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Subject
Announced by CHINA PETROCHEMICAL DEVELOPMENT CORPORATION for the change in accounting policy starting from January 1, 2014.

Date of events 2014/12/31  To which item it meets article 2 paragraph 9

1. Date of the board of directors' resolution: 2014/12/31
2. The nature of the change: Change in accounting policy.
3. Reason for the change: CHINA PETROCHEMICAL DEVELOPMENT CORPORATION announced to change the accounting policy regarding subsequent measurement of investment properties from cost model to fair value model.
4. The prior periods affected by retrospective application of the new accounting policy: 2014/01/01
5. The line items affected and the actual effect for the immediately preceding financial year:
   2013/01/01 Balance sheet (NT$): Investment property increased 17,351,729 thousand, Accumulated impairment and Allowance on price decline decreased 1,388,800 thousand, Deferred tax liabilities increased 4,217,027 thousand and Total shareholders' equity increased 14,518,592 thousand.
   2013/12/31 Balance sheet (NT$): Investment property increased 24,055,982 thousand, Accumulated impairment and Allowance on price decline decreased 1,383,800 thousand, Deferred tax liabilities increased 4,215,730 thousand and Total shareholders' equity increased 21,224,142 thousand.
   Statement of comprehensive income 2013 (NT$): Depreciation and Amortization expense decreased 234 thousand, Gain on revaluation of investment property increased 6,705,316 thousand, Net Loss decreased 6,705,550 thousand.
6. The actual effect on the opening balance of retained earnings for the immediately preceding financial year:
   NT$ 14,518,592 thousand increased in the opening balance of retained earnings for 2013.
7. The reasonableness and necessity for the change in accounting policy or accounting estimate after the beginning of the financial year:
   To reflect the fair value of CHINA PETROCHEMICAL DEVELOPMENT CORPORATION's investment property, according to the amendments of articles of "Regulations Governing the Preparation of Financial Reports by Securities Issuers". To improve the reliability and relevance of financial reporting and to enhance financial disclosure transparency, the Company concluded that the subsequent measurement of investment properties changes from cost model to fair value model on 2014/1/1.
8. If retrospective application is impracticable, specify the reasons, how and from when the accounting policy change be applied: None.
9. If retrospective application is impracticable, CPA provides the opinion about the impact of the audit opinion for the financial year preceding the accounting change: None.
10. About the reasonableness of the item 2 to 9, the itemized analysis and reviewed opinion from CPA:
   The CPA has reviewed in accordance with Article 6 of "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and issued an opinion on the change in accounting policy, and was not aware of any material unreasonable matters on that.
11. Objection or reservation opinion from the independent directors: None.
12. Countermeasures: During the board of directors meeting on December 31, 2014, the board of directors resolved to approve the alteration of the measurement subsequent to initial recognition to fair value model. This change will be effective starting from 2014 and any subsequent changes will be in correspondence to the articles of Regulations Governing the "Preparation of Financial Reports by Securities Issuers".
13. Any other matters that need to be specified: None.