January 1, 2012</u>	
ASSETS	Amount	%	Amount	%	Amount	%
Current assets						
Cash and cash equivalents (Notes 4 and 6 a.)	\$ 4,172,878	9	4,350,824	10	12,532,105	23
Financial assets reported at fair value through profit or loss - current (Notes 4 and 6 b.)	986,500	2	439,721	1	454,427	1
Notes and accounts receivable, net (Notes 4 and 6 c.)	2,089,224	5	2,576,794	6	3,049,118	6
Accounts receivable from related parties, net (Notes 4, 6 c. and 7)	232,950	1	297,805	1	262,979	-
Other receivables	38,652	-	811,652	2	91,860	-
Inventories (Notes 4 and 6 d.)	2,562,397	6	2,696,103	6	2,581,295	5
Prepayments	183,567	-	692,812	1	435,423	1
Non-current assets held for sale (Notes 4 and 6 e.)	-	-	-	-	2,327,215	4
Other current assets	249,905	1	1,449,238	3	246,905	-
Total current assets	<u>10,516,073</u>	<u>24</u>	<u>13,314,949</u>	<u>30</u>	<u>21,981,327</u>	<u>40</u>
Non-current assets						
Available-for-sale financial assets - non-current (Notes 4 and 6 b.)	1,415,888	3	1,246,206	3	3,051,565	6
Financial assets carried at cost - non-current (Notes 4 and 6 b.)	1,143,907	2	546,422	1	546,422	1
Investments accounted for using equity method (Notes 4 and 6 f.)	6,720,719	15	4,225,878	9	4,701,302	9
Property, plant and equipment (Notes 4 and 6 h.)	18,730,941	42	19,354,134	43	17,271,036	32
Investment property, net (Notes 4 and 6 i)	6,402,931	14	6,403,256	14	6,403,582	12
Other non-current assets	32,400	-	33,959	-	101,057	-
Total non-current assets	<u>34,446,786</u>	<u>76</u>	<u>31,809,855</u>	<u>70</u>	<u>32,074,964</u>	<u>60</u>
TOTAL ASSETS	<u>\$ 44,962,859</u>	<u>100</u>	<u>45,124,804</u>	<u>100</u>	<u>54,056,291</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.
(With KPMG audit report dated March 26, 2014)

(English Translation of the Report Originally Issued in Chinese)
CHINA PETROCHEMICAL DEVELOPMENT CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2013 and 2012
(Expressed in thousands of New Taiwan dollars)

	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
LIABILITIES AND EQUITY						
Current liabilities						
Short-term loans (Note 6 j.)	\$ 3,386,798	7	-	-	-	-
Accounts payable	1,931,019	4	2,508,273	6	1,695,471	3
Accounts payable to related parties (Note 7)	21,295	-	26,216	-	21,535	-
Other payables	311,159	1	562,522	1	1,308,578	3
Current tax liabilities (Notes 4 and 6 o.)	26,143	-	17,410	-	803,301	1
Current provisions (Notes 4, 6 l. and 6 n.)	694,538	2	924,956	2	534,355	1
Other current liabilities	231,649	1	195,602	-	1,344,243	3
Total current liabilities	6,602,601	15	4,234,979	9	5,707,483	11
Non-current liabilities						
Long-term bank loans (Notes 6 j.)	400,000	1	-	-	4,230,000	8
Non-current provisions (Notes 4, 6 l. and 6 n.)	1,718,109	4	2,700,924	6	2,928,561	5
Deferred tax liabilities (Notes 4 and 6 o.)	3,871,792	8	3,871,792	9	3,871,792	7
Long-term notes and bills payable (Notes 6 k.)	599,900	1	-	-	-	-
Other non-current liabilities, others	106,675	-	165,722	-	121,452	-
Total non-current liabilities	6,696,476	14	6,738,438	15	11,151,805	20
Total liabilities	13,299,077	29	10,973,417	24	16,859,288	31
Equity attributable to shareholders of the parent						
Share Capital						
Common stock (Notes 6 p.)	23,199,897	52	23,199,897	51	19,744,593	37
Retained earnings: (Notes 6 p.)						
Appropriated as legal capital reserve	1,823,040	4	1,681,232	4	588,642	1
Appropriated as special capital reserve	8,430,049	19	4,194,973	9	-	-
Unappropriated earnings	(760,313)	(2)	6,263,342	14	16,868,832	31
	9,492,776	21	12,139,547	27	17,457,474	32
Others						
Exchange differences arising on translation of foreign operations (Notes 4 and 6 p.)	(142,972)	-	(190,171)	-	(133,648)	-
Changes in fair value of available-for-sale financial assets (Notes 4 and 6 p.)	(885,919)	(2)	(997,886)	(2)	128,584	-
	(1,028,891)	(2)	(1,188,057)	(2)	(5,064)	-
Total equity	31,663,782	71	34,151,387	76	37,197,003	69
TOTAL LIABILITIES AND EQUITY	\$ 44,962,859	100	45,124,804	100	54,056,291	100

The accompanying notes are an integral part of the parent company only financial statements.

(With KPMG audit report dated March 26, 2014)

(English Translation of the Report Originally Issued in Chinese)
CHINA PETROCHEMICAL DEVELOPMENT CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2013 and 2012
(Expressed in thousands of New Taiwan dollars)

	2013		2012	
	Amount	%	Amount	%
Operating revenue (Notes 4 and 6 r.)	\$ 33,921,306	100	36,893,966	100
Operating costs (Notes 4 and 6 d.)	<u>35,233,200</u>	<u>104</u>	<u>37,062,355</u>	<u>100</u>
	(1,311,894)	(4)	(168,389)	-
Less: Unrealized profit (loss) on intercompany transactions	385	-	828	-
Add: Realized profit (loss) on intercompany transactions	<u>(705)</u>	<u>-</u>	<u>385</u>	<u>-</u>
Gross profit (loss)	<u>(1,310,804)</u>	<u>(4)</u>	<u>(167,946)</u>	<u>-</u>
Operating expenses				
Selling expenses	266,840	1	301,441	1
Administrative expenses	319,053	1	420,353	1
Research and development expenses	<u>177,640</u>	<u>1</u>	<u>200,781</u>	<u>1</u>
	<u>763,533</u>	<u>3</u>	<u>922,575</u>	<u>3</u>
Income (loss) from operations	<u>(2,074,337)</u>	<u>(7)</u>	<u>(1,090,521)</u>	<u>(3)</u>
Non-operating income and expenses				
Other income (Notes 6 s.)	171,693	1	226,955	1
Other gains and losses (Notes 6 s.)	(88,359)	-	1,688,159	5
Finance costs (Notes 6 s.)	(10,664)	-	(17,700)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method (Notes 4 and 6 f.)	<u>580,478</u>	<u>2</u>	<u>1,060,830</u>	<u>3</u>
Total non-operating income and expenses	<u>653,148</u>	<u>3</u>	<u>2,958,244</u>	<u>9</u>
Income (loss) before income tax	<u>(1,421,189)</u>	<u>(4)</u>	<u>1,867,723</u>	<u>6</u>
Less: Income tax benefit (expense) (Notes 4 and 6 o.)	<u>(8,733)</u>	<u>-</u>	<u>(275,043)</u>	<u>1</u>
Net income (loss)	<u>(1,429,922)</u>	<u>(4)</u>	<u>1,592,680</u>	<u>5</u>
Other comprehensive income:				
Changes in fair value of available-for-sale financial assets	169,682	1	(1,070,409)	(3)
Actuarial loss from defined benefit plans	(63,268)	-	-	-
Share of other comprehensive income (loss) of associates and joint ventures	<u>(4,102)</u>	<u>-</u>	<u>(112,584)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>102,312</u>	<u>1</u>	<u>(1,182,993)</u>	<u>(3)</u>
Total comprehensive income (loss) for the year	<u>\$ (1,327,610)</u>	<u>(3)</u>	<u>409,687</u>	<u>1</u>
Earnings (loss) per share (NTD)(Notes 4 and 6 q.)				
Basic earnings (loss) per share	<u>\$ (0.62)</u>		<u>0.69</u>	
Diluted earnings (loss) per share	<u>\$ (0.62)</u>		<u>0.68</u>	

The accompanying notes are an integral part of the parent company only financial statements.

(With KPMG audit report dated March 26, 2014)

(English Translation of the Report Originally Issued in Chinese)
CHINA PETROCHEMICAL DEVELOPMENT CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2013 and 2012

(Expressed in thousands of New Taiwan dollars)

	Common Stock	Legal Reserve	Retained earnings Special Reserve	Unappropriated earnings	Others Exchange differences arising on translation of foreign operations	Changes in fair value of available-for-sale financial assets	Total
Balance – January 1, 2012	\$ 19,744,593	588,642	-	16,868,832	(133,648)	128,584	37,197,003
Net income (loss) for the year ended December 31, 2012	-	-	-	1,592,681	-	-	1,592,681
Other comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	(56,523)	(1,126,470)	(1,182,993)
Total comprehensive income (loss)	-	-	-	1,592,681	(56,523)	(1,126,470)	409,688
Appropriations and distribution of 2011 earnings (Note 1) :							
Legal reserve	-	1,092,590	-	(1,092,590)	-	-	-
Special reserve	-	-	4,194,973	(4,194,973)	-	-	-
Cash dividends	-	-	-	(3,455,304)	-	-	(3,455,304)
Stock dividends	3,455,304	-	-	(3,455,304)	-	-	-
Changes in equity related to non-current assets held for sale	-	-	-	-	-	-	-
Balance – December 31, 2012	23,199,897	1,681,232	4,194,973	6,263,342	(190,171)	(997,886)	34,151,387
Net income (loss) for the year ended December 31, 2013	-	-	-	(1,429,922)	-	-	(1,429,922)
Other comprehensive income (loss) for the year ended December 31, 2013	-	-	-	(56,854)	47,199	111,967	102,312
Total comprehensive income (loss)	-	-	-	(1,486,776)	47,199	111,967	(1,327,610)
Appropriations and distribution of 2012 earnings (Note 2) :							
Legal reserve	-	141,808	-	(141,808)	-	-	-
Special reserve	-	-	4,235,076	(4,235,076)	-	-	-
Cash dividends	-	-	-	(1,159,995)	-	-	(1,159,995)
Balance – December 31, 2013	<u>\$ 23,199,897</u>	<u>1,823,040</u>	<u>8,430,049</u>	<u>(760,313)</u>	<u>(142,972)</u>	<u>(885,919)</u>	<u>31,663,782</u>

Note1: The directors' and supervisors' compensation of \$196,666 and employees' bonuses of \$294,999 had been deducted from net income for year 2011.

Note2: The directors' and supervisors' compensation of \$25,524 and employees' bonuses of \$38,286 had been deducted from net income for year 2012.

The accompanying notes are an integral part of the parent company only financial statements.

(With KPMG audit report dated March 26, 2014)

(English Translation of the Report Originally Issued in Chinese)
CHINA PETROCHEMICAL DEVELOPMENT CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2013 and 2012
(Expressed in thousands of New Taiwan dollars)

	2013	2012
Cash flows from operating activities:		
Net income (loss) before income tax	\$ (1,421,189)	1,867,723
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation expense	1,923,119	1,628,734
Amortization expense	4,767	5,429
Interest expense	10,664	17,700
Interest income	(24,096)	(104,198)
Gain from a bargain purchase of subsidiaries and associates accounted for using equity method	(14,051)	-
Shares of profit (loss) of subsidiaries and associates accounted for using equity method	(580,478)	(1,060,830)
Loss (gain) on disposal of property, plant and equipment	14,426	(262,489)
Gain on reversal of impairment loss of property, plant and equipment	-	(578,795)
Gain on disposal of investments	-	(1,357,136)
Gain on disposal of investments accounted for using equity method	(3)	-
Impairment loss of financial assets	(47,329)	14,706
(Gain on reversal of) impairment loss on non-financial assets	(67,732)	35,656
Total adjustments to reconcile net income (loss)	1,219,287	(1,661,223)
Changes in operating assets and liabilities :		
Changes in operating assets :		
Increase in financial assets held for trading	(499,450)	-
Decrease in accounts receivable	487,570	472,324
Decrease (increase) in receivables from related parties	64,855	(34,826)
Decrease in other receivables	10,182	31,551
Decrease (increase) in inventories	201,438	(264,040)
Decrease (increase) in prepayments	509,245	(284,043)
Decrease (increase) in other current assets	1,166,360	(1,202,333)
Total changes in operating assets	1,940,200	(1,281,367)
Changes in operating liabilities :		
(Decrease) increase in accounts payable	(577,254)	812,802
(Decrease) increase in payables to related parties	(4,921)	4,681
Decrease in other payables	(305,548)	(666,685)
(Decrease) increase in current provisions	(230,418)	390,601
Decrease in non-current provisions	(982,815)	(227,637)
Decrease in other current liabilities	(239)	(861,457)
Total changes in operating liabilities	(2,101,195)	(547,695)
Total changes in operating assets and liabilities	(160,995)	(1,829,062)
Total adjustments	1,058,292	(3,490,285)
Cash used in operations	(362,897)	(1,622,562)
Interest received	20,349	116,895
Interest paid	(19,748)	(58,693)
Income taxes paid	-	(1,060,934)
Net cash used in operating activities	(362,296)	(2,625,294)
Cash flows from investing activities:		
Proceeds from disposal of non-current assets held for sale	766,565	1,835,400
Proceeds from disposal of available-for-sale financial assets	-	2,053,711
Acquisition of financial assets carried at cost	(599,995)	-
Proceeds from capital reduction of financial assets carried at cost	2,510	-
Acquisition of investments accounted for using equity method	(2,763,782)	(29,269)
Proceeds from capital reduction of investments accounted for using equity method	423	151,000
Acquisition of property, plant and equipment	(1,244,768)	(3,289,431)
Proceeds from disposal of property, plant and equipment	-	30
(Increase) decrease in other non-current assets	(3,208)	61,669
Dividend received	858,949	1,301,937
Net cash (used in) generated by investing activities	(2,983,306)	2,085,047
Cash flows from financing activities:		
Increase in short-term loans	3,386,798	-
Increase in long-term bank loans	400,000	-
Repayment of long-term bank loans	-	(4,230,000)
Increase in long-term notes and bills payable	599,900	-
Increase in other non-current liabilities	(59,047)	44,270
Cash dividends	(1,159,995)	(3,455,304)
Net cash generated from (used in) financing activities	3,167,946	(7,641,034)
Net increase (decrease) in cash and cash equivalents	(177,946)	(8,181,281)
Cash and cash equivalents, beginning of the year	4,350,824	12,532,105
Cash and cash equivalents, end of the year	\$ 4,172,878	4,350,824

The accompanying notes are an integral part of the parent company only financial statements.

(With KPMG audit report dated March 26, 2014)

Attachment 4

China Petrochemical Development Corporation
2013 Loss Appropriation Statement

Currency Unit: NT\$

Items	Amount
Undistributed earnings at beginning of the year	551,861,489
Plus: Adjustment for adoption of TIFRS	4,409,677,421
Less: Special reserve for first-time adoption of TIFRS	(4,235,075,618)
Balance upon transition to IFRS – beginning	726,463,292
Less: Recognized actuarial (loss) profit	(56,854,187)
Undistributed earnings after adjustment	669,609,105
Less: After-tax loss in current year (2013)	(1,429,922,313)
Loss to be appropriated	(760,313,208)
Add: Legal reserve appropriated against loss	760,313,208
Undistributed earnings at end of the year	0

Note 1: The Company does not plan to distribute dividends.

Note 2: According to the Company's Articles of Incorporation, no director's remuneration or employee bonus shall be allocated if no net profit is generated in the current period.

Note 3: For detailed information about adjustment on retained earnings upon the transition from GAAP to IFRS on December 31, 2012, please refer to the accompanied note for "First-Time Adoption of International Financial Reporting Standards" in the 2013 Parent Company Only Financial Report.

Attachment 5

China Petrochemical Development Corporation Comparison between Original and Amendments to Procedures for Acquisition or Disposal of Assets

Items	Original Version	Amended Version	Reason
Article 2	The term “assets” as used in these Procedures is applicable within the scope enumerated below: 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc. 2. Real estate (including inventories of construction enterprises) and ~~other fixed assets.~~ 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Claims of financial institutions (including receivables, foreign exchange rebate, loans, and overdue receivables). 6. Derivatives. 7. Assets acquired or disposed of in connection with mergers, spin-off, acquisitions, or share transfer in accordance with law. 8. Other major assets.	The term “assets” as used in these Procedures is applicable within the scope enumerated below: 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc. 2. Real estate (including <u>land, building and structures, real estate held for investment purposes, land usage right</u>, inventories of construction enterprises) and <u>equipment</u>. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Claims of financial institutions (including receivables, foreign exchange rebate, loans, and overdue receivables). 6. Derivatives. 7. Assets acquired or disposed of in connection with mergers, spin-off, acquisitions, or share transfer in accordance with law. 8. Other major assets.	Wording modifications in paragraph 2 to comply with the adoption of IFRS in Taiwan: Land, building and structures, real estate held for investment purposes are classified as real estate.

Items	Original Version	Amended Version	Reason
Article 3	Term definitions used for these Procedures: 9. The term “Derivative Products” means forward contracts, options, futures, leverage contracts, or swaps, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests, and the hybrid contracts consisted by the above products. The term “Forward Contracts” does not include insurance contracts, fulfillment contracts, after-sales service contracts, long-term lease contracts or long-term purchase or sale agreements. 10. The term “Assets Acquired or Disposed by Mergers, Spin-off, Acquisition or Shares Transference Pursuant to Laws” means assets acquired or disposed of by mergers, spin-off, acquisition or share transfer, pursuant to Business Mergers and Acquisitions Act, Financial Holding Companies Act, Financial Institutions Merger Act or other acts; or share transfer from other companies by issuing new shares of its own as the consideration therefor (hereinafter "transfer of shares") pursuant to the sixth paragraph of Article 156-6 of the Company Act. 11. The term “related party” as used in these Procedures, <u>means those parties defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u> ~~12. The term “subsidiary” as used in these Procedures is as~~	Term definitions used for these Procedures <u>are as follow:</u> 9. The term “Derivative Products” means forward contracts, options, futures, leverage contracts, or swaps, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests, and the hybrid contracts consisted by the above products. The term “Forward Contracts” does not include insurance contracts, fulfillment contracts, after-sales service contracts, long-term lease contracts or long-term purchase or sale agreements. 10. The term “Assets Acquired or Disposed by Mergers, Spin-off, Acquisition or Shares Transference Pursuant to Laws” means assets acquired or disposed of by mergers, spin-off, acquisition or share transfer, pursuant to Business Mergers and Acquisitions Act, Financial Holding Companies Act, Financial Institutions Merger Act or other acts; or share transfer from other companies by issuing new shares of its own as the consideration therefor (hereinafter "transfer of shares") pursuant to the sixth paragraph of Article 156-6 of the Company Act. 11. The term “related party” and <u>“subsidiaries”</u> as used in these Procedures mean those parties defined in <u>the Regulations Governing the Preparation of Financial Reports by Securities Issuers</u> <u>12. The term “professional appraisal” as used in these</u>	1.To comply with the revision of Article 156 of the Company Act, wording modification in section 1, paragraph 2. 2. According to <i>Regulations Governing the Preparation of Financial Reports by Securities Issuers</i>, the term: “related parties” and “subsidiaries” should be based on definitions in IFRS or IAS. Merging Section 1 paragraph 3 and 4 to paragraph 3 and change paragraph numbers accordingly.

Items	Original Version	Amended Version	Reason
	~~defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.~~ 13. The term “professional appraisal” as used in these Procedures, means a certified appraiser or a company in the business of appraising real property or ~~other fixed assets.~~ 14. The term “date of occurrence” refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply. 15. The term “investments in China” means investments made in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area by the Investment Commission of the Ministry of Economic Affairs, R.O.C. 16. The term “competent authorities” means the government entities in charge of the Stock and Exchange Act.	Procedures, means a certified appraiser or a company in the business of appraising real property or <u>equipment.</u> <u>13.</u> The term “date of occurrence” refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply. <u>14.</u> The term “investments in China” means investments made in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area by the Investment Commission of the Ministry of Economic Affairs, R.O.C. <u>15.</u> The term “competent authorities” means the government entities in charge of the Stock and Exchange Act.	
Article 4	Authority for approval, appraisal, procedures, transaction terms, and decision making processes of evaluation and management for the acquisition or disposal of assets:	Authority for approval, appraisal, procedures, transaction terms, and decision making processes of evaluation and management for the acquisition or disposal of assets:	Delete redundant word.

Items	Original Version	Amended Version	Reason
	1..... 2..... 3. Acquisition or disposal of claims of financial institutions: In general, the Company does not invest in claims of financial institutions. In the event that the Company intends to engage in transaction with acquisition or disposal of ~~claims of~~ financial institution, the Company shall report and obtain approval from the Board of Directors and formulation of the appropriate procedure shall follow.	1..... 2..... 3. Acquisition or disposal of claims of financial institutions: In general, the Company does not invest in claims of financial institutions. In the event that the Company intends to engage in transaction with acquisition or disposal of financial institution <u>claims</u>, the Company shall report and obtain approval from the Board of Directors and formulation of the appropriate procedure shall follow.	
Article 5	Professional appraisers and their officers, certified public accounts, attorneys, and securities ~~brokers~~ whom provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction. Unless otherwise provided for by other laws, the Company engaging in the acquisition or disposal of assets shall retain the relevant contracts ~~and~~ meeting minutes, registry, appraisal report, and the opinion books by CPA, attorneys, and security underwriters at the Company for at least 5 years. Court documents can be substituted for reports or opinions issued by a CPA or certified appraiser if the assets are acquired or disposed through court auction. In the case of the Company's	Professional appraisers and their officers, certified public accounts, attorneys, and securities <u>underwriters</u> whom provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction. Unless otherwise provided for by other laws, the Company engaging in the acquisition or disposal of assets shall retain the relevant contracts, meeting minutes, registry, appraisal report, and the opinion books by CPA, attorneys, and security underwriters at the Company for at least 5 years. Court documents can be substituted for reports or opinions issued by a CPA or certified appraiser if the assets are acquired or disposed through court auction. In the case of the Company's acquisition <u>or</u> disposal of assets has to be approved by the Board	Wording modifications.

Items	Original Version	Amended Version	Reason
	<u>acquisition disposal</u> of assets has to be approved by the Board according to this procedure or the prescription of other laws, if a director shows dissent and the dissent is recorded or presented in a written statement, the dissent of the director should be submitted to the audit committee. 	according to this procedure or the prescription of other laws, if a director shows dissent and the dissent is recorded or presented in a written statement, the dissent of the director should be submitted to the audit committee. 	
Article 6	For acquisition or disposal of assets, provided that one of the following conditions exists, the Company shall publicly announce and file the relevant data and information to the designated website ~~by the competent authority of securities~~ in the appropriate format as prescribed by regulations within two days commencing immediately from the date of occurrence of the event: 1. Acquisition of <u>real property</u> from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds <u>or</u> bonds under repurchase and resale agreements. 2. Merger, spin-off, acquisition, or	For acquisition or disposal of assets, provided that one of the following conditions exists, the Company shall publicly announce and file the relevant data and information to the <u>Financial Supervisory Commission's designated Market Observation Post System, or MOPS</u> in the appropriate format as prescribed by regulations within two days commencing immediately from the date of occurrence of the event: 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements <u>or subscription or redemption of domestic money market funds.</u> 2. Merger, spin-off, acquisition, or	1. A very high percentage of funds held by domestic money market funds is used in bank deposits, RP transactions, and short-term bills. The nature of money market funds is obviously different from that of stock funds, bond funds, and others in underwriting engagements are acquired under applicable regulations, and the disclosure of information delivers

Items	Original Version	Amended Version	Reason
	transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in these Procedures adopted by the Company. 4. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of the Company's paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: 1) Trading of government bonds. 2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets. 3) Trading of bonds under repurchase/resale agreements. 4) Where the type of asset acquired or disposed is equipment/~~machinery~~ for business use, ~~the~~ trading counterparty is not a related party, and the transaction amount is less than NT\$500 million. 5) If the Company is primarily in	transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in these Procedures adopted by the Company. 4. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of the Company's paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: 1) Trading of government bonds. 2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, <u>or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.</u> 3) Trading of bonds under repurchase/resale agreements <u>or subscription or redemption of domestic money market funds.</u> 4) Where the type of asset acquired or disposed is <u>equipment</u> for business use <u>and</u> the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million. 5) If the Company is primarily in	little benefit. Therefore, section 1 paragraph 4 item 2 is revised, and the disclosure requirement is waived.

Items	Original Version	Amended Version	Reason
	the construction business; acquisition or disposal of real property for construction use, where the trading counterparty is not a related party and the transaction amount is less than NT\$500 million. 6) The transaction amounts in the preceding paragraphs shall be calculated in accordance with the methods provided below: 1. 2. 3. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these <u>Regulations</u> need not be counted toward the transaction amount. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and <u>any subsidiaries that are not domestic public companies</u> and file the information in the prescribed	the construction business <u>and</u> acquisition or disposal of real property for construction use, where the trading counterparty is not a related party and the transaction amount is less than NT\$500 million. 6)..... The transaction amounts in the preceding paragraphs shall be calculated in accordance with the methods provided below: 1. 2. 3. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these <u>Procedures</u> need not be counted toward the transaction amount. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries of companies that are not domestic public companies and file the information in the	

Items	Original Version	Amended Version	Reason
	format into the MOPS by the 10th day of each month. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information <u>shall be made on the MOPS</u> within 2 days commencing immediately from the date of occurrence of the event: 1. 2. 3.	prescribed format into the <u>Financial Supervisory Commission's designated</u> MOPS by the 10th day of each month. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the MOPS <u>designed by the Financial Supervisory Commission</u> within 2 days commencing immediately from the date of occurrence of the event: 1. 2. 3.	
Article 7	In acquiring or disposing of real estate or ~~other fixed assets~~ by the Company, unless otherwise transacting with a government institution, commissioning others to build on its own land, leased land by appointing a constructor, or acquiring or disposing ~~the machines and~~ equipment for business use, where the transaction amount	In acquiring or disposing of real estate or <u>equipment</u> by the Company, unless otherwise transacting with a government institution, commissioning others to build on its own land, leased land by appointing a constructor, or acquiring or disposing <u>equipment</u> for business use, where the transaction amount reaches 20% of the Company's paid-	In accordance with IFRSs, the wording on other fixed assets and other business-use machinery and equipment in the

Items	Original Version	Amended Version	Reason
	reaches 20% of the Company's paid-in capital or NT\$300 million, the Company shall obtain an appraisal report issued by a professional appraisal and further comply with the following provisions prior to the date of occurrence of event: 1..... 2..... 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the <u>Accounting Research and Development Foundation</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: a..... b..... 4.....	in capital or NT\$300 million, the Company shall obtain an appraisal report issued by a professional appraisal and further comply with the following provisions prior to the date of occurrence of event: 1..... 2..... 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the <u>ROC Accounting Research and Development Foundation</u> (abbreviated as ARDF hereafter) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: a..... b..... 4.....	introduction of section 1 is revised.
Article 8	In acquiring or disposing of securities, prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public	In acquiring or disposing of securities, prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public	With the revision of laws and considering that, at the time when the government sells assets,

Items	Original Version	Amended Version	Reason
	accountant, for reference in evaluating the transaction price. In addition, if the transaction amount is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to securities with publicly quoted prices in an active market or in compliance ~~with the competent authority of securities~~. In acquiring or disposing of membership certificates or intangible assets with a transaction amount of 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price prior to the date of occurrence of the event. The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	accountant, for reference in evaluating the transaction price. In addition, if the transaction amount is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to securities with publicly quoted prices in an active market or in compliance <u>with regulations set by the Financial Supervisory Commission</u>. In acquiring or disposing of membership certificates or intangible assets with a transaction amount of 20 percent of the Company's paid-in capital or NT\$300 million or more, <u>except in cases where the counterparty of the transaction is the government</u>, the Company shall engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price prior to the date of occurrence of the event. The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	the sale requires an open tender or bidding according to applicable regulations, and the fact that the real estate transactions between corporations and the government no longer require expert opinions, and for the sake of equity, our company states that the transaction of intangible assets with the government do not require an opinion of price reasonableness from a CPA in the same spirit as Article 7.

Items	Original Version	Amended Version	Reason
Article 9	When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, in addition to following the provisions in Article 7 and 8 of this Procedures, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted and approved by the Audit Committee and obtained resolutions by the Board of Directors. When a proposal is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. 1..... 2..... 3..... 4..... 5..... 6. Transactions value of 10 percent of the Company's total assets or more, accountant's opinions or appraisal reports in compliance with the provisions of Article 7 or	When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, <u>except for trading government bonds, RP and RS bonds, and the purchase or redemption of domestic money market funds</u>, in addition to following the provisions in Article 7 and 8 of this Procedures, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted and approved by the Audit Committee and obtained resolutions by the Board of Directors. When a proposal is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. 1..... 2..... 3..... 4..... 5..... 6. Transactions value of 10 percent	With the revision of laws: 1. When a public company executes the transaction of government bonds, RP and RS bonds, and the purchase or redemption of domestic money market funds with related parties, such transactions are exempt from disclosure because they are low in risk. For the sake of equity, the introduction of section 1 is revised, and the regulation states that said events and the supporting documents mentioned in section 1 do not need

Items	Original Version	Amended Version	Reason
	8 of these Procedure; 7. Restrictive covenants and other important stipulations associated with the transaction. In acquiring or disposing of assets, the Company shall determine if the counterparty of the transaction is a related party. In judging the relationship, in addition to legal formalities, the substance of the relationship shall also be considered. In acquiring real property from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means, and shall also engage a CPA to check the appraisal and render a specific opinion. 1..... 2..... Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with provisions prescribed in the 1st paragraph of this Article, and paragraph 4 of this Article does not apply: 1. The related party acquired real property by inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing	of the Company's total assets or more, accountant's opinions, or appraisal reports in compliance with the provisions of Article 7 or 8 of these Procedure; 7. Restrictive covenants and other important stipulations associated with the transaction. In acquiring or disposing of assets, the Company shall determine if the counterparty of the transaction is a related party, <u>and in</u> judging the relationship, in addition to legal formalities, the substance of the relationship shall also be considered. In acquiring real property from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means, and shall also engage a CPA to check the appraisal and render a specific opinion. 1..... 2..... Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with provisions prescribed in the 1st paragraph of this Article, and paragraph 4 of this Article does not apply: 1. The related party acquired real property by inheritance or as a gift. 2. More than 5 years will have	to be submitted to the Audit Committee for approval and to the Board for resolution. Such transactions can be executed within the company's authority. 2. Considering that, or contracting with a related party in the construction of real estate, such as contracted construction with its own land or contracted construction on leased land is similar to a joint development contract, section 6, paragraph 3 is revised. 3. To comply with the adoption of

Items	Original Version	Amended Version	Reason
	date for the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party. With respect to the acquisition or disposal of business-use ~~machinery~~ equipment between the Company and its subsidiaries, the Board of Directors may delegate the chairman to make decision under a pre-approved transaction amount by the board or in pursuant to the amount set forth in the Company's internal guideline "The Chart of Authority and Responsibilities of the Board of Directors and Managers." The decisions shall subsequently be submitted to and ratified by the next Board of Directors meeting.	elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or contracting with a related party <u>in the construction of real estate such as contracted construction with its own land or contracted construction on leased land</u>. With respect to the acquisition or disposal of business-use <u>equipment</u> between the Company and its subsidiaries, the Board of Directors may delegate the chairman to make decision under a pre-approved transaction amount by the board or in pursuant to the amount set forth in the Company's internal guideline "The Chart of Authority and Responsibilities of the Board of Directors and Managers." The decisions shall subsequently be submitted to and ratified by the next Board of Directors meeting.	IFRS, the wording on business use machinery and equipment in section 7 is revised.
Article 10	Where the Company acquires real property from a related party, in the event that the results of the appraisal conducted in accordance with Paragraph 4 of the preceding Article are uniformly lower than the transaction price, the Company shall carry out the acquisition in accordance with Paragraph 3 of this Article. However, where the	Where the Company acquires real property from a related party, in the event that the results of the appraisal conducted in accordance with Paragraph 4 of the preceding Article are uniformly lower than the transaction price, the Company shall carry out the acquisition in accordance with Paragraph 3 of this Article. However, where the	To comply with reconstitution of Financial Supervisory Commission of the Executive Yuan as the Financial Supervisory

Items	Original Version	Amended Version	Reason
	following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply: 1. a..... b..... c..... 2. The aforementioned item “completed transactions for adjacent area” in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close to the latest official land price promulgated by the government. The term “the area of the property thereof are similar” in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction. The term “within the preceding year” refers to the year retrospectively preceding the date of occurrence of the acquisition of the real property. Where the Company acquires real property from a related party, in the event that the results of the appraisal conducted ~~based on~~ Paragraph 4 and Paragraph 6 of Article 9 and Paragraph 1 of this Article are lower	following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply: 1. a..... b..... c..... 2. The aforementioned item “completed transactions for adjacent area” in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close to the latest official land price promulgated by the government. The term “the area of the property thereof are similar” in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction. The term “within the preceding year” refers to the year retrospectively preceding the date of occurrence of the acquisition of the real property. Where the Company acquires real property from a related party, in the event that the results of the appraisal conducted <u>in accordance</u> with Paragraph 4 and Paragraph 6 of Article 9 and Paragraph 1 of this	Commission beginning July 1, 2012, the wording in this article is revised.

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	than the transaction price in all cases, the Company shall take the following steps: 1. A special reserve shall be set aside according to Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised value, and may not be distributed or used for capital increase or issuance of bonus shares; where the Company uses the equity method to account for its investment in another company, then the special reserve required by law shall be set aside pro rata to the shareholding in accordance with Article 40-1 of the Securities and Exchange Act. 2. 3. ~~If~~ the Company has set aside a special reserve under the preceding paragraph, the Company shall not utilize the special reserve until it has recognized a loss or decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the ~~competent authority of securities~~ has given its consent. 	Article are lower than the transaction price in all cases, the Company shall take the following steps: 1. A special reserve shall be set aside according to Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised value, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve required by law shall be set aside pro rata to the shareholding in accordance with Article 40-1 of the Securities and Exchange Act. 2. 3. <u>Where</u> the Company has set aside a special reserve under the preceding paragraph, the Company shall not utilize the special reserve until it has recognized a loss or decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the <u>Financial Supervisory Commission</u> has given its consent. 	

Items	Original Version	Amended Version	Reason
Article 11	The Company shall announce and report on behalf of any subsidiary that is not a domestic public company any matters that such subsidiary is required to announce and report pursuant to the provisions on acquisitions and disposals of assets. The disclosure requirement for transaction amount reaches 20 percent of paid-in-capital or 10 percent of the total assets shall ~~refer to the Company's paid-in-capital or total assets~~. The Company shall supervise its subsidiaries adopt and implement the procedures for the acquisition or disposal of assets (Subsidiary	<u>For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</u> <u>In the case of the Company's subsidiaries whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under these Procedures, 10 percent of equity attributable to owners of the parent shall be substituted.</u> The Company shall announce and report on behalf of any subsidiary that is not a domestic public company any matters that such subsidiary is required to announce and report pursuant to the provisions on acquisitions and disposals of assets. The disclosure requirement for transaction amount reaches 20 percent of paid-in-capital or 10 percent of the total assets shall refer to the Company's paid-in-capital or total assets <u>defined in Paragraphs 1 and 2 of this Article.</u> The Company shall supervise its subsidiaries adopt and implement the procedures for the acquisition or disposal of assets (Subsidiary	1. Upon adoption of IFRS, consolidated financial statements should be the reporting entity for financial disclosure. Considering that the risk associated with acquisition or disposal of assets is borne by the company that acquires or disposes of such assets, the materiality of the related party transaction should be assessed by the size of that company. Therefore, Paragraph 1 is added to this Article, which states that the 10 percent requirement in this Procedure is calculated with total assets in the most recent entity or

Items	Original Version	Amended Version	Reason
	Procedures) in compliance with the Regulations. The Company shall also see to it that its subsidiary: conduct annual internal audit on the Subsidiary Procedures in compliance with the Regulations set forth by the competent authorities, its assets acquisitions and disposal activities and implementation in compliance with the Subsidiary Procedure, and it produces written audit report and submit to the Company's Internal Audit for inspection and audit.	Procedures) in compliance with the Regulations. The Company shall also see to it that its subsidiary: conduct annual internal audit on the Subsidiary Procedures in compliance with the Regulations set forth by the competent authorities, its assets acquisitions and disposal activities and implementation in compliance with the Subsidiary Procedure, and it produces written audit report and submit to the Company's Internal Audit for inspection and audit.	individual financial statement. 2. To comply with the adoption of IFRS and the removal of the requirement for fixed NT\$10 par value of common stock from Article 14 of Regulations Governing the Administration of Shareholder Services of Public Companies, Paragraph 2 is added.
Article 17	Where the Company conducts a merger, spin-off, acquisition, or transfer of shares, the department in charge <u>shall</u> prior to convening the Board of Directors to resolve on the matter, engage a Certified Public Accountant, attorney, or securities underwriter to render an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other assets to shareholders, and submit it to the Board of Directors for discussion and resolution.	Where the Company conducts a merger, spin-off, acquisition, or transfer of shares, the department in charge <u>shall</u> , prior to convening the Board of Directors to resolve on the matter, engage a Certified Public Accountant, attorney, or securities underwriter to render an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other assets to shareholders, and submit it to the Board of Directors for discussion and resolution.	Minor adjustment on punctuation.
Article 18	The Company participating in a merger, <u>spin-off, acquisition</u> shall	The Company participating in a merger, <u>spin-off or acquisition</u> shall	Minor adjustments

Items	Original Version	Amended Version	Reason
	prepare a public report to shareholders detailing important contractual content and relevant matters prior to the shareholders meeting and include it along with the expert opinion referred to in the preceding Article when sending shareholders meeting invitation for reference in deciding whether to approve the merger, spin-off, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the <u>companies</u> participating in a merger, spin-off, or <u>acquisition</u> fails to convene or pass a resolution due to inadequate quorum, insufficient votes, or other legal restriction, or the proposal is vetoed by the shareholders meeting, the companies participating in the merger, spin-off or acquisition shall immediately make public statement on the reasons, the follow-up measures, and the preliminary date of the next shareholders meeting.	prepare a public report to shareholders detailing important contractual content and relevant matters prior to the shareholders meeting and include it along with the expert opinion referred to in the preceding Article when sending shareholders meeting invitation for reference in deciding whether to approve the merger, spin-off, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the <u>companies</u>, participating in a merger, spin-off, or <u>acquisition</u>, fails to convene or pass a resolution due to inadequate quorum, insufficient votes, or other legal restriction, or the proposal is vetoed by the shareholders meeting, the companies participating in the merger, spin-off or acquisition shall immediately make public statement on the reasons, the follow-up measures, and the preliminary date of the next shareholders meeting.	on punctuation and wording.
Article 19	Unless otherwise prescribed by law or <u>the competent authority of securities</u> is notified in advance of extraordinary circumstances and grants consent, the Company participating in the merger, spin-off or acquisition shall convene the Board of Directors meeting and shareholders meeting on the day of	Unless otherwise prescribed by law or <u>the Financial Supervisory Commission</u> is notified in advance of extraordinary circumstances and grants consent, the Company participating in the merger, spin-off or acquisition shall convene the Board of Directors meeting and shareholders meeting on the day of	To comply with reconstitution of Financial Supervisory Commission of the Executive Yuan as the Financial

Items	Original Version	Amended Version	Reason
	the transaction to resolve matters relevant to the merger, spin-off or acquisition. Unless otherwise prescribed by law or <u>the competent authority of securities</u> is notified in advance of extraordinary circumstances and grants consent, the Company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction. When participating in a merger, spin-off, acquisition, or transfer of another company's shares, the Company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference: 1..... 2..... 3..... When participating in a merger, spin-off, acquisition, or transfer of another company's shares, the Company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in	the transaction to resolve matters relevant to the merger, spin-off or acquisition. Unless otherwise prescribed by law or the <u>Financial Supervisory Commission</u> is notified in advance of extraordinary circumstances and grants consent, the Company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction. When participating in a merger, spin-off, acquisition, or transfer of another company's shares, the Company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference: 1..... 2..... 3..... When participating in a merger, spin-off, acquisition, or transfer of another company's shares, the Company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of	Supervisory Commission beginning July 1, 2012, the wording in this article is revised.

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	subparagraphs 1 and 2 of the preceding paragraph to the <u>competent authority of securities</u> for recordation. Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is neither listed on an exchange nor traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the requirements as set forth under paragraphs 3 and 4 of this Article.	the preceding paragraph to the <u>Financial Supervisory Commission</u> for recordation. Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is neither listed on an exchange nor traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the requirements as set forth under paragraphs 3 and 4 of this Article.	

Appendix 1

China Petrochemical Development Corporation

Articles of Incorporation

Duly amended at the 28th amendment in the annual shareholder meeting convened on June 28, 2013

Chapter One: General Provisions

Article 1 This Company is duly incorporated under the name of “中國石油化學工業開發股份有限公司” in Chinese and “China Petrochemical Development Corporation” in English.

Article 2 The scope of business of this Company shall be as follows:

1. To manufacture petroleum, sodium chloride, phosphoric acid and such chemicals and derivatives thereof.
2. To engage in the import and export, storage, delivery, purchase, and sale of the above-mentioned products, raw materials, chemicals and chemical materials.
3. To engage in the purchase and sale, import and export of the above-mentioned business related items and/or general items.
4. To provide technological services for the products (by-products), manufacturing process and operation of equipment as enumerated in the aforementioned paragraphs.
5. To engage in research and development for chemicals.
6. To buy, sell, classify categories and distribute goods (clothing, electric appliances, books, stationery, automobile and motorcycle products, household appliances, and recreational facilities).
7. To operate restaurants and hotel businesses.
8. To engage in such business of the design and sale of computer software and registration and processing of computer information.
9. To delegate construction firms to build commercial buildings, to lease and sell public condominiums, to delegate construction firms to build factories for general industrial use, to lease or sell warehouses, to accept the delegation from the government authority in charge of the industries to develop, lease, sell and manage industrial areas.
10. To invest in recreational resorts and golf driving ranges (not to exceed a maximum of five holes).

11. To invest and build parking facilities within urban planning areas.
12. To invest in petroleum (gas) refilling stations to supply and sell gasoline, diesel, and liquefied petroleum gas for special purposes and concurrently invest in basic lubricating maintenance shops for automobiles and motorcycles.
13. To operate new power plant(s).
14. To undertake environmental protection projects (clean-away, disposal of general waste, general industrial waste, hazardous industrial waste and the engineering thereof).
15. To engage in the import and export and sale of feed and feed additives.
16. ZZ99999. In addition to the approved scope of business, the Company may engage in all businesses except those which are otherwise prohibited or restricted by law.

Article 3 The Company shall have its head office in Taipei City and may have its factories duly established in appropriate locations within the territory of the Republic of China, and may set up branches and/or business offices established at various locations inside or outside the territory of the Republic of China whenever the Company deems it necessary for the actual operation of business and the same has been approved by the Board of Directors.

Article 4 If the Company deems it is necessary to carry out its business, the Company may provide endorsements and guarantees and act as a guarantor.

The total amount of the Company's reinvestment may exceed 40% of the total paid-in capital.

Any matters regarding the endorsement and guarantee and reinvestment shall be resolved by the Board of Directors.

Article 5 Public announcements of the Company shall be duly made in accordance with Article 28 of the Company Law and other relevant laws and regulations.

Chapter Two: Shares

Article 6 The total capital amount of the Company is thirty six billion New Taiwan Dollars (NT\$36,000,000,000), which is divided into three billion six hundred million (3,600,000,000) shares with a par value of ten New Taiwan Dollars (NT\$10) each and will be issued in installments by the Board of Directors.

An amount of three hundred million New Taiwan Dollars (NT\$300,000,000) from the above total capital amount divided into thirty million (30,000,000)

shares with a par value of ten New Taiwan Dollars (NT\$10) each are reserved for the issuance of employee stock options by installments by the Board of Directors.

In compliance with related regulations to share repurchasing, the Board is authorized to buy back the issued shares per its discretion.

Article 7 The share certificates hereof shall be name-bearing certificates, duly signed by or affixed with seals by the Chairperson and a minimum of two Directors, and duly authenticated by the competent authority or the issuance registry institution accredited by the competent authority before issuance. The Company's share certificates shall be duly issued in accordance with the requirements set forth under Articles 162, 162-1 and 162-2 of the Company Law.

Article 8 The Company shall take charge of stock affairs in accordance with the Company Law, "Regulations Governing Stock Affairs of Public Companies" and relevant laws and regulations.

Article 9 The Company's issuance of new shares by means of increasing share capital shall be implemented in accordance with relevant laws and regulations, and 10%-15% of the total amount of the new shares shall be reserved for subscription by employees. The shares which are not subscribed to by the current shareholders may be open to public issuance or be subscribed by specific persons through negotiation.

Article 10 No registration of transfer of shares shall be made within sixty days (60) prior to an annual shareholder meeting, nor within thirty days (30) prior to a special (extraordinary) shareholder meeting, nor within five (5) days prior to the day on which dividend, bonus or other benefits is scheduled to be paid by the Company.

Chapter Three: Shareholder Meetings

Article 11 The shareholder meeting hereof is divided into the annual shareholder meeting and special shareholder meeting. The former shall be convened annually within six months from the closing of each fiscal year. The latter may be duly convened according to relevant laws whenever the Company deems necessary.

Article 12 The notices for shareholder meetings shall set out the discussion items at the meeting and be served to all shareholders through their addresses shown in the shareholder register thirty (30) days in advance of an annual shareholder

meeting and fifteen (15) days in advance of a special shareholder meeting. Subject to the consent of the shareholders, the aforementioned notices may be served by electronic methods. Such notices may be duly served to shareholders who hold fewer than one thousand shares each by means of public announcement according to Article 26-2 of the Securities and Exchange Act. With respect to the discussion items at the meeting and if the law or regulation has provided otherwise, the laws shall prevail.

Article 13 Unless otherwise provided for in the Company Law, resolutions shall be adopted by a majority vote at a meeting which is attended by shareholders who represent a majority of the total issued shares.

Article 14 A shareholder of the Company shall have one vote for each common share he or she holds unless otherwise prescribed by law.

Article 15 A shareholder may issue a proxy in the form printed by the Company to expressly stipulate the scope of authorized powers to authorize representative(s) to attend a shareholder meeting on his or her behalf.

The use of the proxy mentioned in the preceding paragraph shall be complied with the Company Law, “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” and relevant laws and regulations.

Article 16 Where a shareholder meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairperson. During the Chairperson’s absence or unavailability for performance of duties for any reasons, the delegation shall be duly handled in accordance with Article 208 of the Company Law.

Where a shareholder meeting is convened by a convener other than the Board of Directors, such meeting shall be chaired by the convener. In case of two or more conveners, one shall be elected or appointed from among themselves to chair the meeting.

Article 17 All resolutions passed at the shareholder meeting shall be recorded in the written minutes, which shall be signed or affixed with seal by the Chairperson and served to all shareholders within twenty (20) days after the meeting. The minutes, the attendance book and the proxies shall be duly archived by the Board of Directors according to the relevant laws.

The minutes of the shareholder meeting mentioned in the preceding paragraph shall be duly produced and archived in accordance with Article 183 of the Company Law.

The minutes of shareholder meeting, financial statements and the decisions regarding allotment of earnings or coverage of loss shall be duly distributed to the shareholders in accordance with Articles 183 and 230 of the Company Law.

Article 18 A shareholder meeting shall be convened at the Company's head office or any other place within the territory of the Republic of China as resolved by the Board of Directors.

Chapter Four: Directors

Article 19 The Company will have a Board of Directors consisting of ten directors. Each director will serve an office term of three years and may be re-elected. Three Directors shall be independent. The Company shall set up the Audit Committee after the 2013 Shareholder Meeting. Supervisors shall be dismissed upon the establishment of the Audit Committee. The Articles pertaining Supervisors shall immediately lapse.

The Company's Directors shall be elected through cumulative voting. The Company shall adopt candidate nomination system for the election of Directors. Shareholders shall elect Directors from the list of director candidates published by the Company. All procedures shall comply with related regulations of the Company Act and Securities and Exchange Act.

The elections of Independent Directors and non-independent Directors shall proceed as one election, but the number elected shall be calculated separately.

The Board consists of directors. Pursuant to Article 208 of the Company Act, directors shall elect one chairperson and one vice chairperson. The total number of shares held by the entire board shall exceed the minimum requirements specified in the relevant Securities and Exchange Act.

The Company may purchase liability insurance for Directors to protect them against potential liabilities arising from exercising their duties during their tenure. For all matters related to the purchase of the insurance, the Board of Directors is authorized with full powers to act as required.

Article 20 The duties of the Board of Directors are as follows:

1. Resolve the Company's business policies.
2. Enact and amend rules regarding the Company's organization, and incorporate and dissolve the Company's branch(es).
3. Review the rules of endorsement, guarantee and other major regulations and agreements.
4. Resolve decisions regarding investment and reinvestment.

5. Appoint and discharge managers.
6. Review budgets and prepare financial statements.
7. In the shareholder meeting, propose amendments to the Articles of Incorporation, change in capital, dissolution, merger, acquisition and division of the Company.
8. In the shareholder meeting, propose allotment of earnings and coverage of loss.
9. Enforce the decisions resolved in the shareholder meeting.
10. Resolve other major decisions and exercise other duties and obligations as granted by relevant laws and regulations and by the shareholder meeting.

Article 21 The Board of Directors meeting shall be convened once every three months at minimum. The notices of a Board of Directors meeting shall expressly indicate the subject(s) of the meeting and be served to all Directors seven days prior to the date scheduled for the meeting. In case of an emergency, a Board of Directors meeting may be convened at any time. Unless otherwise prescribed by law, a Board of Directors meeting shall be duly convened and chaired by the Chairperson. Upon the Chairperson's leave, absence or unavailability for performance of duties, the delegation shall be duly handled at the meeting in accordance with Article 208 of the Company Act.

The first Board of Directors meeting of every session shall be convened by the Director who wins the most ballots representing the voting rights during the election.

The notices to the Board of Directors meeting mentioned in the preceding paragraph may be served in writing or by means of facsimile or e-mail.

Article 22 Unless otherwise provided for in the Company Act, decisions at the Board of Directors meeting shall be resolved by a majority vote in the meeting which is attended by Directors who represent a majority of the total number of Directors.

Article 23 A director may duly authorize another director by written proxy to attend a Board of Directors meeting and to exercise the vote for all the matters discussed in that meeting, provided that the authorized Director may only accept one representation.

Article 24 The Chairperson shall exercise its duties in accordance with relevant laws and regulations, the Company's Articles of Incorporation, the decisions resolved at the shareholder meeting and Board of Directors meeting. The Chairperson is the representative of the Company.

Article 25 In the event that an Independent Director is terminated from his position with or without cause, the Board of Directors shall fill the vacant board seat during the next shareholders' meeting.

In the event that over one third of the Directors or all Independent Directors or all Supervisors are terminated from their positions, the Board of Directors shall call for a special shareholder's meeting to fill the vacant board seats within sixty days from the inception of the termination.

The term for the elected Directors or Supervisors due to any of the above-mentioned scenarios shall be the remaining terms of the terminated Directors or Supervisors.

Article 26 The duties of the audit committee are:

1. Supervise the business operations of the Company.
2. Investigate the Company's business operations and financial status.
3. Audit the books and documents of the Company.
4. Audit books and documents prepared by the Board of Directors and submitted at the shareholder meeting, and report to the Shareholder Meeting.
5. Exercise other duties and obligations as granted by laws and regulations and by the Shareholder Meeting.

Article 27 (Delete)

Article 28 The salary and remuneration of Directors shall be duly proposed by the Company's Remuneration Committee and submitted to the Board of Directors for final approval based on the extent of their participation in the business operations and the level of their contribution to the Company with reference to the international or domestic industrial standards.

The organizational rules and regulations for implementing the duties of the Remuneration Committee mentioned in the preceding paragraph shall be duly enacted by the Board of Directors in accordance with Article 14-6 of the Securities and Exchange Act, other relevant laws and regulations and requirements of the competent authority.

Article 28-1 In view of the business confidentiality pertaining to general operations, production technologies, or formulation of raw materials which are vulnerable

to be illegally replicated by our downstream customers and their affiliates into manufacturing processes resulting in unintended pricing or unfair market competition or the possibility that downstream customers might ally to control the supply of our products to the market, thus leading to involuntary price increases and hence causing financial loss, the Company shall enhance the regulations pertaining to the Directors represented by downstream customers or related parties to carry out their fiduciary duties in directorship and business confidentiality and internal control process to oversee related transactions, in order to protect the best interest of our shareholders.

Major shareholder with over 1% of total shares outstanding, Directors (including legal representatives), managers, and employees should adhere to the Standards of Ethical Conduct and the Management Integrity Code.

Chapter Five: Managers and Other Employees

Article 29 Unless otherwise prescribed by law, the Company shall have one Chief Executive Officer (CEO), one General Manager and a certain number of Vice General Managers who shall be duly appointed, discharged and compensated in accordance with Article 29 of the Company Law, Article 14-6 of the Securities and Exchange Act and other relevant laws and regulations.

Unless otherwise prescribed by law, the Board of Directors is authorized with full power to resolve various duties mentioned in the preceding paragraph, and the Board of Directors may authorize the Chairperson with full power to make the decision.

Other employees shall be duly hired by the Chairperson and General Manager in accordance with relevant laws and regulations and the rules of the Company.

Article 30 If it is necessary for business operation, the Company may retain a certain number of consultants. The matters related to the engagement, discharge and compensation shall be proposed by the Chairperson and resolved by Board of Directors. The above resolution shall be adopted by a majority vote at the Board of Directors meeting which is attended by Directors who represent a majority of the total number of director seats.

Chapter Six: Accounting

Article 31 Upon closing of each fiscal year, the Board of Directors shall prepare the following documents and shall forward the same to the Audit Committee for auditing no later than the thirty (30) days prior to the meeting date of the annual shareholder meeting:

1. Business report;
2. Financial statements;
3. Proposals of profit allotment or loss coverage.

Article 32 The Company may duly use the reserve to distribute dividends, appropriate capital, and issue new shares in accordance with relevant laws and regulations.

If the Company has earnings, after payment of taxation, it shall offset the losses in previous years, and set aside a legal capital reserve and special capital in accordance with relevant laws and regulations or requested by the authorities in charge; and then, it shall set aside 2% of the balance as remuneration to the Directors, and 3% as bonus to the employees.

With respect to any balance herein together with the undistributed cumulative profits from previous years and from current year, the Board of Directors shall prepare an earnings distribution proposal and submit to the shareholder meeting for approval according to the following dividend policy.

The Company positions itself in the midst of a highly capital intensive, volatile and competitive industry. Where the Company is subject to the influence of the global economy and changes in industrial performance, the Company should take into account the Company's business operations, capital needs and status of competition, interests of shareholders and the Company's own financial planning in allotment of its profits. Under such circumstances, the Company may set aside the profits into a special reserve either in whole or in part to assure financial stability and sustainability. The Company may allot dividends in cash or stock. In the case that the allotment is made by way of stock dividend, the ratio for the stock dividend shall not exceed 50% of the total distribution unless the ratio of the Company's total liabilities to total assets is equivalent or above 50% or otherwise prescribed in relevant laws and regulations.

Chapter Seven: Bylaws

Article 33 The Company's Organization Rules shall be separately enacted by the Board of Directors.

Article 34 Any matters inadequately provided for herein shall be subject to provisions concerned set forth in the Company Law and relevant laws and regulations.

Article 35 These Articles were duly enacted on April 24, 1969 and were duly amended on December 20, 1973 as the 1st amendment; May 27, 1976 as the 2nd amendment; June 27, 1978 as the 3rd amendment; April 24, 1979 as the 4th amendment, April 22, 1980 as the 5th amendment; April 28, 1981 as the 6th

amendment; May 8, 1982 as the 7th amendment; January 7, 1983 as the 8th amendment; April 1, 1983 as the 9th amendment; February 10, 1984 as the 10th amendment; February 28, 1991 as the 11th amendment; April 28, 1992 as the 12th amendment; April 15, 1993 as the 13th amendment; July 26, 1994 as the 14th amendment; October 28, 1994 as the 15th amendment; December 28, 1995 as the 16th amendment; June 7, 1997 as the 17th amendment; June 19, 1998 as the 18th amendment; May 24, 2000 as the 19th amendment; June 14, 2001 as the 20th amendment; June 26, 2002 as the 21st amendment; May 12, 2003 as the 22nd amendment; June 21, 2004 as the 23rd amendment; June 10, 2005 as the 24th amendment; June 30, 2006 as the 25th amendment; June 18, 2010 as the 26th amendment; June 24, 2011 as the 27th amendment; and June 27 , 2012 as the 28th amendment. The twenty-ninth amendment was made on June 28th, 2013.

Appendix 2

China Petrochemical Development Corporation Procedures for the Acquisition or Disposal of Assets

Amended and resolved at the annual shareholder meeting convened on June 28, 2013.

- Article 1. These Operational Procedures (Procedures) are formulated in accordance with the *Regulations Governing the Acquisition and Disposal of Assets by Public Companies* promulgated by the Financial Supervisory Commission (the Regulations).
2. In the case that this Procedure is incomplete, all procedures shall be in accordance with related Articles of Securities and Exchange Act.
- Article 2 The term “assets” as used in these Procedures is applicable within the scope enumerated below:
1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc.
2. Real estate (including inventories of construction enterprises) and other fixed assets.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Claims of financial institutions (including receivables, foreign exchange rebate, loans, and overdue receivables).
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, spin-off, acquisitions, or share transfer in accordance with law.
8. Other major assets.
- Article 3 Term definitions used for these Procedures:
1. The term “Derivative Products” means forward contracts, options, futures, leverage contracts, or swaps, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests, and the hybrid contracts consisted by the above products. The term “Forward Contracts” does not include insurance contracts, fulfillment contracts, after-sales service contracts, long-term lease contracts or long-term purchase or sale agreements.
2. The term “Assets Acquired or Disposed by Mergers, Spin-off, Acquisition or Shares Transference Pursuant to Laws” means assets acquired or disposed of by mergers, spin-off, acquisition or share transfer, pursuant to Business Mergers and Acquisitions Act, Financial Holding Companies Act, Financial Institutions Merger Act or other acts; or share transfer from other companies by issuing new shares of its own as the consideration therefor (hereinafter

"transfer of shares") pursuant to the sixth paragraph of Article 156-8 of the Company Act.

3. The term "related party" as used in these Procedures, means those parties defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. The term "subsidiary" as used in these Procedures is as defined in the *Regulations Governing the Preparation of Financial Reports by Securities Issuers*.
5. The term "professional appraisal" as used in these Procedures, means a certified appraiser or a company in the business of appraising real property or other fixed assets.
6. The term "date of occurrence" refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
7. The term "investments in China" means investments made in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area by the Investment Commission of the Ministry of Economic Affairs, R.O.C.
8. The term "competent authorities" means the government entities in charge of the Stock and Exchange Act.

Article 4 Authority for approval, appraisal, procedures, transaction terms, and decision making processes of evaluation and management for the acquisition or disposal of assets:

1. The acquisition or disposal of real estate and other fixed assets:
 - a. Authority for approval, evaluation and management shall be in accordance with CPDC's internal regulations "The Chart of Authority and Responsibilities of the Board of Directors and Managers," "The Level of Authority for Managers Junior to the President," "Rules Governing Fixed Assets Management" and Article 7 of this procedure.
 - b. Procedures to determine transaction terms shall be determined by reference to market value, publicly announced current value, recent market transaction price of neighboring or closely valued property or the report issued by a certified appraiser. Final prices shall be carried out by one of the following: price inquiry, price comparison, price negotiation or open tender.
 - c. The implementation unit shall be the department in charge of real property and fixed assets management.
2. Acquisition or disposal of securities, membership or intangible assets:
 - d. Authority of approval, evaluation and management shall be in accordance with CPDC's internal regulation "The Chart of Authority and

Responsibilities of the Board of Directors and Managers”, “The Level of Authority for Managers Junior to the President” and Article 8 of this procedure.

e. Procedures to Determine Transaction Terms:

- 1) For securities purchased and sold on a centralized exchange market or OTC exchange, the price shall be decided by the market price at the time of the transaction.
- 2) For securities not acquired or disposed of on a centralized exchange market or OTC exchange, the price shall be determined by reference to net value per share, profitability, growth potential, financial analysis reports, prevailing interest rate, bond yield or price, creditability of debt issuers and transaction price at the time.
- 3) For the acquisition or disposal of membership certificates or intangible assets, the price shall be integrally evaluated by reference to the fair market value, future anticipated added-value, and produced benefit.

f. Implementation unit:

- 1) The evaluation of acquisition or disposal of securities described in the first sub-paragraph of Article 2, paragraph 1 of this Procedure shall be conducted by the finance department, and shall be executed by such upon obtaining appropriate approval in accordance with the Procedure.
- 2) The evaluation of acquisition or disposal of non-securities assets, membership certificates, or intangible assets shall be conducted by the related departments, and shall be executed by such departments upon obtaining appropriate approval in accordance with the Procedure.

3. Acquisition or disposal of claims of financial institutions: In general, the Company does not invest in claims of financial institutions. In the event that the Company intends to engage in transaction with acquisition or disposal of claims of financial institution, the Company shall report and obtain approval from the Board of Directors and formulation of the appropriate procedure shall follow.

Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters whom provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction

Unless otherwise provided for by other laws, the Company engaging in the acquisition or disposal of assets shall retain the relevant contracts, meeting minutes, registry, appraisal report, and the opinion books by CPA, attorneys, and security underwriters at the Company for at least 5 years.

Court documents can be substituted for reports or opinions issued by a CPA or certified appraiser if the assets are acquired or disposed through court auction.

With respect to the Company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under these Procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.

When a transaction involving the acquisition or disposal of assets is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Any transaction involving major assets or derivatives shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution by the audit committee shall be recorded in the minutes of the Board meeting.

The calculation of the transaction amounts referred to in article 7 and article 8 shall be done in accordance with Article 6, paragraph 2 of these Procedures, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

- Article 6 For acquisition or disposal of assets, provided that one of the following conditions exists, the Company shall publicly announce and file the relevant data and information to the FSC's designated website (Market Observation Post System, or MOPS) in the appropriate format as prescribed by regulations within two days commencing immediately from the date of occurrence of the event:
1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements.
 2. Merger, spin-off, acquisition, or transfer of shares.

3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in these Procedures adopted by the Company.
4. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of the Company's paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - 1) Trading of government bonds.
 - 2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets.
 - 3) Trading of bonds under repurchase/resale agreements.
 - 4) Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.
 - 5) If the Company is primarily in the construction business, acquisition or disposal of real property for construction use, where the trading counterparty is not a related party and the transaction amount is less than NT\$500 million.
 - 6) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is less than NT\$500 million.

The transaction amounts in the preceding paragraphs shall be calculated in accordance with the methods provided below:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any

subsidiaries that are not domestic public companies and file the information in the prescribed format into the MOPS by the 10th day of each month.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the MOPS within 2 days commencing immediately from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, spin-off, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Article 7 In acquiring or disposing of real estate or other fixed assets by the Company, unless otherwise transacting with a government institution, commissioning others to build on its own land, leased land by appointing a constructor, or acquiring or disposing the machines and equipment for business use, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million, the Company shall obtain an appraisal report issued by a professional appraisal and further comply with the following provisions prior to the date of occurrence of event:

1. Due to special circumstances, where a limited price, specified price or special price is deemed as the basis of reference for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
2. Where the transaction amount is more than NT\$ 1 billion, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks commencing immediately from the date of occurrence.

Article 8 In acquiring or disposing of securities, prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in evaluating the transaction price. In addition, if the transaction amount is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to securities with publicly quoted prices in an active market or in compliance with competent authority of securities.

In acquiring or disposing of membership certificates or intangible assets with a transaction amount of 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price prior to the date of occurrence of the event. The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 9 When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, in addition to following the provisions in Article 7 and 8 of this Procedures, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted and approved by the Audit Committee and obtained resolutions by the Board of Directors. When a proposal is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

1. The purposes, necessity, and anticipated benefits of the acquisition or disposition of the assets;
2. The reasons for selecting the related persons as the transaction counterparty;
3. Relevant information for evaluating the reasonableness of the terms of the anticipated transaction pursuant to the provisions of Items 4 and 6 of this Article and Article 10-1;
4. Information such as the date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party;
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the uses of fund;
6. Transactions value of 10 percent of the Company's total assets or more, accountant's opinions or appraisal reports in compliance with the provisions of Article 7 or 8 of these Procedure;
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transactions referred to in the preceding paragraphs with amounts reach 20 percent of the Company's paid-in capital, 10 percent of total assets or NT\$300 million or more shall follow the provisions in the 2nd paragraph of Article 6 of these Procedures. "Within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which have been submitted and approved by the Audit Committee and passed resolutions by the Board of Directors in accordance with these Procedures need not be counted toward the transaction amount.

Matters for which paragraph 1 requires approval by the Audit Committee shall first be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

In acquiring or disposing of assets, the Company shall determine if the counterparty of the transaction is a related party. In judging the relationship, in addition to legal formalities, the substance of the relationship shall also be considered. In acquiring real property from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means, and shall also engage a CPA to check the appraisal and render a specific opinion.

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in

the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

Where land and structures are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with provisions prescribed in the 1st paragraph of this Article, and paragraph 4 of this Article does not apply:

1. The related party acquired real property by inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party.

With respect to the acquisition or disposal of business-use machinery equipment between the Company and its subsidiaries, the Board of Directors may delegate the chairman to make decision under a pre-approved transaction amount by the board or in pursuant to the amount set forth in the Company's internal guideline "The Chart of Authority and Responsibilities of the Board of Directors and Managers." The decisions shall subsequently be submitted to and ratified by the next Board of Directors meeting.

Article 10

Where the Company acquires real property from a related party, in the event that the results of the appraisal conducted in accordance with Paragraph 4 of the preceding Article are uniformly lower than the transaction price, the Company shall carry out the acquisition in accordance with Paragraph 3 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, proof of compliance may be submitted with one of the following conditions:
 - a. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The term "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - b. The completed transactions of other floors of the same property or adjacent area by unrelated parties within the preceding year, where the terms of the transactions are similar and the reasonable price discrepancies of different floors or land area with market practice have been taken into consideration.
 - c. The completed leases by unrelated parties for other floors of the same property within the preceding year, where the terms of the leases are similar after considering the reasonable price discrepancies among floors in accordance with prevailing market practice.
2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

The aforementioned item "completed transactions for adjacent area" in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close to the latest official land price promulgated by the government. The term "the area of the property thereof are similar" in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction. The term "within the preceding year" refers to the year retrospectively preceding the date of occurrence of the acquisition of the real property.

Where the Company acquires real property from a related party, in the event that the results of the appraisal conducted in accordance with Paragraph 4 and Paragraph 6 of Article 9 and Paragraph 1 of this Article are lower than the transaction price in all cases, the Company shall take the following steps:

1. A special reserve shall be set aside according to Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised value, and may not be distributed or used for capital increase or issuance of bonus shares. Where

the Company uses the equity method to account for its investment in another company, then the special reserve required by law shall be set aside pro rata to the shareholding in accordance with Article 40-1 of the Securities and Exchange Act.

2. Audit Committee shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to the two preceding subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

Where the Company has set aside a special reserve under the preceding paragraph, the Company shall not utilize the special reserve until it has recognized a loss or decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

Where the Company obtains real property from a related party, it shall also comply with Paragraphs 3 and 4 of this Article if there is other evidence indicating that the acquisition was not an arm's-length transaction.

Article 11 The Company shall announce and report on behalf of any subsidiary that is not a domestic public company any matters that such subsidiary is required to announce and report pursuant to the provisions on acquisitions and disposals of assets. The disclosure requirement for transaction amount reaches 20 percent of paid-in-capital or 10 percent of the total assets shall refer to the Company's paid-in-capital or total assets.

The Company shall supervise its subsidiaries adopt and implement the procedures for the acquisition or disposal of assets (Subsidiary Procedures) in compliance with the Regulations. The Company shall also see to it that its subsidiary: conduct annual internal audit on the Subsidiary Procedures in compliance with the Regulations set forth by the competent authorities, its assets acquisitions and disposal activities and implementation in compliance with the Subsidiary Procedure, and it produces written audit report and submit to the Company's Internal Audit for inspection and audit.

Article 12 The ceiling on total amounts of real property and securities acquired by the Company and each subsidiary for non-business use, and the limits on individual securities are:

1. The total amount of real property purchased for non-business use shall not exceed 30% of the shareholders' equity of the Company.

2. The total amount of the securities purchased shall not exceed the shareholders' equity of the Company and shall meet the latest requirements promulgated by the respective competent authorities. The limit on investment in the individual securities shall not exceed 20% of the shareholders' equity of the Company.

Article 13 The Company shall comply with the following trading principles and guidelines when engaging in derivatives trading:

1. Types of derivatives products:
 - a. The Company may engage in trading in derivatives products including forward contracts, options, futures, leverage contracts, or swaps, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests, and the hybrid contracts consisted by the above products.
 - b. "Forward Contracts" referred to in the preceding subparagraph A does not include insurance contracts, fulfillment contracts, after-sales service contracts, long-term lease contracts or long-term purchase or sale agreements.
2. Operating (hedging) strategies:

Trading in derivatives products by The Company must be associated with risk exposures on revenues and expenditures, assets, liabilities or shareholders' equity arising from the Company's business operation.
3. Segregation of duties:
 - a. The Company shall not engage in derivatives trading unless approved by the Board of Directors or the competent superintendents in accordance with the "The Chart of Authority and Responsibilities of the Board of Directors and Managers" and "The Level of Authority for Managers Junior to the President."
 - b. Where the Company engages in trading derivatives products, the personnel in charge of transaction, confirmation and settlement shall be appointed by the chairman or the president. Moreover, where the Finance Department engages in trading derivatives products, the personnel in charge of transaction, confirmation and settlement shall be assigned by the Vice President of Finance.
 - c. Where the derivatives trading is associated with the Company's products, raw materials or commodities, transactions shall be carried out by the Sales Department, Procurement or other assigned department(s) and supported by the Finance Department. Trading in relation to interest rates or exchange rates, shall be carried out by the Finance Department.
4. Disclosure - Public announcement and regulatory filing:

The disclosure provisions are adopted in accordance with provisions prescribed in Chapter III - Public Disclosure of Information of the Regulations:

- a. In the event where losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in these Procedures, the Company shall file a public report of relevant information on the MOPS within 2 days commencing immediately from the date of occurrence of the event.
 - b. The Company shall compile monthly reports on the balance of derivatives trading engaged in up to the end of the preceding month and file the information in the prescribed format into the MOPS by the 10th day of each month.
5. Essentials of performance evaluation:
The accounting unit of the Finance Department shall on a monthly basis prepare and submit positions statements of derivatives trading to the senior superintendents authorized by the Board, the President and the Chairman for review, and shall submit these statements and report to the Board of Directors.
 - a. Hedging transactions: The basis for performance evaluation depends on the profit/loss resulted from the difference of acquisition costs of the hedged item and the derivative trading.
 - b. Specific-purpose transactions: Evaluation shall be based on the actual profit/loss of the transaction.
6. Total contract amount and limit on maximum loss:
 - a. Hedging operation:
The total amount of hedging contracts shall not exceed the anticipated net portion of the account receivables yielded from business operation or the net position after asset and liabilities offsetting for the next six months.
No stop-loss limits shall be set for hedging transaction.
 - b. Specific-purpose operation:
The total amount of transactions of specified purposes shall not exceed the total amount of the items of transaction for the specified purposes.
No stop-loss limit shall be fixed for hedging transactions for specified purposes and have definite hedging positions.
 - c. Trading-purpose operation:
The Company does not engage in trading-purpose operation.

Article 14

The Company shall adopt the following risk management measures while engaging in derivatives trading:

1. The scope of risk management includes:
 - 1) Credit risk management: In principle, the counterparties for transactions shall be domestic financial institutions with sound credit standing or internationally renowned financial institutions whom are capable of providing professional information.
 - 2) Market price risk management: In principle, the chosen market shall be where the price quotation information is publicly and adequately

available. The Company shall monitor and verify changes in market conditions and the positions from time to time.

- 3) Liquidity risk management: The products chosen for transactions shall primarily be the prevailing derivatives products in the international community, with high liquidity, large transaction volume and are readily available for trade.
 - 4) Cash flow risk management: The Company shall assess its cash flow on a regular basis to maintain adequate liquid capital and credit capacity for financing to meet the settlement requirement and to ensure the stability of its working capital.
 - 5) Operation risk management: The authorized amount set by the Company and the operational procedures shall be in compliance with these Procedures, and shall be included as part of the internal audit. Each operation step shall be authorized and supervised by superior superintendents.
 - 6) Legal risk management: The documents to be signed by the Company with the transaction counterparts shall not be officially executed unless reviewed by the legal counsel and/or personnel with expertise from the departments with relevant business, and the head(s) of the responsible department(s).
2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement. The counterparties to the transactions shall be given notice on the assignment or discharge of personnel in charge of transaction and confirmation before the effective date so as to preserve the Company's interests.
 3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the Board of Directors or senior management who are not responsible for decision-making in the transaction or positions.
 4. Departments in charge of the transactions of derivatives products shall cooperate with the Finance Department to evaluate the transactions. Derivatives trading positions held by the Company shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.

Article 15 The supervision and management over transactions of derivatives products by the Company, and the internal audit system:

1. Where the Company engaging in derivatives trading, the Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:

- a. Whether the authorized and designate senior management personnel and the president have been constantly attending the monitoring and control of derivatives trading risk.
 - b. Whether the authorized and designated senior management and the president periodically evaluate if derivatives trading performance is consistent with established operating strategy and if the risk undertaken is within the company's permitted acceptable level.
2. Senior management personnel authorized for derivatives trading by the Board of Directors and the president shall manage the activities in accordance with the following principles:
 - a. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the Regulations and these Procedures for engaging in derivatives trading formulated by the Company.
 - b. They shall supervise the transactions and profit/loss status and shall adopt the necessary countermeasures and report to the Board of Directors immediately whenever abnormalities are found.
3. Where the Company engages in derivatives trading, the Accounting Unit of the Finance Department shall establish a log book in which record the matters as required under the relevant laws and regulations. Such log books shall be archived and retained for the duration as required by law.
4. The internal auditors of the Company shall periodically look into the appropriateness of the internal control over derivatives products and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to these Procedures, and prepare an audit report. Where a material violation is found, the Audit Committee shall be informed in writing.

Article 16 In the event that a subsidiary of the Company intends to engage in derivatives trading to accommodate business need:

1. Such subsidiary shall, in accordance with the “*Regulations Governing the Acquisition and Disposal of Assets by Public Companies*” promulgated by the competent authority in charge of securities affairs, adopt its Procedures for derivatives trading and shall not engage in these activities until such procedures pass the resolution by its Board of Directors and shareholder meeting.
2. Such subsidiary shall conduct at least annual internal audit on its derivatives activities and the implementation in compliance with its Procedures, and to produce written audit reports and submit to the Company’s Internal Audit for inspection and audit.
3. Where the subsidiary of the Company is not a domestic public company:

- a. In the event where losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in its Procedures, the subsidiary shall report the information to the Investment Department of the Company for compilation on the date of occurrence of the event. The Company shall make public announcement and file relevant information on behalf of the subsidiary within 2 days commencing immediately from the date of occurrence of the event.
- b. The subsidiary shall report the balance of derivatives trading in the preceding month to the Investment Department of the Company for compilation by the 5th day of each month. The Company shall announce and file the balance of derivatives trading in the preceding month of itself and its subsidiaries by the 10th day of each month.

Article 17 Where the Company conducts a merger, spin-off, acquisition, or transfer of shares, the department in charge shall, prior to convening the Board of Directors to resolve on the matter, engage a Certified Public Accountant, attorney, or securities underwriter to render an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other assets to shareholders, and submit it to the Board of Directors for discussion and resolution.

Article 18 The Company participating in a merger, spin-off, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and relevant matters prior to the shareholders meeting and include it along with the expert opinion referred to in the preceding Article when sending shareholders meeting invitation for reference in deciding whether to approve the merger, spin-off, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, spin-off, or acquisition fails to convene or pass a resolution due to inadequate quorum, insufficient votes, or other legal restriction, or the proposal is vetoed by the shareholders meeting, the companies participating in the merger, spin-off or acquisition shall immediately make public statement on the reasons, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 19 Unless otherwise prescribed by law or the competent authority is notified in advance of extraordinary circumstances and grants consent, the Company participating in the merger, spin-off or acquisition shall convene the Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, spin-off or acquisition.

Unless otherwise prescribed by law or the competent authority is notified in advance of extraordinary circumstances and grants consent, the Company

participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction.

When participating in a merger, spin-off, acquisition, or transfer of another company's shares, the Company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic information of the personnel: Including the titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning of any merger, spin-off, acquisition, or transfer of another company's shares or the implementation of the plan prior to disclosure of such information.
2. Dates of material events: Including the dates of signing any letter of intent or memorandum of understanding, retaining a financial advisor or legal counsel, execution of a contract, and the convening of a Board of Directors meeting.
3. Material documents and minutes: Including documents for merger, spin-off, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

When participating in a merger, spin-off, acquisition, or transfer of another company's shares, the Company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the competent authority for recordation.

Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is neither listed on an exchange nor traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the requirements as set forth under paragraphs 3 and 4 of this Article.

Article 20 Each and every person participating in or possessing knowledge of the plan for merger, spin-off, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to the public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, spin-off, acquisition, or transfer of shares.

- Article 21 A Public Company that participates in a merger, spin-off, acquisition, or transfer of shares shall not arbitrarily alter the share exchange ratio or acquisition price unless under any of the circumstances enumerated below, and shall stipulate the circumstances permitting alteration in the contract for the merger, spin-off, acquisition, or transfer of shares:
1. Capital increase (re-capitalization) in cash, issuance of convertible corporate bonds, or issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, and other equity based securities.
 2. An action such as a disposal of major assets that would affect the Company's financial operations.
 3. Occurrence of an event such as a major disaster or major change in technology that would affect shareholder equity or share price.
 4. An adjustment where any of the companies participating in the merger, spin-off, acquisition, or transfer of shares from another company, buys back treasury stock.
 5. An increase or decrease in the number of entities or companies participating in the merger, spin-off, acquisition, or transfer of shares.
 6. Other terms/conditions that the contract stipulates may be altered and the altered terms/conditions have been publicly disclosed.
- Article 22 A contract for participation by a public company in a merger, spin-off, acquisition, or shares transfer shall expressly record the rights and obligations of the companies participating in the merger, spin-off, acquisition, or transfer of shares, and also record the matters enumerated below:
1. Handling of breach of contract.
 2. Principles for handling equity-based securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is spin-off.
 3. The amount of treasury stock that the participating companies are permitted under law to buy back after the record (base) date of calculation of the share exchange ratio, and the principles for handling thereof.
 4. The manner to deal with a change in the number of participating entities or companies.
 5. Preliminary progress schedule for plan execution, and anticipated completion date of the execution.

6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

- Article 23 After public disclosure of the information, if any company participating in the merger, spin-off, acquisition, or share transfer intends to further carry out a merger, spin-off, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, spin-off, acquisition, or share transfer; except where the number of participating companies is decreased and a participating company's shareholders meeting has resolved a decision authorizing the Board of Directors to alter the limits of authority. Such a participating company may be exempted from calling another shareholders meeting to resolve the matter anew.
- Article 24 Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with that non-public company whereby the latter is obliged to comply with the provisions of set forth under Article 19, Article 20 and Article 23.
- Article 25 A person-in-charge of the subject matters under these Procedures who violates these Procedures is subject to disciplinary review and action in accordance to the Company's disciplinary guideline.
- Article 26 These Procedures and any amendment hereto shall be submitted for approval by more than half of the Audit Committee and submitted to the Board of Directors for approval, then submitted to the Shareholders' Meeting for ratification. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.

The discussion by the Board of Directors pursuant to the preceding paragraph, each independent director's opinions shall be taken into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

If approval of more than half of all Audit Committee members as required in paragraph 1 is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution by the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

The terms "all Audit Committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Appendix 3

China Petrochemical Development Corporation Rules Governing the Proceedings of Shareholder Meetings

Officially resolved at the annual shareholder meeting convened on June 28, 2013.

Article 1 These Rules are duly enacted in accordance with Article 182~1 of the Company Law.

Unless otherwise prescribed by relevant laws and ordinances or the Company's Articles of Incorporation, the Company shall duly convene the shareholders' meeting exactly in accordance with these Rules.

Article 2 The term "shareholders" as set forth in these Rules denotes shareholders themselves and the proxies entrusted by shareholders.

For each event of a shareholder meeting, a shareholder may issue a proxy in the form printed by the Company to expressly stipulate the scope of authorized powers to authorize representative(s) to attend a shareholder meeting on his or her behalf. The use of the proxy shall be complied with the Company Law, "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" and relevant laws and regulations.

Article 3 The shareholders' meeting notice shall include the check-in time, report-in location, and other considerations to be sent to shareholders together with the attendance card.

Registration shall be open at least 60 minutes prior to the start of the shareholders' meeting with the registration location clearly marked and adequate qualified personnel available for processing.

Attending shareholders shall present attendance cards with represented shares clearly marked.

Shareholders should be issued an official attendance card by the Company, and present original documents to attend the shareholders' meeting. Shareholders attending on behalf of others must have a proxy form along with official identification available for verification.

To uphold Corporate Governance standards and protect shareholder rights, the Company shall establish Registration Procedures for attending shareholder meetings, and submit these procedures for approval by the Board of Directors.

Article 4 The participation and voting by shareholders shall be duly calculated based on the number of shares they hold.

The number of shares represented by participating shareholders shall be calculated based on the attendance cards with the number of voting powers exercised in writing or by electronic means.

Article 5 The shareholder meeting shall be convened at a place where the Company operates business or a place convenient to shareholders for participation and facilitating convening of the shareholder meeting. A shareholder meeting shall start at a time not before 9:00 a.m. or not later than 3:00 p.m.

Article 6 The shareholder meeting shall be duly chaired by the chairman if convened by the Board of Directors. In the chairman's absence or unavailability, the vice chairman shall chair the meeting on his behalf. In the event that the vice chairman is absent or unavailable as well, the chairman shall, in advance, appoint a director to act in his place. In the event that the chairman does not appoint an agent, one director shall be elected from among themselves to act in his place.

The terms of office shall more than 6 months and the person who shall be a managing director or director familiar with the operation of the company as if aforementioned chairman be vice chairman or chairman of the Board or corporate director.

In the event that the shareholder meeting is convened by a person outside the Board of Directors, the shareholder meeting shall be chaired by that convener. In case of two or more conveners, one of them shall be elected from among themselves to chair the meeting.

The Company may appoint the retained Attorney(s)-at-Law, Certified Public Accountant(s) or relevant personnel to participate in a shareholder meeting as an observer.

Article 7 The staff members who take charge of the shareholder meeting affairs shall wear identification certificates or armbands.

Article 8 The company shall record the entire process of from accepting reporting, meeting procedure so as voting process.

Recorded or videotaped and shall be archived for a minimum of one year.

Article 9 The chairperson shall call the meeting to order at the time scheduled for the meeting. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairperson may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. In the event that the meeting is still attended by shareholders representing less than one-third of the total issued shares after two postponements, the chairperson may announce that the meeting should be

canceled. In the event that the meeting is attended by shareholders not up to the specified quorum but representing more than one-third of the total issued shares after two postponements, a tentative resolution may be passed in accordance with Article 175 of the Company Law. A decision on an extraordinary issue specified by law shall be duly resolved according to the relevant laws and ordinances.

In the event that the total number of shares represented by attending shareholders reaches a majority of the total issued shares before that same shareholder meeting is adjourned, the chairperson may bring the tentative resolution(s) so adopted into the shareholder meeting anew to be duly resolved in accordance with Article 174 of the Company Law.

Article 10 In the event that the shareholder meeting is convened by the Board of Directors, the agenda shall be worked out by the Board of Directors. The shareholder meeting shall be duly convened based on the arranged agenda, which shall not be changed unless duly resolved by the shareholder meeting.

In the event that the shareholder meeting is convened by a convener beyond the Board of Directors, the provision set forth under the preceding paragraph may apply, *mutatis mutandis*.

The chairperson shall not announce adjournment of the meeting until the agenda in the two preceding paragraphs is completed (including occasional (extemporaneous) motions) unless duly resolved in the meeting.

After a shareholder meeting is adjourned, the shareholders may not appoint another chairperson to renew that meeting at the same arena or a new arena. In the event that the chairperson announces adjournment of the meeting against the Rules Governing the Proceedings of Shareholder Meetings, however, a person may be elected by a majority of the present shareholders to act as the chairperson to reconvene the meeting.

Article 11 An attending shareholder shall issue and submit a floor note before speaking at the shareholder meeting. The floor note shall expressly describe the subject of his or her opinions and his or her shareholder account number (or the code of the participation certificate) so that the chairperson may fix the order of speaking.

A shareholder who has submitted a floor note but does not speak is deemed to have not taken the floor. In the event that the actual contents of the shareholder's statement are found inconsistent with the entries of the floor note, the shareholder's spoken statement shall prevail.

While an attending shareholder is taking the floor, other shareholder(s) shall not interrupt or interfere with the current floor unless agreed upon by the chairperson and the speaking shareholder. The chairperson shall stop an offender.

- Article 12 On the same issue, each shareholder shall not take the floor more than twice and a shareholder shall not speak more than three minutes for each round unless agreed upon by the chairperson.
- The chairperson may stop a shareholder who violates the specified requirements or has spoken beyond the scope of the subject at issue.
- Article 13 In the event that a juristic (corporate) person is entrusted to participate in a shareholder meeting, that juristic (corporate) person may appoint only one representative to participate in the meeting.
- In the event that a juristic (corporate) person shareholder appoints two or more representatives to participate in a shareholder meeting, only one representative may speak for the same issue.
- Article 14 After a shareholder speaks on the floor, the chairperson may answer either by himself or herself or through a designee.
- Article 15 Where the chairperson believes an issue has been discussed in the meeting up to the level for voting, the chairperson may announce discontinuance of the discussion process and bring that issue to a vote.
- Article 16 The ballot inspector(s) and ballot recorder(s) of issues in shareholder meeting shall be appointed by the chairperson. The ballot recorder(s) may be selected from company's stock affairs department for stock affairs but the ballot inspector(s) shall be selected from the shareholders.
- Unless otherwise provided for in law and company's articles of incorporation, decisions at the shareholder meeting shall be resolved by a majority vote of the shareholders attending the meeting. An issue is deemed to have been duly resolved after the chairperson enquires from all participants but no objection is heard. The validity of the decision so resolved is equally valid as a decision duly resolved through the balloting process.
- The recording procedure of issues of shareholder meetings shall be processing publicly in shareholder meetings and the results including statistical weights shall be reported on the spot and shall be recorded into the minutes of the meeting.
- Article 17 In the event that an amendment or a substitute comes out of the same issue, the chairperson shall fix the order of balloting in consolidation with the original issue. When one among them is duly resolved, other issue(s) is(are) deemed to have been vetoed and no voting process is required.

- Article 18 During the process of the meeting, the chairperson may announce a recess at an appropriate time. Upon occurrence of force majeure, if any, the chairperson may rule that the meeting be temporarily suspended and announce the time to resume the meeting as the actual situation may justify. Or the shareholder meeting may resolve a decision to postpone or resume the meeting without a notice within five days, in accordance with Article 182 of the Company Law.
- Article 19 All present shareholders are obliged to comply with the Rules Governing the Proceedings of Shareholder Meetings, comply with decisions resolved and maintain sound order of the arena of the meeting.
- In the event that a shareholder violates the Rules Governing the Proceedings of Shareholder Meetings, defies the chairperson's rectification or obstructs progress of the meeting or objects to the action to stop him or her, the chairperson may instruct the rectification (or security) personnel to help maintain order of the meeting.
- The rectification (or security) personnel who maintain order of the meeting site shall wear the "rectification officer" arm-band or identification certificate or wear security personnel uniforms.
- Article 20 These Rules and any amendments hereof shall be put into enforcement after being resolved at the shareholder meeting.

Appendix 4

China Petrochemical Development Corporation Registration Procedures for Attending Shareholder Meetings

Duly established on March 28, 2013

Article 1 (Purpose)

These procedures are established to ensure smoothness of the shareholders' meeting and protect shareholders' rights and implement corporate governance practices.

Article 2 (Basis for Establishment)

The procedure is enacted based on the sample template for the "Rules of Procedure for Shareholders Meetings" issued by Financial Supervisory Commission (FSC) regulatory decree number 1020002909 issued on February 26, 2012 and Taiwan Stock Exchange reference number 1020003468 issued on February 27, 2012.

Article 3 (Reporting-in Times)

The company's stock transfer unit handles shareholder check in, when deciding the place, related people and equipment the company should be objective. The company should announce the time of the shareholders' meeting. In addition, the company should allow shareholders to check in 60 minutes before the meeting starts.

Article 4 (Video Recording and Surveillance)

The Company shall video record the complete check-in process. After checking identification of the attending shareholder, the company should quickly complete documentation and complete the check-in process and allow the shareholder to participate in the shareholder meeting.

If the check-in process is not completed as indicated in article 7, then additional back-up personnel should be available to assist and not hold up the check-in process for other shareholders.

If a delay occurs, personnel should calmly explain and persuade the affected shareholder and keep order as to avoid situations that may impact shareholder rights. If needed, personnel should inform officers of the law and allow law enforcement to assist in maintaining order.

Article 5 (Check-in Equipment and Personnel)

Shareholders meeting check-in team are in charge of the following:

Equipment required: 3 computers, 2 printers, 3 back-up computers and 1 printer.

Check-in counter:

Team 1: Reissue of shareholders' meeting notice and other related material (memorabilia). The team is also responsible for shareholders who will not

participate in the meeting but will like to have related materials and memorabilia.

Team 2 and Team 3: Shareholder check-in. Check meeting notice and stamp original seal or check signature matched with identification (identification card, driver's license, National Health Insurance card, or other government identification). After check-in, provide meeting notice, votes, attendance card, statement slip, memorabilia and meeting related material (Shareholders' hand book and annual report)

Article 6 (Staff Requirement)

During check-in there should be enough staff. Staff should be given training. At least three people should have the following requirements:

1. Three years' experience in shareholder services
2. Certified (Senior) Securities Specialist.
3. Passed examination by the competent authority on shareholder service.

Article 7 (Check-in Time)

Expect for special cases (For example, a request to split vote by foreign institutional investors), the check-in process for each shareholder should be less than 1.5 minutes, if process is not completed within 1.5 minutes, Monitor team should immediately provide support and understand the situation.

Monitor Team: one to two team members, monitor check-in and deal with unexpected situations.

Guide Team: one to two team members, guide shareholders to the check-in counter and to their seat after check-in.

Data Team: one to two team members, report latest attendance statistics to the chairman, meeting unit and master of ceremonies.

Article 8 (Information disclosure)

Before the start of the shareholder meeting, the data team should provide the latest attendance statistics to the meeting secretary, Chairman, and Master of Ceremonies at least 3 minutes before the start of the meeting. To comply with articles 12 and 13 of the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies", the Company should prepare and present attendance statistics at the start of the meeting.

Article 9 (Post-Meeting Evaluation)

After the conclusion of the shareholders' meeting, the shareholder check-in situation should be reported the Board of Directors, if there are any mistakes an improvement report should be submitted.

Article 10 These Rules and any amendments hereto, shall be implemented after adoption by the shareholders meeting.

Appendix 5

Shareholdings of Directors

(As of April 28, 2014)

Title	Name	Name of Representative	Number of Shares	% of Shareholding
Chairman	The Core Pacific Co., Ltd.	Ching-Jing Sheen	39,285,806	1.6934
Vice Chairman	BES Machinery Co., Ltd.	Jiun-Nan Bai	14,986,043	0.6460
Independent Director	Steve Ruey-Long Chen		0	0
Independent Director	Yun-Peng Chu		0	0
Independent Director	Pan, Wen-Yen		0	0
Director	Jen Huei Enterprise Co. Ltd.	Jiun-Huei Guo	16,123,959	0.6950
Director	Jen Huei Enterprise Co. Ltd.	Ko-Ming Lin		
Director	Sheen Chuen-Chi Cultural and Educational Foundation	Lian-Sheng Tsai	1,781,269	0.0768
Director	Sheen Chuen-Chi Cultural and Educational Foundation	Kuen-Ming Lin		
Director	Yu-Lun Ou	Kuo-fang Su	2,350	0.0001
Number of shares held by all directors			72,179,427	3.1112

Note 1: Ownership ratios were calculated based on the total number of the Company's outstanding shares 2,319,989,666 shares.

Note 2: As required under Article 26 of the Securities and Exchange Act and Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, all directors of the Company shall hold a minimum of 55,679,751 shares. As CPDC has established the audit committee that satisfies the requirements of the Securities and Exchange Act, the minimum shareholding requirements for directors and supervisors do not apply.

Note 3: Total number of shares held by all directors meets the minimum shareholding requirement.