Subject: Supplementary announcement to Phase I Stage 2 investment plan in Jiangsu Weiming Rudong petrochemical base approved by CPDC BOD on June 17, 2020.

Date of events: 2020/07/24

To which item it meets: paragraph 20

Statement:

1. Date of occurrence of the event: 2020/07/24
2. Method of the current increase (decrease) in investment: CPDC directly or indirectly invests in the Jiangsu Weiming petrochemical Corp.
3. Amount, unit price, and total monetary amount of the transaction: The total amount of the transaction is RMB 1,176,000 thousand. (About NTD5,450,760 thousand)
4. Company name of the mainland Chinese investee: Jiangsu Weiming petrochemical Corp.
5. Paid-in capital of aforementioned mainland Chinese investee: RMB 645,000 thousand. (About NTD 3,135,734 thousand.)
6. Amount of capital increase currently planned for the aforementioned mainland Chinese investee: RMB 1,176,000 thousand. (About NTD5,450,760 thousand)
7. Main businesses of the aforementioned mainland Chinese investee: Construction of facilities for petrochemical projects.
8. Type of CPA opinion in the latest annual financial statements of the aforementioned mainland Chinese investee: The accountants believe that the financial statements of the company was prepared in accordance with the Accounting Standards for Business Enterprises, and it fairly reflected the financial position, operating results and cash flows as of December 31, 2017.
9. Total equity of the aforementioned mainland Chinese investee in the latest annual financial statements: NTD 2,951,014 thousand.
10. Amount of profit/loss of the aforementioned mainland Chinese investee in the latest annual financial statements: NTD -22,068 thousand.
11. Amount of actual investment in the aforementioned mainland Chinese investee, up to the present moment: NTD 3,135,734 thousand.
12. Trading counterparty and its relationship with the Company: The Jiangsu Weiming petrochemical Corp. is CPDC’s subsidiary company.
13. Where the trading counterparty is a related party, announcement shall also be made of the reason for choosing the related party as trading counterparty and the identity of the previous owner, its relationship with the Company and the trading counterparty, and the previous date and monetary amount of transfer: N/A
14. Where an owner of the underlying assets within the past five years has been a related party of the Company, the announcement shall also include the date and price of acquisition and disposal by the related party, and its relationship with the Company at the time of the transaction: N/A
15. Profit (or loss) upon disposal: N/A
16. Terms of delivery or payment (including payment period and monetary amount), restrictive covenants in the contract, and other important terms and conditions: N/A
17. The manner in which the current transaction was decided, the reference basis for the decision on price, and the decision-making unit: Approved by BOD and the audit committee.
18. Broker: N/A
19. Concrete purpose of the acquisition or disposal: Establish the production and sales bases for petrochemical related products (Cyclohexanone, Nylon and Caprolactam).
20. Any dissenting opinions of directors to the present transaction: No.
21. Whether the counterparty of the current transaction is a related party: Yes
22. Date of the board of directors resolution: 2018/06/28
23. Date of ratification by supervisors or approval by the Audit Committee: 2018/06/28
24. Total amount of investment in mainland China (including the current investment) approved by the Investment Commission, up to the present moment: NTD 7,818,436 thousand. (not including the present investment, waiting to be approved)
25. Ratio of the total amount of investment in mainland China (including the current investment) approved by the Investment Commission, up to the present moment, to the paid-in capital on the latest financial statements: 28.96% (not including the present investment, waiting to be approved)
26. Ratio of the total amount of investment in mainland China (including the current investment) approved by the Investment Commission, up to the present moment, to the paid-in capital on the latest financial statements: 28.96% (not including the present investment, waiting to be approved)
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moment, to the total assets on the latest financial statements:
9.31%(not including the present investment, waiting to be approved)
27.Ratio of the total amount of investment in mainland China (including the current investment) approved by the Investment Commission, up to the present moment, to equity attributable to owners of the parent on the latest financial statements:
12.17%(not including the present investment, waiting to be approved)
28.Total amount of actual investment in mainland China, up to the present moment: NTD5,004,695 thousand
29.Ratio of the total amount of actual investment in mainland China, up to the present moment, to the paid-in capital on the latest financial statements: 18.54%
30.Ratio of the total amount of actual investment in mainland China, up to the present moment, to total assets on the latest financial statements: 5.96%
31.Ratio of the total amount of actual investment in mainland China, up to the present moment, to equity attributable to owners of the parent on the latest financial statements: 7.79%
32.Amount of recognized profit (loss) on investment in mainland China for the last three years:
Year 2015 NTD-83,267 thousand
Year 2016 NTD-25,016 thousand
Year 2017 NTD-49,371 thousand
33.Amount of profit remitted back to Taiwan for the last three years:
Year 2015 NTD 0
Year 2016 NTD 0
Year 2017 NTD 0
34.Whether the CPA issued an unreasonable opinion regarding the current transaction: N/A
35.Name of the CPA firm: N/A
36.Name of the CPA: N/A
37.Practice certificate number of the CPA: N/A
38.Any other matters that need to be specified:
(1).The total amount of Phase I stage 2 investment plan of CPDC's Rudong petrochemical base was CNY 3.880 billion. Of the total investment amount, CNY 1.176 billion is provided by CPDC, and the remaining of the investment amount will be fully financed by Jiangsu Weiming Petrochemical Co., Ltd. from local financial institutions in the mainland.
(2).The planned Cyclohexanone production process uses phenol as feedstock. Due to rapid expansion in downstream products and production capacity, phenol supply has been tight and prices are highly volatile and unpredictable, adversely affect the competitiveness of phenol process. The Company adopts next generation Cyclohexene Hydration process by using benzene feedstock to stay cost competitive, resulting the increase in the total investment from CNY3.880 billion to 5.322 billion.
(3).The increased amount of the investment plan will be fully financed by Jiangsu Weiming Petrochemical Co., Ltd. from local financial institutions in the mainland. The planned investment amount of CNY 1.176 billion by CPDC remains unchanged.