

Stock Code: 9918



Shin Shin Natural Gas Co., LTD.
2022 Annual Shareholders' Meeting

Handbook for the Annual Shareholders' Meeting

June 17, 2022

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1. Agenda of the 2022 Annual Shareholders' Meeting

Convene Time: 09:00 A.M., June 17 (Fri.), 2022

Starting Time for Registration: 08:30 of the above-mentioned Date

Meeting Location: Li-Yan Banquet Hall, 9F, No. 53, Minquan Rd., Yonghe Dist., New Taipei City

Method for Convening: Physical Meeting

- Meeting Start
- Speech by the Chairman
- Reported Matters
- Recognized Matters
- Discussion
- Election
- Extempore Motions
- Meeting Adjourned

2. Reported Matters

1. The Company's annual business report of 2021.

Please Verify

The business report (see pages 8 to 12 of this Handbook for details) is attached herein

2. The report on the Company's annual final accounts of 2021 verified by the Audit Committee.
Please Verify

Audit Committee's Review Report

The Board of Directors prepared the Company's 2021 business report, financial statements, and surplus distribution table, among which the financial statements have been audited by Li-Yen Wang and Chia-Fang Chiang, CPAs at BDO Taiwan, by whom an audit report has been issued. We have reviewed the above business report, financial statements, and surplus distribution table without identifying any inconsistency, so we have issued a report as above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please proceed to review it.

Ching-Kuo Li, Convener of the Audit Committee,
Shin Shin Natural Gas Co., Ltd.

March 18, 2022

3. The report on the distribution of employees wage and directors and supervisors remuneration of the Company in 2021, please verify.
 - (1) Pursuant to Article 33 of the Company's Articles of Association, the Company's pre-tax profit in 2021 before deducting employees wage and directors and supervisors remuneration is NT\$409,314,863, of which 2.2% is allocated (approximately NT\$9,004,927) as employees wage, and another 2.2% is allocated (approximately NT\$9,004,927) as remuneration for directors and supervisors, which are paid in cash in accordance with regulations.
 - (2) This proposal has been reviewed by the 2nd meeting of the 5th session of Remuneration Committee of the Company, and approved by the 4th meeting of the 19th (current) session of the board of directors.

3. Recognized Matters

Proposal 1

Proposed by the board of directors

The Company's 2021 business report and financial statement are hereby submitted. Please recognize.

Descriptions:

1. The pre-tax surplus of the Company in 2021 is NT\$391,305,009, the income tax expense for profit-making enterprises is NT\$48,909,721, and the after-tax surplus is NT\$342,395,288. The consolidated pre-tax surplus of the Company and its subsidiaries in 2021 is NT\$398,907,417, the income tax expense of profit-making enterprises is NT\$56,512,129, and the after-tax surplus is NT\$342,395,288. The information has been verified and completed by certified public accountants Wang, Li-Yen and Chiang, Chia-Fang of BDO Taiwan, and the details are presented in the business report as shown on pages 8 to 27 of this Handbook.
2. This Proposal has been reviewed by the Audit Committee and approved by the 4th meeting of the current (19th) session of the board of directors, and is hereby submitted for recognition in accordance with the laws.

Resolutions:

2021 Annual Business Report of Shin Shin Natural Gas Co., Ltd.

I. Overview of the business plan:

The Company's target of operating revenue for 2021 is over NT\$1.79371 billion, with a pre-tax surplus over NT\$240 million. The pre-tax surplus has reached the planned targets.

II. Effectiveness of the implementation of the operation plan:

1. Operation plan:

(1) Promotion goals:

In 2021, the target for installation quantity is 4,300 households. In addition to handling the annual extension, the Company also takes into account the repair existing pipeline layout, and completes the installation for 4,658 households, which reaches an achievement rate of 108.33%, with an increase of 190 households compared with the previous year (2020).

(2) Operating revenue:

In 2021, the target for annual operating revenue is NT\$1.79371 billion, and the actual revenue is NT\$1.77563 billion, which reaches an achievement rate of 98.99%, with a decrease of NT\$188.17 million compared to the previous year (2020). The consolidated operating revenue of the parent and subsidiary companies is NT\$1.79416 billion.

(3) Pre-tax surplus:

In 2021, the goal for pre-tax surplus is NT\$240 million, and the actual surplus is NT\$391.3 million, which reaches an achievement rate of 163.04%, with an increase of NT\$8.91 million compared to the previous year (2020), and the consolidated pre-tax surplus of parent and subsidiary companies is NT\$398.9 million.

(4) Volume of gas purchased

The gas purchase volume in 2021 is 110,668,168 cubic meters, a decrease of 416,291 cubic meters compared to the 111,084,459 cubic meters in the previous year (2020), or a decrease of 0.37%.

(5) Volume of gas sold

The actual gas sales volume in 2021 is 112,139,074 cubic meters, a decrease of 986,943 cubic meters compared to the 113,126,017 cubic meters in the previous year (2020), or a decrease of 0.87%.

The above statistics are shown in Exhibit 1.

(6) Gas rate payment collection service:

As of 2021, there are 51 post offices and financial institutions serving as the agents to collect gas rates for the Company, which collect the payment from 169,968 households, accounting for

44.75% of the total users. There are five brands of convenience stores commissioned to collect gas rates for the Company, which collect payment from 818,990 households; in addition, 5 online and 8 electronic payment collection companies are commissioned, which collect payment from a total of 175,235 households, and 15 banks have signed the agreement with the Company to allow users to use credit cards to pay gas rates regularly.

(7) Meter replacement:

The annual target of meter replacement is replacing the meters of 32,188 households, and the actual replaced meters cover 32,245 households (microcomputer meters for 24,573 households and mechanical meters for 7,672 households), which reaches a meter replacement rate of 100.18%.

(8) Number of households whose pipelines are repaired:

In 2021, a total of 1,023 households whose existing pipelines are repaired, accounting for 21.96% of the 4,658 households being promoted throughout the year.

(9) Review of the effectiveness of the pipelines extension plan:

The 2021 annual pipeline extension plan (consisted of 19 projects) is approved by the 15th meeting of the 18th session of the board of directors, with a budget of NT\$35.53 million and an estimated installation of 2,976 households; a total of 21 projects are completed throughout the year, an increase of 2 cases compared with the planned projects, the total construction cost is NT\$53,209,893, an increase of NT\$17,679,893 more than the original budget. A total of 3,635 households have paid installation fees throughout the year, and the achievement rate is 122.14%.

Among them, there are 13 projects in Yonghe and Zhonghe District, and the project budget is NT\$10.38 million; 666 households are expected to be installed, and 2,193 households have paid installation fees, which reaches an achievement rate of 329.28%. 13 projects are actually completed, with a total cost of NT\$38,617,120. In addition, there are 8 projects in Xindian, Wenshan and Shenkeng areas, and the project budget is NT\$25.15 million; 2,310 households are expected to be installed, 1,442 households have paid installation fees, which reaches an achievement rate of 62.42%. 8 projects are actually completed, with a total cost of NT\$14,592,773. Please refer to Exhibit 2 for details.

(10) Regular inspection of pipelines of users:

In principle in accordance with the provisions of Article 48 of the Natural Gas Enterprise Act, the inspection is carried out in a

monthly cyclical inspection method every two years to ensure the safety of gas supply to users. In addition, according to the regulations of the New Taipei City Government: If the user's pipeline installation has been installed for more than 35 years and failed the previous inspection, the regular inspection has not been carried out for two consecutive times, and the pipelines of the natural gas meter is corroded or covered and no improvement has been made upon the issuance of the improvement notice, the frequency of inspection shall be adjusted from once every two years to once a year to strengthen the safety of gas supply.

In 2021, 176,125 households are scheduled to be inspected, and the inspection for 145,571 households is actually completed, which reaches a regular inspection rate of 82.65% in line with the regulations of the competent authority. However, for users who have not yet been inspected, the supplementary inspection operation will continue to be performed.

- 2. Improvement of fixed assets:** 11,339 meters of pipelines are scheduled to be replaced in 2021, and 18,418 meters of pipelines are actually replaced. A total of NT\$102,507,739 is spent on maintenance to ensure the safety of gas supply and transmission facilities.

In addition, we can actively cooperate with the relocation of roads and MRT-Wanda Line, Circular Line, Ankeng LRT and sanitary sewer and other pipeline projects of the government.

Chairman: 

President: 

Accounting Head: 

Exhibit 1

Shin Shin Natural Gas Co., LTD.
Statistics for 2021 Annual Operating Results

Items	As of the end of 2020	2021	Annual Results	Remarks
Application Households	395,252	3,726	398,978	
Household who Paid the Installation Fee	384,196	4,658	388,854	
Households Supplied	356,056	4,704	360,760	
Household Charged	355,036	4,681	359,717	
Volume of Gas Sold		112,139,074 cubic meters		
Operating Revenue		NT\$1,775,634,482		

Exhibit 2

Shin Shin Natural Gas Co., LTD.
Statistics of 2021 Annual Pipeline Extension Project

Area	Annual Plan		Actual Implementation		Estimated number of installations	Number of households who have paid the installation fee	Achievement Rate (%)
	Extension Project	Project Budget (NTD)	Extension Project	Project Settlement (NTD)			
Zhonghe Yonghe	10	10,380,000	13	38,617,120	666	2,193	329.28
Xindian Wenshan Shengkeng	9	25,150,000	8	14,592,773	2,310	1,442	62.42
Total	19	35,530,000	21	53,209,893	2,976	3,635	122.14
Remarks							

Independent Auditor's Report

To the Board of Directors and Shareholders of Shin Shin Natural Gas Co., LTD.

Audit opinions:

We have audited the accompanying standalone balance sheets of Shin Shin Natural Gas Co., LTD. as of December 31, 2021 and 2020, and the related standalone statements of comprehensive income, standalone statements of changes in equity, standalone statements of cash flows, and notes to the standalone financial statements (including significant accounting policies) for the years then ended.

In our opinion, the standalone financial statements referred to above present fairly, in all material respects, the financial position of Shin Shin Natural Gas Co., LTD. as of December 31, 2021 and 2020, and its standalone financial performance and cash flows for the years then ended, in conformity with the requirements of Regulations Governing the Preparation of Financial Statements by Securities Issuers and the Regulations on Accounting Handling for Public Natural Gas Enterprises.

Basis for opinions

We conclude our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the standalone financial statements. We are independent of Shin Shin Natural Gas Co., LTD. in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2021 standalone financial statements of Shin Shin Natural Gas Co., LTD. These matters were addressed in the content of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matters of the 2021 standalone financial statements of Shin Shin Natural Gas Co., LTD. were as follows:

Key audit matter - Reasonableness and appropriateness of sales revenue recognition

Description of the matter

Please refer to Note 4(24) to the standalone financial statements for the accounting policy on revenue recognition. The sales revenue of Shin Shin Natural Gas Co., Ltd. is mainly from natural gas sales, inner tube installations and other service revenue.

1. Revenue from natural gas sales is recognized based on meter reading data of the meter readers, and is divided into monthly and bi-monthly meter readings. The portion of gas sales not yet read as of the end of the reporting period is recognized as revenue from gas sales revenue and gas charges receivable based on estimated degrees. Therefore, the evaluation of the reasonableness of the gas sales revenue was identified as a key audit matter.
2. The revenue from inner tube installation and other service revenue is recognized in accordance with the installation contractor's construction settlement statistics. Therefore, the timing of revenue recognition was identified as a key audit matter since the revenue recognition process usually involves human work.

Corresponding audit procedures

The major procedures performed by us for the above key audit matters include, but are not limited to, the following:

1. Evaluate and test the effectiveness of internal control procedures relevant to the recognition of revenue from gas sales and installations.
2. Based on our understanding of the nature of the industry of Shin Shin Natural Gas Co., LTD., we evaluated the reasonableness of the estimated degrees of the unread portion recognized as gas sales revenue.
3. Evaluate the appropriateness of the timing of recognition by performing a cut-off test on the advanced installation revenue at the end of the period.

Responsibilities of Management and Those in Charge with Governance of the Standalone Financial Statements

The management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers and the Regulations on Accounting Handling for Public Natural Gas Enterprises, and for such internal control as the management determines is necessary to enable the preparation of the standalone financial statements to be free from material misstatement whether due to fraud or error.

In preparing the standalone financial statements, the management is also responsible for assessing the ability of Shin Shin Natural Gas Co., LTD. as a going concern, disclosing as applicable, matters related to a going concern and using the going concern basis of accounting. Unless the management either intends to liquidate Shin Shin Natural Gas Co., LTD. or to cease operations, or has no other realistic alternative but to do so.

Those in charge of governance (including the supervisors) are responsible for overseeing the reporting process of the financial statements of Shin Shin Natural Gas Co., LTD.

Auditor's responsibilities for the audit of the standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted accounting principles will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with the generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed the following works:

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit opinion. The risk of not detecting a material misstatement due to fraud is higher than that due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in Shin Shin Natural Gas Co., LTD.
3. Evaluate the appropriateness of accounting policies used and the reasonability of

accounting estimates and related disclosures made by the management.

4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Shin Shin Natural Gas Co., LTD. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. Future events or conditions may cause Shin Shin Natural Gas Co., LTD. to cease as a going concern.
5. Evaluate the overall presentation, structure, and content of the standalone statements, including related notes, whether the standalone statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of Shin Shin Natural Gas Co., LTD. to express an opinion on the standalone financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identify during our audit).

We also provide those in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to affect on our independence, and other matters (including related protective measures).

Based on our communications with the governing units, we have determined the key audit matters that are relevant to our audit of the standalone financial statements of Shin Shin Natural Gas Co., LTD. for the year ended December 31, 2021. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Taiwan

CPA: Ms. Li-yan Wang

CPA: Ms. Jia-fang Jiang

Approval of Attestation of the Competent Securities Authority: Jin-Guan-Zheng-Shen-Zi No.
0990073519

Jin-Guan-Zheng-Shen-Zi No. 1080339009

March 18, 2022

Shin Shin Natural Gas Co., LTD.
Standalone Balance Sheets
December 31, 2021 and 2020

Unit: In thousands of
NT\$

Code	Assets	Note	December 31, 2021		December 31, 2020		Code	Liabilities and equity	Note	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%				Amount	%		
Current assets							Current liabilities						
1100	Cash and cash equivalents	4, 6(1)	\$ 440,985	8	\$ 323,822	6	2130	Contract liabilities - current	6(13)	\$ 538,413	12	\$ 521,658	11
1110	Financial assets measured at fair value through profit or loss - current	4, 6(2)	383,986	7	344,344	7	2150	Notes payable	4, 6(14)	18,312	-	6,635	-
1150	Notes receivable, net	4, 6(4)	78	-	947	-	2160	Notes payable - related parties	4, 6(14), 7	19,664	-	24,576	-
1170	Accounts receivable, net	4, 6(4)	170,709	3	187,518	4	2170	Accounts payable	4, 6(14)	115,371	2	106,071	2
1180	Accounts receivable - related parties, net	4, 6(4), 7	4,116	-	4,733	-	2180	Accounts payable - related parties	4, 6(14), 7	15,149	-	16,193	-
1200	Other receivables	6(5)	849,885	16	853,518	16	2200	Other payables	6(15)	205,832	4	203,968	4
130x	Inventories	4, 6(6)	30,233	1	29,220	1	2220	Other payables - related parties	7	4,607	-	8,405	-
1410	Prepayments		6,053	-	6,380	-	2230	Current income tax liabilities	4	20,636	-	31,854	1
1470	Other current assets		1,474	-	13	-	2250	Provision for liabilities - current	4, 6(16)	1,830	-	1,932	-
11xx	Total current assets		1,887,519	35	1,750,495	34	2280	Lease liabilities - current	4	2,958	-	809	-
Non-current assets							2300	Other current liabilities		7,456	-	5,725	-
1535	Financial assets measured at amortized cost - non-current	4, 6(3)	70,000	1	70,000	1	21xx	Total current liabilities		950,228	18	927,826	18
1550	Investments accounted for using the equity method	4, 6(7)	451,547	8	429,092	8	Non-current liabilities						
1600	Property, plant and equipment	4, 6(8)	2,561,073	49	2,483,279	48	2570	Deferred income tax liabilities	4, 6(30)	65,356	1	65,758	1
1755	Right-of-use assets.	4, 6(9)	8,332	-	4,100	-	2580	Lease liabilities - non-current	4	3,539	-	1,355	-
1760	Investment property, net	4, 6(11)	47,980	1	48,205	1	2600	Other non-current liabilities	4, 6(17)	1,201,237	22	1,134,500	22
1840	Deferred income tax assets	4, 6(30)	7,523	-	8,308	-	25xx	Total non-current liabilities		1,270,132	23	1,201,613	23
1900	Other non-current assets	6(12)	319,656	6	409,402	8	Total liabilities						
15xx	Total non-current assets		3,466,111	65	3,452,386	66	2xxx			2,220,360	41	2,129,439	41
							Equity						
							3100	Capital stock	4, 6(19)				
							3110	Capital - common stock		1,805,375	35	1,805,375	35
							3200	Capital surplus	6(20)	72,764	1	68,720	1
							3300	Retained earnings	6(21)				
							3310	Legal reserve		716,359	13	683,563	13
							3320	Special reserve		142,872	3	142,872	3
							3350	Undistributed earnings (or losses to be made up for)		442,728	8	419,740	8
							3500	Treasury stock	4, 6(22)	(46,828)	(1)	(46,828)	(1)
							3xxx	Total equity		3,133,270	59	3,073,442	59
1xxx	Total assets		\$ 5,353,630	100	\$ 5,202,881	100	Total liabilities and equity			\$ 5,353,630	100	\$ 5,202,881	100

(Please refer to Notes to the Standalone Financial Statements)

Chairman President Accounting Head

Shin Shin Natural Gas Co., LTD.
Standalone Statements of Comprehensive Income
January 1 to December 31, 2021 and 2020

Unit: In thousands of NT\$

Code	Item	Note	2021		2020	
			Amount	%	Amount	%
4000	Operating revenue	4, 6(23)	\$ 1,775,634	100	\$ 1,963,808	100
5000	Operating costs	6(24)	1,310,897	74	1,452,990	74
5900	Operating gross profit (loss)		464,737	26	510,818	26
5950	Operating gross profit, net		464,737	26	510,818	26
	Operating expenses					
6100	Selling expenses		100,064	6	119,038	6
6200	Administrative expenses		148,622	8	147,289	8
6450	Expected credit impairment loss (gain)		(1,283)	-	(955)	-
6000	Total operating expenses		247,403	14	265,372	14
6900	Operating profit (loss)		217,334	12	245,446	12
	Non-operating income and expenses					
7100	Interest income	6(26)	17,291	1	18,875	1
7010	Other income	6(27)	15,817	1	12,282	1
7020	Other gain and loss	6(28)	32,537	2	(9,455)	-
7050	Financial costs	6(29)	(84)	-	(105)	-
7070	Share of profits and losses of subsidiaries, affiliates and joint ventures accounted for using the equity method	4, 6(7)	108,410	6	115,347	5
7000	Total of non-operating income and expenses		173,971	10	136,944	7
7900	Net profit (net loss) before tax		391,305	22	382,390	19
7950	Income tax expense (or benefit)	4, 6(30)	48,910	3	55,645	3
8200	Net profit (net loss) for the period		342,395	19	326,745	16
	Other comprehensive income					
8310	Items not to be reclassified as profit or loss					
8311	Remeasurement of defined benefit plan	4, 6(18)	2,811	-	1,524	-
8349	Incomes tax related to items not to be reclassified as profit or loss	4, 6(30)	(562)	-	(305)	-
8300	Other comprehensive income (net)		2,249	-	1,219	-
8500	Total comprehensive income for the period		\$ 344,644	19	\$ 327,964	16
	Earnings per share	6(31)				
9750	Basic earnings per share		\$ 1.92		\$ 1.84	
9850	Diluted earnings per share		\$ 1.92		\$ 1.83	

(Please refer to Notes to the Standalone Financial Statements)

Chairman

President

Accounting Head

Shin Shin Natural Gas Co., LTD.
Standalone Statements of Changes in Equity
January 1 to December 31, 2021 and 2020

Unit: In thousands of NT\$

			Retained earnings		Undistributed earnings (Or losses to be made up for)	Treasury stock	Total equity
	Capital - common stock	Capital surplus	Legal reserve	Special reserve			
Balance as of January 1, 2020	\$ 1,805,375	\$ 65,307	\$ 655,631	\$ 142,872	\$ 363,434	\$ (46,828)	\$ 2,985,791
Appropriation and distribution of earnings:							
Provision of legal reserve	-	-	27,932	-	(27,932)	-	-
Cash dividends on common stock	-	-	-	-	(243,726)	-	(243,726)
Net profit for the period from January 1 to December 31, 2020	-	-	-	-	326,745	-	326,745
Other comprehensive income for the period from January 1 to December 31, 2020	-	-	-	-	1,219	-	1,219
Total comprehensive income for the period	-	-	-	-	327,964	-	327,964
Capital surplus adjusted for dividends paid to subsidiaries	-	3,413	-	-	-	-	3,413
Balance as of December 31, 2020	\$ 1,805,375	\$ 68,720	\$ 683,563	\$ 142,872	\$ 419,740	\$ (46,828)	\$ 3,073,442
Balance as of January 1, 2021	\$ 1,805,375	\$ 68,720	\$ 683,563	\$ 142,872	\$ 419,740	\$ (46,828)	\$ 3,073,442
Appropriation and distribution of earnings:							
Provision of legal reserve	-	-	32,796	-	(32,796)	-	-
Cash dividends on common stock	-	-	-	-	(288,860)	-	(288,860)
Net profit for the period from January 1 to December 31, 2021	-	-	-	-	342,395	-	342,395
Other comprehensive income for the period from January 1 to December 31, 2021	-	-	-	-	2,249	-	2,249
Total comprehensive income for the period	-	-	-	-	344,644	-	344,644
Capital surplus adjusted for dividends paid to subsidiaries	-	4,044	-	-	-	-	4,044
Balance as of December 31, 2021	\$ 1,805,375	\$ 72,764	\$ 716,359	\$ 142,872	\$ 442,728	\$ (46,828)	\$ 3,133,270

(Please refer to Notes to the Standalone Financial Statements)

Chairman

President

Accounting Head

Shin Shin Natural Gas Co., LTD.
Standalone Statements of Cash Flows
January 1 to December 31, 2021 and 2020

Unit: In thousands of NT\$

	2021	2020
Cash flows from operating activities		
Net profit (loss) before tax from continuing operations	\$ 391,305	\$ 382,390
Adjustment items		
Income and expense items		
Depreciation expenses	269,972	245,720
Amount of expected credit impairment loss (gain)	(1,283)	(955)
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	(11,870)	606
Interest expense	84	105
Interest income	(17,291)	(18,875)
Dividend income	(8,757)	(5,220)
Share of losses (profits) of subsidiaries, affiliates and joint ventures accounted for using the equity method	(108,410)	(115,347)
Loss (gain) on disposal and scrapping of property, plant and equipment	(988)	(1,347)
Transfer of property, plant and equipment to expense	561	1,590
Changes in assets/liabilities related to operating activities		
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss	(27,772)	112,488
Decrease (increase) in notes receivable	870	4,060
Decrease (increase) in accounts receivable	18,093	39,672
Decrease (increase) in accounts receivable - related parties	617	(563)
Decrease (increase) in other receivables	4,205	59,219
Decrease (increase) in inventories	(55,922)	(62,452)
Decrease (increase) in prepaid expenses	(8)	(49)
Decrease (increase) in prepayments	359	922
Decrease (increase) in other current assets	(1,462)	2,304
Increase (decrease) in contract liabilities	16,755	(139,190)
Increase (decrease) in notes payable	11,677	(1,120)
Increase (decrease) in notes payable - related parties	(4,912)	(19,435)
Increase (decrease) in accounts payable	9,300	(42,970)
Increase (decrease) in accounts payable - related parties	(1,043)	9,448
Increase (decrease) in other payables	1,863	4,683
Increase (decrease) in other payables - related parties	(3,798)	(3,069)
Increase (decrease) in provision for liabilities	(103)	330
Increase (decrease) in long-term deferred revenue	74,348	236,546
Decrease (increase) in other current liabilities	1,359	(360)
Decrease (increase) in net defined benefit liabilities	(5,625)	(12,551)
Cash inflows (outflows) from operations	552,124	676,580
Interest received	16,834	17,975
Dividends received	98,641	5,212
Interest paid	(84)	(105)
Income tax refunded (paid)	(60,308)	(35,961)
Net cash inflows (outflows) from operating activities	607,207	663,701
Cash flows from investing activities		
Disposal of financial assets measured at amortized cost	-	20,000
Acquisition of property, plant and equipment	(288,208)	(389,507)
Disposal of property, plant and equipment	1,004	1,365
Increase in refundable deposits	(9)	-
Decrease in refundable deposits	455	71
Increase in other financial assets	89,636	(2,647)
Increase in prepayments for equipment	(552)	(182)
Net cash inflows (outflows) from investing activities	(197,674)	(370,900)
Cash flows from financing activities		
Increase in deposits received	8,261	8,220
Decrease in deposits received	(7,064)	(9,167)
Repayment of lease principal	(4,707)	(4,902)
Distribution of cash dividends	(288,860)	(243,726)
Net cash inflows (outflows) from financing activities	(292,370)	(249,575)
Increase (decrease) in cash and cash equivalents for the period	117,163	43,226
Cash and cash equivalents at the beginning of the period	323,822	280,596
Cash and cash equivalents at the end of the period	\$ 440,985	\$ 323,822

(Please refer to Notes to the Standalone Financial Statements)

Chairman

President

Accounting Head

Independent Auditor’s Report

To the Board of Directors and Shareholders of Shin Shin Natural Gas Co., LTD.

Audit opinions:

We have audited the accompanying consolidated balance sheets of Shin Shin Natural Gas Co., LTD. and its subsidiaries as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and notes to the consolidated financial statements (including significant accounting policies) for the years then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Shin Shin Natural Gas Co., LTD. and its subsidiaries as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, the Regulations on Accounting Handling for Public Natural Gas Enterprises, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinions

We conclude our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of Shin Shin Natural Gas Co., LTD. and its subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2021 consolidated financial statements of Shin Shin Natural Gas Co., LTD. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matters of the 2021 consolidated financial statements of Shin Shin Natural Gas Co., LTD. and its subsidiaries were as follows:

Key audit matter - Reasonableness and appropriateness of sales revenue recognition

Description of the matter

Please refer to Note 4(24) to the consolidated financial statements for the accounting policy on revenue recognition. The sales revenue of Shin Shin Natural Gas Co., Ltd. is mainly from natural gas sales, inner tube installations and other service revenue.

1. Revenue from natural gas sales is recognized based on meter reading data of the meter readers, and is divided into monthly and bi-monthly meter readings. The portion of gas sales not yet read as of the end of the reporting period is recognized as revenue from gas sales revenue and gas charges receivable based on estimated degrees. Therefore, the evaluation of the reasonableness of the gas sales revenue was identified as a key audit matter.
2. The revenue from inner tube installation and other service revenue is recognized in accordance with the installation contractor's construction settlement statistics. Therefore, the timing of revenue recognition was identified as a key audit matter since the revenue recognition process usually involves human work.

Corresponding audit procedures

The major procedures performed by us for the above key audit matters include, but are not limited to, the following:

1. Evaluate and test the effectiveness of internal control procedures relevant to the recognition of revenue from gas sales and installations.
2. Based on our understanding of the nature of the industry of Shin Shin Natural Gas Co., LTD., we evaluated the reasonableness of the estimated degrees of the unread portion recognized as gas sales revenue.
3. Evaluate the appropriateness of the timing of recognition by performing a cut-off test on the advanced installation revenue at the end of the period.

Other matters

We have also audited the standalone financial statements of Shin Shin Natural Gas Co., LTD. as of and for the year ended December 31, 2021 and 2020 on which we have issued an unqualified opinion.

Responsibilities of Management and Those in Charge with Governance of the Consolidated Financial Statements

The responsibility of management is to prepare fairly presented consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Regulations on Accounting Handling for Public Natural Gas Enterprises, and International Financial Reports Standards, International Accounting Standards interpretations, and announcements of interpretations recognized and published by the Financial Supervisory Commission and maintain necessary internal control related to the preparation of consolidation of financial statements in order to ensure the material misstatement caused by fraud or error does not exist in the consolidated financial statements.

In preparing the consolidated financial statements, the management is also responsible for assessing the ability of Shin Shin Natural Gas Co., LTD. and its subsidiaries as a going concern, disclosing as applicable, matters related to a going concern and using the going concern basis of accounting. Unless the management either intends to liquidate Shin Shin Natural Gas Co., LTD. and its subsidiaries or to cease operations, or has no other realistic alternative but to do so.

Those in charge of governance (including the supervisors) are responsible for overseeing the reporting process of the financial statements of Shin Shin Natural Gas Co., LTD.

Auditor's responsibilities for the audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted accounting principles will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed the following works:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit opinion. The risk of not detecting a material misstatement due to fraud is higher than that due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in Shin Shin Natural Gas Co., LTD.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Shin Shin Natural Gas Co., LTD. and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. Future events or conditions may cause Shin Shin Natural Gas Co., LTD. and its subsidiaries to cease as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated statements, including related notes, whether the consolidated statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of Shin Shin Natural Gas Co., LTD. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our

audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identify during our audit).

We also provide those in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to affect on our independence, and other matters (including related protective measures).

Based on our communications with the governing units, we have determined the key audit matters that are relevant to our audit of the consolidated financial statements of Shin Shin Natural Gas Co., LTD. and its subsidiaries for the year ended December 31, 2021. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Taiwan

CPA: Ms. Li-yan Wang

CPA: Ms. Jia-fang Jiang

Approval of Attestation of the Competent Securities Authority: Jin-Guan-Zheng-Shen-Zi No.

0990073519

Jin-Guan-Zheng-Shen-Zi No. 1080339009

March 18, 2022

Shin Shin Natural Gas Co., LTD. and its subsidiaries
Consolidated Balance Sheets
December 31, 2021 and 2020

Unit: In thousands of NT\$

Code	Assets	Note	December 31, 2021		December 31, 2020		Code	Liabilities and equity	Note	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%				Amount	%	Amount	%
	Current assets						Current liabilities						
1100	Cash and cash equivalents	4, 6(1)	\$ 558,033	10	\$ 513,396	10	2130	Contract liabilities - current	6(12)	\$ 540,708	11	\$ 524,127	11
1110	Financial assets measured at fair value through profit or loss - current	4, 6(2)	773,039	14	636,068	12	2150	Notes payable	4, 6(13)	18,312	-	6,635	-
1150	Notes receivable, net	4, 6(4)	78	-	999	-	2170	Accounts payable	4, 6(13)	122,155	2	121,740	2
1170	Accounts receivable, net	4, 6(4)	170,787	3	187,520	4	2200	Other payables	6(14)	214,856	4	218,636	4
1200	Other receivables	6(5)	947,535	19	970,630	18	2230	Current income tax liabilities	4	20,636	-	43,487	1
1220	Current income tax assets		605	-	-	-	2250	Provision for liabilities - current	4, 6(15)	1,830	-	1,932	-
130x	Inventories	4, 6(6)	34,365	1	45,069	1	2280	Lease liabilities - current	4	2,958	-	808	-
1410	Prepayments		6,069	-	6,405	-	2300	Other current liabilities		9,163	-	7,394	-
1470	Other current assets		1,459	-	-	-	21xx	Total current liabilities		930,618	17	924,759	18
11xx	Total current assets		2,491,970	47	2,360,087	45							
	Non-current assets						Non-current liabilities						
1510	Financial assets measured at fair value through profit or loss - current	4, 6(2)	18,343	-	15,889	-	2570	Deferred income tax liabilities	4, 6(29)	65,390	1	65,881	1
1535	Financial assets measured at amortized cost - non-current	4, 6(3)	78,380	1	79,449	2	2580	Lease liabilities - non-current	4	3,539	-	1,355	-
1600	Property, plant and equipment	4, 6(7)	2,333,194	44	2,248,016	43	2600	Other non-current liabilities	4, 6(16)	1,201,843	23	1,135,061	22
1755	Right-of-use assets.	4, 6(8)	8,332	-	4,099	-		Total non-current liabilities		1,270,772	24	1,202,297	23
1760	Investment property, net	4, 6(10)	47,979	1	48,205	1	2xxx	Total liabilities		2,201,390	41	2,127,056	41
1780	Intangible assets		27	-	59	-		Equity					
1840	Deferred income tax assets	4, 6(29)	36,378	1	34,891	1		Equity attributable to shareholders of the parent company					
1900	Other non-current assets	6(11)	320,057	6	409,803	8		Capital stock					
15xx	Total non-current assets		2,842,690	53	2,840,411	55	3100	Capital - common stock	4, 6(18)	1,805,375	35	1,805,375	35
							3110	Capital surplus	6(19)	72,764	1	68,720	1
							3200	Retained earnings	6(20)				
							3300	Legal reserve		716,359	13	683,563	13
							3310	Special reserve		142,872	3	142,872	3
							3320	Undistributed earnings (or losses to be made up for)		442,728	8	419,740	8
							3350	Treasury stock	6(21)	(46,828)	(1)	(46,828)	(1)
							3500	Total equity attributable to shareholders of the parent company		3,133,270	59	3,073,442	59
							31xx	Total equity		3,133,270	59	3,073,442	59
							3xxx						
1xxx	Total assets		\$ 5,334,660	100	\$ 5,200,498	100		Total liabilities and equity		\$ 5,334,660	100	\$ 5,200,498	100

(Please refer to Notes to the Standalone Financial Statements)

Chairman

President

Accounting Head

Shin Shin Natural Gas Co., LTD. and its subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2021 and 2020

Unit: In thousands of NT\$

Code	Item	Note	2021		2020	
			Amount	%	Amount	%
4000	Operating revenue	4, 6(22)	\$ 1,794,167	100	\$ 1,986,369	100
5000	Operating costs	6(23)	1,298,572	73	1,445,167	72
5900	Operating gross profit (loss)		495,595	27	541,202	28
5950	Operating gross profit (loss), net		495,595	27	541,202	28
	Operating expenses					
6100	Selling expenses		63,755	4	67,572	3
6200	Administrative expenses		171,676	9	167,340	9
6450	Expected credit impairment loss (gain)		(1,283)	-	(955)	-
6000	Total operating expenses		234,148	13	233,957	12
6900	Operating profit (loss)		261,447	14	307,245	16
	Non-operating income and expenses					
7100	Interest income	6(25)	20,062	1	22,281	1
7010	Other income	6(26)	25,995	1	19,505	1
7020	Other gain and loss	6(27)	91,487	6	43,635	2
7050	Financial costs	6(28)	(84)	-	(105)	-
7000	Total of non-operating income and expenses		137,460	8	85,316	4
7900	Net profit (net loss) before tax		398,907	22	392,561	20
7950	Income tax expense (or benefit)	4, 6(29)	56,512	3	65,816	3
8200	Net profit (net loss) for the period		342,395	19	326,745	17
	Other comprehensive income					
8310	Items not to be reclassified as profit or loss					
8311	Remeasurement of defined benefit plan	4, 6(17)	2,811	-	1,524	-
8349	Incomes tax related to items not to be reclassified as profit or loss	4, 6(29)	(562)	-	(305)	-
8300	Other comprehensive income (net)		2,249	-	1,219	-
8500	Total comprehensive income for the period		\$ 344,644	19	\$ 327,964	17
8600	Net profit (loss) attributable to:					
8610	Shareholders of the parent company (net profit/loss)		\$ 342,395	19	\$ 326,745	17
8700	Total comprehensive income attributable to:					
8710	Shareholders of the parent company (comprehensive income)		\$ 344,644	19	\$ 327,964	17
	Earnings per share					
9750	Basic earnings per share	6(30)	\$ 1.92		\$ 1.84	
9850	Diluted earnings per share		\$ 1.92		\$ 1.83	

(Please refer to Notes to the Standalone Financial Statements)

Chairman

President

Accounting Head

Shin Shin Natural Gas Co., LTD. and its subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2021 and 2020

Unit: In thousands of NT\$

	Equity attributable to shareholders of the parent company							Equity attributable to shareholders of the parent company Total	Total equity
	Capital - common stock	Capital surplus	Retained earnings			Treasury stock	Total		
			Legal reserve	Special reserve	Undistributed earnings (Or losses to be made up for)				
Balance as of January 1, 2020	\$ 1,805,375	\$ 65,307	\$ 655,631	\$ 142,872	\$ 363,434	\$ (46,828)	\$ 2,985,791	\$ 2,985,791	
Appropriation and distribution of earnings:									
Provision of legal reserve	-	-	27,932	-	(27,932)	-	-	-	
Cash dividends on common stock	-	-	-	-	(243,726)	-	(243,726)	(243,726)	
Net profit for the period from January 1 to December 31, 2020	-	-	-	-	326,745	-	326,745	326,745	
Other comprehensive income for the period from January 1 to December 31, 2020	-	-	-	-	1,219	-	1,219	1,219	
Total comprehensive income for the period	-	-	-	-	327,964	-	327,964	327,964	
Capital surplus adjusted for dividends paid to subsidiaries	-	3,413	-	-	-	-	3,413	3,413	
Balance as of December 31, 2020	\$ 1,805,375	\$ 68,720	\$ 683,563	\$ 142,872	\$ 419,740	\$ (46,828)	\$ 3,073,442	\$ 3,073,442	
Balance as of January 1, 2021	\$ 1,805,375	\$ 68,720	\$ 683,563	\$ 142,872	\$ 419,740	\$ (46,828)	\$ 3,073,442	\$ 3,073,442	
Appropriation and distribution of earnings:									
Provision of legal reserve	-	-	32,796	-	(32,796)	-	-	-	
Cash dividends on common stock	-	-	-	-	(288,860)	-	(288,860)	(288,860)	
Net profit for the period from January 1 to December 31, 2021	-	-	-	-	342,395	-	342,395	342,395	
Other comprehensive income for the period from January 1 to December 31, 2021	-	-	-	-	2,249	-	2,249	2,249	
Total comprehensive income for the period	-	-	-	-	344,644	-	344,644	344,644	
Capital surplus adjusted for dividends paid to subsidiaries	-	4,044	-	-	-	-	4,044	4,044	
Balance as of December 31, 2021	\$ 1,805,375	\$ 72,764	\$ 716,359	\$ 142,872	\$ 442,728	\$ (46,828)	\$ 3,133,270	\$ 3,133,270	

(Please refer to Notes to the Standalone Financial Statements)

Chairman

President

Accounting Head

Shin Shin Natural Gas Co., LTD. and its subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2021 and 2020

Unit: In thousands of NT\$

	2021	2020
Cash flows from operating activities		
Net profit (loss) before tax from continuing operations	\$ 398,907	\$ 392,561
Adjustment items		
Income and expense items		
Depreciation expenses	236,044	212,914
Selling expenses	62	59
Amount of expected credit impairment loss (gain)	(1,283)	(955)
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	(28,736)	(17,768)
Interest expense	84	105
Interest income	(20,062)	(22,281)
Dividend income	(18,058)	(12,658)
Loss (gain) on disposal and scrapping of property, plant and equipment	(988)	(1,347)
Transfer of property, plant and equipment to expense	561	1,590
Unrealized foreign currency exchange losses (gains)	1,069	846
Changes in assets/liabilities related to operating activities		
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss - current	(110,688)	36,187
Decrease (increase) in notes receivable	922	4,008
Decrease (increase) in accounts receivable	18,016	39,688
Decrease (increase) in other receivables	23,737	46,269
Decrease (increase) in inventories	(44,205)	(70,813)
Decrease (increase) in prepaid expenses	2	(47)
Decrease (increase) in prepayments	359	922
Decrease (increase) in other current assets	(1,460)	3,377
Increase (decrease) in contract liabilities	16,581	(138,911)
Increase (decrease) in notes payable	11,677	(1,120)
Increase (decrease) in accounts payable	415	(34,437)
Increase (decrease) in other payables	(3,780)	8,411
Increase (decrease) in provision for liabilities	(103)	330
Increase (decrease) in long-term deferred revenue	74,349	236,546
Decrease (increase) in other current liabilities	1,405	(341)
Decrease (increase) in net defined benefit liabilities	(5,625)	(12,551)
Cash inflows (outflows) from operations	549,202	670,584
Interest received	19,543	21,367
Dividends received	17,934	12,592
Interest paid	(84)	(105)
Income tax refunded (paid)	(82,508)	(54,735)
Net cash inflows (outflows) from operating activities	504,087	649,703
Cash flows from investing activities		
Acquisition of financial assets measured at fair value through profit or loss - current	-	(1,371)
Disposal of financial assets measured at amortized cost	-	20,000
Acquisition of property, plant and equipment	(261,665)	(314,295)
Disposal of property, plant and equipment	1,004	1,365
Increase in refundable deposits	(8)	-
Decrease in refundable deposits	455	71
Acquisition of intangible assets	(30)	(69)
Increase in other financial assets	89,635	(2,659)
Increase in prepayments for equipment	(552)	(182)
Net cash inflows (outflows) from investing activities	(171,161)	(297,140)
Cash flows from financing activities		
Increase in deposits received	8,345	8,923
Decrease in deposits received	(7,111)	(9,287)
Repayment of lease principal	(4,707)	(4,902)
Distribution of cash dividends	(284,816)	(240,313)
Net cash inflows (outflows) from financing activities	(288,289)	(245,579)
Increase (decrease) in cash and cash equivalents for the period	44,637	106,984
Cash and cash equivalents at the beginning of the period	513,396	406,412
Cash and cash equivalents at the end of the period	\$ 558,033	\$ 513,396

(Please refer to Notes to the Standalone Financial Statements)

Chairman

President

Accounting Head

Proposal 2

Proposed by the board of directors

The Company's "surplus distribution" plan of 2021 is hereby submitted for recognition.

Descriptions:

1. The distribution of the Company's surplus is handled in accordance with the Company Act and the Articles of Association of the Company.
2. The Company's after-tax surplus in 2021 is NT\$342,395,288. After adding the NT\$2,249,305 according to "net after-tax re-measured amount of 2021," 10% of such amount was made according to laws, totaling NT\$34,464,459 as the legal reserve. In addition, according to the surplus status, an amount of NT\$306,913,670 will be allocated from the distributable surplus in 2021 as the shareholder dividends. In accordance with the laws, according to the number of shares held by shareholders as listed in the shareholder register on the distribution base date, a cash dividend of NT\$1.7 per share will be distributed (rounded up to NT\$1). The amount of cash dividends less than NT\$1 shall be transferred to the Employee Welfare Committee of the Company. For details of the surplus distribution, please refer to page 29 of this Handbook.
3. For shareholders' cash dividend distribution proposal, once approved at the (2022) annual general meeting of shareholders, the board of directors will be authorized to set the "ex-dividend date" and other related matters.
4. This proposal has been approved by the 4th board meeting of the 19th (current) session of the board of directors, and is hereby submitted for recognition in accordance with the laws.

Resolutions:

Shin Shin Natural Gas Co., LTD.
Surplus Distribution Table
2021

Unit: NTD

Undistributed surplus at the beginning of the period	98,084,073
Add: 2021 net surplus after tax	342,395,288
Add: Net after-tax re-measured amount of 2021	2,249,305
Debit: Allocation of 10% for legal reserve	34,464,459
Distributable Surplus	408,264,207
Distribution Items:	
Shareholder dividends - cash (NT\$1.7 per share)	306,913,670
Undistributed surplus at the end of the period	101,350,537

Chairman:



President:



Accounting Head:



4. Discussion

Proposal 1

Proposed by the board of directors

Some of the articles of the Company's "Articles of Association" are amended and submitted for resolution.

Descriptions:

1. In line with the amendments to the provisions of the "Company Law," companies that are open to public issuance of shares can hold regular shareholders' meetings by video conference and evaluate performance in order to improve corporate governance; in addition, the audit office is legally subordinate to the board of directors, to amend some provisions of the "Articles of Association" of the company. Please refer to pages 32 to 36 of this Handbook for the comparison table of before and after the amendment, and Appendix 2 for the original texts.
2. This proposal has been approved by the 4th board meeting of the 19th (current) session of the board of directors, and is hereby submitted for resolution in accordance with the laws.

Resolutions:

Shin Shin Natural Gas Co., LTD.

The Before and After Amendment Comparison Table of the “Articles of Incorporation”

Amended Articles	Original Articles	Descriptions
<p>Article 7: The Company’s shares shall all be name-bearing share certificates signed by <u>directors representing the Company</u> or affixed with seals thereof and shall be duly certified or authenticated by share certificate issuers pursuant to the laws before issuance thereof. The Company is exempted from printing certificates for the shares issued, and shall register the issued shares with a centralized securities depository enterprise.</p>	<p>Article 7: The Company issues its shares to registered owners only. Share certificates are issued with the signatures or authorized seals of <u>at least three directors</u>, subject to validation by the competent authority or any of its approved institutes. The Company is exempted from printing certificates for the shares issued, and shall register the issued shares with a centralized securities depository enterprise.</p>	<p>Pursuant to Article 162 of the Company Act, the original requirement that shares require the signatures or seals of three or more directors is relaxed, and only the signatures or seals of any of the directors representing the Company are required. Hence, Paragraph 1 of Article 7 is amended.</p>
<p>Article 10: Shareholders’ meetings include both regular shareholders’ meeting and special shareholders’ meeting, of which, a regular shareholders’ meeting is to be held at least once a year and convened by the board of directors within 6 months at the end of the fiscal year. A special shareholders’ meeting is to be held when necessary. The shareholders’ meeting notice can be done electronically with the consent of the shareholders. <u>The adoption of electronic voting at the shareholders’ meeting is listed as one of the channels for shareholders of the Company to exercise their voting rights, and its operation shall be handled in accordance with the regulations of the competent authority.</u></p>	<p>Article 10: Shareholders’ meetings include both regular shareholders’ meeting and special shareholders’ meeting, of which, a regular shareholders’ meeting is to be held at least once a year and convened by the board of directors within 6 months at the end of the fiscal year. A special shareholders’ meeting is to be held when necessary. The shareholders’ meeting notice can be done electronically with the consent of the shareholders.</p>	<p>1. According to Article 177-1 of the Company Act, electronic methods are listed as one of the ways of exercising voting rights, which is added in Paragraph 1 of Article 10.</p>

Amended Articles	Original Articles	Descriptions
<p><u>When the company’s shareholders’ meeting is convened, it may be convened by video conference or other methods announced by the central competent authority. However, if the central competent authority announces that the Company shall convene the shareholders’ meeting within a certain period due to natural disasters, incidents or other <i>force majeure</i> factors, the meeting may be held by video conference or in accordance with the method announced without the Company’s Articles of Association.</u></p> <p><u>When a shareholders’ meeting is convened in the approach of video conference, the shareholders who participate in the meeting by video will be deemed to have attended the meeting in person.</u></p> <p><u>For the provisions of the preceding two Paragraphs, if the securities regulatory authority has other provisions on the conditions, operating procedures and other matters that the Company shall meet, such provisions shall prevail.</u></p>		<p>2. In accordance with the amended provisions of the “Company Act”, public companies stipulated in Paragraph 3 of Article 172-2 may convene the shareholders’ meeting by video conference, and hence, Paragraphs 2, 3, and 4 are added.</p>
<p>Article 19</p> <p>The board of directors may appoint an adjunct and a secretary to assist the Chairman in handling general business and specific matters of the board of directors, when necessary, as well as participating in project review, general document review, and assigned matters. <u>The company has set up an audit room, which is</u></p>	<p>Article 19</p> <p>The board of directors may appoint an adjunct and a secretary to assist the Chairman in handling general business and specific matters of the board of directors, when necessary, as well as participating in project review, general document review, and assigned matters.</p>	<p>The Audit Office shall be subordinated to the board of directors in accordance with the laws, and the Audit Head and its personnel shall be adjusted to be governed by Paragraph 2 of this Article.</p>

Amended Articles	Original Articles	Descriptions
<p><u>subordinate to the board of directors, and the audit room has one general auditor and several auditors. The appointment and dismissal of the Chief Auditor shall be approved by the Audit Committee and reported to the board of directors for appointment and dismissal. Auditors shall be approved by the chairman of the board in accordance with “Guidelines for Appointment, Dismissal, Evaluation and Wage and Remuneration of Internal Auditors.”</u></p>		
<p>Article 30 The Company has two deputy general managers, one chief engineer, two deputy chief engineers, one secretary and several senior supervisors and deputy supervisors who are resolved by the general manager together with the Chairman before presenting to the board of directors for resolution. Other employees are appointed and dismissed by the general manager in accordance with the Company’s personnel management regulations; also, it is reported to the board of directors for future reference.</p>	<p>Article 30 The Company has two deputy general managers, one chief engineer, two deputy chief engineers, one secretary, <u>one chief auditor</u>, and several senior supervisors and deputy supervisors who are resolved by the general manager together with the Chairman before presenting to the board of directors for resolution. <u>Auditors and</u> other employees are appointed and dismissed by the general manager in accordance with the Company’s personnel management regulations; also, it is reported to the board of directors for future reference.</p>	<p>The paragraph 2 of Article 19 was to be listed.</p>
<p>Article 33-1: The Company adopts a fixed cash-dividend payment ratio policy. In principle, the annual cash dividends paid shall not be less than 20% of the total dividends. However, the Company may increase the distribution ratio by referring to the business plan, Profitability, investment capital needs, and taking into</p>	<p>Article 33-1: The Company adopts a fixed cash-dividend payment ratio policy. In principle, the annual cash dividends paid shall not be less than 20% of the total dividends. However, the Company may increase the distribution ratio by referring to the business plan, Profitability, investment capital needs, and taking into</p>	

Amended Articles	Original Articles	Descriptions
<p>account the Company’s business capital adequacy in response to the change in economy and market environment.</p> <p>If the Company has “net income” in each annual final accounts, in addition to making up for losses and appropriating legal reserve for an amount equivalent to 10% net income, the balance, if any, together with the retained earnings at the beginning of the same period and the “adjusted unappropriated retained earnings for the current year” should be distributed in the following order:</p> <ol style="list-style-type: none"> 1. Appropriate special reserve with the appropriation ration determined by law or resolved by the board of directors. When necessary, the board of directors shall draw up a plan and submit it to the shareholders’ meeting for resolution. 2. <u>Depending on the Company’s current share capital, financial structure, future operational development needs and surplus considerations, at least 20% of the distributable surplus shall be allocated as shareholder dividends,</u> and the board of directors shall formulate a distribution proposal and submit it to the general meeting of shareholders for resolution. <p><u>The Company may distribute all or part of the dividends</u></p>	<p>account the Company’s business capital adequacy in response to the change in economy and market environment.</p> <p>If the Company has “net income” in each annual final accounts, in addition to making up for losses and appropriating legal reserve for an amount equivalent to 10% net income, the balance, if any, together with the retained earnings at the beginning of the same period and the “adjusted unappropriated retained earnings for the current year” should be distributed in the following order:</p> <ol style="list-style-type: none"> 1. Appropriate special reserve with the appropriation ration determined by law or resolved by the board of directors. When necessary, the board of directors shall draw up a plan and submit it to the shareholders’ meeting for resolution. 2. The board of directors shall formulate a distribution proposal for <u>the remaining surplus</u> and submit it to the general meeting of shareholders for resolution. 	<ol style="list-style-type: none"> 1. In line with the indicator 3.12 “Does the company’s annual report discloses any specific dividend policy” of corporate governance 3.0 evaluation, it is necessary to disclose the ratio of distributable surplus, the distribution ratio of cash dividends and stock dividends. Hence, Paragraph 2 is amended to require that at least 20% of the surplus shall be allocated as the shareholder dividend. 2. In accordance with the provisions of Article 228-1,

Amended Articles	Original Articles	Descriptions
<p><u>and bonuses, legal reserve and paid-in capital in the form of cash and report to the shareholders' meeting, after such matter has been approved by at least half of the directors in attendance in a board meeting attended by no less than two-thirds of all board members, and the provisions of the preceding Paragraph requiring resolution by the shareholders' meeting shall not apply.</u></p>		<p>Paragraph 1 of Article 239, Paragraph 5 of Article 240, and 241 of the Company Act, the Company added Paragraph 3 of the Articles of Association to authorize the board of directors to distribute all or part of dividends and bonuses, legal reserve or paid-in capital in cash by special resolution, and report it to the shareholders' meeting.</p>
<p>Article 36 The Articles of Association was formulated on March 25, 1971. Paragraphs 2 to 40 omitted. The 41st amendment was made on August 31, 2021. <u>The 42nd amendment was made on OO, 2022.</u> It is to be implemented after the resolution of the regular shareholders' meeting, and the same for the amendments.</p>	<p>Article 36 The Articles of Association was formulated on March 25, 1971. Paragraphs 2 to 40 omitted. The 41st amendment was made on August 31, 2021. It is to be implemented after the resolution of the regular shareholders' meeting, and the same for the amendments.</p>	<p>Added the date of this amendment.</p>

Proposal 2

Proposed by the board of directors

Some of the provisions of the Company's "Regulations for the Acquisition or Disposal of Assets" are amended and are hereby submitted for resolution.

Descriptions:

1. According to the amendments to some of the provisions of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the Financial Supervisory Commission on January 28, 2022, the amendment to some provisions of the Company's "Regulations Governing the Acquisition and Disposal of Assets" is made. Please refer to pages 38 to 58 of this Handbook for the comparison table before and after the amendment, and Appendix 3 for the original texts.
2. This Proposal was approved by the 4th board meeting of the current (19th) session of the board of directors, and is hereby submitted for resolution in accordance with the laws.

Resolutions:

Shin Shin Natural Gas Co., LTD.
**The Before and After Amendment Comparison Table of “Regulations
Governing the Acquisition and Disposal of Assets”**

Amended Articles	Original Articles	Descriptions
<p>Article 8 Announcements and Declaration</p> <p>1. Under any of the following circumstances, The Company acquiring or disposing of assets shall publicly announce and report the relevant information on the competent authority designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company’s total assets, or NT\$300 million or more. Trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p>	<p>Article 8 Announcements and Declaration</p> <p>1. Under any of the following circumstances, The Company acquiring or disposing of assets shall publicly announce and report the relevant information on the competent authority designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company’s total assets, or NT\$300 million or more. Trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p>	<p>Pursuant to the amendment of Article 31 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies,” since the current public companies have been exempted from public announcement and declaration for their trading of domestic government bonds, the trading of foreign government bonds whose credit rating is not lower than that of Taiwan’s sovereign rating may also be exempted from the announcement. In addition, considering that the nature of foreign government bonds is rather simple, and the nature of ETN is similar to that of ETF, the requirement of announcement and declaration for subscribing foreign government bonds at the primary market and subscription or redemption of ETN by investment professionals are exempted.</p>

Amended Articles	Original Articles	Descriptions
<p>(4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <ol style="list-style-type: none"> 1. For public companies whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. 2. For public companies whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. <p>(5) 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 furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding <u>five</u> subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million. However, the following conditions are not subject to this restriction:</p>	<p>(4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <ol style="list-style-type: none"> 1. For public companies whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. 2. For public companies whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. <p>(5) 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 furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding <u>five</u> subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million. However, the following conditions are not subject to this restriction:</p>	

Amended Articles	Original Articles	Descriptions
<p>1. Trading of domestic government bonds or <u>foreign government bonds with a credit rating not lower than Taiwan's sovereign credit rating.</u></p> <p>2. Where done by professional investors-securities trading on Stock Exchange or Taipei Exchange, or subscription of <u>foreign government bonds or ordinary corporate bonds and general bank debentures without equity characteristics (excluding subordinated bonds) that are offered and issued in the primary market, or subscription or redemption of ETNs,</u> or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> (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 transaction counterparty within the preceding year. (3) The cumulative transaction amount of acquisitions and disposals (cumulative 	<p>1. Trading of domestic government bonds.</p> <p>2. Where done by professional investors-securities trading on Stock Exchange or Taipei Exchange, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated <u>bank debentures</u>) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> (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 transaction counterparty within the preceding year. (3) The cumulative transaction amount of acquisitions and disposals (cumulative 	

Amended Articles	Original Articles	Descriptions
<p>acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>“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.</p> <p>2. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the competent authority by the 10th day of each month.</p> <p>3. Under any of the following circumstances, the Company acquiring or disposing assets shall publicly announce and report the relevant information on the competent authority designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(1) Change, termination, or rescission of a contract signed in regard to the original transaction.</p>	<p>acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>“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.</p> <p>2. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the competent authority by the 10th day of each month.</p> <p>3. Under any of the following circumstances, the Company acquiring or disposing assets shall publicly announce and report the relevant information on the competent authority designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(1) Change, termination, or rescission of a contract signed in regard to the original transaction.</p>	

Amended Articles	Original Articles	Descriptions
<p>(2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>(3) Change to the originally publicly announced and reported information.</p> <p>4. The matters to be announced and reported by the subsidiaries of the Company:</p> <p>(1) The procedures for the acquisition or disposal of assets of the Company's subsidiary shall also be handled in accordance with Article 15 of the Procedures.</p> <p>(2) For the subsidiaries who are not the public companies in Taiwan, when the acquisition or disposal of assets are a reportable matter as defined in the Procedures, the Company shall conduct the announcement and reporting for the subsidiaries.</p> <p>(3) In the announcement and reporting standards of the Company's subsidiaries, the term "reaching 20% of the Company's paid-in capital or 10% of the total assets" is based on the Company's paid-in capital or total assets.</p> <p>5. Where the Company is acquiring or disposing of assets and there are items that shall be announced, the financial department shall draft an announcement within two days from the date of the occurrence of the fact, which shall be submitted for the announcement and declaration in accordance with the prescribed format and all the materials to be announced shall be submitted to</p>	<p>(2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>(3) Change to the originally publicly announced and reported information.</p> <p>4. The matters to be announced and reported by the subsidiaries of the Company:</p> <p>(1) The procedures for the acquisition or disposal of assets of the Company's subsidiary shall also be handled in accordance with Article 15 of the Procedures.</p> <p>(2) For the subsidiaries who are not the public companies in Taiwan, when the acquisition or disposal of assets are a reportable matter as defined in the Procedures, the Company shall conduct the announcement and reporting for the subsidiaries.</p> <p>(3) In the announcement and reporting standards of the Company's subsidiaries, the term "reaching 20% of the Company's paid-in capital or 10% of the total assets" is based on the Company's paid-in capital or total assets.</p> <p>5. Where the Company is acquiring or disposing of assets and there are items that shall be announced, the financial department shall draft an announcement within two days from the date of the occurrence of the fact, which shall be submitted for the announcement and declaration in accordance with the prescribed format and all the materials to be announced shall be submitted to</p>	

Amended Articles	Original Articles	Descriptions
<p>the general manager for review and approval.</p> <p>6. 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 within two days counting inclusively from the date of knowing of such error or omission.</p> <p>7. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, logbooks, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p>	<p>the general manager for review and approval.</p> <p>6. 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 within two days counting inclusively from the date of knowing of such error or omission.</p> <p>7. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, logbooks, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p>	
<p>Article 9 Obtaining asset appraisal or analysis report</p> <p>1. The Company in acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NTD300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall accord with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited</p>	<p>Article 9 Obtaining asset appraisal or analysis report</p> <p>1. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited</p>	<p>1. According to the amendments to Articles 5, 9, 10 and 11 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," in order to clarify the procedures and responsibilities that external experts shall follow, for the professional appraisers, certified public accountants, lawyers or securities underwriters shall, in addition to preparing appraisal reports or opinions based on relevant operational matters, also comply with the</p>

Amended Articles	Original Articles	Descriptions
<p>price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(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 render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. 2. The discrepancy between the appraisal results of 	<p>price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(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 <u>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)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. 2. The discrepancy between the appraisal results of 	<p>self-discipline rules of their respective trade associations, and the texts of accounting statements are deleted.</p> <p>2. In accordance with the amendments to Article 5 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies,” since the work of experts to issue valuation reports or reasonableness opinions is not an audit of financial reports, the texts “certify” are amended and replaced by the texts “execution.” In addition, in order to comply with the actual evaluation situation of the experts on the data sources and parameters used, the texts of the evaluation to “completeness, correctness and reasonableness” is amended to “appropriateness and reasonableness.”</p>

Amended Articles	Original Articles	Descriptions
<p>two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(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. However, 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.</p> <p>2. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction 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. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the <u>Financial Supervisory Commission (FSC)</u>.</p> <p>3. Where the Company acquires or</p>	<p>two or more professional appraisers is 10 percent or more <u>of</u> the transaction amount.</p> <p>(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. However, 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.</p> <p>2. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction 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. <u>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.</u> However, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the <u>competent authority</u>.</p> <p>3. Where the Company acquires or</p>	

Amended Articles	Original Articles	Descriptions
<p>disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>4. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>5. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant’s opinions, attorney’s opinions, or underwriter’s opinions shall meet the following requirements:</p> <p>(1) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, <u>the Company Act</u>, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for</p>	<p>disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p> <p>4. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>5. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant’s opinions, attorney’s opinions, or underwriter’s opinions shall meet the following requirements:</p> <p>(1) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust,</p>	

Amended Articles	Original Articles	Descriptions
<p>fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>(2) May not be a related party or de facto related party of any party to the transaction.</p> <p>(3) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the foregoing officers shall act <u>in accordance with the self-discipline rules of their respective trade associations</u> and the following matters.</p> <p>(1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>(2) When <u>executing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p>	<p>embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>(2) May not be a related party or de facto related party of any party to the transaction.</p> <p>(3) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>(1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>(2) When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p>	

Amended Articles	Original Articles	Descriptions
<p>(3) They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>(4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and reasonable</u>, and that they have complied with applicable laws and regulations.</p> <p>The calculation of three of the proceeding transaction amounts referred to in the preceding three paragraphs shall be done in accordance with Article 31, paragraph 2 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies, 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.</p>	<p>(3) They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy,</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>(4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>reasonable and accurate</u>, and that they have complied with applicable laws and regulations.</p> <p>The calculation of three of the proceeding transaction amounts referred to in the preceding three paragraphs shall be done in accordance with Article 31, paragraph 2 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies, 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.</p>	
<p>Article 11 Procedures for related party transactions</p> <p>1. The Company should have the acquisition or disposal of assets from or to a related party handled in accordance with Article 9 of the “Procedures” and shall also have the necessary resolutions adopted</p>	<p>Article 11 Procedures for related party transactions</p> <p>1. The Company should have the acquisition or disposal of assets from or to a related party handled in accordance with Article 9 of the “Procedures” and shall also have the necessary resolutions adopted</p>	<p>In accordance with the amendment to Article 15 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies,” in order to strengthen the</p>

Amended Articles	Original Articles	Descriptions
<p>and the reasonableness of the transaction terms appraised in accordance with the following requirements. If the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the Article 9 of the Procedures.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9 of this procedure.</p> <p>When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and board</p>	<p>and the reasonableness of the transaction terms appraised in accordance with the following requirements. If the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the Article 9 of the Procedures.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9 of this procedure.</p> <p>When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and board</p>	<p>management of related party transactions, we have taken into account the norms of major international capital markets and hereby added the requirement that a public company acquiring or disposing of assets from related parties at a transaction amount reaching more than 10% of the total assets shall submit the relevant materials to the shareholders' meeting for approval before doing so to protect the rights and interests of the shareholders. However, transactions among the public company and its parent, subsidiaries or between its subsidiaries are exempted from the resolution of the shareholders' meeting.</p>

Amended Articles	Original Articles	Descriptions
<p>of directors:</p> <ol style="list-style-type: none"> (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (2) The reason for choosing the related party as a transaction counterparty. (3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 3 and Paragraph 4. (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction 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 funds utilization. (6) An appraisal report from a professional appraiser or a CPA’s opinion obtained in compliance with Article 9 of this procedure. (7) Restrictive covenants and other important stipulations associated with the transaction. <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 31, Paragraph 2 of the “Regulations Governing</p>	<p>of directors:</p> <ol style="list-style-type: none"> (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (2) The reason for choosing the related party as a transaction counterparty. (3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 3 and Paragraph 4. (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction 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 funds utilization. (6) An appraisal report from a professional appraiser or a CPA’s opinion obtained in compliance with Article 9 of this procedure. (7) Restrictive covenants and other important stipulations associated with the transaction. <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 31, Paragraph 2 of the “Regulations Governing the</p>	

Amended Articles	Original Articles	Descriptions
<p>the Acquisition and Disposal of Assets by Public Companies” and within one year as stated herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the Audit Committee need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed and conducted below, between the Company and the subsidiaries, or between the subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Company’s board of directors may delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified in next board of directors meeting.</p> <p>(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>When a matter is proposed for discussion in the board meeting pursuant to Paragraph 2, 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 meeting.</p> <p>The matters for which Paragraph 2 requires recognition by the Audit Committee shall first be approved by one-half or more of all Audit Committee members and then submitted to the board of</p>	<p>Acquisition and Disposal of Assets by Public Companies” and within one year as stated herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the Audit Committee need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed and conducted below, between the Company and the subsidiaries, or between the subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Company’s board of directors may delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified in next board of directors meeting.</p> <p>(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>When a matter is proposed for discussion in the board meeting pursuant to Paragraph 2, 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 meeting. The matters for which Paragraph 2 requires recognition by the Audit Committee shall first be approved by one-half or more of all Audit Committee members and then submitted to the board</p>	

Amended Articles	Original Articles	Descriptions
<p>of Finance.</p> <p>(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 transaction counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased or leased 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.</p> <p>(3) The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two subparagraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>When the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraph 3 of</p>	<p>of Finance.</p> <p>(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 transaction counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased or leased 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.</p> <p>(3) The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two subparagraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>When the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraph 3 of</p>	

Amended Articles	Original Articles	Descriptions
<p>this Article, and Subparagraph (1), (2), and (3) of Paragraph 2 do not apply.</p> <ol style="list-style-type: none"> 1. The related party acquired the real property or right-of-use assets thereof through 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 or right-of-use assets thereof 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 through engaging a related party to build real property, either on the company's own land or on rented land. 4. The real property right-of-use assets for business use are acquired by the Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital. <p>4. When the results of the Company's appraisal conducted in accordance with Subparagraph (1) and Subparagraph (2) of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph 5 of this Article. However, where the following circumstances exist, objective evidence has been</p>	<p>this Article, and Subparagraph (1), (2), and (3) of Paragraph 2 do not apply.</p> <ol style="list-style-type: none"> 1. The related party acquired the real property or right-of-use assets thereof through 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 or right-of-use assets thereof 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 through engaging a related party to build real property, either on the company's own land or on rented land. 4. The real property right-of-use assets for business use are acquired by the Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital. <p>4. When the results of the Company's appraisal conducted in accordance with Subparagraph (1) and Subparagraph (2) of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph 5 of this Article. However, where the following circumstances exist, objective evidence has been</p>	

Amended Articles	Original Articles	Descriptions
<p>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:</p> <p>(1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <ol style="list-style-type: none"> 1. Where undeveloped land is appraised in accordance with the means in the preceding paragraph, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The 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. 2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or 	<p>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:</p> <p>(1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <ol style="list-style-type: none"> 1. Where undeveloped land is appraised in accordance with the means in the preceding paragraph, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The 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. 2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or 	

Amended Articles	Original Articles	Descriptions
<p>area land prices in accordance with standard property market sale or leasing practices.</p> <p>(2) Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph 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 in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p> <p>5. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the above provisions are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(1) A special reserve shall be set aside in accordance with</p>	<p>area land prices in accordance with standard property market sale or leasing practices.</p> <p>(2) Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph 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 in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p> <p>5. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the above provisions are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(1) A special reserve shall be set aside in accordance with</p>	

Amended Articles	Original Articles	Descriptions
<p>Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, 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 public companies, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</p> <p>(2) The Audit Committee shall comply with Article 218 of the Company Act.</p> <p>(3) Actions taken pursuant to the subparagraphs (1) and (2) of the preceding paragraph shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, 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</p>	<p>Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, 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 public companies, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</p> <p>(2) The Audit Committee shall comply with Article 218 of the Company Act.</p> <p>(3) Actions taken pursuant to the subparagraphs (1) and (2) of the preceding paragraph shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, 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</p>	

Amended Articles	Original Articles	Descriptions
<p>competent authority has given its consent.</p> <p>When a public company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	<p>competent authority has given its consent.</p> <p>When a public company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	

Proposal 3

Proposed by the board of directors

The proposal to remove the non-compete clause for the representatives of directors is submitted for a vote.

Descriptions:

1. According to Article 209 of the Company Act, a director who engages in any transaction for himself or on behalf of another person that is within the scope of the company's operations shall explain the major content of such actions to the shareholders meeting and obtain its consent.
2. It is proposed to remove the non-compete clause for the representatives of directors without prejudice to the Company's interests as they, due to the shareholding structure, may invest in or operate other companies with the same or similar business scope as the Company and act as a director at such companies. The list is on page 60 of this handbook.
3. This proposal has been approved by the 5th board meeting of the 19th (current) session of the board of directors, and is hereby submitted for resolution in accordance with the laws.

Resolutions:

Schedule

List of Shin Shin Natural Gas Co., Ltd.'s director for the removal of the non-compete clause				
Title	Name	Name of juridical person represented	Name of the company with a similar business scope to that of the Company and the position held	Remarks
Director	Yee-Kong Lee	Veterans Affairs Council, Executive Yuan	Shin Chang Natural Gas Co., Ltd. Director	
Total	1 person			

5. Election

Proposal 1

Proposed by the board of directors

By-election of an independent director.

Descriptions:

1. Mr. Hsu, Shun-Yun, an independent director of the Company, resigned on March 17, 2022 and the disclosure of material information was completed on the same date. It is proposed to hold a by-election for an independent director at the (2022) Annual Shareholders' Meeting..
2. According to the Article 15 of Articles of Incorporation of the Company, the election of directors adopts the candidate nomination system. The qualifications for candidates have been approved by the 5th board meeting of the 19th session of the board of directors. The list of candidates is shown in this Handbook on page 62.
3. According to the Articles of Incorporation of the Company, the term of directors is three years. The term for the independent director elected in this by-election is the same as that of the directors of the 19th term (the term of office is from June 17, 2022 to August 30, 2024).
4. Election matters shall be handled in accordance with the Company's guidelines for election of directors. The election methods are detailed in Appendix 4.

Election Results:

List of candidates for independent director nominated by the board of directors of Shin Shin Natural Gas Co., LTD.

Name	Education and Working Experience	Current Position(s)	Shareholding (shares)	Has the candidate been serving as the independent director for three consecutive sessions?
Shu-Ping Hsu	<p>Education: Bachelor's degree in Accounting, Tamkang University</p> <p>Working Experience: CPA for five years at CHAMPiON CPA firm Assistant Vice President for 16 years at Deloitte & Touche</p> <p>Industries served: High-tech, manufacturing, packaging and testing, department store, trading, investment, and traditional industries.</p> <p>Professional experience: 21 years.</p>	CPA at CHAMPiON CPA firm	0	No

6. Extempore Motions

7. Meeting Adjourned

Rules of Procedure for Shareholders' meetings for Shin Shin Natural Gas Co., LTD.

It was resolved in the regular shareholders' meeting to have the "Rules of Procedure for Shareholders' meetings" taken force continuously on May 14, 1982.

The amendments to the "Rules of Procedure for Shareholders' meetings" were passed in the regular shareholders' meeting on May 24, 1997.

Partial amendments to the "Rules of Procedure for Shareholders' meetings" were passed in the 11th Board Meeting of the 12th term on March 25, 2002, and presented in the regular shareholders' meeting on June 21, 2002.

Partial amendments to the "Rules of Procedure for Shareholders' meetings" were passed in the 4th Board Meeting of the 13th term on March 12, 2004, and presented in the regular shareholders' meeting on June 18, 2004.

The amendments were passed in the regular shareholders' meeting on June 12, 2014.

The amendments were passed in the regular shareholders' meeting on June 23, 2015.

The amendments were passed in the regular shareholders' meeting on June 23, 2017.

The amendments were passed in the regular shareholders' meeting on August 31, 2021.

Article 1 [References]

The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 2 [Convening shareholders' meetings]

Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the board of directors.

The relevant organizational time and data transmission and preparation of the Company's shareholders' meeting shall be handled in accordance with law and regulations.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

The shareholders' meeting is convened by the board of directors with the meeting agenda set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

Election or dismissal of directors, change of articles of association, capital reduction, application for cessation of public offering, compete charter for directors, capital increase from earnings, capital increase from reserve, company dissolution, merger, division, or each subparagraphs in Article 185, Paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" should be detailed in the "reasons for convening a meeting" instead of being proposed as an extraordinary motion at the meeting.

Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of the Company may propose to the Company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda.

In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Article 3 [Attending shareholders' meetings by proxy]

A shareholder who cannot attend a shareholders' meeting in person may appoint a proxy to attend the shareholders' meeting on his/her/its behalf with the scope of power authorized detailed.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company before 5 days prior to the date of the shareholders' meeting. If duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before 2 ~~business~~ days prior to the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

When a person who acts as the proxy for two or more shareholders, the amount of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the Company, otherwise, the portion of excessive voting power shall not be counted.

Article 4 [Venue and time]

The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 5 [Shareholder attendance registrations]

The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, referred to as "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

When the government or a juridical person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juridical person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 6 [The chair of a shareholders' meeting]

If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the Chairman shall appoint one of the directors to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

The Chairman as referred to in the preceding paragraph shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juridical person director that serves as chair.

If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it

to attend a shareholders' meeting in a non-voting capacity.

Article 7 [Documentation of a shareholders' meeting by audio or video]

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure to the end of the meeting. The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 8 [Standard compliant of Meetings]

Attendance and voting in shareholders' meetings shall be calculated based on the number of shares. The chair should call the meeting to order at the scheduled meeting time and at the same time announce the number of non-voting shares and the number of shares present and other related information. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. . If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 9 (Shareholder speech and reply)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When a juridical person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

The proposals are to be discussed in the meeting orderly according to the agenda, and the Chairman should immediately stop the individual who violates the procedure from speaking.

In addition to the proposals listed in the agenda, shareholders' amendments to the original proposals, alternative proposals or other extraordinary motions proposed shall be seconded by other shareholders, and the same for the changes to the agenda and motions to adjourn the meeting.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 10 [Calculation of voting rights and recusal]

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

Article 11 [Voting]

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, however, with respect to motions and original proposal amendments of the meeting of shareholders, it is deemed as a waiver.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days prior to the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before 2 business days prior to the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, ~~the~~ passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

When the chair considers that the discussion of a proposal has reached the point where it is ready to be voted on, he/she may declare that the discussion has been stopped, put to vote and arrange adequate time for voting

Article 12 [Vote supervision, counting and announcing]

Vote monitoring and counting personnel for the voting on a proposal, shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 13 [Elections of directors]

The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules of the Company.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a

shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 14 [Preparation and reservation of meeting minutes]

Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within twenty days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The meeting minutes shall be retained for the duration of the existence of the company.

Article 15 [Maintaining order at the meeting place]

The chair may direct the marshals or security personnel to help maintain order at the meeting place. When marshals or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Marshal."

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the marshals or security personnel to escort the shareholder from the meeting.

Article 16 [Break and Recess of a shareholders' meeting]

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 17 [Unaddressed matters]

The matters not addressed in the "Rules of Procedure for Shareholders' meetings" shall be handled in accordance with the Company Act and the Company's articles of incorporation.

Article 18 [Amendments]

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

Shin Shin Natural Gas Co., LTD. Articles of Incorporation**Chapter I General Principles**

- Article 1 The Company is incorporated in accordance with the Company Act and is named “Shin Shin Natural Gas Co., Ltd.” (hereinafter referred to as “the Company”).
- Article 2 The Company is invested by the Veterans Affairs Council, R.O.C. and the private sector jointly. The Company is engaged in the business of supplying natural gas in Taipei City and New Taipei City, with the purpose of developing public utilities, serving the society, and arranging the employment of veterans.
- Article 3 The Company’s scope of business operation is as follows:
1. D201011 Natural Gas Utility Enterprise
 2. CR01010 Gas Apparatus and Parts Manufacturing
 3. E502010 Fuel Catheter Installation Engineering
 4. JE01010 Rental and Leasing
 5. B102010 Extraction of Crude Petroleum and Natural Gas
 6. E603130 Gas Water Heater Contractors
 7. D401010 Thermal Energy Supply
 8. E603040 Fire Safety Equipment Installation Engineering
 9. E603050 Automatic Control Equipment Engineering
 10. F401181 Measuring Instruments Import
 11. F213050 Retail Sale of Measuring Instruments
 12. F113060 Wholesale of Measuring Instruments
 13. ID01010 Measuring Instruments Certification
 14. D101050 Combined Heat and Power
 15. F105050 Wholesale of Furniture, Bedding, Kitchen Utensils and Fixtures
 16. F205040 Retail Sale of Furniture, Bedding, Kitchen Utensils and Fixtures
 17. E801070 Kitchenware and Sanitary Fixtures Installation Engineering
 18. F401010 International Trade
 19. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 4 The Company is located in New Taipei City, and may set up branches in other regions as needed. The establishment and abolition of the Company is a decision of the board of directors.
- Article 5 The Company’s announcements shall be handled in accordance with the relevant law and regulations.

Chapter 2 Stock shares

- Article 6 The total authorized capital stock of the Company is NT\$1,858,000,000 with 185,800,000 shares issued at NT\$10 par; also, the board of directors is authorized to make multiple issuances in response to the business operation.
- Article 6-1 The Company's total investment amount may exceed 40% of the paid-in capital depending on the actual business needs with the board of directors authorized for implementation.
- Article 6-2 The Company may make "external endorsements and guarantees" with the resolution of the board of directors.
- Article 7 The Company issues its shares to registered owners only. Share certificates are issued with the signatures or authorized seals of at least three directors, subject to validation by the competent authority or any of its approved institutes.
- The Company is exempted from printing certificates for the shares issued, and shall register the issued shares with a centralized securities depository enterprise.
- Article 8 The Company's handling stock affairs shall comply with the "Regulations Governing the Administration of Shareholder Services of Public Companies" and related law and regulations and securities regulations published by the Securities and Futures Bureau of the Financial Supervisory Commission (hereinafter referred to as the Securities and Futures Bureau).
- Article 9 The transfer of shares will be suspended within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the date fixed by the Company for distribution of dividends, bonus, or other benefits.

Chapter 3 Meeting of shareholders

- Article 10 Shareholders' meetings include both regular Shareholders' meeting and special Shareholders' meeting, of which, a regular Shareholders' meeting is to be held at least once a year and convened by the board of directors within 6 months at the end of the fiscal year. A special Shareholders' meeting is to be held when necessary. The Shareholders' meeting notice can be done electronically with the consent of the shareholders.
- Article 11 For each Shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
- Except for a trust enterprise or a stock agency approved by the security competent authority, when one person is a proxy of two or more shareholders at the same time, the voting rights of the proxy shall not exceed 3% of the total voting rights of the issued shares. The voting rights by proxy that exceed the threshold will not be counted and shall be handled in accordance with relevant law and regulations. If duplicate proxy forms are delivered as stated in the preceding paragraph, the one received earliest shall prevail.
- Article 12 The resolutions in the Shareholders' meeting are based on the shares represented by the shareholders present, one share one voting right. However, restricted shares or shares without voting rights as stipulated in the Company Act are not subject to this restriction.

Article 13 Resolutions at a Shareholders' meeting shall, unless otherwise provided by law and regulations or the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 14 The Chairman is to convene and chair the Shareholders' meeting. When the Chairman is on leave, the Chairman shall appoint one of the directors to chair the Shareholders' meeting. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chairman. If a Shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chairman from among themselves.

Chapter 4 Directors

Article 15 The Company has 15–24 directors (including independent directors) appointed to organize the board of directors, and the directors are elected for a 3-year term and eligible for re-election in accordance with the provisions of Article 192 and Article 198 of the Company Act.

The election of directors is implemented in accordance with the candidate nomination system as stated in Article 192-1 of the Company Act. The matters related to the acceptance and announcement of the candidate nomination for directors shall be handled in accordance with the relevant law and regulations of the Company Act and the Securities and Exchange Act.

The number of independent directors must not be less than three persons, and must not be less than one fifths of the total directors to be elected. The professional qualifications, restrictions on shareholding and part-time jobs, determination of independence, nomination methods, and other matters to be followed regarding the election of independent directors shall be handled in accordance with the regulations of the competent authority.

Article 16 The directors are to have the board of director organized with a resolution adopted by a majority vote present at a board meeting attended by more than two-thirds of the total number of directors; also, one of the directors will be elected as the Chairman. The Chairman represents the Company externally, and shall perform his/her duties in accordance with the law and regulations, the article of incorporation, and the resolutions of the Shareholders' meeting and the board of directors.

Article 17 A board meeting should be convened at least quarterly. A special board meeting may be convened when necessary and chaired by the Chairman. When the Chairman is on leave, the Chairman shall appoint one of the directors to chair the board meeting. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chairman.

Article 17-1 The Company shall have all directors informed 7 days in advance regarding the convening of the board meeting with the information of time, place, and reason for convening detailed; however, in case of emergency, a board meeting can be convened at any time. The directors should be informed of the board meeting that is to be convened in writing, by e-mail, or by fax.

Article 18 The Company's directors may appoint other directors to attend the board meeting, but the

proxy is limited to one person.

Article 19 The board of directors may appoint an adjunct and a secretary to assist the Chairman in handling general business and specific matters of the board of directors, when necessary, as well as participating in project review, general document review, and assigned matters.

Article 20 The Board of Directors exercises the following authorities:

1. Review of business development policy.
2. Review, supervision, and implementation of business plans.
3. Budget review.
4. Proposal for capital increase or decrease plan.
5. Review of corporate bonds issuance or arrangement.
6. Proposal for earnings distribution.
7. Review of external investment.
8. Review and approval of important contracts.
9. Proposal for the amendments to the Articles of Incorporation.
10. Review and approval of company charter and important business rules.
11. Discussion and resolution on the establishment, reorganization, or dissolution of branches.
12. The employment and dismissal of the Company's president, vice president, chief engineer, deputy chief engineer, chief auditor, managers and deputy managers, and adjunct and secretary of the board of directors.
13. The convening of the Shareholders' meeting.
14. Other responsibilities entrusted by law.

Article 21 Resolutions at a board meeting shall, unless otherwise provided by the Company Act, be adopted by a majority vote of the directors present, who represent more than one-half of the total number of directors.

Article 22 The resolutions of the board of directors shall be distributed by the Company to all relevant units for further process.

Article 23 An acting director is to be appointed to assist the Chairman in handling routine operation depending on the needs of the Chairman and with the consent of the board of directors.

Article 24 (Deleted)

Article 25 The president and responsible managers shall attend the board meeting to report and state their opinions on a non-voting capacity.

Article 26 The Company's independent directors have an Audit Committee composed, one of them is the convener, and at least one of them has accounting or financial expertise.

The Audit Committee members, powers implementation, and other matters to be complied with are to be implemented in accordance with relevant law and regulations.

Article 27 The director's remuneration is to be determined by the board of directors in accordance

with the general standard of the industry.

Article 28 (Deleted)

Chapter 5 Management and employees

Article 29 The Company has a president appointed. The Chairman presents such appointment to the board of directors for resolution, and the same for the dismissal of the president. There is an adjunct in the president's office to assist the president in handling routine operation and specific and assigned matters. The said appointment is resolved by the president together with the Chairman before presenting to the board of directors for resolution.

Article 30 The Company has two vice presidents, one chief engineer, two deputy chief engineers, one secretary, one chief auditor, and several managers and deputy managers who are resolved by the president together with the Chairman before presenting to the board of directors for resolution. Auditors and other employees are appointed and dismissed by the president in accordance with the Company's personnel management regulations; also, it is reported to the board of directors for future reference.

Article 31 The Company's employees, 50% of the office staff and 60% of the workers, should be selected and placed (including indirect placement) from the competent veterans recommended by the Veterans Affairs Council, R.O.C., and if necessary, the employment ratio may be increased with the resolution of the board of directors.

Chapter 6 Accounting

Article 32 The Company's fiscal year is from January 1 to December 31. The Company, at the end of the fiscal year, shall handle the final accounts in accordance with Article 228 of the Company Act. The board of directors shall prepare the following reports for the recognition of the Shareholders' meeting in accordance with legal procedures.

1. The business report;
2. The financial statements; and
3. Proposal for distribution of earnings or covering of losses.

The aforementioned reports shall be prepared in accordance with the regulations of the central competent authority, and should be audited and certified by independent auditors.

Article 33 The Company should appropriate employee compensation for an amount equivalent to 2.2% of the profits, if any, which is to be distributed in shares or cash by the resolution of the board of directors. The employees of subordinate companies who meet certain conditions are also entitled to such earnings distribution. The Company's board of directors may resolve to have directors' remuneration appropriated for an amount not more than 2.2% of the aforementioned profits.

The proposal for the distribution of employee compensation and directors' remuneration shall be reported to the Shareholders' meeting.

However, when the Company has accumulated losses, an equivalent amount should be reserved in advance for making up such losses, and then the employee compensation and directors' remuneration is appropriated in accordance with the ratio stated in the preceding paragraph.

Article 33-1 The Company adopts a fixed cash-dividend payment ratio policy. In principle, the annual

cash dividends paid shall not be less than 20% of the total dividends. However, the Company may increase the distribution ratio by referring to the business plan, profitability, investment capital needs, and taking into account the Company's business capital adequacy in response to the change in economy and market environment. If the Company has "net income" in each annual final accounts, in addition to making up for losses and appropriating legal reserve for an amount equivalent to 10% net income, the balance, if any, together with the retained earnings at the beginning of the same period and the "adjusted unappropriated retained earnings for the current year" should be distributed in the following order:

1. Appropriate special reserve with the appropriation ration determined by law or resolved by the board of directors. When necessary, the board of directors shall draw up a plan and submit it to the Shareholders' meeting for resolution.
2. The board of directors draws up a plan for the distribution of the remaining amount and present it to the Shareholders' meeting for resolution.

Chapter 7 Additional Provisions

Article 34 The organizational charters and bylaws of the Company shall be further established.

Article 35 The matters not addressed in the Articles of Incorporation shall be handled in accordance with the Company Act, Banking Act, Rules Governing Bills Finance, and other relevant law and regulations.

Article 36 The Articles of Incorporation was formulated on March 25, 1971.

The 1st amendment was made on May 25, 1972.

The 2nd amendment was made on November 25, 1972.

The 3rd amendment was made on March 31, 1975.

The 4th amendment was made on June 23, 1976.

The 5th amendment was made on March 2, 1977.

The 6th amendment was made on June 26, 1978.

The 7th amendment was made on May 23, 1979.

The 8th amendment was made on June 6, 1980.

The 9th amendment was made on May 8, 1981.

The 10th amendment was made on August 28, 1981.

The 11th amendment was made on November 20, 1981.

The 12th amendment was made on May 14, 1982.

The 13th amendment was made on May 6, 1983.

The 14th amendment was made on May 15, 1984.

The 15th amendment was made on May 21, 1985.

The 16th amendment was made on April 25, 1986.

The 17th amendment was made on April 29, 1988.

The 18th amendment was made on April 28, 1989.
The 19th amendment was made on April 27, 1990.
The 20th amendment was made on April 26, 1991.
The 21st amendment was made on May 8, 1992.
The 22nd amendment was made on May 14, 1993.
The 23rd amendment was made on March 26, 1994.
The 24th amendment was made on May 27, 1995.
The 25th amendment was made on May 11, 1996.
The 26th amendment was made on May 24, 1997.
The 27th amendment was made on May 29, 1998.
The 28th amendment was made on May 29, 1999.
The 29th amendment was made on May 19, 2000.
The 30th amendment was made on June 21, 2002.
The 31st amendment was made on June 17, 2005.
The 32nd amendment was made on June 23, 2006.
The 33rd amendment was made on June 17, 2010.
The 34th amendment was made on June 13, 2012.
The 35th amendment was made on June 21, 2013.
The 36th amendment was made on June 12, 2014.
The 37th amendment was made on June 23, 2015.
The 38th amendment was made on June 27, 2016.
The 39th amendment was made on June 23, 2017.
The 40th amendment was made on June 22, 2020.
The 41st amendment was made on August 31, 2021.

It is to be implemented after the resolution of the regular Shareholders' meeting, and the same for the amendments.

Regulations Governing the Acquisition and Disposal of Assets by Shin Shin Natural Gas Co., LTD.

The “Procedures” was formulated on May 19, 2000.

The 1st amendment was made in the regular shareholders’ meeting on June 20, 2003.
 The 2nd amendment was made in the regular shareholders’ meeting on June 22, 2007.
 The 3rd amendment was made in the regular shareholders’ meeting on June 17, 2010.
 The 4th amendment was made in the regular shareholders’ meeting on June 13, 2012.
 The 5th amendment was made in the regular shareholders’ meeting on June 12, 2014.
 The 6th amendment was made in the regular shareholders’ meeting on June 23, 2017.
 The 7th amendment was made in the regular shareholders’ meeting on June 28, 2019.
 The 8th amendment was made in the regular shareholders’ meeting on August 31, 2021.

Article 1 The “Procedures” was formulated in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” issued by the competent authority, the Securities and Exchange Act, the “Regulations on Real Estate Appraisal,” and related regulations.

Article 2 The scope of assets.

The term "assets" as used in these Regulations includes the following:

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.
2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Article 3 Definition

Terms used in these Regulations are defined as follows:

1. Derivatives:
 Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law:
 Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the

consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

3. Related party or subsidiary:
As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser:
Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. 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.
6. Mainland China area investment:
Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Investment professional:
Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
8. Securities exchange:
"Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
9. Over-the-counter venue ("OTC venue", "OTC"):
"Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 4 Procedures for the valuation of assets acquired
For the valuation of assets acquired by the Company, in terms of real estate and other fixed assets, the capital expenditure plan is to be drawn up by the demand unit in advance. The said plan after a usability assessment should be forwarded to the Finance Department to have a capital expenditure budget planned, executed, and controlled accordingly. In terms of a marketable securities investment, the responsible unit shall set up an investment team for execution after a feasibility assessment is conducted.

Article 5 Procedures for the valuation of assets disposed
For the valuation of assets disposed of by the Company, in terms of real estate and other fixed assets, a fixed asset disposal application form is to be filled out by the using unit or it is to be approved specially with the reasons for disposal, disposal methods, etc., detailed for approval in advance. Marketable securities cannot be processed until they are

evaluated by the responsible unit.

Article 6 Procedure for determining trading conditions

1. The price determination and reference for the Company's assets acquired or disposed
 - (1) The price of the securities that have been traded at the stock exchange market or at TPEX is to be determined according to the transaction amount at that time.
 - (2) The price of equity securities that have been traded not at the stock exchange market or TPEX is to be determined by taking into account of their net value per share, profitability, future development potential, and the transaction price at the time.
 - (3) The price of coupon bonds that have been traded not at the stock exchange market or TPEX is to be determined by taking into account of the market interest rate, bond coupon rate, and debtor's credit at the time.
 - (4) The price of real estate traded is to be determined by referring to the announced present value, appraised value, actual transaction price of adjacent real estate, appraisal results, etc.
 - (5) The price of other fixed assets traded is to be determined price comparison, negotiation, or bidding.
2. The Company's authority hierarchy for the acquisition and disposal of assets
 - (1) The acquisition or disposal of the Company's assets must be determined by the board of directors, chairman, or president in accordance with the "Segregation of Duties" of the Company.

The acquisition and disposal of assets are 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.
 - (2) The acquisition and disposal of the Company's fixed assets shall be handled in accordance with the procedures specified in the Company's internal control system.

Article 7 Executive unit

Finance Department is the executive unit for securities investment. The using unit and the relevant responsible units are the executive unit for real estate and fixed assets.

Article 8 Announcements and reporting

1. Under any of the following circumstances, The Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:
 - (1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; Trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (2) Merger, demerger, acquisition, or transfer of shares.
 - (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.

- (4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 1. For public companies whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 2. For public companies whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- (5) 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 furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.
- (6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million. However, the following conditions are not subject to this restriction:
 1. Trading of domestic government bonds.
 2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

- (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 transaction counterparty within the preceding year.
- (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof 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.

2. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by

- the 10th day of each month.
3. Under any of the following circumstances, the Company acquiring or disposing assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within two days counting inclusively 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, demerger, 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.
 4. The matters to be announced and reported by the subsidiaries of the Company:
 - (1) The procedures for the acquisition or disposal of assets of the Company's subsidiary shall also be handled in accordance with Article 15 of the "Procedures."
 - (2) For the subsidiaries who are not the public companies in Taiwan, when the acquisition or disposal of assets are a reportable matter as defined in the "Procedures," the Company shall conduct the announcement and reporting for the subsidiaries.
 - (3) In the announcement and reporting standards of the Company's subsidiaries, the term "reaching 20% of the Company's paid-in capital or 10% of the total assets" is based on the Company's paid-in capital or total assets.
 5. Public announcement and regulatory filing procedures.
According to the requirements of the "Procedures," for the Company's acquiring or disposing of assets, the Finance Department shall have the announcement drafted up for the approval of president and then publicly announce it with the relevant information enclosed to all relevant units within two days counting inclusively from the date of occurrence of the event.
 6. 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 within two days counting inclusively from the date of knowing of such error or omission.
 7. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for five years except where another act provides otherwise.

Article 9 Obtaining asset appraisal or analysis report

1. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
 - (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
 - (2) Where the transaction amount is NT\$1 billion or more, 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:
 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 2. 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 three 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 six months have elapsed, an opinion may still be issued by the original professional appraiser.
2. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction 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. However, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authority.
 3. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.
 4. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.
 5. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:
 - (1) May not have previously received a final and unappealable sentence to imprisonment for one year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if

three years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

- (2) May not be a related party or de facto related party of any party to the transaction.
- (3) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

- (1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- (2) When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- (3) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- (4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

The calculation of the transaction amounts referred to in the preceding three paragraphs shall be done in accordance with Article 31, paragraph 2 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies, 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 10 Total amounts of real property and right-of-use assets thereof or securities acquired by the company and each subsidiary for business use, and limits on individual securities.

1. The Company may purchase assets within the scope of Article 2 of the "Procedures."
2. The total amount of the real estate and its right-of-use assets or securities purchased by the Company for a purpose other than business is limited to 40% of the shareholders' equity in the Company's most recent financial report that has been audited and certified by an independent auditor. The amount of investment in a single equity by the Company is limited to 20% of the aforementioned shareholders' equity, and the amount of investment in a single company is limited to 40% of the aforementioned shareholders' equity.
3. The total amount of the real estate and its right-of-use assets or securities purchased by the Company's subsidiary that is not a professional investor for a purpose other than business is limited to the shareholders' equity in its most recent financial report that has been audited and certified by an independent auditor. The amount of investment in a single equity by the subsidiary is limited to 60% of the aforementioned shareholders' equity in its most recent financial report that has been audited and certified by an independent auditor.
4. The total amount of the real estate and its right-of-use assets or securities purchased by the Company's subsidiary that is a professional investor for a purpose other than

business; also, the subsidiary's investment in a single security, are both limited to the net worth of the subsidiary.

Article 11 Procedures for related party transactions

1. The Company should have the acquisition or disposal of assets from or to a related party handled in accordance with Article 9 of the "Procedures" and shall also have the necessary resolutions adopted and the reasonableness of the transaction terms appraised in accordance with the following requirements. If the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the Article 9 of the "Procedures."

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9 of this procedure.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and board of directors:

- (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (2) The reason for choosing the related party as a transaction counterparty.
- (3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 3 and Paragraph 4.
- (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction 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 funds utilization.
- (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the Article 9 of this procedure.
- (7) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 31, Paragraph 2 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and "within one year" as stated herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the Audit Committee need not be counted toward the transaction amount.

With respect to the types of transactions listed and conducted below, between the Company and the subsidiaries, or between the subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Company's

board of directors may delegate the chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified in next board of directors meeting.

- (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- (2) Acquisition or disposal of real property right-of-use assets held for business use.

When a matter is proposed for discussion in the board meeting pursuant to Paragraph 2, 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 meeting.

The matters for which Paragraph 2 requires recognition by the Audit Committee shall first be approved by one-half or more of all Audit Committee members and then submitted to the board of directors for resolution.

3. The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

- (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% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where land and structures thereupon are combined as a single property purchased or leased 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.

- (3) The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two subparagraphs shall also engage a CPA to check the appraisal and render a specific opinion.

When the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraph 3 of this Article, and Subparagraph (1), (2), and (3) of Paragraph 3 do not apply.

1. The related party acquired the real property or right-of-use assets thereof through 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 or right-of-use assets thereof 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 through engaging a related party to build real property, either on the company's own land or on rented land.

4. The real property right-of-use assets for business use are acquired by the Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
4. When the results of the Company's appraisal conducted in accordance with Subparagraph (1) and Subparagraph (2) of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Paragraph 5 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, it may submit proof of compliance with one of the following conditions:
 1. Where undeveloped land is appraised in accordance with the means in the preceding paragraph, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three 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.
 2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
 - (2) Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than five hundred meters or parcels close in publicly announced current value; transactions involving similarly sized parcels 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; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.
5. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the above provisions are uniformly lower than the transaction price, the following steps shall be taken:
 - (1) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. A Where the Company uses the equity method to account for its investment in public companies, then the special reserve called for under Article 41, paragraph 1 of

the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company

- (2) The Audit Committee shall comply with Article 218 of the Company Act.
- (3) Actions taken pursuant to the subparagraphs (1) and (2) of the preceding paragraph shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, 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 has given its consent.

When a public company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 12 The Company's engaging in derivatives trading

1. Trading principles and strategies
 - (1) Type of derivatives for trade:

The Company engages in derivatives transactions to hedge risks. Therefore, the types of derivatives for trade must be limited to those related to the Company's assets or liabilities susceptible to changes in prices, exchange rates, interest rates, indexes, and other factors, such as, forward contracts, futures, options, swap, and hybrid contract for the combination of the aforementioned instruments.
 - (2) Hedging strategy:

The Company engages in derivatives transactions to hedge risks. The hedging strategies adopted are divided into two categories, complete hedging and selective hedging, depending on the nature of the assets or liabilities to be hedged and the expectations for the future.
 - (3) Segregation of duties:

The Finance Department engages in derivatives trading on behalf of the Company. It should be divided into transaction execution, confirmation operators, settlement operators, and risk measurement, supervision, and control personnel, which must be handled by different personnel, not concurrently. Also, each transaction must be approved by the Chairman in advance.
 - (4) Performance evaluation:

The Finance Department shall prepare performance evaluation reports on a regular basis for the reference of the management in gaining an understanding of the performance of the executing unit, which shall include the following information:

 1. The nature and amount of derivatives held
 2. Hedged amount of the assets or liabilities held
 3. The amount of realized and unrealized gains and losses
 4. Transaction cost
 5. Capital cost
 - (5) The total derivatives contract amount:

The Finance Department shall grasp the overall position of the Company in order to hedge transaction risks. The hedged transaction amount shall not

exceed the net demand position of the Company. Each transaction must be approved by the chairman in advance.

- (6) Total and individual contract loss limits:
The individual contract loss amount may not exceed 10% of the total transaction contract amount.

2. Risk management measures

- (1) Credit risk:
The Company engages in derivatives transactions with banks or legal brokers only in order to avoid the occurrence of credit risks.
- (2) Market price risk:
In order to avoid losses caused by changes in instruments prices, such as, interest rates, exchange rates, and stock prices, the nature, amount and quantity of derivatives transactions conducted by the Company must be consistent with or related to the hedged assets or liabilities, that is, the held position is equivalent to the market position in the sense of quantity and amount, but moves in the opposite direction, which can be reversed when it expires. In addition, a stop loss point is set for each derivatives transaction in order to avoid losses due to market price fluctuations.
- (3) Liquidity risk:
The Company should conduct derivatives transactions in stock market to hedge liquidity risk; however, the Company should trade with banks at TPEX, when necessary, to maintain liquidity.
- (4) Legal risk:
The Company must have a contract signed with all derivatives trading counterparties. In addition, each transaction must be with legal transaction evidence obtained from the counterparty to ensure the legality of each transaction and to avoid the legal risks of derivatives transactions.
- (5) Operational control:
According to the Company's operational control of derivatives transactions, each transaction must be implemented, confirmed, and settled different person, must not be concurrently; also, all transactions must be approved by the responsible supervisor in advance.
- (6) Risk measurement, supervision, and control:
The board of directors shall designate relevant supervisors other than those defined in the preceding Subparagraph (5) to pay attention to the measurement of derivatives trading risks, and to supervise and control them at any time. The Finance Department shall have the Company's derivatives trading positions 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. The monitoring principles are as follows:
 - 1. Periodically assess the adequacy of the risk management measures currently in use, which must comply with the "Procedures" in process.
 - 2. Supervise the transaction and profit/loss situation, take necessary countermeasures for any nonconformity identified, and report to the board of directors immediately. The Company shall invite independent directors to attend the board meeting to share their opinions.
- (7) Supervision and management of the board of directors:
 - 1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
 - 2. Periodically evaluate whether derivatives trading performance is consistent

with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.

3. The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives transactions in accordance with the "Procedures" for engaging in derivatives transactions.

3. Operating procedure

(1) The Finance Department after evaluation shall select a financial institution with better terms to sign a credit line contract with the approval of the chairman. Then, the Finance Department shall conduct relevant foreign exchange hedging operations within the granted credit line.

(2) The Finance Department during the trading period shall propose the operation strategy for the next month according to the demand position statistics report every month for the approval of the responsible supervisor in advance for a strategic operation thereafter.

(3) The Finance Department engaging in derivatives transactions shall establish a logbook in which details of the types and amounts of derivatives transactions engaged in, board of directors' approval dates, and the matters required to be carefully evaluated under Paragraph 2, Subparagraph (6) and (7) of this Article shall be recorded in detail in the logbook.

4. Internal audit

The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives transactions by the Finance Department adheres to the procedures for engaging in derivatives transactions, and prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.

Article 13 Procedures for Mergers and Consolidations, Demerger, Acquisitions, and Transfer of Shares

1. The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the public companies of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

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

Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by

the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

3. The companies participating in a merger, demerger, or acquisition, unless other law provided otherwise or the competent authority is notified in advance of extraordinary circumstances and grants consent, shall convene a board meeting and shareholders' meeting on the same day to resolve matters related to the merger, demerger, or acquisition.

The company participating in a transfer of shares shall call a board meeting on the day of the transaction, unless other laws provide otherwise, or the competent authority is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a 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 five years for reference:

- (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
- (3) Important documents and minutes: Including merger, demerger, 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, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within two days counting inclusively 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.

4. Prior confidentiality commitment: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to 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, demerger, acquisition, or transfer of shares.
5. The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
 - (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 - (2) An action, such as a disposal of major assets, that affects the Company's financial operations.
 - (3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - (4) An adjustment where any of the companies participating in the merger,

demerger, 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, demerger, acquisition, or transfer of shares.
 - (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
6. The contract for participation by The Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
- (1) Handling of breach of contract.
 - (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - (3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - (4) The manner of handling changes in the number of participating entities or companies.
 - (5) Preliminary progress schedule for plan execution, and anticipated completion date.
 - (6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
7. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, 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, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.
8. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company in accordance with Paragraph 3, 4, 6 of this Article.

Article 14 The responsible personnel who violate the provisions of the "Procedures" will be disciplined or reassigned at work according to the regulations of the competent authority and the Company.

Article 15 Subsidiary's acquisition and disposal of assets

1. The Company's subsidiaries shall formulate its "Procedures for the Acquisition or Disposal of Assets" in accordance with the "Procedures" for the approval of the board of directors before implementation, and the same for the amendments.
2. The acquisition or disposal of assets by a subsidiary of the Company shall be handled in accordance with the subsidiary's "Procedures for the Acquisition or Disposal of Assets" and the authority hierarchy.

Article 15-1 For the calculation of 10% of total assets under these Regulations, the total assets stated in the most recent parent company only financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than

NT\$10—for the calculation of transaction amounts of 20% of paid-in capital under these Regulations, 10% of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

Article 16 Other important matters

The matters not addressed in the “Procedures” shall be handled in accordance with relevant law and regulations and the Company’s articles of incorporation.

Article 17 Validity and amendments

The “Procedures” shall be implemented with the resolution of the board of directors and the approval of the shareholders’ meeting, and the same for the amendments. 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.

When the procedures for the acquisition and disposal of assets are 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.

When the procedures for the acquisition and disposal of assets are adopted or amended, they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.

If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

The matters not addressed in the “Procedures” shall be handled in accordance with relevant law and regulations or the Company’s articles of incorporation.

Appendix 4

“The Rules Governing the Election of Directors” by Shin Shin Natural Gas Co., Ltd.

Passed in the regular shareholders' meeting on May 14, 1982.

The amendments were passed in the regular shareholders' meeting on May 21, 1985.

The amendments were passed in the regular shareholders' meeting on May 24, 1997.

The amendments were passed in the regular shareholders' meeting on June 21, 2002.

The amendments were passed in the regular shareholders' meeting on June 12, 2014.

The amendments were passed in the regular shareholders' meeting on June 23, 2017.

The amendments were passed in the regular shareholders' meeting on August 31, 2021.

- Article 1: Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of directors shall be conducted in accordance with “Rules Governing the Election of Directors.”
- Article 2: The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and paid attention to gender equality, different professional backgrounds and work fields, and the necessary knowledge, skills and qualities for duty performance. The board directors should be capable of operational judgment, accounting and financial analysis, operation management, crisis handling, leadership, and decision-making.
The qualifications and selection of the Company's independent directors shall comply with the governing law and regulations.
- Article 3: The Company's elections of directors shall be conducted in accordance with the candidate nomination system set out in Article 192-1 of the Company Act.
The Company's election of directors is held in the shareholders meeting. Each share has voting rights in number equal to the directors (including independent directors) to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 4: The board of directors shall prepare ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. However, no separate ballots will be prepared for the shareholders who exercise their right to vote electronically.
- Article 5: The number of directors will be elected in response to the business operation of the Company in accordance with the quorum specified in the Company's articles of incorporation.
The election of directors and the election of independent directors will be held at the same time but with the voting rights received by the directors and independent directors counted separately. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 6: Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel. The vote monitoring personnel shall have the status of a shareholder.
The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.
- Article 7: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a

non-shareholder, the voter shall enter the candidate's full name and ID numbers. However, when the candidate is a governmental organization or juridical shareholder, the name of the governmental organization or juridical shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juridical shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 8: Ballots are invalid in any of the following circumstances:

- (1) The ballot was not prepared by a person with the right to convene.
- (2) A blank ballot is placed in the ballot box.
- (3) The writing is unclear and indecipherable or has been altered.
- (4) The candidate whose name is entered in the ballot does not conform to the List of Candidate for Directors.
- (5) Other words or marks are entered in addition to the number of voting rights received.

Article 9: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected or not elected as directors and the numbers of votes which they received, shall be announced by the chair on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 10: The Company's board of directors will issue notifications to the persons elected as directors.

Article 11: The "Rules Governing the Election of Directors," and any amendments hereto, shall be implemented after approval by a shareholders' meeting.

Appendix 5

Shareholdings of Directors of Shin Shin Natural Gas Co., Ltd.

The minimum number of shares held by all directors as required by law: **10,832,247** shares

The minimum number of shares held by all supervisors as required by law: Not applicable (An Audit Committee has been established)

Record Date: **April 19, 2022**

Title	Name	Date of elected	Term of office	Number of shares held when elected		Number of shares held as per shareholders' register on the book closure date	
				Number of shares	Percentage (%)	Number of shares	Percentage (%)
Chairman	Ho-Chia Chen	2021.8.31	3 years	912,010	0.51	912,010	0.51
Director	Veterans Affairs Council, Executive Yuan Representative: Pi-Lin Chiang	2021.8.31	3 years	46,556,713	25.79	46,556,713	25.79
Director	Veterans Affairs Council, Executive Yuan Representative: Fu-Hua Li	2021.8.31	3 years				
Director	Veterans Affairs Council, Executive Yuan Representative: Tao-chung Ku	2021.8.31	3 years				
Director	Veterans Affairs Council, Executive Yuan Representative: Chih-Chiang Chang	2021.8.31	3 years				
Director	Veterans Affairs Council, Executive Yuan Representative: Ming-Tseng Lin	2021.8.31	3 years				
Director	Veterans Affairs Council, Executive Yuan Representative: Yee-Kong Lee, (Note 2)	2021.8.31	3 years	1,406,821	0.78	1,406,821	0.78
Director	Shin Kong Wu Ho-Su Memorial Hospital Representative: Po-Yi Wang	2021.8.31	3 years				
Director	THE GREAT TAIPEI GAS CORPORATION Representative: Hsin-Ju Wu	2021.8.31	3 years				
Director	THE GREAT TAIPEI GAS CORPORATION Representative: Hsin-Tung Wu	2021.8.31	3 years	10,534,066	5.83	10,534,066	5.83
Director	THE GREAT TAIPEI GAS CORPORATION Representative: Po-Feng Lin	2021.8.31	3 years				
Director	Kindasaki Biochemical Technology Co., Ltd. Representative: Chien-Pao-Kuei Chen	2021.8.31	3 years				
Director	Kindasaki Biochemical Technology Co., Ltd. Representative: Wu-Hui-Chun Chen	2021.8.31	3 years	6,031,011	3.34	6,031,011	3.34
Director	Shin-Hai Gas Co, Ltd.	2021.8.31	3 years				
Director	Shin-Hai Gas Co, Ltd.	2021.8.31	3 years	4,668,441	2.59	4,668,441	2.59

	Representative: Jung-Fu Hsieh						
Director	Tung Chan Enterprise Co., Ltd. Representative: Hung-Wen Chuang	2021.8.31	3 years	31,506	0.02	31,506	0.02
Director	Cheng-Cheng Weng	2021.8.31	3 years	1,139,698	0.63	1,139,698	0.63
Director	Jung-Chun Huang	2021.8.31	3 years	914,951	0.51	914,951	0.51
Director	Kuo-Tai Chang	2021.8.31	3 years	1,327,101	0.74	1,327,101	0.74
Director	Ko-Tseng Li	2021.8.31	3 years	111,022	0.06	111,022	0.06
Independent Director	Ching-Kuo Li	2021.8.31	3 years	0	0	0	0
Independent Director	Chin-Ming Kuo	2021.8.31	3 years	0	0	0	0
Independent Director	Ming-Hsiung Chen	2021.8.31	3 years	0	0	0	0
Independent Director	Han-Lin Tseng	2021.8.31	3 years	0	0	0	0
Total						72,721,330	40.28
Remarks	1. The Company's paid-in capital is NT\$1,805,374,530. Total number of issued shares is 180,537,453. 2. The Veterans Affairs Council, Executive Yuan designated a representative, Mr. Yee-Kong Lee, to serve as a director concurrently at the Company on May 4, (2022).						

Other Information

1. The impact of the free allotment proposed at the general shareholders' meeting on the Company's operating performance and earnings per share: The Company did not propose a free allotment at the (2022) Annual Shareholders' Meeting , so there was no impact on the Company's operating performance and earnings per share.
2. Description of the acceptance of shareholders' proposals at the (2022) Annual Shareholders ' Meeting :
 - (1) As per the provisions of Articles 172-1 and 192-1 of the Company Act, each shareholder who holds more than 1% of the Company's total outstanding shares may submit a written proposal to the Company for the annual shareholders' meeting and a list of candidates for independent directors.
 - (2) Such a proposal shall contain only one issue without exceeding 300 characters. Any proposals with more than one issue or 300 characters will not be included in the agenda. Shareholders who make such proposals shall attend the shareholders' meeting in person or by proxy and participate in the discussion of the proposals.
 - (3) The number of nominated candidate for the independent director is limited to one person. If the number of candidate nominated exceeds the number of independent director to be elected, or the nominated candidate for the independent director does not meet the legal criteria, such candidates will not be included in the list of candidates.
 - (4) The acceptance period of shareholders' proposals and nominations begins from April 11, 2022 to April 20, 2022, and has been announced on the official site of the MOPS in accordance with the laws.
 - (5) During the above period for the acceptance of shareholders' proposals and nominations, no shareholders' proposals and nominations were received, except for a candidate for the independent director nominated by the Company's Board of Directors.

