

Stock Code: 9918



Shin Shin Natural Gas Co., Ltd.  
2024 Annual General Meeting of  
Shareholders

# **Handbook for the Annual Meeting of Shareholders**

June 21, 2024

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# **1. Agenda of the 2024 Annual General Meeting of Shareholders**

Convene Time: 09:00 A.M., June 21 (Fri.), 2024

Starting Time for Registration: 08:30 a.m. on the above-mentioned date

Location: B1, No. 80, Sec. 1, Chenggong Rd., Yonghe Dist., New Taipei City (Tian Yueh Hall)

Method for Convening: Physical Meeting

- Meeting Start
- Speech by the Chairman
- Reporting Matters
- Recognition Matters
- Election and Discussion
- Extraordinary Motions
- Meeting Adjourned

## **2. Reporting Matters**

1. 2023 Business Report. Please verify.  
The business report (see pages 7 to 10 of this Handbook for details) is attached herein

2. The report on the annual final accounts of 2023 verified by the Audit Committee. Please Verify

### Audit Committee's Review Report

The Board of Directors prepared the Company's 2023 business report, financial statements, and surplus distribution table, among which the financial statements have been audited by Jiunn-huei Ko and Li-yen Wang, 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 identifying no inconsistency, so we have issued a report as above under Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review it.

Shin Shin Natural Gas Co., Ltd.

Audit Committee Convener: Ching-kuo Lee

March 12, 2024

3. Report on the distribution of employees wage and directors remuneration of 2023. Please verify.
  - (1) Under Article 33 of the Company's Articles of Association, the Company's pre-tax profit in 2023 before deducting employees wage and directors remuneration was NT\$430,562,169, of which 2.2% was allocated (approximately NT\$9,472,368) as employees' wage, and another 2.2% was allocated (approximately NT\$9,472,368) as remuneration for directors, both of which are paid in cash under regulations.
  - (2) This proposal has been reviewed by the 6th meeting of the 5th term of Remuneration Committee of the Company, and approved by the 16th meeting of the 19th (current) term of the board of directors.

4. Report on the Company's 2023 earnings distribution in form of cash dividend. Please verify.
  - (1) The Company has proposed the earnings distribution plan under the Articles of Incorporation (please refer to page 28 of this Handbook for the 2023 Surplus Distribution Table).
  - (2) The Company's after-tax surplus in 2023 was NT\$355,885,301. After adding NT\$1,538,298 of the "re-measured net after-tax amount of 2023," 10% of such amount was allocated under the law as the legal reserve, totaling NT\$35,742,360. In addition, after a comprehensive review of the earnings status, NT\$ 270,806,180 was appropriated from the 2023 distributable earnings as shareholder dividends. Under 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\$1.5 per share will be distributed (rounded up to NT\$1). The cash dividends less than NT\$1 shall be transferred to the Employee Welfare Committee of the Company.
  - (3) The ex-dividend date and other relevant matters are decided by the board of directors.

### **3. Recognition Matters**

#### **Proposal 1**

Proposed by the board of directors

The Company's 2023 business report and financial statements are submitted. Please recognize.

#### Description:

1. The pre-tax surplus of the Company in 2023 was NT\$411,617,433, the income tax expense for profit-making enterprises was NT\$55,732,132, and the after-tax surplus was NT\$355,885,301. The additional other comprehensive income is NT\$1,538,298. The total comprehensive income for the period is NT\$357,423,599. The consolidated pre-tax surplus of the Company and its subsidiaries in 2023 was NT\$416,930,042, the income tax expense for profit-making enterprises was NT\$61,044,741, and the after-tax surplus was NT\$355,885,301. The additional other comprehensive income is NT\$1,538,298. The total comprehensive income for the period is NT\$357,423,599. The information has been audited by certified public accountants Jiunn-huei Ko and Li-yen Wang of BDO Taiwan. The details are presented in the Business Report enclosed on pages 7 to 27 of this Handbook.
2. This proposal has been reviewed by the Audit Committee and approved by the 16th meeting of the current (19th) term of the board of directors, and is submitted for recognition under the law.

#### Resolution:

# **2023 Annual Business Report of Shin Shin Natural Gas Co., Ltd.**

## **1. Overview of the business plan:**

The Company's operating income target for 2023 was about NT\$1.86263 billion, and the pre-tax profit target was about NT\$215 million. With the concerted efforts of everyone, the operational plan has been implemented prudently, and both revenue and pre-tax earnings have exceeded the targets of the annual operational plan.

## **2. Effectiveness of implementing the operation plan:**

### **1. Operation plan:**

#### **(1) Promotion goals:**

In 2023, the target for installation quantity was 4,300 households. In addition to handling the annual extension, the Company also installed gas in non-user households within existing pipeline areas, and completed the installation for 4,728 households, reaching an achievement rate of 109.95%, with a decrease of 169 households compared with the previous year (2022).

#### **(2) Operating revenue:**

In 2023, the target for annual operating revenue is NT\$1.86263 billion, and the actual revenue is NT\$1.91244 billion, which reaches an achievement rate of 102.67%, with a decrease of NT\$8.35 million compared to the previous year (2022). The consolidated operating revenue of the parent and subsidiary companies is NT\$1.93239 billion.

#### **(3) Pre-tax surplus:**

In 2023, the goal for pre-tax surplus is NT\$215 million, and the actual surplus is NT\$411.61 million, which reaches an achievement rate of 191.45%, with an increase of NT\$205.21 million compared to the previous year (2022), and the consolidated pre-tax surplus of parent and subsidiary companies is NT\$416.93 million.

#### **(4) Volume of gas purchased:**

The gas purchase volume in 2023 is 110,081,412 cubic meters, a decrease of 3,430,358 cubic meters compared to the 113,511,770 cubic meters in the previous year (2022), or a decrease of 3.02%.

#### **(5) Volume of gas sold:**

The actual gas sales volume in 2023 is 110,523,724 cubic meters,

a decrease of 3,671,432 cubic meters compared to the 114,195,156 cubic meters in the previous year (2022), or a decrease of 3.22%.

The above statistics are shown in Exhibit 1.

(6) Gas fee payment collection service:

By the end of 2023, there were 52 post offices and financial institutions serving as agents for collecting gas fees for the Company from 163,507 households cumulatively, accounting for 44.36% of the total users. Five convenience store chains were commissioned to collect gas fees for the Company from 867,200 households cumulatively. In addition, 4 online and 10 electronic payment collection companies were commissioned to collect payments from 238,335 households, and 13 banks have signed agreements with the Company for regular automatic credit card payments for gas fees.

To achieve the purpose of energy conservation, carbon reduction, and sustainability, we have completed the introduction of "electronic receipts" in February 2022, and various promotional activities were launched. As of the end of 2023, the number of households using the electronic receipts totaled 20,659.

(7) Meter replacement:

The 2023 annual target for meter replacement was replacing the meters of 34,000 households, and the actual replaced meters covered 34,740 households (microcomputer meters for 26,969 households and mechanical meters for 7,771 households), reaching a meter replacement rate of 102.18%.

(8) Number of non-user households within existing pipeline areas were promoted:

In 2023, non-user households within existing pipeline areas were promoted for a total of 921 households, accounting for 19.48% of the 4,728 households promoted throughout the year.

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

The 2023 annual pipeline extension plan (consisted of 18 projects) is approved by the 8th meeting of the 19th session of the board of directors, with a budget of NT\$41.42 million and an estimated installation of 3,318 households; 25 projects are completed throughout the year, an increase of 7 cases compared with the planned projects, the total construction cost is NT\$94,603,831, an increase of NT\$53,183,831 more than the

original budget. A total of 3,807 households have paid installation fees throughout the year, reaching an achievement rate of 114.74%.

Among them, there were 8 projects in Yonghe and Zhonghe District, with a project budget of NT\$14.98 million; 1,578 households were expected to be installed, and 1,442 households have paid installation fees, reaching an achievement rate of 91.38%. 12 projects were actually completed, with a total cost of NT\$43,813,389. In addition, there were 10 projects in the Xindian, Wenshan and Shenkeng areas, with a project budget of NT\$26.44 million; 1,740 households were expected to be installed, and 2,365 households have paid installation fees, reaching an achievement rate of 135.92%. 13 projects were actually completed, with a total cost of NT\$50,790,442. Please refer to Exhibit 2 for details.

(10) Regular inspection of pipelines of users:

Under Article 48 of the Natural Gas Enterprise Act, inspection is carried out using 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 are corroded or covered and no improvement has been made upon issuing 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 2023, 181,470 households were scheduled to be inspected, and actual inspections were completed for 158,460 households, reaching a regular inspection rate of 87.32% 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:** 8,000 meters of pipeline was scheduled for renewal in 2023, and the actual length of pipeline renewed was 8,300.3 meters. To reinforce the earthquake resistance of the pipeline network, the Company has since 2017 gradually been replacing cast iron pipes with the PE pipes; 2,492 meters has been

replaced in 2023. In addition, 5,808.3 meters of pipe was renewed to accommodate public sewage system construction and MRT construction, with the total maintenance expense amounting to NT\$66,910,744, which used to ensure the safety of gas supply facilities.

3. **Outlook:** Because of the environmental impact caused by climate change, we will promote sustainable management planning processes and stay committed to environmental protection to fulfill our corporate social responsibilities, protect customer welfare, maintain good relationships between the company and employees, strengthen sustainable development, and enhance our competitiveness in the industry.

Chairman:



Manager:



Accounting Head:



**Shin Shin Natural Gas Co., Ltd.**  
**Statistics of the 2023 Annual Operating Results**

Items	As of the end of 2022	2023	Annual Results	Remarks
Households that Applied	403,913	5,287	409,200	
Households that Paid Installation Fees	393,751	4,728	398,479	
Households Supplied	365,400	4,173	369,573	
Household Charged	364,599	3,979	368,578	
Volume of Gas Sold	114,195,156 cubic meters	110,523,724 cubic meters		
Operating Revenue		NT\$1,912,443,841		

Exhibit 2

**Shin Shin Natural Gas Co., Ltd.**  
**Statistics of the 2023 Annual Pipeline Extension**  
**Project**

Area	Annual Plan		Actual Implementation		Estimated number of installations	Number of households that paid installation fees	Achievement Rate (%)
	Extension Project	Project Budget (NT\$)	Extension Project	Project Settlement (NT\$)			
Zhonghe Yonghe	8	14,980,000	12	43,813,389	1,578	1,442	91.38
Xindian Wenshan Shengkeng	10	26,440,000	13	50,790,442	1,740	2,365	135.92
Total	18	41,420,000	25	94,603,831	3,318	3,807	114.74
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 standalone balance sheets of Shin Shin Natural Gas Co., LTD. as of December 31, 2023 and 2022, 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.

The standalone financial statements referred to above present fairly, materially, the financial position of Shin Shin Natural Gas Co., LTD. as of December 31, 2023 and 2022, and its standalone financial performance and cash flows for the years then ended, in conformity with 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 audited the financial statements under the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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. Under the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities under the Code. We believe that the audit evidence we have obtained is sufficient 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 2023 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, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matters of the 2023 standalone financial statements of Shin Shin Natural Gas Co., LTD. were:

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, evaluating 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 under 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:

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 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 after 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 under 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 or not 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, 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 are free from material misstatements, 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 under the Generally Accepted Auditing Standards will always detect a material misstatement when it exists in a consolidated financial statement. 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 based on these standalone financial statements.

When auditing under the Generally Accepted Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed these works:

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether or not due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient to provide a basis for 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 to design audit procedures appropriate in the circumstances, but not to express 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 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 must 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 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 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 the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control 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 our independence, and other matters (including related protective measures).

Based on our communications with the governing units, we have determined the key audit matters relevant to our audit of the standalone financial statements of Shin Shin Natural Gas Co., LTD. for the year ended December 31, 2023. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in 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:

CPA:

Approval of Attestation of the Competent Securities Authority: (1994) Tai-Cai-Zheng -Zi No. 31146  
Jin-Guan-Zheng-Shen-Zi No. 0990073519

March 12, 2024

**Shin Shin Natural Gas Co., LTD.**  
**Parent Company Only Balance Sheets**  
December 31, 2023 and 2022

Unit: In thousands of NTD

Code	Assets	Note	December 31, 2023		December 31, 2022		Code	Liabilities and equity	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%				Amount	%	Amount	%
Current assets							Current liabilities						
1100	Cash and cash equivalents	4, 6(1)	\$	4	\$	6	2130	Current contract liabilities	6(14)	\$	15	\$	12
			209,529		322,282					760,000		567,579	
1110	Current financial assets at fair value through profit or loss	4, 6(2)	500,190	9	375,820	7	2150	Notes payable	4, 6(15)	20,218	-	26,327	-
1136	Current financial assets at amortised cost	4, 6(3)	1,137,957	20	766,401	15	2160	Notes payable - related parties	4, 6(15), 7	22,335	-	22,237	-
1150	Notes receivable, net	4, 6(4)	66	-	23,520	-	2170	Accounts payable	4, 6(15)	116,520	2	112,730	2
1170	Accounts receivable, net	4, 6(4)	190,340	3	189,570	4	2180	Accounts payable - related parties	4, 6(15), 7	15,038	-	22,825	-
1180	Accounts receivable - related parties, net	4, 6(4), 7	5,387	-	4,484	-	2200	Other payables	4, 6(16)	208,691	4	198,981	4
1200	Other receivables	6(5)	10,461	-	9,714	-	2220	Other payables - related parties	7	4,344	-	4,940	-
130x	Inventories	4, 6(6)	27,875	-	37,235	1	2230	Current income tax liabilities	4	24,002	-	38,000	1
1410	Pre-payments		6,711	-	7,176	-	2250	Current provisions	4, 6(17)	1,889	-	1,908	-
1470	Other current assets		1,866	-	2,717	-	2280	Current lease liabilities	4	1,921	-	4,451	-
11xx	Total current assets		2,090,382	36	1,738,919	33	2300	Other current liabilities		8,452	-	7,957	-
							21xx	Total current liabilities		1,183,410	21	1,007,935	19
Non-current assets							Non-current liabilities						
1535	Non-Current financial assets at amortised cost	4, 6(3)	-	-	70,000	1		Deferred income tax liabilities	4, 6(31)	65,257	1	65,278	1
1550	Investments accounted for using the equity method	4, 6(7)	508,690	9	401,721	8	2570	Non-current lease liabilities	4	3,673	-	5,070	-
1600	Property, plant and equipment	4, 6(8)	2,801,953	49	2,688,230	50	2580	Other non-current liabilities	6(18)	1,344,543	23	1,281,486	24
1755	Right-of-use assets.	4, 6(9)	7,391	-	11,106	-	2600	Total non-current liabilities		1,413,473	24	1,351,834	25
1760	Investment property, net	4, 6(11)	47,529	1	47,754	1	25xx	Total liabilities		2,596,883	45	2,359,769	44
1840	Deferred income tax assets	4, 6(31)	7,483	-	5,694	-							
1900	Other non-current assets	4, 6(12)	299,608	5	383,085	7	2xxx						
15xx	Total non-current assets		3,672,654	64	3,607,590	67							
							Equity						
							3100	Capital stock	4, 6(19)				
							3110	Capital - common stock		1,805,375	32	1,805,375	34
							3200	Capital surplus	6(20)	79,589	1	77,062	1
							3300	Retained earnings	6(21)				
							3310	Legal reserve		766,432	14	750,824	14
							3320	Special reserve		142,872	2	142,872	3
							3350	Undistributed earnings (or losses to be made up for)		418,713	7	257,435	5
							3500	Treasury shares	4, 6(22)	(46,828)	(1)	(46,828)	(1)
							3xxx	Total equity		3,166,153	55	2,986,740	56
1xxx	Total assets		\$	100	\$	100		Total liabilities and equity		\$	100	\$	100
			5,763,036		5,346,509					5,763,036			

(Please refer to Notes to the Parent Company Only Financial Statements)

Chairperson

Managerial Officer

Accounting Officer

**Shin Shin Natural Gas Co., LTD.**  
**Parent Company Only Statements of Comprehensive Income**  
January 1 to December 31, 2023 and 2022

Unit: In thousands of NTD

Code	Item	Note	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	4, 6(23)	\$ 1,912,444	100	\$ 1,920,803	100
5000	Operating costs	6(24)	1,383,145	72	1,379,068	72
5900	Gross profit (loss) from operations		529,299	28	541,735	28
	Operating expenses					
6100	Selling expenses		112,321	6	112,192	6
6200	Administrative expenses		160,857	8	145,949	7
6450	Expected credit impairment loss (gain)		429	-	(223)	-
6000	Total operating expenses		273,607	14	257,918	13
6900	Operating profit (loss)		255,692	14	283,817	15
	Non-operating income and expenses					
7100	Interest income	6(26)	26,437	1	19,955	1
7010	Other income	6(27)	11,988	1	13,932	1
7020	Other gain and loss	6(28)	17,771	1	(56,914)	(3)
7050	Finance costs, net	6(29)	(189)	-	(266)	-
7055	Expected credit impairment loss (gain)	6(30)	(4,523)	-	-	-
7070	Share of profits and losses of subsidiaries, affiliates and joint ventures accounted for using the equity method	4, 6(7)	104,441	5	(54,123)	(3)
7000	Total of non-operating income and expenses		155,925	8	(77,416)	(4)
7900	Net profit (net loss) before tax		411,617	22	206,401	11
7950	Income tax expense (or benefit)	4, 6(31)	55,732	3	62,542	3
8200	Net profit (net loss) for the period		355,885	19	143,859	8
	Other comprehensive income					
8311	Re-measurement of defined benefit plan	4, 6(13)	1,923	-	15,282	1
8349	Incomes tax related to items not to be reclassified as profit or loss	4, 6(31)	(384)	-	(3,056)	-
8300	Other comprehensive income (net)		1,539	-	12,226	1
8500	Total comprehensive income for the period		\$ 357,424	19	\$ 156,085	9
	Earnings per share	6(32)				
9750	Basic earnings per share		\$ 2.00		\$ 0.81	
9850	Diluted earnings per share		\$ 2.00		\$ 0.81	

(Please refer to Notes to the Parent Company Only Financial Statements)

Chairperson

Managerial Officer

Accounting Officer

**Shin Shin Natural Gas Co., LTD.**  
**Parent Company Only Statements of Changes in Equity**

January 1 to December 31, 2023 and 2022

Unit: In thousands of NTD

	Retained earnings						Treasury shares	Total equity
	Capital - common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings (or losses to be made up for)			
Balance as of January 1, 2022	\$ 1,805,375	\$ 72,764	\$ 716,359	\$ 142,872	\$ 442,728	\$ (46,828)	\$ 3,133,270	
Appropriation and distribution of earnings:								
Provision of legal reserve	-	-	34,465	-	(34,465)	-	-	
Cash dividends on common stock	-	-	-	-	(306,913)	-	(306,913)	
Net profit for the period from January 1 to December 31, 2022	-	-	-	-	143,859	-	143,859	
Other comprehensive income for the period from January 1 to December 31, 2022	-	-	-	-	12,226	-	12,226	
Total comprehensive income for the period	-	-	-	-	156,085	-	156,085	
Capital surplus adjusted for dividends paid to subsidiaries	-	4,298	-	-	-	-	4,298	
Balance as of December 31, 2022	\$ 1,805,375	\$ 77,062	\$ 750,824	\$ 142,872	\$ 257,435	\$ (46,828)	\$ 2,986,740	
Balance as of January 1, 2023	\$ 1,805,375	\$ 77,062	\$ 750,824	\$ 142,872	\$ 257,435	\$ (46,828)	\$ 2,986,740	
Appropriation and distribution of earnings:								
Provision of legal reserve	-	-	15,608	-	(15,608)	-	-	
Cash dividends on common stock	-	-	-	-	(180,538)	-	(180,538)	
Net profit for the period from January 1 to December 31, 2023	-	-	-	-	355,885	-	355,885	
Other comprehensive income for the period from January 1 to December 31, 2023	-	-	-	-	1,539	-	1,539	
Total comprehensive income for the period	-	-	-	-	357,424	-	357,424	
Capital surplus adjusted for dividends paid to subsidiaries	-	2,527	-	-	-	-	2,527	
Balance as of December 31, 2023	\$ 1,805,375	\$ 79,589	\$ 766,432	\$ 142,872	\$ 418,713	\$ (46,828)	\$ 3,166,153	

(Please refer to Notes to the Parent Company Only Financial Statements)

Chairperson

Managerial Officer

Accounting Officer

**Shin Shin Natural Gas Co., LTD.**  
**Parent Company Only Statements of Cash Flows**  
January 1 to December 31, 2023 and 2022

Unit: In thousands of NTD

	2023	2022
Cash flows from operating activities		
Net profit before tax from continuing operations	\$ 411,617	\$ 206,401
Adjustment items		
Income and expense items		
Depreciation expenses	291,887	281,263
Amount of expected credit impairment loss (gain)	4,952	(223)
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	(15,717)	46,739
Interest expense	189	266
Interest income	(26,437)	(19,955)
Dividend income	(5,824)	(7,711)
Share of losses (profits) of subsidiaries, affiliates and joint ventures accounted for using the equity method	(104,441)	54,123
Gain on disposal and scrapping of property, plant and equipment	(1,043)	(939)
Transfer of property, plant and equipment to expense	637	1,740
Changes in assets/liabilities related to operating activities		
Increase in financial assets mandatorily measured at fair value through profit or loss	(108,653)	(38,572)
Decrease (increase) in notes receivable	23,454	(23,443)
Increase in accounts receivable	(1,199)	(18,638)
Increase in accounts receivable - related parties	(903)	(367)
Increase in other receivables	(3,247)	-
Increase in inventories	(68,339)	(73,448)
Decrease (increase) in pre-paid expenses	119	(7)
Decrease (increase) in pre-payments	345	(1,116)
Decrease (increase) in other current assets	852	(1,243)
Decrease (increase) in net defined benefit assets	1,187	(2,913)
Increase in contract liabilities	192,421	29,166
Increase (decrease) in notes payable	(6,109)	8,015
Increase in notes payable - related parties	98	2,573
Increase (decrease) in accounts payable	3,790	(2,641)
Increase (decrease) in accounts payable - related parties	(7,787)	7,675
Increase (decrease) in other payables	9,710	(6,851)
Increase (decrease) in other payables - related parties	(596)	333
Increase (decrease) in provision for liabilities	(19)	78
Increase in long-term deferred revenue	57,595	81,083
Increase in other current liabilities	267	875
Decrease in net defined benefit liabilities	-	(2,645)
Cash inflows (outflows) from operations	648,806	519,618
Interest received	24,492	17,234
Dividends received	5,747	7,835
Interest paid	(189)	(266)
Income tax refunded (paid)	(71,926)	(46,482)
Net cash inflows (outflows) from operating activities	606,930	497,939
Cash flows from investing activities		
Acquisition of financial assets measured at amortized cost	(1,327,519)	(980,945)
Disposal of financial assets measured at amortized cost	1,025,963	1,057,312
Acquisition of property, plant and equipment	(321,267)	(338,892)
Disposal of property, plant and equipment	1,156	1,455
Increase in refundable deposits	(8)	-
Decrease in refundable deposits	8	19
Increase in other financial assets	-	(45,038)
Decrease in other financial assets	83,566	-
Increase in pre-payments for equipment	(1,958)	(646)
Net cash inflows (outflows) from investing activities	(540,059)	(306,735)
Cash flows from financing activities		
Increase in deposits received	11,550	8,572
Decrease in deposits received	(5,861)	(7,134)
Payments of lease liabilities	(4,775)	(4,432)
Distribution of cash dividends	(180,538)	(306,913)
Net cash inflows (outflows) from financing activities	(179,624)	(309,907)
Increase (decrease) in cash and cash equivalents for the period	(112,753)	(118,703)
Cash and cash equivalents at the beginning of the period	322,282	440,985
Cash and cash equivalents at the end of the period	\$ 209,529	\$ 322,282

(Please refer to Notes to the Parent Company Only Financial Statements)

Chairperson

Managerial Officer

Accounting Officer

## Independent Auditor's Report

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

### Audit opinions:

We have audited the consolidated balance sheets of Shin Shin Natural Gas Co., LTD. and its subsidiaries as of December 31, 2023 and 2022, 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.

The accompanying consolidated financial statements present fairly, materially, the consolidated financial position of the Shin Shin Natural Gas Co., Ltd. and its subsidiaries as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended under 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 audited the financial statements under the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 under the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities under the Code. We believe that the audit evidence we have obtained is sufficient 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 2023 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, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matters of the 2023 consolidated financial statements of Shin Shin Natural Gas Co., LTD. and its subsidiaries were:

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.

3. 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, evaluating the reasonableness of the gas sales revenue was identified as a key audit

matter.

4. The revenue from inner tube installation and other service revenue is recognized under 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:

4. Evaluate and test the effectiveness of internal control procedures relevant to the recognition of revenue from gas sales and installations.
5. Based on our understanding 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.
6. Evaluate the appropriateness of the timing of recognition by performing a cut-off test on the advanced installation revenue after 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, 2023 and 2022 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 the internal control related to preparing consolidation of financial statements 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 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 are free from material misstatements, 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 under the Generally Accepted Auditing Standards will always detect a material misstatement when it exists in a consolidated financial statement. 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 based on these consolidated financial statements.

When auditing under the Generally Accepted Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed these works:

1. Identify and assess the risks of material misstatements of the consolidated financial statements, whether or not due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient to provide a basis for 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 to design audit procedures appropriate in the circumstances, but not to express 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 going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast a 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 must 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 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 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 the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control 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 our independence, and other matters (including related protective measures).

Based on our communications with the governing units, we have determined the key audit matters 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, 2023. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in 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:

CPA:

Approval of Attestation of the Competent Securities Authority: (1994) Tai-Cai-Zheng -Zi

No. 31146

Jin-Guan-Zheng-Shen-Zi No. 0990073519

March 12, 2024

**Shin Shin Natural Gas Co., LTD. and its subsidiaries**  
**Consolidated Balance Sheets**  
December 31, 2023 and 2022

Unit: In thousands of NTD

Code	Assets	Note	December 31, 2023		December 31, 2022		Code	Liabilities and equity	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%				Amount	%	Amount	%
	<b>Current assets</b>							<b>Current liabilities</b>					
1100	Cash and cash equivalents	4, 6(1)	\$ 411,489	7	\$ 590,318	11	2130	Current contract liabilities	6(13)	\$ 762,737	14	\$ 570,067	12
1110	Current financial assets at fair value through profit or loss	4, 6(2)	869,623	15	584,659	11	2150	Notes payable	4, 6(14)	20,218	-	26,327	-
1136	Current financial assets at amortised cost	4, 6(3)	1,209,655	22	843,867	16	2170	Accounts payable	4, 6(14)	125,433	2	121,666	2
1150	Notes receivable, net	4, 6(4)	66	-	23,520	-	2200	Other payables	6(15)	221,302	4	207,988	4
1170	Accounts receivable, net	4, 6(4)	190,340	3	189,875	4	2230	Current income tax liabilities	4	24,599	-	46,690	1
1200	Other receivables	6(5)	23,371	-	15,722	-	2250	Current provisions--	4, 6(16)	1,889	-	1,908	-
1220	Current income tax assets		-	-	606	-	2280	Current lease liabilities--	4	1,921	-	4,451	-
130x	Inventories	4, 6(6)	42,313	1	45,177	1	2300	Other current liabilities		11,292	-	9,654	-
1410	Prepayments		6,728	-	10,564	-	21xx	<b>Total current liabilities</b>		<b>1,169,391</b>	<b>20</b>	<b>988,751</b>	<b>19</b>
1470	Other current assets		1,978	-	2,701	-							
11xx	<b>Total current assets</b>		<b>2,755,563</b>	<b>48</b>	<b>2,307,009</b>	<b>43</b>							
	<b>Non-current assets</b>							<b>Non-current liabilities</b>					
1510	Non-current financial assets at fair value through profit or loss	4, 6(2)	25,343	-	19,237	-	25xx	<b>Total non-current liabilities</b>		<b>1,414,079</b>	<b>25</b>	<b>1,352,440</b>	<b>25</b>
1535	Non-current financial assets at amortised cost	4, 6(3)	-	-	70,000	1							
1600	Property, plant and equipment	4, 6(7)	2,569,750	45	2,448,977	47	2xxx	<b>Total liabilities</b>		<b>2,583,470</b>	<b>45</b>	<b>2,341,191</b>	<b>44</b>
1755	Right-of-use assets.	4, 6(8)	7,391	-	11,106	-							
1760	Investment property, net	4, 6(10)	47,529	1	47,754	1		<b>Equity</b>					
1780	Intangible assets		32	-	29	-		<b>Equity attributable to owners of parent</b>					
1840	Deferred income tax assets	4, 6(31)	43,996	1	40,333	1	3110	Ordinary share	4, 6(18)	1,805,375	32	1,805,375	34
1900	Other non-current assets	4, 6(11)	300,019	5	383,486	7	3200	Capital surplus	6(19)	79,589	1	77,062	1
15xx	<b>Total non-current assets</b>		<b>2,994,060</b>	<b>52</b>	<b>3,020,922</b>	<b>57</b>	3300	Retained earnings	6(20)				
							3310	Legal reserve		766,432	14	750,824	14
							3320	Special reserve		142,872	2	142,872	3
							3350	Unappropriated retained earnings (accumulated deficit)		418,713	7	257,435	5
							3500	Treasury shares	4, 6(21)	(46,828)	(1)	(46,828)	(1)
							31xx	<b>Total equity attributable to owners of parent</b>		<b>3,166,153</b>	<b>55</b>	<b>2,986,740</b>	<b>56</b>
							3xxx	<b>Total equity</b>		<b>3,166,153</b>	<b>100</b>	<b>2,986,740</b>	<b>56</b>
1xxx	<b>Total assets</b>		<b>\$ 5,749,623</b>	<b>100</b>	<b>\$ 5,327,931</b>	<b>100</b>		<b>Total liabilities and equity</b>		<b>\$ 5,749,623</b>	<b>100</b>	<b>\$ 5,327,931</b>	<b>100</b>

(Please refer to Notes to the Standalone Financial Statements)

Chairperson

Managerial Officer

Accounting Officer

**Shin Shin Natural Gas Co., LTD. and its subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
January 1 to December 31, 2023 and 2022

Unit: In thousands of NTD

Code	Item	Note	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	4, 6(22)	\$ 1,932,392	100	\$ 1,946,310	100
5000	Operating costs	6(23)	1,367,465	71	1,374,486	71
5900	Gross profit (loss) from operations		564,927	29	571,824	29
	Operating expenses					
6100	Selling expenses		74,133	4	71,878	4
6200	Administrative expenses		194,472	10	169,907	8
6450	Expected credit impairment loss (gain)		429	-	(223)	-
6000	Total operating expenses		269,034	14	241,562	12
6900	Operating profit (loss)		295,893	15	330,262	17
	Non-operating income and expenses					
7100	Interest income	6(25)	31,365	2	22,524	1
7010	Other income	6(26)	21,412	1	22,259	1
7020	Other gain and loss	6(27)	72,972	3	(161,388)	(8)
7030	Gains (losses) arising from derecognition of financial assets measured at amortised cost	6(28)	-	-	(75)	-
7050	Finance costs, net	6(29)	(189)	-	(266)	-
7055	Expected credit impairment loss (gain)	6(30)	(4,523)	-	-	-
7000	Total of non-operating income and expenses		121,037	6	(116,946)	(6)
7900	Net profit (net loss) before tax		416,930	21	213,316	11
7950	Income tax expense (or benefit)	4, 6(31)	61,045	3	69,457	4
8200	Net profit (net loss) for the period		355,885	18	143,859	7
	Other comprehensive income					
8311	Re-measurement of defined benefit plan	4, 6(17)	1,923	-	15,282	1
8349	Incomes tax related to items not to be reclassified as profit or loss	4, 6(31)	(384)	-	(3,056)	-
8300	Other comprehensive income (net)		1,539	-	12,226	1
8500	Total comprehensive income for the period		\$ 357,424	18	\$ 156,085	8
8600	Net profit (loss) attributable to:					
8610	Owners of the parent company (net profit/loss)		\$ 355,885	18	\$ 143,859	7
8700	Total comprehensive income attributable to:					
8710	Owners of the parent company (comprehensive income)		\$ 357,424	18	\$ 156,085	8
	Earnings per share	6(32)				
9750	Basic earnings per share		\$ 2.00		\$ 0.81	
9850	Diluted earnings per share		\$ 2.00		\$ 0.81	

(Please refer to Notes to the Standalone Financial Statements)

Chairperson

Managerial Officer

Accounting Officer

**Shin Shin Natural Gas Co., LTD. and its subsidiaries**

**Consolidated Statements of Changes in Equity**

January 1 to December 31, 2023 and 2022

Unit: In thousands of NTD

	Equity attributable to Owners of the parent company							Total equity attributable to owners of parent	Total equity
	Ordinary share	Capital surplus	Legal reserve	Retained earnings		Treasury shares			
				Special reserve	Unappropriated retained earnings (accumulated deficit)				
Balance as of January 1, 2022	\$ 1,805,375	\$ 72,764	\$ 716,359	\$ 142,872	\$ 442,728	\$ (46,828)	\$ 3,133,270	\$ 3,133,270	
Appropriation and distribution of earnings:									
Provision of legal reserve	-	-	34,465	-	(34,465)	-	-	-	
Cash dividends on common stock	-	-	-	-	(306,913)	-	(306,913)	(306,913)	
Net profit for the period from January 1 to December 31, 2022	-	-	-	-	143,859	-	143,859	143,859	
Other comprehensive income for the period from January 1 to December 31, 2022	-	-	-	-	12,226	-	12,226	12,226	
Total comprehensive income for the period	-	-	-	-	156,085	-	156,085	156,085	
Capital surplus adjusted for dividends paid to subsidiaries	-	4,298	-	-	-	-	4,298	4,298	
Balance as of December 31, 2022	\$ 1,805,375	\$ 77,062	\$ 750,824	\$ 142,872	\$ 257,435	\$ (46,828)	\$ 2,986,740	\$ 2,986,740	
Balance as of January 1, 2023	\$ 1,805,375	\$ 77,062	\$ 750,824	\$ 142,872	\$ 257,435	\$ (46,828)	\$ 2,986,740	\$ 2,986,740	
Appropriation and distribution of earnings:									
Provision of legal reserve	-	-	15,608	-	(15,608)	-	-	-	
Cash dividends on common stock	-	-	-	-	(180,538)	-	(180,538)	(180,538)	
Net profit for the period from January 1 to December 31, 2023	-	-	-	-	355,885	-	355,885	355,885	
Other comprehensive income for the period from January 1 to December 31, 2023	-	-	-	-	1,539	-	1,539	1,539	
Total comprehensive income for the period	-	-	-	-	357,424	-	357,424	357,424	
Capital surplus adjusted for dividends paid to subsidiaries	-	2,527	-	-	-	-	2,527	2,527	
Balance as of December 31, 2023	\$ 1,805,375	\$ 79,589	\$ 766,432	\$ 142,872	\$ 418,713	\$ (46,828)	\$ 3,166,153	\$ 3,166,153	

(Please refer to Notes to the Standalone Financial Statements)

Chairperson

Managerial Officer

Accounting Officer

**Shin Shin Natural Gas Co., LTD. and its subsidiaries**  
**Consolidated Statements of Cash Flows**  
January 1 to December 31, 2023 and 2022

Unit: In thousands of NTD

	2023	2022
Cash flows from operating activities		
Net profit before tax from continuing operations	\$ 416,930	\$ 213,316
Adjustment items		
Income and expense items		
Depreciation expenses	252,006	243,914
Amortization expense	69	66
Amount of expected credit impairment loss (gain)	4,952	(223)
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	(44,760)	94,985
Interest expense	189	266
Net loss from derecognition financial assets measured at amortized cost	-	75
Interest income	(31,365)	(22,524)
Dividend income	(15,426)	(16,255)
Gain on disposal and scrapping of property, plant and equipment	(1,043)	(939)
Transfer of property, plant and equipment to expense	637	1,740
Unrealized foreign currency exchange gains	-	(198)
Changes in assets/liabilities related to operating activities		
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss	(243,510)	92,501
Decrease (increase) in notes receivable	23,454	(23,443)
Increase in accounts receivable	(893)	(18,866)
Increase in other receivables	(8,982)	(4,439)
Increase in inventories	(74,835)	(77,257)
Decrease (increase) in pre-paid expenses	176	(64)
Decrease (increase) in pre-payments	860	(1,631)
Decrease (increase) in other current assets	723	(1,241)
Decrease (increase) in net defined benefit assets	1,187	(2,913)
Increase in contract liabilities	192,670	29,358
Increase (decrease) in notes payable	(6,109)	8,015
Increase (decrease) in accounts payable	3,767	(489)
Increase (decrease) in other payables	13,313	(6,868)
Increase (decrease) in provision for liabilities	(19)	78
Increase in long-term deferred revenue	57,595	81,083
Increase in other current liabilities	480	864
Decrease in net defined benefit liabilities	-	(2,645)
Cash inflows (outflows) from operations	542,066	586,266
Interest received	28,353	20,423
Dividends received	15,249	16,404
Interest paid	(189)	(266)
Income tax refunded (paid)	(86,600)	(50,526)
Net cash inflows (outflows) from operating activities	498,879	572,301
Cash flows from investing activities		
Acquisition of financial assets measured at amortized cost	(1,399,217)	(1,058,411)
Disposal of financial assets measured at amortized cost	1,103,429	1,161,251
Increase in pre-payment for investment	-	(2,800)
Acquisition of property, plant and equipment	(288,436)	(290,168)
Disposal of property, plant and equipment	1,156	1,455
Increase in refundable deposits	(8)	-
Decrease in refundable deposits	8	19
Acquisition of intangible assets	(72)	(69)
Increase in other financial assets	(10)	(45,038)
Decrease in other financial assets	83,566	-
Increase in pre-payments for equipment	(1,958)	(646)
Net cash inflows (outflows) from investing activities	(501,542)	(234,407)
Cash flows from financing activities		
Increase in deposits received	12,790	8,572
Decrease in deposits received	(6,172)	(7,134)
Payments of lease liabilities	(4,775)	(4,432)
Distribution of cash dividends	(178,009)	(302,615)
Net cash inflows (outflows) from financing activities	(176,166)	(305,609)
Increase (decrease) in cash and cash equivalents for the period	(178,829)	32,285
Cash and cash equivalents at the beginning of the period	590,318	558,033
Cash and cash equivalents at the end of the period	\$ 411,489	\$ 590,318

(Please refer to Notes to the Standalone Financial Statements)

Chairperson

Managerial Officer

Accounting Officer

**Proposal 2** Proposed by the board of directors

The Company's "Surplus Distribution Table" plan of 2023 is submitted for recognition.

Descriptions: The Company's 2023 earnings distribution was reviewed by the Audit Committee and approved by a resolution of the board of directors. The Surplus Distribution Table enclosed on Page 29 of this Handbook is submitted for recognition under the law.

Resolution:

Shin Shin Natural Gas Co., Ltd.  
 Surplus Distribution Table  
 2023

	Unit: NT\$
Undistributed surplus at the beginning of the period	61,289,236
Add: 2023 net surplus after tax	355,885,301
Add: Net profit after-tax re-measured amount of 2023	1,538,298
Debit: Allocation of 10% for legal reserve	35,742,360
Distributable Surplus	382,970,475
Distribution Items:	
Shareholder dividends - cash (NT\$1.5 per share)	270,806,180
Undistributed surplus at the end of the period	112,164,295

Note 1: The earnings of 2023 have priority for distribution.

Note 2: Under Article 33-1 of the Company's Articles of Incorporation, the Board of Directors may be authorized to distribute part or all of the dividend and bonus as cash by a meeting resolution and subsequently report to the shareholders' meeting.

Chairperson: 

Manager: 

Accounting Head: 



## 4. Election and Discussion

### Proposal 1

Proposed by the board of directors

Election for the Company's 20th Term directors (including independent directors).

Description:

1. The 19th session of the board was re-elected at the 2021 annual general meeting, and the 3-year term will expire this year (2024). The 20th session of the board will be elected this year.
2. Article 15 of the Company's articles of incorporation stipulates that the number of directors shall be 15 to 24 (including independent directors). The election of the 20th session of the board will elect 24 people (including 5 independent directors). The term of office is three years, starting from the date of election to the date of the next re-election. The original director shall be deemed as dismissed according to law.
3. According to the Articles of Association of the Company, the election of directors adopts the candidate nomination system. The qualifications for candidates have been approved by the 17th board meeting of the 19th session of the board of directors. The list of candidates is shown in this Handbook on pages 32 to 39.
4. Election matters shall be handled under the Company's guidelines for election of directors. The election methods are detailed in Appendix 3.

Election Results:

## List of candidates for directors, independent directors of Shin Shin Natural Gas Co., LTD.

Director:

Name	Education and Working Experience	Current Position(s)	Shareholding (shares)	Has the candidate been serving as the independent director for three consecutive sessions?
Ho-Chia Chen	Education: Diploma, Tamsui Institute of Business Administration Working Experience: Delegate, the National Assembly; political advisor, the Executive Yuan; chairman of Hsin Kuang Construction Co., Ltd.	Director, Shin Shin Natural Gas Co. LTD.; Special Assistant to Chairman, Evfa International Co., Ltd.; consultant, New Taipei City Government	912,010	Not applicable
Representative, The Great Taipei Gas Corporation: Richard H Wu	Education: Bachelor, The New School for General Studies, New York Working Experience: Director, The Great Taipei Gas Corporation; Director, Shin Kong Financial Holding Co., Ltd.; Director, Shin Kong Life Insurance Co., Ltd.	Chairman, Taiwan Shin Kong Security Co., Ltd.; vice chairman, The Great Taipei Gas Corporation; director, Shin Shin Natural Gas Co. LTD.; director, Shin Hai Gas Corp.; director, Institute for Information Industry	10,534,066	Not applicable
Representative, Veterans Affairs Commission, Executive Yuan: Yee-kong Lee	Education: Graduated from the Department of Law, National Defense University Working Experience: Military prosecutor; chief military judge; chief of Veterans Affairs Council; senior specialist; deputy division chief; director, Banqiao Veterans Home	Directorate-General, Department of Planning, Veterans Affairs Commission, Executive Yuan; director, Shin Shin Natural Gas Co. LTD.;	46,556,713	Not applicable
Representative, Kindasaki Biochemical Technology Co., Ltd:	Education: Taipei Municipal Zhong Shan Girls High School Working Experience: Chairman, Mr. Chen Gen-Chu Foundation for	Director, Shin Shin Natural Gas Co. LTD.	6,031,011	Not applicable

Name	Education and Working Experience	Current Position(s)	Shareholding (shares)	Has the candidate been serving as the independent director for three consecutive sessions?
Pao-Kway Chen Chien	Education and Culture; Director, Shin Shin Natural Gas Co. LTD.			
Jung-Chun Huang	Education: Qiang Shu High School Working Experience: President, Ifu Enterprise Co., Ltd.; Director, Shin Shin Natural Gas Co. LTD.	President, Ifu Enterprise Co., Ltd.; Director, Shin Shin Natural Gas Co. LTD.	914,951	Not applicable
Representative, Veterans Affairs Commission, Executive Yuan: Kun-chung Huang	Education: 2000 Year Class, War College, National Defense University Working Experience: Director, Taitung County Veterans Service Office; director, Pingtung County Veterans Service Office; director Rong-jia Lin, Yunlin County Veterans Service Office; director, Kaohsiung County Veterans Service Office; director, Department of Veterans Service and Assistance	Director and President, Shin Shin Natural Gas Co. LTD.	46,556,713	Not applicable
Representative, The Great Taipei Gas Corporation: Hsin-Ju Wu	Education: MBA, Columbia Business School, Columbia University, New York, USA Working Experience: President, Shin Kong Financial Holding Co., Ltd., Director, Shin Kong Life Insurance Co., Ltd., Director, Shin Kong Bank, Director, Shin Kong Wu Ho-Su Memorial Hospital, Director, Commerce Development Research Institute	Director, Shin Kong Financial Holding Co., Ltd.; Director, Shin Shin Natural Gas Co., Ltd.; director, Taiwan Institute for Sustainable Energy; director, Chinese National Association of Industry and Commerce; supervisor, Chinese International Economic Cooperation Association	1,406,821	Not applicable
Hui-Chun Chen Wu	Education:	Director, Shin Shin Natural Gas Co. LTD.	97,862	Not applicable

Name	Education and Working Experience	Current Position(s)	Shareholding (shares)	Has the candidate been serving as the independent director for three consecutive sessions?
	<p>Graduated from National Keelung Commercial &amp; Industrial Vocational Senior High School (KLCIVS)</p> <p>Working Experience: Chairperson, New Taipei City Women's Association; Chairperson, Yungho District Women's Association; CEO, Mr. Chen Gen-Chu Foundation for Education and Culture</p>			
<p>Representative, Tung Chan Enterprise Co., Ltd.: Hung-Wen Chuang</p>	<p>Education: Masters, University of Leicester, UK Masters, Cornell University, USA</p> <p>Working Experience: Chairman, Shin Tai Gas Co., Ltd.; Supervisor, Shin Shin Natural Gas Co. LTD.; Vice President, Yang Ming Shan Gas Co., Ltd.</p>	<p>Chairman, Hsin Tai Gas Co., Ltd., Director, Shin Shin Natural Gas Co. LTD.</p>	<p>31,506</p>	<p>Not applicable</p>
<p>Cheng-Cheng Wong</p>	<p>Education: Diploma, Tamsui Institute of Business Administration</p> <p>Working Experience: Director, HONDA Cars Tucheng; director, Shunyi International Co., Ltd.; supervisor, Shin Shin Natural Gas Co. LTD.</p>	<p>Director, HONDA Cars Tucheng; director, Shunyi International Co., Ltd.; director, Shin Shin Natural Gas Co. LTD.</p>	<p>1,139,698</p>	<p>Not applicable</p>
<p>Representative, Veterans Affairs Commission, Executive Yuan: Kuang-yu Chan</p>	<p>Education: Master for Eminent Public Administrators, National Chengchi University</p> <p>Working Experience: Specialist, division chief, and senior specialist,</p>	<p>Director, Department of Administrative Management, Veterans Affairs Commission, Executive Yuan; Director, Shin Shin Natural Gas Co. LTD.</p>	<p>46,556,713</p>	<p>Not applicable</p>

Name	Education and Working Experience	Current Position(s)	Shareholding (shares)	Has the candidate been serving as the independent director for three consecutive sessions?
	Veterans Affairs Council; director, Nantou County Veterans Service Office; director, Gangshan Veterans Home			
Representative, Veterans Affairs Commission, Executive Yuan: Yen-chun Wu	Education: Master for Eminent Public Administrators (MEPA), National Chengchi University (NCCU) Working Experience: Section chief and senior specialist, Ministry of the Interior Director, Personnel Administration Office, Ministry of National Defense; Director, Personnel Administration Office, Director of Personnel Administration, Executive Yuan; deputy director, Director of Budget, Accounting and Statistics, Executive Yuan, and Personnel Administration Division, Ministry of Culture; Director, Personnel Administration Division, Ocean Affairs Council	Veterans Affairs Commission, Executive Yuan, Department of Personnel, Director; Director, Shin Shin Natural Gas Co. LTD.	46,556,713	Not applicable
Representative, Veterans Affairs Commission, Executive Yuan: Chy-Chung Chang	Education: Masters, Department of Statistics, National Chengchi University (NCCU) Working Experience: Division chief and senior specialist, Director General of Budget, Accounting and Statistics, Executive Yuan; deputy director, Department of Statistics,	Veterans Affairs Commission, Executive Yuan, Department of Statistics, Director; Director, Shin Shin Natural Gas Co. LTD.	46,556,713	Not applicable

Name	Education and Working Experience	Current Position(s)	Shareholding (shares)	Has the candidate been serving as the independent director for three consecutive sessions?
	Ministry of Education; deputy director, Department of Budget, Accounting and Statistics, Taipei City Government			
Representative, The Great Taipei Gas Corporation: Po-Fong Lin	Education: College of Law, National Taiwan University Working Experience: Director, Shihlin Electric & Engineering Corporation; Independent Director, Aewin Technologies Co., Ltd.	Director, Shihlin Electric & Engineering Corporation; Independent Director, Aewin Technologies Co., Ltd.; Director, Shin Shin Natural Gas Co. LTD.	10,534,066	Not applicable
Representative, Shin-Hai Gas Co, Ltd: Chen-Lung Lee	Education: Masters, School of Management, Ming Chuan University Working Experience: Assistant Vice President, The Great Taipei Gas Corporation; Vice President, Shin-Hai Gas Co, Ltd.; President, Shin-Hai Gas Co, Ltd.	Executive vice dean, Shin Kong Wu Ho-Su President, Shin-Hai Gas Co, Ltd.	4,668,441	Not applicable
Representative, Shin Kong Wu Foundation: Chi-Hao Wu	Education: MBA, National Chengchi University Working Experience: Manager, Department of Finance, The Great Taipei Gas Corporation; Assistant Vice President, The Great Taipei Gas Corporation	Executive Vice President, The Great Taipei Gas Corporation	11,183	Not applicable
Kuo-Tai Chang	Education: Graduated from Chihlee Commercial College Working Experience: Director, Yuda Commercial Senior High School, Vice President, Shin Shin Natural Gas Co. LTD.	Director, Shin Shin Natural Gas Co. LTD.; Vice President, Evfa International Co., Ltd.	1,327,101	Not applicable

Name	Education and Working Experience	Current Position(s)	Shareholding (shares)	Has the candidate been serving as the independent director for three consecutive sessions?
Ko-Tseng Li	Education: Graduated from Hsing Wu College Working Experience: Supervisor, Yuanta Securities, Manager, Shin Shin Natural Gas Co. LTD.	Director, Shin Shin Natural Gas Co. LTD.; Special Assistant to Chairman, Evfa International Co., Ltd.	111,022	Not applicable
Representative, Veterans Affairs Commission, Executive Yuan: Chien-ching Tsai	Education: Master's in Political Science, National Taiwan University Working Experience: Director, Administration for Digital Industries, Ministry of Digital Affairs; Director, Central Deposit Insurance Corporation; senior specialist, Ethics Office of Bureau of Labor, Ministry of Labor; section chief, Ministry of Economic Affairs	Senior Executive Officer, Department of Civil Service Ethics, Veterans Affairs Commission, Executive Yuan; Director, Shin Shin Natural Gas Co. LTD.	46,556,713	Not applicable

Independent Director:

Name	Education and Working Experience	Current Position(s)	Shareholding (shares)	Has the candidate been serving as the independent director for three consecutive sessions?
Ching-kuo Lee	Education: Masters, School of Management, National Taiwan University of Science and Technology Working Experience: President, Shin Shin Natural Gas Co., Ltd.;	Chairman, Taipei Golf Club; Independent Director, Shin Shin Natural Gas Co. LTD.	0	No

Name	Education and Working Experience	Current Position(s)	Shareholding (shares)	Has the candidate been serving as the independent director for three consecutive sessions?
	President, Taipei Golf Club			
Chin-Ming Kuo	Education: PhD, Department of Law, National Chengchi University (NCCU) Working Experience: Professor, Department of Law, Chinese Culture University	Dean of the College of Law of Chinese Culture University; Independent Director, Shin Shin Natural Gas Co. LTD.	0	No
Shu-Ping Hsu	Education: Department of Accounting, Tamkang University Working Experience: Practice Accountant, Senior Assistant Vice President, Audit Department, Deloitte & Touche	CPA at CHAMPiON CPA firm; Independent Director, Shin Shin Natural Gas Co. LTD.	0	No
Ming-Hsiung Chen	Education: Graduated from High School Working Experience: Chairman, Yi-Cheng Mining Corporation; 4th Councilman of Taipei County, National Assembly member, Advisor of Executive Yuan Administrative, National Policy Advisor to the Office of the President	Chairman Daxin Investment Co., Ltd., Chairman, Ambassador Construction Co., Ltd.; Independent Director, Shin Shin Natural Gas Co. LTD.	0	No
Han-Lin Tseng	Education: Masters, Birmingham Business School, University of Birmingham, UK Working Experience: Municipal consultant, Taipei City Government; 10th chairman, Hakka Association of New Taipei City; Secretary-	Chairman, Institute for the Blind of Taiwan; Adviser on Municipal Administration, Taipei City Government; Director, New Taipei Branch, Taiwan After Care Association; Vice Chairman, Tong Hsin Water Business Inc.; Independent Director,	0	No

Name	Education and Working Experience	Current Position(s)	Shareholding (shares)	Has the candidate been serving as the independent director for three consecutive sessions?
	general, Huikuang Guide Dog Foundation Taiwan; CEO, Institute for the Blind of Taiwan	Shin Shin Natural Gas Co. LTD.		

## **Proposal 2**

Proposed by the board of directors

The release of newly-elected directors and its representatives from non-competition restrictions and submitted for a vote.

### Description:

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 directors and representatives of directors without prejudice to the Company's interests after the re-election of the 20th session of the board as the elected directors, 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 41 of this handbook.
3. This proposal has been approved by the 17th board meeting of the current (19th) term of the board of directors, and is submitted for resolution under the law.

### Resolution:

## Schedule

### List of Shin Shin Natural Gas Co., Ltd.'s director for the removal of the non-compete clause

	Chairman of the Company (including natural persons, corporations or their representatives)	Name of the company with a similar business scope to that of the Company and the position held	Remarks
1	The Great Taipei Gas Corporation	Director, Shin-Hai Gas Co, Ltd. Director, Shin Lung Natural Gas Co., Ltd.	
2	Shin-Hai Gas Co, Ltd.	Director, The Great Taipei Gas Corporation Supervisor, Shin Lung Natural Gas Co., Ltd.	
3	Veterans Affairs Commission, Executive Yuan	Director, Shin Lung, Shin-Hu, Shin-Chung, Shin Chang, Shin Lin, Shin Yun, Great Tainan, Shin Nan, Shin Hsiung, and Shin Ping Gas Co. LTD. Director, Hsin Tai Gas Co., Ltd., Shin Chia Gas Co., Ltd.; Shin Kao Gas Co., Ltd.	
4	The Great Taipei Gas Corporation Representative: Richard H Wu	Director and Vice Chairman, The Great Taipei Gas Corporation Director, Shin-Hai Gas Co, Ltd.	
5	The Great Taipei Gas Corporation Representative: Po-Fong Lin	Director, The Great Taipei Gas Corporation	
6	Shin-Hai Gas Co, Ltd. Representative: Chen-Lung Lee	President, Shin-Hai Gas Co, Ltd.	
7	Representative, Shin Kong Wu Foundation: Chi-Hao Wu	Executive Vice President, The Great Taipei Gas Corporation Director, Shin Lung Natural Gas Co., Ltd.	
8	Tung Chan Enterprise Co., Ltd. Representative: Hung-Wen Chuang	Director and Chairman, Shin Tai Gas Co., Ltd.	
9	Veterans Affairs Commission, Executive Yuan Representative: Yee-kong Lee	Director, Shin Chang Natural Gas Co., Ltd.	

## **5. Extraordinary Motions**

## **6. 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.

The partial amendments 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.

The partial amendments 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.

The amendments were passed in the regular shareholders’ meeting on June 27, 2023.

### **Article 1 [Basis]**

The rules of procedures for the Company’s shareholders’ meetings, except as otherwise provided by laws and regulations 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’ meeting shall be convened by the board of directors.

The Company’s shareholders’ meeting may be held by these means:

1. Physical shareholders’ meeting.
2. Hybrid shareholders’ meeting.
3. Virtual shareholders’ meeting.

The relevant organizational time and data transmission and preparation of the Company’s shareholders’ meeting shall be handled under laws 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 resolving the shareholders’ meeting.

The preceding paragraph applies 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 before completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by resolving 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 the Articles of Association, capital reduction, application for cessation of public offering, permission for directors to compete, capital increase from earnings, capital increase from reserve, company dissolution, merger, division, or each subparagraphs of 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 and may not be proposed as an extraordinary motion at the meeting. Shareholders holding one percent or more 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 if a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, when the circumstances of the subparagraphs 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 their behalf with 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 five days before the date of the shareholders' meeting. When 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 by videoconference or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before 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, voting power represented by them may not exceed three percent 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 by 3 p.m.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual shareholders' meeting.

### **Article 5 [Shareholder attendance registration]**

The Company shall specify in its shareholders' meeting notice the time during which attendance registrations for shareholders, solicitors and proxies (collectively, "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The place at which attendance registrations are accepted shall be marked, and enough suitable personnel assigned to handle the registrations. Shareholders completing registration on the videoconferencing platform will be deemed as attend the shareholders' meeting in person.

Shareholders shall attend the shareholders' meeting 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 sign-in cards in lieu of signing in.

When the government or a juristic person is a shareholder, it may be represented by more than

one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting by videoconference shall register with the Company at the venue or website designated by the Company two days before the meeting date.

In the event of a virtual shareholders' meeting, the Company shall upload the meeting handbook, annual report and other meeting materials to the videoconferencing platform and keep this information disclosed until the end of the meeting.

#### **Article 5-1 [Convening virtual shareholders' meetings and particulars to be included in the shareholders' meeting notice]**

To convene a virtual shareholders' meeting, the Company shall include these particulars in the shareholders' meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the videoconferencing platform or participation in the virtual meeting by videoconference is obstructed due to natural disasters, accidents or other force majeure events.

#### **Article 6 [Chair of the shareholders' meeting]**

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

The chair as referred to in the preceding paragraph shall have held their 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 juristic person director that serves as chair.

If a shareholders' meeting is convened by a party with the power to convene 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 [Recording of the shareholders' meeting by audio or video and retention]**

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 under Article 189 of the Company Act, the recorded materials shall be retained until the conclusion of the litigation.

In case of a virtual shareholders' meeting, the Company shall make an uninterrupted audio and video recording of the virtual meeting, which shall be kept by the Company during the entirety of its existence.

#### **Article 8 [Standard compliant of meetings]**

Attendance and voting in shareholders' meetings shall be calculated based on the number of shares.

The chair shall 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 most 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 under 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, before conclusion of the meeting, the attending shareholders represent most of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting under Article 174 of the Company Act.

#### **Article 9 [Shareholder speech and response]**

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, their 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 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 with 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 five minutes. If the shareholder's speech violates the rules or exceeds the agenda item, the chair may terminate the speech.

When a juristic 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.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

The proposals are to be discussed in the order set in the agenda, and the chair should immediately stop individuals who violate the procedures from speaking.

In addition to the proposals in the agenda, shareholders' amendments to the original proposals, alternative proposals or other extraordinary motions proposed shall be seconded by other shareholders; the same shall apply for 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]**

Regarding 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 they 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]**

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

When the Company holds a shareholders' meeting, it may allow 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, regarding motions and amendments to original proposals of the shareholders' meeting, voting rights shall be deemed waived.

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 two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, unless a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, if the shareholder intends to attend the shareholders meeting in person or online, 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 ways the voting rights were exercised, before two business days before the date of the shareholders meeting. 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, passing 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 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, they may declare the end of the discussion, put the proposal to a vote and arrange adequate time for voting.

When the Company convenes a virtual shareholders' meeting, after the chair declares the meeting open, shareholders attending the meeting by videoconference shall cast votes on proposals and elections on the videoconferencing platform before the chair announces the end of the voting session, or they will be deemed to have abstained from voting.

In the event of a virtual shareholders' meeting, votes shall be counted at once after the chair announces the end of the voting session, and the results of the votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting by videoconference under Article 5 decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting by videoconference.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting by videoconference, except for extraordinary motions, they may not exercise voting rights on the original proposals or amend the original proposals or exercise voting rights on amendments to the original proposals.

#### **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 the 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 of the vote shall be made.

**Article 13 [Elections of directors]**

The election of directors at a shareholders' meeting shall be held under 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 sues under Article 189 of the Company Act, the recorded materials shall be retained until the conclusion of the litigation.

**Article 14 [Preparation and retention 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 shall be distributed to each shareholder within 20 days after the meeting. The meeting minutes may be produced and distributed in electronic form.

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

The meeting minutes shall accurately record the year, month, day, place of the meeting, the full name of the chair, 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 during the existence of the Company.

Where a virtual shareholders' meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the full name of the chair and secretary, and actions to be taken in the event of disruption to the videoconferencing platform or participation in the meeting by videoconference due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

**Article 15 [Maintaining order at the meeting place]**

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

If the meeting place has public address equipment, 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 doing so.

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 proctors or security personnel to escort the shareholder from the meeting.

**Article 16 [Break and recess of the 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, because of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all 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 under Article 182 of the Company Act.

**Article 17 [Handling of disconnection]**

In the event of a virtual shareholders' meeting, when declaring the meeting open, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of

Shareholder Services of Public Companies, the chair shall also declare that if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply. For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online may not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the first paragraph, the number of shares represented and voting rights and election rights exercised at the affected shareholders' meeting by shareholders who have registered to participate in the affected shareholders' meeting and have successfully signed in the meeting but do not attend the postponed or resumed session shall be counted towards the number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders' meeting held under the first paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or lists of elected directors which have been announced.

When the Company convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described in first paragraph, if the number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting by videoconference, still meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue, and no postponement or resumption thereof under the first paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting by videoconference shall be counted towards the number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.

When postponing or resuming a meeting according to the first paragraph, the Company shall handle the preparatory work based on the date of the original shareholders' meeting under the requirements under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period under the latter half of Article 12 and Article 13, paragraph 3 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders' meeting postponed or resumed under the first paragraph.

#### **Article 18 [Unaddressed matters]**

Matters not addressed in these Rules shall be handled under the Company Act, the Company's Articles of Incorporation and orders and instructions of the competent authority.

#### **Article 19 [Amendments]**

These Rules, and any amendments, shall be implemented after adoption by the shareholders' meeting.

## **Shin Shin Natural Gas Co., Ltd. Articles of Incorporation**

### **Chapter 1 General Principles**

- Article 1 The Company is incorporated under the Company Act and is named “Shin Shin Natural Gas Co., Ltd.” (“the Company”).
- Article 2 The Company is a joint investment of the Veterans Affairs Council, R.O.C. and the private sector. The Company supplies natural gas in Taipei City and New Taipei City, to develop public utilities, serving society, and arranging employment for veterans.
- Article 3 The Company’s scope of business operation is:
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 in New Taipei City, and may set up branches in other regions as needed. The establishment and abolition of the Company is decided by the board of directors.
- Article 5 The Company’s announcements shall be handled under the relevant laws and regulations.

### **Chapter 2 Shares**

- Article 6 The total authorized capital stock of the Company is NT\$1,858,000,000 with 185,800,000 shares issued at a par value of NT\$10. The board of directors may make multiple issuances depending on business needs.
- Article 6-1 The Company’s total investment amount may exceed 40% of the paid-in capital depending on the actual needs with the board of directors authorized for implementation.
- Article 6-2 The Company may make external endorsements and guarantees per resolving the board of directors.

Article 7 The Company's shares shall all be name-bearing share certificates signed by directors representing the Company or affixed with seals thereof and shall be duly certified or authenticated by share certificate issuers under the law 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.

Article 8 The Company's handling of stock affairs shall comply with the "Regulations Governing the Administration of Shareholder Services of Public Companies" and related laws and regulations and securities regulations published by the Securities and Futures Bureau of the Financial Supervisory Commission (the Securities and Futures Bureau).

Article 9 The transfer of shares will be suspended within 60 days before the convening date of a regular shareholders' meeting, or within 30 days before the convening date of a special shareholders' meeting, or within five days before the date fixed by the Company for distribution of dividends, bonuses, or other benefits.

### **Chapter 3 Shareholders' Meetings**

Article 10 Shareholders' meetings include both regular shareholders' meetings and special shareholders' meetings, 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 may be sent electronically with the consent of the shareholders. 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 under the regulations of the competent authority.

When the Company's shareholders' meeting is convened, it may be convened by videoconference 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 force majeure factors, the meeting may be held by videoconference or under the method announced without being stipulated in the Articles of Association.

When a shareholders' meeting is convened by videoconference, the shareholders who participate in the meeting by videoconference will be deemed to have attended the meeting in person.

For the preceding two paragraphs, if the competent authority for securities has other provisions on the conditions, operating procedures and other matters that the Company shall meet, such provisions shall prevail.

Article 11 When a shareholder cannot attend a shareholders' meeting, they may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the proxy's authorization.

Except for a trust enterprise or a stock agency approved by the competent authority for securities, when one person is a proxy of two or more shareholders, the voting rights of the proxy may not exceed three percent 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 under the relevant laws and regulations. If duplicates of the proxy forms stated in the preceding paragraph are delivered, the one received earliest shall prevail.

Article 12 Resolutions at a shareholders' meeting are based on the shares represented by the shareholders present, with one share having 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 laws and regulations or the Company's Articles of Incorporation, be adopted by a majority vote of the shareholders present, who represent more than one half of voting shares.

Article 14 The shareholders' meeting is convened and chaired by the chairperson. When the chairperson is on leave, the chairperson shall appoint one of the directors to chair the shareholders' meeting. Where the chairperson appoints a director, the directors shall select from among themselves one person to serve as chair. If a shareholders' meeting is convened by a party with the power to convene 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.

#### **Chapter 4 Director**

Article 15 The Company appoints 15 to 24 directors (including independent directors) to organize the board of directors, and the directors are elected for a three-year term and eligible for re-election under Article 192 and Article 198 of the Company Act. The election of directors is implemented under the candidate nomination system as stated in Article 192-1 of the Company Act. Matters related to the acceptance and announcement of the candidate nomination for directors shall be handled under the relevant laws and regulations of the Company Act and the Securities and Exchange Act.

The number of independent directors may not be less than three, and may not be less than one fifths of directors to be elected. The professional qualifications, restrictions on shareholding and concurrent positions, determination of independence, nomination methods, and other matters to be followed regarding the election of independent directors shall be handled under the regulations of the competent authority.

Article 16 The directors organize the board of director with a resolution adopted by a majority vote at a board meeting attended by over two thirds of directors, and the directors shall elect one director from among themselves as the chairperson. The chairperson represents the Company externally, and shall perform their duties under laws and regulations, the Articles of Incorporation, and the resolutions of the shareholders' meeting and the board of directors.

Article 17 A board meeting should be convened at least once per quarter. A special board meeting may be convened when necessary. Board meetings are chaired by the chairperson. When the chairperson is on leave, the chairperson shall appoint one of the directors to chair the board meeting. Where the chairperson does not appoint a director, the directors shall select from among themselves one person to serve as chair.

Article 17-1 The Company shall have all directors informed seven 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 may be convened. The directors may be informed of the board meeting 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 chairperson in handling general business and specific matters of the board of directors, when necessary and to participate in project reviews, general document reviews, and assigned matters.
- The Company has set up an audit office, which is subordinate to the board of directors. The audit office has one chief 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. Auditors shall be approved by the chairperson under “Guidelines for Appointment, Dismissal, Evaluation and Wage and Remuneration of Internal Auditors.”
- Article 20 The board of directors exercises these authorities:
1. Review of business development policy.
  2. Review, supervision, and implementation of business plans.
  3. Budget review.
  4. Proposal of capital increase or decrease plans.
  5. Review of corporate bonds issuance or arrangement.
  6. Proposal of earnings distribution.
  7. Review of foreign investments
  8. Review and approval of important contracts.
  9. Proposal of amendments to the Articles of Incorporation.
  10. Review and approval of the organizational charter and important business rules.
  11. Discussion and resolution of the establishment, reorganization, or dissolution of branches.
  12. Employment and dismissal of the Company’s general manager, deputy general manager, chief engineer, deputy chief engineer, chief auditor, senior supervisor and senior deputy supervisor, and adjunct and secretary of the board of directors.
  13. 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 directors.
- Article 22 Resolutions of the board of directors shall be distributed by the Company to all relevant units for further handling.
- Article 23 An acting director is to be appointed to assist the chairperson in handling routine operations depending on the needs of the chairperson and with the consent of the board of directors.
- Article 24 (Deleted)
- Article 25 The general manager and responsible supervisors shall attend the board meeting to report and state their opinions on a non-voting capacity.
- Article 26 The Company has established an Audit Committee composed of the independent directors. One of the independent directors is the convener, and at least one of the

independent directors has accounting or financial expertise.

The members of the Audit Committee members, implementation of powers, and other matters to be complied with are to be handled under the relevant laws and regulations.

Article 27 The directors' remuneration is to be determined by the board of directors under the general standard of the industry.

Article 28 (Deleted)

### **Chapter 5 Management and Other Employees**

Article 29 The Company has appointed a general manager. The chairperson presents such appointment to the board of directors for resolution, and the same shall apply for the dismissal of the general manager. There is an adjunct in the general manager's office to assist the general manager in handling routine operations and specific and assigned matters. The appointment is resolved by the general manager with the chairperson before reporting to the board of directors for resolution.

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 resolved by the general manager with the Chairman before presenting to the board of directors for resolution. Other employees are appointed and dismissed by the general manager under the Company's personnel management regulations and reported to the board of directors for future reference.

Article 31 Among 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. If necessary, the employment ratio may be increased by 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 under Article 228 of the Company Act. The board of directors shall prepare these reports for the recognition of the shareholders' meeting under legal procedures.

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

The reports shall be prepared under the regulations of the central competent authority, and shall be audited and certified by independent auditors.

Article 33 The Company shall appropriate employee compensation for an amount equivalent to 2.2% of the profits which is to be distributed in shares or cash by 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 of no more than 2.2% of the 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 before appropriating the employee compensation and directors' remuneration under 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 in response to changes in the economy and market environment by referring to the business plan, profitability, investment capital needs, and considering the adequacy of the Company's working capital. If the Company has "current net income" in each annual final account, in addition to making up for losses and appropriating legal reserve for an amount equivalent to 10% of after-tax surplus, the balance 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 ratio 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. 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, and the board of directors shall formulate a distribution proposal and submit it to the general meeting of shareholders for resolution.

The Company may distribute all or part of the dividends and bonuses, legal reserve and paid-in capital as 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 preceding paragraph requiring resolution by the shareholders' meeting shall not apply.

#### **Chapter 7 Additional Provisions**

Article 34 The organizational charter and bylaws of the Company shall be established separately.

Article 35 Matters not addressed in the Articles of Incorporation shall be handled under the Company Act, Banking Act, Rules Governing Bills Finance, and other relevant laws and regulations.

Article 36 The Articles of Incorporation were 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.  
The 42nd amendment was made on June 17, 2022.  
The Articles of Incorporation are to be implemented after resolution of the regular shareholders' meeting, and the same shall apply for amendments.

## Appendix 3

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

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

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

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

The amendments were passed in the 2002 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.

The amendments were passed in the regular shareholders’ meeting on June 27, 2023.

- Article 1: Except as otherwise provided by laws and regulations or the Company’s Articles of Incorporation, elections of directors shall be conducted under these Rules.
- Article 2: The overall composition of the board of directors shall be considered in the selection of the Company’s directors. The composition of the board of directors shall be determined by considering diversity and pay attention to gender equality, different professional backgrounds and work fields, and the knowledge, skills and qualities for the performance of duties. The board of directors should be capable of operational judgment, accounting and financial analysis, operational management, crisis handling, leadership, and decision-making.  
The qualification and selection of the Company’s independent directors shall comply with the governing laws and regulations.
- Article 3: The Company’s elections of directors shall be conducted under the candidate nomination system set out in Article 192-1 of the Company Act.  
The Company’s election of directors is held at the shareholders’ meeting. Each share has voting rights equal in number to the number of directors to be elected (including independent directors), 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 number corresponding to the number of directors to be elected. The number of voting rights of 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 shareholders who exercise their voting rights electronically.
- Article 5: The number of directors will be elected in response to the business operations of the Company under 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 of 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 several persons to perform the respective duties of vote monitoring and counting personnel. The vote monitoring

personnel be shareholders.

The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before the voting commences.

Article 7: (Deleted)

Article 8: Ballots are invalid in 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 on the ballot does not conform to the List of Candidate for Directors.
- (5) Other words or marks are entered in addition to the names of the candidates and the number of voting rights allocated.

Article 9: The voting rights shall be calculated on site immediately after the voting, and the results of the calculation, including the list of persons elected or not elected as directors and the numbers of votes they received, shall be announced by the chair on 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 one year. If, however, a shareholder sues under Article 189 of the Company Act, the recorded materials 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, shall be implemented after adoption by the shareholders' meeting.

## 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**

Record Date: **April 23, 2024**

Title	Name	Date of election	Term of office	Number of shares held when elected		Number of shares held as per the shareholder register on the book closure date	
				Number of shares	Percentage (%)	Number of shares	Percentage (%)
Chairperson	Ho-Chia Chen	2021.8.31	3 years	912,010	0.51	912,010	0.51
Director	Veterans Affairs Commission, Executive Yuan Representative: Yen-Chun Wu	2021.8.31	3 years	46,556,713	25.79	46,556,713	25.79
Director	Veterans Affairs Commission, Executive Yuan Representative: Kun-chung Huang	2021.8.31	3 years				
Director	Veterans Affairs Commission, Executive Yuan Representative: Chy-Chung Chang	2021.8.31	3 years				
Director	Veterans Affairs Commission, Executive Yuan Representative: Chien-ching Tsai	2021.8.31	3 years				
Director	Veterans Affairs Commission, Executive Yuan Representative: Kuang-yu Chan	2021.8.31	3 years				
Director	Veterans Affairs Commission, Executive Yuan Representative: Yee-kong Lee	2021.8.31	3 years	10,534,066	5.83	10,534,066	5.83
Director	The Great Taipei Gas Corporation Representative: Richard H Wu	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: Po-Fong Lin	2021.8.31	3 years	6,031,011	3.34	6,031,011	3.34
Director	Kindasaki Biochemical Technology Co., Ltd. Representative: Pao-Kway Chen Chien	2021.8.31	3 years				
Director	Kindasaki Biochemical Technology Co., Ltd. Representative: Hui-Chun Chen Wu	2021.8.31	3 years	4,668,441	2.59	4,668,441	2.59
Director	Shin-Hai Gas Co, Ltd. Representative: Chen-Lung Lee	2021.8.31	3 years				
Director	Tung Chan Enterprise Co., Ltd. Representative: Hung-Wen Chuang	2021.8.31	3 years	31,506	0.02	31,506	0.02
Director	Shin Kong Wu Ho-Su Memorial Hospital Representative: Po-Ih Wang	2021.8.31	3 years	1,406,821	0.78	1,406,821	0.78
Director	Jung-Chun Huang	2021.8.31	3 years	914,951	0.51	914,951	0.51

Title	Name	Date of election	Term of office	Number of shares held when elected		Number of shares held as per the shareholder register on the book closure date	
				Number of shares	Percentage (%)	Number of shares	Percentage (%)
Director	Cheng-Cheng Wong	2021.8.31	3 years	1,139,698	0.63	1,139,698	0.63
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 Lee	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
Independent Director	Shu-Ping Hsu	2022.6.17	to 2024.8.30	0	0	0	0
Total						73,633,340	40.79
Remarks	1. The Company's paid-in capital is NT\$1,805,374,530. The total number of issued shares is 180,537,453. 2. The Company's 19th term Directors are 24 persons (including 5 Independent Directors).						

## 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 **(2024)** Annual General Meeting of shareholders, so there was no impact on the Company's operating performance and earnings per share.
2. Description of the acceptance of shareholders' proposals and nomination rights at the **(2024)** Annual General Meeting of Shareholders:
  - (1) As per Articles 172-1 and 192-1 of the Company Act, each shareholder who holds over 1% of the Company's total outstanding shares may submit a written proposal to the Company for the annual general meeting of shareholders and a list of candidates for directors (including independent directors).
  - (2) Such a proposal shall contain only one issue and be limited to 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 general meeting of shareholders in person or by proxy and participate in the discussion of the proposals.
  - (3) The number of nominated candidates for directors is limited to 19 and independent directors are limited to 5 people. If the number of candidates nominated exceeds the number of directors and independent director to be elected, or the nominated candidate for 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 15, 2024** to **April 24, 2024**, and has been announced on the official site of the MOPS under the laws.
  - (5) During the abovementioned acceptance period of shareholders' proposals and nominations, the Company did not receive any shareholders' proposals and nominations.

