中國石油化學工業開發股份有限公司

China Petrochemical Development Corporation

Investor Conference

Respect · Innovation · Care · Excellence · Green Business

2023/9/8

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Industry and Market Overview

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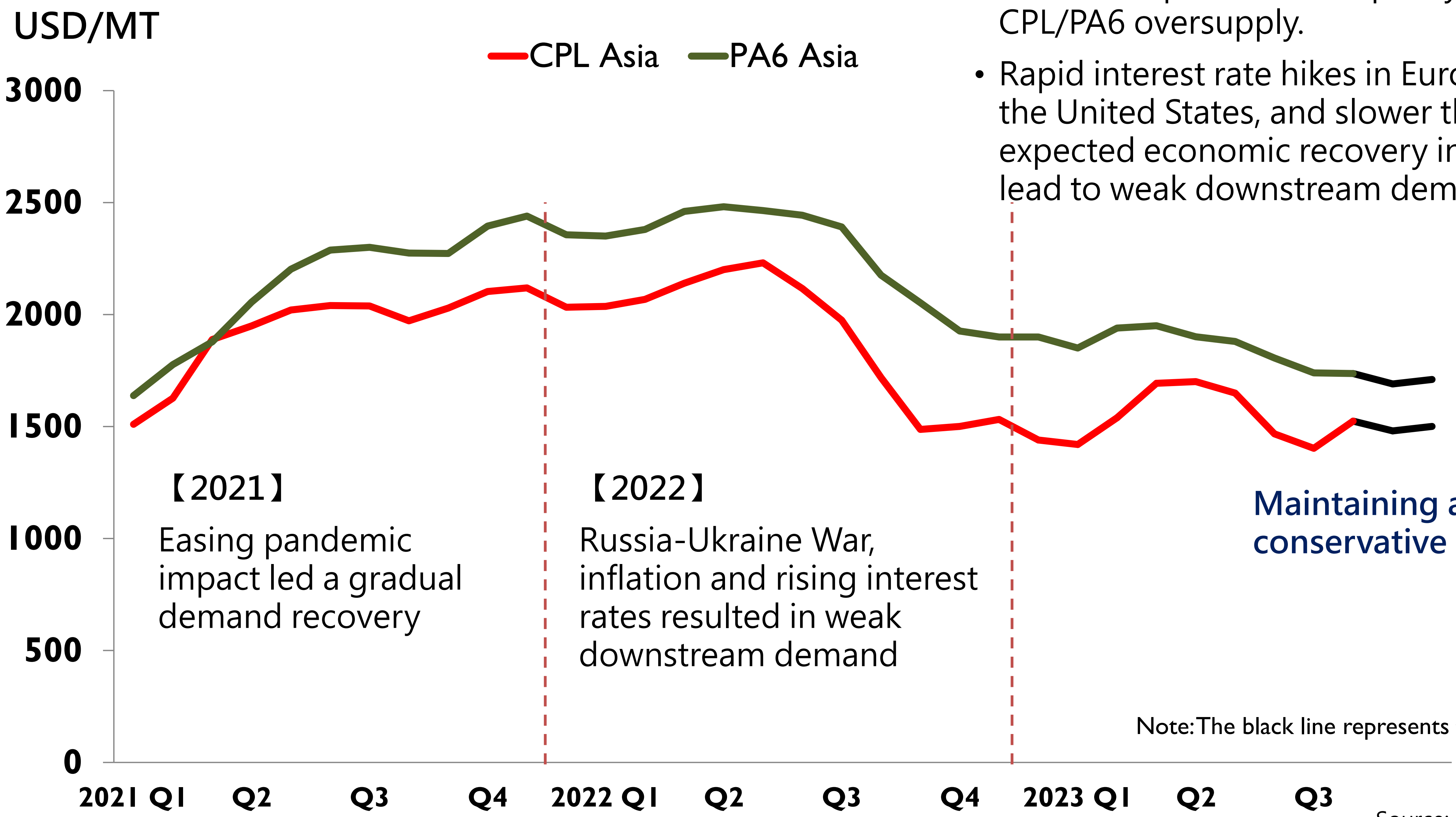
Transform the Petrochemical Industry
Expand new business in Land Development

Main Products CPL & PA6



【2023 YTD】

- China new production capacity leads to CPL/PA6 oversupply.
- Rapid interest rate hikes in Europe and the United States, and slower than expected economic recovery in China, lead to weak downstream demand.

Maintaining a conservative outlook

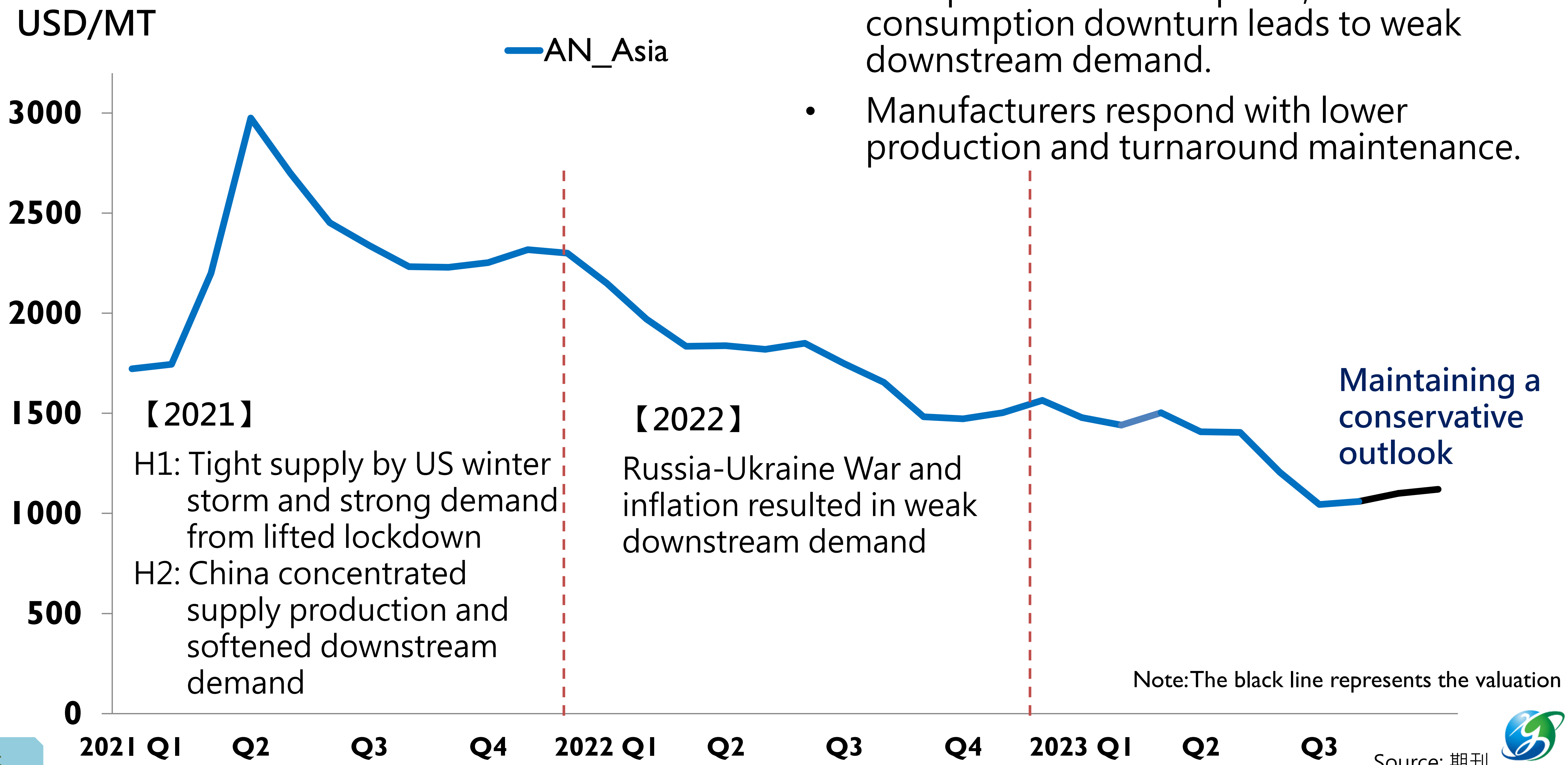
Note:The black line represents the valuation

Source: 期刊

Main Products AN

【2023 YTD】

- New production from peers, inflation and consumption downturn leads to weak downstream demand.
- Manufacturers respond with lower production and turnaround maintenance.



Source: 期刊

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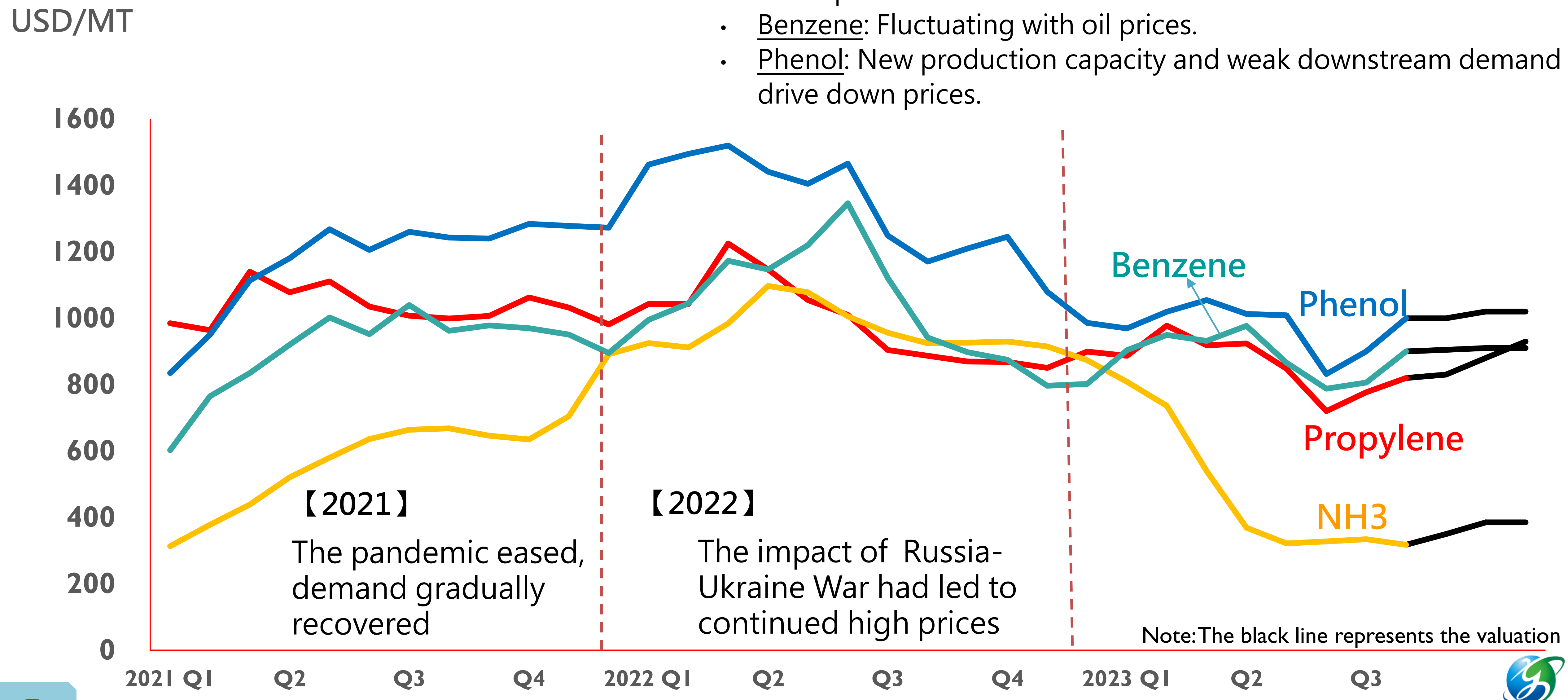
Trends on Major Feedstock

【2023 YTD】

- Propylene: Weak downstream demand leads to price drop in H1.
- NH3: Falling natural gas price and gradual recovered supply drive down prices.
- Benzene: Fluctuating with oil prices.
- Phenol: New production capacity and weak downstream demand drive down prices.



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2023H1 Operational Performance

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Transform the Petrochemical Industry
Expand new business in Land Development

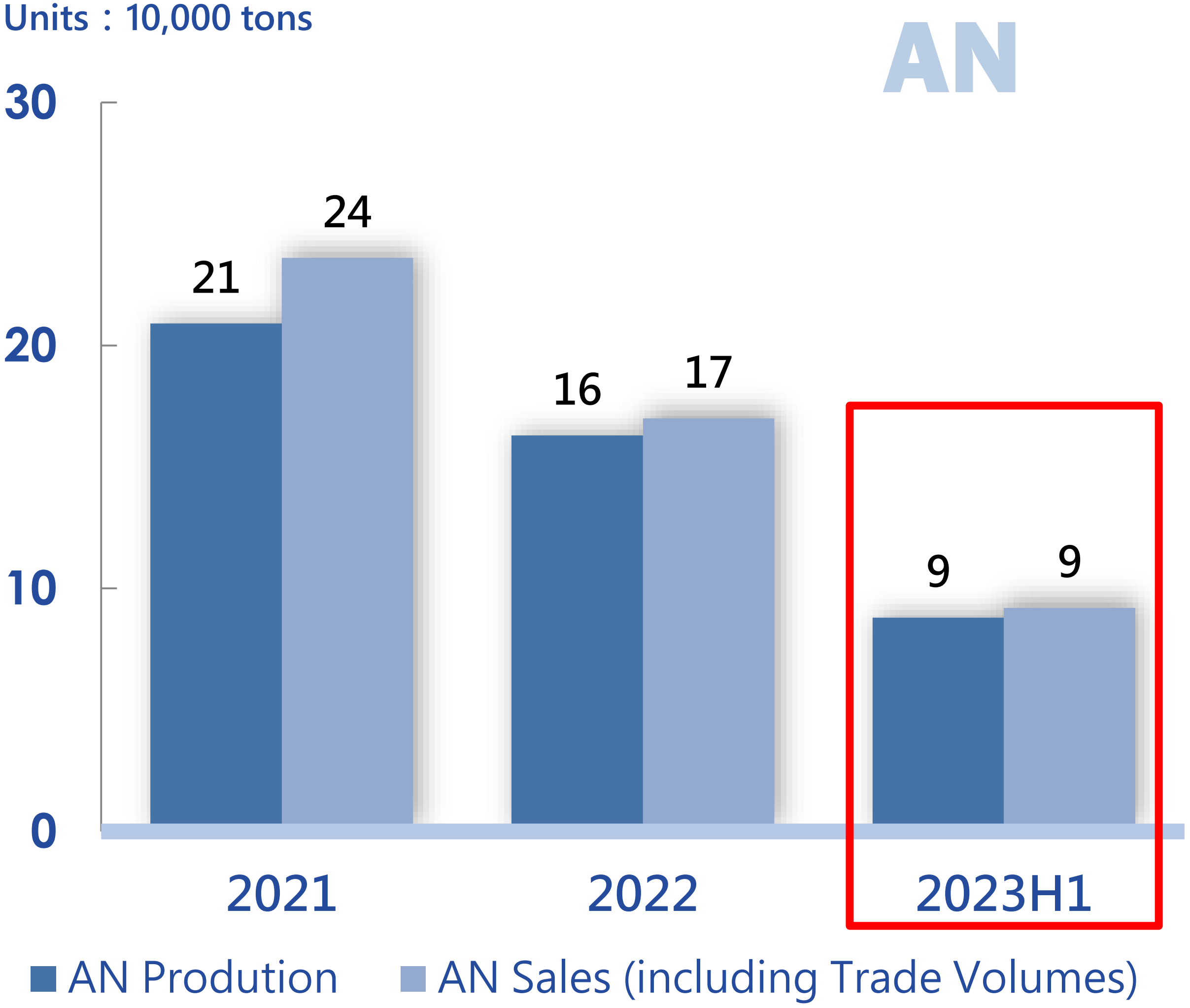
Note: The expression of financial information is mainly based on the consolidated financial statement

Production & Sales (2021 ~ 2023H1)

2023HI

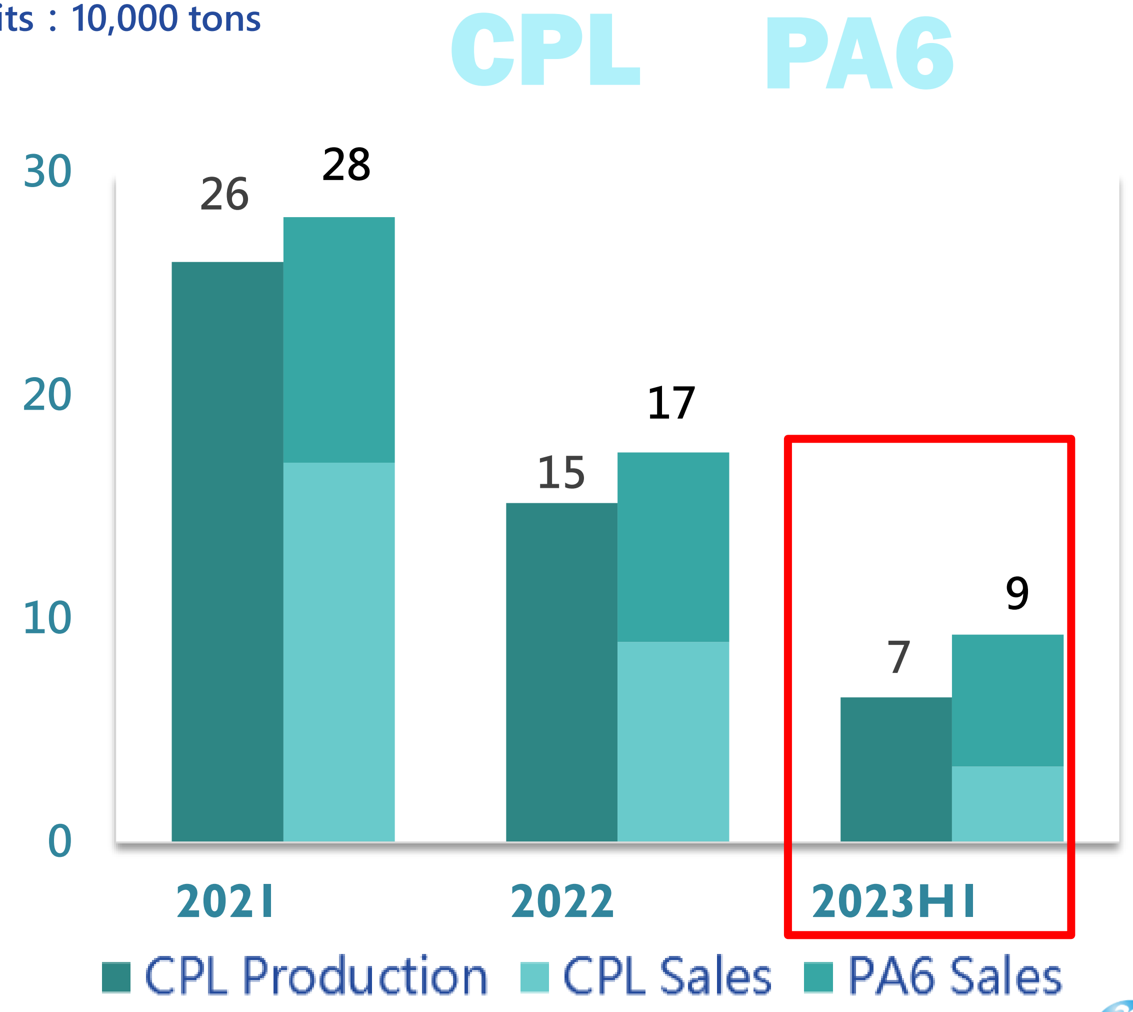
Inflation resulted in weak downstream demand

Units：10,000 tons



Note: 2020 overall sales were greater than production volumes due to the China subsidiary trade volumes increased.

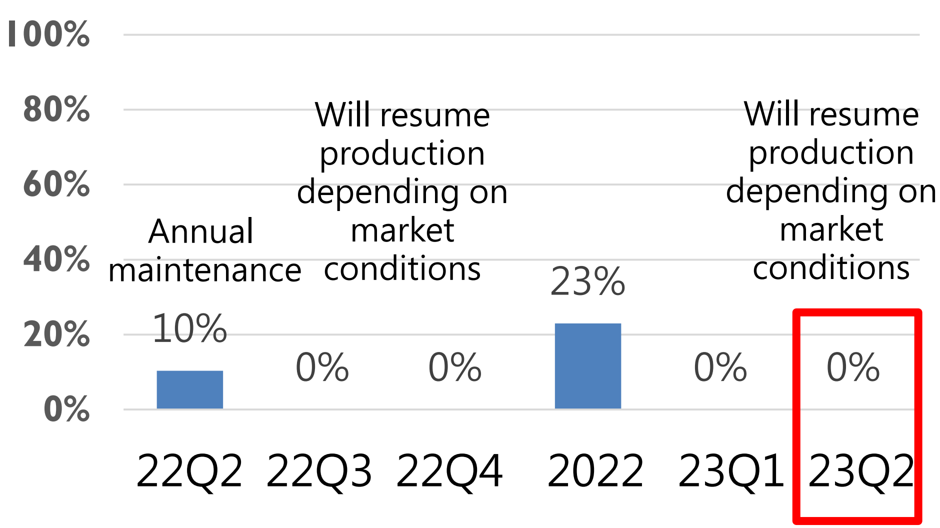
Units：10,000 tons



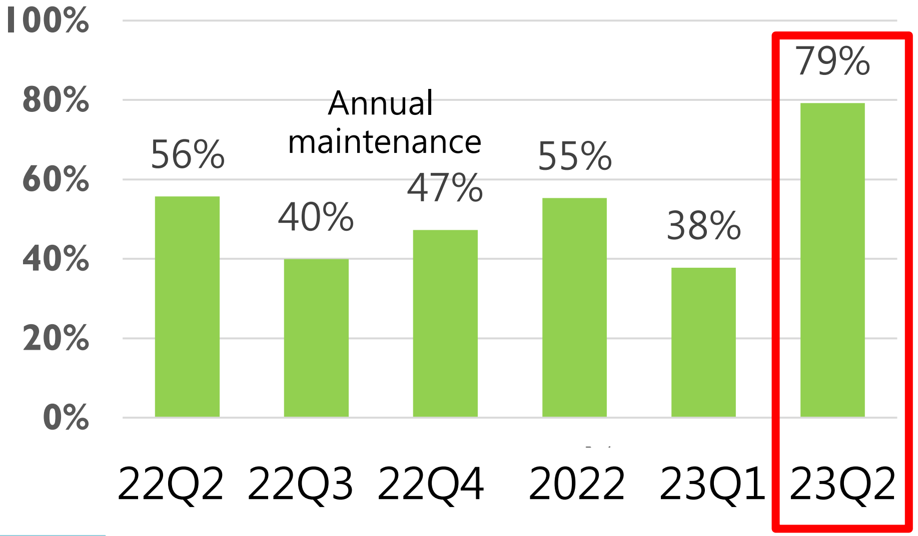
Note: The China subsidiary produces and markets PA6 since 2021.

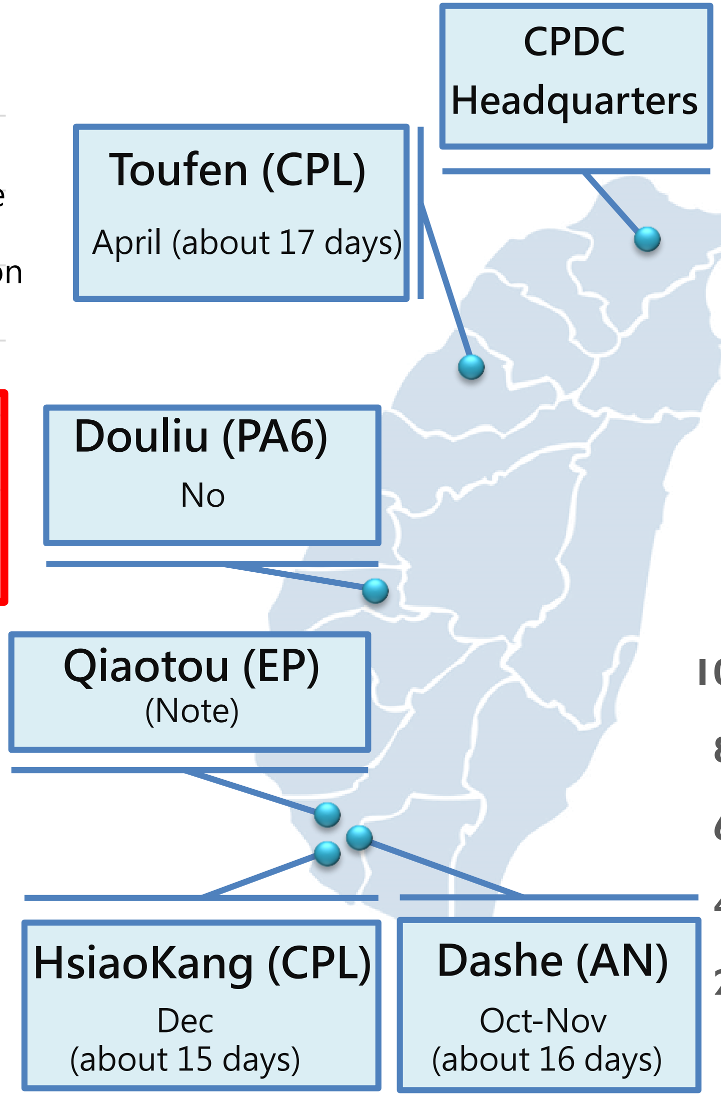
Scheduled maintenance plan & capacity utilization

Toufen (CPL) Utilization Rate

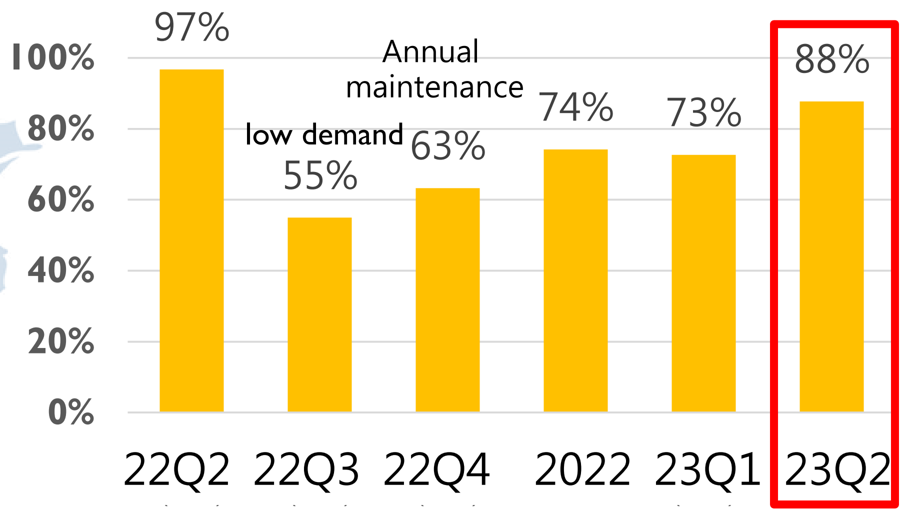


Douliou (PA6) Utilization Rate

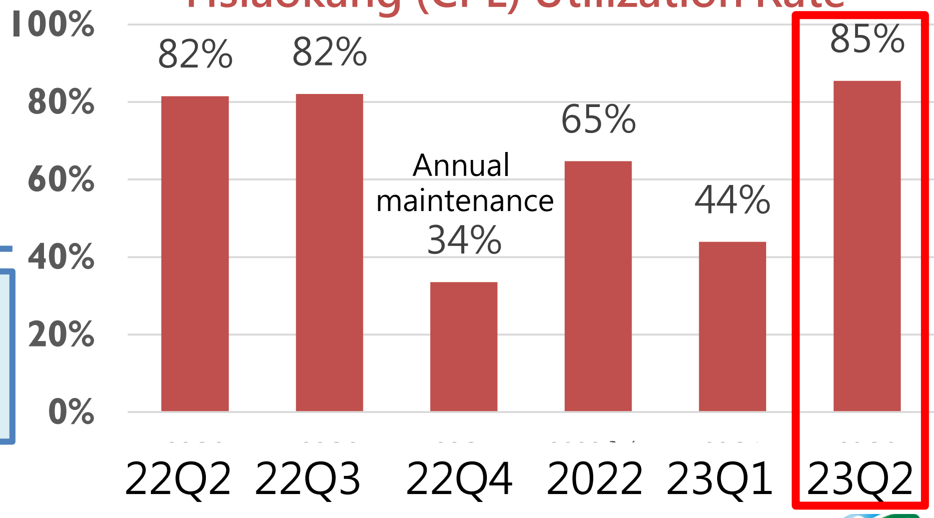




Dashe (AN) Utilization Rate



Hsiaokang (CPL) Utilization Rate



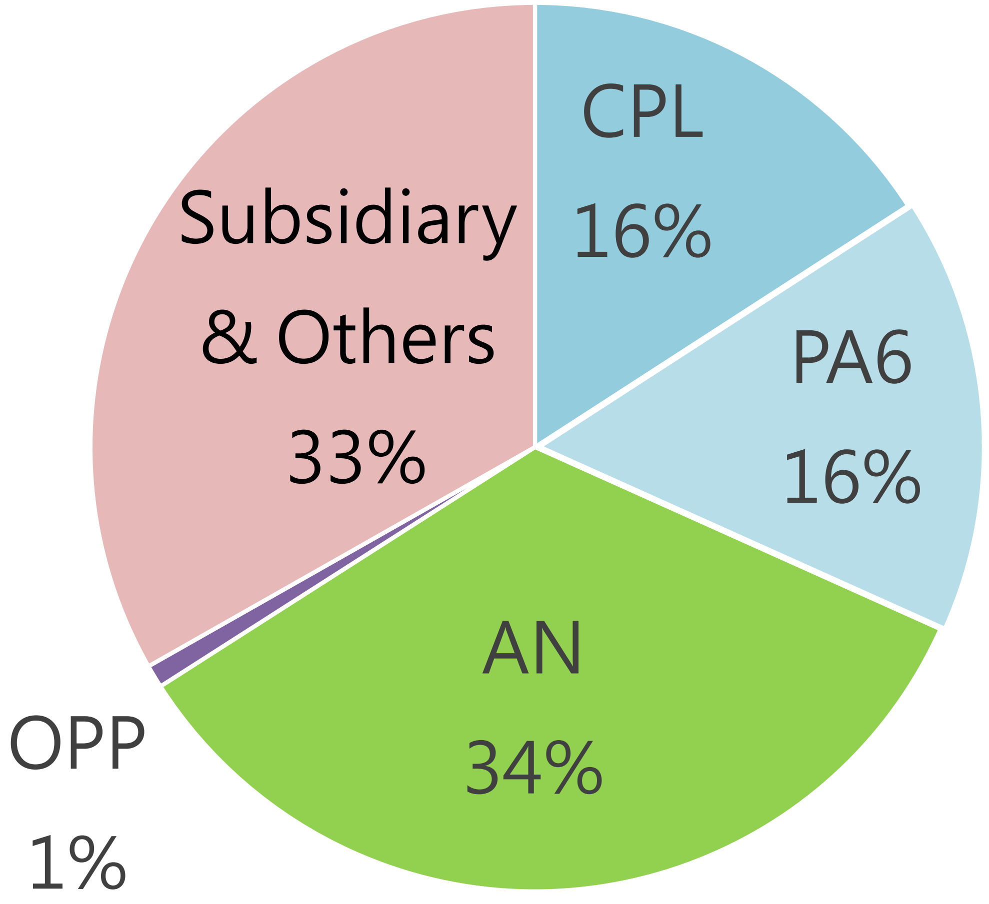
Note: Qiaotou plant primarily produces high-value PA6 from CPL, and runs batch productions based on production orders.

Revenue Mix

2023H1

Reduced demand, Prices of CPL and AN fell compared with the same period.
The China subsidiary produces and markets PA6 increased.

【2023H1 Revenue Mix】



【Change in Revenues from past 2 years】

Units: NTD100million	2022H1	2023H1	% Chg
CPL	41	19	-54%
PA6	24	19	-21%
AN	58	41	-29%
OPP	2	1	-50%
Subsidiary & Others	31	41	32%
Total	155	121	-22%

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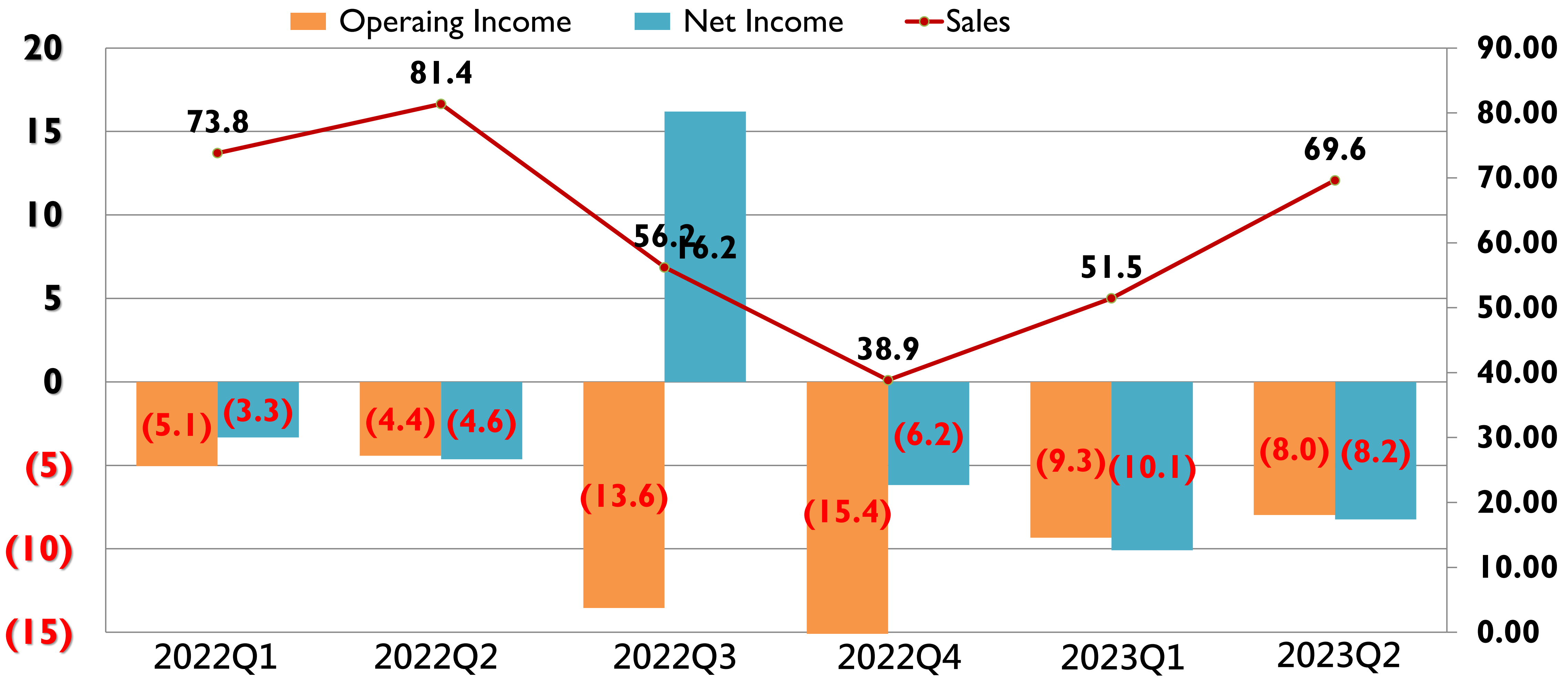
Quarterly Financials

In 2022, revenues were affected by Russia-Ukraine War, inflation, rising interest rates, and rising raw materials cost.

In 2023H1, weak downstream demand affected price, volume and profit.

Units: NT$ 100 millions



Note: The net profit after tax in 2022Q3 was mainly due to the benefits of cheap purchases; the net profit after tax in 2022Q4 was mainly due to the appreciation of investment real estate and the impact of income tax expenses.

Condensed P&L

In 2022, revenues were affected by Russia-Ukraine War, inflation, rising interest rates, and rising raw materials cost.

In 2023H1, weak downstream demand affected price, volume and profit.

Units: NT$ 100 millions	2020	2021 (Note1)	2022 (Note2)	2023H1	2022H1	Compared with 2022H1	%
Operating Revenue	176	352	250	121	155	-34	-22%
Gross Profit	0.4	50	-12	-8.1	2.8	-11	-392%
Operating Income	-18	24	-38	-17	-9	-8	-83%
Non-Op income and expenses	19	15	46	-1	2	-3	-164%
Pre-tax Profits	1	39	7	-18	-8	-10	-131%
Net Income	7	35	2	-18	-8	-10	-131%
EPS	0.21	1.06	0.06	-0.48	-0.21	-0.27	-129%

Note1: Retrospective restatement of financial statement in accordance with International Accounting Standard 16, affecting “Operating costs” item on the Condensed P&L.

Note2: Non-Operating income and expenses in 2022 was from gain recognized in bargain purchase transaction and capital gain of investment property.

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Balance Sheet

2023H1 Due to the increase in short-term financing of subsidiaries, current assets and current liabilities increased.

Units: NT$100millions	2020(Note)	2021(Note)	2022	2023H1
Total Assets	1,048	1,352	1,411	1,432
Current Assets	271	573	646	673
Non-current Assets	777	779	765	759
Total Liabilities	340	549	616	651
Current Liabilities	87	207	254	284
Non-current liabilities	253	342	362	367
Total Equity	708	803	795	780

Note: Retrospective restatement of financial statement in accordance with International Accounting Standard 16, affecting "Property, plant and equipment", "Exchange differences on translation of foreign financial statements" and "Undistributed retained earnings" items on the Balance Sheet.

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Selected Ratios

	2020	2021	2022	2023Q1	2023Q2	2023H1 Explanation
Debt Ratio	32%	41%	44%	44%	45%	
Current Ratio	310%	277%	255%	259%	237%	Increase short-term secured loans in response to operational needs
Net Profit Margin	4%	10%	1%	-20%	-15%	Revenue increased in Q2 and losses slowed down
ROA (%) (Note 1)	1%	5%	0.58%	-0.87%	-1.53%	Due to declining profits
ROE (%) (Note 2)	2%	8%	0.43%	-2.24%	-4.08%	Due to declining profits

Note1: Excluding investment property in the ratio calculation
Note2: Excluding capital gains from FMV valuation on investment property in special reserves

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Major Projects and Progress

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Project Progress_Kaohsiung Intercontinental Terminal

- NT$3.2 billion total investment in 3 phases. Storage tank items: liquid ammonia (30,000 tons), AN, phenol
- The progress of both the 1st and 2nd phases reached 90%; the first ammonia cargo ship arrived on June 1 and sent to the manufacturing plants for production.
- The 3rd phase trial run is expected by the end of 2023.

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Other projects Progress

Fine Chemicals	• It was carried out in two phases. Due to the impact of market conditions and construction costs, the total investment amount after evaluation was revised to NTD3.2 billion. • 1st phase-All projects have been tested and accepted, and water operation has been completed. It is expected to obtain the test license by the end of September. • 2nd phase-Related products complete basic design. After re-evaluation, the construction of some products will be stopped, and the construction of other products will be postponed to 2024 Q1.
Weiming Petrochemical	• RMB6.8 billion total investment in 2 phases • 1st phase- Cyclohexanone (Phenol method): Trial production was carried out in 2022 Q4, and put into production in May 2023. • Sales volume from January to July 2023- PA6: 41,500 tons; cyclohexanone: 39,000 tons • 2nd phase-Cyclohexanone (Cyclohexene Hydration method) and CPL: Project application is pending for approval. It is expected to be completed by the end of 2025 and put into operation in 2026, and plans to introduce strategic funds and bank project financing.
Tainan Anshun Land Consolidation	• Remediation period: 2009~2024 • Installed 2 sets of pre-treatment equipment in 2022; add the fourth set of heat treatment equipment in 2023. • Goals: Accelerate the progress of remediation and achieve sustainable environmental results.

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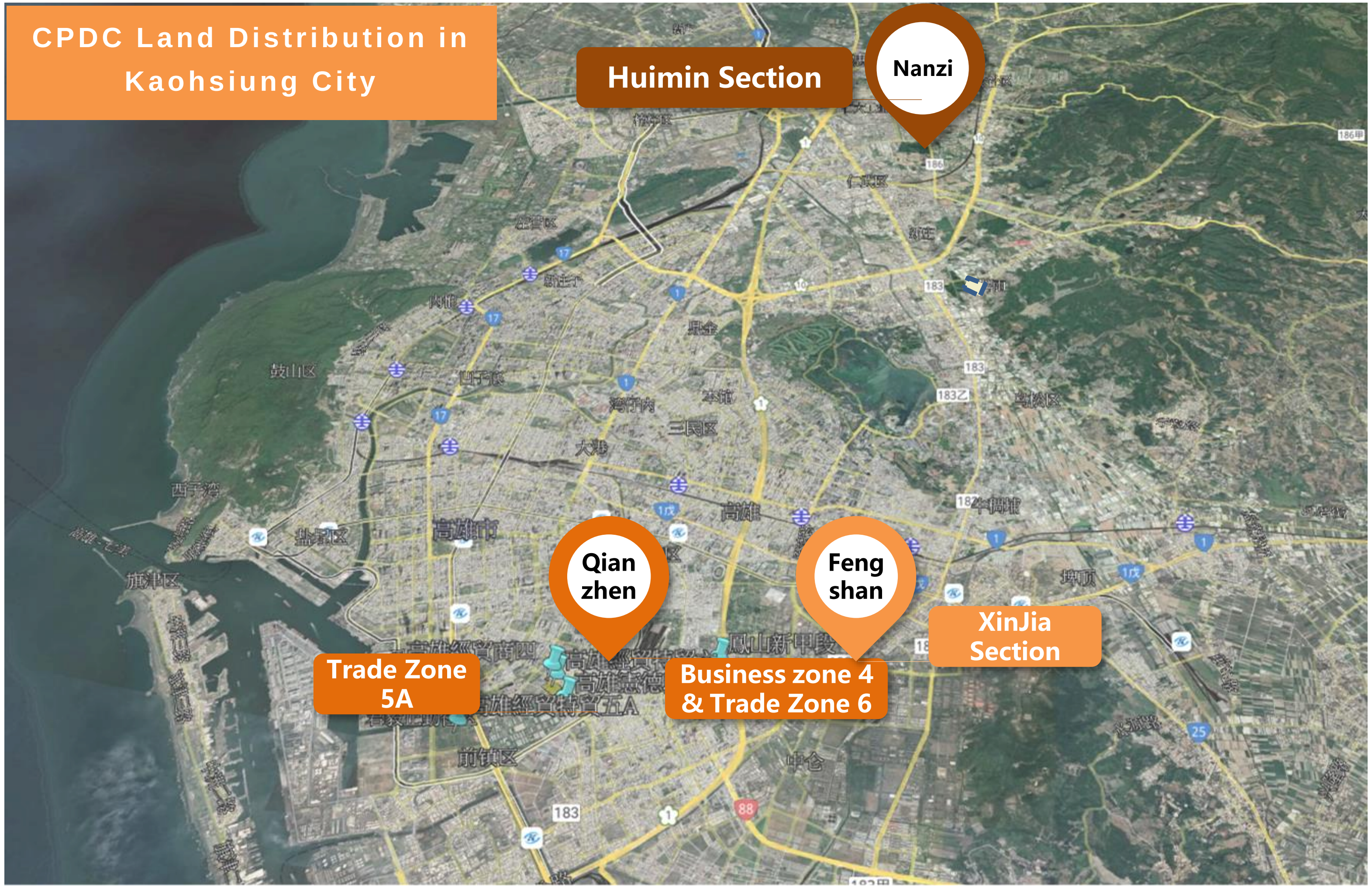
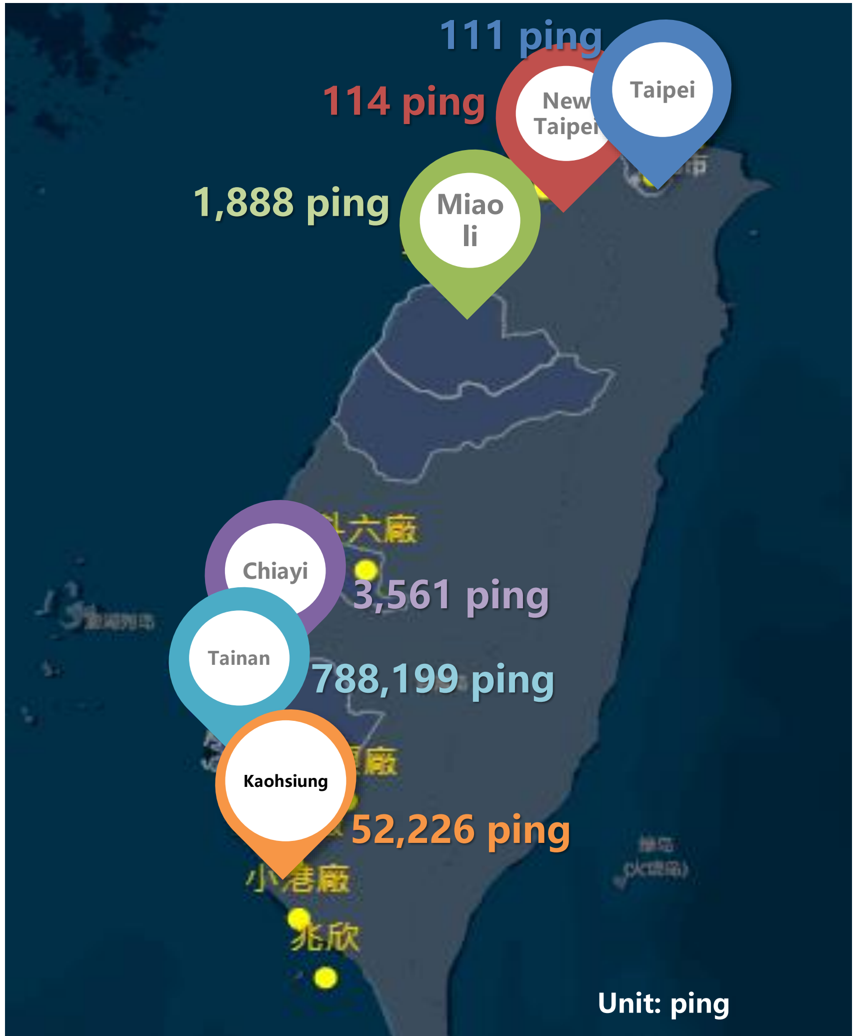
Land Development_CPDC's Land Distribution





CPDC Investment Properties
(Not including subsidiaries)

Land Development_Kaohsiung Qianzhen District Special Trade 5A

Short-to-medium-term investment promotion has achieved results

- Cooperate with the government to promote the development of "Asia New Bay Area" and the relocation of 205 Ordnance Factory, and promote development plans.
- Decathlon covers an area of 4,000 square meters and the adjacent 5,300 square meters parking lot has been put into operation.
- Continue to entrust Cushman & Wakefield to conduct land leasing and investment promotion, and preliminary results are expected by 2023 Q4.
- A large area of greening is being carried out to implement the ESG spirit.

Long-term development

In response to and in line with the introduction of the international ESG concept and the government's greening, energy-saving and urban development plan policies, in addition to increasing the development intensity of large areas of land, green buildings, carbon-absorbing civilization, and AI technology will be used to develop appropriate, safe and smart buildings. Targeting residential and commercial complexes.

Land Development_Core Pacific Plaza

Project progress:

- The basement works have been carried out to the B3 floor, and it is expected that the work on the first floor will be carried out in Q2 of 2024.
- In Q1 of 2025, the lifting operation of the upper beam and curtain works will be carried out, and the application for the license is expected to be processed in the second half of 2026.

Sales progress: Negotiating with potential transaction partners.

- Development Area: Approximately 4,987 ping
- Floor Area: Approximately 76,995 ping
- Floor: 19 floors and 7 underground floors
- Award-winning performance:
  - ✓ 3/16 achieved GRESB 5 Star rating in “Sector Leader - Comprehensive Property Development Category”.
  - ✓ 5/31 won the International Property Awards (IPA) for the "Best Commercial High Rise Development" and "Best Mixed Use Development" awards.
- Certification (expected):
  LEED Platinum, WELL Platinum, Green Building Diamond, Smart Building Diamond, Safety and Shockproof Mark

Overseas Land Development

Myanmar

- The Parami building is rented out (for a total of five years).

Vietnam

- Integrated the resources of CPDC and BES, invested in BESVN through the Vietnamese reinvestment company CPTS, and BESVN led the relevant case evaluation and investment development.
- Currently negotiating with local developers in Vietnam to jointly apply for development cases.
- Acquire large-scale land development for industrial zones and new town development, and strive to extend the industrial zone development to new towns/residential areas. The planning targets are targeting areas such as Hanoi, Hai Phong and Bac Ninh Province in North Vietnam.

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ESG Performance

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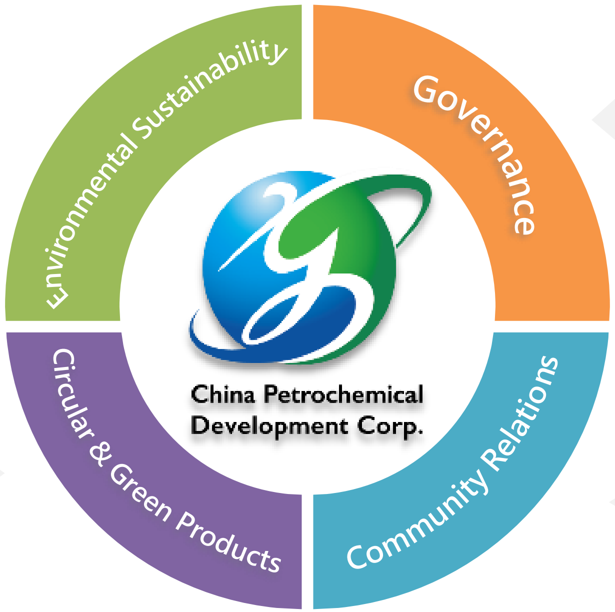
ESG Performance

- The Plants obtained ISO 46001 certification.
- Implement legal projects for the installation of renewable energy sources for large electricity consumers.
- The Toufen Plant promotes the transformation project of the steam and electric factory (clean energy planning).
- Dashe Plant carried out VOCs removal and wastewater improvement project.



- Publish sustainability report in accordance with the latest GRI guidelines.
- Continue to participate in international ESG assessment such as DJSI and CDP.
- Inventorying the Company’s policy & commitments while upgrading the Company’s governance and internal control system
- Strengthen supply chain management (ESG questionnaire survey, revision of Supplier commitment letter, promotion of integrity management).
- Adopt & Implement ISO 27001 information security management system.

- Implement low-carbon process nylon composite application development subsidy plan.
- Development of biodegradable and biomaterials.
- Complete electronic solvent standard testing process.
- Completed multiple core technology derivative developments.
- Promote environmentally friendly and non-toxic green products.
- Develop circular economy materials and obtain GRS certification.

- 100% signing rate of Integrity Statement, Human Rights Policy, Workplace Ethics, Gender Equality and other policies.
- Anti-sexual harassment and discrimination included in compulsory courses.
- Continue to promote a safe workplace, industry-university cooperation, blood donation, and environmental education lectures.

Thank You

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