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

2024/4/12

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I. Industry and Market Overview

II. Operational Performance

III. Major Projects and Progress

IV. Transformation Strategy and ESG Performance

Industry and Market Overview

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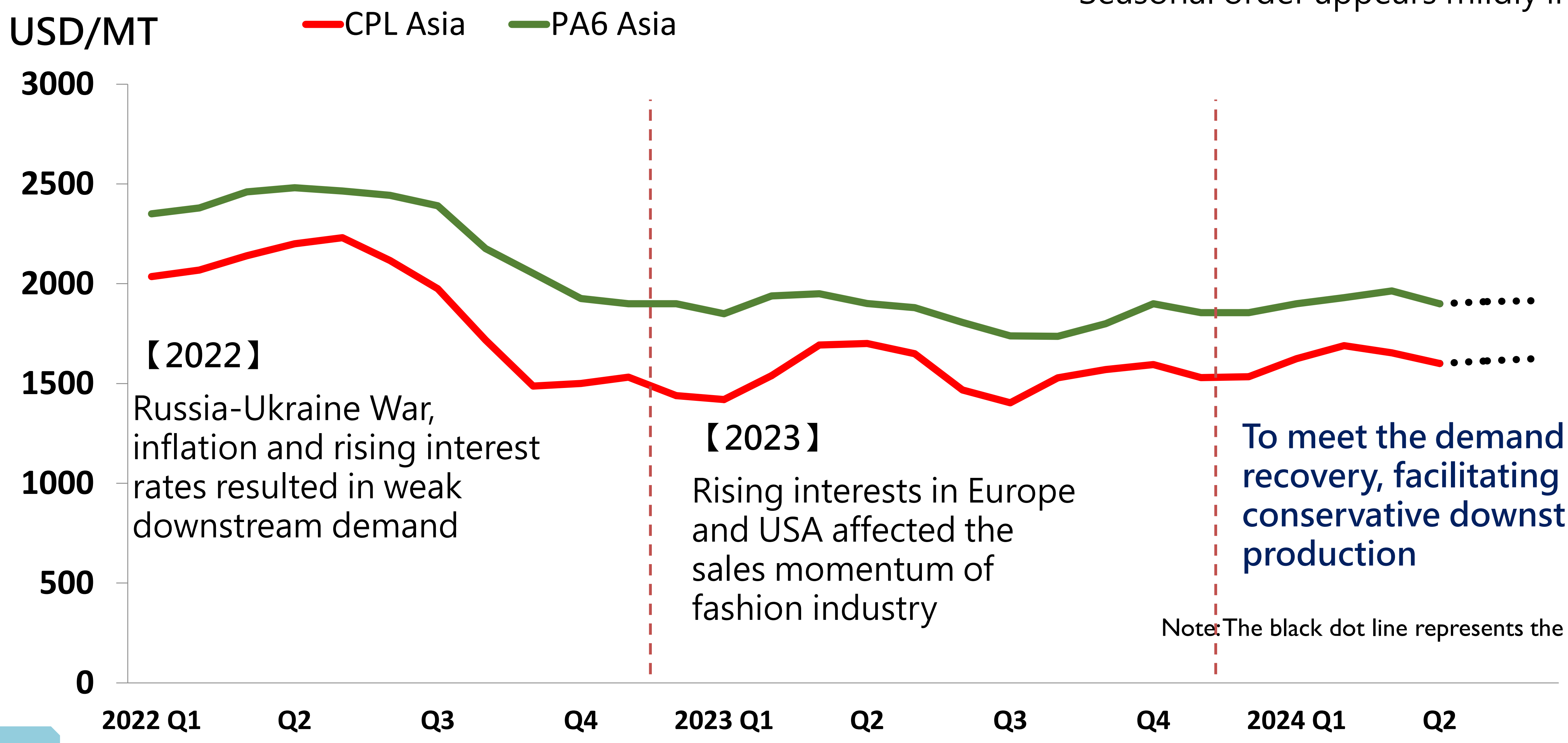
Transform the Petrochemical Industry
Expand new business in Land Development

Main Products CPL & PA6

【2024 YTD】

- China new production capacity leads to increasing supply
- Seasonal order appears mildly increased

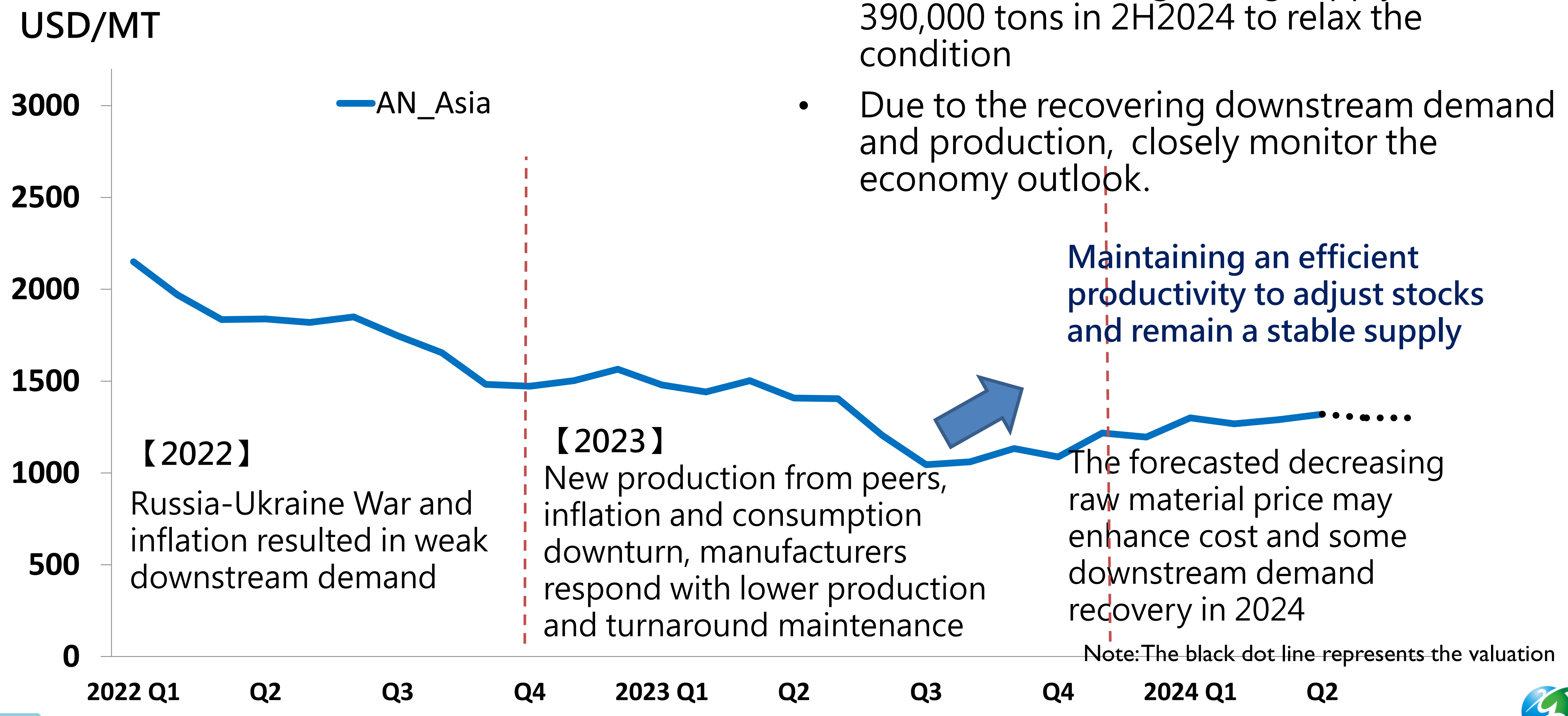


Source: 期刊

Main Products AN

【2024 YTD】

- 1H2024 price supported by tight supply; thanks to the new growing supply of 390,000 tons in 2H2024 to relax the condition
- Due to the recovering downstream demand and production, closely monitor the economy outlook.

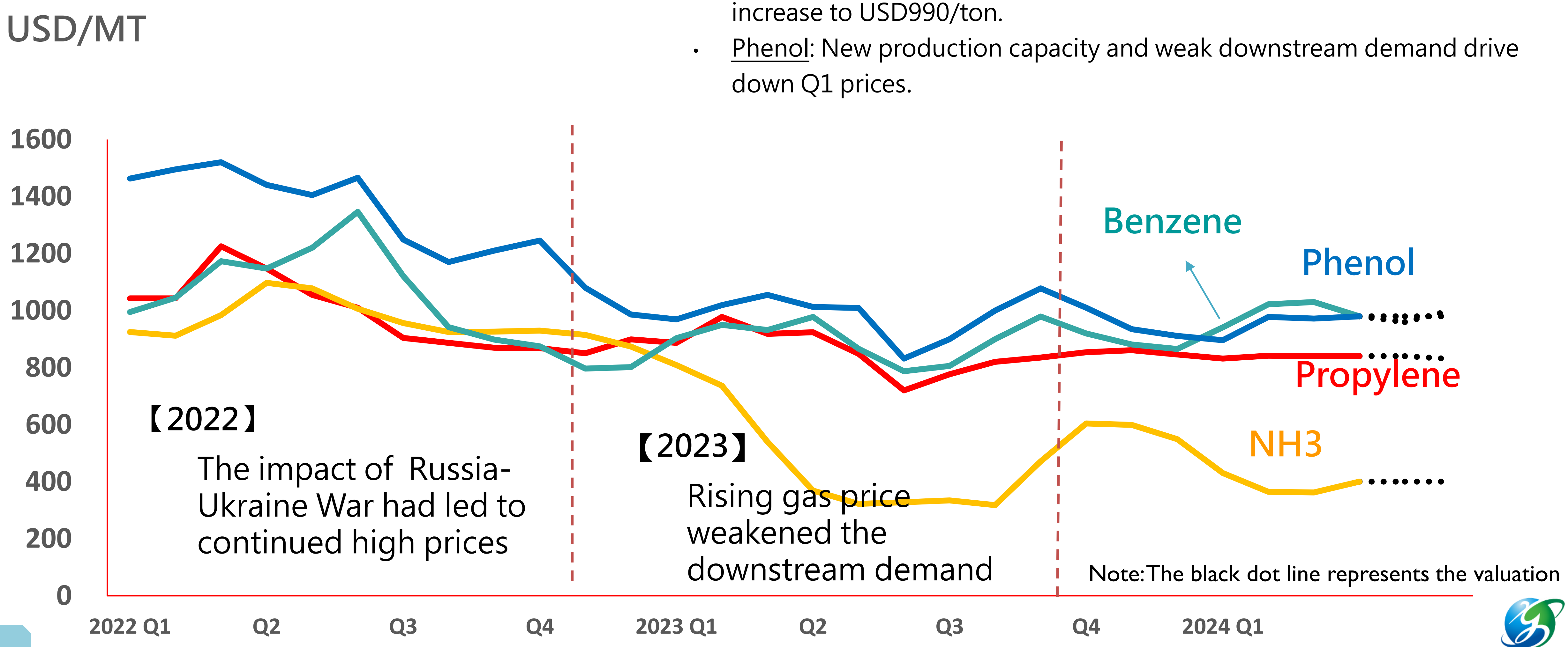


Source: 期刊

Trends on Major Feedstock

【2024YTD】

- Propylene: Weak downstream and oil price drop resulted 2023 decreasing average price. The 2024 average price is forecasted to be stable.
- NH3: The demand/supple resumed normal. The average price of 1H2024 will fall (to about USD390/ton) compared to 2023
- Benzene: Affected by low aromatic equipment, the price of 1H2024 will increase to USD990/ton.
- Phenol: New production capacity and weak downstream demand drive down Q1 prices.



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2023 Operational Performance

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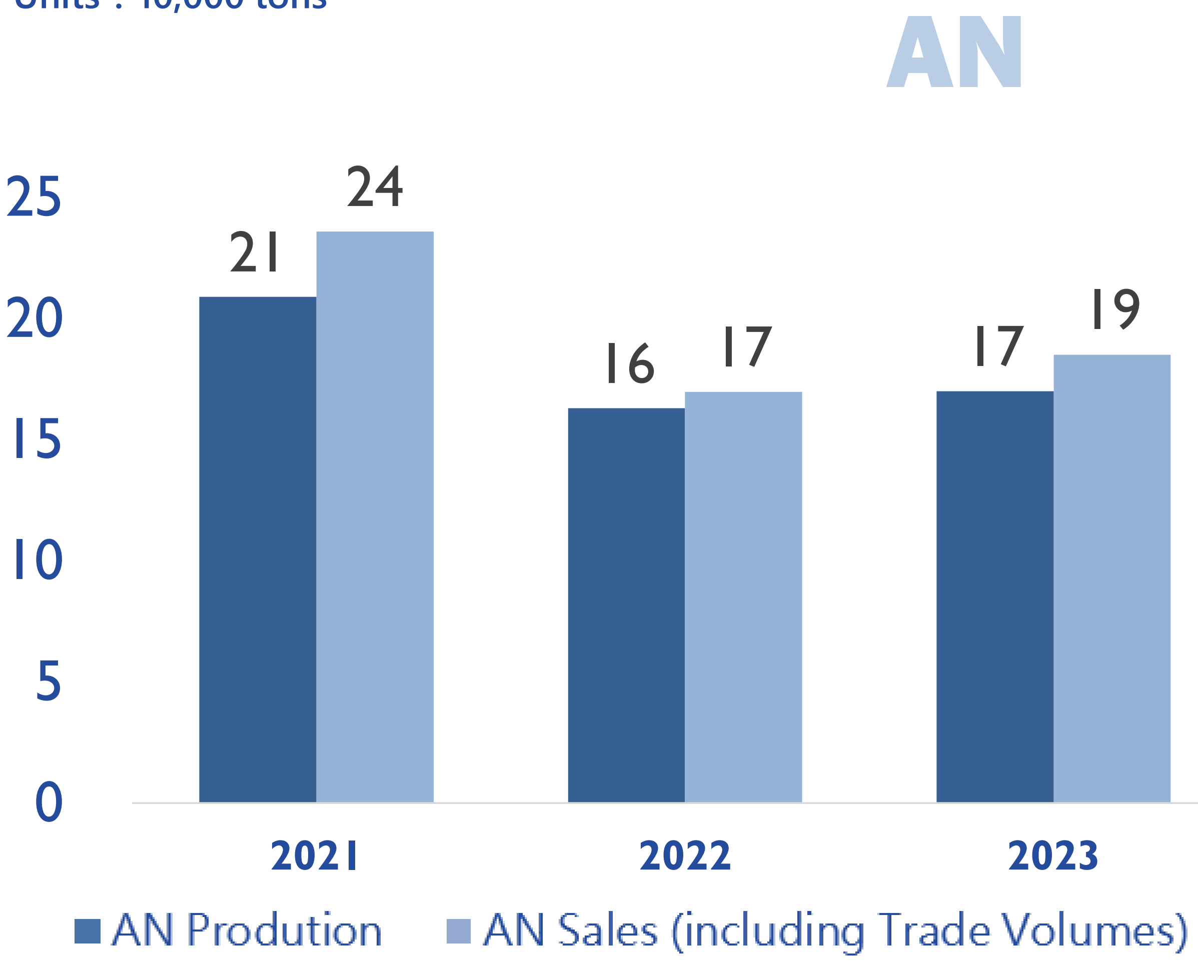
Note: The expression of financial information is mainly based on the consolidated financial statement

Production & Sales (2021 ~ 2023)

2023

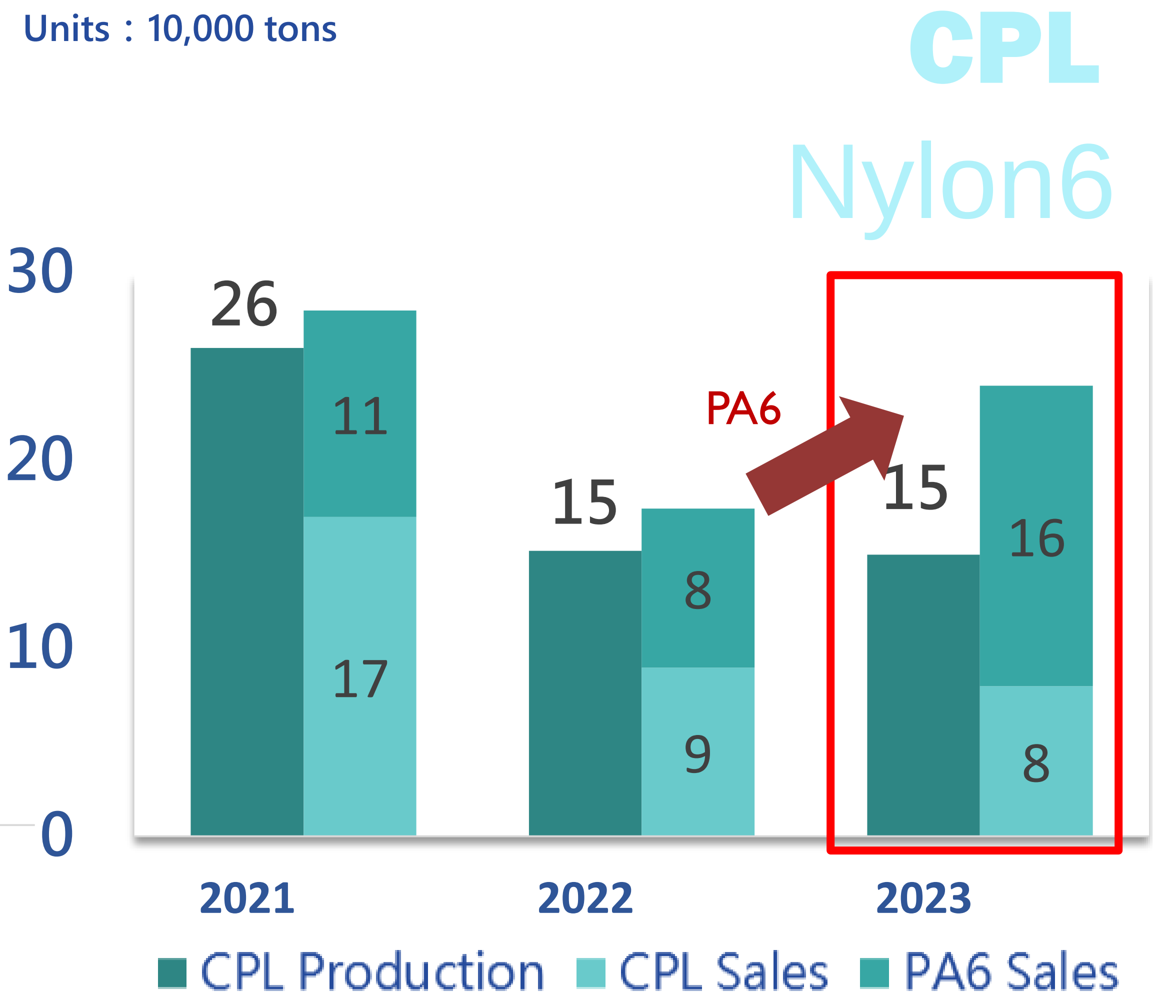
Rising volume of AN, CPL, PA6 compared to 2022

Units：10,000 tons



Note:: the trading volume is from the subsidiaries in China

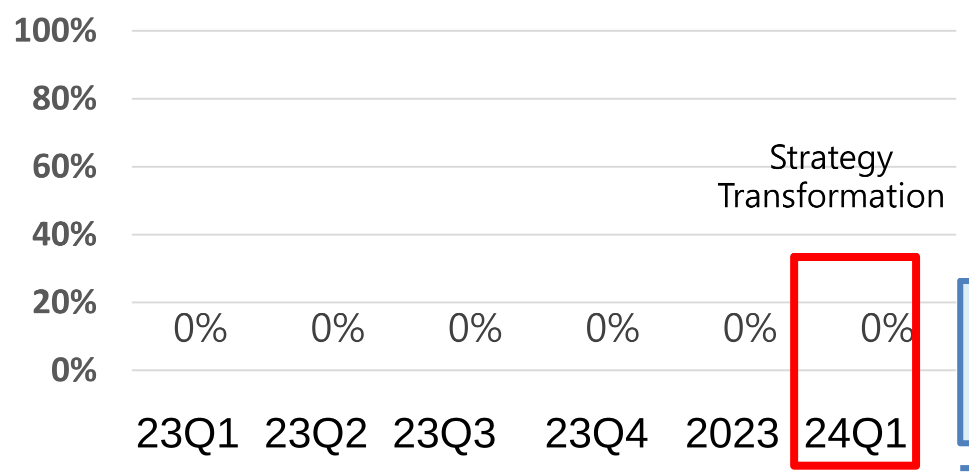
Units：10,000 tons



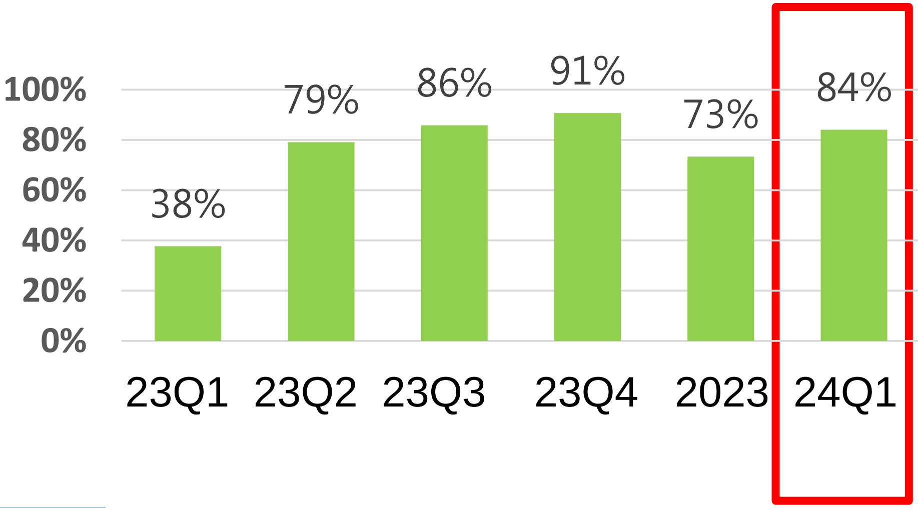
Note:The China subsidiary produces and markets PA6 since 2021.

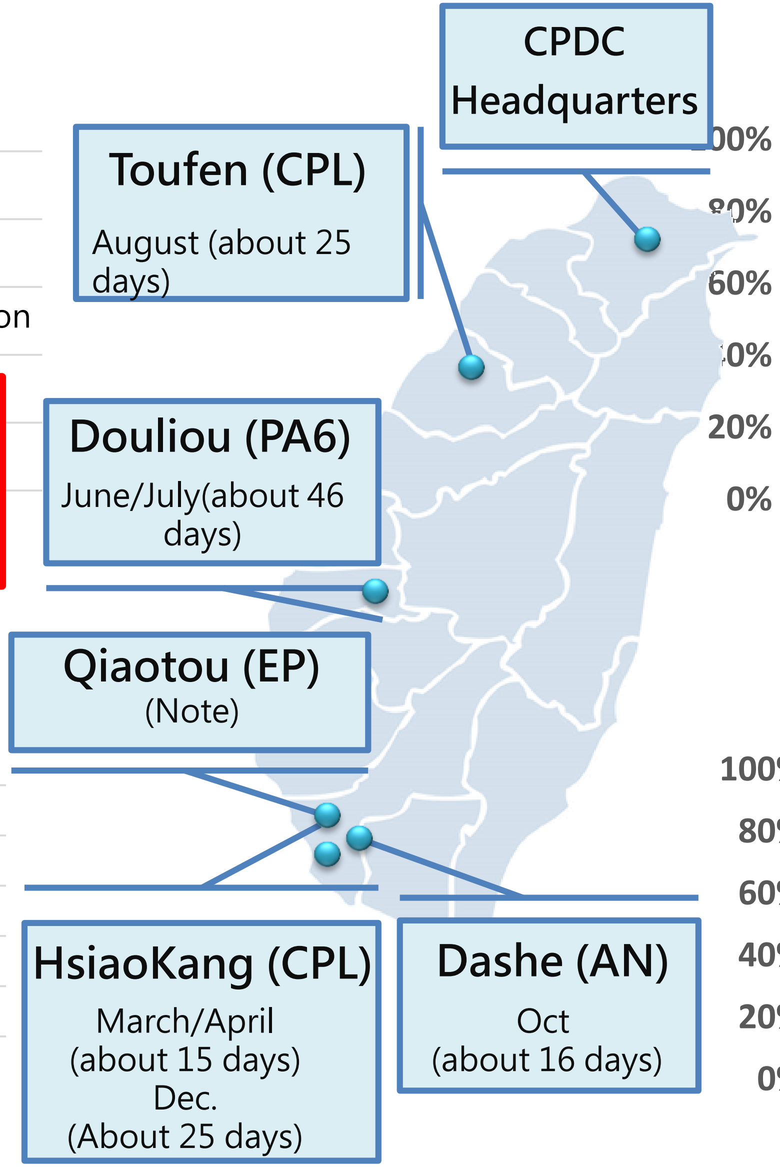
Scheduled maintenance plan & capacity utilization

Toufen (CPL) Utilization Rate

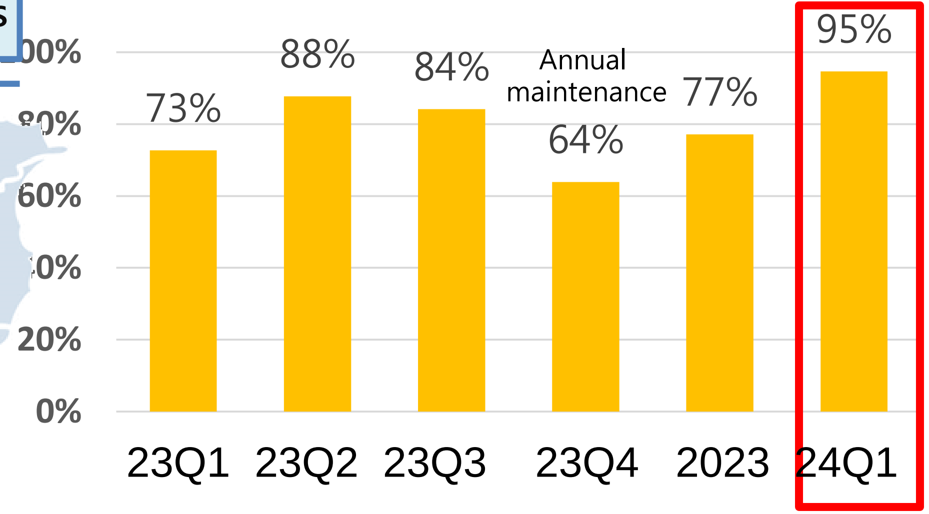


Douliou (PA6) Utilization Rate

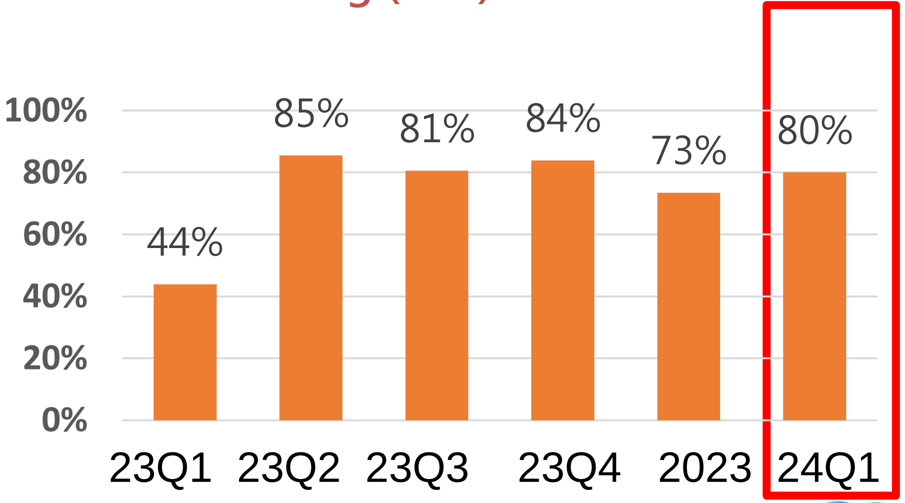




Dashe (AN) Utilization Rate



Hsiaokang (CPL) Utilization Rate



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

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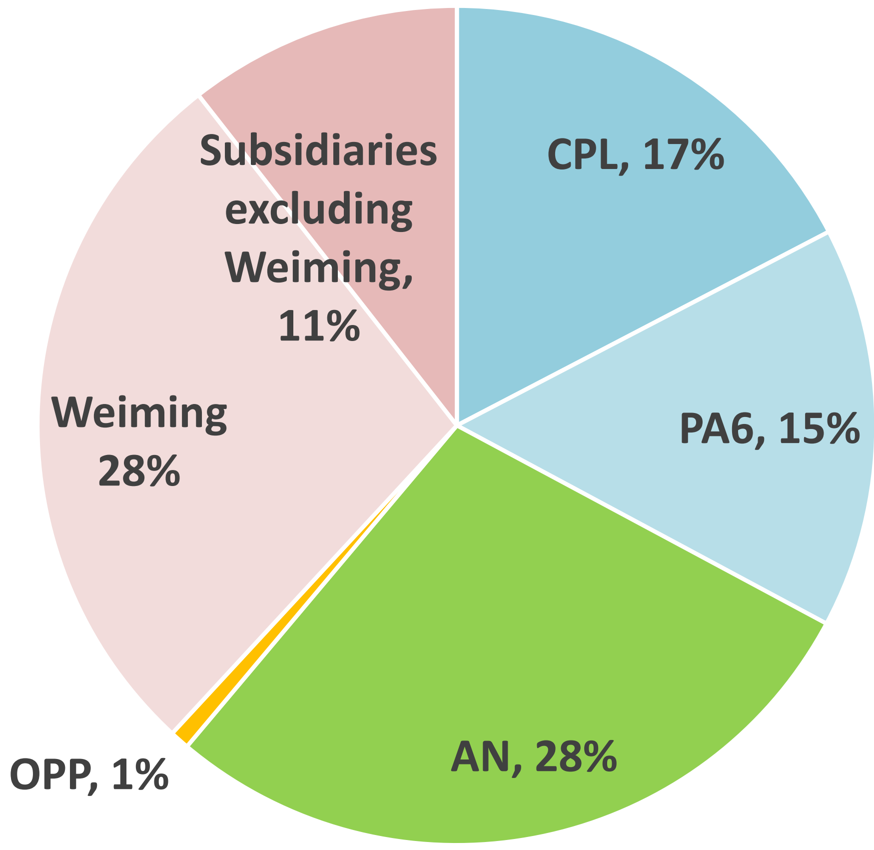
Revenue Mix

2023

Rising interest, inflation and peer oversupply affecting revenue of CPL and AN

The China subsidiary utilization rate of PA6 increased and attributed to the revenue.

【2023 Revenue Mix】



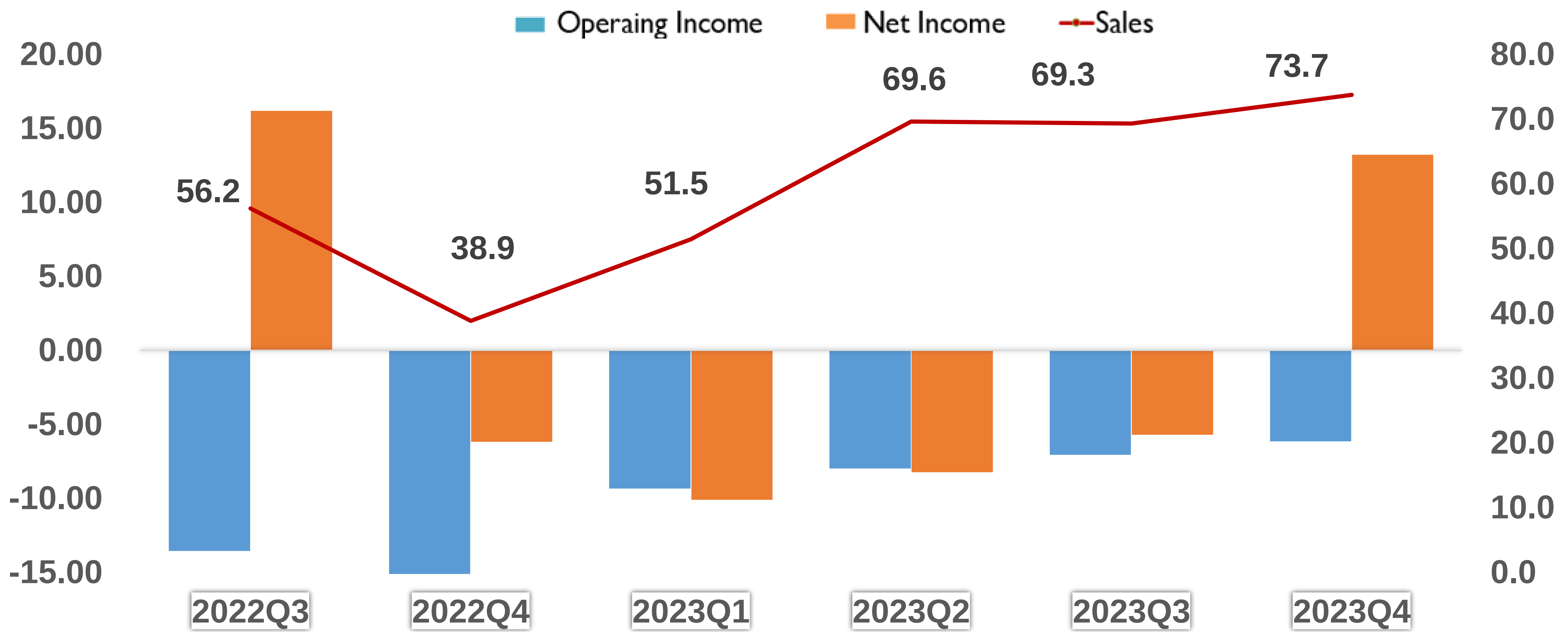
【Change in Revenues from past 2 years】

Units: NTD100million	2022	2023	增減%
CPL	60	46	-24%
PA6	42	41	-2%
AN	92	75	-18%
OPP	2.5	2.0	-19%
Weiming	19	73	278%
Subsidiary & Others(excluding Weiming)	35	28	-20%
Total	250	264	6%

Quarterly Financials

In 2023, China peer oversupply, rising interest and inflation
Weak downstream demand affected price, volume and profit.

Units: NT$ 100 millions



Note: In 2023Q4, the improved operating loss and the valuation gain of invested real estate attributed the net profit after tax of NT 1.322 billion.

Condensed P&L

The 2023 unfavorable industry market condition results operating loss(inflation and rising rate affecting demand)

Transformation strategy caused impairment loss and net loss

Units: NT$ 100 millions	2021 (Note1)	2022(Note2)	2023(Note3)	Compared with 2022	%
Operating Revenue	352	250	264	14	6%
Gross Profit	50	-12	-11	1	12%
Operating Income	24	-38	-31	8	21%
Non-Op income and expenses	15	46	25	-21	-46%
Pre-tax Profits	39	7	-6	-13	-181%
Net Income	35	2	-11	-13	-626%
EPS	1.06	0.06	-0.28	-0.34	-567%

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.
Note3:For non-operating income of 2023, the valuation gain of invested property is NT$3.148 billion and the impairment loss of factory and equipment is NT 0.542 billion.

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Balance Sheet

2023 Due to the capital expenditure, increasing property valuation and increasing financing, assets and liabilities were increased.

Units: NT$100millions	2021	2022	2023
Total Assets	**1,352**	**1,411**	**1,457**
Current Assets	573	646	666
Non-current Assets	779	765	791
Total Liabilities	**549**	**616**	**669**
Current Liabilities	207	254	302
Non-current liabilities	342	362	367
Total Equity	**803**	**795**	**788**

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Selected Ratios

	2021	2022	2023	2023H1 Explanation
Debt Ratio	41%	44%	46%	Increase short-term secured loans in response to operational needs
Current Ratio	277%	255%	220%	
Net Profit Margin	10%	1%	-4%	1. In 2023, the peer oversupply, inflation and rising rate caused less demand 2. Due to the impairment loss
ROA (%) (Note 1)	5%	0.58%	-0.36%	
ROE (%) (Note 2)	8%	0.43%	-1.41%	

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 are completed and in operation for own-use. The ammonia export initiated in Feb 2024 and to look forward, the niche is for generating rental income and trading.
- The 3rd phase trial run (including AN and Phenol)is expected by 2H2024.

Phase 1& Phase 2 in operation

Receiving and unloading liquid ammonia

Storage tank: phenol, liquid ammonia

Phase 3: Construction Status

Phenol Area

AN Area

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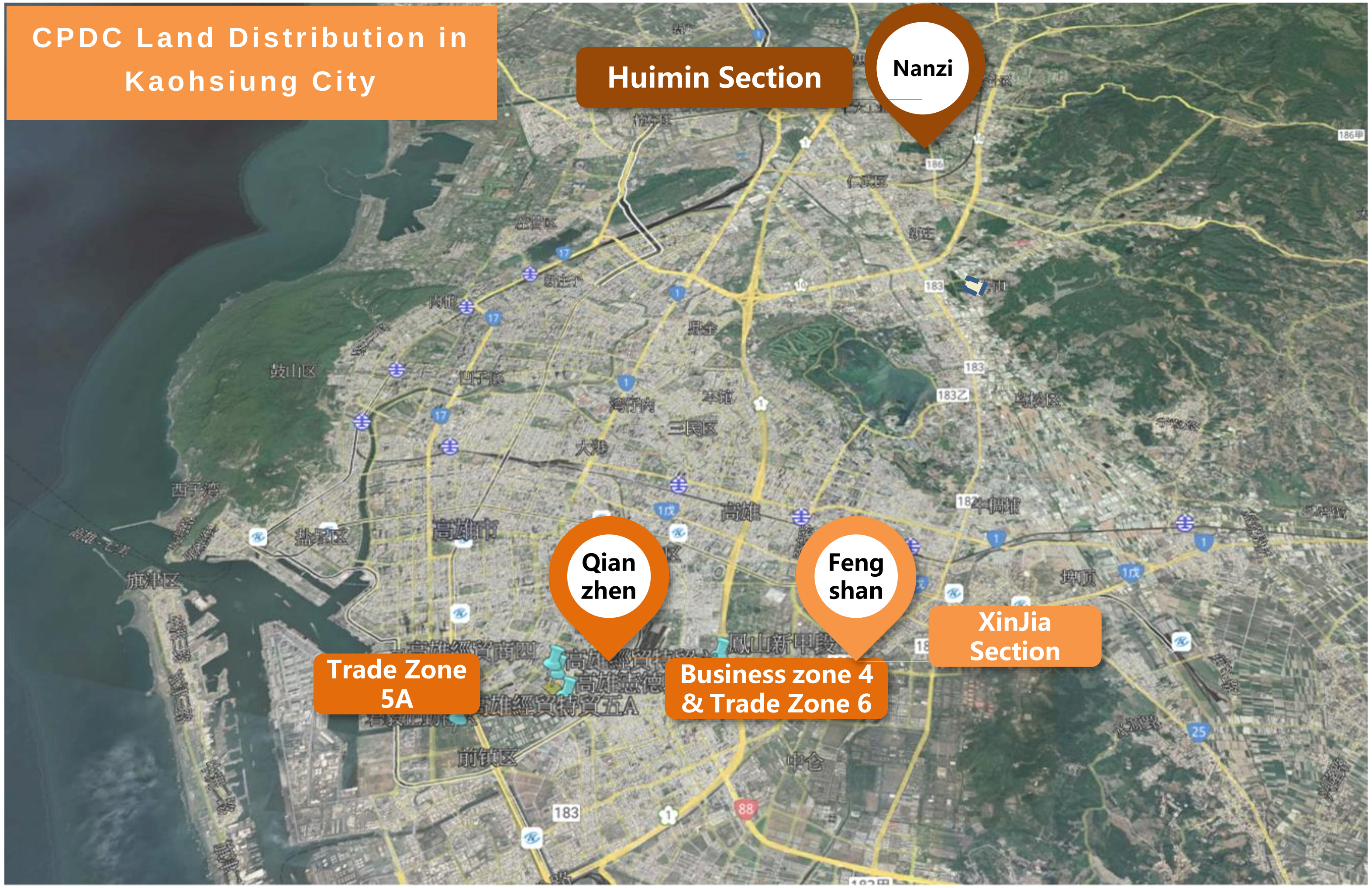
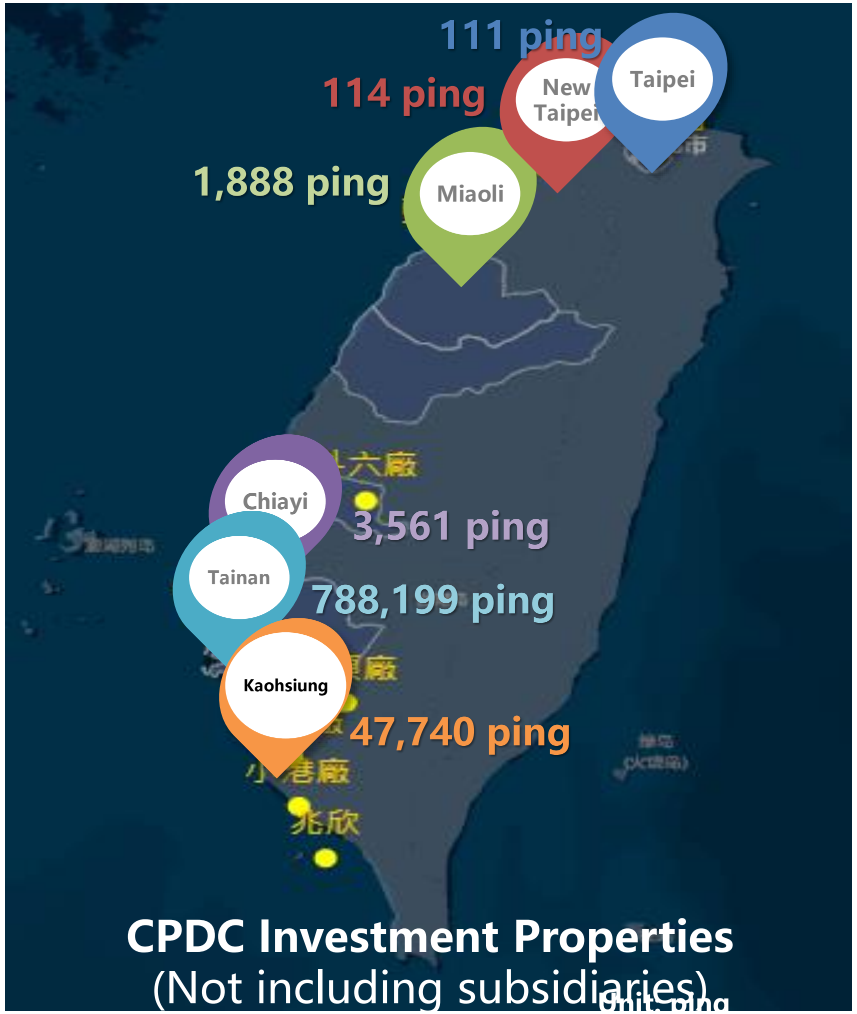
Other Projects Progress

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. The mass production test of two products are completed in Dec 2023 and Feb 2024 respectively. • 2nd phase-related products complete basic design. To the next, the product market presence will be the key element to assess for the factory expansion.
Weiming Petrochemical	• RMB6.8 billion total investment in 2 phases. • 1st phase- Cyclohexanone (Phenol method) and PA6 are in operation; the 2023 sales increased sharply: Cyclohexanone 86,000 tons(2022: 3300 tons); PA6 85,000 tons(2022: 23,600 tons). • 2nd phase-Cyclohexanone (Cyclohexene Hydration method) and CPL: Project permit is approved in Sep 2023 . The reviews for 5 assessments are in application and operation is expected in 2026, and strategic funds and bank project financing are under negotiation.
Tainan Anshun Land Consolidation	• The fourth set of heat treatment equipment in 2023 enhanced the contaminated oil treatment. • The remediation area has been completed at 33.2 hectares (accounting for 89.5% of the total remediation area). • 573,000 metric tons of soil are qualified after test, and 100,000 tons of soil remaining to process. • The Forth Remediation Plan Adjustment is under application for the authority to approve.

Land Development_CPDC's Land Distribution





Total Kaohsiung City Area :47,740 ping

Total Invested Property Area :841,613 ping

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Invested Property(Qianzhen, Kaohsiung,Trade Zone 6)

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 while 3,000 square meters are leased to United Recommend in 2024.

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:

- B5F~B4F plans to be completed this April. Ground floor steel structure plans to be completed in Q2 2024, 1FL grouting will be completed this May 2024

Construction project contract:: Taiwan Kumagai Co., Ltd.

- Development Area: Approximately 4,987 ping
- Floor Area: Approximately 76,995 ping
- Floor: 19 floors and 7 underground floors
- Award-winning performance:
  - ✓ It achieved GRESB 5 Star rating in “Sector Leader - Comprehensive Property Development Category” .
  - ✓ It 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

Vietnam

- Integrated the resources of CPDC and BES, invested in BESVN led the relevant case evaluation and investment development for industrial parks, new towns and residential projects in Vietnam and a 50 hectare industrial cluster in Haiphong via JV partnership.
- To Look Forward,: Continued to engage the development of industrial zones, new towns and general residential projects by participating in auctions, bidding, cooperating with local developers or applying for development projects.

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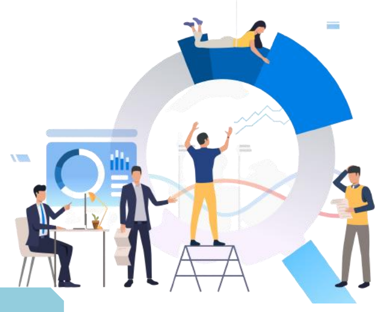
2023 ESG Achievements

Environmental Sustainability

- In 2023, **the construction of solar renewable energy** with a total installed capacity of 3,119 kW was completed.
- All plants have obtained **ISO** 9001、ISO 14001、ISO46001 certification; Main production plants additionally certified by ISO 45001and ISO 50001
- In 2023, we invested NT $86.468 million in **17 energy-saving and carbon-reduction projects, resulting in 1,844.88 KLOE with 5050.2 metric tons of CO2e reduced per year.This is equivalent to the annual carbon absorption of 13 Daan Forest Parks.**
- Hsiaokang Plant won Outstanding Contribution Award for Adopting and Purifying the Kaohsiung Air Quality Improvement Zone from the Environmental Protection Bureau, Kaohsiung City Government in 2023.
- **Green Building by the Ministry of the Interior:** Dashe Plant awarded with Diamond Prize；The Hsiaokang Plant awarded bronze prize；The Toufen Plant's Nylon and Admin building awarded silver and bronze prize respectively

Social Relation

- Internal awareness promotion related to the integrity statement, **human rights policy**, workplace ethics, and gender equality with a 100% signing rate.
- Engagement in public welfare activities and seminars to enhance the corporate public imagine



Corporate Governance

- As Taiwan's only chemical industry in **S&P Global Sustainability Yearbook for 4 years**
- We participated in the the International Carbon Disclosure Project (**CDP**) for 6 consecutive years and were recognized with management grade B in climate change projects. The water safety project achieved **the management level B score**.
- We won 3 awards at the 16th Taiwan Corporate Sustainability Award (**TCSA**) in 2023: 100 Most Prestigious Sustainability Awards, Sustainability Report-Class I Gold Award for Traditional Manufacturing Industry, and Climate Leadership Award.
- Current Governance Policies: CPDC Company Business Integrity Code; CPDC's Procedures for Ethical Management and Guidelines for Conduct; CPDC's Standards of Ethical Conduct; 5. CPDC Corporate Governance Best Practice Principles etc.
- **Adopting ISO 27001 and in Feb 2024 obtained the third party notary**

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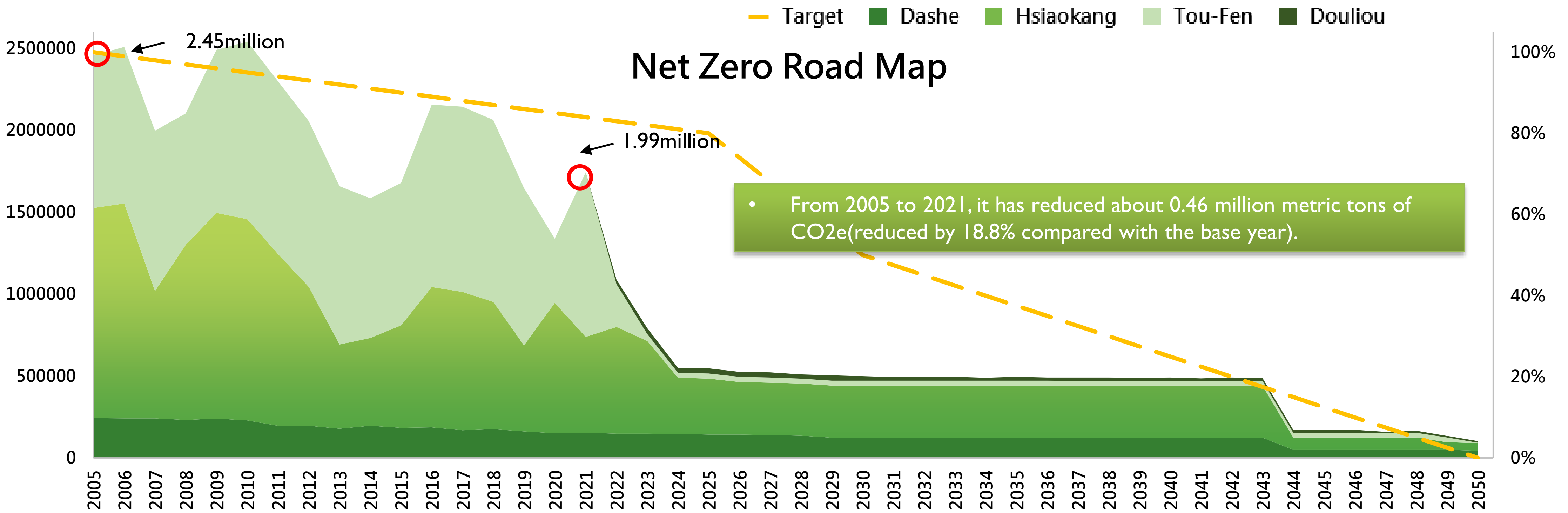
2024 Transformation Strategy-Sustainable Development: Forwarding to fine chemicals, electrical chemical, energy, low carbon products。



Note: the actual numbers of Year 2005-2023. From 2024, it is the estimated numbers.

Environmental Sustainability

- 2050 Net Zero Management
- Internal Carbon Pricing Research and Test
- Renewable Energy Proportion and Strategy Position

Social Relations

- Talent cultivation and retention system
- Mid to Senior level successors and promotion system
- Enhancing occupational safety and health management

Corporate Governance

- Status of Director Diversity Goals-Optimizing effectiveness of the Board of Directors
- Optimizing risk management
- Supply chain management

Sustainability Transformation

- Fine Chemicals
- Electrical Gas
- Energy :Gas-fired power construction Stage One
- Low Carbon Products

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Transformation Development Strategy

Fine /Specialty Chemicals

1. Continued enhancing cost of OPP and developing OPP derivatives
2. 2024 OPP innovation products as planning：OPP derivatives; Hydrogen(refined plants)
3. Strategic alliance to develop new materials:
   SiAT Partners with CPDC to Launch Innovative Second-Generation LMFP Paste with Phosphazene, Enhancing Battery Safety
4. Development fields：optics, communications, new energy, hydrogenation technology

Energy

2050 Net Zero Carbon Climate Action:

1. Toufen Plant: Transforming coal-gas fired power
2. Gas-fired power construction (own-used and for sales)
   - construction is carried out in two phases
   - total target power of 30 MW(8.9+21.1 MW)

Electronic Chemicals

Transforming plants to develop electrical chemicals

1. Optimize intermediate products and by-products to electronic grades.
2. Aiming to enter into the semiconductor supply chain, and the equipment is currently under construction.

Hydrogen Energy Low Carbon

Promoting new energy application and product development

1. Blue hydrogen and fuel cell technology etc. is under plan and evaluation.
2. Continue researching low-carbon hydrogen technology

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Thank You



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