

Stock Code: 9918



Shin Shin Natural Gas Co., LTD.

Annual Report

2021

Taiwan Stock Exchange Market Observation Post System: <https://mops.twse.com.tw>

Company Website: <https://www.shinshingas.com.tw>

Printed on May 16 , 2022.

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Website: <http://www.bdo.com.tw>

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VI. Company website: <https://www.shinshingas.com.tw>

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Employee Code of Shin Shin Natural Gas Co. LTD.

- I. The Company is home and take pride in the workplace.
- II. Customer service at its best and safety at all times.
- III. Stay humble and honest.
- IV. Work proactively and diligently, and seek work performance.
- V. Company looks to grow stronger, and society wants to stay secure and prosperous.

I. Shareholders Report

Dear all shareholders,

How time flies and it is now the 2022 shareholders general meeting. On behalf of the Company and all employees, I sincerely thank every shareholders for their support and trust over the past one year. Every business of the Company moves well and the management and operations have been steady. In review of the past one year, due to the global COVID-19 pandemic, international political and economical situations, raw materials supply disruptions, and the impacts of serious pandemic situation domestically, these have resulted in the Company facing a huge challenge in its operations. Under the trusted guidance of the directors and supervisors, and efforts by all of the employees, along with a steady management concept, we have achieved the profit before tax target as planned. There has been growth.

2021 Operating Results:

(I) Implementation results of operating plan

In terms of operations, the expansion target plan for 2021 targets 4,300 users for setup fees, the actual completion is 4,658 users; 3,655 user target for gas supply service, the actual completion is 4,704 users; Till the end of 2021, the achieved total number of users for gas supply service is 367,600; The target revenue for 2021 is NTD 1,793,710,000 and the actual income is NTD 1,775,630,000. The consolidated income for parent company and subsidy is NTD 1,794,160,000; Profit before tax target is NTD 240,000,000, actual profit before tax is NTD 391,300,000. The consolidated profit before tax of the parent company and subsidy is NTD 398,900,000.

In terms of the replacement of pipes, the annual target is 11,339 meters. Every month we work according to the replacement plan and cooperate with each season's increasing order injection quantity leak inspection patrol operation, to discover any abnormalities and to make the change immediately. The total length of the replacement over the year is 18,418 meters; In terms of user pipe inspection, the "regular inspection of user pipe" was conducted once every two years continuously in accordance with the regulations. Annual planned inspection of 176,125 users, the actual completion is 145,571 users. This ensures the safety of gas usage for the users.

(II) Research and development

The Company sees the importance of safety in the supply of gas. The Response Management Center is established in 2021. The Center uses data analysis and innovative technologies to assist in the stable supply of gas and the execution of the safety work for the use of gas by integrating instant news, Global Positioning System, monitoring and control of construction, gas supply monitoring, MIS, GIS and so forth information. In addition, the company establishes the pipe inspection APP, and point inspection operation APP system to achieve the goal of "Safety First and Superior Service;" At the same time, the Company upgraded its "SCADA (gas supply monitoring system)" to become closed broadband VPN network. Besides preventing hackers from invading, enhancing information security, Ankeng, Wanfang, and the Company's Response Management Center, each is of independent monitoring and acts as backup support among each other to avoid the risks of broken lines.

In terms of user service, the Company simplifies the procedure of user application by telephone and internet, and provides gas meter self-report by telephone / internet and bill payment service by post office, banks and various financial institutions. Mobile payment for paying gas bills started in February

I. Shareholders Report

2019. Up to 2021, there has been an increase of eight financial institutions providing multiple payment channels.

2022 Operating Plan Summary:

The 2022 expansion plan will actively pursue complete setups for new construction sites, survey market requirements, create gas supply expansion scope plan, survey willingness to apply and setup gas supply by our Company in areas that have not been setup the service, and plan the pipe network for investment benefits; The Company will actively pursue for expansion in areas that already have the pipe layout or with residential homes that have not yet set up the service; And, to strengthen pursuing larger users such as institutions, schools, corporates, and hospitals within the expansion areas, in the hope to achieve stable growth for sales volume. In terms of gas supply safety, the Company will continue to increase the purchase of safety inspection devices and equipment, continue the use of pipe patrol inspection APP, point inspection operation APP system to enhance the pipe replacement plan execution, especially for Zhonghe and Yonghe area pipe network enhancement construction project, in the hope to improve the quality of gas supply; We will also strengthen the facility mapping management, enhance user safety inspection and new operation for gas meter replacement, to ensure users feel safe to use them. In terms of service, the Company has promoted on its website the “automatic bill payment by post office or bank,” and “electronic payment certificate,” and added the “SMS text service for hearing impaired.” Since 2022, the Company has provided the online download service for “payment QR code” and “electronic bill.” We place importance in the customer-oriented service and the service quality in all aspects; Furthermore, we constantly conduct pressure tests during peak use hours, monitor and record the gas usage pressure for end areas and large quantity users, for the purpose of review and improvements; At the same time, we cooperate with local government and communities, community organized activities and increase the promotion on “knowledge in the use of gas,” reminding users to take precaution in safety and to prevent fraud. In terms of budget execution, we exercise strict control and focus on savings, to ensure operation growth. The estimated 2022 number of users for set-up fee is 4,300 users, for gas supply service is 3,655 users, sales volume is 115,140,459 cubic meters.

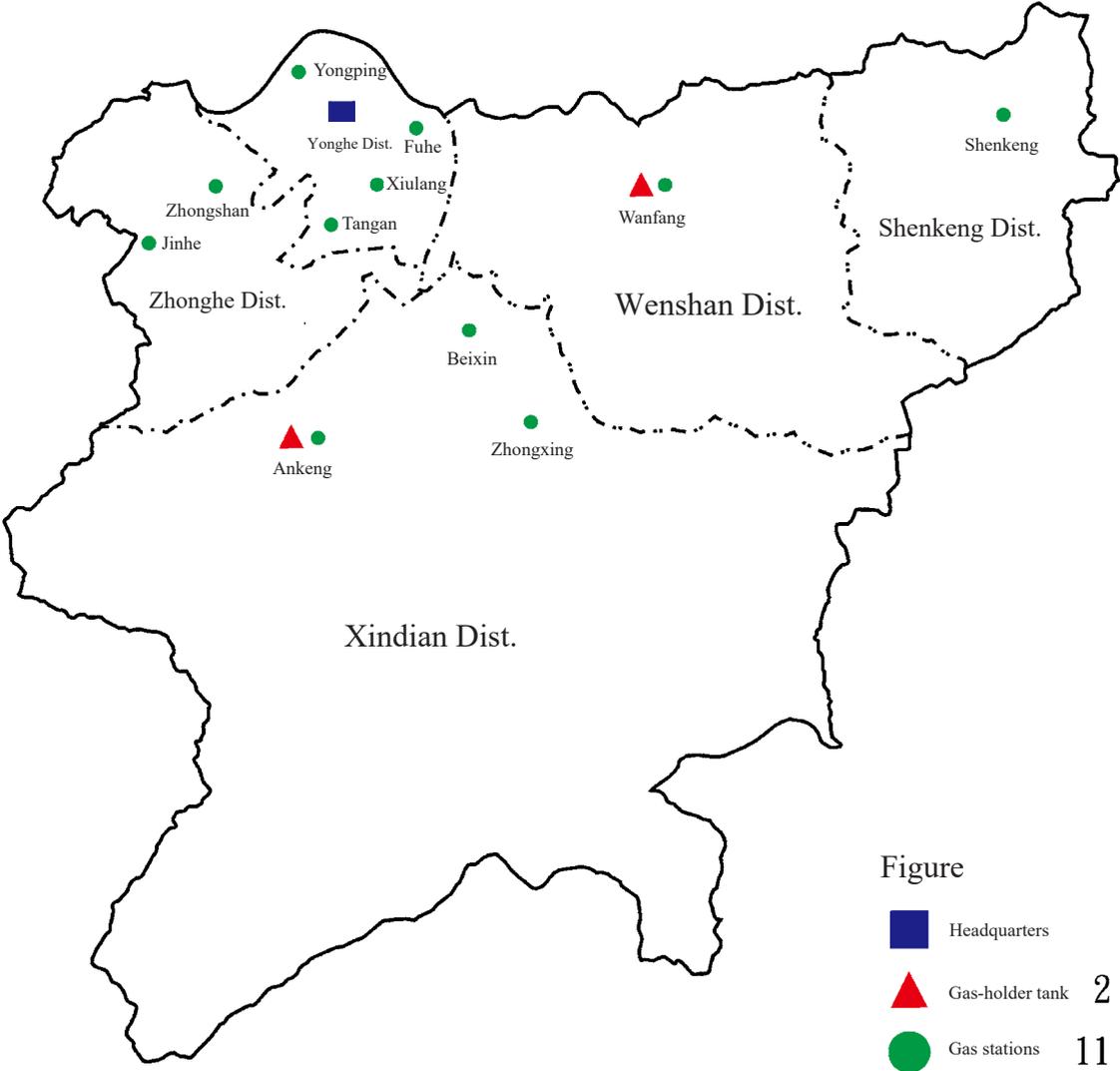
Strategies for Future Company Development, and Influences of External, Legal and Overall Operating Environment:

The Company is a public natural gas utilities business. The sales price of the natural gas needs to be approved by the competent authority, therefore, the price could not reflect the costs in a timely manner. Due to relevant restrictions under the Natural Gas Enterprise Act, and cooperative response measures to the Labor Standards Act, these will influence every aspects of the business execution. The Company upholds the sustainable management concept, is persistent in overcoming problems, and continues to maintain growth. Net zero emissions and environmental protection is of global importance now. The Company’s natural gas business has advantages of being safe, clean, economical, and convenient. It is the best energy source in the daily lives of the general public, and the number of users in the Company’s service areas has been dense. Thus, a steady operation is for certain. I believe that under the continuous care and support from every shareholder, guidance from the board of directors and efforts by all employees, it is hoped that the Company can continue to develop steadily, and to generate income profit for shareholders. We welcome any advices from every shareholder and wish you the best of health and great success.

Chairperson 陳河家 

2021 Business Report

I. Operating areas map



II. Operations Department

2021 Business Statistics Report

Unit: User

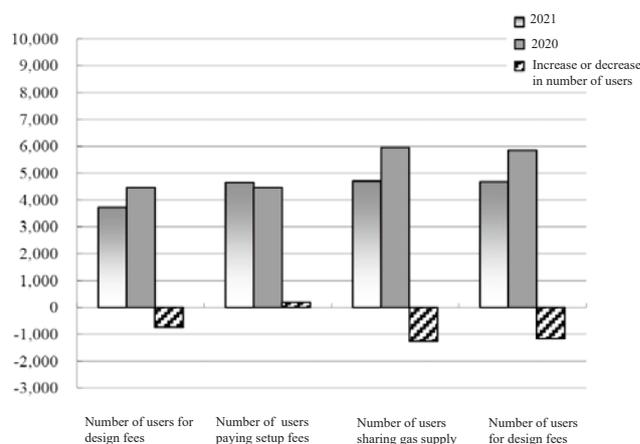
Month \ Items	Number of users for design fees	Number of users paying setup fees	Number of users sharing gas supply	Number of users with increased charges each month	Number of users with end of month total charges
1	388	378	440	540	355,576
2	488	342	359	427	356,003
3	140	270	355	413	356,416
4	149	248	362	365	356,781
5	385	300	421	339	357,120
6	82	108	381	442	357,562
7	430	214	383	342	357,904
8	606	553	412	431	358,335
9	204	461	344	307	358,642
10	248	524	289	463	359,105
11	416	779	386	259	359,364
12	190	481	572	353	359,717
Total	3,726	4,658	4,704	4,681	

2020 and 2021 Comparison Table for Each Business

Unit: User

Differentiation	2021	2020	Increase or decrease in number of users
Number of users for design fees	3,726	4,468	-742
Number of users paying setup fees	4,658	4,468	+190
Number of users sharing gas supply	4,704	5,955	-1,251
Number of users for design fees	4,681	5,850	-1,169

2020 and 2021 Comparison Chart for Each Business



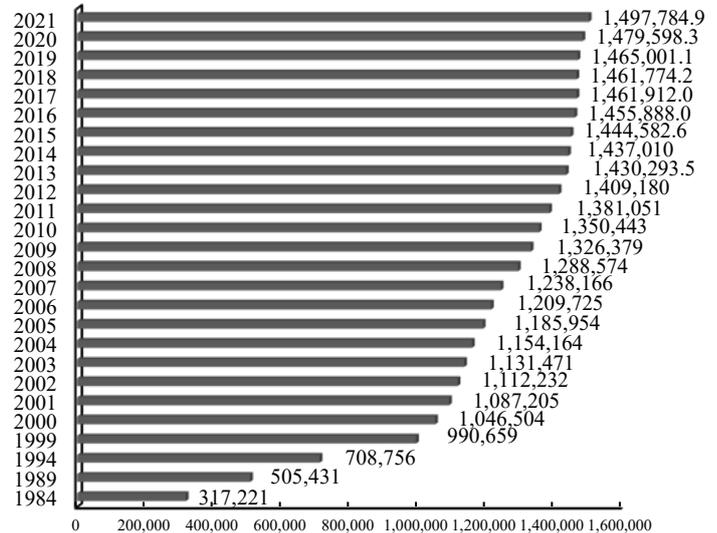
III. Department of Engineering

2021 Statistical Table for the Increasing of Pipe Line Length

Unit: Meters

Type of pipeline	2021	Accrued total length
Low pressure branch pipe	+8372.9	844,765.9
Low pressure main pipe	+6015.1	190,423.4
Medium pressure pipe	+3731	439,641
High pressure pipe	+67.6	22,954.6
Total	+18,186.6	1,497,784.9

Pipe Line Statistics



2021 Statistical Table for the Increase or Decrease of Pipeline Facilities



Gas stations

Facility item	2021	Accrued total
Gas-holder tank	0	2
Gas distributing station	0	2
Gas stations	0	11
Low pressure water dispenser	-2	900
Ball valve	+84	3,760
Low pressure cork	-22	1,776
Cathodic protection	0	68

2021 Statistical Table for the Safety Inspection of Inner Pipe Facility

Number of users for safety inspection of annual plan	Number of users completed safety inspection	Completion rate
176,125	145,451	82.65%

Note:

- I. For users who are unwilling to cooperate with the safety inspection for two consecutive months for the monthly inspections, the Company will report to the competent authority of the city government in writing requesting for support in handling the matter, and users will be listed as key supplementary safety inspections for 2022. This is to raise the rate of inspection.
- II. Shall list users who have been uncooperative with the safety inspections for many years under project control and management. The Company will visit these users one by one to conduct supplementary inspections. For users who are still unable to cooperate with these safety inspections, formal letter of notice will be sent to these users by registered mail and a copy will be sent to the competent authority for assistance in the handling and to complete the operation procedures.

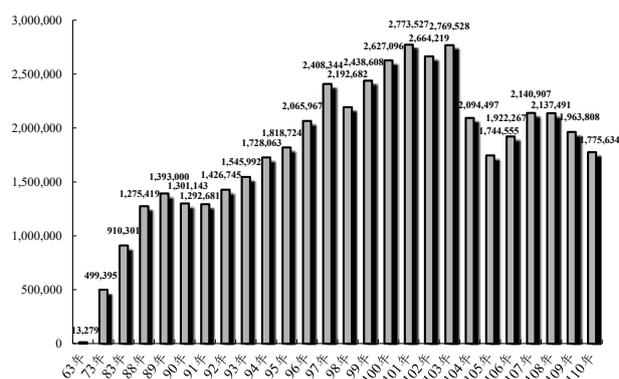
IV. Finance Department

2021 Budget Execution

Unit: NTD in thousands

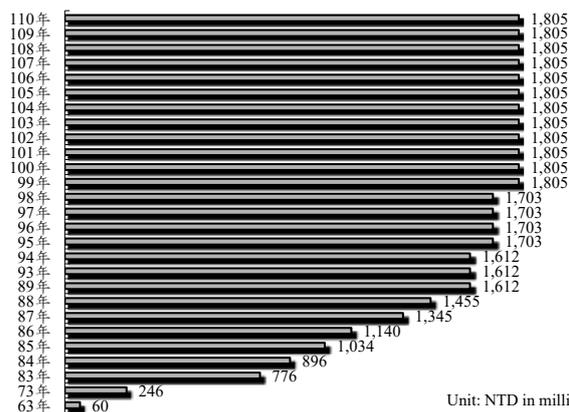
Account	Budget amount	Settlement amount	Completion rate (%)
Operating revenue	1,793,712	1,775,634	99
Operating costs	1,369,485	1,310,897	96
Gross profit	424,227	464,737	110
Operating expenses	275,501	247,403	90
Operating income	148,726	217,334	146
Total of net-operating income and expenses	91,280	173,971	191
Income before tax	240,006	391,305	163
Income after tax	192,005	342,395	178
Earnings per share	1.08	1.92	178

Growth chart of Operating revenue



Unit: NTD in thousands

Growth chart of capital amount over the years



Unit: NTD in million

II. Company Introduction

I. Date of incorporation: May25th, 1971

Business Registration Certificate: Corporation MOEA ref. no. 24584

Current certificate number: Government Uniform Invoice (GUI) Number: 33665843

Paid-in capital: NTD 1,805,374,530

II. Corporation trademarks



- (I) The Company's trademarks have been registered with the Intellectual Property Office, Ministry of Economic Affairs as registered trademarks and have obtained trademark rights in accordance with the Trademark Act.
- (II) The upper half of the trademark with two S-shape wide lines represent the flames from the burning of gas signifies a prosperous business. The two letters in the lower half of the trademark bears the name of the Company, which also meant the four word idiom for flourishing.

III. Company History

- ◎July 1st, 1969, corporate shareholder invited locals to form the "Preparation Department of the Shin Shin Natural Gas Company," and established the Company at No. 126, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City.
- ◎May 1st, 1971, the establishment of "Shin Shin Natural Gas Co., Ltd." and its first Board of Directors meeting was approved by the Ministry of Economic Affairs. Mr. Han Chang Chen was elected to become the Chairperson.
- ◎April and November of 1972, after two Board of Directors meetings on reorganization, Mr. Ken-Tu Chen was elected as the Chairperson. The Company moves to No. 141, Fuhe Rd., Yonghe Dist., Taipei County, and began formal operations.
- ◎March 26th, 1974, completed pipe laying for Zhonghe and Yonghe areas, and began gas supply formally.
- ◎April 25th, 1975, the registration of the Company's "Shin Shin" trademark had been approved by the Intellectual Property Office.
- ◎July 20th, 1976, the Jingmei service office was established on Roosevelt Road in Taipei City, expanding services of the Jingmei and Xindian areas.

II. Company Introduction

- ◎December 16th, 1976, completed the pipe laying for Jingmei area and gas supply began.
- ◎August 1st, 1978, completed the pipe laying for Xindian area, testing phase for gas supply to the area's users began.
- ◎December 15th, 1983, Ministry of Finance approves the Company as a Public Company.
- ◎October 24th, 1985, completion of the Company's new building construction at No. 100, Section 1, Yonghe Road, Yonghe City and services began.
- ◎June 26th, 1986, completed construction and began use of the Wanfang gas-holder tank.
- ◎November 29th, 1986, completion of the pipe laying for Muzha area of Taipei City, and gas supply services began.
- ◎December 22nd, 1986, Jingmei service office changed its name to Wenshan service office responsible for business expansion in Wenshan area.
- ◎April 7th, 1993, registration of the Shenkeng business area of Taipei County had been approved by the Ministry of Economic Affairs.
- ◎December 13th, 1993, the case to list the Company's stock on the stock exchange had been reviewed and approved by the Review Committee of the Taiwan Stock Exchange Corporation (TWSE).
- ◎April 26th, 1994, the Company's stock was listed as type two stock.
- ◎August 1st, 1994, Xindian service office was established responsible for business expansion in the Xindian area.
- ◎November 25th 1994, the Company's stock was approved as securities margin trading.
- ◎May 17th, 1995, Chairperson Mr. Ken-Tu Chen passed away at 74 years old.
- ◎June 9th, 1995, Mr. Ho-Chia Chen was elected as the successor chairperson.
- ◎October 12th, 1995, reinvestment for the establishment of EVFA INTERNATIONAL CO., LTD..
- ◎May 24th, 1997, the 11th directors and supervisors re-election. Number of directors was reduced from 23 to 15, and 5 supervisors vacancies. Mr. Ho-Chia Chen was consecutively elected as the Chairperson.
- ◎October 13th, 1998, number of users for the gas supply service reaches 200,000.
- ◎October 20th, 1998, completion of the gas supply facility in Shenkeng area, gas supply began.
- ◎October 8th, 1999, a seven person repair response team was formed to support the "921" earthquake damages faced by Shin Lin Natural Gas Co., Ltd. which lasted for four weeks.
- ◎September 19th, 2000, the 12th directors and supervisors re-election was held and Mr. Ho-Chia Chen was consecutively elected as the Chairperson.
- ◎April 9th, 2001, the Company won the "National Occupational Safety and Health Promotion Best Unit" five-star award by the then Council of Labor Affairs of Executive Yuan between 1998 to 2000.
- ◎May 25th, 2001, the Company marks its 30 year anniversary.
- ◎June 21st, 2002, shareholders general meeting was held. Due to changes to the stock right of the corporate shareholders, by-election took place for two directors and one supervisor.
- ◎August 16th, 2002, the construction of the Ankeng gas-holder tank passed the completion inspection, and was approved to began operation by the Ministry of Economic Affairs.
- ◎September 1st, 2002, the Wenshan (Xindian) service office was officially dissolved.
- ◎June 20th, 2003, 13th directors and supervisors re-election for 15 directors and 5 supervisors. Mr. Ho-Chia Chen was consecutively elected as Chairperson.
- ◎March 26th, 2004, the Company marks its 30 year anniversary for its gas supply.
- ◎December 3rd, 2004, the Company was awarded the "2003 National Occupational Safety and Health Promotion Best Unit" excellent award by the then Council of Labor Affairs of Executive Yuan.

II. Company Introduction

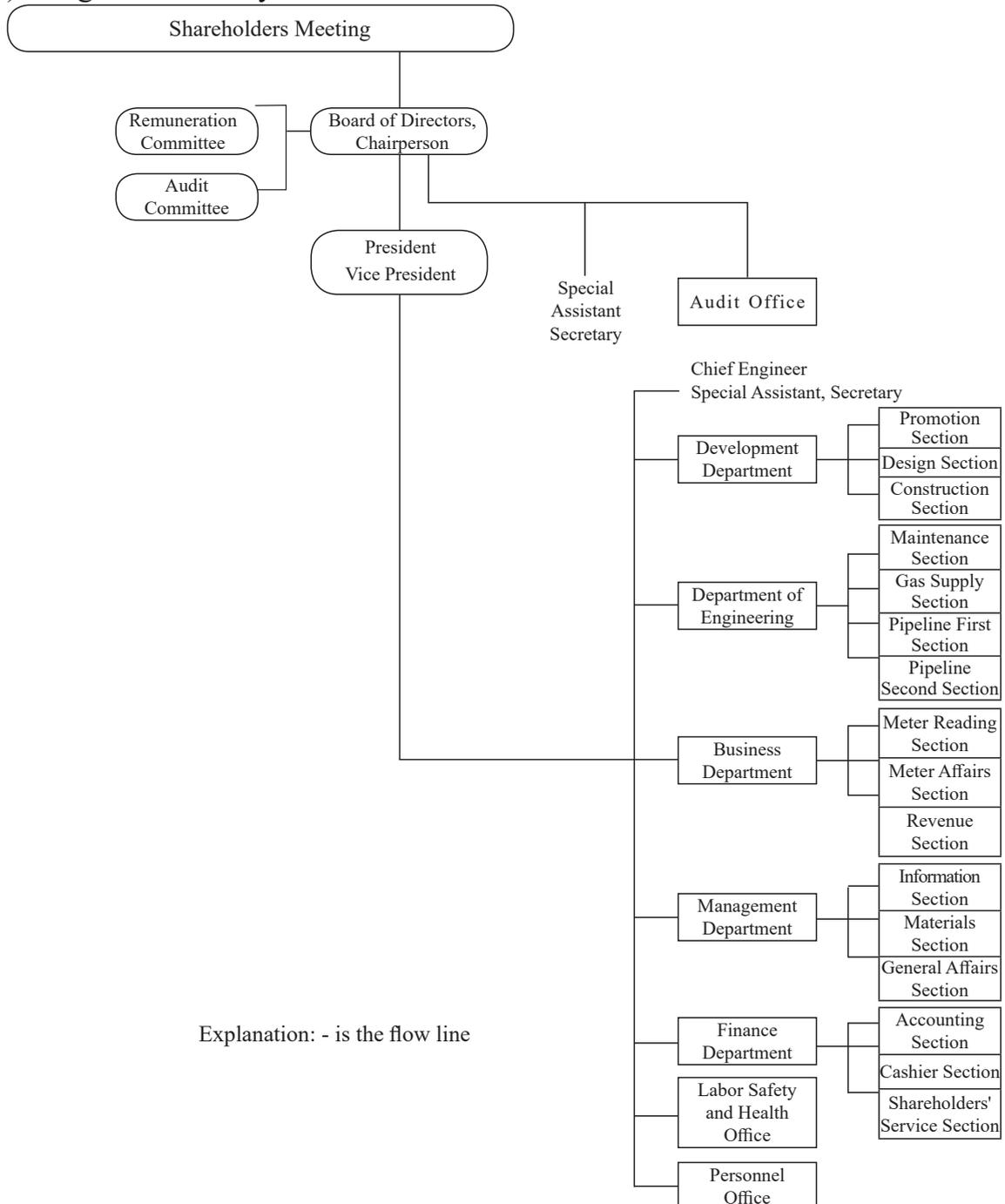
- ◎November 22nd, 2005, Jinhe gas station passed the safety inspections and officially began operation.
- ◎January 1st, 2006, the Energy Bureau, Ministry of Economic Affairs announced the switch from natural gas basic units to basic fees, volume fees and meter guarantee refund. The new policy began formal implementation this day.
- ◎June 23rd, 2006, shareholders general meeting was held for the 14th directors and supervisors election for 15 directors and 5 supervisors. Mr. Ho-Chia Chen was consecutively elected as the chairperson.
- ◎September 1st, 2007, the Company was awarded the “2006 National Occupational Safety and Health Promotion Best Unit” excellent award by the then Council of Labor Affairs of Executive Yuan.
- ◎March 26th, 2009, the Company marks its 35 anniversary for its gas supply.
- ◎June 19th, 2009, shareholders general meeting was held for the 15th directors and supervisors election for 15 directors and 5 supervisors. Mr. Ho-Chia Chen was consecutively elected as the chairperson.
- ◎January 7th, 2010, number of users for the gas supply service reaches 300,000.
- ◎December 25th, 2010, Taipei County was upgraded to New Taipei City. The administrative areas within the operating areas were changed to Yonghe, Zhonghe, Xindian, and Shenkeng area in cooperation with amending relevant information.
- ◎May 25th, 2011, the Company marked its 40 years anniversary, and organized a music festival at the Taipei Zhongshan Hall on June 1st in celebration of the anniversary.
- ◎June 9th, 2011, the Company’s chairperson Mr. Ho-Chia Chen was appointed as the 11th Chairperson of the “Gas Association of the Republic of China.”
- ◎November 1st, 2011, the Company’s chairperson Mr. Ho-Chia Chen was appointed as the Adviser of Executive Yuan Administrative.
- ◎December 23rd, 2011, the Company established the Remuneration Committee.
- ◎June 13th, 2012, shareholders general meeting was held for the 16th directors and supervisors election for 15 directors and 5 supervisors. Mr. Ho-Chia Chen was consecutively elected as the chairperson.
- ◎March 26th, 2014, the Company marks its 40 anniversary for its gas supply.
- ◎May 19th, 2015, the Company’s chairperson Mr. Ho-Chia Chen was appointed as the 12th Chairperson of the “Gas Association of the Republic of China.”
- ◎June 23rd, 2015, shareholders general meeting was held for the 17th directors and supervisors election for 19 directors (including electing 4 independent directors for the first time) and five supervisors. Mr. Ho-Chia Chen was consecutively elected as the chairperson.
- ◎January 1st, 2016, electronic invoices were used.
- ◎November 28th, 2017, the Company was awarded the “2017 Excellent Business for Using Electronic Invoices” by the Director-General Mr. Hsiu-Zhong Wang of National Taxation Bureau of the Northern Area, Ministry of Finance.
- ◎June 7th, 2018, shareholders general meeting was held for the 18th directors and supervisors election for 19 directors (including electing 4 independent directors) and 5 supervisors. Mr. Ho-Chia Chen was consecutively elected as the chairperson.
- ◎May 25th, 2021, established the “Response Management Center.”
- ◎August 31st, 2021, the 19th election was held to elect for 24 directors (including electing 5 independent directors). Mr. Ho-Chia Chen was consecutively elected as the chairperson. The Audit Committee was established in replacement of the supervisors after the election.

- IV. In recent year and until annual report publication date, were there situations of company merger and acquisitions, reinvestment of affiliated companies or reorganization: None.**
- V. In recent year and until annual report publication date, were there large volume transfer of or changes to stock rights, or changes to management right by any director, supervisor, or major shareholder with a stake of more than 10 percent: None.**
- VI. In recent year and until annual report publication date, were there major changes to the management methods or business contents and if there were any other major cases that may have a impact to shareholder rights and the company: None.**

III. Company Governance Report

I. Organizational system

(I) Organizational system chart



III. Company Governance Report

(II) Business operations of main segments

Main segments	Main functions
Audit Office	Responsible for planning the company's internal audit system, evaluate internal control system deficiencies, support every business unit to cooperate with legal compliance and measurement of operations effectiveness, provide timely improvement suggestions, ensuring internal control system remains in effective implementation, supporting management in fulfilling responsibilities.
Development Department	Consists of three divisions in promotion, design, construction. Promotion Section: Responsible for market research, pipe investment evaluation, promote construction plans write-up and finalizing, assist in right-of-way disputes and user information management; Design Section: Responsible for newly established facility for transporting and storage of gases, formulate the installation business fee collection process handbook, branch pipe, interior, exterior and intercepting valve construction design price evaluation, tender, and establish contracts, new techniques, pipe materials R&D; Construction Section: Responsible for the construction of new facilities for the transport and storage of gases, its branch pipe and interior, the construction work, supervision, inspection, final settlement of exterior construction, right-of-way settlement, and contractor management.
Department of Engineering	There are the Gas Supply Section, Maintenance Section, First Section, Second Section. Gas Supply Section: Responsible for the patrol inspection, maintenance, and care of the storage tank, governor station facility, and high pressure steel pipe. Maintenance Section: Replacement of the transmission and distribution pipelines, regular inspections of the user pipelines, and replacement of user pipes. First Section: Emergency repair work for gas leakage with gas supply facility and cork, steady flow valve, and filter. Second Section: Inspection, care and maintenance of gas supply facility and cork, steady flow valve, and filter.
Business Department	There are three sections, namely, the Meter Reading Section, Revenue Section, Meter Affairs Section, taking care of the meter reading, fees collection, meter affairs and so on services and multiple businesses, long term investments and more. (I) The Meter Reading Section is responsible for information establishment and management of user gas usage quantity in the gas supplying areas, its gas usage quantity calculation and examination for information submission and so on related business. (II) The Revenue Section is responsible for the natural gas fees collection, audit the accounts processing by bill payment services, settlement and reporting, and at-the-counter fee collection, overdues collection, and so on business. (III) The Meter Affairs Section is responsible for the installation, examine, dismantle, replacement, and related business.
Management Department	There are the Information Section, Materials Section, and General Affairs Section, in charge of the strategic planning and establishment, and maintenance of the Management Information System (MIS) and Geographic Information System (GIS); Materials procurement, storage management, property management, general affairs, clerical work, and so on matters.
Finance Department	There are the Accounting Section, Cashier Section, and Shareholders' Service Section, mainly responsible for the company's budget, control of various costs and expenses, cash receipt and disbursement, and so on handling of the accounts, and to organize shareholders meeting and processing of shareholder's services and so on matters.
Labor Safety and Health Office	Responsible for the establishment, planning, promotion, supervising, inspection, and recording of the company's occupational health and safety (OHS) related business, employee OHS educational trainings and the prevention, statistics, investigation handling of occupational hazards, etc.
Personnel Office	Responsible for the planning and execution of employee education trainings, attendance, performance appraisal, rewards and punishment, appointment, dismissal, transfer, retirement, severance and pension, labor and health insurance, remuneration committee, human resources arbitration committee, and so on related business.

III. Information on directors, supervisors, president, vice-president, assistant VP and head of each department and branches:

(I) Information on directors and supervisors (1)

Title	Nationality or place of registration	Name	Gender Age (years old)	Date elected (onboard)	Term of office	Date first elected	Shares held when elected		Shares currently held		Shares currently held by spouse & minors		Shares held in the name of others		Selected education and professional qualification	Selected current Positions at the Company and Other Companies	Title	Name	Relationship	Remark
							Number of shares (Shares)	Shareholding percentage %	Number of shares (Shares)	Shareholding percentage %	Number of shares (Shares)	Shareholding percentage %	Number of shares (Shares)	Shareholding percentage %						
Chairperson	R.O.C.	Ho-Chia Chen	Male 61-70	2021.8.31	3 years	1985.5.21	912,010	0.51	912,010	0.51	97,862	0.05	0	0	Diploma, Tamusi Institute of Business Administration	EVFA INTERNATIONAL CO., LTD. Chairperson	Director	Po-Kwo Chen Hsi-Chan Chen Wu	First-degree relatives	
Director	R.O.C.	Veterans Affairs Commission, Executive Representative: Cheng-Yi Lin	Male 51-60	2021.8.31	3 years	1972.11.25	46,556,713	25.79	46,556,713	25.79	0	0	0	0	Masters, Graduate Institute of National Policy and Public Affairs, National Chung Hsing University	Veterans Affairs Commission, Executive Yuan, Department of Personnel, Directorate-General	None	None	None	January 22, 2022 dismissal
			Female 51-60				0	0	0	0	0	0	0	0	0		0			
Director	R.O.C.	Veterans Affairs Commission, Executive Representative: Pi-Lin Chang	Male 31-40	2021.8.31	3 years	2002.6.21	(10,534,066)	(5.83)	10,534,066	(5.83)	0	0	0	0	Bachelor, The New School for General Studies, New York	TAIWAN SHIN KONG SECURITY CO.,LTD. Vice Chairperson; THE GREAT TAIPEI GAS CORPORATION Director; Shin-Hai Gas Co., Ltd. President.	Director	Hsin-Ju Wu	Second-degree relatives	
			Male 61-70				914,951	0.51	914,951	0.51	0	0	0	0	0		0	Graduated from Qing Shu High School	Director	Ke-Tseng Li
Director	R.O.C.	Representative: Pao-Kwoy Chen Chien	Female 91-100	2021.8.31	3 years	1997.5.24	6,031,011	3.34	6,031,011	3.34	0	0	0	0	Graduated from Taipei Municipal Zhong Shan Girls High School	None	Chairperson	Ho-Chia Chen Hsi-Chan Chen Wu	First-degree relatives	
			Male 61-70				224,424	0.12	224,424	0.12	0	0	0	0	0		0	Class of 2001, Strategy Class, Management College, National Defense University	None	None
Director	R.O.C.	THE GREAT TAIPEI GAS CORPORATION Representative: Hsin-Ju Wu	Female 41-50	2021.8.31	3 years	2003.6.20	10,534,066	5.83	10,534,066	5.83	0	0	0	0	MBA, Columbia Business School, Columbia University, New York, USA	President, Shin Kong Financial Holding	Director	Richard H Wu	Second-degree relatives	
			Male 71-80				4,668,441	2.59	4,668,441	2.59	0	0	0	0	0		0	Graduated from Department of Business, National Open University	None	None
Director	R.O.C.	Tung Chan Enterprise Co., Ltd. Representative: Hung-Wen Chiang	Male 61-70	2021.8.31	3 years	1988.4.29 elected director until 2009.6.19 elected supervisor until 2021.8.31 elected director	31,506	0.02	31,506	0.02	0	0	0	0	Masters, Cornell University, USA	Chairperson, Hsin Tai Gas Co., Ltd.; Director, YUNG CHIAO INVESTMENT CORPORATION	None	None	None	None
			Male 61-70				2,189,360	1.21	2,189,360	1.21	1,409,800	0.78	0	0	0		0	Masters, University of Leicester, UK	None	None
Director	R.O.C.	Veterans Affairs Commission, Executive Representative: Chy-Chung Chang	Male 51-60	2021.8.31	3 years	1972.11.25	1,139,698	0.63	1,139,698	0.63	187,854	0.10	0	0	Graduated from Department of Management Science, Tamusi Institute of Business Administration	Director, HONDA Cars International Co., Ltd.	None	None	None	None
			Male 61-70				46,556,713	(25.79)	46,556,713	(25.79)	0	0	0	0	0		0	Masters, Department of Statistics, National Chengchi University (NCCU)	Directorate-General, Department of Statistics, Veterans Affairs Commission, Executive Yuan; Director, Shin Department Store and Showtime Cinemas	None
Director	R.O.C.	Veterans Affairs Commission, Executive Representative: Ming-Tsang Lin	Male 61-70	2021.8.31	3 years	1972.11.25	(46,556,713)	(25.79)	46,556,713	(25.79)	0	0	0	0	48th Term, Fu Hsing Kang College, National Defense University	Senior Executive Officer, Department of Civil Service Ethics, Veterans Affairs Commission, Executive Yuan	None	None	None	None
			Male 61-70				0	0	0	0	0	0	0	0	0		0	0		

Table I: Dominant shareholders of institutional shareholders

April 19, 2022

Name of institutional shareholders	Dominant shareholders of institutional shareholders	Shareholding percentage
Veterans Affairs Commission, Executive Yuan	Not applicable for government agencies	Not applicable
Shin Kong Wu Ho-Su Memorial Hospital	Shin Kong Life Insurance Co., Ltd.	33.3%
	Shin Kong Wu Foundation	10%
	Company, charities, and Tung-Chin Wu	56.7%
Kindasaki Biochemical Technology Co., Ltd.	Ho-Chia Chen	53.41%
	Shu-Hui Chiu	20.45%
	Pai-Hsuan Chen	14.85%
	Pai-Rong Chen	5.30%
	Chien-Yu Wu	5.30%
	Hui-Chun Chen Wu	0.68%
THE GREAT TAIPEI GAS CORPORATION	Shin Kong Life Insurance Co., Ltd.	6.68%
	Tung-Chin Wu	6.06%
	Shin Kong Wu Ho-Su Memorial Hospital	5.54%
	Yueh Hsing Hua Investment Co., Ltd.	5.18%
	SHINKONG SYNTHETIC FIBERS CORP.	3.91%
	Chi Yeh Chemical Co., Ltd.	3.00%
	Shin Hu Natural Gas Co., LTD.	2.96%
	Juying Industrial Co., Ltd.	2.70%
	Shin-Kong Life Real Estate Service Co.,Ltd.	2.29%
	SHINKONG TEXTILE CO., LTD.	2.08%

III. Company Governance Report

Name of institutional shareholders	Dominant shareholders of institutional shareholders	Shareholding percentage
Shin-Hai Gas Co, Ltd.	Pai Hsun Investment Co., Ltd.	15.14%
	THE GREAT TAIPEI GAS CORPORATION	9.43%
	CONSCIOUS ENTERPRISES CO., LTD.	7.72%
	Shin Kong Life Insurance Co., Ltd.	6.91%
	Chi Yeh Chemical Co., Ltd.	4.49%
	Thousand Islands Investment Co., Ltd.	3.89%
	Kuang Wei Investment Co., Ltd.	2.87%
	Northeast Corner Recreation Development Co., Ltd.	2.78%
	Jang Te Investment Co., Ltd.	2.60%
	YANG MING SHAN GAS CO., LTD.	2.41%
Tung Chan Enterprise Co., Ltd.	Hung-Wen Chuang	94.26%
	Mei-Ying Chen	4.60%
	Chen-Yu Chuang	1.14%

Note 1: If the director or supervisor is a representative of a institutional shareholder, indicate the name of the institutional shareholder and its representative.

Note 2: Indicate the major shareholder name (the names of the 10 largest shareholders in terms of their shares) of the institutional shareholder and their shareholding ratio. If the dominant shareholder is an institutional shareholder, shall fill in Table 2 again.

Note 3: If the institutional shareholder is not a corporate organization, instead of indicating the shareholder's name and ownership, disclosure of the name of funders or donors, and the percentage of the fund or donation is required.

Table 2: The dominant shareholders of the major institutional shareholder in Table 1.

1. THE GREAT TAIPEI GAS CORPORATION

April 19, 2022

Name of institutional shareholders	Dominant shareholders of institutional shareholders (Shareholdings percentage%)
Shin Kong Life Insurance Co., Ltd.	Shin Kong Financial Holding Co., Ltd. (100%)
Shin Kong Wu Ho-Su Memorial Hospital	Shin Kong Life Insurance Co., Ltd. (33.3%), Shin Kong Wu Foundation (10%), company, charities, and Tung-Chin Wu (56.7%)
Yueh Hsing Hua Investment Co., Ltd.	Hui-Liang Hsueh (0.05%), Mei-Liang Hsueh (0.05%)
SHINKONG SYNTHETIC FIBERS CORP.	Shin Kong Life Insurance Co., Ltd. (4.26%), SHINKONG CO., LTD. (5.22%), Shinsheng Investment Co., Ltd. (5.28%), SHINKONG TEXTILE CO., LTD. (3.47%), Shinkong Insurance Co., Ltd.(3.04%), Jilien Investment Co., Ltd. (2.36%), TORAY INDUSTRIES, INC. (2.20%) ,Yuanbao Co., Ltd. (2.18%), Shin Kong Recreation Co., Ltd. (4.66%), I-Kuang Industrial Co., Ltd. (2.07%)
Chi Yeh Chemicals Co., Ltd.	THE GREAT TAIPEI GAS CORPORATION (26.55%), Thousand Islands Investment Co., Ltd. (8.73%), Mienhao Industrial Co., Ltd. (6.33%), Pai Hsun Investment Co., Ltd. (5.64%), Han-Tung Lin (4.07%), Ho Jui Industrial Co., Ltd. (5.03%), Taifeng Investment Co., Ltd. (3.34%), Taiwan Glass Ind. Corp. (3.3%), Hung Hsin Industrial Co., Ltd. (2.28%), Hui-Wen Lin (1.93%)
Shin Hu Natural Gas Co., LTD.	Veterans Affairs Commission, Executive Yuan (32.95%), Jungchiao Investment Co., Ltd. (30.72%), You Chen Chia Investment Co., Ltd. (1.72%)
Juying Industrial Co., Ltd.	Tung Ying Investment Co., Ltd. (99.8%), Tung-Chin Wu (0.2%)
Shin-Kong Life Real Estate Service Co.,Ltd.	Shin Kong Life Insurance Co., Ltd. (72.01%), Shin Kong Wu Ho-Su Memorial Hospital (8.78%), YI-KONG INTERNATIONAL APARTMENT BUILDING MANAGEMENT AND MAINTENANCE CO.,LTD. (3%), SHINSOFT CO., LTD. (3%), TAIWAN SECURITY CO., LTD. (3%), YI-KONG SECURITY CO., LTD. (2.4%), Shin-Po Investment Co., Ltd. (2.4%), E TECH PRO LTD. (2%), SHIN-PO LIFE CARE CO., LTD. (1.6%), Shin-Po Express Co., Ltd. (1.6%)
SHINKONG TEXTILE CO., LTD.	SHINKONG SYNTHETIC FIBERS CORP. (9.46%), Shin Kong Wu Ho-Su Memorial Hospital (6.99%), Chi Chen Co., Ltd. (6.55%), Hung Pu Co., Ltd. (4.68%), Lien Chuan Co., Ltd. (4.54%), Ho Jui Industrial Co., Ltd. (4%), Chien Cheng Co., Ltd. (3.93%), Hua Chen Co., Ltd. (3.57%), Cheng Kuang Industrial Co., Ltd. (3.64%), Mienhao Industrial Co., Ltd. (2.71%)

III. Company Governance Report

2. Shin-Hai Gas Co, Ltd.

April 19, 2022

Name of institutional shareholders	Dominant shareholders of institutional shareholders (Shareholdings percentage%)
Pai Hsun Investment Co., Ltd.	THE GREAT TAIPEI GAS CORPORATION (100%)
THE GREAT TAIPEI GAS CORPORATION	Shin Kong Life Insurance Co., Ltd. (6.68%), Tung-Chin Wu (6.06%), Shin Kong Wu Ho-Su Memorial Hospital (5.54%), Yueh Hsing Hua Investment Co., Ltd. (5.18%), SHINKONG SYNTHETIC FIBERS CORP. (3.91%), Chi Yeh Chemical Co., Ltd. (3%), Shin Hu Natural Gas Co., LTD. (2.96%), Juying Industrial Co., Ltd. (2.7%), Shin-Kong Life Real Estate Service Co.,Ltd. (2.27%), SHINKONG TEXTILE CO., LTD. (2.08%)
CONSCIOUS ENTERPRISES CO., LTD.	Chan-Nan Chang (14.49%), Chung-Ta Chang (9.31%), Wen-Jui Chang (9.18%), Li-Ching Lin (8%), Mei-Ying Huang (8%), Mei-Yun Yeh (8%), Te-Ming Chang (7.18%), Hui-Fen Chang (7.18%), Pi-Mei Chang (6.53%), Wu-Su Chang (5.06%)
Shin Kong Life Insurance Co., Ltd.	Shin Kong Financial Holding Co., Ltd. (100%)
Chi Yeh Chemical Co., Ltd.	THE GREAT TAIPEI GAS CORPORATION (26.55%), Thousand Islands Investment Co., Ltd. (8.73%), Mienhao Industrial Co., Ltd. (6.33%), Pai Hsun Investment Co., Ltd. (5.64%), Ho Jui Industrial Co., Ltd. (5.03%), Han-Tung Lin (4.07%), Taifeng Investment Co., Ltd. (3.34%), Taiwan Glass Ind. Corp. (3.30%), Hung Hsin Industrial Co., Ltd. (2.28%), Hui-Wen Lin (1.93%)
Thousand Islands Investment Co., Ltd.	THE GREAT TAIPEI GAS CORPORATION (100%)
Jui Hsing International Investment Co., Ltd.	Yun-Ta Chuang (20%), Hsiu-Wen Wang (12.5%), Ting-Ya Chuang (12.5%), Chih-Chin Chuang (12.5%), Ching-Chih Chuang Lin (11%), Yu-Hsuan Chuang (10%), Ming-Hsuan Chuang (10%), Ying-Nan Chuang (5%), Mei-Yu Chuang Chen (5%), Ying-Chih Chuang (1.5%)
Northeast Corner Recreation Development Co., Ltd.	Juying Industrial Co., Ltd. (33%), Peng Lai Co., Ltd. (13.17%), Po-Fong Lin (0.16%)
Jang Te Investment Co., Ltd.	Hui-Lan Wu (16.67%), Ying-Chen Wu (16.66%), Tzu-Hsiu Wu (14.19%), Liang-Hung Wu (14.19%), Yao-Pi Kei (8.01%), Yu-Fen Lin (7.17%), Wen-Hui Pan (5.88%), Chia-Chi Hsu (4.33%), Chen-Liang Wu (3.62%), Hui-Chiung Lai (2.48%)
YANG MING SHAN GAS CO., LTD.	Chiu-Yu Lai (5.8%), Chin-Piao Liu (3.89%), Li-Chen Huang (3.85%), Chun-Ming Wu (2.98%), Yin-Ju Chen (1.14%), Chi-Ming Chen (0.86%), Shih-Hsun Wei (0.77%), I-Qi Liu (0.72%), Wen-Cheng Wu (0.7%), Chiu-Hung Lai (0.68%)

Directors Information (2)

I. Information disclosure on the professional qualifications of the directors and status of independence of the independent directors:

April 19, 2022

Name	Criteria Professional qualifications and experiences	State of independence	Number of other public companies in which the individual is concurrently serving as an independent director
Ho-Chia Chen	Current position: Chairperson, Shin Shin Natural Gas Co. LTD. Past position: Chairperson, Gas Association of the Republic of China, Chairperson, Hsin Kuang Construction Co., Ltd., National Assembly member, Adviser of Executive Yuan Administrative.	1.Has 2 first-degree relatives assume the director post with the Company. 2.Not in any of the circumstances regulated under Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act.	None
Veterans Affairs Commission, Executive Yuan Representative: Pi-Lin Chiang	Current positions: Veterans Affairs Commission, Executive Yuan, Department of Personnel, Directorate-General Past positions: Deputy Director-General, Department of Personnel, Ministry of Interior, Head of human resources office, Mongolian and Tibetan Affairs Commission	No spouse or second-degree relatives assuming director post with the Company.	None
THE GREAT TAIPEI GAS CORPORATION Representative: Richard H Wu	Current positions: TAIWAN SHIN KONG SECURITY CO.,LTD. Vice Chairperson, THE GREAT TAIPEI GAS CORPORATION Vice Chairperson, Shin Kong Life Insurance Co., Ltd. Director, Shin-Hai Gas Co, Ltd. Director, SEED STUDIO INCORPORATION Director, SHINKONG TEXTILE CO., LTD. Director	1.Has 1 second-degree relative assume the director post with the Company. 2.Not in any of the circumstances regulated under Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act.	None
Jung-Chun Huang	Current position: President, Ifu Enterprise Co., Ltd.	1.Has 1 second-degree relative assume the director post with the Company. 2.Not in any of the circumstances regulated under Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act.	None
Kindasaki Biochemical Technology Co., Ltd. Representative: Pao-Kway Chen Chien	Current position: Chairperson, Chen Gen-Chu Foundation for Education and Culture	1.Has 2 first-degree relatives assume the director post with the Company. 2.Not in any of the circumstances regulated under Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act	None
Veterans Affairs Commission, Executive Yuan Representative: Fu-Hua Li	Current position:President, Shin Shin Natural Gas Co. LTD. Past positions:Assistant to DCGS, Office of Deputy Chief of the General Staff for Logistics and Office of the Deputy Chief of the General Staff for Personnel, General Staff Headquarters, Ministry Of National Defense, Director, Department of personnel management, Commander, 5th Regional Support Command, Combined Logistics Command of the Ministry of National Defense	No spouse or second-degree relatives assuming director post with the Company.	None
THE GREAT TAIPEI GAS CORPORATION Representative: Hsin-Ju Wu	Current position: President, Shin Kong Financial Holding Co., Ltd. Past positions: Director, Shin Kong Life Insurance Co., Ltd., Director, Shin Kong Financial Holding Co., Ltd., Director, Shin Kong Bank, Director, Shin Kong Wu Ho-Su Memorial Hospital	1.Has 1 second-degree relative assume the director post with the Company. 2.Not in any of the circumstances regulated under Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act.	None
Shin-Hai Gas Co, Ltd. Representative: Rung-Fu Hsieh	Current positions: THE GREAT TAIPEI GAS CORPORATION Chairperson, Shin-Hai Gas Co, Ltd. Chairperson Past position: Vice Chairperson, Gas Association of the Republic of China	No spouse or second-degree relatives assuming director post with the Company.	None
Tung Chan Enterprise Co., Ltd. Representative: Hung-Wen Chuang	Current position: Chairperson, HSIN TAI GAS CO., LTD. Past position: President, YANG MING SHAN GAS CO., LTD.	No spouse or second-degree relatives assuming director post with the Company.	None

III. Company Governance Report

Name	Criteria Professional qualifications and experiences	State of independence	Number of other public companies in which the individual is concurrently serving as an independent director
Cheng-Cheng Wong	Current position: Director, HONDA Cars Tucheng Past position: Director, Shunyi International Co., Ltd.	No spouse or second-degree relatives assuming director post with the Company.	None
Veterans Affairs Commission, Executive Yuan Representative: Chy-Chung Chang	Current position: Veterans Affairs Commission, Executive Yuan, Department of Statistics, Directorate-General Past positions: Directorate-General, Department of Statistics, Veterans Affairs Commission, Executive Yuan, Inspection and Division Chief, Department of Budget, Accounting and Statistics, Taipei City Government, Deputy Statistician-General, The Working Group of Education Statistics, Ministry of Education, Deputy Director-General, Department of Budget, Accounting and Statistics, Taipei City Government	No spouse or second-degree relatives assuming director post with the Company.	None
Veterans Affairs Commission, Executive Yuan Representative: Ming-Tseng Lin	Current position: Veterans Affairs Commission, Executive Yuan, Department of Civil Service Ethics, Senior Executive Officer Past positions: Taoyuan Veterans Hospital, Veterans Affairs Commission, Executive Yuan, Taoyuan Veterans Home, Director, Section Chief, and Senior Executive Officer of Civil Service Ethics Office, Taipei Veterans General Hospital, Senior Executive Officer of Department of Civil Service Ethics, Director of Department of Civil Service Ethics, Ministry of the Interior, National Expressway Engineering Bureau, Ministry of Transportation and Communications	No spouse or second-degree relatives assuming director post with the Company.	None
Veterans Affairs Commission, Executive Yuan Representative: Tao-Chung Ku	Current position: Veterans Affairs Commission, Executive Yuan, Department of Administrative Management, Directorate-General Past positions: Senior Executive Officer of Department of Administration Management, Veterans Affairs Commission, Executive Yuan, Director of Bade District, Taoyuan Veterans Home, Director of Keelung City Veterans Service Office, Deputy Director of Taoyuan City Veterans Service Office	No spouse or second-degree relatives assuming director post with the Company.	None
Shin Kong Wu Ho-Su Memorial Hospital Representative: Po-Ih Wang	Current position: Consultant, Shin Kong Wu Ho-Su Memorial Hospital Past positions: Assistant Vice-President, THE GREAT TAIPEI GAS CORPORATION, Consultant, Shin Kong Wu Ho-Su Memorial Hospital, Chairperson, Taiwan Meteorological Technology Foundation	No spouse or second-degree relatives assuming director post with the Company.	None
Kindasaki Biochemical Technology Co., Ltd. Representative: Hui-Chun Chen Wu	Current position: President, New Taipei City Women's Association Past positions: Chairperson, YungHo District Women's Association, Chairperson, Chen Gen-Chu Foundation for Education and Culture	1. Has 2 first-degree relatives assume the director post with the Company. 2. Not in any of the circumstances regulated under Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act	None
THE GREAT TAIPEI GAS CORPORATION Representative: Po-Fong Lin	Current position: Chairperson, TAIWAN SHIN KONG SECURITY CO., LTD Past positions: President, TAIWAN SHIN KONG SECURITY CO., LTD., President, Yu Yuan Construction Co., Ltd., Vice President, ASIAN CULTURE PUBLISHING CO., LTD.	No spouse or second-degree relatives assuming director post with the Company.	None
Kuo-Tai Chang	Current position: Vice President, EVFA INTERNATIONAL CO., LTD. Past positions: Director, Yuda Commercial Senior High School, President, Shin Shin Natural Gas Co. LTD.	No spouse or second-degree relatives assuming director post with the Company.	None

III. Company Governance Report

Name	Criteria	Professional qualifications and experiences	State of independence	Number of other public companies in which the individual is concurrently serving as an independent director
Ko-Tseng Li		Current position: Special Assistant to Chairperson, EVFA INTERNATIONAL CO., LTD. Past positions: Supervisor, Yuanta Securities, Manager, Shin Shin Natural Gas Co. LTD.	1. Has 1 second-degree relative assume the director post with the Company. 2. Not in any of the circumstances regulated under Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act	None
Ching-Kuo Lee		Current position: President, Taipei Golf Club Past position: President, Shin Shin Natural Gas Co. LTD.	1. Neither him/her, his/her spouse, nor relatives within second degree of kinship has held position as the director or employee of the Company or its affiliates. 2. Is not a director, supervisor or employee of a designated company that has specified relationship with the Company. 3. Has not obtained compensation from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent two years.	None
Shun-Yun Hsu		Current position: Chairperson, Jasper Hotel Banqiao Taipei Past positions: Senior Vice President, Shin Kong Financial Holding, Senior Vice President, Shin Kong Life Insurance Co., Ltd.	1. Neither him/her, his/her spouse, nor relatives within second degree of kinship has held position as the director or employee of the Company or its affiliates. 2. Is not a director, supervisor or employee of a designated company that has specified relationship with the Company. 3. Has not obtained compensation from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent two years.	None
Chin-Ming Kuo		Current position: Professor, Department of Law, Chinese Culture University	1. Neither him/her, his/her spouse, nor relatives within second degree of kinship has held position as the director or employee of the Company or its affiliates. 2. Is not a director, supervisor or employee of a designated company that has specified relationship with the Company. 3. Has not obtained compensation from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent two years.	None
Ming-Hsiung Chen		Current positions: Chairperson, Daxin Investment Co., Ltd., Chairperson, Ambassador Construction Co., Ltd. Past positions: 4th Councilman of Taipei County, National Assembly member, Advisor of Executive Yuan Administrative, National Policy Advisor to the Office of the President	1. Neither him/her, his/her spouse, nor relatives within second degree of kinship has held position as the director or employee of the Company or its affiliates. 2. Is not a director, supervisor or employee of a designated company that has specified relationship with the Company. 3. Has not obtained compensation from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent two years.	None
Han-Lin Tseng		Current positions: Chairperson, Institute for the Blind of Taiwan, Chairperson, Legal Department, Taiwan After-Care Association, Taipei Branch, Vice Chairperson, Hanbang Industrial Co., Ltd., Managing Director, TONG HSIN WATER BUSINESS INC. Past position: Municipal Consultant, Taipei City Government	1. Neither him/her, his/her spouse, nor relatives within second degree of kinship has held position as the director or employee of the Company or its affiliates. 2. Is not a director, supervisor or employee of a designated company that has specified relationship with the Company. 3. Has not obtained compensation from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent two years.	None

II. Diversity and independence of the Board of Directors:

(I)The Company’s 19th Board of Directors is composed of 24 director members (including 5 independent directors, of which 1 has dismissed from institutional representative, and 1 independent director resigned). The composition is diversified, each with their own expertise and experiences. Experts in management leadership and operations judgements experiences are Ho-Chia Chen; Richard H Wu; Jung-Chun Huang; Fu-Hua Li; Hsin-Ju Wu; Rung-Fu Hsieh; Hung-Wen Chuang; Cheng-Cheng Wong; Po-Fong Lin; Ching-Kuo Lee; Ming-Hsiung Chen, 11 persons; Experts in natural gas industry knowledge are Ho-Chia Chen; Richard H Wu; Fu-Hua Li; Rung-Fu Hsieh; Hung-Wen Chuang; Po-Ih Wang; Kuo-Tai Chang; Ko-Tseng Li, Ching-Kuo LEE, 9 persons; Experts in planning and administrative management are Pi-Lin Chiang; Chy-Chung Chang; Ming-Tseng Lin; Tao-Chung Ku, 4 persons; Experts in risk management are Ho-Chia Chen; Jung-Chun Huang; Fu-Hua Li; Hsin-Ju Wu; Rung-Fu Hsieh; Hung-Wen Chuang; Kuo-Tai Chang; Ching-Kuo Lee, 8 persons; Experts in financial management are Hsin-Ju Wu; Chy-Chung Chang; Ching-Kuo Lee; Han-Lin Tseng, 4 persons; Experts in accounting analysis are Shun-Yun Hsu; Kuo-Tai Chang; Ko-Tseng Li, 3 persons; Experts in legal matters are Po-Fong Lin; Chin-Ming Kuo; 2 persons; With government affairs experiences are Ho-Chia Chen; Ming-Hsiung Chen; Han-Jin Tseng, 3 persons; With outstanding contributions to charity work are Ho-Chia Chen; Pao-Kway Chen Chien; Hui-Chun Chen Wu; Kuo-Tai Chang; Ko-Tseng Li; Ming-Hsiung Chen; Han-Lin Tseng, 7 persons.

Expertise	Related to the company	Number of directors
Board of Directors/ Committee leaders	Management and leading experiences are strategic assets of the Board of Directors and Functional Committee	11
Natural gas industry experience	Assist in reviewing company sales, operations, finance	9
Public administration management	Brings about legal compliance and raises administration performance and efficiency	4
Risk management	Assists in monitoring the adoption of effective methods to lower cost and improve safety in the supplying of gas to guarantee business operation	8
Finance management	Assists in investment decision-making, dividends policy, operation funds decision-making and so on financial management professional scope for supervision, consultation and operations experiences	4
Accounting expertise	Apply accounting analysis professional scope for monitoring, consultation and operation experiences	3
Legal expertise	Brings professional scope for monitoring, consultation and operation experiences	2
Government affairs experience	Administrative affairs in communications and coordination with competent authorities	3
Charity experiences	Experiences in enhancing corporate social responsibilities	7

(II) The age distribution for directors, there are 2 directors below 50 years old, 8 directors between 51-65, and 12 directors are 65 years old and above. To enhance the independence of the directors, the Company does not have any employees as directors.

Apart from the aforementioned, the Company values gender balance in the members formation. Currently, there are 4 female directors which stands at 17%. In the future, will continue to raise the percentage of female directors as a goal.

(III) Specific management goals and current status of the Board of Directors diversity policy:

Management goals	achievements	Remark
At least one seat of female director	✓	4 seats of female director
No more than one-third of the directors who are concurrently managers of the company	✓	None of such situation
Must be more than one-fifth of the directors who are independent directors	✓	Currently standing at 21% One seat of independent director resigned on March 17th, 2022, by-election to be held at 2022 shareholders general meeting.
Years of service by independent directors at not more than 9 years	✓	None of such situation

(IV) There are 5 independent directors for the Company, standing at 21%. Each of them exercise authority independently. 2 of the independent directors have served for less than 3 years, 3 of the independent directors have served for 4 years, and all independent directors do not serve for over 3 consecutive terms. There have been no circumstances as regulated under Article 26-3, Paragraph 3 and 4 of the Securities and Exchange Act.

None of the independent directors, their spouses, relatives within the second degree of kinship hold positions as a director, supervisor or employee of the Company, its affiliates or a designated company that has specified relationship with the Company, and do not hold any company shares; Have not obtained compensation from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent two years.

Independent director Shun-Yun Hsu possesses accounting or finance expertise, graduated from Department of Accounting, Soochow University, acts as the accounting and finance officer for more than 20 years. Past positions include CFO of Shin Kong Financial Holding, Senior Vice President of Shin Kong Life Insurance Co., Ltd.. Concurrently, acts as the Convener of accounting working group for the Life Insurance Association R.O.C.. There have been no circumstances as regulated under Article 30 of the Company Act.

III. Company Governance Report

(V)The Company drives the complete development of the Board of Directors formation and structure for the purpose of strengthening its corporate governance. Realizing the diversity and complementarity of the board directors to ensure the board members in general possess the necessary knowledge, skills and competence for the execution of the work.

(VI) Information on president, vice-president, assistant VP and head of each department and branches

April 19, 2022

Title	Nationality	Name	Gender	Date elected (onboard)	Number of shares held		Shares currently held by spouse & minors		Shares held in the name of others		Selected education and professional qualification	Concurrent Positions at Other Companies	Managerial officers who are spouses or within second-degree relative of consanguinity to each other			Remark
					Number of shares (Shares)	Shareholding percentage %	Number of shares (Shares)	Shareholding percentage %	Number of shares (Shares)	Shareholding percentage %			Title	Name	Relationship	
President	R.O.C.	Fu-Hua Li	Male	2019.3.16	0	0	0	0	0	0	2011 Year Class, National Defense Management Strategy Class, Management College, National Defense University	President, EVFA INTERNATIONAL CO., LTD.	None	None	None	
Vice President	R.O.C.	Yi-Hsin Chien	Male	2021.9.11	62,011	0.03	210,919	0.12	0	0	Bachelor of Chinese Literature, Fu Jen Catholic University	None	None	None	None	
Vice President	R.O.C.	Chung-Chieh Chen	Male	2019.8.16	0	0	0	0	0	0	Bachelor of Civil Engineering, National Cheng Kung University	None	None	None	None	
Manager, Development Department	R.O.C.	Cheng-Hsueh Hsieh	Male	2021.09.16	2,694	0.0018	0	0	0	0	Diploma of Electronic Engineering, Tungnan Technical College	None	None	None	None	
Acting Chief Auditor	R.O.C.	An-Yi Chen	Female	2021.9.11	275,152	0.15	548	0	0	0	Bachelor of Sociology, Soochow University	None	None	None	None	
Manager, Department of Engineering	R.O.C.	Chi-Ming Chang	Male	2020.11.21	0	0	0	0	0	0	Bachelor of Civil Engineering, Tamkang University	None	None	None	None	
Manager, Business Department	R.O.C.	Chong-Yi Liao	Male	2020.11.16	0	0	0	0	0	0	Master of Business Administration, National Taipei University	None	None	None	None	
Manager, Management Department	R.O.C.	Chih-Hsiung Shu	Male	2020.11.21	3,245	0.0018	0	0	0	0	Diploma of Industrial Engineering, Minghsin University of Science and Technology	None	None	None	None	
Manager, Department of Finance	R.O.C.	Yi-Yang Huang	Male	2019.4.9	0	0	0	0	0	0	Master of Resource Management, Management College, National Defense University	None	None	None	None	
Head of Labor Safety and Health Office	R.O.C.	Huai-An Liao	Male	2015.4.1	0	0	0	0	0	0	Hon. Master and Master of Commerce, Business Information Systems, University of Wollongong, Australia	None	None	None	None	
Head of Personnel Office	R.O.C.	Hung-Wen Li	Male	2020.12.15	2,120	0.0012	0	0	0	0	Master of Information Management, National Taiwan University of Science and Technology	None	None	None	None	

III. Remunerations paid to directors and independent directors, supervisors, president and vice-president in the most recent year

(I) Remuneration for directors and independent directors (disclosure of an aggregate amount that is in accordance with the range of compensation and the name of director)

Title	Name	Remuneration for directors				Remuneration for concurrent position as an employee				% of the sum of A to D in the net profit after tax		Compensation received from non-consolidated affiliates or parent company (NTD)								
		Remunerations Paid (A) (NTD)		Directors remuneration (C) (NTD)		Retirement Pension (B) (NTD)		Expenses for Execution of Business (D)(NTD)		Salaries, Bonus and Special Expenditure (E)(NTD)			Retirement Pension (F) (NTD)		% of the sum of A to G in the net profit after tax					
		All companies	in the Company's financial statements	All companies	in the Company's financial statements	All companies	in the Company's financial statements	All companies	in the Company's financial statements	All companies	in the Company's financial statements		All companies	in the Company's financial statements	All companies	in the Company's financial statements	All companies	in the Company's financial statements		
Chairperson	Ho-Chia Chen																			
Director	Fu-Hua Li (Remarks 1)																			
Director	Richard H Wu (Note 4)																			
Director	Jung-Chun Huang																			
Director	Pao-Kway Chen-Chien (Note 3)																			
Director	Chi-Chung Chang (Remarks 1)																			
Director	Hsin-Ju Wu (Note 4)																			
Director	Pe-ih Wang (Note 2)																			
Director	Cheng-Yi Lin (Remarks 1)																			
Director	Ming-Tsong Lin (Remarks 1)	5,965,199	6,785,199	0	0	7,741,076	7,741,076	17,670,000	17,796,000	9.16	9.44	51,822,674	7,152,674	0	0	165,725	0	10.73	11.69	None
Director	Pe-Fang Lin (Note 4)																			
Director	Hsi-Chuan Chen Wu (Note 3)																			
Director	Kuo-Tai Chang																			
Director	Ko-Tsong Li																			
Director	Tao-Chung Ku (Remarks 1)																			
Director	Cheng-Cheng Wong																			
Director	Rung-Fu Hsieh (Note 5)																			
Director	Hung-Wen Chuang (Note 6)																			
Director	Lung-Shu Hsiao (Remarks 1)																			
Independent Director	Chin-Ming Kuo																			
Independent Director	Shun-Yun Hsu																			
Independent Director	Ming-Hsiung Chen	0	0	0	0	0	0	2,072,000	2,072,000	0.61	0.61	0	0	0	0	0	0	0.61	0.61	None
Independent Director	Ching-Kuo Lee																			
Independent Director	Han-Lin Tseng																			

1. Please describe the remuneration policies, mechanisms, standards, and structures for the independent directors, and their correlation to the amount of remuneration based on factors such as duties, risks, and invested time of the independent directors. The Company's independent directors will obtain commuting and attendance fees each month. fixed-rate remuneration and attendance fees based on their role and responsibilities, conducting business independently, and participation in corporate governance; For independent directors who are also the remuneration committee member will obtain commuting and attendance fees each month.

2. Pay for services (such as non-employees consultant) specified in the financial statements provided by directors in the most recent year not specified above: None.

Note: 1. Representative of the Veterans Affairs Commission, Executive Yuan.

2. Representative of juristic person, Shin Kong Wu Ho-Su Memorial Hospital.

3. Representative, Kindasaki Biochemical Technology Co., Ltd.

4. Representative, THE GREAT TAIPEI GAS CORPORATION.

5. Representative, Shin-Hai Gas Co, Ltd.

6. Representative, Tung Chan Enterprise Co., Ltd.

7. The "expensed retirement pension" amount set aside was NTD 108,000 for 2021 directors who are concurrently employees.

8. Provide rented company car to the chairperson and president, one car each person, monthly rental fee is NTD 128,700.

9. 2021 directors and employees remuneration have been approved by the Board of Directors meeting.

Range of Remunerations

Remuneration ranges for each director of the Company	Director name			
	Total amount of the first four remunerations (A+B+C+D)(NTD)		Total amount of the first seven remunerations (A+B+C+D+E+F+G)(NTD)	
	All companies	in the Company's financial statements	All companies	in the Company's financial statements
Less than NTD 1,000,000	Fu-Hua Li (1); Cheng-Cheng Wong; Rung-Fu Hsieh (5); Ching-Kuo Lee; Po-Fong Lin (4); Chin-Ming Kuo; Hung-Wen Chuang (6); Shun-Yun Hsu; Ming-Hsiung Chen; Han-Lin Tseng, 10 persons	10 persons (Name list is the same to the left)	Cheng-Cheng Wong; Rung-Fu Hsieh; Ching-Kuo Lee; Po-Fong Lin; Chin-Ming Kuo; Hung-Wen Chuang; Shun-Yun Hsu; Ming-Hsiung Chen; Han-Lin Tseng, 9 persons	9 persons (Name list is the same to the left)
1,000,000 (inclusive) – \$2,000,000 (exclusive)	Chy-Chung Chang (1), Tao-Chung Ku (1), Ming-Tseng Lin (1), Lung-Shu Hsiao (1), Cheng-Yi Lin (1), Po-Ih Wang(2), Hsin-Ju Wu (4), Kuo-Tai Chang, Pao-Kway Chen Chien(3), Ko-Tseng Li, Hui-Chun Chen Wu (3), 11 persons	11 persons (Name list is the same to the left)	Chy-Chung Chang, Tao-Chung Ku, Ming-Tseng Lin, Lung-Shu Hsiao, Cheng-Yi Lin, Po-Ih Wang, Hsin-Ju Wu, Pao-Kway Chen Chien, Kuo-Tai Chang, Hui-Chun Chen Wu, Ko-Tseng Li, 11 persons	Chy-Chung Chang, Tao-Chung Ku, Ming-Tseng Lin, Lung-Shu Hsiao, Cheng-Yi Lin, Po-Ih Wang, Hsin-Ju Wu, Pao-Kway Chen Chien, Hui-Chun Chen Wu, 9 persons
2,000,000 (inclusive) – \$3,500,000 (exclusive)	Jung-Chun Huang, Richard H Wu (4), 2 persons	2 persons (Name list is the same to the left)	Jung-Chun Huang, Richard H Wu, 2 persons	Jung-Chun Huang, Richard H Wu, Kuo-Tai Chang, Ko-Tseng Li, 4 persons
3,500,000 (inclusive) – \$5,000,000 (exclusive)	0	0	0	0
5,000,000 (inclusive) – \$10,000,000 (exclusive)	Ho-Chia Chen, 1 person	Ho-Chia Chen, 1 person	Ho-Chia Chen, Fu-Hua Li 2 persons	Ho-Chia Chen, Fu-Hua Li 2 persons
10,000,000 (inclusive) – \$15,000,000 (exclusive)	0	0	0	0
15,000,000 (inclusive) – \$30,000,000 (exclusive)	0	0	0	0
30,000,000 (inclusive) – \$50,000,000 (exclusive)	0	0	0	0
50,000,000 (inclusive) – \$100,000,000 (exclusive)	0	0	0	0
More than \$100,000,000	0	0	0	0
Total	24 persons	24 persons	24 persons	24 persons

Note: 1. Representative, Veterans Affairs Commission, Executive Yuan.
 2. Representative of juristic person, Shin Kong Wu Ho-Su Memorial Hospital.
 3. Representative, Kindasaki Biochemical Technology Co., Ltd.
 4. Representative, THE GREAT TAIPEI GAS CORPORATION.
 5. Representative, Shin-Hai Gas Co, Ltd. 6. Representative, Tung Chan Enterprise Co., Ltd.

III. Company Governance Report

(II) Compensation for supervisor (name of supervisor is disclosed in accordance with the aggregate amount attributed to the range of compensation)

Title	Name	Supervisor compensation						% of the sum of A, B and C in the net profit after tax		Compensation received from non-consolidated affiliates or parent company (NTD)
		Remunerations Paid (A)(NTD)		Remunerations Paid (B) (NTD)		Expenses for Execution of Business (C)(NTD)				
		All companies	In the Company's financial statements	All companies	In the Company's financial statements	All companies	In the Company's financial statements	All companies	In the Company's financial statements	
Supervisor	Yi-Cheng Feng (Remarks 1)									
Supervisor	Chen-Yi Tung (Note 1)									
Supervisor	Rung-Fu Hsieh (Note 2)	0	0	1,263,851	1,263,851	3,610,000	3,610,000	1.42	1.42	None
Supervisor	Hung-Wen Chuang (Note 3)									
Supervisor	Cheng-Cheng Wong									

Note: 1.Representative, Shin-Shin Bus Company, Ltd., Yi-Cheng Feng dismissed on February 20, 2021, Chen-Yi Tung to succeed.
2.Representative, Shin-Hai Gas Co, Ltd.
3.Representative, Tung Chan Enterprise Co., Ltd.
4.2021 actual payments to supervisors "retirement pension," and "expensed retirement pension," amount set aside was NTD 0.
5.2021 supervisors remunerations was passed by the Board of Directors meeting.
6.On August 31, 2021 held the re-election for directors. The audit committee was established after the re-election to replace supervisors.

Range of Remunerations

Remuneration ranges for each supervisor of the Company	Supervisor name	
	Total amount of the first three remunerations (A + B + C)	
	All companies	In the Company's financial statements
Less than NTD 1,000,000	Yi-Cheng Feng, 1 person	Yi-Cheng Feng, 1 person
1,000,000 (inclusive) – \$2,000,000 (exclusive)	Chen-Yi Tung; Rung-Fu Hsieh Hung-Wen Chuang, Cheng-Cheng Wong, 4 persons	4 persons (Name list is the same to the left)
2,000,000 (inclusive) – \$3,500,000 (exclusive)	0	0
3,500,000 (inclusive) – \$5,000,000 (exclusive)	0	0
5,000,000 (inclusive) – \$10,000,000 (exclusive)	0	0
10,000,000 (inclusive) – \$15,000,000 (exclusive)	0	0
15,000,000 (inclusive) – \$30,000,000 (exclusive)	0	0
30,000,000 (inclusive) – \$50,000,000 (exclusive)	0	0
50,000,000 (inclusive) – \$100,000,000 (exclusive)	0	0
More than \$100,000,000	0	0
Total	5 persons	5 persons

(III) Compensation for President and Vice President (name of President and Vice President is disclosed in accordance with the aggregate amount attributed to the range of compensation)

Title	Name	Remunerations Paid (A) (NTD)		Retirement Pension (B) (NTD)		Salaries, Bonus and Special Expenditure (C) (NTD)		Profit sharing remuneration for employees (D)(NTD)				% of the sum of A to D in the net profit after tax		Compensation received from non-consolidated affiliates or parent company (NTD)
		All companies	In the Company's financial statements	All companies	In the Company's financial statements	All companies	In the Company's financial statements	All companies		In the Company's financial statements		All companies	In the Company's financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Fu-Hua Li													
Vice President	Chiang-Chin Liao													
Vice President	Yi-Hsin Chien	5,370,973	5,370,973	0	0	4,688,374	5,408,374	400,263	0	600,263	0	3.05	3.32	None
Vice President	Chung-Chieh Chen													

Note: 1. The "expensed retirement pension" amount set aside was NTD 282,570 for 2021 President and Vice President.
 2. 2021 employee remunerations was passed by the Board of Directors meeting.
 3. On September 11th, 2021, Vice President Chiang-Chin Liao retired, Yi-Hsin Chien to succeed the Vice President position.

Range of Remunerations

Remuneration range for president and vice-president as paid by the Company	Names of president and vice-president	
	All companies	In the Company's financial statements
Less than NTD 1,000,000	Yi-Hsin Chien, 1 person	Yi-Hsin Chien, 1 person
1,000,000 (inclusive) – \$2,000,000 (exclusive)	0	0
2,000,000 (inclusive) – \$3,500,000 (exclusive)	Chiang-Chin Liao; Chung-Chieh Chen 2 persons	Chiang-Chin Liao; Chung-Chieh Chen 2 persons
3,500,000 (inclusive) – \$5,000,000 (exclusive)	Fu-Hua Li, 1 person	0
5,000,000 (inclusive) – \$10,000,000 (exclusive)	0	Fu-Hua Li, 1 person
10,000,000 (inclusive) – \$15,000,000 (exclusive)	0	0
15,000,000 (inclusive) – \$30,000,000 (exclusive)	0	0
30,000,000 (inclusive) – \$50,000,000 (exclusive)	0	0
50,000,000 (inclusive) – \$100,000,000 (exclusive)	0	0
More than \$100,000,000	0	0
Total	4 persons	4 persons

III. Company Governance Report

Profit sharing remuneration for employees, manager names and distribution

April 19, 2022

	Title	Name	Share bonus (NTD)	Cash bonus (NTD)	Total (NTD)	% in net earnings
Managerial Officer	President	Fu-Hua Li	0	496,258	496,258	0.14
	Vice President	Yi-Hsin Chien				
	Vice President	Chung-Chieh Chen				
	Manager	Yi-Yang Huang				

Note: The 2021 employee remuneration was approved by the Remuneration Committee and Board of Directors meeting.

(IV) With analysis on the ratio taken by the gross total of compensation paid by the Company and all firms disclosed in the consolidated financial statements to the directors, supervisors, general manager and vice presidents of this company to the net earnings after tax over the past two years.

Title	All companies				in the consolidated statements			
	2020		2021		2020		2021	
	Total amount	To net earnings after tax in percentage	Total amount	To net earnings after tax in percentage	Total amount	To net earnings after tax in percentage	Total amount	To net earnings after tax in percentage
Remuneration for directors (including Independent Director)	30,978,758	9.48%	33,448,275	9.77%	31,902,499	9.76%	34,394,275	10.05%
Supervisor	6,388,612	1.96%	4,873,851	1.42%	6,388,612	1.96%	4,873,851	1.42%
Remuneration for president and vice-president	10,192,420	3.12%	10,459,610	3.05%	11,112,420	3.40%	11,379,610	3.32%
Income after tax	326,745,434		342,395,288		326,745,434		342,395,288	

Note: Remuneration policies, standards, and package:

1. The Company's Director and Supervisor's remuneration principles is processed based on Article 33 of the Articles of Association of the Company.
2. The salary of the Company's President and Vice President is calculated with reference to industry practice, rewards are determined based on company's profits, operations performance and referencing industry practice.

IV. Operations of corporate governance

(I) Operation of the Board of Directors

The Board of Directors meeting was held 6 times (A) in the most recent two years. Originally, there were 19 directors seats (including 4 seats of independent directors). Re-election took place on August 31st, 2021 with 24 director seats (including 5 independent directors). Directors attendance is as follow:

Title	Name	Actual attendance (B)	Attendances by proxy	Compulsory attendance (A)	Actual (listed) attendance Rate (%) [B/A]	Remark
Chairperson	Ho-Chia Chen	6	0	6	100	Re-election on August 31, 2021, re-elected
Director	Cheng-Yi Lin (Note 1)	5	1	6	83	Re-election on August 31, 2021, re-elected
Executive Director	Richard H Wu(Note 2)	5	1	6	83	Re-election on August 31, 2021, re-elected
Director	Jung-Chun Huang	6	0	6	100	Re-election on August 31, 2021, re-elected
Director	Pao-Kway Chen Chien(Note 3)	5	1	6	83	Re-election on August 31, 2021, re-elected
Director	Fu-Hua Li, (Note 1)	6	0	6	100	Re-election on August 31, 2021, re-elected
Director	Hsin-Ju Wu (Note 2)	5	1	6	83	Re-election on August 31, 2021, re-elected
Director	Rung-Fu Hsieh (Note 4)	3	0	3	100	Re-election on August 31, 2021, newly elected
Director	Hung-Wen Chuang (Note 5)	3	0	3	100	Re-election on August 31, 2021, newly elected
Director	Cheng-Cheng Wong	3	0	3	100	Re-election on August 31, 2021, newly elected
Director	Chy-Chung Chang(Note 1)	6	0	6	100	Re-election on August 31, 2021, re-elected
Director	Ming-Tseng Lin (Note 1)	6	0	6	100	Re-election on August 31, 2021, re-elected
Director	Tao-Chung Ku(Note 1)	4	0	4	100	Re-election on August 31, 2021, re-elected
	Sung-Po Tsai (Note 1)	2	0	2	100	June 25, 2021 dismissal
Director	Po-Ih Wang(Note 6)	2	4	6	33	Re-election on August 31, 2021, re-elected
Director	Hui-Chun Chen Wu (Note 3)	6	0	6	100	Re-election on August 31, 2021, re-elected
Director	Po-Fong Lin (Note 2)	3	0	3	100	Re-election on August 31, 2021, newly elected
Director	Kuo-Tai Chang	6	0	6	100	Re-election on August 31, 2021, re-elected
Director	Ko-Tseng Li	4	2	6	67	Re-election on August 31, 2021, re-elected
Director	Ji-Ling Shiu (Note 1)	2	0	2	100	Reassignment on October 18, 2021
	Lung-Shu Hsiao(Note 1)	1	0	1	100	Re-election on August 31, 2021, newly elected October 18, 2021 dismissal
Director	Li-Min Lu	3	0	3	100	Re-election and dismissal on August 31, 2021
Independent Director	Ching-Kuo Lee	6	0	6	100	Re-election on August 31, 2021, re-elected
Independent Director	Shun-Yun Hsu	5	1	6	83	Re-election on August 31, 2021, re-elected
Independent Director	Chin-Ming Kuo	5	1	6	83	Re-election on August 31, 2021, re-elected
Independent Director	Min-Yu Chang	1	2	3	33	Re-election and dismissal on August 31, 2021
Independent Director	Ming-Hsiung Chen	3	0	3	100	Re-election on August 31, 2021, newly elected
Independent Director	Han-Lin Tseng	2	1	3	67	Re-election on August 31, 2021, newly elected

Note:

1. Representative, Veterans Affairs Commission, Executive Yuan
2. Representative, THE GREAT TAIPEI GAS CORPORATION.
3. Representative, Kindasaki Biochemical Technology Co., Ltd.
4. Representative, Shin-Hai Gas Co, Ltd.
5. Representative, Tung Chan Enterprise Co., Ltd.
6. Representative of juristic person, Shin Kong Wu Ho-Su Memorial Hospital.

III. Company Governance Report

Other matters required to be recorded:

- I. If the operation of the Board of Directors is under any of the following circumstances, the date, period, proposal content, all independent directors' opinions and the Company's handling of the independent directors' opinions should be described:
 - (I) Matters listed in Article 14-3 of the Securities and Exchange Act:

The Company has 24 directors (including 5 independent directors). Regarding matters pursuant to Article 14-3 of the Securities and Exchange Act, a proposal is made accordingly and submitted to the Board meeting for discussions; Independent directors have made their expert suggestions. The Board shall make their decisions with full considerations of the independent directors' opinions to exercise the due care of a good administrator. (Please refer to page 61 to 63 for the important resolutions of the Board of Directors).
 - (II) Unless otherwise stated, other Independent Directors who expressed opposition or qualified opinions recorded or declared in writing: None .
- II. When there is recusal due to conflicts of interest by a director, the name of that director, the involved proposal(s), the cause(s) of the recusal due to conflicts of interest, and the participation in voting of that director shall be specified: None.
- III. The TWSE/TPEX listed company shall disclose information such as the assessment cycle, assessment period, scope and method of assessment, and items of self-assessment (or peer assessment) by individual board members. See below table on the board's assessment implementation state.
- IV. The goals for strengthening the functions of the board in the current and recent fiscal years (e.g. establishing the Audit Committee, promoting information transparency, etc) and conducting performance assessment: Established the audit committee on August 31, 2021.

Implementation of appraisal by Board of Directors

Evaluation cycle: Once a year

Evaluation period: January 1, 2021 to December 31, 2021

Scope of evaluation	Evaluation method	Evaluation content	Evaluation results
All members of the Board of Directors	Board of Directors self-evaluation	<ol style="list-style-type: none"> 1. The degree of participation in the company's operations. 2. Improvement in the quality of decision making by the board of directors. 3. The composition and structure of the board of directors. 4. The election of the directors and their continuing education. 5. Internal controls. 	There are 5 major aspects, 8 indicators, overall score is 92.5 points (100 points as the full score). This demonstrates that the Board has exercise due care in guiding and supervising the company strategies leading to the overall operations in good state. The Company will continue to strengthen based on this appraisal results to enhance its corporate governance effects and outcomes.
Individual Board member	Self-evaluation by director	<ol style="list-style-type: none"> 1. Grasp of the company's goals and missions. 2. Recognition of director's duties. 3. The degree of participation in the company's operations. 4. Management of internal relationships and communication. 5. Director's professionalism and continuing education. 6. Internal control. 	There are 6 major aspects, 7 indicators, overall score is 93.62 points (100 points as the full score). This demonstrates the Board members' professionalism and responsibility to each of the operation indicators. Communications have been good, and meets the corporate governance requirements.

(II) Operations of the Audit Committee or supervisors' participation in the Board of Directors operations:

Supervisors' participation in the Board of Directors operations

The Board of Directors has convened 6 meetings in the most recent year. After the re-election on August 31, 2021, the Audit Committee has been established to replace the supervisors. During the tenure of the supervisors, the Board has convened 3 (A) meetings, attendances are as below:

Title	Name	Actual attendance (B)	Attendances by proxy	Actual attendance rate (%) (B/A)	Remark
Supervisor	Chen-Yi Tung (Note 1)	3	0	100	-
Supervisor	Rung-Fu Hsieh (Note 2)	3	0	100	-
Supervisor	Hung-Wen Chuang (Note 3)	3	0	100	-
Supervisor	Cheng-Cheng Wong	3	0	100	-

Note: 1. Representative, Shin-Shin Bus Company, Ltd.

2. Representative, Shin-Hai Gas Co, Ltd.

3. Representative, Tung Chan Enterprise Co., Ltd.

III. Company Governance Report

Audit committee operation

The Company's Audit Committee was established on August 31, 2021. The convener of the committee, independent director Ching-Kuo Lee, has convened 2 times (A) of the regular meetings, the attendances of the committee members are as below:

Title	Name	Actual attendance (B)	Appointed Number of attendances	Actual attendance rate (%) (B/A)	Remark
Convener Independent Director	Ching-Kuo Lee	2	0	100	Re-elected Re-election on August 31, 2021
Independent Director	Shun-Yun Hsu	2	0	100	Re-elected Re-election on August 31, 2021
Independent Director	Chin-Ming Kuo	1	1	50	Re-elected Re-election on August 31, 2021
Independent Director	Ming-Hsiung Chen	2	0	100	Newly elected Re-election on August 31, 2021
Independent Director	Han-Lin Tseng	2	0	100	Newly elected Re-election on August 31, 2021

Other matters required to be recorded:

I. (I) Matters listed in Article 14-5 of the Securities and Exchange Act:

Meeting date	Motion content	Resolution and result	State of implementation
2021.09.10 (1st Term, 1st Meeting)	Re-appointment of Mr. Yi-Yang Huang as the Company's Manager of the Finance Department.	All attending members agreed to approve.	The report has been submitted to the 19th Term 1st Meeting of the Board of Directors. All attending members agreed to approve.
	Propose Ms. An-Yi Chen to act as Acting Chief Internal Auditor of the Audit Office.	All attending members agreed to approve.	The report has been submitted to the 19th Term 1st Meeting of the Board of Directors. All attending members agreed to approve.
2021.11.10 (1st Term, 2nd Meeting)	Review the internal control system's "Audit committee operation management" (draft).	All attending members agreed to approve.	Submitted to the 19th Term 2nd Meeting of the Board of Directors. All attending members agreed to approve.
	Amendment to partial contents of the internal audit implementation rules' on "Procurement and payment cycle" (draft).	All attending members agreed to approve.	Submitted to the 19th Term 2nd Meeting of the Board of Directors. All attending members agreed to approve the amendment.
	Amendment to partial contents of the internal audit implementation rules' "loan cycle" (draft).	All attending members agreed to approve.	Submitted to the 19th Term 2nd Meeting of the Board of Directors. All attending members agreed to approve.

Meeting date	Motion content	Resolution and result	State of implementation
	Review the “2022 Audit Plan.”	All attending members agreed to approve.	Combined with the 2022 “Operation Plan,” submitted to the 19th Term 2nd Meeting of the Board of Directors. All attending members agreed to approve the amendment.
	Review the Company’s 2021 Q1~Q3 (Jan to Sep) Consolidated Financial Statements.	All attending members agreed to approve.	Submitted to the 19th Term 2nd Meeting of the Board of Directors. All attending members agreed to approve the amendment.
	Review the Company’s evaluation on the CPA’s independence and suitability and continued appointment.	All attending members agreed to approve.	Submitted to the 19th Term 2nd Meeting of the Board of Directors. All attending members agreed to approve.

(II) Other resolution matters that were agreed by more than two thirds of all of the directors but have yet been approved by the Audit Committee: None.

II. Independent director recusal due to conflicts of interest: None.

III. Communication between independent directors, and internal audit officer and accountant (include communications on significant matter, method, and results of the company finance, business situation, and so on):

(I) The Company’s internal chief auditor communicates regularly with the audit committee members on the audit report results and reports to the audit committee meetings on a quarterly basis on the internal audit report. Where there are special circumstances, will report to the audit committee members immediately. There have been no aforementioned special circumstances in the year 2021. The Company’s audit committee and internal audit officer are of good communication status.

(II) The Company’s CPA reports to the audit committee meetings on a quarterly basis on the financial statements or the review results for the quarter and other related regulations requirements’ communications matter. Where there are special circumstances, will report to the audit committee immediately. There have been no aforementioned special circumstances in the year 2021. The Company’s audit committee and CPAs are of good communication status.

Matters for Communications Between the Independent Directors and Internal Audit Officer or CPAs Are as in the Table Below:

[2021 Status of Communications Between the Independent Directors and Internal Audit Officer]

Meeting date	Communication content	State of Communication
2021.09.10	Implementation status of the July to August 2021 audit plan by the Company’s audit office.	All independent directors have been informed.
2021.11.10	1.The Company’s audit office’s September 2021 work report 2.2021 Audit Plan’s planning items.	1..All independent directors have been informed. 2.Agreed after propose to audit committee for discussions, it is to be sent to the Board of Directors for review

III. Company Governance Report

[2021 Status of Communications Between the Independent Directors and CPAs]

Meeting date	Communication content	State of Communication
2021.12.10 Before the Board of Directors meeting	2021 Financial Statements audit planning: Responsibilities in auditing for fraud in financial statements.	<p>1. On the company's execution of its accounting, internal control and audit topics, the Independent director Shun-Yun Hsu expresses: "The company has an operative system, and there have been no dispute matters. "</p> <p>2. Written communications are of good status, and the independent directors made no expressions of objections.</p>
2021.12.10 Board of Directors	<p>2021 Financial Statements audit plan and communication matters with the corporate governance officer are listed below:</p> <ol style="list-style-type: none"> 1. Communicate on the audit plan. 2. Responsibilities of Management and those in Charge with Governance of the Financial Statements. 3. Role and responsibility of lead accountant. 4. Independence of accountant. 5. 2021 audit plan. 	<ol style="list-style-type: none"> 1. Discussions and communications on the company's project contents. 2. Good communications, and no expressions of objections.

(III) Operations of corporate governance and differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Evaluation items	State of operation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
I.Has the Company formulated and disclosed its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company established the "Corporate Governance Best Practice Principles" after approval by the 17th Term 12th Meeting of the Board of Directors, and has disclosed them on the MOPS and company website.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
II.Shareholding Structure and Shareholders' Rights 1.Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly? 2.Does Company possess a list of major shareholders and beneficial owners of these major shareholders? 3.Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates? 4.Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓ ✓ ✓ ✓		1.The Company has established the spokesperson, deputy spokesperson, and has a professional stock affairs agency and external website's "stakeholders" contact window, and "investor information" and so on communications channels, and has designated personnel to handle shareholders' concerns and suggestions. 2.The Company has according to Article 25 of the Securities and Exchange Act, submits report to the Taiwan Stock Exchange (TWSE) via the MOPS on a monthly basis on any changes to the equity held by its internal personnel (directors, supervisors, managers, and shareholders holding more than a total of 10% of total shares). 3.The risk control and management of the affiliates is based on the Company's "Rules Governing the Management of Long Term Investment" and "Rules Governing the Management of Investees" as the control and management system. 4.The Company has established the "Insider trading prevention management procedures" and has announced on the company's external website under corporate governance area.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
III.Composition and responsibilities of the Board of Directors 1.Has the Board of Directors established a diversity policy, set goals, and implemented them accordingly?	✓		1.The Company's "Rules Governing the Election of Directors" has specified the diversity of the Board members. The directors in general possess the competency required for the execution of the work	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

III. Company Governance Report

Evaluation items	State of operation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
<p>2. Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?</p> <p>3. Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and use the results as reference for directors' remuneration and renewal?</p> <p>4. Does the Company regularly evaluate its external auditors' independence?</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p>	<p>The Company values gender balance in its members formation. The female directors account for 17%. Related implementation situations have been disclosed on the company website and MOPS.</p> <p>2. Other than the Compensation Committee and the Audit Committee which are required by law, the Company has not set up other functional committees.</p> <p>3. The Company's 18th Term 10th Meeting of the Board of Directors has already approved the "Rules Governing the Performance Evaluation of the Board of Directors." The personnel office will conduct the evaluation at the end of each year. The performance evaluation and review is to be completed by the end of February in the subsequent year and to be reported to the Board of Directors and shareholders meeting.</p> <p>4. The Company's Board of Directors will at the end of each year review the independence of the CPA for the year based on the following: According to the "Rules Governing the Independence Evaluation of the Accountant," and reference "The Bulletin of the Professional Ethics of CPAs of the Republic of China" No. 10, established the "Assessment Table on Independence and Suitability," which the indicators include: If is acting as the Company's director, manager, or is holding to position that has material impacts to the audit case, if have close or family relationship, if there is material financial interest, if having a significant close business relationship, if has provided non-assurance service to the company that would affect directly a material item of the assurance engagement, if there has been any litigations; And, along with the CPAs self assessment of independence, declaration of independence, and so on. On November 10th, 2021, the Board of Directors approved the CPAs independence assessment for the year.</p>	

III. Company Governance Report

Evaluation items	State of operation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
IV.Does the listed or OTC company have qualified and suitable number of corporate governance personnel, and does the company appoint a corporate governance officer to be responsible for matters regarding corporate governance (including but not limited to providing directors and supervisors with information required for the implementation of business operations, assisting directors and supervisors to comply with laws and regulations, and preparing meeting minutes for the board of directors meeting, shareholders meeting and so on)?	✓		The Company has in 2017 established the “Corporate Governance Best Practice Principles.” Currently, all matters relating to corporate governance are supervised by the Vice President, the Board designated personnel and the corporate management department, finance department, and personnel office will each be responsible based on their functions, and the company appoints a professional shareholder services agency to organize shareholders affairs, completing them together through division of work.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
V.Has the Company established communication channels with stakeholders (including, but not limited to, shareholders, employees, customers and suppliers) and set up an area dedicated to stakeholders on the Company website and does the Company respond appropriately to corporate social responsibility issues that stakeholders consider important?	✓		The Company has established various communications channels on its company website through the “stakeholders,” “investor information,” and “user comments and feedbacks” webpages. The dedicated personnel can make timely responses (shareholders, users, suppliers, employees, etc.) on the corporate governance related questions that requires understanding.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
VI.Does the Company entrust a professional shareholder services agency	✓		The Company appoints the professional agency, KGI Securities Co., Ltd., to organize shareholders meeting matters.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
VII.Information disclosure 1.Does the Company create a website to disclose information regarding its finance, business operations and corporate governance?		✓	1.The Company files the financial, business and corporate governance matters on the MOPS according to the regulations, and discloses necessary matters on the company’s external website.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

III. Company Governance Report

Evaluation items	State of operation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
<p>2.Does the Company adopt other methodology of information disclosure (such as creating an English website, appointing a dedicated person to be responsible for the collection and disclosure of the Company’s information, implementing the spokesperson system, and uploading videos of the investor conferences on the company’s website)?</p> <p>3.Has the Company published and reported its annual financial report within two months after the end of a fiscal year and published and reported its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?</p>	<p>✓</p>	<p>✓</p>	<p>2. A.The Company established a dedicated unit to be responsible for the company’s business information collection and release; and has dedicated personnel to update the external website information in a timely manner and to provide summarized English version of the information.</p> <p>B.The Company fulfils the spokesperson, deputy spokesperson system, and as approved by the Board of Directors, the positions are to be filled with the persons who understands the company’s overall business, and who can speak independently to the public on behalf of the company according to the spokesperson procedures.</p> <p>C.The Company has in 2021 organized the corporate briefing according to the regulations, and disclosed the processes on the company’s external website.</p> <p>3.The Company has completed announcements in accordance with Article 36 of the Securities and Exchange Act, and has reported and filed with the competent authority.</p>	
<p>VIII.Does the Company have other important information that can help people to understand the operations of corporate governance (including but not limited to the employees’ rights, employee care, investor relations, supplier relation, rights of interested parties, training status of directors and supervisors, risk management policies implementation status of standards of risk measurement,</p>	<p>✓</p>		<p>1.The company established the “Rules Governing the Management of Long Term Investment,” “Rules Governing the Management of Investees,” “Regulations for Acquisition or Disposal of Assets,” and the supervisor authorization approval system, which clearly stipulate the responsibilities of all levels. Also, the company did not engage in high risk investments and did not make guarantees for external parties.</p> <p>2.The Company and the pipeline construction contractors hold regular meetings, to support in resolving construction technology requirements.</p>	<p>In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies</p>

III. Company Governance Report

Evaluation items	State of operation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
the implementation of customer policies, the purchase of liability insurance for directors and supervisors by the Company and so on)?			<p>3. Risk Management Policy</p> <p>A.The Company has established the “Disaster Prevention and Relief Business Plan” according to the regulations of competent authority, and set up the disaster relief system in all business areas (New Taipei City’s Yonghe District, Zhonghe District, Xindian District, Shengkeng District, and Taipei City’s Wenshan District and so on) for the natural gas pipelines, to strengthen the disaster prevention and response measures during disasters and post-disaster recovery and rebuild work. And, assigned related corporate governance work to every major departments based on their functions.</p> <p>B.Labor Safety and Health Office has established the annual “Occupational Health and Safety Management Plan” and its budget preparation. Every department of the Company has eradicate the harmful factors at the workplace according to the items in the “automatic inspection plan” for its progress, methods, and implementation one by one, achieving zero disaster targets.</p> <p>C.The Department of Engineering has in accordance with the “Internal Management on Safety and Inspection Plan,” executes the user facility safety inspection each month, regularly adds the natural gas odorant, thoroughly patrol inspect the pipelines for leakages, implements the “emergency response drill” for the storage tank, to ensure safety for the user gas supply and the public.</p> <p>D.Prepare the “Pipeline Extension Plan,” “Promotion Plan,” executes replacements for “overdue meters” and so on, and provides services of convenience to achieve the Company’s operation targets.</p>	

III. Company Governance Report

Evaluation items	State of operation			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<p>E.The finance department has planned the “Preparation for Business Budget,” for analysis and control the “Budget and Execution Status,” to ensure the effective financial management of the company.</p> <p>F.The audit office provides timely suggestions to every unit for the amendments to the “Internal Control System” and amendments to the “Internal Audit Implementation Rules,” and conducts scheduled audits on related processes of the company, to ensure implementation of the company’s management system.</p> <p>4.Status of purchasing liability insurance for the directors and supervisors by the company: The Company has in 2021 purchased liability insurance for the directors and supervisors according to legal requirements, and reported to the 18th Term 19th Meeting of the Board of Directors.</p> <p>5.The status for continuing education of the directors and supervisors will be attached separately in a table.</p>	
<p>IX. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange.</p> <ol style="list-style-type: none"> 1. The Company has in 2021 provided the shareholders meeting annual report, meeting notices (including English versions), Board meeting handbook, and Board meeting records information on the company website. . 2. The Company conforming to the bilingual policy of the capital market, since 2022 began the simultaneous release of English version material information, and prepares the English version Board meeting handbook and annual report. 3. The Company sets up the “Audit Committee” on August 31st, 2021, and discloses the annual work highlight and state of operations on the Company website. 4. The appointment or discharge, appraisal and remunerations of the internal auditors has been approved by the Company’s Board of Directors, and its audit and approval method is that the audit officer shall make submissions to the chairperson for signature approval, and the appointment or discharge of the audit officer is to be approved by the audit committee first, followed by submission to the Board of Directors for resolution. 5. The company is preparing to finalize the establishment of corporate governance officers before June 30th, 2023. 				

III. Company Governance Report

Schedule 1:

Status of continuing education for the Company's directors in 2021 relating to corporate governance:

Title	Name	Organizer	Course	Duration/ Hr	Total hours
Chairperson	Ho-Chia Chen	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	6	6
Resident Director	Richard H Wu	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	3	6
		Taiwan Academy of Banking and Finance	Training course on directors and supervisors meeting operational practice and corporate governance	3	
Director	Cheng-Yi Lin	Accounting Research and Development Foundation	Seminar on corporate management for directors and supervisors and seminar suggested for middle and senior executives	12	12
Director	Fu-Hua Li	Accounting Research and Development Foundation	Seminar on corporate management for directors and supervisors and seminar suggested for middle and senior executives	12	12
Director	Hsin-Ju Wu	Taiwan Insurance Institute	Corporate governance seminar series (10th Term 2021), information security management structure - case studies	3	12
		Taiwan Academy of Banking and Finance	Training course on directors and supervisors meeting operational practice and corporate governance	3	
		Taiwan Insurance Institute	Corporate governance seminar series - IFRS 17 competition blueprint and corporate governance 3.0	3	
		Taiwan Corporate Governance Association	How to fulfill audit of financial statements by the audit committee	3	
Director	Rung-Fu Hsieh	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	3	6
		Securities and Futures Institute	2021 Insider trading prevention promotion session	3	
Director	Hung-Wen Chuang	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	6	6
Director	Chy-Chung Chang	Accounting Research and Development Foundation	Seminar on corporate management for directors and supervisors and seminar suggested for middle and senior executives	12	12
Director	Tao-Chung Ku	Accounting Research and Development Foundation	Seminar on corporate management for directors and supervisors and seminar suggested for middle and senior executives	12	12
Director	Hui-Chun Chen Wu	Taiwan Corporate Governance Association	17th (2021) Corporate Governance Summit - Realizing ESG governance and sustainable development	3	3
Director	Ji-Ling Shiu	Accounting Research and Development Foundation	Seminar on corporate management for directors and supervisors and seminar suggested for middle and senior executives	12	12
Director	Ming-Tseng Lin	Accounting Research and Development Foundation	Seminar on corporate management for directors and supervisors and seminar suggested for middle and senior executives	12	12
Director	Po-Fong Lin	Taiwan Academy of Banking and Finance	Corporate governance lecture hall - Finance technology series (2nd Term)	3	12
		Taiwan Association of Board Governance	Corporate governance appraisal - Key points in intellectual property management for Board of Directors	3	

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Title	Name	Organizer	Course	Duration/ Hr	Total hours
		Securities and Futures Institute	Advance seminar on practices for directors and supervisors (including independent) and corporate governance officers - Employees and directors remuneration topic discussion - starting from the amended Article 14 of the Securities and Exchange Act.	3	
		Securities and Futures Institute	Qisda Corporation commissioned training - Advance seminar on practices for directors and supervisors (including independent) and corporate governance officers "Discussions on employee compensation strategies and tools utilization"	3	
Director	Kuo-Tai Chang	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	3	6
		Taiwan Stock Exchange	Cathay Sustainable Finance and Climate Change Summit	3	
Director	Ko-Tseng Li	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	3	6
		Taiwan Stock Exchange	Cathay Sustainable Finance and Climate Change Summit	3	
Director	Ching-Kuo Lee	GOVERNANCE PROFESSIONALS INSTITUTE OF TAIWAN (GPT)	Anatomy of the linkage between practice and operation of Board of Directors performance evaluation and compensation	3	6
		Taiwan Stock Exchange	Cathay Sustainable Finance and Climate Change Summit	3	
Director	Chin-Ming Kuo	Securities and Futures Institute	2021 Insider trading laws and regulations compliance promotion session	3	6
		Securities and Futures Institute	Advance seminar on practices for directors and supervisors (including independent) and corporate governance officers - [Discuss intellectual property management from the Board of Directors perspectives]	3	
Director	Shun-Yun Hsu	Taiwan Academy of Banking and Finance	Supervisor of the trust industry (including currently employed) seminar (788th term)	6	12
		Financial Supervisory Commission	13th Taipei Corporate Governance Forum	3	
		Taiwan Academy of Banking and Finance	Training course on directors and supervisors meeting operational practice and corporate governance	3	
Director	Ming-Hsiung Chen	Securities and Futures Institute	2021 Insider trading laws and regulations compliance promotion session	3	12
		Taiwan Corporate Governance Association	Practices and analysis of trade secrets protection and fraud detection and prevention	3	
		Taiwan Corporate Governance Association	Discussions on corporate financial statements fraud cases	3	
		Taiwan Corporate Governance Association	Directors leading the way under rapidly changing environment by technology	3	
Director	Han-Lin Tseng	Securities and Futures Institute	2021 Insider trading laws and regulations compliance promotion session	3	15
		Securities and Futures Institute	How to use futures to hedge and corporate sustainable operations seminar	3	
		Securities and Futures Institute	The risks and opportunities of climate change and energy policy trends to corporate operations	3	
		Taiwan Corporate Governance Association	17th (2021) Corporate Governance Summit - Realizing ESG governance and sustainable development	6	

Schedule 2:

Status of participation on continuing education by the managers of the Company relating to corporate governance:

Name	Organizer	Course	Duration/ Hr
Fu-Hua Li President	Accounting Research and Development Foundation	Seminar on corporate management for directors and supervisors and seminar suggested for middle and senior executives	12
Yi-Hsin Chien Vice President	Taiwan Stock Exchange	Investor relations forum	3
	The Institute of Internal Auditors - R.O.C. Taiwan	Adjustments to labor relations under the pandemic alert environment	6
	The Institute of Internal Auditors - R.O.C. Taiwan	“Materiality Basis on Misrepresentation in Financial Statements and Legal Responsibilities of Corporate Fraud”	6
	The Institute of Internal Auditors - R.O.C. Taiwan	[Regular meeting] How to Hold a Shareholders Meeting - Common Practical Disputes	3
	The Institute of Internal Auditors - R.O.C. Taiwan	[Online meeting] Impacts of White-Collar Crime and Ethics of Internal Auditor	3
Yi-Yang Huang Manager	Veterans Affairs Commission, Executive Yuan	2021 “Recommended Retraining Courses for Managers”	12
	Accounting Research and Development Foundation	Continuing Education for Accounting Supervisors of Issuers, Securities Firms and Stock Exchanges	12
	Taiwan Academy of Banking and Finance	2021 Training Courses for Futures Market Corporate Practitioners	9
An-Yi Chen Acting Chief Auditor	The Institute of Internal Auditors - R.O.C. Taiwan	Orientation Training Course for New Internal Auditors	18
	The Institute of Internal Auditors - R.O.C. Taiwan	Seminar on “Responses of Internal Audits Under the ESG Trends”	3
	The Institute of Internal Auditors - R.O.C. Taiwan	[Regular meeting] The Dispute Board in Practice	3

III. Company Governance Report

(IV) The composition, function, and operation of the Remuneration Committee:

1. Information of the Remuneration Committee members:

December 31, 2021

Identity (Note 1)	Name	Criteria Professional qualifications and experiences (Note 2)	State of independence (Note 3)	Number of other public companies where the member is also a member of their remuneration committees
Independent Director (Convener)	Chin-Ming Kuo	More than 5 years of work experience in commerce, law, finance, accounting or others as required by the company, Lecturer and above in public and private institutions of higher education	(1) No (2) No (3) No (4) No	0
Independent Director	Han-Lin Tseng	More than 5 years of work experience in commerce, law, finance, accounting or others as required by the company	(1) No (2) No (3) No (4) No	0
Others	Xiang-Rui Kuo	More than 5 years of work experience as judge, prosecutors, lawyers, accountants or other professional and technical personnel, who has passed the national examination and obtained license certificate, as required by the company	(1) No (2) No (3) No (4) No	0

Note 1: For the related number of working years, professional qualifications and experiences, and status of independence of the remuneration committee members, please refer to page 19 of Schedule 1 on (I) Directors and supervisors information.

Note 2: Professional qualifications and experiences: Describe the professional qualifications and experiences of each remuneration committee members.

Note3:

- (1) Does the Committee member, the member's spouse, or relatives within second degree of kinship hold position as a director, supervisor, or employee of the Company or its affiliates?
- (2) The number of shares held by the Committee member, the member's spouse, or relatives within second degree of kinship and shareholding percentage.
- (3) Is the Committee member acting as a director, supervisor or employee of a designated company that has specified relationship with the Company?
- (4) The compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent two years.

2. Information on the operation of the Remuneration Committee

I. The Company’s remuneration committee consists of 3 members.

II. Term of office: From September 10, 2021 to August 30, 2024 (the tenure for the 19th Board of Directors expires), the remuneration committee held 2 meetings in the most recent year (2021).

Committee member qualifications and attendance:

Title	Name	Actual attendance (B)	Attendances by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Convener	Min-Yu Chang	1	0	100	August 31, 2021 dismissal
	Chin-Ming Kuo	2	0	100	Re-election on September 10, 2021, re-elected
committee member	Xiang-Rui Kuo	2	0	100	Re-election on September 10, 2021, re-elected
committee member	Han-Lin Tseng	1	0	100	Re-election on September 10, 2021, newly elected

Other matters required to be recorded:

I. When Board of Directors rejects or modifies the recommendations made by the Remuneration Committee, please state the date and session of board meeting, the proposal, board resolutions, and settlement on the opinions of Remuneration Committee members (if the salary and compensation approved by board are superior to that recommended by the Remuneration Committee, please specify the differences and causes): None.

II. When there are objections or qualified opinions for the records or with written statements of Remuneration Committee members to committee resolutions, state the date and session of the committee meeting, the proposal, and the settlement of the opinions for and against the resolution: None.

III. Scope of job responsibilities:

The Company’s remuneration committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the board of directors. However, recommendations in connection with remuneration for supervisors may be submitted for deliberation by the Board of Directors only to the extent that the Board of Directors is authorized expressly by the company's articles of incorporation or by a resolution of the shareholders meeting to handle supervisor remuneration:

- (1) Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for the Company’s directors, supervisors and managerial officers.
- (2) Periodically evaluate and prescribe the remuneration of the Company’s directors, supervisors, and managerial officers. When performing the official powers of the preceding paragraph, the Remuneration Committee shall follow the principles listed below:
 1. With respect to the performance assessment and remuneration of directors, supervisors and managerial personnel of the Company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the Company's business performance, and future risk exposure.
 2. It shall not produce an incentive for the directors or managerial officers to engage in activity to pursue remuneration exceeding the risks that the Company may tolerate.
 3. It shall take into consideration the characteristics of the industry and the nature of the Company's business when determining the ratio of bonus payout based on the short-term performance of its directors and senior management and the time for payment of the variable part of remuneration.
 4. The Remuneration Committee’s members shall not join in the discussions and voting of the decision for his/her individual remuneration.

III. Company Governance Report

2021 Remuneration Committee's discussion matters and resolution result

Meeting date	Motion content	Resolution and result	State of implementation
2021.02.26 (4th Term, 6th Meeting)	The Company's 2021 Managerial Officer salary for approval.	All attending members agreed for recordation.	Submitted to the 18th Term 17th Meeting of the Board of Directors for recordation.
	The distribution of employees remuneration and directors and supervisors remuneration of 2020.	All attending members agreed to approve.	The report has been submitted to the 18th Term 17th Meeting of the Board of Directors. All attending members reviewed and approved the case and its execution has been completed.
	The attendance fees for the Company's Audit Committee members.	All attending members agreed to approve.	Submitted to the 18th Term 17th Meeting of the Board of Directors for recordation.
2021.11.19 (5th Term, 1st Meeting)	2021 Directors and Managerial Officers end of year bonus appropriation standard	All attending members agreed to approve.	The 19th Term 3rd Meeting of the Board of Directors. All attending members reviewed and approved.
	The Company's 2022 Managerial Officer salary adjustments suggestions.	All attending members agreed to approve.	The 19th Term 3rd Meeting of the Board of Directors. All attending members agreed and approved.

(V) Differences in promoting sustainable development implementation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor:

Promoting item:	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
I. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?	✓		The Company appointed Management Department as the ad-hoc unit to promote sustainable development, other units to assist in the execution of various related business, and to report to the Board of Directors on related significant work for review and discussions to fulfill corporate sustainable development implementation outcomes.	Conforms to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
II. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	✓		The Company commits to professional and sincere management principles, values corporate image and risk control, and stipulates various regulations according to laws and regulations to abide with during execution.	Mostly conforms to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
III. Environmental topic 1. Has the Company set an environmental management system designed to industry characteristics ? 2. Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact ?	✓ ✓		1. To ensure the construction environment safety, the Company has framed the automatic inspection process, including facility inspection and testing, material quality management, maintenance of operating machine and motor vehicle and so on, and provide maintenance safety information, discussions on occupational hazards case studies, prevention of epidemic disease, and more in the weekly business meeting, safeguarding personal safety of the employees. 2. The Company strengthens promotion to users to use high efficiency natural gas burning appliance and actively promotes to schools and hospitals to make the switch to using natural gas as the main fuel for large boilers; Furthermore, implements the double sided paper copying usage, reuse of recycled papers and more, to enhance the resource reuse efficiency.	Conforms to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

III. Company Governance Report

Promoting item:	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor																								
	Yes	No	Summary description																									
3.Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	✓		3.To lower the impacts to the environment, the Company promotes “energy saving and carbon reduction,” advocates for resource recycling and reuse, and strengthens promotion to users to use high efficiency natural gas burning appliance and actively promotes to schools and hospitals to make the switch to using natural gas as the main fuel for large boilers.																									
4.Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years and formulate the greenhouse gases reduction, water consumption reduction or other waste management policies?	✓		<p>4.In upholding the concept and spirit of “energy saving and carbon reduction,” the Company proceeds to energy saving with every equipment, and discloses on its website the total carbon dioxide emissions statistics for over the past two years, and framed the “Energy Saving and Carbon Reduction Policy.” Examples are using energy saving electric appliances, and regular cleaning and maintenance, installing water saving devices in washrooms and encouraging the use of environmental-friendly tableware and to boosting the waste sorting and categorization, to lower the impacts to the environment.</p> <p>Statistics for the water, electricity and gas emissions volume of the Company’s Shin Shin Main Building</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>CO2 emissions volume (kilogram)</td> <td>308,147</td> <td>303,514</td> <td>269,093</td> </tr> <tr> <td>Water consumption (m3)</td> <td>2,835</td> <td>2,130</td> <td>2,060</td> </tr> <tr> <td>Total weight of wastes (MT)</td> <td>6.8</td> <td>6.6</td> <td>6.3</td> </tr> <tr> <td>Electricity consumption (kWh)</td> <td>550,791</td> <td>547,480</td> <td>535,696</td> </tr> <tr> <td>Gas consumption (m3)</td> <td>1,496</td> <td>33</td> <td>29</td> </tr> </tbody> </table> <p>Source of data: Electricity carbon emission factor: Taiwan Power Company, CO2 emission is around 0.502 kg/kWh. Water carbon emission factor: Business Division, Taipei Water Department, CO2 emission is around 0.0580 kg/m3. Gas carbon emission factor: Environmental Protection Administration, CO2 emission is around 1.879 kg/m3. Waste carbon emission factor: Environmental Protection Administration, plastic bag, CO2 emission for every 33L (0.01 MT).</p>	Year	2018	2019	2020	CO2 emissions volume (kilogram)	308,147	303,514	269,093	Water consumption (m3)	2,835	2,130	2,060	Total weight of wastes (MT)	6.8	6.6	6.3	Electricity consumption (kWh)	550,791	547,480	535,696	Gas consumption (m3)	1,496	33	29	
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III. Company Governance Report

Promoting item:	State of implementation			Differences from the Sustainable Development Principles Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
<p>IV. Social topic</p> <p>1. Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</p> <p>2. Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?</p> <p>3. Does the Company provide employees with a safe and healthy working environment, with regular safety and health training ?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>1. In accordance with the Labor Standards Act and related personnel regulations, the Company processes the employees' labor and health insurance, allocate employee pension, and treats every employee equally regardless of religion, political party, gender, in ensuring the legal rights of employees.</p> <p>2. The Company provides employees the welfare measures according to the Labor Standards Act, and set up the Employee Welfare Committee to organize various employee welfare activities; The Company also distributes earnings to the employees as compensation as stipulated in the company's Articles of Incorporation.</p> <p>3. Occupational Safety and Health Policy: To avoid the occurrences of occupational disasters, the company management must fulfill the latest laws and regulations, and to build the concept of disaster prevention, providing employees a more safe, comfortable, and efficient work environment. This can motivate work production capacity, leading the company into occupational safety and health development so that labor and management can achieve the same goals as the sustainable business goals, co-creating a safer and healthier future. Monitoring of the operating environment: Cleaning is done for the office each day. Every quarter, there is the drinking water cleanliness testing and the maintenance and cleaning of the central air conditioning system. Every half a year, there is the office disinfection and environmental testing for the office lighting and carbon dioxide concentration.</p>	<p>Conforms to the Sustainable Development Principles Best Practice Principles for TWSE/TPEX Listed Companies.</p>

III. Company Governance Report

Promoting item:	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor												
	Yes	No	Summary description													
<p>4.Has the Company established effective career development training plans ?</p> <p>5.Does the Company’s product and service comply with related regulations and international rules for customers’ health and safety, privacy, sales, labelling and set policies to protect consumers’ or customers’ rights and consumer appeal procedures?</p> <p>6.Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>Industrial safety: In 2021, the occupational safety and health audit of the construction sites have been carried out on a irregular basis for a total of 113 times, to monitor the contractor to check its compliance to the safety operations regulations in the contract. Occupational safety educational trainings and promotion:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Number of people at- tended</th> <th>Number of hours at- tended</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>308</td> <td>1,390</td> </tr> <tr> <td>2020</td> <td>298</td> <td>912</td> </tr> <tr> <td>2021</td> <td>314</td> <td>858</td> </tr> </tbody> </table> <p>4.The company has defined the annual training plan based on the nature of business to provide professional training courses, and to encourage further education obtaining licenses, in response to the company’s future development and cultivating one’s second expertise.</p> <p>5.The Company purchases pipes, equipment and devices, and more materials from overseas, processed in accordance with the “Natural Gas Enterprise Act” and relevant laws and regulations. In meeting the government policy order to ensure public safety, the Company has formulated related policies protecting consumers or customer rights and complaint channels exercising corporate social responsibility.</p> <p>6.Through suitable assessment, management and careful selection of suppliers, the Company builds a stable development, values corporate social responsibility, and formulated the suppliers management policy. Requests suppliers to abide with environmental protection, occupational safety and labor rights, so on topics, to jointly build the steady development of a green supply chain.</p>	Year	Number of people at- tended	Number of hours at- tended	2019	308	1,390	2020	298	912	2021	314	858	
Year	Number of people at- tended	Number of hours at- tended														
2019	308	1,390														
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III. Company Governance Report

Promoting item:	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
V. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Has the assurance or opinion from third-party certifying institutions been obtained for the reports of the preceding paragraph?		✓	The Company proceed with information publication and sustainable development related information disclosure according to the laws and regulations, to enhance information transparency.	Conforms to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
VI. If the company has established ethical corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation: None.				
VII. Other important information to facilitate better understanding of the Company's implementation of sustainable development:				
<ol style="list-style-type: none"> 1. The Company builds the natural gas supply gas pipeline network segmentation, conducts regular patrol inspection, maintains pipelines, to ensure safety in supplying of gas. 2. Each year, will organize the gas-holder tank safety emergency response drill in boosting the disaster prevention trainings to maintain public safety. 3. The Company actively promotes safety inspection of equipment fraud prevention measures. Users are asked to verify the safety inspector of the Company before opening the door for safety inspection, and emphasize that no fees will be collected onsite, in order to prevent unscrupulous vendors from collecting fees through impersonation. This is for guaranteeing users' rights. 4. To protect the consumers' rights, the Company formulated related regulations based on the "Personal Data Protection Act" and announced them on the company external website. 5. The Company established the "Mobile SMS Service Hotline for the Hearing Impaired," strengthening services to disadvantaged groups to fulfill corporate operations responsibilities. 6. The Company has since 2013 continued to care for the low and middle income users within the operating areas, and implemented the natural gas discounts regulation. As of the end of 2021, an accumulated discount amount of NTD 3,901,080. 7. The Company has since 2015 continued to care for the gas supply safety to the single living elderlies within the operating areas. Thus, processed the "Application to Change to Microcomputer Gas Meter" and discounts for its gas fees. 8. The Company works to enhance safety during use in cooperation with local and central government policies in natural gas use safety knowledge and promoting installation, or changing to microcomputer gas meter. 9. The Company upholds to the philosophy of "Taking and Giving Back to the Society." In 2021, sets aside funds as consolations to the veterans and dependents during festivals, care for the orphans and so on activities, and actively supports local art performances to return to the society, the total amount at NTD 2,849,000. 				

III. Company Governance Report

(VI) Fulfilling ethical management and differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof:

Evaluation item	State of operation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
<p>I. Establishment of ethical corporate management policy and plan</p> <p>1. Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>2. Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p> <p>3. Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>1. The Company's 18th Term 9th Meeting of the Board of Directors has approved the establishment of the "Ethical Corporate Management Best Practice Principles." The Board of Directors and management commit to actively fulfil the ethical principles, and instructed all employees to abide to them to prevent the occurrence of unethical behaviors.</p> <p>2. In ensuring the fulfillment of ethical management, the Company builds a complete accounting system and internal control system, and internal auditors conduct regular audits to check the compliance status of relevant laws and regulations.</p> <p>3. In accordance with the "Ethical Corporate Management Best Practice Principles" on prevention of unethical behaviors, the Company established matters of attention and scope of the report system, punishment for violations, and complaint system. And, encourage the directors, managers, and all employees to make suggestions based on the reviews and amendments of the ethical management and measures for continuous review and improvements of the policy and promotion measures, to achieving the results of enhanced implementation of ethical management.</p>	<p>No differences</p> <p>The Company has already formulated the "Ethical Corporate Management Best Practice Principles," which is the basis of every operations.</p>

Evaluation item	State of operation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
<p>II. Ethic Management Practice</p> <p>1. Whether the company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?</p> <p>2. Whether the company has set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?</p> <p>3. Whether the company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?</p> <p>4. To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?</p> <p>5. Does the company provide internal and external ethical conduct training programs on a regular basis?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>1. The Company's employees must abide to the "Work Rules" when conducting business with the users and vendors; Relating to signing of contracts with external parties, there is a need to state that the parties, the company and suppliers and construction contractors must abide to the ethical terms and conditions, in order to fulfill the ethical management service philosophy to users.</p> <p>2. For a complete management of ethical management for the Company, the personnel office is responsible for the formulation of the ethical management policy and prevention guidelines, and the supervision of the execution. The office has to report to the 19th Term 3rd Meeting of the Board of Directors, assists the directors and management in evaluation of the effectiveness of the ethical management policy.</p> <p>3. The Company has established the "Work Rules" and "Insider Trading Prevention Management Procedures," to avoid company employees gain personal benefits affecting the company's rights and development.</p> <p>4. The Company has built a thorough internal control system and accounting system as basis for execution. Based on laws and regulations, and annual audit plan, the internal audit unit regularly audits every process and the legal compliance status to meet the relevant regulations.</p> <p>5. A. The Company's finance and audit unit participates in related seminars and training courses each year.</p>	<p>No differences</p> <p>The Company has already formulated the "Ethical Corporate Management Best Practice Principles," which is the basis of every operations.</p>

III. Company Governance Report

Evaluation item	State of operation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
			B.The Company regularly organizes the “Employee Monthly Meeting,” “Labor-Management Meeting,” “Contractors Management Working Group Meeting” and so on, and makes timely promotion to realize commitments to ethical management.	
<p>III.Implementation of Complaint Procedures</p> <p>1. Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?</p> <p>2. Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?</p> <p>3. Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?</p>	<p>✓</p> <p></p> <p>✓</p> <p>✓</p>		<p>1. The Company stipulates and announces punishments for violations to ethical management and complaint system, and discloses the handling situation on the company internal website in a timely manner.</p> <p>2. There is the personal data protection and confidentiality affidavit established between the Company and employees which regulates the parties must abide to the protection and confidentiality agreement when performing confidential work or processing personal information.</p> <p>3. A dedicated unit is responsible for handling the complaint matter in ensuring the protection of the complainant’s identity and contents.</p>	
<p>IV.Enhancing Information Disclosure</p> <p>Has the company disclosed on its website and Market Observation Post System the content and promotion effect of its “Ethical Corporate management Best-Practice Principles?”</p>		✓	The Company has based on related laws and regulations processed the information release on its external website which has a link to the MOPS, regularly disclosed relevant and reliable information to provide to the public for reading and established the “Ethical Corporate Management Best Practice Principles” in a timely manner.	No differences The Company has already formulated the “Ethical Corporate Management Best Practice Principles,” which is the basis of every operations.
<p>V.If the company has established ethical corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation: None.</p>				

Evaluation item	State of operation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
VI. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., review the company's Ethical Corporate Management Best Practice Principles):				
1. The Company's management regularly promotes ethical behaviors during company meetings or educational trainings. It expects to build a consistent belief with all employees and abide to relevant laws and regulations or others relating to regulating business behavior.				
2. When signing and entering into special contracts with contractors, contents on abiding to ethical management are also adopted into the contract terms and conditions, promoting and fulfilling the ethical management policy and convening regular meetings for its promotion.				

(VII) If the Company has formulated the Corporate Governance Best Practice Principles and related rules, it shall disclose its inquiry methods:

The Company has already established the "Corporate Governance Best Practice Principles," "Procedures for the Shareholders' Meeting," "Rules of Procedures for Board of directors' meetings," "The Rules Governing the Election of Directors' Meeting," "Organization Charter for Remuneration Committee," "Ethical Corporate Management Best Practice Principles," "Organization Charter for Audit Committee," and discloses them on the MOPS and the Company's website.

(VIII) Other important information that is helpful to understand the Company's implementation of corporate governance:

Related personnel on the transparency of financial information, status of related licenses obtained:

1. Certified Public Accountant, 1 person.
2. The Institute of Internal Auditors, international certificate, 1 person.
3. Professional capability test for shareholders affairs, 2 persons passed.

III. Company Governance Report

(IX) Internal Control System Execution Status

1. 2021 Statement of internal control system

Shin Shin Natural Gas Co., LTD.
Statement of internal control system

Date: March 18, 2022

The internal control system of the Company in 2021, the declaration based on the results of self-assessment is as below:

- I. The Company’s Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Its purpose is to provide reasonable assurance of the achievement of objectives such as the effectiveness and efficiency of operations (including profitability, performance and asset security, etc.), the reliability, timeliness, and transparency of reporting, as well as compliance with relevant rulings, laws and regulations, etc.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective actions.
- III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the “Regulations”). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component consists of a number of items. Please refer to the "Regulations" for these items.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the preceding findings of such evaluation, the Company believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.
- VI. This Statement is an integral part of the Company’s annual report and prospectus, and will be made public. If the above-mentioned disclosures have falsehood or concealment, legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act will be incurred.
- VII. This Statement was passed by the Board of Directors in their meeting held on March 18, 2022 , with 0 of the 22 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Shin Shin Natural Gas Co., LTD.
Chairperson: Ho-Chia Chen

signature stamp

President: Fu-Hua Li

signature stamp

III. Company Governance Report

2. The company auditing its internal control system by a CPA shall disclose the CPA audit report: None.
- (X) In the most recent year and up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, any sanctions imposed by the Company upon its internal personnel for violations of internal control system, and the penalties which may have a significant impact on shareholders' equity or the price of securities, and list the content of penalties, principal deficiencies, and state any efforts to make improvements: None.
- (XI) Important resolutions of the shareholder meeting and board meeting from the most recent year up to the date of publication of the annual report:
1. Important resolutions of the shareholder meeting from the most recent year up to the date of publication of the annual report:

Meeting date	Important resolution	Resolution and result	State of implementation
2021.08.31	Proposal for the Company's annual business report and financial statement of 2020.	Passed by votes of the proposal.	To be processed accordingly.
	Proposal for the Company's surplus distribution of 2020.	Passed by votes of the proposal.	The 2020 earnings distributions to shareholders in cash dividends at NTD 1.6 per share. Established October 9th, 2021 as the ex-dividend date, and distribution is completed on October 20, 2021.
	Amendments to some articles of the Company's "Articles of Association."	Passed by votes of the proposal.	Promulgated for implementation.
	Amendments to some articles of the Company's "Procedures for the Shareholders' Meeting."	Passed by votes of the proposal.	Promulgated for implementation.
	Amendments to some articles of the Company's "The Rules Governing the Election of Directors' Meeting."	Passed by votes of the proposal.	Promulgated for implementation.
	Amendments to some articles of the Company's "Regulations for Acquisition or Disposal of Assets."	Passed by votes of the proposal.	Promulgated for implementation.
	Amendments to some articles of the Company's "Regulations Governing Loaning of Funds."	Passed by votes of the proposal.	Promulgated for implementation.
	Amendments to some articles of the Company's "Regulations Governing Making of Endorsements/ Guarantees."	Passed by votes of the proposal.	Promulgated for implementation.

III. Company Governance Report

	Election for the Company's 19th Term directors (including independent directors).	Election results: Ho-Chia Chen, Representative, Veterans Affairs Commission, Executive Yuan: Cheng-Yi Lin, Representatives, THE GREAT TAIPEI GAS CORPORATION: Richard H Wu, Jung-Chun Huang, Representative, Kindasaki Biochemical Technology Co., Ltd.: Pao-Kway Chen Chien,	To be processed accordingly.
		Representative of Veterans Affairs Commission, Executive Yuan: Fu-Hua Li, Representative of THE GREAT TAIPEI GAS CORPORATION: Hsin-Ju Wu; Representative of Shin-Hai Gas Co, Ltd.: Rung-Fu Hsieh, Representative of Tung Chan Enterprise Co., Ltd.: Hung-Wen Chuang; Cheng-Cheng Wong, Representative of Veterans Affairs Commission, Executive Yuan: Chy-Chung Chang; Representative of Veterans Affairs Commission, Executive Yuan: Ming-Tseng Lin; Representative of Veterans Affairs Commission, Executive Yuan: Tao-Chung Ku; Representative of juristic person, Shin Kong Wu Ho-Su Memorial Hospital: Po-Ih Wang; Representative, Kindasaki Biochemical Technology Co., Ltd.: Hui-Chun Chen Wu; Representative, THE GREAT TAIPEI GAS CORPORATION: Po-Fong Lin; Kuo-Tai Chang; Ko-Tseng Li, Representative, Veterans Affairs Commission, Executive Yuan: Lung-Shu Hsiao; independent director Ching-Kuo Lee, independent director Shun-Yun Hsu; independent director Chin-Ming Kuo, independent director Ming-Hsiung Chen; independent director Han-Lin Tseng, 24 persons.	
	Propose to agree the release of newly-elected directors and representatives from non-competition restrictions.	Name list of newly elected directors for the proposal for release of competition restriction: Shin-Hai Gas Co, Ltd. representative: Rung-Fu Hsieh, THE GREAT TAIPEI GAS CORPORATION representative: Po-Fong Lin, THE GREAT TAIPEI GAS CORPORATION representative: Richard H Wu, Tung Chan Enterprise Co., Ltd.: Hung-Wen Chuang, Veterans Affairs Commission, Executive Yuan: Lung-Shu Hsiao, 5 persons	To be processed accordingly.

2. In the most recent year and as of the annual report publication date, major decisions of Board meetings

Meeting date	Motion content	Resolution and result	State of implementation
2021.03.18 (18th Term, 17th Meeting)	Review the distribution of employees wage and directors and supervisors remuneration of 2020.	All attending directors agreed to approve.	Reported to the 2021 shareholders general meeting.
	Review the Company's 2020 "Business Report, Financial Statements, and Consolidated Financial Statements and so on."	All attending directors agreed to approve.	Proposed in the 2021 shareholders general meeting.
	Review the 2020 "Earnings Distribution."	All attending directors agreed to approve.	Proposed in the 2021 shareholders general meeting.
	Review the partial amendments to the Company's "Company Articles of Association."	All attending directors agreed to approve.	Discussed and approved in the 2021 shareholders general meeting.
	Review of some articles of the Company's "Procedures for the Shareholders' Meeting."	All attending directors agreed to approve.	Discussed and approved in the 2021 shareholders general meeting.
	Review of some articles of the Company's "The Rules Governing the Election of Directors' Meeting."	All attending directors agreed to approve.	Discussed and approved in the 2021 shareholders general meeting.
	Review of some articles of the Company's "Regulations for Acquisition or Disposal of Assets."	All attending directors agreed to approve.	Discussed and approved in the 2021 shareholders general meeting.
	Review of some articles of the Company's "Regulations Governing Loaning of Funds."	All attending directors agreed to approve.	Discussed and approved in the 2021 shareholders general meeting.
	Review of some articles of the Company's "Regulations Governing Making of Endorsements/Guarantees."	All attending directors agreed to approve.	Discussed and approved in the 2021 shareholders general meeting.
	Convening shareholders meeting on June 25th, 2021.	All attending directors agreed to approve.	To be processed accordingly.
	Independent Director's opinion: None. Handling of the Independent Director's opinion by the company: None.		
2021.05.12 (18th Term, 18th Meeting)	Review the Company's 2021 Q1 (Jan to Mar) Consolidated Financial Statements.	All attending directors agreed to approve.	Completed announcement and filing on May 15th, 2021 according to regulations.
	Nomination and review the qualifications of the 19th Directors and Independent Directors candidates.	All attending directors agreed to approve.	For election at the 2021 "Shareholders General Meeting."
	Propose to agree the release of 19th directors and representatives from non-competition restrictions.	All attending directors agreed to approve.	Proposed to the 2021 "Shareholders General Meeting."
	Amendments to some articles of the Company's "Rules for the Proceedings of Board Meetings."	All attending directors agreed to approve.	To be processed accordingly.
	Review the Company's "Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises."	All attending directors agreed to approve.	To be processed accordingly.
	Independent Director's opinion: None. Handling of the Independent Director's opinion by the company: None.		

III. Company Governance Report

Meeting date	Motion content	Resolution and result	State of implementation
2021.08.06 (18th Term, 19th Meeting)	Change of convening date to August 31st, 2021 for the 2021 Shareholders General Meeting.	All attending directors agreed to approve.	To be processed accordingly.
	Review the Company's 2021 Q1 and Q2 (Jan to Jun) Consolidated Financial Statements.	All attending directors agreed to approve.	Completed announcement and filing on August 6th, 2021 according to regulations.
	Amendments to partial articles of the Company's "Business Charter."	All attending directors agreed to approve.	Completed newspaper publication of announcement on August 10th, 2021.
	Amendments to partial articles of the "Organization Charter for Remuneration Committee."	All attending directors agreed to approve.	August 17th, 2021 letter issued for implementation.
	Independent Director's opinion: None. Handling of the Independent Director's opinion by the company: None.		
2021.09.10 (19th Term, 1st Meeting)	The 19th Board of Directors meeting established one executive director	Director Richard H Wu elected as Executive Director.	To be processed accordingly.
	Appointed Independent Director Chin-Ming Kuo, Independent Director Han-Lin Tseng, and Mr. Xiang-Rui Kuo as the Company's 5th Remuneration Committee members.	All attending directors agreed to approve.	To be processed accordingly.
	Hire Mr. Fu-Hua Li to act as the Company's President, Mr. Yi-Hsin Chien, and Mr. Chung-Chieh Chen as the Company's Vice President.	All attending directors agreed to approve.	To be processed accordingly.
	Confirmed October 9th as the cash dividends distribution record date.	All attending directors agreed to approve.	To be processed accordingly.
	Independent Director's opinion: None. Handling of the Independent Director's opinion by the company: None.		
2021.11.10 (19th Term, 2nd Meeting)	Review the Company's 2022 "Operations Plan."	All attending directors agreed the amendment to adjust for increase in the 2021 earnings target.	To be processed accordingly.
	Review the Company's 2021 Q1~Q3 (Jan to Sep) Consolidated Financial Statements.	All attending directors agreed to approve.	Processed accordingly, and completed the 2021 Operations Plan and Budget Targets adjustments.
	Review the Company's evaluation on the CPA's independence and suitability and continued appointment.	All attending directors agreed to approve.	To be processed accordingly.
	Independent Director's opinion: None. Handling of the Independent Director's opinion by the company: None.		
2021.12.10 (19th Term, 3rd Meeting)	Review the Company's 2022 "Operations Budget."	All attending directors agreed to approve.	Processed accordingly, and has implemented on December 28th, 2021.
	Formulate the Company's "Internal Auditors' Appointment or Discharge, Appraisal, and Remunerations Regulations."	All attending directors agreed to approve.	To be processed accordingly.
	Independent Director's opinion: None. Handling of the Independent Director's opinion by the company: None.		

III. Company Governance Report

Meeting date	Motion content	Resolution and result	State of implementation
2022.03.18 (19th Term, 4th Meeting)	Review the distribution of employees wage and directors and supervisors remuneration of 2021.	All attending directors agreed to approve.	To be processed accordingly. For report to the (2022) shareholders general meeting.
	Review the Company's 2021 "Business Report, Financial Statements, and Consolidated Financial Statements and so on."	All attending directors agreed to approve.	To be processed accordingly. Proposal for the (2022) shareholders general meeting.
	Review the 2021 "Earnings Distribution."	All attending directors agreed to approve.	To be processed accordingly. Proposal for the (2022) shareholders general meeting.
	Review the (2022) annual shareholders general meeting by-election for one seat of director.	All attending directors agreed to approve.	To be processed accordingly. For election at the (2022) shareholders general meeting.
	Convening the 2022 shareholders general meeting on June 17th, 2022.	All attending directors agreed to approve.	To be processed accordingly.
	Independent Director's opinion: None. Handling of the Independent Director's opinion by the company: None.		
2022.05.06 (19th Term, 5th Meeting)	Reviewed and approved the Company's 2022 Q1 (Jan to Mar) Consolidated Financial Statements.	All attending directors agreed to approve.	Announced and filed according to regulations.
	Review the nominated candidate of the by-election for one seat of director.	All attending directors agreed to approve.	To be processed accordingly. For election at the (2022) shareholders general meeting.
	Propose for the agreeing to the release of newly-elected directors and its representatives from non-competition restrictions.	All attending directors agreed to approve.	To be processed accordingly. For election at the (2022) shareholders general meeting.
	Independent Director's opinion: None. Handling of the Independent Director's opinion by the company: None.		

(XII) Contents of the objections for the records or with written statements of directors or supervisors to important Board resolutions in the previous year and by the date of report publication: None.

(XIII) From the most recent year up to the date of publication of the annual report, summary of resignation and dismissal of the Company's chairperson, president, accounting officer, finance officer, internal audit officer, corporate governance managerial officers and R&D officer: None.

V. Information on CPA's professional fees

- (I) If the audit fee of the year is less than that of the previous years after changing CPA firm, then the audit fee before and after the change and the reason for change shall be disclosed: None.
- (II) If the audit fee is less than that of the previous year by over 10%, then the less amount of audit fee, its proportion, and the reason shall be disclosed: None.
- (III) Information on CPA's professional fees in the most recent year:

Amount Unit: Thousands of NTD

CPA firm	CPA name		CPA audit period	Audit fee	Non-audit fee	Total	Remark
BDO Taiwan	Li-Yen Wang	Chia-Fang Chiang	January 1, 2021 to December 31, 2021	1,830	0	1,830	

VI. Information on change of CPAs

(I) Former CPAs:

Date of change	February 23, 2021		
Reasons and Explanation of Changes	Internal rotation change of the CPA firm		
State Whether the Appointment is Terminated or Rejected by the Consignor or CPAs	Situations	The party	CPA
	Appointment terminated automatically		None
	Appointment rejected (discontinued)		None
The Opinions Other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions	None of such situation		
Is There Any Disagreement in Opinion with the Issuer	Yes		Accounting principle or practice
			Disclosure of financial statements
			Auditing scope or procedures
			Others
	None	~	
Descriptions	None of such situation		
Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Regulations Governing Information to be Published in Annual Reports of Public Companies)	None of such situation		

III. Company Governance Report

(II) Successor CPAs:

Accounting Firm	BDO Taiwan
CPA name	Li-Yen Wang, Chia-Fang Chiang
Date of Engagement	February 23, 2021
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None of such situation
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	None of such situation

(III)The reply of former CPAs on Article 10 Paragraph 6 Subparagraph 1 and Article 10 Paragraph 6 Subparagraph 2 Point 3 of the Standards: None.

VII. Anyone among the Company's chairperson, president or any managerial officers in charge of finance or accounting affairs who have in the most recent year held a position at the accounting firm of the attesting CPA or an affiliate of the accounting firm: None.

VIII. Any equity transfer or change in equity pledge by a director, supervisor, managerial officer, or shareholder with 10% stake or more from the most recent year up to the date of publication of the annual report:

Changes in shareholdings of directors, supervisors, managerial officers and major shareholders

Unit: Shares

Title	Name	2021		The current year as of April 19th		Remark
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	
Chairperson	Ho-Chia Chen	0	0	0	0	
Director	Veterans Affairs Commission, Executive Yuan	0	0	0	0	Institutional representatives, 5 directors: Fu-Hua Li, Chy-Chung Chang, Pi-Lin Chiang, Ming-Tseng Lin, Tao-Chung Ku.
Director	Shin Kong Wu Ho-Su Memorial Hospital	0	0	0	0	Institutional Representative, 1 person: Po-Ih Wang
Director	Jung-Chun Huang	0	0	0	0	
Director	Kindasaki Biochemical Technology Co., Ltd.	0	0	0	0	Institutional representatives, 2 directors: Pao-Kway Chen Chien, Hui-Chun Chen Wu
Director and President	Veterans Affairs Commission, Executive Yuan	0	0	0	0	Institutional Representative: Fu-Hua Li
Director	THE GREAT TAIPEI GAS CORPORATION	0	0	0	0	Institutional representatives, 2 directors: Hsin-Ju Wu, Richard H Wu
Director	Shin-Hai Gas CORPORATION	0	0	0	0	Institutional representative: Rung-Fu Hsieh Note (3)
Director	Cheng-Cheng Wong	0	0	0	0	Note (3)

III. Company Governance Report

Title	Name	2021		The current year as of April 19th		Remark
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	
Director	Tung Chan Enterprise CORPORATION	0	0	0	0	Institutional Representative: Hung-Wen Chuang Note (3)
Director	Kuo-Tai Chang	0	0	0	0	
Director	Ko-Tseng Li	0	0	0	0	
Director	Li-Min Lu	0	0	0	0	Note (4)
Independent Director	Ching-Kuo Lee	0	0	0	0	
Independent Director	Chin-Ming Kuo	0	0	0	0	
Independent Director	Ming-Hsiung Chen	0	0	0	0	
Independent Director	Han-Lin Tseng	0	0	0	0	
Independent Director	Shun-Yun Hsu	0	0	0	0	March 17, 2022 resignation
Independent Director	Min-Yu Chang	0	0	0	0	Note (4)
Supervisor	Shin-Shin Bus Company, Ltd.	0	0	0	0	Institutional Representative: Chen-Yi Tung Note (4)
Vice President	Yi-Hsin Chien	0	0	0	0	
Manager, Department of Finance	Yi-Yang Huang	0	0	0	0	

Note: 1. Stock trade information: None for the Company's directors, supervisors, managerial officers and major shareholders with shareholding at more than 10%, with related party.

2. Stock pledge information: None for the Company's directors, supervisors, managerial officers and major shareholders with shareholding at more than 10%, with related party.

3. On August 31st, 2021, re-election from supervisor to director.

4. On August 31st, 2021, re-election and dismissal

IX. Information on the top ten shareholders in shareholding ratio and are related parties or with a relationship of being a spouse or a relative within the 2nd degree of kinship

Information of top ten shareholders who are related

Name	Shares held		Shareholding by spouse or dependents		Total shares held in the name of others		Related Party Relationship among the Company's 10 Largest Shareholders		Remark
	Number of shares (Shares)	Share-holding percentage (%)	Number of shares (shares)	Share-holding percentage (%)	Number of shares (shares)	Share-holding percentage (%)	Name	Relationship	
Veterans Affairs Commission, Executive Yuan	46,556,713	25.79	0	0	0	0	None	None	
Thousand Islands Investment Co., Ltd.	11,655,712	6.46	0	0	0	0	THE GREAT TAIPEI GAS CORPORATION	Equity-method investees	
Chairperson: Rung-Fu Hsieh									
THE GREAT TAIPEI GAS CORPORATION	10,534,066	5.83	0	0	0	0	Thousand Islands Investment Co., Ltd. Pai Hsun Investment Co., Ltd. Shin-Hai Gas Co, Ltd.	Equity-method investment company	
Chairperson: Rung-Fu Hsieh									
Shunyi International Co., Ltd.	6,891,984	3.82	0	0	0	0	None	None	
Chairperson: Cheng-Cheng Wong									
Pai Hsun Investment Co., Ltd.	6,482,356	3.59	0	0	0	0	THE GREAT TAIPEI GAS CORPORATION	Equity-method investees	
Chairperson: Rung-Fu Hsieh									
Kindasaki Biochemical Technology Co., Ltd.	6,031,011	3.34	0	0	0	0	None	None	
Chairperson: Ho-Chia Chen									
SHINTAO NATURAL GAS	5,704,196	3.16	0	0	0	0	None	None	
Chairperson: Hao-Yu Chou									
Shin Kong Life Insurance Co., Ltd.	5,096,360	2.82	0	0	0	0	None	None	
Chairperson: Pai-Cheng Pan									
Shin-Hai Gas Co, Ltd.	4,668,441	2.59	0	0	0	0	THE GREAT TAIPEI GAS CORPORATION	Equity-method investees	
Chairperson: Rung-Fu Hsieh							Hsin Wa Investment Co., Ltd.	Equity-method investment company	
Hsin Wa Investment Co., Ltd.	3,568,000	1.98	0	0	0	0	Shin-Hai Gas Co, Ltd.	Equity-method investees	
Chairperson: Chen-Lung Li									

X. Investments jointly held by the company, the company’s directors, supervisors, managers, and enterprises directly or indirectly controlled by the company, with shareholding disclosed in aggregate of the said parties:

Shareholding percentage

April 19, 2022
Unit: Shares; %

Non-consolidated (note)	Ownership by the Company		Ownership by Directors, Supervisors, Managers and Directly/Indirectly Owned Subsidiaries		Total Ownership	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
EVFA INTERNATIONAL CO., LTD.	49,500,000	100	0	0	49,500,000	100

Note: The company’s investments accounted for using equity method.

IV. Capital Overview

I. Processing of the company's capital, any issuance of shares, corporate bonds, preferred shares, global depository receipts, and employee stock warrants, new restricted employee shares, any merger and acquisition activities (including mergers, acquisitions, and demergers)

(I) Capital and share 1. Source of capital

Source of capital

May 16, 2022
Unit: Shares; NTD

Year Month	Issued price (NTD)	Authorized capital		Paid-in Capital		Source of capital	Remark	
		Number of shares (Shares)	Amount (NTD)	Number of shares (Shares)	Amount (NTD)		Substitution of capital stock with assets other than cash	Others
May 1971	10	6,000,000	60,000,000	6,000,000	60,000,000	Cash flow generated from operations	None	Original capital
August 1996	10	143,000,000	1,430,000,000	103,400,998	1,034,009,980	Employee bonus 3,646,680 and increased capital from earnings of 134,395,210	None	On June 25th, 1996, Tai-Cai-Zheng No. 36642
September 1997	10	143,000,000	1,430,000,000	114,034,444	1,140,344,440	Employee bonus 2,933,470 and increased capital from earnings of 103,400,990	None	June 25th, 1997, Tai-Cai-Zheng No. 50639
September 1998	10	143,000,000	1,430,000,000	134,533,592	1,345,335,920	Employee bonus 5,431,210 and increased capital from earnings of 199,560,270	None	July 7th, 1998, Tai-Cai-Zheng No. 58665
September 1999	10	151,300,000	1,513,000,000	145,539,111	1,455,391,110	Employee bonus 2,428,320 and increased capital from earnings of 107,626,870	None	July 12th, 1999, Tai-Cai-Zheng No. 63751
September 2000	10	185,800,000	1,858,000,000	161,221,204	1,612,212,040	Employee bonus 4,004,870 and increased capital from earnings of 152,816,060	None	July 11th, 2000 Tai-Cai-Zheng No. 59458
September 2006	10	185,800,000	1,858,000,000	170,318,352	1,703,183,520	Employee bonus 2,299,820 and increased capital from earnings of 88,671,660	None	On July 19th, 1996, FSC's Jin-Guan-Zheng-Yi-Zi No. 0950131511
October 2010	10	185,800,000	1,858,000,000	180,537,453	1,805,374,530	Increased capital from earnings of 102,191,010	None	On August 4th, 2010, FSC's Jin-Guan-Zheng-Fa-Zi No. 0990040779

May 16, 2022
Unit: Shares

Shares Types	Authorized capital			Remark
	Outstanding shares (Note)	Unissued shares	Total	
Common stock	180,537,453	5,262,547	185,800,000	None

Note: All issued shares are listed stocks.

IV. Capital Overview

2. Composition of Shareholders

April 19, 2022

Type of Shareholders Numbers	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	2	3	169	15,221	38	15,433
Shareholding (Shares)	46,562,084	5,144,360	62,778,674	62,150,089	3,902,246	180,537,453
Shareholding percentage (%)	25.79	2.85	34.78	34.42	2.16	100.00

3. Distribution of Shareholding

Common Share Per Share Issue Price is NTD 10

April 19, 2022

Shareholding Range	Number of Shareholders	Shareholding (Shares)	Shareholding percentage (%)
1-999	13,283	374,632	0.21
1,000-5,000	1,544	2,925,933	1.62
5,001-10,000	197	1,467,301	0.81
10,001-15,000	67	832,938	0.46
15,001-20,000	45	796,786	0.44
20,001-30,000	46	1,158,701	0.64
30,001-40,000	32	1,136,840	0.63
40,001-50,000	24	1,080,800	0.60
50,001-100,000	55	3,889,569	2.15
100,001-200,000	46	6,601,111	3.66
200,001-400,000	39	10,879,375	6.03
400,001-600,000	13	6,292,437	3.49
600,001-800,000	11	7,319,128	4.05
800,001-1,000,000	4	3,460,300	1.92
Over 1,000,001	27	132,321,602	73.29
Total	15,433	180,537,453	100

Preferred Share: None.

4. Major Shareholders (top 10 shareholders)

April 19, 2022

Name of Major Shareholder	Shares	Shareholding (shares)	Shareholding percentage (%)
Veterans Affairs Commission, Executive Yuan		46,556,713	25.79
Thousand Islands Investment Co., Ltd.		11,655,712	6.46
THE GREAT TAIPEI GAS CORPORATION		10,534,066	5.83
Shunyi International Co., Ltd.		6,891,984	3.82
Pai Hsun Investment Co., Ltd.		6,482,356	3.59
Kindasaki Biochemical Technology Co., Ltd.		6,031,011	3.34
SHINTAO NATURAL GAS		5,704,196	3.16
Shin Kong Life Insurance Co., Ltd.		5,096,360	2.82
Shin-Hai Gas Co, Ltd.		4,668,441	2.59
Hsin Wa Investment Co., Ltd.		3,568,000	1.98

5. Information on market price, net worth, earnings, dividends per share for the most recent two years

Items	Year	The Year 2022 until March 31st, 2022 (Note 8)		
		2020	2021	
Market price per share (Note 1)	Highest (NTD)	38.50	55.40	43.6
	Lowest (NTD)	30.05	35.75	41.5
	Average (NTD)	34.79	40.20	42.34
Net worth per share (Note 2)	Before distribution (NTD)	17.27	17.60	18.16
	After distribution (NTD)	15.40	-	-
Earnings per share	Weighted average number of shares (shares)	178,009,590	178,009,590	178,009,590
	Earnings per share (Note 3)(NTD)	1.84	1.92	0.56

IV. Capital Overview

Items		Year	2020	2021	The Year 2022 until March 31st, 2022 (Note 8)
Dividends per share	Cash dividends (NTD)		1.6	(Note 9)	-
	Free-Gratis Dividends	Retained Shares Distribution (shares)	None	-	-
		Capital Reserve Shares Distribution (shares)	None	-	-
	Retained Dividends (Note 4)		None	None	-
Investment returns analysis	Price/Earnings ratio (Note 5)		18.91	20.93	-
	Price/Dividend ratio (Note 6)		21.74	(Note 9)	-
	Cash dividend yield (%) (Note 7)		0.05	(Note 9)	-

*For capital increase with stock dividend from earnings or capital surplus, information on the market price and cash dividends retroactively adjusted with the number of shares to be issued should be disclosed.

Note 1: Set forth the highest and lowest market prices per common share for each year, and calculate each year's average market price based upon that year's transaction value and transaction volume.

Note 2: Please fill in according to the issued number of shares at the end of the year and resolution for distribution by the Board of Directors or the following year's shareholders meeting.

Note 3: If there is a retroactive adjustment due to stock dividends, etc., the earnings per share before and after the adjustment should be shown.

Note 4: If equity securities are issued with terms that allow dividends to be accrued and accumulated until the year the Company makes profits, the amount of cumulative undistributed dividends up till the current year is disclosed separately.

Note 5: Price to earnings ratio = average closing price per share for the year/earnings per share.

Note 6: Price to dividends ratio = average closing price per share for the year/cash dividend per share.

Note 7: Cash dividends yield = dividend per share/average closing price per share for the year.

Note 8: Net worth per share and earnings per share are data from 2022 Q1 that has been reviewed by the accountant.

Note 9: The 2021 Distribution of stock dividends was approved by the Board, estimated distributed cash dividend per share is NTD 1.7, to be proposed to the shareholders general meeting for resolution.

6. Dividends policy and implementation

(1) Dividends policy

The Company adopts a fixed cash-dividend payment ratio policy. In principle, the annual cash dividends paid shall not be less than 20% of the total dividends. However, the Company may increase the distribution ratio by referring to the business plan, Profitability, investment capital needs, and taking into account the Company's business capital adequacy in response to the change in economy and market environment.

(2) Implementation

The 2021 Distribution of stock dividends was approved by the Board, estimated distributed cash dividend per share is NTD 1.7, to be proposed to the shareholders general meeting for resolution.

(3) If a material change in dividend policy is expected, provide an explanation:

None.

7. The impact of the free allotment proposed at the general shareholders' meeting on the Company's operating performance and earnings per share: The Company did not propose a free allotment at the (2022) Annual General Meeting of shareholders, so there was no impact on the Company's operating performance and earnings per share.

8. Profit sharing remuneration for employees, directors and supervisors

(1) Information on employee and director's remuneration as stipulated in Article 33 of the Company's Articles of Incorporation:

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

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

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

(2) The Board has approved the proposed distribution amount for employees and directors remuneration and the calculation for the earnings per share. Its information:

The Company's 2021 employees and directors remuneration distribution proposal, has been approved by the Board on March 18th, 2022. The approved earnings distribution is: Distribute cash compensation to employees for NTD 9,004,927 and to directors for NTD 9,004,927. If the actual distribution amount differs from the estimated amount in subsequent resolutions, the difference is treated as a change in accounting estimate. The calculation for the earnings per share at NTD 1.92 is based on considerations for after the employees and directors remuneration distribution.

IV. Capital Overview

(2) Distribution of remuneration to employees, directors, and supervisors with the retained earnings from the previous year:

Items	August 31, 2021	March 18, 2021	Differences	Reasons for differences
	Shareholders meeting resolutions	Approved Board resolutions		
	Actual distribution amount	Suggested amount		
Employee cash compensation (in thousands of NTD)	8,800	8,800	-	-
Employees compensation in stocks				
Number of shares (Thousands of Shares)	-	-	-	-
Amount (In thousands of NTD)	-	-	-	-
% of 2019 outstanding shares	-	-	-	-
Profit sharing remuneration for directors and supervisors (in thousands of NTD)	8,800	8,800	-	-

9. The company has in the most recent year and as of the annual report publication date, file for buyback of common stock: None.

(II) Processing of the company's capital, any issuance of shares, corporate bonds, preferred shares, global depository receipts, and employee stock warrants, new restricted employee shares, any merger and acquisition activities (including mergers, acquisitions, and demergers): None.

II. The status of implementation of capital allocation plans

(I) Contents of the Plan

1. The Company has none of such situation on issuance of securities beforehand, or private placement securities that have not yet completed or have achieved within most recent 3 years, of which the benefits of the plan has not shown yet.
2. No cash capital increase for the Company in the most recent three years.

(II) State of implementation
Not applicable.

V. Operation Overview

I. Business activities

(I) Business scope

1. Principal business activities

- (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.

2. Revenue distribution

Business activities	Operating revenues (in thousands of NTD)	Revenue distribution (%)
Gas sales revenue	1,488,668	83.84
Installation revenue	176,511	9.94
Other operating revenue	110,455	6.22
Total	1,775,634	100.00

V. Operation Overview

3. Products and major services

The Company's major services are conducted within the business areas approved by the competent authorities for installation of pipes to supply natural gas as fuel to users, and to provide users natural gas pipeline equipment and emergency shut-off safety equipment design and construction.

4. Plans for new product (services) development: None.

(II) Industry Overview

1. The current status and development of the industry

There a total of 25 domestic public natural gas businesses providing natural gas as fuel to users through pipelines. The source of gas is supplied by CPC Corporation, Taiwan. In response to insufficient gas sources produced within Taiwan, CPC has since 1990 entered into long term gas procurement contract with overseas importing gas sources from overseas. With urban renewal, development of tourism industry and rising environmental awareness, natural gas has become an important fuel in the daily lives of modern urban city.

2. Correlation among the upstream, midstream and downstream aspects of the industry:

Natural gas is combustible gas produced underground with hydrocarbons as its main composition. All the domestic natural gas are produced by CPC Corporation, Taiwan or transported into Taiwan from overseas. The major import countries are Indonesia, Qatar, Malaysia, Papua New Guinea, Australia and USA. Besides supplying for electricity power and part of the industrial users, it is used for supplying to every public natural gas business. The gas source that the Company purchased from CPC Corporation, Taiwan, odorant is added and after the gas is compressed, it is transported via pipelines to the users within the operating districts for use as fuel.

3. Development trends and state of competition of the product

In response to the restrictions and regulations of the "Kyoto Protocol," "Paris Agreement" and previous global climate change agreements, the government has in 2015 established the "Greenhouse Gas Reduction and Management Act" to establish carbon reduction targets. In 2021 the Environmental Protection Administration amended name of the aforementioned Act to "Climate Change Response Act." This meets the current urging state of global climate change and offers a more complete guideline in the regulations and execution, bringing a more active development and creation towards future net zero emissions goals. Amidst the carbon reduction trends and energy policies, increasing the use of natural gas is already a future trend, and it will become more diverse. For example, using natural gas to power electricity, air conditioner and more. There are also active promotions to the hospitals, schools, factories within the operating areas on changing oil fuel to natural gas for the boilers. This can reduce air pollution. Diverse use of natural gas is beneficial to the company for promoting to its users and increase gas sales volume.

Due to the fact that natural gas business belongs to public business, its gas supply areas need to be approved by competent authorities before beginning the supplying of gas. The operating areas do not overlap with peer companies, thus,

there are no situations of competition.

(III) Technology and R&D overview

1. The Company has in 1986 established the “Research and Development Committee,” which will formulate the R&D projects for the year at the start of every year based on industry characteristics; In 2021, initiated various research topics such as the “Risk Management for Occupational Safety and Health,” and “A Report on Human Resource Management Practices,” which are passed on to relevant departments for research and to realize its practice, in aiding the company’s operation management.
2. To coordinate the maintenance of all pipelines in the operating areas and to implement the pipeline management system, besides complying to the natural gas business regulations to patrol inspect and replace pipelines, the Company has in 2022 purchased wireless pressure transducer. It is hoped to obtain immediate end pipelines pressure information through technological tools to enhance the gas supply network management, ensuring the stable quality in gas supply. The construction amount is NTD 250,000.
3. To strengthen the safety in gas supply, the automated monitoring system (SCADA system) for gas supply was initiated in 1986. At the Company’s various gas-holder tanks, gas governor stations, and appropriate high pressure pipelines, many detection equipment were installed including for detecting gas pressure, flow, temperature, leakage, earthquake, water-level, fire, temperature, and door access control. Concentrated monitoring of the gas supply situations around the clock for 24 hours non-stop. In 2002, completed the SCADA system renewal construction, and in 2021 upgraded the Company’s “SCADA (gas supply monitoring system)” to virtual private network (VPN). Besides the prevention of intrusion from hackers and upgrade the information security, it also separates the Ankeng, Wanfang, and the Company’s “Response Management Center” to become independent monitoring and as backups to each other, avoiding risks in single-site outage. Each year, will still conduct regular maintenance based on the annual automatic inspection plan, to keep SCADA system at optimal state maintaining the safety of gas supply.
4. By the end of October, 2016, completed the Wanfang gas governor stations, and by the end of November 2016, completed the Ankeng gas governor stations’ renewal construction for the automatic equipment that add odorant. The amount of odorant added automatically by the equipment will change according to the gas supply volume. This will be helpful in the gas supply safety. The odorant additive for the natural gas supply complies with relevant natural gas laws and regulations, and the regular maintenance of the equipment is outsourced to professional vendors.
5. The Company has in May 2021 set up the “Response Management Center” integrating real-time news, vehicle satellite positioning, construction monitoring, gas supply monitoring and MIS, GIS and so on information. Through big data analysis and the use of scientific thinking and innovative technology assistance in the executing of disaster prevention work to reach the gas supply safety targets.

V. Operation Overview

(IV) Business development plans for the long and short term

1. Short term development plan

- A. The main work is to promote cases and actively pursue complete installation for the new building constructions within the operating areas, and to process branch tubes extension for existing users, and to seek after business users, repairs for users, to expand the gas supply scope seeking after household users to apply for natural gas installation, and enhance the safety and maintenance work of existing users.
- B. In terms of gas supply safety, the company continues to enrich the equipment, upgrade pipelines for anti-rust, maintain technologies, and fully utilize the gas supply segmentation built within the operation areas. All information on its gas-holder tanks, the automatic monitoring system among the various gas governor stations and constructions, maps and more are fully incorporated into the computer management, to assure the gas supply safety can be controlled more effectively.
- C. In response to the government's energy saving and carbon reduction policy, provide customers' convenient internet services, including applying for natural gas pipeline work online, entrust finance institutions for bill payment, promoting electronic invoices, increase mobile payment companies, internet search to show the required payment's QR code and electronic payment receipt and more services for the public.
- D. Complying to the natural gas business laws and regulations and conforming to government policies, actively promotes to users to install microcomputer gas meter. The microcomputer gas meter will be installed for all new users, raising the user gas safety.
- E. To ensure just calculations for users, the Company is replacing "overdue meters" for over 10 years based on the annual replacement plan.

2. Long term development plan

- A. The Company is committed to the management philosophy "Safety First and Superior Service" replacing old pipelines based on the annual plan to ensure gas supply safety.
- B. Review the changes of current environment to grasp the urban development trends and dynamic, to expand new users.
- C. Cooperating with the Taipei City and New Taipei City government's "underground sewerage," "MRT" and so forth major constructions and local governments' sewerage system improvements, carry out the moving of pipelines and renewal construction.
- D. The Company acts according to the annual patrol inspection plan, continues to conduct inspections and maintenance for the small gas governor stations, cork, water dispenser and so on equipment within the operation areas.
- E. Conforming to the environmental protection carbon reduction and air pollution policies, expands promotion to oil fuel boiler vendors to switch to using natural gas, a low polluting environmental-friendly energy source.

II. Market, production and sales overview:

(I) Market analysis

1. Sales and service areas for major products

The major business of the Company is providing natural gas to families, businesses and service sector and so on users to use as fuel. The operation areas are wide-ranging. The existing areas where there are gas supplies are New Taipei City's Zhonghe District, Yonghe District, Xindian District, Shenkeng District, and Taipei City's Songshan District. Due to the rapid development of urban cities and towns, people's quality of life is improving constantly. Natural gas is a modernized fuel which is highly safe, low pollution, and abundance. Therefore, under the government's energy policy promotion, there are much potential for developments in the Company's existing operating areas and areas that are to be developed (Shiding, Pinglin, Wulai).

2. Market share

As of December 2021, the Company's number of users sharing gas supply is at a total of 360,760 users, ranking 4th in the public natural gas business out of the 25 companies nationwide, which accounts for 9.49% of the natural gas users in Taiwan. The penetration rate in the Company's operating areas in New Taipei City's Zhonghe, Yonghe, Xindian, Shenkeng and Taipei City's Songshan Districts is at 70.88% by end of 2021.

3. State of supply demand and growth for the future market

The CPC Corporation, Taiwan is the only natural gas supplier in Taiwan. To stabilize supply for the market demand, CPC established long term procurement contract with overseas, and due to international abundance in shale gas and more energy sources of rich reserves and large-scale exploitations, domestic natural gas supply in the future seems to be in no shortage. The new users in the Company's operating areas can grow in moderation each year, future natural gas supply demands for use can be met with steady supply.

4. Competitive niche

According to the "Natural Gas Enterprise Act" regulations, public natural gas business cannot provide gas services extending to outer areas beyond its existing operating areas without permission from central authority. Currently, the operating areas of the 25 public natural gas businesses as approved by the central government's Ministry of Economic Affairs do not overlap. Thus, the Company has the advantage of exclusive supply within its approved operating areas.

5. Advantages and disadvantageous factors in development vision

Advantageous factors:

A. The natural gas possesses four major advantages, namely, safety, clean, economical, and convenient, which is a necessity for the public. Especially at this moment due to environmental protection policies, it has become an indispensable energy in modern cities. It can also relieve energy insufficiencies and adjust the country's overall energy supply demand, is of significant

V. Operation Overview

importance.

- B. The government has in 1990 imported large volumes of liquid natural gas from Indonesia and other countries and encourage the use of natural gas. Businesses actively invests in and constantly expands the transmission pipelines and gas storage equipment. Natural gas has become a major gas fuel of Taiwan's city areas.
- C. Under the government's environmental protection policy promotion, the hospitals, restaurants, schools or government agencies and users of oil fuel boilers within the operating areas, all have plans to switch to natural gas. It is anticipated that it will increase the Company's sales volumes.
- D. The Company has already set up a complete natural gas supply system within the gas supply areas, maintaining a steady gas supply pressure, and to provide 24 hours emergency inspection and maintenance services, guaranteeing the safety of gas supply.

Disadvantageous factors:

- A. Investment costs are huge for the gas storage equipment of the public natural gas business. The return period is longer as compared to other general sectors. Natural gas price adjustments needs to be approved by the competent authority, so it is not able to reflect the business management difficulties in a timely manner.
 - B. Legislations regulate the natural gas pipelines installation, the materials for the gas transmission and storage equipment, must all adopt to the national safety standards. Natural gas businesses bear responsibilities in the long term maintenance, after-sales services, personnel educational trainings and so forth, this in turn increase the personnel costs of management burdens.
 - C. Alternative energy and green energy research and development will impact the natural gas future growth in sales volume. In recent years, the greenhouse effect leading to rising temperatures and the great use of microwaves and electric stoves, reduces the usage volume of household users.
6. Countermeasures:
- A. Strengthen the expansion work to recruit more users within the gas supply areas where there are ready natural gas pipelines but potential users who have not yet applied for installations or meter use.
 - B. Continue to promote the sales of family use natural gas stove and high efficiency forced exhaust type safe instant gas water heater, to raise the market share.
 - C. Within the gas supply areas, actively make visits to the village chiefs or participate in the neighborhood residents activities and community management committees to jointly promote public safety. The company is committed to extending its services into the communities that were built in the earlier phases, and convert the users from using barreled liquefied petroleum gas (LPG) to using natural gas, enhancing the Company's user penetration rate.

(II) Important use and manufacturing process of major product

1. The natural gas supplied by the Company is bought from CPC Corporation, Taiwan, it is then transmitted through pipelines to the families, businesses and

service industries users within the supply operating areas as fuel. Natural gas is safer, more economical and convenient than LPG or heavy oil, and it helps in raising environmental quality. Currently, source of gas is from CPC Corporation, Taiwan, the Company does not engage in receiving and manufacturing of natural gas.

2. According to the Natural Gas Enterprise Act on public safety regulations, we continue to introduce natural gas disaster prevention safety equipment, such as procurement of safety intercepting valves, microcomputer gas meter, gas alarm device, and emergency shutoff valves equipment, in guaranteeing safety for the users using natural gas.

(III) Supply situation of main raw resources

Gas source that the Company supplies is from the exclusive supply of CPC Corporation, Taiwan. Apart from the domestically produced natural gas, CPC imports partial natural gas from overseas. Gas source is not in shortage.

(IV) List of customers contributing to at least 10% of the total purchases and sales in any of the year within the past two years:

1. Major vendors for purchases:

As of current, CPC Corporation, Taiwan is the only supplier for gas source domestically. Differences to the gas purchase volume are due to factors such as economy, user quantity, climate temperature changes, which affect the changes to the purchase amount.

Major suppliers information in the most recent two years

Items	2020				2021				2022 as of Q1			
	Account	Amount (NTD)	Percentage in annual net procurement (%)	Relationship with the issuer	Account	Amount (NTD)	Percentage in annual net procurement (%)	Relationship with the issuer	Account	Amount (NTD)	Percentage in the year until previous quarter's net procurement (%)	Relationship with the issuer
1	CPC Corporation, Taiwan	948,780,571	89.06	None	CPC Corporation, Taiwan	833,925,772	88.94	None	CPC Corporation, Taiwan	279,400,341	90.31	None
	Others	116,520,723	10.94		Others	103,729,662	11.06		Others	29,986,464	9.69	
	Net procurement	1,065,301,294	100		Net procurement	937,655,434	100		Net procurement	309,386,805	100	

2. Major sales vendors:

The Company is a public natural gas business, sales clients are family households, businesses and service sectors, and there has been no single user whose use amount accounts for 10% of the net sales.

V. Operation Overview

(V) Production in 2021 and 2020:

Output refers to the natural gas quantity supplied by CPC Corporation, Taiwan, amount is the purchase fees including transmission fees (without tax) for payment to CPC Corporation, Taiwan:

Unit: M³/NTD

Production Major products	Year	2020			2021		
		Capacity	Output	Amount	Capacity	Output	Amount
Natural gas		0	111,084,459	948,780,571	0	110,668,168	833,925,772

(VI) Sales in 2021 and 2020:

Sales refers to the volume for sales of gas, net revenue refers to the amount for sales of gas (without tax):

Unit: M³/NTD

Sales Major products	Year	2020				2021			
		Local		Export		Local		Export	
		Quantity	Net Revenue	Quantity	Net Revenue	Quantity	Net Revenue	Quantity	Net Revenue
Natural gas		113,126,017	1,613,406,612	0	0	112,139,074	1,488,668,217	0	0

III. Human resources

(I) As of the most recent two years and as of the annual report publication date, human resources information

Distinguish		2020	2021	The Year 2022 until May 16th, 2022
Number of Employees	Employees	140	144	150
	Contract technicians	31	26	20
	Contract staff	7	6	6
	Total	178	176	176
Average Age		46.31	46.84	47.11
Average Years of Service		13 yrs 3 mths	13 yrs 6 mths	13 yrs 8 mths
Education (%)	Ph.D.	0.56%	0.58%	0.57%
	Masters	8.43%	8.47%	8.52%
	Bachelor's Degree	61.24%	62.71%	63.06%
	Senior High School	28.65%	26.55%	26.14%
	Below Senior High School	1.12%	1.69%	1.71%

- (II) Protection measures in work environment and employee personal safety:
1. Provide a safe and healthy work environment:
 - A. The Company purchases the “Laser Remote Gas Leak Detector,” XP720, HXG-3P Combustible Gas Leak Detector, microcomputer readout and Gas Detector 4 in 1, and conducts timely additional purchases for checks, leakage detection, immediate repairs machine tools, and so on devices. Detecting gas leaks spots immediately and making repairs, onsite employees performing the detection can proceed at a safe distance from the outside for ensuring gas supply safety.
 - B. Each year the Company purchases field clothing (fire preventive), construction safety helmets, safety shoes, reflective vests, and based on the nature of the work, purchase sufficient respiratory protective equipment (RPE) and fire fighting suit and more safety and protective equipment, providing employees for use to avoid hazards and disasters at work.
 - C. The pre-construction trainings must be completed before the beginning of the construction for safety and alert deployment. The construction site shall be setup based on the traffic and maintenance plan and measures, and add traffic controllers (including electronic flag hand) to assure construction work safety.
 - D. Shin Shin Main Building implements 2 times work environment detection for carbon dioxide and lighting each year to maintain workers’ health.
 - E. In accordance with the laws and regulations, the Company assigns 1 officer in charge of the occupational safety and health business and 2 personnel in occupational safety and health management (better than the legal requirement of 1 personnel). Each year, will establish the occupational safety and health management plan and occupational safety and health automatic inspection plan according to law and regulations, and distribute to every office requesting for its execution accordingly.
 - F. Request the contractors to abide to the “Contract” on safety processes regulations. Each year, the occupational safety and health promotion will be conducted 2 times at the contractors meetings. Within the year, the occupational safety and health audit work for the construction sites has been conducted for a total of 113 times on an irregular basis. This is to monitor the contractors to see if they have been acting accordingly based on the regulations.
 2. The Company defined its four major labor health protection plans (Workplace Maternal Health Protection Plan, Preventing and Managing Ergonomic Hazards Plan, Preventing and Managing Abnormal Workload-triggered Disorders Plan, Prevention and Management of Unlawful Infringement in the Performance of Duties Plan) based on the Ministry of Labor's four major plans for labor health protection and reference the professional opinions of the on-site health nurses, and listed it into the automatic inspection plan for execution.
 3. Conduct regular safety and health education for the employees, including:
 - A. Each year, the Company regularly organizes the “General Emergency Life-Saving Training,” and participates in the educational trainings by competent authority such as: “First Responder Training,” “General Safety and Health Education and Training,” “Occupational Safety and Health Managers On-the-Job Education and Training,” “Safety and Health Promotion for Confined Space Operations” and various construction work related educational trainings.

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B. Encourage employees to actively apply for examinations for obtaining related technical specialist licenses.

C. From October 28th, 2009 to December 31st, 2021 (a total of 12 years 2 months), the Company actively promotes zero hazards, zero incidents activities, and no hazards work hours has accumulated to a total of 4,614,153 hours. The Company has continuously won 9 award certificates “The No Hazards Work Hours Record” from the Occupational Safety and Health Administration, Ministry of Labor. Furthermore, none of the employees were injured nor disabled from 2019 to 2020.

(III) Employee behavior or ethical principles:

1. The Company has established the “Work Rules” to provide the employees a basis and rules to abide to when executing business and workplace ethics; There is the orientation training program for new employees to strengthen their understandings for their work, and for timely appraisal of related functions, summary as below:

A. The Company’s “Work Rules” consists of 14 chapters, namely, the “General Principles,” “Service Principles,” “Employee Selection,” “Work Time,” “Salary,” “Rest, Holidays, Leave Application,” “Welfare and Benefits Matters,” “Appraisal, Performance Results, Pay Raise and Promotion,” “Rewards and Punishments,” “Calculation for Years of Service,” “Dismissal and Severance,” “Retirement,” “Employee Compensation for Occupational Accident and Pension,” and “Supplementary Provisions.” The provisions were agreed by the labor union, which were then reviewed and approved by the Board of Directors. Subsequently, it was sent for review and had been approved by the Taipei County government (1997) Letter No. Bei-Fu-Lao-Er-Zi-154701 for future reference.

B. The Company’s “Employee Code,” “Company Songs” implies the company’s management and service philosophy, which will be read and sang together at the employee monthly meetings, to strengthen employees’ spirit of user service and to shape the company’s corporate culture.

2. Based on the “Regulations for the Prevention and Control of Sexual Harassment in Workplaces of New Taipei City,” the Company established the “Sexual Harassment Prevention Measures and Punishment Rules.” The Personnel Office has been appointed for the handling of sexual harassment complaint channels, and regulates the menstrual leave, family care leave, paternity leave, parental leave and so on based on the “Act of Gender Equality in Employment.” It is hoped to create a safe and equal work environment.

IV. Environmental protection expenditure

(I) In the most recent year and as of the annual report publication date, losses incurred from polluting environment (including compensation) and total amount for penalties: None.

(II) The Company’s pollution prevention measures as below:

1. Natural gas is a clean fuel without colors, smell, and toxicity. The gas source of the natural gas supplied by the Company is provided by the CPC Corporation, Taiwan. After the goods delivery point, the underground pipelines equipment were used to transmit natural gas to the user end for use. In between, there have been no processes for general factory manufacturing, refining, filling, and so on

handling. Hence, not resulting in risks of environmental pollution.

2. To prevent the area gas governor stations from generating loud noises during compressing, sound insulation foams are used to reduce the level of noise, in compliance with the standards of environmental and labor safety and health laws and regulations.
3. During construction of roads, under the “Urban Road Act” regulations, the waste soil needs to be removed and transported from the construction site after the pipelines are buried and installed. The CLSM materials are used for refilling, then needs to pave them with asphalt and sprinkle water to clean the road surface, and take note of the onsite safety and health at all times.

(III) Information on greenhouse gases emissions and reduction:

The Company actively responses to the government’s energy saving and carbon reduction policy to lower greenhouse gases emissions by gradually replacing and installing energy saving equipment at public buildings. Concrete measures are as below:

1. The central air-conditioner of the Department of Engineering has been changed to an energy saving model. The office building air-conditioning equipment undergo regular maintenance. Complete replacement for the thermostatic switch was performed and the indoor temperature for the open switch is set at 26°C–28°C, and the air-conditioning time has been shortened to save electricity consumption.
2. Every level of the office switches to using LED high efficiency lightings.
3. To implement energy saving and carbon reduction measures, every level of the Company has a dedicated personnel to patrol inspect for unnecessary electricity power, air-conditioning, lighting each day before taking off from work; Meeting consecutive days of holidays, the Company will increase its announcements to remind on the practices of environmental protection in electricity saving, water saving, fire prevention, and hazards prevention.

(IV) Anticipated future environmental protection expenditure

The natural gas supplied by the Company is a modern fuel that is economical, safe, and clean. The process for its underground pipelines transmission to deliver to the user end does not create environmental pollution; On the pipelines construction, related equipment safety maintenance is in compliance with laws and regulations performed by professional personnel who possess the government approved licenses. Regular educational trainings are conducted. It is anticipated that there would not be significant environmental protection expenditures in the future.

V. Labor relations

The company’s various employee welfare measures, advanced study, training, retirement systems and the implementation status, the agreements between labor and management, and labor rights protection measures:

(I) Employee welfare measures and major agreements

1. The Company enforces the employees labor insurance, employee insurance, and national health insurance for the employees, and they can enjoy related right to claim the insurance benefit. In the event the insured incident occurs to the employee, the Company will proceed to claim insurance payment procedures on their behalf in accordance with the law.

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2. The Company has setup the Employee Welfare Committee based on the regulations of the “Employee Welfare Fund Act.” The welfare money is allocated with 0.15% of the total operations on a monthly basis. Other employee welfare matters are organized. Employees can enjoy wedding and funeral subsidy, birthday gifts, educational grants, cultural and recreational activities (self-improvement activities), festival cash gifts, retirement condolences, and so forth welfare measures.
 3. In consideration for the health of the employees, each year we will conduct employee health checkup on a regular basis, and provide allowance for advance checkup items.
 4. To enhance employees’ health, we organize the health exercises for employees each day at 10:30 and 15:30 (two sessions for a total of 30 minutes).
 5. In creating a friendly work environment, we support employees in balancing between work and family responsibilities. Based on Article 23 of the “Act of Gender Equality in Employment,” the Company has entered into agreement with the YoYo Kindergarten which is managed by the EASTERN BROADCASTING CO., LTD. for childcare service and has setup the breastfeeding (collection) room.
 6. Each year, the Company distributes employee compensation, festival cash gifts and so on rewards. If there are profits for the year, distributes 2.2% as employee compensation according to Article 33 of the Company Articles of Incorporation. The Board of Directors will decide if the distribution is in dividends or in cash. The target employees of the payment include subordinate companies who meet certain criteria.
 7. Every two years, based on the nature of work (internal and external), will distribute two sets of summer and winter uniforms. Uniforms for internal work is from well-known brand, which the material is comfortable and the style is new. Uniforms for external work are designed and manufactured using protective fabric which not only meet the work safety requirements but also greatly increased the company identity image receiving great reviews.
 8. To advocate normal leisure activities, stimulate employees health and well-being and to cohere team spirit, the Company adds funds to encourage employees to setup and participate in employee social activities. After much promotions, the company employees are showing active participation. At the moment, there are the choir, basketball, badminton, aerobic, yoga and so on clubs established.
- (II) Employee pension system
1. To secure employees’ retirement life, the Company has complied with the “Labor Pension Act,” registered with the New Taipei City government for review and obtained approval of the registration on February 16th, 1981. After the approved registration, we have established the “Supervisory Committee of Labor Retirement Reserve.” Each month will allocate 15% of the total paid salary as retirement fund on a regular basis and deposit into a special account with the Bank of Taiwan, in guaranteeing employee rights. As of March 31, 2022, the employee retirement fund has accumulated to NTD 210,853,284; Since July 1, 2005 adopts the new retirement system law in parallel. The Company will allocate 6% of the

labor’s total salary into the employee’s individual retirement account; For those who voluntarily contributes to the pension, the Company will deduct the amount of the voluntary contribution from the employee’s monthly salary and transfer to the individual retirement accounts managed by the Bureau of Labor Insurance.

2.The Company respects the employees career planning, mobilizing human resources, and moderately encourages employees to retire. The “Rules Governing Labor Pension Preferential Terms” has been established separately. The preferential terms were approved by the Board of Directors and are undergoing review with the local competent authority (to be reviewed and amended once every three years). Apart from distributing profits based on the “Labor Standards Act” and the Company’s “Labor Pension Act,” a one-time extra award of 6 base units will be given by the Company additionally.

(III) Employee educational training

1.The Company encourages employees to participate in the government agency’s examinations to obtain national license required for carrying out the work. After obtaining the license, the application for examination will be paid by the company; Employees are also encouraged for on-the-job further education to obtain relevant degrees for performing of the job, and the company offers scholarships.

2.The Company invites experts and academics for lectures during the employee monthly meetings held once every two months. This can enhance general trainings for “professional, life education and team spirit.”

3.Every department will, base on the needs of the professional work, outsource the trainings organization work or they can develop and make the arrangements themselves.

4.Organize trainings according to government policy orders.

5.The Company’s 2021 employee further education and educational trainings results are as in the attached table:

Category	No.	Items	Class	Total number of persons	Total hours (hour)	Total fees (NTD)
Employee further education	1	Class B technician certificate for Gas Fuel Pipeline Piping (Postponed due to pandemic)	0	0	0	0
	Subtotal		0	0	0	0
Employee educational training	1	General training	12	467	1,110	33,050
	2	Professional training (outsourced)	30	318	2,414	66,100
		Professional training (organized by the Company)	27	838	2,261	9,500
	3	Organize trainings according to government policy orders.	13	144	737	15,700
Subtotal		82	1,767	6,522	124,350	

(IV) Losses arising from labor disputes in the most recent year and as of the annual report publication date: None.

VI. Cyber Security Management

(I) Cyber security management strategy and structure:

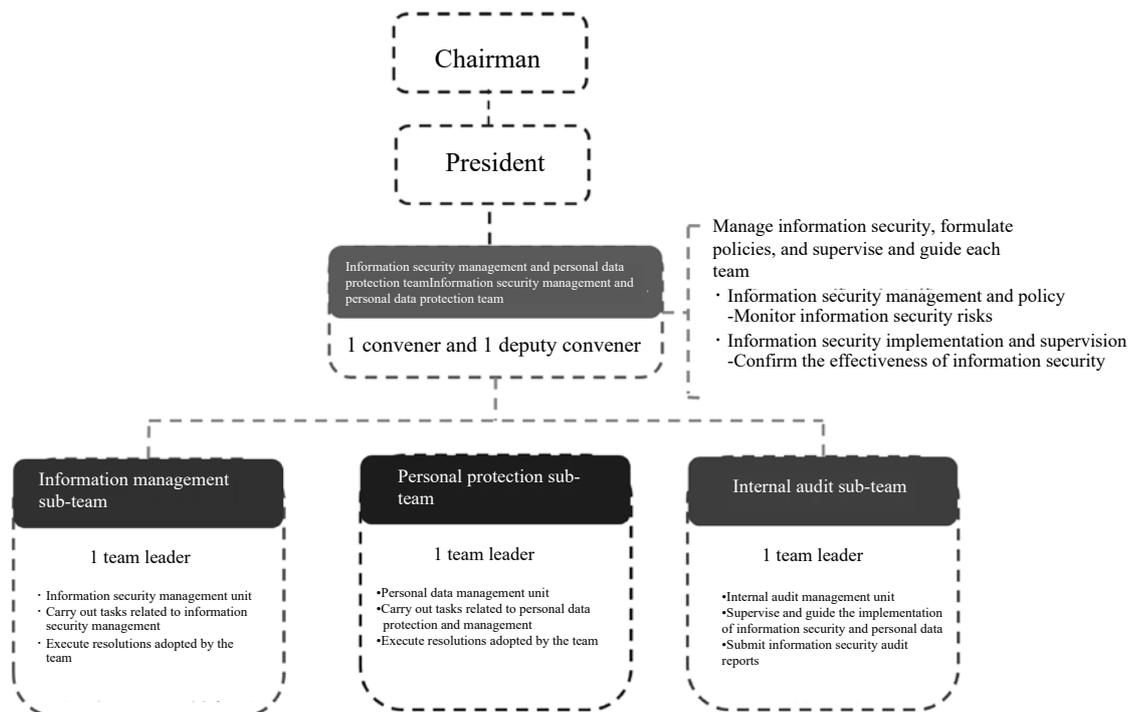
1. Cyber security risk management structure

A. Corporate information security governance organization

For the purpose of strengthening the Company’s information security management, it has since November 2013 established the “Personal information protection response execution team,” and in April 2016 amended its name to “Information security management and personal data protection team”. The Vice President acts as the convener and the convener appoints or invites the group members to be responsible for the planning, execution and control of the information security and personal information protection related work, organizes risk assessment, security classification, system security control measures and monitors information security management matters.

Under the “Information security management and personal data protection team,” the “Information management sub-team,” “personal protection sub-team,” “Internal audit sub-team” have been created. They are responsible for the company’s information security and personal data protection supervision, promotion and audit, building a comprehensive information security defense capability and making sure there is a good level of awareness among the employees.

B. The Company’s information security organization structure



2. Information security policy

A. Information security management strategy and structure

For the effective implementation of information security management, the Company formulates its information security management related four-level documents based on the information security management system (ISMS) ISO/IEC 27001:2013 requirements.

For maintaining the confidentiality, completeness and availability of the Company's information assets and to guarantee the safety of the users' privacy information, every information requires authorization for its obtaining and storage. This is to safeguard its confidentiality and to avoid revisions being made without authorization, retaining its accuracy and completeness.

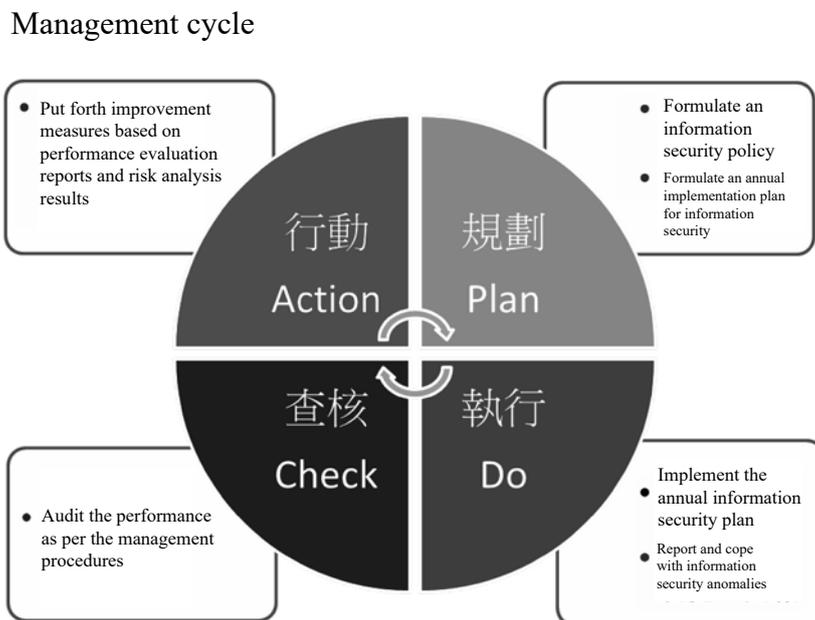
To keep the system service going without interruptions, the Company has defined the business sustainable operations plan, to ensure the continuous operations of its business services. To prevent information security attack incidents, the protection capability has been enhanced through firewalls, intrusive defense, spam mail filter, and anti-virus software, and conduct regular information security weakness scanning to understand the weakness of the information equipment and to make changes to fortify them.

To increase information security awareness of the employees, continue to organize information security case studies sharing, organize regular information security educational trainings, and implement social media engineering drills from time to time as the key emphasis for the Company's information security.

The personal data protection in the process of its collection, handling, use, storage, transmission, and destroy is in pursuant to requirements of the "Personal Data Protection Act," "Enforcement Rules of the Personal Data Protection Act," and "Regulations Governing Personal Information File Security Maintenance and Administration of the Electricity Enterprise and Natural Gas Industry."

The convener of the Company's "Information security management and personal data protection team" convenes the management review meeting at least once a year to review the implementation status of the annual information security plan and the unusual situations of information security. The information security plan for the subsequent year will also be defined based on the risk assessment report to achieve corporate sustainable operations targets.

B. Information security risk management and continuous improvement structure



C. Resources invested in information security management

To strengthen the protection capability of the physical information equipment, the Company has in recent years continued to renew the protection tools and host hardware. The amount of resources invested in 2021 was around NTD 6,000,000:

- a. Replacement of firewall and network switches on each floor: improve the protection capability against ransomware and enhance the overall internet transmission efficiency.
- b. Information system host renewal: Replace host systems that cannot perform system safety repairs to avoid damages to information from information security attacks.
- c. Personal computers renewal: Replace computers that cannot use Windows 10 operating system.
- d. Replacement of GIS system host: Upgrade the image system executing performance.
- e. Information equipment weaknesses scanning: Conduct system testing for all the personal computers and host of the information engine room throughout the company.

(II) Information security risk and countermeasures

The information attacks techniques are changing rapidly. With limited resources, the Company will optimize the protection benefits. Except that, there is no guarantee that the computer systems can stay clear completely from internet attacks by any third parties attempting to paralyze the system. The Company has already built a firewall, anti-virus software and many software and hardware equipment, and continues to enhance information security awareness of the employees through trainings and promotions. Furthermore, will build a backup mechanism for major

systems. When these internet attacks occur intruding the company's internal system illegally to cause damages, resulting in the systems failing completely, the recovery time will normally require between a few hours to a few days depending on the level of severity. It will affect the company's automated processes in the short term. During this time, one backup option is the use of paperwork. Evaluate its impacts to the company's short term operations and to the user services. Estimate that there will be small impact to revenue under the compensation measure to users.

The Company's natural gas supply system adopts encrypted internet connection and adopts physical network partition structure. It is not connected to the external internet, every system control needs to be controlled from inside the company or the storage tank personnel to perform the operation. It cannot be controlled by remote connection. As of evaluation, chances of the information security attacks can be lowered.

(III) Major information security incidents

There have not been any occurrences of major incidents in 2021.

VII. Material Contracts

May 16, 2022

Contract nature	The party	Contract start and end date	Main contents	Restricted terms and conditions
Gas purchase	CPC Corporation, Taiwan	2020.2.1–2023.1.31	Signed the "Contract for the Purchase of Natural Gas for Public Gas as Fuel Usage"	<ol style="list-style-type: none"> 1. Provide natural gas for the long term within the operating areas of the Company. 2. Shall not transfer the natural gas to users outside of the operating areas. 3. The gas bill shall be cleared before the 14th of the following month, the overdue days are limited to 15 days. 4. The gas price is based on the government announced price. 5. If there is a need for continuation of contract after the contract expires, it is mandatory to notify in writing 6 months before the contract expires.
Insurance	Fubon Insurance Co., Ltd.	2022.1.23–2023.1.23	<ol style="list-style-type: none"> 1. For the explosion, earthquake, typhoons, and floods insurance for the 11 gas governor stations, the insured amount is at NTD 3,000,000 for each of the station. 2. Public liability insurance (bodily injury liability for each person is at NTD 10,000,000, highest compensation amount during the insurance period is up to NTD 200,000,000). 3. Consolation money is applicable for the insurance amount (the highest paying amount for bodily injury for each person is up to NTD 50,000). Highest compensation amount during the insurance period is up to NTD 20,000,000). 4. Employer's liability insurance (bodily injury liability for each person is at NTD 10,000,000, highest compensation amount during the insurance period is up to NTD 60,000,000). 	
Insurance	Fubon Insurance Co., Ltd.	2021.7.31–2022.7.31	<ol style="list-style-type: none"> 1. Purchased commercial fire insurance for Wanfang gas-holder tank, insured at NTD 60,000,000. 2. Purchased commercial fire insurance for Ankeng gas-holder tank, insured at NTD 95,200,000. 	

V. Operation Overview

Contract nature	The party	Contract start and end date	Main contents	Restricted terms and conditions
Construction for the installation of user natural gas pipeline	1. Hua Lung Construction 2. Tung Cheng Construction Co., Ltd. 3. IChiang Construction Co., Ltd. 4. Jung Chien Mechanical Engineering 5. Yung Ta Construction Co., Ltd. 6. EVFA INTERNATIONAL CO., LTD.	1. 2021.10.1–2022.9.30 2. 2022.4.1–2023.3.31 3. 2021.10.1–2022.9.30 4. 2022.4.1–2023.3.31 5. 2021.10.1–2022.9.30 6. 2022.4.1–2023.3.31	Signed the “Construction for the Installation of User Natural Gas Pipeline” contract	1. Meets relevant regulations of the “Natural Gas Enterprise Act.” 2. Meets the qualification conditions of the “Regulations on Natural Gas Pipeline Construction Contractors.” 3. Must not subcontract any parts of the construction project. 4. Changes cannot be made without agreement. 5. Warranty for 1 year after the work completion inspection. 6. To fulfill the Company’s “Ethic Management” policy, the ethic management terms and conditions will be added to all contracts with external parties (new contracts, continuing contracts, or change of contracts) after approval.
	EVFA International Co.,Ltd	2021.10.1–2022.9.30	Signed the “User Application for Changing Pipes and Replacement Construction” contract	
Construction contract	1. Jing Fung Enterprise Engineering Ltd. 2. Wen Feng Construction Co., Ltd. 3. TAK CHU ENGINEERING COMPANY LIMITED. 4. EVFA INTERNATIONAL CO., LTD.	1. 2022.5.1–2023.4.30 2. 2022.5.1–2023.4.30 3. 2022.5.1–2023.4.30 4. 2022.1.1–2023.12.31	1. Signed the “Natural Gas Miscellaneous Branch Pipes Construction” contract 2. Signed the “Emergency Repairs Construction” contract 3. Signed the “Natural Gas Branch Pipes Replacement Construction” contract	1. Meets relevant regulations of the “Natural Gas Enterprise Act.” 2. Meets the qualification conditions of the “Regulations on Natural Gas Pipeline Construction Contractors.” 3. Must not subcontract any parts of the construction project. 4. Liable for compensation for the delay in construction. 5. Warranty for 1 year after the work completion inspection. 6. To fulfill the Company’s “Ethic Management” policy, the ethic management terms and conditions will be added to all contracts with external parties (new contracts, continuing contracts, or change of contracts) after approval.
	1. CUNDID ENTERPRISE CO., LTD. 2. Shin Feng International Construction Co., Ltd.	2022.1.1–2022.12.31	1. Signed the “Natural Gas Pipelines Emergency Interruption and Detection System Construction” contract 2. Signed the “Maintenance of the Natural Gas Automatic Intercepting Valve Safety Management System” contract	
	1. Hua Lung Construction 2. Tung Cheng Construction Co., Ltd. 3. IChiang Construction Co., Ltd. 4. Jung Chien Mechanical Engineering 5. Yung Ta Construction Co., Ltd.	2021.10.1–2022.9.30	Signed the “Sewer Changing Pipes and Replacement Construction” contract	
	GREAT LIGHTING TECHNOLOGIES INC.	2022.1.1–2022.12.31	Ankeng, Wanfang gas-holder tank, gas governor stations computer monitoring equipment maintenance contract	
	Taiwan Electromechanical Consultants Co., Ltd.	2022.1.1–2022.12.31	Ankeng, Wanfang gas-holder tank, electricity and gas equipment maintenance contract	
	Hua Ta Construction Co., Ltd.	2022.1.1–2022.12.31	Manhole Cover Repair and Replacement Construction Contract	
Materials Contract	EVFA INTERNATIONAL CO., LTD.	2021.10.28–2022.10.27	“NS4S, NS6S type meter” procurement contract	1. Meets relevant regulations of the “Natural Gas Enterprise Act.” 2. The supplier must be registered with the national government and is a registered vendor possessing the legal license.
	SWAN SPORTS INDUSTRIAL CO., LTD.	2021.05.26–2022.05.25	“PVC Coated Pipe” procurement contract	
Contract for regular inspections of users	TRIPARTITE HUMAN RESOURCE CO., LTD.	2021.1.1–2024.12.31	Signed the “Regular Inspections of User Internal Pipes, Equipment” contract	
Renewal work of expired meters contract	EVFA INTERNATIONAL CO., LTD.	2022.1.1–2022.12.31	Signed the “Renewal Work of Expired Meters” contract	Conducted according to “The Weights and Measures Act,” “Regulations Governing Type Approval of Measuring Instruments”
Meter reading contract	EVFA INTERNATIONAL CO., LTD.	2021.12.1–2022.11.30	Signed the “Meter Reading Work” contract	

VI. Financial Information

I. Condensed balance sheet and comprehensive income statement, CPA names and auditor's opinions for the most recent 5 years.

I. Condensed balance sheet in the most recent five years

1. Standalone condensed balance sheet - adopts the International Financial Reporting Standards (IFRS)

Unit: In thousands of NTD

Items	Year	Financial information for the most recent 5 years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		1,746,335	1,739,541	1,935,832	1,750,495	1,887,519
Property, plant and equipment		1,781,137	1,977,457	2,244,776	2,483,279	2,561,073
Intangible assets		0	0	0	0	0
Other assets		1,055,976	1,054,234	889,431	969,107	905,038
Total assets		4,583,448	4,771,232	5,070,039	5,202,881	5,353,630
Current liabilities	Before distribution	976,100	995,764	1,104,502	927,826	950,228
	After distribution	1,192,744	1,203,382	1,348,228	1,216,686	Note 2
Non-current liabilities		712,894	864,290	979,746	1,201,613	1,270,132
Total liabilities	Before distribution	1,688,994	1,860,054	2,084,248	2,129,439	2,220,360
	After distribution	1,905,638	2,067,672	2,327,974	2,418,299	Note 2
Capital stock		1,805,375	1,805,375	1,805,375	1,805,375	1,805,375
Capital surplus		59,367	62,400	65,307	68,720	72,764
Retained earnings	Before distribution	1,071,453	1,090,231	1,161,937	1,246,175	1,301,959
	After distribution	854,809	882,613	918,211	957,315	Note 2
Other equity		5,087	0	0	0	0
Treasury stock		(46,828)	(46,828)	(46,828)	(46,828)	(46,828)
Total equity	Before distribution	2,894,454	2,911,178	2,985,791	3,073,442	3,133,270
	After distribution	2,677,810	2,703,560	2,742,065	2,784,582	Note 2

Note 1: The 2017-2021 Financial information has been audited or reviewed by CPA.

Note 2: The 2021 earnings distribution proposal has not yet been resolved at the shareholders meeting.

VI. Financial Information

2. Consolidated condensed balance sheet - adopts the International Financial Reporting Standards (IFRS)

Unit: In thousands of NTD

Items	Year	Financial information for the most recent 5 years (Note 1)					Financial information for the year, as of March 31st, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Current assets		2,133,092	2,146,034	2,365,507	2,360,087	2,491,970	2,559,442
Property, plant and equipment		1,669,957	1,829,153	2,051,918	2,248,016	2,333,194	2,357,731
Intangible assets		37	39	49	59	27	79
Other assets		764,291	766,028	621,260	592,336	509,469	523,690
Total assets		4,567,377	4,741,254	5,038,734	5,200,498	5,334,660	5,440,942
Current liabilities	Before distribution	959,365	965,225	1,072,636	924,759	930,618	863,212
	After distribution	1,176,009	1,172,843	1,316,362	1,213,619	Note 2	-
Non-current liabilities		713,558	864,851	980,307	1,202,297	1,270,772	1,345,492
Total liabilities	Before distribution	1,672,923	1,830,076	2,052,943	2,127,056	2,201,390	2,208,704
	After distribution	1,889,567	2,037,694	2,296,669	2,415,916	Note 2	-
Equity attributable to shareholders of the parent company		2,894,454	2,911,178	2,985,791	3,073,442	3,133,270	3,232,238
Capital stock		1,805,375	1,805,375	1,805,375	1,805,375	1,805,375	1,805,375
Capital surplus		59,367	62,400	65,307	68,720	72,764	72,764
Retained earnings	Before distribution	1,071,453	1,090,231	1,161,937	1,246,175	1,301,959	1,400,927
	After distribution	854,809	882,613	918,211	957,315	Note 2	-
Other equity		5,087	0	0	0	0	0
Treasury stock		(46,828)	(46,828)	(46,828)	(46,828)	(46,828)	(46,828)
Non-controlling interest		0	0	0	0	0	0
Total equity	Before distribution	2,894,454	2,911,178	2,985,791	3,073,442	3,133,270	3,232,238
	After distribution	2,677,810	2,703,560	2,742,065	2,784,582	Note 2	-

Note 1: The 2017-2021 Financial information has been audited or reviewed by CPA. The financial information as of March 31st, 2022 is being reviewed by CPA.

Note 2: The 2021 earnings distribution proposal has not yet been resolved at the shareholders meeting.

(II) Condensed balance sheet in the most recent five years

1. Standalone condensed statements of comprehensive income - adopts the International Financial Reporting Standards (IFRS)

Unit: In thousands of NTD

Items \ Year	Financial information for the most recent 5 years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenue	1,922,267	2,140,907	2,137,491	1,963,808	1,775,634
Gross profit	425,208	497,211	449,353	510,818	464,737
Operating income (loss)	170,037	225,982	179,021	245,446	217,334
Non-operating income and expenses (Note 2)	113,817	53,317	124,020	136,944	173,971
Profit before tax	283,854	279,299	303,041	382,390	391,305
Net income for the period from continuing operations	250,611	226,659	261,142	326,745	342,395
Loss from discontinued operations	0	0	0	0	0
Net income	250,611	226,659	261,142	326,745	342,395
Other Comprehensive Income (Loss) for the Period, Net of Income Tax	707	3,677	18,182	1,219	2,249
Total comprehensive income for the period	251,318	230,336	279,324	327,964	344,644
Earnings per share (NTD)(Note 3)	1.41	1.27	1.47	1.84	1.92

Note 1: The 2017-2021 Financial information has been audited or reviewed by CPA.

Note 2: For 2017-2021, there have been no situations for capitalization of interest.

Note 3: The calculation is based on the weighted average number of outstanding shares during the year, and the retrospective adjustment shall be used if there is an increase in the weighted average number of outstanding shares due to a capital increase out of earnings or capital reserve.

VI. Financial Information

2. Consolidated condensed statements of comprehensive income - adopts the International Financial Reporting Standards (IFRS)

Unit: In thousands of NTD

Items \ Year	Financial information for the most recent 5 years (Note 1)					Financial information for the year, as of March 31st, 2022 (Note 1)
	2017	2018	2019	2020	2021	
Operating revenue	1,940,579	2,163,160	2,160,628	1,986,369	1,794,167	641,908
Gross profit	451,565	531,044	465,168	541,202	495,595	221,759
Operating income (loss)	203,904	290,757	225,479	307,245	261,447	157,925
Non-operating income and expenses (Note 2)	94,637	9,030	81,599	85,316	137,460	(25,998)
Profit before tax	298,541	299,787	307,078	392,561	398,907	131,927
Net income for the period from continuing operations	250,611	226,659	261,142	326,745	342,395	98,968
Loss from discontinued operations	0	0	0	0	0	0
Net income for the period	250,611	226,659	261,142	326,745	342,395	98,968
Other Comprehensive Income (Loss) for the Period (Net of Income Tax)	707	3,677	18,182	1,219	2,249	0
Total comprehensive income for the period	251,318	230,336	279,324	327,964	344,644	98,968
Net income attributable to shareholders of the parent	250,611	226,659	261,142	326,745	342,395	98,968
Net Income Attributable to Non-controlling Interest	0	0	0	0	0	0
Total Comprehensive Income Attributable to Shareholders of the Parent	251,318	230,336	279,324	327,964	344,644	98,968
Total Comprehensive Income Attributable to Non-controlling Interest	0	0	0	0	0	0
Earnings per share (NTD) (Note 3)	1.41	1.27	1.47	1.84	1.92	0.56

Note 1: The 2017-2021 Financial information has been audited or reviewed by CPA. The financial information as of March 31st, 2022 is being reviewed by CPA.

Note 2: For 2017-2021, there have been no situations for capitalization of interest.

Note 3: The calculation is based on the weighted average number of outstanding shares during the year, and the retrospective adjustment shall be used if there is an increase in the weighted average number of outstanding shares due to a capital increase out of earnings or capital reserve.

(III) Auditors' Opinions from 2017 to 2021

Year	CPA firm	CPA name	Audit opinions:	Reasons of changes
2017	BDO Taiwan CPA firm	Chun-Hui Kei Yu-Fang Chen	Without reservations	
2018	BDO Taiwan CPA firm	Chun-Hui Kei Yu-Fang Chen	Without reservations	
2019	BDO Taiwan CPA firm	Chun-Hui Kei Yu-Fang Chen	Without reservations	
2020	BDO Taiwan CPA firm	Chun-Hui Kei Yu-Fang Chen	Without reservations	
2021	BDO Taiwan	Li-Yen Wang Chia-Fang Chiang	Without reservations	Cooperate with internal rotation change of the CPA firm

II. Financial analysis for the most recent 5 years

(I) Standalone financial analysis in the most recent five years - adopts the International Financial Reporting Standards (IFRS)

Items		Year	Financial analysis for the most recent 5 years (note 1)				
		2017	2018	2019	2020	2021	
Financial structure (%)	Debts Ratio (%)	36.85	38.98	41.11	40.92	41.47	
	Long-term Fund to Property, Plant and Equipment (%)	202.53	190.93	176.66	172.15	171.93	
Liquidity Analysis (%)	Current Ratio	178.91	174.69	175.27	188.66	198.63	
	Quick Ratio	174.57	170.22	170.90	184.82	194.81	
	Times Interest Earned (Times) (Note2)	0	0	2682.78	3642.81	4659.39	
Operating Performance Analysis	Average Collection Turnover (Times)	9.32	8.65	8.28	8.80	9.26	
	Days Sales Outstanding	39.16	42.20	44.08	41.47	39.41	
	Average Inventory Turnover (Times)	49.98	49.23	44.44	41.39	44.09	
	Average Payment Turnover (Times)	7.61	6.99	7.77	8.04	8.14	
	Average Inventory Turnover Days	7.30	7.41	8.21	8.81	8.27	
	Property, Plant and Equipment Turnover (Times)	1.15	1.14	1.01	0.83	0.70	
	Total Assets Turnover (Times)	0.43	0.46	0.43	0.38	0.33	
Profitability Analysis	Return on Total Assets (%)	5.62	4.85	5.31	6.36	6.48	
	Return on Equity (%)	8.73	7.81	8.86	10.78	11.03	
	Income before tax to Paid-in Capital Ratio (%)	15.72	15.47	16.79	21.18	21.67	
	Net Margin (%)	13.04	10.59	12.22	16.63	19.28	
	Earnings Per Share (NTD)	1.41	1.27	1.47	1.84	1.92	
Cash Flow (%)	Cash Flow Ratio (%)	94.59	65.16	41.40	71.53	63.90	
	Cash Flow Adequacy Ratio (%)	107.33	110.56	102.19	98.49	101.29	
	Cash Flow Reinvestment Ratio (%) (Note 2)	10.54	6.09	3.36	5.29	3.85	
Leverage	Operating Leverage	2.73	2.39	2.88	2.46	2.75	
	Financial Leverage	1.00	1.00	1.00	1.00	1.00	

Note 1: The 2017-2021 Financial information has been audited or reviewed by CPA.

Note 2: Reasons for the deviation: (please provide analysis if over 20%)

- (1) The increase in times Interest earned was mainly due to the profits for current period is better than last year.
- (2) The drop in cash flow reinvestment ratio was mainly due to the reduction in the net cash inflow from operating activities and the increase in the distribution of cash dividends.

(II) Consolidated financial analysis in the most recent five years - adopts the International Financial Reporting Standards (IFRS)

Items	Year	Financial analysis for the most recent 5 years (note 1)					For the year, as of March 31st, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Financial structure (%)	Debts Ratio (%)	36.63	38.60	40.74	40.90	41.26	40.59
	Long-term Fund to Property, Plant and Equipment (%)	216.05	206.44	193.29	190.20	188.75	194.15
Liquidity Analysis (%)	Current Ratio	222.34	222.34	220.53	255.21	267.77	296.50
	Quick Ratio	217.74	216.92	215.33	249.64	263.43	292.26
	Times Interest Earned (Times) (Note2)	0	0	2718.50	3739.67	4749.89	2199.78
Operating Performance Analysis	Average Collection Turnover (Times)	9.61	8.90	8.51	9.08	9.57	12.32
	Days Sales Outstanding	37.98	41.01	42.89	40.19	38.14	29.62
	Average Inventory Turnover (Times)	49.04	42.82	37.21	30.89	32.69	48.54
	Average Payment Turnover (Times)	8.58	8.48	9.85	9.88	9.66	13.45
	Average Inventory Turnover Days	7.44	8.52	9.81	11.81	11.16	7.51
	Property, Plant and Equipment Turnover (Times)	1.23	1.24	1.11	0.92	0.78	1.09
	Total Assets Turnover (Times)	0.44	0.46	0.44	0.38	0.34	0.47
Profitability Analysis	Return on Total Assets (%)	5.63	4.87	5.34	6.38	6.50	1.83
	Return on Equity (%)	8.73	7.81	8.86	10.78	11.03	3.10
	Income before tax to Paid-in Capital Ratio (%)	16.54	16.61	17.01	21.74	22.09	7.30
	Net Margin (%)	12.91	10.48	12.09	16.44	19.08	15.41
	Earnings Per Share (NTD)	1.41	1.27	1.47	1.84	1.92	0.56
Cash Flow (%)	Cash Flow Ratio (Note 2)	93.19	65.24	34.14	70.25	54.16	17.48
	Cash Flow Adequacy Ratio (%)	109.85	115.48	104.34	103.02	103.03	92.19
	Cash Flow Reinvestment Ratio (%) (Note 2)	10.38	5.99	2.23	5.32	2.75	1.84
Leverage	Operating Leverage	2.43	2.06	2.46	2.11	2.40	1.61
	Financial Leverage	1.00	1.00	1.00	1.00	1.00	1.00

Note 1: The 2017-2021 Financial information has been audited or reviewed by CPA. The financial information of the first quarter in 2022 is being reviewed by CPA.

Note 2: Reasons for the deviation: (please provide analysis if over 20%)

(1) The increase in times Interest earned was mainly due to the profits for current period is better than last year.

(2) The drop in cash flow ratio and cash flow reinvestment ratio was mainly due to the reduction in the net cash inflow from operating activities.

VI. Financial Information

Explanations on the calculation formulas for the financial analysis:

1. Financial structure
 - A. Debt Ratio = Total Liabilities / Total Assets
 - B. Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Liquidity Analysis (%)
 - A. Current Ratio = Current Assets / Current Liabilities
 - B. Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
 - C. Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance Analysis
 - A. Average Collection Turnover = Net Sales / Average Trade Receivables (including Accounts Receivable and Notes Receivable originated from operation)
 - B. Days Sales Outstanding = 365 / Average Collection Turnover
 - C. Average Inventory Turnover = Cost of Sales / Average Inventory
 - D. Average Payment Turnover = Cost of Sales / Average Trade Payables (including Accounts Payable and Notes Payable originated from operation)
 - E. Average Inventory Turnover Days = 365 / Average Inventory Turnover
 - F. Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
 - G. Total Assets Turnover = Net Sales / Average Total Assets
4. Profitability Analysis
 - A. Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
 - B. Return on Equity = Net Income / Average Equity
 - C. Income before tax to Paid-in Capital Ratio = Pre-tax Profit / Paid-in Capital
 - D. Net Margin = Net Income / Net Sales
 - E. Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding (Note 1)
5. Cash Flow
 - A. Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
 - B. Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
 - C. Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital) (Note 2)
6. Leverage
 - A. Operating Leverage = (Net Sales - Variable Cost) / Income from Operations (Note 3)
 - B. Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

Note 1: The calculation formula for the above earnings per share, one shall pay special attention to the listed matters below when measuring:

1. Based on weighted average number of common shares, and not based on the number of issued shares at the end of the year.
2. Those with cash capital increase or treasury shares transactions, shall consider its circulation period to calculate the weighted average number of shares.
3. Those with capitalization of retained earnings or increased capital from capital surplus, when calculating the earnings per share for the past years and half a year, shall make retroactive adjustments based on the proportion for capital increase. It is not necessary to consider the issuance period of the capital increase.
4. If preferred shares are cumulative preferred shares that are not transferrable, the dividends for the year (regardless of whether it has been distributed) shall be deducted from the net income, or increase the net loss after tax. If the preferred shares are of non-cumulative nature, when there is net income, preferred shares dividends shall be deducted from the net income; if there are losses, then it is not necessary for the adjustments.

Note 2: When measuring cash flow analysis, shall pay special attention to the following matters:

1. Net cash flow of business activities refers to the net cash inflow from business activities in the statements of cash flow.
2. Capital expenditures refers to the cash outflow of the capital investment each year.
3. Inventory additions are calculated only when the end of year balance is larger than balance at beginning of the period. If the inventory is lesser at the end of the year, it is then calculated by using zero.
4. Cash dividend includes cash dividend of common shares and special shares.
5. Gross property, plant and equipment refers to the total of property, plant and equipment before deduction of accumulating depreciation.

Note 3: Issuer shall differentiate every business cost and expenses based on its nature as fixed and variable. If it involves estimation or subjective judgements, shall take note of its reasonableness and maintain consistency.

Note 4: If the stock of a company has no par value or a par value other than NTD 10, the aforesaid calculation of percentage to paid-in capital, shall change to using the equity percentage attributable to shareholders of the parent in the balance sheet for calculation.

III. Audit report on the most recent year's financial statements by the Audit Committee

Audit Committee's Review Report

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

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

March 18, 2022

IV. Parent Company Only Financial Statements for the Year Ended December 31, 2021 and 2020, and Independent Auditors' Report

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

Audit opinions:

We have audited the accompanying Parent Company Only Balance Sheets of Shin Shin Natural Gas Co., LTD. as of December 31, 2021 and 2020, and the related Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows, and notes to the Parent Company Only Financial Statements (including significant accounting policies) for the years then ended.

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

Basis for opinions

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

Key audit matters

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

Key audit matters of the 2021 Parent Company Only Financial Statements of Shin Shin Natural Gas Co., LTD. were as follows:

Key audit matter - Reasonableness and appropriateness of sales revenue recognition

Description of the matter

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

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

VI. Financial Information

Corresponding audit procedures

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

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

Responsibilities of Management and those in Charge with Governance of the Parent Company Only Financial Statements

The management is responsible for the preparation and fair presentation of the Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers and the Regulations on Accounting Handling for Public Natural Gas Enterprises, and for such internal control as the management determines is necessary to enable the preparation of the Parent Company Only Financial Statements to be free from material misstatement whether or not due to fraud or error.

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

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

Auditor's responsibilities for the audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements as a whole 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 in accordance with the generally accepted accounting principles will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Parent Company Only Financial Statements.

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

1. Identify and assess the risks of material misstatement of the Parent Company Only Financial Statements, whether or not due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in Shin Shin Natural Gas Co., LTD.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting

estimates and related disclosures made by the management.

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

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

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

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

BDO Taiwan

CPA: Wang Li Yen

CPA: Chiang Chia Fang

Approval of Attestation of the Competent Securities Authority: Jin-Guan-Zheng-Shen-Zi No. 0990073519
Jin-Guan-Zheng-Shen-Zi No. 1080339009

VI. Financial Information

Shin Shin Natural Gas
Parent Company Only Balance
December 31, 2021

Code	Assets	Note	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	4, 6(1)	\$ 440,985	8	\$ 323,822	6
1110	Financial assets measured at fair value through profit or loss - current	4, 6(2)	383,986	7	344,344	7
1150	Notes receivable, net	4, 6(4)	78	-	947	-
1170	Accounts receivable, net	4, 6(4)	170,709	3	187,518	4
1180	Accounts receivable - related parties, net	4, 6(4), 7	4,116	-	4,733	-
1200	Other receivables	6(5)	849,885	16	853,518	16
130x	Inventories	4, 6(6)	30,233	1	29,220	1
1410	Pre-payments		6,053	-	6,380	-
1470	Other current assets		1,474	-	13	-
11xx	Total current assets		<u>1,887,519</u>	<u>35</u>	<u>1,750,495</u>	<u>34</u>
Non-current assets						
1535	Financial assets measured at amortized cost - non-current	4, 6(3)	70,000	1	70,000	1
1550	Investments accounted for using the equity method	4, 6(7)	451,547	8	429,092	8
1600	Property, plant and equipment	4, 6(8)	2,561,073	49	2,483,279	48
1755	Right-of-use assets.	4, 6(9)	8,332	-	4,100	-
1760	Investment property, net	4, 6(11)	47,980	1	48,205	1
1840	Deferred income tax assets	4, 6(30)	7,523	-	8,308	-
1900	Other non-current assets	6(12)	319,656	6	409,402	8
15xx	Total non-current assets		<u>3,466,111</u>	<u>65</u>	<u>3,452,386</u>	<u>66</u>
1xxx	Total assets		<u>\$ 5,353,630</u>	<u>100</u>	<u>\$ 5,202,881</u>	<u>100</u>

(Please refer to Notes to the Stand

Chairperson

Managerial Officer

VI. Financial Information

Gas Co., LTD.

Balance Sheets

December 31, 2021 and 2020

Unit: In thousands of NT\$

Code	Liabilities and equity	Note	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
Current liabilities						
2130	Contract liabilities - current	6(13)	\$ 538,413	12	\$ 521,658	11
2150	Notes payable	4, 6(14)	18,312	-	6,635	-
2160	Notes payable - related parties	4, 6(14), 7	19,664	-	24,576	-
2170	Accounts payable	4, 6(14)	115,371	2	106,071	2
2180	Accounts payable - related parties	4, 6(14), 7	15,149	-	16,193	-
2200	Other payables	6(15)	205,832	4	203,968	4
2220	Other payables - related parties	7	4,607	-	8,405	-
2230	Current income tax liabilities	4	20,636	-	31,854	1
2250	Provision for liabilities - current	4, 6(16)	1,830	-	1,932	-
2280	Lease liabilities - current	4	2,958	-	809	-
2300	Other current liabilities		7,456	-	5,725	-
21xx	Total current liabilities		<u>950,228</u>	<u>18</u>	<u>927,826</u>	<u>18</u>
Non-current liabilities						
2570	Deferred income tax liabilities	4, 6(30)	65,356	1	65,758	1
2580	Lease liabilities - non-current	4	3,539	-	1,355	-
2600	Other non-current liabilities	4, 6(17)	1,201,237	22	1,134,500	22
25xx	Total non-current liabilities		<u>1,270,132</u>	<u>23</u>	<u>1,201,613</u>	<u>23</u>
2xxx	Total liabilities		<u>2,220,360</u>	<u>41</u>	<u>2,129,439</u>	<u>41</u>
Equity						
3100	Capital stock	4, 6(19)				
3110	Capital - common stock		1,805,375	35	1,805,375	35
3200	Capital surplus	6(20)	72,764	1	68,720	1
3300	Retained earnings	6(21)				
3310	Legal reserve		716,359	13	683,563	13
3320	Special reserve		142,872	3	142,872	3
3350	Undistributed earnings (or losses to be made up for)		442,728	8	419,740	8
3500	Treasury stock	4, 6(22)	(46,828)	(1)	(46,828)	(1)
3xxx	Total equity		<u>3,133,270</u>	<u>59</u>	<u>3,073,442</u>	<u>59</u>
Total liabilities and equity			<u>\$ 5,353,630</u>	<u>100</u>	<u>\$ 5,202,881</u>	<u>100</u>

(continued on Financial Statements)

Accounting Officer

VI. Financial Information

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

Unit: In thousands of NT\$

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

(Please refer to Notes to the Standalone Financial Statements)

Chairperson

Managerial Officer

Accounting Officer

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

Unit: In thousands of NT\$

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

(Please refer to Notes to the Standalone Financial Statements)

Chairperson

Managerial Officer

Accounting Officer

VI. Financial Information

Shin Shin Natural Gas Co
Parent Company Only Statements of Chang
January 1 to December 31, 20

	Capital - common stock	Capital surplus	Legal reserve
Balance as of January 1, 2020	\$ 1,805,375	\$ 65,307	\$ 655,631
Appropriation and distribution of earnings:			
Provision of legal reserve	-	-	27,932
Cash dividends on common stock	-	-	-
Net profit for the period from January 1 to December 31, 2020	-	-	-
Other comprehensive income for the period from January 1 to December 31, 2020	-	-	-
Total comprehensive income for the period	-	-	-
Capital surplus adjusted for dividends paid to subsidiaries	-	3,413	-
Balance as of December 31, 2020	<u>\$ 1,805,375</u>	<u>\$ 68,720</u>	<u>\$ 683,563</u>
Balance as of January 1, 2021	\$ 1,805,375	\$ 68,720	\$ 683,563
Appropriation and distribution of earnings:			
Provision of legal reserve	-	-	32,796
Cash dividends on common stock	-	-	-
Net profit for the period from January 1 to December 31, 2021	-	-	-
Other comprehensive income for the period from January 1 to December 31, 2021	-	-	-
Total comprehensive income for the period	-	-	-
Capital surplus adjusted for dividends paid to subsidiaries	-	4,044	-
Balance as of December 31, 2021	<u>\$ 1,805,375</u>	<u>\$ 72,764</u>	<u>\$ 716,359</u>

(Please refer to Notes to the Standalone

Chairperson

Managerial Officer

Co., LTD.

Changes in Equity

2021 and 2020

Unit: In thousands of NT\$

Retained earnings		Undistributed earnings (Or losses to be made up for)		Treasury stock	Total equity		
Special reserve							
\$	142,872	\$	363,434	\$	(46,828)	\$	2,985,791
	-		(27,932)		-		-
	-		(243,726)		-		(243,726)
	-		326,745		-		326,745
	-		1,219		-		1,219
	-		327,964		-		327,964
	-		-		-		3,413
\$	142,872	\$	419,740	\$	(46,828)	\$	3,073,442
\$	142,872	\$	419,740	\$	(46,828)	\$	3,073,442
	-		(32,796)		-		-
	-		(288,860)		-		(288,860)
	-		342,395		-		342,395
	-		2,249		-		2,249
	-		344,644		-		344,644
	-		-		-		4,044
\$	142,872	\$	442,728	\$	(46,828)	\$	3,133,270

(See Financial Statements)

Accounting Officer

Shin Shin Natural Gas Co., LTD.
Notes to the Parent Company Only Financial Statements
2021 and 2020
(All amounts are in NTD unless otherwise stated in the notes)

I. Company History

Shin Shin Natural Gas Co., LTD. (hereinafter referred to as the "Company") was established on May 25, 1971 in accordance with the Company Act of the R.O.C. The Company's principal business activities are the transmission of combustible natural gas by pipeline for non-industrial fuel supply, the installation of gas pipeline construction, and other related natural gas industry and affiliated businesses.

II. Date and Procedure for Approval of Financial Statements

The Parent Company Only Financial Statements were approved and issued by the Board of Directors on March 18, 2022.

III. Application of New and Revised Standards and Interpretation

(I) Effect of the adoption of newly issued and amended IFRSs endorsed by the Financial Supervisory Commission (hereinafter referred to as "FSC")

The newly issued, amended and revised standards and interpretations of International Financial Reporting Standards (IFRS) endorsed by the FSC for the year ended December 31, 2021 are listed below.

Newly issued/amended/revised standards and interpretations	Effective date of issuance by the International Accounting Standards Board (IASB)
Amendments to IFRS 4 "Extension of Provisional Exemption from IFRS 9"	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and Phase 2 of IFRS 16, "Changes in Interest Rate Indicators"	January 1, 2021
Amendments to IFRS 16, "Rental Reductions Related to COVID-19 Pandemic after June 30, 2021 (Note) The FSC allowed the early application on January 1, 2021.	April 1, 2021 (Note)

The Company has evaluated that the amendments to the above standards and interpretations will not have a material impact on the financial position and financial performance.

(II) Effect of not adopting the newly issued and amended IFRSs endorsed by the FSC

The newly issued, amended and revised standards and interpretations of IFRSs endorsed by the FSC for the year ended December 31, 2022 are listed below.

VI. Financial Information

Newly issued/amended/revised standards and interpretations	International Accounting Standards Board (IASB) Effective date of issuance
Amendment to IFRS 3 "Update the index of the conceptual framework".	January 1, 2022
Amendment to IAS 16 "Property, plant and equipment: price before reaching the intended state of use"	January 1, 2022
Amendment to IAS 37 "Onerous Contracts - Cost of Performing Contracts".	January 1, 2022
Annual Improvements for the 2018-2020 Cycle	January 1, 2022

The Company has evaluated that the amendments to the above standards and interpretations will not have a material impact on the financial position and financial performance.

(III) Effect of IFRSs issued by the IASB but not yet endorsed by the FSC

Newly issued/amended/revised standards and interpretations	Effective date of issuance by the International Accounting Standards Board (IASB)
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendment to IAS 12 "Deferred Income Taxes on Assets and Liabilities Arising from a Single Transaction"	January 1, 2023
Amendment to IFRS 17 "First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Affiliate or Joint Venture and Investment in Affiliates".	To be decided by the IASB

The above standards or interpretations have been issued by the IASB but not yet endorsed by the FSC, and their actual application dates are subject to the FSC. The Company is in the process of evaluating the effect of each amendment in the applicable period.

IV. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these Parent Company Only Financial Statements are described below and have been applied consistently throughout the reporting periods unless otherwise stated.

(I) Statement of Compliance

The Parent Company Only Financial Statements were prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers and the Regulations on Accounting Handling for Public Natural Gas Enterprises.

VI. Financial Information

(II) Basis of Preparation

1. The Parent Company Only Financial Statements have been prepared on the historical cost basis, except for the following significant items.
 - (1) Financial assets and liabilities measured at fair value through profit or loss
 - (2) Net defined benefit liabilities recognized as pension fund assets less the net present value of the net defined benefit obligation.
2. The Company uses the equity method to account for its investment in subsidiaries in the preparation of its Parent Company Only Financial Statements. In order to make the current profit or loss, other comprehensive income and equity in the Parent Company Only Financial Statements the same as the current profit or loss, other comprehensive income and equity attributable to the shareholders of the Company in the consolidated financial statements, certain accounting differences between the standalone basis and the consolidated basis are adjusted for "investments accounted for using the equity method", "share of profit or loss of subsidiaries, affiliates and joint ventures accounted for using the equity method", "share of other comprehensive income of subsidiaries, affiliates and joint ventures accounted for using the equity method" and related equity items.
3. The preparation of financial statements in conformity with the Regulations Governing the Preparation of Financial Reports requires the use of certain significant accounting estimates and the application of management judgment in the process of applying the Company's accounting policies. For items involving a higher degree of judgment or complexity, or items involving significant assumptions and estimates in the financial statements, please refer to Note 5 for details.

(III) Foreign currencies

1. The Parent Company Only Financial Statements are presented in the currency of the primary economic environment in which the Company operates (functional currency). In preparing the Parent Company Only Financial Statements, the results of operations and financial position of the Company are translated into NTD, which is the functional currency of the Company and the presentation currency of the statements.
2. For the purpose of preparing the Parent Company Only Financial Statements, transactions in currencies other than the functional currency of the Company (foreign currencies) are recognized at the exchange rates prevailing on the transaction dates. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot rate on that date; non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rate of exchange prevailing on the date when the fair value was determined; non-monetary items denominated in foreign currencies that are measured at historical cost are not retranslated. Exchange differences are recognized in profit or loss in the period in which they occur.

(IV) Criteria for classifying assets and liabilities as current or non-current

1. An asset is classified as current if it meets one of the following criteria, otherwise it is classified as non-current:
 - (1) The asset is expected to be realized in the normal operating cycle, or is intended to be sold or consumed.
 - (2) The asset is held primarily for trading purposes.
 - (3) Expected to be realized within twelve months after the end of the reporting period.
 - (4) Cash or cash equivalents, unless restricted from being exchanged or used to settle liabilities for at least twelve months after the end of the reporting period.
2. A liability is classified as current if it meets one of the following criteria, otherwise it is

classified as non-current:

- (1) The liability is expected to be settled in the normal operating cycle.
- (2) The asset is held primarily for trading purposes.
- (3) Expected to be repaid within twelve months after the end of the reporting period.
- (4) Those whose settlement cannot be unconditionally deferred until at least twelve months after the end of the reporting period. The terms of a liability that may be settled by issuing equity instruments at the option of the counterparty do not affect its classification.

(V) Cash and cash equivalents

1. Cash and cash equivalents include cash on hand, bank deposits, and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.
2. Cash equivalents are short-term, highly liquid investments with the following criteria:
 - (1) Readily convertible into cash at fixed prices.
 - (2) The risk of change in value is minimal.

(VI) Financial assets measured at fair value through profit or loss

1. Financial assets not measured at amortized cost or at fair value through other comprehensive income
2. Financial assets measured at fair value through profit or loss that qualify as regular way purchases or sales are accounted for using trade date accounting.
3. On initial recognition, the related transaction costs are recognized at fair value through profit or loss, and on subsequent recognition, the gain or loss is recognized at fair value through profit or loss.
4. Dividends income is recognized in profit or loss when the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow in and the amount of the dividends can be measured reliably.

(VII) Financial assets measured at amortized cost

1. Refer to those that also meet the following criteria:
 - (1) Financial assets held under the operating model whose objective is to collect the contractual cash flows.
 - (2) The contractual terms of the financial asset generate cash flows at a specific date that are solely for the purpose of paying the principal and the interest on the outstanding principal amount.
2. Trade date accounting is used for financial assets measured at amortized cost in accordance with trading practice.
3. Financial assets are measured at their fair value plus transaction costs on initial recognition. Interest income and impairment losses are subsequently recognized over the circulation period using the effective interest method in accordance with the amortization procedure, and the gains or losses are recognized in profit or loss when derecognized.

(VIII) Accounts and notes receivable

1. Accounts and notes receivable are accounts and notes with unconditional right to receive the consideration for the transfer of goods or services in accordance with contractual agreements.
2. Measured at their fair value on initial recognition. Interest income and impairment losses are subsequently recognized over the circulation period using the effective interest method in accordance with the amortization procedure, and the gains or losses are recognized in profit or loss. Short-term accounts and notes receivable with unpaid interest are measured at their original invoice amount because the effect of discounting is not significant.

(IX) Impairment of financial assets

At the end of each reporting period, for financial assets measured at amortized cost, an allowance for losses is provided for at the 12-month expected credit loss amount, taking into account all reasonable and probable information (including forward-looking information) for financial assets whose credit risk has not increased significantly since initial recognition. If the credit risk has increased significantly since initial recognition, the allowance for loss is measured at the expected credit loss over the period of time; for accounts receivable that do not contain significant financial components, the allowance for loss is measured at the expected credit loss over the duration.

(X) De-recognition of financial assets

Financial assets are derecognized when one of the following criteria is met:

1. The contractual rights to cash flow from the financial assets expire.
2. The contractual rights to receive cash flows from the financial assets are transferred and substantially all risks and rewards of ownership of the financial assets have been transferred.
3. Transfer of contractual rights to receive cash flows from financial assets without retaining control over the financial assets.

(XI) Offset of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis when there is a legally enforceable right to offset the amounts of recognized financial assets and liabilities and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(XII) Inventories

Inventories are recognized and measured at cost at the time of acquisition and are inventoried on a continuous basis. The cost of inventories is calculated using the first-in, first-out method and is measured at the lower of cost or net realizable value at the end of the period. The lower of cost or net realizable value is compared on an item-by-item basis. Net realizable value is the estimated selling price under normal circumstances less costs and marketing expenses to completion.

(XIII) Investments accounted for using the equity method

Investment in subsidiaries

1. Subsidiaries are all entities (including special purpose entities) in which the Company has the power to direct the financial and operating policies, and in which the Company generally owns, directly or indirectly, more than 50% of the voting shares. The Company's investments in subsidiaries are accounted for using the equity method in the Parent Company Only Financial Statements .
2. Unrealized gains or losses on transactions between the Company and its subsidiaries have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary to conform to the policies adopted by the Company.
3. The Company recognizes its share of the gain or loss of a subsidiary in the current period and its share of other comprehensive income or loss after the acquisition. If the share of loss recognized in a subsidiary equals or exceeds the interest in that subsidiary, the loss continues to be recognized in proportion to the Company's shareholding.
4. Changes in ownership of subsidiaries that do not result in a loss of control (transactions with non-controlling interests) are accounted for as equity transactions, i.e., as transactions with owners. The difference between the amount of the adjustment to the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity.
5. When control over a subsidiary is lost, the remaining investment in the former subsidiary is remeasured at fair value, and the difference between the fair value and the carrying amount is recognized in profit or loss for the current period. All amounts previously recognized in other comprehensive income or loss related to the subsidiary are accounted for on the same basis as if the Company had directly disposed of the related assets or liabilities, i.e., if a gain or loss previously recognized in other comprehensive income or loss would be reclassified to profit or loss upon disposal of the related assets or liabilities, the gain or loss is reclassified from equity to profit or loss when control over the subsidiary is lost.
6. When there is a change in equity in a subsidiary that is not profit or loss and other comprehensive income or loss and does not affect the percentage of ownership in the subsidiary, the Company recognizes the change in ownership (or the change in equity attributable to the Company's share in the subsidiary) as "capital surplus" in proportion to the percentage of ownership.

(XIV) Property, plant and equipment

1. Recognition and Measurement

Property, plant and equipment are recognized and measured at cost, and the related interest is capitalized during the period of purchase and construction. Cost includes expenses directly attributable to the acquisition of assets.

Property, plant and equipment are treated as separate items (major components) of property, plant and equipment when they comprise different components and a different depreciation rate or method is more appropriate in relation to the total cost of the item.

Gains or losses on disposal of property, plant and equipment are determined by the difference between the carrying amount of property, plant and equipment and the disposal price, and are recognized as "other gains and losses" in profit or loss, net.

2. Subsequent Costs

If it is probable that future economic benefits expected to arise from an item of property, plant and equipment will flow to the Company and the amount can be measured reliably, the expenditure is recognized as part of the carrying amount of the item and the carrying amount of the replaced portion is derecognized. The cost of routine maintenance of property, plant and equipment is recognized in profit or loss as incurred.

3. Depreciation expense

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, less their residual values, and is assessed on the basis of the individual significant components of the assets. If the useful life of a significant component is different from that of other components of the assets, the significant component should be depreciated separately. Depreciation is recognized in profit or loss. Land is not subject to depreciation.

The estimated useful lives of major assets for the current and comparative periods are as follows:

Item	Useful life
Housing equipment	5~55
Gas transmission equipment	
High-pressure gas transmission pipeline	12~21
Medium-pressure gas transmission pipeline	10~30
Low-pressure gas transmission pipeline	11~30
Outer tube	10~25
Gas governor stations	11~20
Gas sales equipment	
Gas meter	10~11
Gas storage equipment	5~20
Transportation equipment	5~6
Machinery and equipment	5~10
Miscellaneous equipment	
Office desks and chairs	6
Computer	4~6
Air conditioning	9

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year. If the expected values of residual values and useful lives differ from previous estimates, or if there is a significant change in the expected pattern of consumption of future economic benefits embodied in an asset, the change is accounted for in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors," from the date of the change.

(XV) Lessee's lease transactions - right-of-use assets/lease liabilities

Except for leases of low-value underlying assets and short-term leases (leases ending within 12 months), right-of-use assets and lease liabilities are recognized at the lease commencement date.

VI. Financial Information

1. Lease liabilities are recognized at the lease commencement date by discounting outstanding lease payments at the present value of the Company's incremental borrowing rate, with lease payments consisting of:

- (1) fixed payments (including material fixed payments), net of any lease incentives receivable;
- (2) lease payments that depend on changes in an index or rate (measured using the original index or rate at the inception date);
- (3) the amount expected to be paid by the lessee under the residual value guarantee;
- (4) the exercise price of a purchase option if the lessee can be reasonably certain that it will exercise such option; and
- (5) penalties payable for lease termination if the lease period reflects that the lessee will exercise the option to terminate the lease;

interest expense is provided for under the amortized cost method over the lease period using the interest method of subsequent adoption. Lease liabilities are reassessed and right-of-use assets are remeasured when there is a change in the lease period or lease payments that is not a contractual modification.

2. Right-of-use assets are recognized at cost at the inception date of the lease and the cost consists of:

- (1) the original measurement amount of the lease liability;
- (2) any lease payments made on or before the commencement date;
- (3) any original direct costs incurred; and
- (4) the estimated cost of dismantling, removing and restoring the subject asset to its location, or restoring the subject asset to the condition required by the terms and conditions of the lease.

Depreciation expense is provided on the earlier of the expiration of the useful life of the right-of-use asset or the expiration of the lease period, measured subsequently using the cost model. When a lease liability is reassessed, the right-of-use asset is adjusted for any re-measurement of the lease liability.

(XVI) Investment property

Investment property is recognized at acquisition cost and subsequently measured at cost. Except for land, depreciation is provided on a straight-line basis over the estimated useful lives of 26 to 55 years.

(XVII) Impairment of financial assets

The Company estimates the recoverable amount of an asset at the end of the reporting period for which there is an indication of impairment. If the recoverable amount is less than the carrying amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. Except for goodwill, when an impairment loss recognized in prior years does not exist, the impairment loss is reversed to the extent that it was recognized in prior years.

(XVIII) Accounts and notes payable

1. Accounts and notes payable represent debts incurred for the purchase of raw materials, goods or services on credit and notes payable for operating and non-operating purposes.

2. Measured at their fair value on initial recognition. Interest expenses are subsequently recognized over the circulation period using the effective interest method in accordance with the amortization procedure in profit or loss. Short-term accounts and notes payable with unpaid interest are measured at their original invoice amount because the effect of discounting is not significant.

(XIX) Provision for liabilities

Provisions for liabilities (including accumulated compensated absences) are recognized when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. The provision for liabilities is measured at the best estimate of the present value of the expenditures required to settle the obligation at the end of the reporting period. The discount rate is the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability, and the amortization of the discount is recognized as interest expense. No provision for liabilities for future operating losses is recognized.

(XX) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the non-discounted amount expected to be paid and are recognized as expenses when the related services are rendered.

2. Pension

- (1) Defined contribution plan

A defined contribution plan is a plan under which there will be no additional legal or constructive obligation to pay after a defined contribution amount is paid into a separate, publicly or privately administered pension fund account, and the amount to be contributed to the pension fund is recognized as pension cost on an accrual basis. Pre-paid contributions are recognized as assets to the extent that they are refundable in cash or reduce future payments.

- (2) Defined benefit plan

① A defined benefit plan is a pension plan that is not a defined contribution plan. A defined benefit plan generally determines the amount of retirement benefits an employee receives upon retirement, usually based on one or more factors, such as age, years of service, and remuneration. The net obligation under a defined benefit plan is calculated by discounting the amount of future benefits earned by employees for current or past service and subtracting the fair value of plan assets from the present value of the defined benefit obligation as of the end of the reporting period. The net defined benefit obligation is calculated annually by the actuary using the projected unit benefit method, and the discount rate is determined by reference to market yields on high quality corporate bonds with currencies and periods consistent with the defined benefit plan at the end of the reporting period; in countries where there is no deep market for these bonds, the market yield rate of government bonds (at the end of the reporting period) is used.

- ② The re-measurements arising from defined benefit plans are recognized in other comprehensive income in the period in which they occur and are reclassified to retained earnings in the period in which they are recognized in other comprehensive income, with no reclassification to profit or loss in subsequent periods.
- ③ Costs related to service costs for prior periods are recognized immediately in profit or loss.

3. Termination benefits

Termination benefits are recognized when the employee's employment is terminated prior to the normal retirement date or when the employee decides to accept the Company's benefit offer in exchange for the employee's employment or when the employee decides to accept the Company's benefit offer. The Company recognizes the expense when it has made an explicit commitment to have a detailed formal termination plan that has no realistic possibility of being withdrawn or when the earlier of the related restructuring costs is recognized. Benefits paid more than 12 months after the end of the reporting period should be discounted.

4. Profit sharing remuneration for employees and for directors

Profit share remuneration for employees and for directors are recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be reasonably estimated.

(XXI) Income taxes

1. Income tax expense consists of current and deferred income taxes. Income taxes are recognized in profit or loss, except for those related to items included in other comprehensive income or directly in equity, which are included in other comprehensive income or directly in equity, respectively.
2. Current income taxes are based on tax rates that have been legislated or substantively enacted by the end of the reporting period. Management periodically evaluates the status of income tax returns with respect to applicable income tax regulations and, where applicable, estimates the income tax liability based on the expected tax payments to be made to the tax authorities. Additional income tax is levied on undistributed earnings in accordance with the Income Tax Act. Additional income tax expense on undistributed earnings is recognized when the actual distribution of earnings is approved by the shareholders in the year following the year in which the earnings are generated.
3. Deferred income tax is recognized using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts on the balance sheet. Deferred income tax is calculated using the tax rates that are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled, if enacted or substantively enacted by the end of the reporting period.
4. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized, and unrecognized and recognized deferred income tax assets are reassessed at the end of each reporting period.
5. Current income tax assets and current income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and there is an intention to settle the assets and settle the liabilities on a net basis or simultaneously. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current

income tax assets and liabilities and when the deferred income tax assets and liabilities are incurred by the same taxable entity or by different taxable entities that intend to settle or realize the assets and liabilities simultaneously on a net basis.

(XXII) Capital stock

1. Common stock

Common stock is classified as equity. The incremental costs directly attributable to the issuance of new shares are recorded as a deduction from equity, net of income tax.

2. Treasury stock

(1) When the Company repurchases outstanding shares, the consideration paid includes any incremental costs directly attributable to the issuance of new shares recognized as a deduction from equity, net of income taxes. Upon subsequent reissuance of repurchased shares, the difference between the consideration received and the carrying amount, net of any directly attributable incremental costs and income tax effects, is recognized as an adjustment to equity.

(2) Shares of the Company held by subsidiaries are considered as treasury stock.

(XXIII) Distribution of dividends

Dividends distributed to the Company's stockholders are recognized in the financial statements when the Company's stockholders resolve to distribute the dividends. Cash dividends distributed are recognized as a liability, while stock dividends distributed are recognized as stock dividends to be distributed and transferred to common stock on the base date of issuance of new shares.

(XXIV) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, less the estimated selling discounts and other similar discounts.

1. Sales of natural gas

(1) Revenue from the sale of natural gas is recognized when control over the product is transferred. Transfer of control of a product means that the product has been delivered to the customer and there is no outstanding obligation that would affect the customer's acceptance of the product. Delivery occurs when the product is transported to a specific location and the risk of loss of the product has been transferred to the customer. Sales of natural gas are recognized based on the amount of gas used by the customer.

(2) Accounts receivable are recognized when the products are delivered to customers because the Company has an unconditional right to the contract price from that point onward and only requires time to collect the consideration from customers.

2. Revenue from inner tube installation and other services

The Company provides services related to inner tube installation. Mostly the time for the installation of the inner tube is within one year. The related revenue is recognized when the installation is completed and the control is transferred to the customer.

3. Outer tube and demolition compensation income

In accordance with the new provisions of Article 26-1 of the Regulations on Accounting Handling for Public Natural Gas Enterprises, as amended and issued by the Ministry of Economic Affairs in its Order Jing-Neng-Zi No. 10204600900, if an operating asset of an enterprise is acquired, replaced, relocated or disposed of at the expense of others, the amount received, after deducting the carrying amount of the damaged or disposed of operating asset, shall be allocated to each operation and recognized as deferred revenue. In subsequent years, the amount is amortized to income along with the depreciation of the related assets.

4. Dividends income and interest income

Dividends income from investments is recognized when the right to receive payments from shareholders is established, provided that it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of income can be measured reliably.

Interest income from financial assets is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recognized on an accrual basis over time based on the principal amount outstanding and the effective interest rate applicable.

5. Rental income

Rental income from investment properties is recognized on a straight-line basis over the lease period.

V. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

The Company makes significant judgments in the process of adopting accounting policies and makes significant assumptions and estimates about future events in the preparation of its Parent Company Only Financial Statements. The judgments and estimates made are continually evaluated and adjusted based on historical experience and other factors, as described below.

(I) Significant judgments in the adoption of accounting policies

1. Investment property

Certain real estate held by the Company for rental or capital appreciation purposes and other portions for personal use are classified as investment property when the individual portions can be sold separately and only when the portion for personal use is not significant to the individual real estate.

2. Determination of the lease period

The Company considers all relevant facts and circumstances that would create an economic incentive to exercise or not to exercise the option, including all anticipated changes in facts and circumstances from the commencement date of the lease to the date of exercise of the option, in determining the lease period of the leased asset. The main factors to be considered include the contractual terms and conditions of the period covered by the option and the importance of the subject asset to the lessee's operations. The lease period is reassessed when significant events or changes in circumstances within the Company's control occur.

(II) Significant accounting estimates and assumptions

The accounting estimates made by the Company are based on reasonable expectations of future events based on current conditions at a particular date. However, actual results may differ from these estimates and there is a risk that the carrying amounts of assets and liabilities may be materially adjusted in the next financial year; please refer to the following explanation; please refer to Note 6 for the carrying amount of each asset and liability as of the end of the reporting period.

1. Estimated impairment of receivables

An impairment loss on receivables is recognized using the "expected credit loss model". Receivables are measured as an allowance for losses based on expected credit losses over the life of the receivable, and changes in future forward-looking information may affect the amount of the allowance for losses.

2. Provision for depreciation

In calculating depreciation, the Company must use judgment and estimates to determine the residual value and useful life of the Company's property, plant and equipment and investment property as of the end of the reporting period. Any changes in estimates may affect the amount of depreciation provided.

3. Fair value of financial instruments

The Company uses fair value to measure and disclose financial and non-financial assets and liabilities, and uses market observable input values for fair value measurements whenever possible. When the fair value of financial assets and liabilities recognized in the balance sheet is not available in an active market, the fair value is determined using valuation techniques, including the income approach (e.g., discounted cash flow model) or the market approach, and changes in assumptions used in these valuation techniques will affect the fair value of the reported financial instruments. Please refer to Note 12.

4. Assessment of impairment of tangible assets (excluding inventories)

In the asset impairment assessment process, the Company relies on subjective judgment and relies on asset use patterns and industry characteristics to determine the individual cash flows, asset useful lives, and potential future revenues and expenses for specific groups of assets. Any change in estimates due to changes in economic conditions or in the Company's strategy could result in a material impairment in the future.

5. Realizability of deferred income tax assets

Deferred income tax assets are recognized to the extent that it is probable that sufficient future taxable income will be available to allow deductions for temporary differences. The assessment of the realizability of deferred income tax assets requires management to make significant accounting judgments and estimates, including assumptions about expected future sales revenue growth and profitability, tax holiday, availability of income tax credits, and tax planning. Any changes in the global economic environment, industry environment and laws and regulations may result in significant adjustments to deferred income tax assets.

VI. Financial Information

6. Measurement of inventories

Because inventories are measured at the lower of cost or net realizable value, the Company must use judgment and estimates to determine the net realizable value of inventories at the end of the reporting period.

7. Calculation of Net Defined Benefit Liabilities

To calculate the present value of the defined benefit obligations, the Company must use judgment and estimates to determine the relevant actuarial assumptions as of the end of the reporting period, including discount rates and future salary growth rates. Any changes in actuarial assumptions could materially affect the amount of the Company's net defined benefit obligation.

8. Determination of the lessee's incremental interest rate

The lessee's incremental interest rate used for discounted lease payments is determined by considering the market risk-free rate, the estimated lessee credit risk discount and the guarantee conditions in a similar economic environment.

VI. Summary of Significant Accounting Items

(I) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$485,216	\$287,266
Bank deposits	278,763,300	233,534,989
Time deposits	30,000,000	-
Cash equivalents - bills	131,736,507	90,000,000
Total	<u>\$440,985,023</u>	<u>\$323,822,255</u>

1. The credit quality of the Company's corresponding financial institutions is good, and the Company's transactions with various financial institutions are used to diversify the credit risk, and the possibility of default is expected to be low.
2. The above time deposits are due within three months. Time deposits with original maturities of more than three months have been reclassified to other receivables as described in Note 6(5).

(II) Financial assets measured at fair value through profit or loss

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current item:		
Financial assets mandatorily measured at fair value through profit or loss		
Shares of TWSE/TPEX listed companies	\$191,474,847	\$129,660,731
Beneficiary certificates	35,000,000	75,000,000
Beneficiary securities	38,934,492	10,000,000
Bonds	79,440,036	102,416,645
Bills	11,331,980	11,331,980
Sub-total	<u>356,181,355</u>	<u>328,409,356</u>
Adjustment to the valuation of financial assets mandatorily measured at fair value through profit or loss	27,805,021	15,934,576
Total	<u><u>\$383,986,376</u></u>	<u><u>\$344,343,932</u></u>

1. The valuation gains (losses) included in profit or loss due to changes in fair value on the above financial assets at fair value through profit or loss were \$34,499,918 and \$(11,109,261) for 2021 and 2020, respectively.
2. For information on marketable securities held as of December 31, 2021, please refer to Note 13.

(III) Financial assets measured at amortized cost

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Non-current item:		
Financial bonds	<u>\$70,000,000</u>	<u>\$70,000,000</u>

1. The breakdown of financial assets measured at amortized cost recognized in profit or loss, is as follows:

	<u>2021</u>	<u>2020</u>
Interest income	<u>\$1,750,000</u>	<u>\$2,249,167</u>

2. Without considering the collaterals held or other credit enhancements, the Company held financial assets measured at amortized cost with the largest credit risk exposure of \$70,000,000 at both December 31, 2021 and 2020.
3. Please refer to Note 12(2) for related credit risk information.

(IV) Notes and accounts receivable, net

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	\$77,500	\$947,414
Accounts receivable (including related parties)	181,700,022	200,589,642
Less: Allowance for losses	(6,875,109)	(8,338,008)
Net amount	<u><u>\$174,902,413</u></u>	<u><u>\$193,199,048</u></u>

VI. Financial Information

1. The account aging analysis is as follows:

	December 31, 2021	December 31, 2020
Not overdue	\$174,041,664	\$192,287,781
Overdue		
Within 30 days	1,096,076	1,127,896
30~60 days	766,333	904,228
60~90 days	465,721	666,343
90 days or more	5,407,728	6,550,808
Less: Allowance for losses	(6,875,109)	(8,338,008)
Total	\$174,902,413	\$193,199,048

The above is an account aging analysis based on the number of days overdue.

2. Without considering the collaterals held or other credit enhancements, the Company's notes receivable with the highest credit risk exposure were \$77,500 and \$947,414 as of December 31, 2021 and 2020, respectively; the Company's accounts receivable with the highest credit risk exposure were \$174,824,913 and \$192,251,634 as of December 31, 2021 and 2020, respectively.
3. Please refer to Note 12(2) for related credit risk information.

(V) Other receivables

	December 31, 2021	December 31, 2020
Interests receivable	\$6,993,510	\$6,537,259
Time deposits with original maturities of more than three months	842,767,827	846,971,933
Dividends receivable	123,750	7,500
Others	-	1,372
Total	\$849,885,087	\$853,518,064

The credit quality of the Company's corresponding financial institutions is good, and the Company's transactions with various financial institutions are used to diversify the credit risk, and the possibility of default is expected to be low.

(VI) Inventories

	December 31, 2021	December 31, 2020
Materials	\$19,080,784	\$18,515,531
Installation contractors' materials	9,925,795	9,513,067
Natural gas inventory	1,226,119	1,190,952
Total	\$30,232,698	\$29,219,550

1. Installation contractors' materials represent the cost of the tube materials requisitioned by the entrusted contractors for the installation of inner tubes, and are not intended to be sold for conversion into cash.
2. The allowance for decline in value of inventories was both \$0 as of December 31, 2021 and 2020.
3. Inventory-related expenses and losses recognized in operating costs for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Cost of inventories sold and installation costs	\$1,310,897,287	\$1,452,990,345

(VII) Investments accounted for using the equity method

1. Information on significant equity-method investees is as follows:

Investee name	Principal place of business	Principal business activities	Remarks
EVFA INTERNATIONAL CO., LTD.	Taiwan	Manufacture and sale of gas equipment and import/export dealership and planning and supervision of gas equipment and construction	Subsidiary

December 31, 2021

Investee name	Amount	Shareholdings percentage	Dividends received
<u>Subsidiary</u> EVFA INTERNATIONAL CO., LTD.	\$451,547,197	100.00%	\$90,000,000

December 31, 2020

Investee name	Amount	Shareholdings percentage	Dividends received
<u>Subsidiary</u> EVFA INTERNATIONAL CO., LTD.	\$429,092,292	100.00%	\$-

2. Share of profits and losses of subsidiaries, affiliates and joint ventures under the equity method and the share of other comprehensive income were as follows:

Investee name	2021	2020
Share of profits and losses of subsidiaries, affiliates and joint ventures under the equity method:		
EVFA INTERNATIONAL CO., LTD.	\$108,410,325	\$115,347,322
Share of other comprehensive income of subsidiaries, affiliates and joint ventures under the equity method:		
EVFA INTERNATIONAL CO., LTD.	\$-	\$-

3. Please refer to Note 6(22), "Treasury stock", for details of the shares of the Company held by subsidiaries.

(VIII) Property, plant and equipment

	Land		Buildings	Gas sales equipment	Gas transmission equipment	Gas storage equipment	Transportation, machinery and other equipment	Unfinished construction and equipment pending acceptance	Total
	For self-use	For lease (Note)							
Cost:									
Balance as of January 1, 2021	\$344,300,220	\$8,888,249	\$55,409,167	\$1,253,112,637	\$3,906,643,831	\$323,330,392	\$182,431,980	\$127,955,031	\$6,202,071,507
Addition	-	-	575,000	124,995,301	7,121,040	3,450,000	3,378,480	148,688,221	288,208,042
Disposal	-	-	-	(40,670,686)	(23,497,701)	-	(1,698,242)	-	(65,866,629)
Reclassification	-	-	-	-	175,769,899	-	191,238	(121,422,210)	54,538,927
Balance as of December 31, 2021	\$344,300,220	\$8,888,249	\$55,984,167	\$1,337,437,252	\$4,066,037,069	\$326,780,392	\$184,303,456	\$155,221,042	\$6,478,951,847
Cost:									
Balance as of January 1, 2020	\$344,300,220	\$8,888,249	\$55,059,167	\$1,099,646,469	\$3,590,452,671	\$316,842,650	\$163,071,954	\$217,656,910	\$5,795,918,290
Addition	-	-	350,000	201,941,744	6,369,849	4,154,350	5,352,789	171,338,616	389,507,348
Disposal	-	-	-	(48,475,576)	(23,303,533)	-	(1,279,763)	-	(73,058,872)
Reclassification	-	-	-	-	333,124,844	2,333,392	15,287,000	(261,040,495)	89,704,741
Balance as of December 31, 2020	\$344,300,220	\$8,888,249	\$55,409,167	\$1,253,112,637	\$3,906,643,831	\$323,330,392	\$182,431,980	\$127,955,031	\$6,202,071,507

	Land		Buildings	Gas sales equipment	Gas transmission equipment	Gas storage equipment	Transportation, machinery and other equipment	Unfinished construction and equipment pending acceptance	Total
	For self-use	For lease (Note)							
<u>Accumulated depreciation</u>									
Balance as of January 1, 2021	\$-	\$-	\$35,551,659	\$643,100,858	\$2,573,015,387	\$312,307,531	\$154,816,977	\$-	\$3,718,792,412
Depreciation expense	-	-	1,301,703	94,469,074	160,442,143	1,711,846	7,013,125	-	264,937,891
Disposal	-	-	-	(40,655,387)	(23,497,701)	-	(1,698,242)	-	(65,851,330)
Reclassification	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2021	\$-	\$-	\$36,853,362	\$696,914,545	\$2,709,959,829	\$314,019,377	\$160,131,860	\$-	\$3,917,878,973
Balance as of January 1, 2020	\$-	\$-	\$34,288,088	\$610,264,439	\$2,445,403,505	\$310,630,924	\$150,555,038	\$-	\$3,551,141,994
Depreciation expense	-	-	1,263,571	81,293,251	150,915,415	1,676,607	5,541,702	-	240,690,546
Disposal	-	-	-	(48,456,832)	(23,303,533)	-	(1,279,763)	-	(73,040,128)
Reclassification	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2020	\$-	\$-	\$35,551,659	\$643,100,858	\$2,573,015,387	\$312,307,531	\$154,816,977	\$-	\$3,718,792,412
<u>Carrying amount</u>									
Balance as of December 31, 2021	\$344,300,220	\$8,888,249	\$19,130,805	\$640,522,707	\$1,356,077,240	\$12,761,015	\$24,171,596	\$155,221,042	\$2,561,072,874
Balance as of December 31, 2020	\$344,300,220	\$8,888,249	\$19,857,508	\$610,011,779	\$1,333,628,444	\$11,022,861	\$27,615,003	\$127,955,031	\$2,483,279,095

Note: As of December 31, 2021 and 2020, the assets for lease were not material to individual real estate and therefore were not reclassified to investment property.

VI. Financial Information

1. The major components of the Company's buildings are the main structure, air-conditioning and electrical distribution equipment, and waterproofing works, which are depreciated over their useful lives of 40 to 55 years, 28 years, and 5 to 28 years, respectively.
2. The major components of the Company's gas storage equipment are gas storage tanks, gas storage tank monitoring systems, pressurizers, seismometers and deodorizing equipment. Depreciation is provided over 20 years, 5 to 20 years, 5 to 15 years, 5 to 10 years and 5 to 10 years, respectively.

(IX) Lease transactions - lessee

1. The underlying assets of the Company's leases include land and business cars. The lease contracts are usually for periods ranging from 1 to 10 years. The lease agreements are individually negotiated and contain various terms and conditions, with no restrictions except that the leased assets cannot be used as collateral for loans.
2. The carrying amounts of right-of-use assets and the depreciation expense recognized are as follows:

	Land	Transportation equipment	Total
<u>Cost:</u>			
January 1, 2021	\$9,445,075	\$3,421,690	\$12,866,765
Addition	7,585,352	1,456,138	9,041,490
Disposal	(6,976,832)	(2,956,081)	(9,932,913)
December 31, 2021	\$10,053,595	\$1,921,747	\$11,975,342
January 1, 2020	\$8,865,314	\$3,535,861	\$12,401,175
Addition	871,303	465,609	1,336,912
Disposal	(291,542)	(579,780)	(871,322)
December 31, 2020	\$9,445,075	\$3,421,690	\$12,866,765
<u>Accumulated depreciation:</u>			
January 1, 2021	\$5,775,345	\$2,991,886	\$8,767,231
Depreciation expense	3,004,485	1,804,292	4,808,777
Disposal	(6,976,832)	(2,956,081)	(9,932,913)
December 31, 2021	\$1,802,998	\$1,840,097	\$3,643,095
January 1, 2020	\$3,048,926	\$1,785,612	\$4,834,538
Depreciation expense	3,017,961	1,786,054	4,804,015
Disposal	(291,542)	(579,780)	(871,322)
December 31, 2020	\$5,775,345	\$2,991,886	\$8,767,231
<u>Carrying amount:</u>			
December 31, 2021	\$8,250,597	\$81,650	\$8,332,247
December 31, 2020	\$3,669,730	\$429,804	\$4,099,534

3. Information on profit or loss items related to lease contracts is as follows

Items affecting profit or loss for the period	2021	2020
Interest expense on lease liabilities	\$84,073	\$105,178
Expense on short-term lease contracts	\$29,386	\$1,881

4. The total lease cash outflow was \$4,791,433 and \$5,007,782 for the years ended December 31, 2021 and 2020.

5. Lease extension option and lease termination option

- (1) The Company takes into account all facts and circumstances where the exercise of the extension option, or the non-exercise of the termination option, would create an economic incentive in determining the lease period. The lease period will be re-estimated upon the occurrence of a material event that would affect the exercise of the extension option or the non-exercise of the termination option.
- (2) The assessment based on the exercise of the extension option increased the right-of-use assets and lease liabilities both by \$257,671 as of December 31, 2021 and 2020.

(X) Lease transactions - lessor

1. The underlying assets leased by the Company include land and buildings. The lease agreements are usually for periods ranging from one to six years and are individually negotiated and contain various terms and conditions.
2. The Company recognized rental income of \$4,061,342 and \$4,082,981 in 2021 and 2020, respectively, based on operating lease agreements, of which no variable lease payments were made.
3. The maturity dates of lease payments under operating leases are analyzed as follows:

	December 31, 2021
1st year	\$3,378,378
2nd year	2,860,849
3rd year	2,548,464
4th year	2,500,864
5th year	34,286
Total	\$11,322,841

(XI) Investment property

	Land	Buildings	Total
<u>Cost:</u>			
January 1, 2021	\$42,901,542	\$12,709,978	\$55,611,520
Addition	-	-	-
Disposal	-	-	-
December 31, 2021	\$42,901,542	\$12,709,978	\$55,611,520

VI. Financial Information

	Land	Buildings	Total
January 1, 2020	\$42,901,542	\$12,709,978	\$55,611,520
Addition	-	-	-
Disposal	-	-	-
December 31, 2020	\$42,901,542	\$12,709,978	\$55,611,520
<u>Accumulated depreciation</u>			
January 1, 2021	\$-	\$7,406,786	\$7,406,786
Depreciation expense	-	225,267	225,267
Disposal	-	-	-
December 31, 2021	\$-	\$7,632,053	\$7,632,053
January 1, 2020	\$-	\$7,181,519	\$7,181,519
Depreciation expense	-	225,267	225,267
Disposal	-	-	-
December 31, 2020	\$-	\$7,406,786	\$7,406,786
<u>Carrying amount</u>			
December 31, 2021	\$42,901,542	\$5,077,925	\$47,979,467
December 31, 2020	\$42,901,542	\$5,303,192	\$48,204,734

1. The breakdown of rental income and direct operating expenses from investment properties is as follows:

	2021	2020
Rental income from investment properties	\$3,214,861	\$3,236,574
Direct operating expenses incurred on investment properties that generated rental income in the current period	\$22,750	\$-
Direct operating expenses incurred on investment properties that did not generate rental income in the current period	\$-	\$-

2. The fair value of investment properties held by the Company at the reporting date was measured at cost, and the information level of fair value was Level 3. The fair values of \$156,011 thousand and \$149,776 thousand as of December 31, 2021 and 2020, respectively, were based on market prices in the neighboring areas.
3. The Company's six parcels of land located in Chuang-Ching Section, Xindian City, with Cadastral Number of 5, 6, 6-2, 7, 8 and 9, are not yet available for ownership transfer to the Company because they are agricultural land. The land is currently registered in the name of the Company's responsible person, Chen Ho-Chia, and a mortgage with other rights and interests has been created to the Company as a security measure. The land has a stated cost of \$2,027,191 as of December 31, 2021 and 2020, and is currently leased to a construction company.

(XII) Other non-current assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Reserve for gas pipeline replacement	\$319,071,016	\$408,706,722
Pre-payments for equipment	432,000	95,238
Refundable deposits	152,987	599,826
Total	<u>\$319,656,003</u>	<u>\$409,401,786</u>

In accordance with the Natural Gas Enterprise Act and the Regulations on the Provision of Reserves for the Replacement of Gas Pipelines by Public Natural Gas Enterprises, the Company should make annual appropriations of the reserve for the retirement of gas pipelines as a public natural gas enterprise on the basis of the previous year's net profit after to a dedicated account for safekeeping. When the balance of the aforementioned dedicated account has reached 50% of the total paid-in capital, the appropriation may be stopped.

(XIII) Contract liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Advanced installation charge	\$538,413,259	\$521,658,490

(XIV) Notes and accounts payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes payable (including related parties)	\$37,975,921	\$31,210,626
Accounts payable (including related parties)	130,520,152	122,263,803
Total	<u>\$168,496,073</u>	<u>\$153,474,429</u>

(XV) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Refundable meter deposits	\$127,275,300	\$127,592,120
Employee remuneration payables	9,004,927	8,799,782
Director remuneration payables	9,004,927	8,799,782
Taxes and output sales taxes payable	3,237,745	4,024,408
Salaries and award payable	46,804,609	46,828,248
Pensions payable	1,153,366	1,124,214
Insurance premiums payable	1,095,000	1,025,000
Others	8,255,725	5,774,540
Total	<u>\$205,831,599</u>	<u>\$203,968,094</u>

VI. Financial Information

In accordance with the Ministry of Economic Affairs' letter Jing-Shou-Neng-Zi No. 09420084070 dated November 25, 2005, the Company implemented the basic fee charging system effective January 1, 2006, under which, a public natural gas enterprise should stop charging gas meter usage fees and immediately process the refund of gas meter deposits, which are listed under other payables.

(XVI) Provision for liabilities - current

	Provision for employee benefit liabilities
Balance as of January 1, 2021	\$1,932,452
Provision for liabilities newly increased in the period	8,556,271
Amounts used and offset in the period	(8,659,075)
Balance as of December 31, 2021	\$1,829,648

Provisions for liabilities are recognized in the current period when the relevant employees have acquired rights to employee benefits based on historical experience, management's judgment and other known reasons, and are offset when the employees actually take leave in the following period.

(XVII) Other non-current liabilities

	December 31, 2021	December 31, 2020
Long-term deferred revenue	\$1,137,111,647	\$1,062,762,882
Deposits received over one year	61,480,305	60,655,045
Net Defined Benefit Liabilities	2,644,534	11,081,549
Total	\$1,201,236,486	\$1,134,499,476

In view of the provisions of Article 26-1 of the Regulations on Accounting Handling for Public Natural Gas Enterprises, if an operating asset of an enterprise is acquired, replaced, relocated or disposed of at the expense of others, the amount received, after deducting the carrying amount of the damaged or disposed of operating asset, shall be allocated to each operation and recognized as deferred income. In subsequent years, the amount is amortized to income along with the depreciation of the related assets.

(XVIII) Pension

1. Defined benefit plan

- (1) In accordance with the Labor Standards Act, the Company has a defined benefit retirement plan that applies to all regular employees' years of service prior to the implementation of the Labor Standards Act on July 1, 2005, and to employees who elect to continue to be subject to the Labor Standards Act after the implementation of the Labor Standards Act for subsequent years of service. For employees who meet the retirement criteria, pension payments are calculated based on the years of service and the average salary for the six months prior to retirement, with two bases for each year of service up to and including 15 years and one base for each year of service in excess of 15 years, subject to a maximum accumulation limit of 45 bases. A monthly pension fund of 15% of salaries and wages is deposited to a dedicated account in the Bank of Taiwan in the name of the Supervisory Committee of Labor Retirement Reserve. Before the end of each year, the Company estimates the balance in the dedicated account of the Labor Retirement Reserve. If the balance is not sufficient to pay the aforementioned amount of pension benefits to employees eligible for retirement in the following year, the Company will make a lump-sum appropriation for the difference by the end of March of the following year.

(2) The change in the Company's net defined benefit obligation was as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net Defined Benefit Liabilities
January 1, 2021	\$206,490,963	\$(195,409,414)	\$11,081,549
Service costs for the period	2,574,249	-	2,574,249
Net interest on net defined benefit liabilities	499,785	(482,754)	17,031
Re-measurement			
Compensation gain or loss on plan assets	-	(3,100,873)	(3,100,873)
Actuarial gains and losses due to adjustments through experience	1,392,022	-	1,392,022
Actuarial gains and losses due to changes in demographic assumptions	224,643	-	224,643
Actuarial gains and losses due to changes in financial assumptions	(1,327,423)	-	(1,327,423)
Re-measurement sub-total	<u>289,242</u>	<u>(3,100,873)</u>	<u>(2,811,631)</u>
Appropriations from employers	-	(8,216,664)	(8,216,664)
Benefit payments from plan assets	(10,500,363)	10,500,363	-
Benefit payments on the accounting book	-	-	-
December 31, 2021	<u>\$199,353,876</u>	<u>\$(196,709,342)</u>	<u>\$2,644,534</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net Defined Benefit Liabilities
January 1, 2020	\$220,351,587	\$(195,196,012)	\$25,155,575
Service costs for the period	2,781,742	-	2,781,742
Net interest on net defined benefit liabilities	1,347,773	(1,214,799)	132,974
Re-measurement			
Compensation gain or loss on plan assets	-	(6,673,157)	(6,673,157)
Actuarial gains and losses due to adjustments through experience	(331,718)	-	(331,718)
Actuarial gains and losses due to changes in demographic assumptions	87	-	87
Actuarial gains and losses due to changes in financial assumptions	5,481,378	-	5,481,378
Re-measurement sub-total	<u>5,149,747</u>	<u>(6,673,157)</u>	<u>(1,523,410)</u>
Appropriations from employers	-	(9,312,032)	(9,312,032)
Benefit payments from plan assets	(16,986,586)	16,986,586	-
Benefit payments on the accounting book	(6,153,300)	-	(6,153,300)
December 31, 2020	<u>\$206,490,963</u>	<u>\$(195,409,414)</u>	<u>\$11,081,549</u>

VI. Financial Information

- (3) The assets of the Company's defined benefit pension plan are entrusted to be administered by the Bank of Taiwan in accordance with Article 6 of the Regulations for Revenues, Expenditures, Safeguarding and Utilization of the Labor Retirement Fund, within the proportion and amount of the entrusted items set forth in the annual investment and utilization plan of the fund. The minimum annual earnings to be distributed from the fund shall not be less than the earnings calculated based on the two-year time deposit rate of the local bank. If there is any deficiency, the national treasury shall make up the deficiency after approval by the competent authority. The Company has no right to participate in the operation and management of the fund. The fair value of the assets of the labor pension fund and the allocation of fund assets as of December 31, 2021 and 2020, respectively, are shown in the annual reports on the use of the labor pension fund published by the government.
- (4) The actuarial assumptions related to the pension fund are summarized as follows:

① Demographic assumptions

a. Mortality rate

The assumptions of future mortality rates for the years ended December 31, 2021 and 2020 were based on the sixth and fifth empirical life tables of the preset Taiwan life insurance industry, respectively.

b. Turnover rate

The rate is based on the Company's past experience and experience database.

c. Retirement rate

Based on the Company's experience database, the Company's past experience and the survey report on the employment trend in Taiwan published by the Directorate-General of Budget, Accounting and Statistics as the main basis for the calculation, the retirement rate used is as follows:

Assumptions: (a) Z is the earliest retirement age of individual employees

(b) Retirement is assumed to occur after three years for those who have not retired at age 65 or older.

	2021	2020
Z	15%	15%
Z+1 ~ 64	3%	3%
65	100%	100%

② Financial assumptions

	December 31, 2021	December 31, 2020
a. Discount rate	0.65%	0.25%
b. Expected rate of increase in future salary	2.00%	2.00%

③ Sensitivity analysis of significant actuarial assumptions

The sensitivity analysis of reasonably possible changes in each of the major actuarial assumptions affecting the defined benefit obligation as of December 31, 2021 and 2020 are as follows:

	December 31, 2021		December 31, 2020	
	Increase (decrease) in defined benefit obligation	Percentage of +increase/-decrease in defined benefit obligation	Increase (decrease) in defined benefit obligation	Percentage of +increase/-decrease in defined benefit obligation
(1) Discount rate				
Increase by 0.25%	(3,154,003)	-1.58%	(3,454,248)	-1.67%
Decrease by 0.25%	3,239,203	1.62%	3,551,883	1.72%
(2) Expected rate of increase in future salary				
Increase by 0.25%	2,703,569	1.36%	3,481,453	1.69%
Decrease by 0.25%	(2,649,179)	-1.33%	(3,404,016)	-1.65%

The sensitivity analysis above has been prepared based on reasonably possible changes in each actuarial assumption, with all other assumptions held constant.

(5) Effect of projected benefit obligation on future cash flows :

- A. The weighted-average duration of the benefit obligation was determined to be six years at December 31, 2021 and 2020.
- B. The estimated appropriation for the pension plan for the year after December 31, 2021 is \$8,277 thousand.
- C. The estimated maturity of the Company's undiscounted defined benefit obligation is analyzed as follows:

	Within one year	More than one year but less than two years	More than one year but less than two years	More than two years but less than five years	Total
December 31, 2021	\$8,489,987	\$14,762,806	\$80,185,625	\$104,041,961	\$207,480,379

2. Defined contribution plan

- (1) Effective July 1, 2005, the Company has a defined contribution pension plan under the Labor Pension Act, which is applicable to the Company's domestic employees. The Company makes monthly contributions of not less than 6% of salary to the employees' personal accounts at the Bureau of Labor Insurance for the employees who choose to be subject to the labor pension scheme under the Labor Pension Act. The employees' pensions are paid in the form of monthly pensions or lump-sum pensions depending on the amount of the employees' individual pension accounts and accumulated earnings.
- (2) In accordance with the defined contribution pension plan, the Company recognized pension costs of \$5,297 thousand and \$5,253 thousand for the years ended December 31, 2021 and 2020, respectively, which were contributed to the Bureau of Labor Insurance.

(XIX) Capital stock

The Company's total authorized capital is \$1,858,000,000 divided into 185,800 thousand shares. As of December 31, 2021, the paid-in capital was \$1,805,374,530 divided into 180,537 thousand shares with par value of \$10 each, all of which are common shares. All of the prices of the issued shares of the Company have been received.

(XX) Capital surplus

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Capital surplus - treasury stock transactions	\$72,760,103	\$68,715,523
Capital surplus - investments accounted for using the equity method	4,282	4,282
Total	<u>\$72,764,385</u>	<u>\$68,719,805</u>

1. Under the Securities and Exchange Act and the Company Act, capital surplus may not be used except to make up losses of the Company, except that capital surplus from the issuance of stock in excess of par value and capital surplus from gifts may be capitalized up to a certain percentage of the paid-in capital each year. In accordance with the Company Act, if the Company has no losses, the above-mentioned capital surplus from the issuance of stock in excess of par value and capital surplus from gifts may also be paid in cash in proportion to the original shares held by the shareholders.
2. The above capital surplus - treasury stock transactions are cash dividends received by the subsidiaries from the Company, which are not within the scope of "capital surplus from the issuance of stock in excess of par value" as stipulated in the Ministry of Economic Affairs' letter Jing-Shang-Zi No. 09102050200, and cannot be capitalized.
3. Capital surplus from investments accounted for using the equity method may not be used for any purpose.

(XXI) Retained earnings

1. Legal reserve

In accordance with the Company Act, the Company shall set aside 10% of the net profit after tax for the period plus the items other than net profit after tax for the period included in the current year's undistributed earnings as legal reserve until it equals the amount of paid-in capital. The legal reserve is only used to make up losses according to law, but when the Company has no losses, the excess of the legal reserve over 25% of the paid-in capital may be issued as new shares or cash by resolution of the shareholders' meeting.

2. Special reserve

When the Company distributes earnings, the Company is required by law to set aside a special reserve for the debit balance of other equity items as of the end of the reporting period for the current year. Upon reversal of the debit balance of other equity items, the reversal amount may be included in available-for-distribution earnings.

The special reserve provided upon initial adoption of IFRSs may be reversed to available-for-distribution earnings in proportion to the special reserve provided if it is subsequently realized through use, disposal or reclassification.

3. Dividends policy

The Company adopts a fixed cash-dividend payment ratio policy. In principle, the annual cash dividends paid shall not be less than 20% of the total dividends. However, the Company may increase the distribution ratio by referring to the business plan, Profitability, investment capital needs, and taking into account the Company's business capital adequacy in response to the change in economy and market environment.

The net profit for the period shall be distributed in the following order:

- ① Make up for losses
- ② Provide 10% as legal reserve.
- ③ After the deductions for items 1 and 2, the remaining balance, if any, shall be distributed as follows, together with the accumulated undistributed earnings at the beginning of the period and the adjustment to the undistributed earnings for the year:
- ④ Appropriate special reserve with the appropriation percentage 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.
- ⑤ The Board of Directors draws up a plan for the distribution of the remaining amount and present it to the shareholders' meeting for resolution.

4. Distribution of earnings

On March 18, 2022, the Board of Directors proposed the distribution of earnings for the year of 2021 and on August 31, 2021, the shareholders' meeting approved the distribution of earnings for the year of 2020 as follows:

	2021		2020	
	Amount	Dividends per share (NT\$)	Amount	Dividends per share (NT\$)
Legal reserve	\$34,464,459		\$32,796,416	
Cash dividends	306,913,670	\$1.70	288,859,925	\$1.60
Total	<u>\$341,380,150</u>		<u>\$321,658,361</u>	

(XXII) Treasury stock

1. Information on the cost of treasury stock to be recognized for the Company's shares held by EVFA INTERNATIONAL CO., LTD., a subsidiary of the Company, is shown as follows:

Item	2021					
	Balance at the beginning of the period		Purchased or (sold) during the period	Balance at the end of the period		
	Number of shares	Cost		Number of shares	Cost	Market price
Financial assets measured at fair value through other comprehensive income	2,527,863	\$46,828,269	None	2,527,863	\$46,828,269	\$108,192,536

VI. Financial Information

Item	Balance at the beginning of the period		2020	Balance at the end of the period		
	Number of shares	Cost	Purchased or (sold) during the period	Number of shares	Cost	Market price
	2,527,863	\$46,828,269	None	2,527,863	\$46,828,269	\$97,322,726
Financial assets measured at fair value through other comprehensive income						

2. The Company's shares held by its subsidiaries are treated as treasury stock and have the same rights as those of the general shareholders except that they are not allowed to participate in the Company's capital increase in cash, but have no voting rights.

3. The cost of treasury stock held by a subsidiary is exempt from special reserve. However, for the difference between the market price of the parent company's stock held by the subsidiary at the end of the period and the book value, the same amount of special reserve should be set aside in proportion to the shareholding percentage and should not be distributed. If there is any subsequent increase in the valuation, the amount of the special reserve may be reversed in proportion to the shareholding.

(XXIII) Operating revenue

	2021	2020
Revenue from customer contracts - gas sales revenue	\$1,488,668,217	\$1,613,406,612
Revenue from customer contracts - installation design revenue	176,511,472	180,488,451
Revenue from customer contracts - other operating revenue	82,081,334	148,275,941
Others - other operating revenue	28,373,459	21,637,591
Total	\$1,775,634,482	\$1,963,808,595

1. Breakdown of revenue from customer contracts

The Company's revenue is derived from the transfer of merchandises at a certain point in time and from the revenue recognized for gradual transfer over the useful lives of the related assets in accordance with the Regulations on Accounting Handling for Public Natural Gas Enterprises issued by the Ministry of Economic Affairs as amended by Order Neng-Zi No. 10204600900, and the revenue can be sub-divided into the following major product lines.

Gas sales:

	2021	2020
Revenue from external customer contracts	\$1,488,668,217	\$1,613,406,612
Revenue recognition point	\$1,488,668,217	\$1,613,406,612
Revenue recognized at a point in time	\$1,488,668,217	\$1,613,406,612

Installation:		
	2021	2020
Revenue from external customer contracts	<u>\$176,511,472</u>	<u>\$180,488,451</u>
Revenue recognition point		
Revenue recognized at a point in time	\$79,667,979	\$96,731,205
Revenue recognized gradually over time	96,843,493	83,757,246
Total	<u>\$176,511,472</u>	<u>\$180,488,451</u>
Others:		
	2021	2020
Revenue from external customer contracts	<u>\$82,081,334</u>	<u>\$148,275,941</u>
Revenue recognition point		
Revenue recognized at a point in time	\$79,961,810	\$146,156,417
Revenue recognized gradually over time	2,119,524	2,119,524
Total	<u>\$82,081,334</u>	<u>\$148,275,941</u>

2. Contract liabilities

The Company recognized contract liabilities related to revenue from customer contracts as follows

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Contract liabilities		
Installation design contract	<u>\$538,413,259</u>	<u>\$521,658,490</u>

Revenue recognized in the period for contract liabilities from the beginning of the period

	<u>2021</u>	<u>2020</u>
Revenue recognized in the period for the balance of contract liabilities at the beginning of the period		
Installation design contract	<u>\$96,799,790</u>	<u>\$131,523,695</u>

(XXIV) Operating costs

	<u>2021</u>	<u>2020</u>
Gas sales costs	\$1,118,651,639	\$1,217,980,011
Installation design costs	127,508,492	130,089,242
Other operating costs	64,737,156	104,921,092
Total	<u>\$1,310,897,287</u>	<u>\$1,452,990,345</u>

(XXV) Additional information on the nature of expenses

1. Employee benefit expense, depreciation expense and amortization expense are summarized as follows:

Function Nature	2021			2020		
	Recorded as operating costs	Recorded as operating expenses	Total	Recorded as operating costs	Recorded as operating expenses	Total
Employee benefit expenses						
Salary expenses	\$111,645,625	\$72,040,443	\$183,686,068	\$112,881,532	\$75,267,789	\$188,149,321
Labor and health insurance expenses	9,980,416	4,938,280	14,918,696	9,323,193	4,638,531	13,961,724
Pension expenses	5,082,169	2,805,646	7,887,815	5,242,166	2,925,492	8,167,658
Remuneration for directors	-	30,841,594	30,841,594	-	25,327,503	25,327,503
Other employee benefit expenses	-	9,041,305	9,041,305	-	9,583,778	9,583,778
Depreciation expenses	256,623,062	13,348,873	269,971,935	233,885,273	11,834,555	245,719,828

- (1) The average number of employees (including directors) for the years ended December 31, 2021 and 2020 were 200 and 203, respectively, of which 22 and 21 were directors who were not also employees.
 - (2) The average employee benefit expenses were NT\$1,210,865 and NT\$1,208,036 for the years ended December 31, 2021 and 2020, respectively.
 - (3) The average employee salary expense was NT\$1,031,944 and NT\$1,033,787 for 2021 and 2020, respectively, representing a 0.2% decrease in the average employee salary expense for both years.
 - (4) Supervisors' remuneration was NT\$1,900,000 and NT\$6,638,612 for 2021 and 2020, respectively.
 - (5) The Company established an Audit Committee in FY110 and replaced supervisors with the Audit Committee composed of all independent directors.
 - (6) The Company's salary and remuneration policy (including directors, managerial officers and employees):
 - ① In addition to the basic salaries and year-end bonuses for managerial officers and employees, the Company also pays awards to employees based on their performance appraisals to encourage morale and retain outstanding employees; annual salary adjustments are based on the salary scale of managerial officers and employees.
 - ② In accordance with Article 27 of the Company's Articles of Incorporation, the director's remuneration is to be determined by the Board of Directors in accordance with the general standard of the industry. In addition, in accordance with Article 33 of the Company's Articles of Incorporation, 2.2% of the annual profit shall be appropriated as employee profit sharing remuneration and not more than 2.2% of the annual profit shall be appropriated as director profit sharing remuneration.
2. Information on profit sharing remuneration for employees and for directors based on annual profitability:
- (1) According to the Articles of Incorporation, the Company shall appropriate 2.2% as profit sharing remuneration for employees and no more than 2.2% as profit sharing remuneration for directors of the remainder of the profit for the year, if any, after deducting the accumulated losses from the profit for the current year.

- (2) The profit sharing remunerations for employees and for directors and supervisors for the years of 2021 and 2020 are based on the net profits before tax for the years, before deducting the profit sharing remunerations for employees and for directors and supervisors, and are estimated in accordance with the percentages specified in the Articles of Incorporation. The number of shares is calculated based on the “closing price on the day before the Board of Directors' resolution” if the employees' profit sharing remuneration is distributed with shares.
- (3) For the years ended December 31, 2021 and 2020, the amount of profit sharing remuneration for employees was estimated at NT\$9,004,927 and NT\$8,799,782, respectively, and the amount of profit sharing remuneration for directors and supervisors was estimated at NT\$9,004,927 and NT\$8,799,782, respectively, and was recognized as operating costs and expenses. If the actual distribution amount differs from the estimated amount in subsequent resolutions, the difference is treated as a change in accounting estimate.
- (4) Information on the actual distribution of profit sharing remuneration for employees and for directors and supervisors for the years ended December 31, 2021, 2020 and 2019 is as follows

	2021	2020	2019
	Approved by the Board of Directors on March 18, 2022	Approved by the Board of Directors on March 18, 2021	Approved by the Board of Directors on March 20, 2020
Profit sharing remuneration for directors and supervisors	\$9,004,927	\$8,799,782	\$6,973,757
Profit sharing remuneration for employees	\$9,004,927	\$8,799,782	\$6,973,757

The profit sharing remuneration for employees and for directors and supervisors approved by the Board of Directors are the same as those estimated in the financial statements for 2021, 2020 and 2019.

- (5) For information on the distribution of earnings approved by the Board of Directors and the shareholders' meeting and the profit sharing remuneration for employees and for directors and supervisors, please refer to the Market Observation Post System of the Taiwan Stock Exchange.

3. Depreciation expense by function is summarized as follows:

	2021	2020
Operating costs	\$256,623,062	\$233,885,273
Selling expenses	6,362,138	6,718,476
Administrative expenses	6,986,735	5,116,079
Total	<u>\$269,971,935</u>	<u>\$245,719,828</u>

(XXVI) Interest income

	2021	2020
Interest income from bank deposits	\$10,274,662	\$13,250,117
Interest income from financial assets measured at amortized cost	1,750,000	2,249,167
Other interest income	5,265,893	3,375,660
Total	<u>\$17,290,555</u>	<u>\$18,874,944</u>

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(XXVII) Other income

	2021	2020
Rental income	\$4,061,342	\$4,082,981
Dividend income	8,757,376	5,220,092
Other income	2,998,458	2,979,266
Total	<u>\$15,817,176</u>	<u>\$12,282,339</u>

(XXVIII) Other gain and loss

	2021	2020
Gain (loss) on disposal of property, plant and equipment	\$988,395	\$1,346,851
Net gain (loss) on financial assets measured at fair value through profit or loss	34,499,918	(11,109,261)
Net exchange gain (loss)	(1,180,389)	313,799
Other losses	(1,771,287)	(6,300)
Total	<u>\$32,536,637</u>	<u>\$(9,454,911)</u>

(XXIX) Financial costs

	2021	2020
Interest expense		
Lease liabilities	<u>\$84,073</u>	<u>\$105,178</u>

(XXX) Income tax

1. Composition of income tax expense

	2021	2020
Current income tax expense (or benefit)	\$49,089,854	\$54,389,188
Underestimation (overestimation) of income tax expense for prior years	112	(14,135)
Total current income tax	<u>49,089,966</u>	<u>54,375,053</u>
Deferred income tax expense		
Origination and reversal of temporary differences	(180,245)	1,270,058
Total deferred income tax	<u>(180,245)</u>	<u>1,270,058</u>
Income tax expense	<u>\$48,909,721</u>	<u>\$55,645,111</u>

2. Income tax benefit (expense) related to other comprehensive income

	2021	2020
Re-measurement of defined benefit plan	<u>\$(562,326)</u>	<u>\$(304,682)</u>

3. A reconciliation of income tax expense to the amount of accounting profit multiplied by the Company's applicable income tax rate is as follows:

	2021	2020
Net profit before tax from continuing operations	\$391,305,009	\$382,390,545
Applicable tax rate	20%	20%
Tax at applicable tax rate on income	\$78,261,001	\$76,478,109
Underestimation (overestimation) of income tax expense for prior years	112	(14,135)
Repealed levy on loss (gain) from securities transactions	(4,578,092)	2,294,469
Loss (gain) on valuation of financial assets	(2,569,984)	(33,597)
Domestic investment income recognized using the equity method	(21,682,065)	(23,069,464)
Dividend income not included in income	(1,685,961)	(1,036,018)
Others	1,164,710	1,025,747
Total income tax expense recognized in profit or loss	\$48,909,721	\$55,645,111

4. The amount of deferred income tax assets (liabilities) recognized in assets, liabilities and profit or loss was as follows:

2021

	January 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2021
Temporary differences				
Difference in timing between book and tax recognition of repair and maintenance expenses	\$5,836,468	\$45,843	\$-	\$5,882,311
Unrealized gain or loss	1,969,949	134,402	(562,326)	1,542,025
Land revaluation increment	(65,257,095)	-	-	(65,257,095)
Deferred income tax (expense)/benefit		\$180,245	\$(562,326)	
Net deferred income tax assets/(liabilities)	\$(57,450,678)			\$(57,832,759)
The information expressed in the balance sheet is as follows:				
Deferred income tax assets	\$8,307,752			\$7,523,138
Deferred income tax liabilities	\$(65,758,430)			\$(65,355,897)

2020

	January 1, 2020	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2020
Temporary differences				
Timing difference between book and tax recognition of repair and maintenance expenses	\$5,030,031	\$806,437	\$-	\$5,836,468
Unrealized gain or loss	4,351,126	(2,076,495)	(304,682)	1,969,949
Land revaluation increment	(65,257,095)	-	-	(65,257,095)
Deferred income tax (expense)/benefit		\$(1,270,058)	\$(304,682)	
Net deferred income tax assets/(liabilities)	\$(55,875,938)			\$(57,450,678)
The information expressed in the balance sheet is as follows:				
Deferred income tax assets	\$9,381,157			\$8,307,752
Deferred income tax liabilities	\$(65,257,095)			\$(65,758,430)

5. The Company's income tax returns have been assessed by the tax authorities through 2019.

(XXXI) Earnings per share

1. Information on earnings per share

	2021	2020
Basic earnings per share:		
Net profit for the period from continuing operations	\$342,395,288	\$326,745,434
Weighted average number of shares outstanding	178,009,590	178,009,590
Basic earnings per share (NT\$):	\$1.92	\$1.84
Diluted earnings per share:		
Net profit for the period from continuing operations	\$342,395,288	\$326,745,434
Weighted average number of shares outstanding for the purpose of calculating diluted earnings per share	178,219,985	178,238,156
Diluted earnings per share (NT\$)	\$1.92	\$1.83

2. The weighted-average number of shares outstanding is calculated as follows:

	2021	2020
Number of shares at the beginning of the period	180,537,453	180,537,453
Less: Parent company's shares held by subsidiaries	(2,527,863)	(2,527,863)
Total	178,009,590	178,009,590

3. The above weighted average number of shares outstanding for the purpose of calculating diluted earnings per share is calculated as follows:

	2021	2020
Number of shares at the beginning of the period	180,537,453	180,537,453
Add: Employee profit sharing remuneration that can be issued in stock	210,395	228,566
Sub-total	180,747,848	180,766,019
Less: Shares of the parent company held by subsidiaries	(2,527,863)	(2,527,863)
Total	178,219,985	178,238,156

4. Pro forma information assuming that shares of the parent company held by subsidiaries are not treated as treasury stock.

	2021	2020
Net profit for the period from continuing operations	\$346,439,868	\$330,158,049
Weighted average number of shares outstanding	180,537,453	180,537,453
Basic earnings per share (NT\$)	\$1.92	\$1.83

(XXXII) Supplementary information on cash flows

Change in liabilities from financing activities was as follows:

	Guarantee deposit received	Lease liabilities
January 1, 2021	\$62,916,945	\$2,163,376
Change in cash flows from financing activities	1,196,960	(4,707,360)
Non-cash change	-	9,041,490
December 31, 2021	\$64,113,905	\$6,497,506
	Guarantee deposit received	Lease liabilities
January 1, 2020	\$63,863,565	\$5,729,068
Change in cash flows from financing activities	(946,620)	(4,902,604)
Non-cash change	-	1,336,912
December 31, 2020	\$62,916,945	\$2,163,376

VII. Related Party Transactions

(I) Names and relationships of related parties

Name of the related party	Relationship with the Company
EVFA INTERNATIONAL CO., LTD.	Subsidiary
THE GREAT TAIPEI GAS CORPORATION	Other related parties
Shin Kong Wu Ho-Su Memorial Hospital	Other related parties
Mr. Chen Gen-Chu Foundation for Education and Culture	Other related parties

(II) Significant transactions with related parties

1. Operating transactions

(1) Installation revenue

Type of related party	2021	2020
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	\$4,240,711	\$4,862,494

The sales to related parties were made at contracted sales prices and terms.

(2) Purchases

Type of related party	2021	2020
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	\$57,061,295	\$68,685,225

The Company's purchases from related parties were made on normal purchase terms and conditions (market prices). The payment term is approximately one month.

(3) Installation cost

Type of related party	2021	2020
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	\$6,179,450	\$8,878,487

The above-mentioned installation cost is based on the general market price, and the payment term is approximately one month.

(4) Other operating costs

Type of related party	2021	2020
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	\$26,321,977	\$30,505,360

The above-mentioned other operating cost is based on the general market price, and the payment term is approximately one month.

(5) Accounts receivable from related parties

<u>Type of related party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	<u>\$4,116,347</u>	<u>\$4,733,351</u>

(6) Pre-payments for equipment (listed as other non-current assets)

<u>Type of related party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties:		
THE GREAT TAIPEI GAS CORPORATION	<u>\$240,000</u>	<u>\$-</u>

The pre-payment for the above-mentioned equipment is the amount for the purchase of the periodic inspection management system.

(7) Notes payable to related parties

<u>Type of related party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	<u>\$19,663,593</u>	<u>\$24,575,619</u>

(8) Accounts payable to related parties

<u>Type of related party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	<u>\$15,149,327</u>	<u>\$16,192,482</u>

2. Property transactions

(1) Property, plant and equipment acquired (gas sales equipment).

<u>Type of related party</u>	<u>Acquisition price</u>	
	<u>2021</u>	<u>2020</u>
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	<u>\$121,581,663</u>	<u>\$199,590,054</u>

The price of the property, plant and equipment (gas sales equipment) acquired above was based on the general market price.

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(2) Property, plant and equipment acquired (other equipment).

2021: None.

2020:

Type of related party	Acquisition price
Other related parties:	
THE GREAT TAIPEI GAS CORPORATION	\$15,600,000
	\$15,600,000

The purchase price of property, plant and equipment (other equipment) from Great Taipei Gas Corporation in 2020 includes NT\$15,200,000 pre-paid for equipment previously paid in 2019, and the transaction price is based on the agreed price and terms between the parties.

3. Other transactions

(1) Rental income

Type of related party	2021	2020
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	\$491,316	\$491,316
	\$491,316	\$491,316

(2) Selling expenses - repair and maintenance expenses

Type of related party	2021	2020
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	\$10,264,182	\$12,777,347
	\$10,264,182	\$12,777,347

(3) Selling expenses - service expenses

Type of related party	2021	2020
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	\$24,300,780	\$34,898,665
	\$24,300,780	\$34,898,665

(4) Administrative expenses - other expenses

Type of related party	2021	2020
Other related parties:		
THE GREAT TAIPEI GAS CORPORATION	\$1,575,070	\$1,950,000
	\$1,575,070	\$1,950,000

(5) Administrative expenses - donation

Type of related party	2021	2020
Other related parties:		
Shin Kong Wu Ho-Su Memorial Hospital	\$500,000	\$-
Mr. Chen Gen-Chu Foundation for Education and Culture	550,000	-
Total	<u>\$1,050,000</u>	<u>\$-</u>

(6) Other payables - related parties

Type of related party	December 31, 2021	December 31, 2020
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	<u>\$4,607,371</u>	<u>\$8,405,457</u>

(7) Deposits received (listed as other non-current liabilities)

Type of related party	December 31, 2021	December 31, 2020
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	\$657,400	\$657,400
Other related parties:		
THE GREAT TAIPEI GAS CORPORATION	210,000	165,000
Total	<u>\$867,400</u>	<u>\$822,400</u>

(III) Information on remuneration for key management

	2021	2020
Salaries and other short-term employee benefits	\$48,163,523	\$48,256,077
Post-employment benefits	308,518	277,558
Total	<u>\$48,472,041</u>	<u>\$48,533,635</u>

VIII. Pledged Assets: None.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

As of December 31, 2021, the total contract amount due to pre-payments for equipment purchases was NT\$1,440 thousand and the amount paid was NT\$432 thousand (listed as pre-payments for equipment under other non-current assets).

X. Significant Disaster Loss: None.XI. Significant Subsequent Events: None.XII. Others(I) Capital Management

The primary objective of the Company's capital management is to confirm the maintenance of sound credit ratings and good capital ratios to support corporate operations and maximize shareholders' equity.

(II) Financial instruments

1. Type of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$383,986,376	\$344,343,932
Financial assets measured at amortized cost		
Cash and cash equivalents	440,985,023	323,822,255
Financial assets measured at amortized cost	70,000,000	70,000,000
Notes receivable	77,500	947,414
Accounts receivable (including related parties)	174,824,913	192,251,634
Other receivables	849,885,087	853,518,064
Other financial assets	319,224,003	409,306,548
Total	<u>\$2,238,982,902</u>	<u>\$2,194,189,847</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial liabilities		
Financial liabilities measured at amortized cost		
Notes payable (including related parties)	\$37,975,921	\$31,210,626
Accounts payable (including related parties)	130,520,152	122,263,803
Other payables (including related parties)	210,438,970	212,373,551
Lease liabilities	6,497,506	2,163,376
Other financial liabilities	64,113,905	62,916,945
Total	<u>\$449,546,454</u>	<u>\$430,928,301</u>

2. Information on fair value of financial instruments

(1) Financial instruments not measured at fair value

① The carrying amounts of these financial instruments approximate their fair values: cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets, notes payable, accounts payable, other payables and other financial liabilities.

② The fair value of lease liabilities was obtained by discounting the amount of lease contracts at the Company's incremental borrowing rate.

(2) Financial instruments not measured at fair value but still require disclosure of fair value

	<u>December 31, 2021</u>			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets:				
Financial assets measured at amortized cost				
Domestic financial bonds	<u>\$70,000,000</u>	<u>\$-</u>	<u>\$70,000,000</u>	<u>\$-</u>
	<u>December 31, 2020</u>			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets:				
Financial assets measured at amortized cost				
Domestic financial bonds	<u>\$70,000,000</u>	<u>\$-</u>	<u>\$70,000,000</u>	<u>\$-</u>

(3) Valuation techniques of fair value

The methods and assumptions used to estimate the fair value of the Company's financial instruments not measured at fair value are as follows.

If quoted prices of completed transactions or market makers are available, the most recent transaction prices and quoted prices are used as the basis for assessing fair value. If market value is not available, the valuation method is used to estimate the fair value. The fair value is estimated using the discounted cash flow value of the estimates and assumptions used in the valuation method.

(4) Financial instruments measured at fair value

Please refer to Note 12(3) for the fair value information of financial instruments measured at fair value.

3. Financial risk management policy

- (1) The Company's daily operations are subject to a number of financial risks, including market risk (including exchange rate risk, price risk and interest rate risk), credit risk and liquidity risk. The Company adopts the strictest standards of control over the financial risks of its investments in financial instruments. Any financial investments and operations are thoroughly evaluated for possible risks, and the less risky ones are always selected and sought to minimize potential adverse effects on the Company's financial position and financial performance.
- (2) Risk management is performed by the Company's Finance Department in accordance with policies approved by the Board of Directors. The Finance Department is responsible for identifying, evaluating and hedging financial risks by working closely with the various operating units within the Company. The Board of Directors has written principles for overall risk management and also provides written policies for specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus liquidity.

4. Nature and extent of significant financial risks

(1) Market risk

Exchange rate risk

- A. The Company engages in business involving certain non-functional currencies and is therefore subject to exchange rate fluctuations. Information on foreign currency assets and liabilities subject to significant exchange rate fluctuations is as follows:

	December 31, 2021			Unit: In thousands of NT\$		
	Foreign currency	Exchange rate	Carrying amount (NTD)	Sensitivity analysis		
				Change magnitude	Effect on profit or loss (before tax)	Effect on equity
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary item</u>						
RMB: NTD	\$21,449	4.32	\$92,641	1%	\$926	\$-
USD: NTD	1,326	27.87	36,952	2%	739	-
EUR: NTD	58	32.50	1,885	6%	113	-
<u>Financial assets measured at fair value through profit or loss</u>						
USD: NTD	787	27.63	21,747	2%	435	-
RMB: NTD	6,973	4.32	30,118	1%	301	-
EUR: NTD	120	31.12	3,734	6%	224	-

	December 31, 2020			Unit: In thousands of NT\$		
	Foreign currency	Exchange rate	Carrying amount (NTD)	Sensitivity analysis		
				Change magnitude	Effect on profit or loss (before tax)	Effect on equity
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary item</u>						
RMB: NTD	\$24,095	4.35	\$104,860	3%	\$3,146	\$-
USD: NTD	437	28.60	12,500	4%	500	-
EUR: NTD	46	34.59	1,591	5%	80	-
<u>Financial assets measured at fair value through profit or loss</u>						
USD: NTD	1,602	28.42	45,522	4%	1,821	-
RMB: NTD	6,860	4.35	29,855	3%	896	-
EUR: NTD	120	34.82	4,178	5%	209	-

B. The unrealized exchange gains or losses on monetary items that were significantly affected by exchange rate fluctuations are described below:

	December 31, 2021		Unit: In thousands of NT\$	
	Foreign currency	Exchange rate	Carrying amount	Unrealized exchange gains (losses)
<u>Financial assets</u>				
<u>Monetary item</u>				
RMB: NTD	\$21,326	4.32	\$92,108	\$441

VI. Financial Information

	December 31, 2020		Unit: In thousands of NTD	
	Foreign currency	Exchange rate	Carrying amount	Unrealized exchange gains (losses)
<u>Financial assets</u>				
<u>Monetary item</u>				
USD: NTD	\$292	28.43	\$8,297	\$(292)
RMB: NTD	24,018	4.35	104,525	1,793

Price risk

- A. The Company's financial instruments exposed to price risk are those listed as financial assets measured at fair value through profit or loss. To manage the price risk of financial instrument investments, the Company diversifies its investment portfolio in accordance with the limits set by the Company.
- B. The Company invests mainly in equity instruments, open-end funds and bonds issued by domestic and foreign companies, and the prices of these financial instruments are subject to uncertainties in the future value of the underlying investments. If the prices of these financial instruments had increased or decreased by 1%, with all other factors held constant, the net profit after tax for the years ended December 31, 2021 and 2020 would have increased or decreased by \$3,840 thousand and \$3,443 thousand, respectively, from the gain or loss on financial instruments measured at fair value through profit or loss.

Cash flow and fair value interest rate risk

Interest rate risk mainly arises from bank loans. As of December 31, 2021 and 2020, the Company had not drawn from the loan facilities and therefore had no significant interest rate risks.

(2) Credit risk

- A. The Company's credit risk is the risk of financial loss resulting from the failure of customers or counterparties to financial instruments to meet their contractual obligations, primarily from the failure of counterparties to settle receivables on collection terms and from contractual cash flows from investments in debt instruments classified as measured at amortized cost.
- B. The Company establishes the management of credit risk from a group perspective. Only correspondent banks and financial institutions with independent credit ratings of at least "BBB" are accepted as trading counterparties.
- C. The Company is a privately-held public natural gas enterprise, and its main customers are general customers and commercial customers. In order to effectively control the risk of default due to abnormal customer credit, the Company uses the first-use, first-pay method for natural gas bills and the first-pay method for other installation projects in order to protect the Company's interests. For natural gas bills, the Company has assessed and controlled bad debts, and regularly evaluates and reviews them, and has set up a project to manage overdue debts.
- D. The Company uses the reserve matrix method to estimate the expected credit losses for customer accounts receivable.

- E. The Company incorporates the loss rate established by the Chung-Hua Institution for Economic Research's Gas Supply Industry Trend Report for future forward-looking considerations to estimate the allowance for losses on accounts receivable based on historical and current information for a specific period, and the allowance matrix method as of December 31, 2021 and 2020 is as follows:

December 31, 2021

	Not overdue	Overdue 1~30 days	Overdue 31~60 days	Overdue 61~90 days	Overdue 90 days or more	Total
Expected loss rate	0.23%	32.46%	42.06%	81.80%	100.00%	
Total carrying amount	\$174,041,664	\$1,096,076	\$766,333	\$465,721	\$5,407,728	\$181,777,522
Allowance for losses	\$408,300	\$355,816	\$322,324	\$380,941	\$5,407,728	\$6,875,109

December 31, 2020

	Not overdue	Overdue 1~30 days	Overdue 31~60 days	Overdue 61~90 days	Overdue 90 days or more	Total
Expected loss rate	0.23%	34.50%	44.93%	81.69%	100.00%	
Total carrying amount	\$192,287,781	\$1,127,896	\$904,228	\$666,343	\$6,550,808	\$201,537,056
Allowance for losses	\$447,544	\$389,068	\$406,285	\$544,303	\$6,550,808	\$8,338,008

- F. The changes in the allowance for losses on accounts receivable were as follows:

	2021	2020
January 1	\$8,338,008	\$9,358,945
Provision for (reversal of) impairment loss	(1,282,977)	(954,868)
Recovery in the current period of the written-off accounts from the previous period	55,897	83,495
Write-off in the current period of the uncollectable accounts in the current period	(235,819)	(149,564)
December 31	\$6,875,109	\$8,338,008

- G. The credit risk rating information of the Company's investments listed as debt instruments measured at amortized cost is as follows:

December 31, 2021

	Based on 12 months	Base on the duration		Total
		Those with significantly increased credit risk	Those with impaired credit	
Financial assets measured at amortized cost				
Group 1	\$70,000,000	\$-	\$-	\$70,000,000

Group 1: Credit ratings of "twBBB" and "twA-2".

VI. Financial Information

December 31, 2020

Financial assets measured at amortized cost	Based on 12 months	Base on the duration		Total
		Those with significantly increased credit risk	Those with impaired credit	
Group 1	\$70,000,000	\$-	\$-	\$70,000,000

Group 1: Credit ratings of "twBBB" and "twA-2".

H. The Company assesses the expected credit losses for the next 12 months or the expected credit losses for the duration of the debt instruments by referring to the default rate and default loss rate provided by external credit rating agencies. The Company's current credit risk rating mechanism is as follows:

Credit rating	Definition	Expected credit loss recognition basis	Expected credit loss rate
Normal	Credit ratings on trading date and valuation date. (1) Both are investment grade (2) Both are BBB or higher	12-month expected credit loss	0-0.7%
Abnormal	Credit ratings on trading date and valuation date. (1) Downgraded from investment grade to non-investment grade (2) Downgraded from BBB to B	Expected credit loss (without credit impairment) over the duration	-
Breach of contract	Credit rating downgraded to CCC or below at the valuation date	Expected credit loss (with credit impairment) over the duration	-
Write-off	There is evidence that the debtor is in significant financial difficulty and the Company has no reasonable expectation of recovery.	Direct write-off	-

There is no significant increase in the credit risk of the Company's investments in debt instruments, and the amount of the allowance for losses based on the 12-month expected credit loss model is not material.

(3) Liquidity risk:

The Company manages and maintains sufficient cash and cash equivalents to support its operations and mitigate the impact of cash flow fluctuations.

(III) Information on fair value

1. Please refer to Note 12(2)2 for the fair value information of financial instruments not measured at fair value. The fair value of investment properties measured at cost is described in Note 6(11).
2. The valuation techniques used to measure financial instruments. The definitions of each level are as follows:

Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment). An active market is one in which all of the following conditions are met: the commodities traded in the market are homogeneous; willing buyers and sellers are readily available in the market and price information is accessible to the public.

Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.

Level 3 input value: the unobservable input value of asset or liability.

3. Fair value information - Information related to financial instruments measured at fair value on a recurring basis is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Shares of TWSE/TPEX listed companies	\$206,908,298	\$-	\$-	\$206,908,298
Beneficiary certificates	46,400,000	-	-	46,400,000
Beneficiary securities	45,073,000	-	-	45,073,000
Bonds	77,173,578	-	-	77,173,578
Bills	8,431,500	-	-	8,431,500
Total	<u>\$383,986,376</u>	<u>\$-</u>	<u>\$-</u>	<u>\$383,986,376</u>
December 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Shares of TWSE/TPEX listed companies	\$141,781,322	\$-	\$-	\$141,781,322
Beneficiary certificates	79,912,446	-	-	79,912,446
Beneficiary securities	13,110,000	-	-	13,110,000
Bonds	100,528,664	-	-	100,528,664
Bills	9,011,500	-	-	9,011,500
Total	<u>\$344,343,932</u>	<u>\$-</u>	<u>\$-</u>	<u>\$344,343,932</u>

4. The methods and assumptions used to measure fair value are described below:

The Company uses quoted market prices as fair value inputs (i.e., Level 1), listed stocks and beneficiary securities are valued at the closing prices announced by the stock exchanges and over-the-counter, open-end funds are valued at net worth, and international bonds and notes are valued at the most recently traded prices.

5. The fair value of Level 1 has not shifted in any way in the years 2021 and 2020.

XIII. Additional Disclosure

(I) Information on Significant Transactions

No.	Item	Schedule
1	Lending of funds to others	None
2	Endorsement and guarantee for others	None
3	Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures)	Schedule 1
4	The cumulative amount of marketable securities purchased or sold reached NT\$300 million or 20% of the paid-in capital.	None
5	The amount of real estate acquired reached NT\$300 million or 20% of the paid-in capital	None
6	The amount of real estate disposed of reached NT\$300 million or 20% of the paid-in capital	None
7	The amount of purchase or sale of goods from or to related parties reached NT\$300 million or 20% of the paid-in capital	None
8	The amount of receivables from related parties reached NT\$300 million or 20% of the paid-in capital	None
9	Engagement in derivative transactions	None

(II) Information on Investees

No.	Item	Schedule
1	Lending of funds to others	None
2	Endorsement and guarantee for others	None
3	Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures)	Schedule 2
4	The cumulative amount of marketable securities purchased or sold reached NT\$300 million or 20% of the paid-in capital.	None
5	The amount of real estate acquired reached NT\$300 million or 20% of the paid-in capital	None
6	The amount of real estate disposed of reached NT\$300 million or 20% of the paid-in capital	None
7	The transaction amount of purchase or sale of goods from or to related parties reached NT\$300 million or 20% of the paid-in capital	Schedule 3
8	The amount of receivables from related parties reached NT\$300 million or 20% of the paid-in capital	None
9	Engagement in derivative transactions	None
10	Names and locations of investees and other relevant information (excluding investees in Mainland China)	Schedule 4

(III) Information on Investments in Mainland China: None.

(IV) Information on Major Shareholders: Schedule 5

XIV. Segment information

In accordance with the "Regulations Governing the Preparation of Financial Statements by Securities Issuers", the Company is exempt from disclosing operating segment information.

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
Shin Shin Natural Gas Co. LTD.	Phison / Stock	-	Financial assets measured at fair value through profit or loss - current	11,000	\$5,632,000	-	\$5,632,000
Shin Shin Natural Gas Co. LTD.	THE GREAT TAIPEI GAS / Stock	The chairperson of this company is a director of the Company	Financial assets measured at fair value through profit or loss - current	481,000	15,969,200	-	15,969,200
Shin Shin Natural Gas Co. LTD.	Taiwan Shin Kong Security / Stock	-	Financial assets measured at fair value through profit or loss - current	55,500	2,183,925	-	2,183,925
Shin Shin Natural Gas Co. LTD.	SHIN HAI GAS / Stock	The chairperson of this company is a director of the Company	Financial assets measured at fair value through profit or loss - current	38,927	1,919,101	-	1,919,101
Shin Shin Natural Gas Co. LTD.	USI / Stock	-	Financial assets measured at fair value through profit or loss - current	50,000	1,577,500	-	1,577,500
Shin Shin Natural Gas Co. LTD.	TA YA ELECTRIC WIRE & CABLE / Stock	-	Financial assets measured at fair value through profit or loss - current	61,150	1,525,693	-	1,525,693
Shin Shin Natural Gas Co. LTD.	Chunghwa Chemical Synthesis & Biotech / Stock	-	Financial assets measured at fair value through profit or loss - current	48,000	3,115,200	-	3,115,200
Shin Shin Natural Gas Co. LTD.	Chima Steel / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	707,000	-	707,000
Shin Shin Natural Gas Co. LTD.	TA CHEN STAINLESS PIPE / Stock	-	Financial assets measured at fair value through profit or loss - current	10,000	462,500	-	462,500
Shin Shin Natural Gas Co. LTD.	FROCH ENTERPRISE / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	889,500	-	889,500
Shin Shin Natural Gas Co. LTD.	Tang Eng Iron Works / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	715,000	-	715,000

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
Shin Shin Natural Gas Co. LTD.	KING SLIDE WORKS / Stock	-	Financial assets measured at fair value through profit or loss - current	3,000	\$1,551,000	-	\$1,551,000
Shin Shin Natural Gas Co. LTD.	Cub Elecparts / Stock	-	Financial assets measured at fair value through profit or loss - current	9,000	1,696,500	-	1,696,500
Shin Shin Natural Gas Co. LTD.	United Microelectronics Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	86,000	5,590,000	-	5,590,000
Shin Shin Natural Gas Co. LTD.	HON HAI PRECISION / Stock	-	Financial assets measured at fair value through profit or loss - current	10,000	1,040,000	-	1,040,000
Shin Shin Natural Gas Co. LTD.	TSMC / Stock	-	Financial assets measured at fair value through profit or loss - current	5,000	3,075,000	-	3,075,000
Shin Shin Natural Gas Co. LTD.	KURA SUSHI ASIA / Stock	-	Financial assets measured at fair value through profit or loss - current	7,000	525,700	-	525,700
Shin Shin Natural Gas Co. LTD.	Union Bank of Taiwan Preferred Shares A / Stock	-	Financial assets measured at fair value through profit or loss - current	1,000,000	53,000,000	-	53,000,000
Shin Shin Natural Gas Co. LTD.	Cathy Preferred Shares / Stock	-	Financial assets measured at fair value through profit or loss - current	50,000	3,145,000	-	3,145,000
Shin Shin Natural Gas Co. LTD.	China Development Financial Holding Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	70,000	1,225,000	-	1,225,000
Shin Shin Natural Gas Co. LTD.	Shin Kong Financial Holding / Stock	-	Financial assets measured at fair value through profit or loss - current	200,483	2,215,337	-	2,215,337
Shin Shin Natural Gas Co. LTD.	Shin Kong Financial Holding Preferred Shares A / Stock	-	Financial assets measured at fair value through profit or loss - current	460,460	19,615,596	-	19,615,596

Continued from the previous page

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
Shin Shin Natural Gas Co. LTD.	Shin Kong Financial Holding Preferred Shares B / Stock	-	Financial assets measured at fair value through profit or loss - current	5,112	\$219,049	-	\$219,049
Shin Shin Natural Gas Co. LTD.	WT Microelectronics / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	1,470,000	-	1,470,000
Shin Shin Natural Gas Co. LTD.	LASTER TECH / Stock	-	Financial assets measured at fair value through profit or loss - current	41,000	1,806,050	-	1,806,050
Shin Shin Natural Gas Co. LTD.	Global Unichip / Stock	-	Financial assets measured at fair value through profit or loss - current	9,000	5,274,000	-	5,274,000
Shin Shin Natural Gas Co. LTD.	FORMOSA SUMCO TECHNOLOGY / Stock	-	Financial assets measured at fair value through profit or loss - current	6,000	1,740,000	-	1,740,000
Shin Shin Natural Gas Co. LTD.	MATERIALS ANALYSIS TECHNOLOGY / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	3,140,000	-	3,140,000
Shin Shin Natural Gas Co. LTD.	BizLink-KY / Stock	-	Financial assets measured at fair value through profit or loss - current	10,000	2,610,000	-	2,610,000
Shin Shin Natural Gas Co. LTD.	WPG / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	1,052,000	-	1,052,000
Shin Shin Natural Gas Co. LTD.	WPG Preferred Shares A / Stock	-	Financial assets measured at fair value through profit or loss - current	700,000	34,685,000	-	34,685,000

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Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	Cl. account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
Shin Shin Natural Gas Co. LTD.	CoreMax / Stock	-	Financial assets measured at fair value through profit or loss - current	15,488	\$2,292,224	-	\$2,292,224
Shin Shin Natural Gas Co. LTD.	CHIA CHANG / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	1,006,000	-	1,006,000
Shin Shin Natural Gas Co. LTD.	Innodisk / Stock	-	Financial assets measured at fair value through profit or loss - current	10,000	2,040,000	-	2,040,000
Shin Shin Natural Gas Co. LTD.	First Hi-tec Enterprise / Stock	-	Financial assets measured at fair value through profit or loss - current	8,000	490,400	-	490,400
Shin Shin Natural Gas Co. LTD.	Sino-American Silicon Products / Stock	-	Financial assets measured at fair value through profit or loss - current	24,000	5,664,000	-	5,664,000
Shin Shin Natural Gas Co. LTD.	SAN LIEN TECHNOLOGY / Stock	-	Financial assets measured at fair value through profit or loss - current	23,500	1,026,950	-	1,026,950
Shin Shin Natural Gas Co. LTD.	Hannstar Display / Stock	-	Financial assets measured at fair value through profit or loss - current	60,000	1,086,000	-	1,086,000
Shin Shin Natural Gas Co. LTD.	GLOBAL BRANDS MANUFACTURE LIMITED / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	1,158,000	-	1,158,000
Shin Shin Natural Gas Co. LTD.	HU LANE ASSOCIATE / Stock	-	Financial assets measured at fair value through profit or loss - current	8,000	1,120,000	-	1,120,000

Continued from the previous page

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
Shin Shin Natural Gas Co. LTD.	Globalwafers / Stock	-	Financial assets measured at fair value through profit or loss - current	5,000	\$4,440,000	-	\$4,440,000
Shin Shin Natural Gas Co. LTD.	FITTECH / Stock	-	Financial assets measured at fair value through profit or loss - current	15,000	3,285,000	-	3,285,000
Shin Shin Natural Gas Co. LTD.	Powerchip Semiconductor Manufacturing Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	10,869	773,873	-	773,873
Shin Shin Natural Gas Co. LTD.	ALLIED CIRCUIT CO.,LTD. / Stock	-	Financial assets measured at fair value through profit or loss - current	19,000	3,154,000	-	3,154,000
Shin Shin Natural Gas Co. LTD.	Shin Kong Global Home Economy Securities Investment Trust / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	2,000,000	25,860,000	-	25,860,000
Shin Shin Natural Gas Co. LTD.	Yuanta Taiwan High Dividend Quality Leader Fund (Type A Non-Dividend) / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	500,000	7,920,000	-	7,920,000
Shin Shin Natural Gas Co. LTD.	Fuh Hwa Taiwan Good Yield Fund / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	1,000,000	12,620,000	-	12,620,000
Shin Shin Natural Gas Co. LTD.	Yuanta Future Key Technology ETF Fund / Beneficiary Securities	-	Financial assets measured at fair value through profit or loss - current	250,000	8,397,500	-	8,397,500
Shin Shin Natural Gas Co. LTD.	Fubon FTSE Vietnam ETF Securities Investment Trust / Beneficiary Securities	-	Financial assets measured at fair value through profit or loss - current	1,000,000	17,640,000	-	17,640,000

Continued from the previous page

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
Shin Shin Natural Gas Co. LTD.	CTBC Key Semiconductor Stock / Beneficial Securities	-	Financial assets measured at fair value through profit or loss - current	100,000	\$1,770,000	-	\$1,770,000
Shin Shin Natural Gas Co. LTD.	Fubon Future Vehicle ETF Securities Investment Trust / Beneficiary Securities	-	Financial assets measured at fair value through profit or loss - current	450,000	8,158,500	-	8,158,500
Shin Shin Natural Gas Co. LTD.	Fubon Genetic Immunity Biotechnology ETF Fund (00897) / Beneficiary Securities	-	Financial assets measured at fair value through profit or loss - current	700,000	9,107,000	-	9,107,000
Shin Shin Natural Gas Co. LTD.	P06 Taichung Bank 2 / Bond	-	Financial assets measured at fair value through profit or loss - current	300,000	30,006,000	-	30,006,000
Shin Shin Natural Gas Co. LTD.	Fubon China RMB Bond (FUBBAN 4.08 01/19/25) / Bond	-	Financial assets measured at fair value through profit or loss - current	2,000,000	8,551,620	-	8,551,620
Shin Shin Natural Gas Co. LTD.	National Bank of Dubai, UAE RMB Senior Unsecured Bonds (EBIUH 4.62 05/15/2026) / Bond	-	Financial assets measured at fair value through profit or loss - current	2,000,000	8,813,844	-	8,813,844
Shin Shin Natural Gas Co. LTD.	National Westminster Bank Renmimbi Senior Unsecured Bonds (RBS 3 1/2 06/04/23 CORP) / Bond	-	Financial assets measured at fair value through profit or loss - current	2,000,000	8,465,240	-	8,465,240
Shin Shin Natural Gas Co. LTD.	HSBC Holdings U.S. dollar subordinated bonds(HSBC 6 3/8) / Bond	-	Financial assets measured at fair value through profit or loss - current	200,000	5,912,212	-	5,912,212
Shin Shin Natural Gas Co. LTD.	Qatar National Bank 3.6 / Bond	-	Financial assets measured at fair value through profit or loss - current	1,000,000	4,287,039	-	4,287,039

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
Shin Shin Natural Gas Co. LTD.	M&G PLC USD Subordinated Bonds / Bond	-	Financial assets measured at fair value through profit or loss - current	200,000	\$6,460,944	-	\$6,460,944
Shin Shin Natural Gas Co. LTD.	Metropolitan U.S. dollar subordinated bonds/ Bond	-	Financial assets measured at fair value through profit or loss - current	100,000	3,402,413	-	3,402,413
Shin Shin Natural Gas Co. LTD.	Meiya Financial U.S. dollar denominated primary bonds/Bond	-	Financial assets measured at fair value through profit or loss - current	42,000	1,274,266	-	1,274,266
Shin Shin Natural Gas Co. LTD.	CCAM/Stable Foreign Currency Arbitrage Bills (USD) / Bill	-	Financial assets measured at fair value through profit or loss - current	17 board lots	4,697,100	-	4,697,100
Shin Shin Natural Gas Co. LTD.	CCAM/Stable Foreign Currency Arbitrage Bills (EUR) / Bill	-	Financial assets measured at fair value through profit or loss - current	12 board lots	3,734,400	-	3,734,400
Shin Shin Natural Gas Co. LTD.	Banshin Financial Bonds / Bond	-	Financial assets measured at amortized cost - non-current	6 board lots	70,000,000	-	70,000,000

Schedule 2: Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures) Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
EVFA INTERNATIONAL CO., LTD.	TONG HSING ELECTRONIC / Stock	-	Financial assets measured at fair value through profit or loss - current	31,000	\$9,222,500	-	\$9,222,500
EVFA INTERNATIONAL CO., LTD.	Taiwan Surface Mounting Technology Corp. / Stock	-	Financial assets measured at fair value through profit or loss - current	45,000	5,557,500	-	5,557,500
EVFA INTERNATIONAL CO., LTD.	Hannstar Display / Stock	-	Financial assets measured at fair value through profit or loss - current	126,000	5,355,000	-	5,355,000
EVFA INTERNATIONAL CO., LTD.	Globalwafers / Stock	-	Financial assets measured at fair value through profit or loss - current	13,000	11,544,000	-	11,544,000
EVFA INTERNATIONAL CO., LTD.	PEGAVISION / Stock	-	Financial assets measured at fair value through profit or loss - current	9,000	3,843,000	-	3,843,000
EVFA INTERNATIONAL CO., LTD.	GLOBAL BRANDS MANUFACTURE LIMITED / Stock	-	Financial assets measured at fair value through profit or loss - current	66,300	2,018,835	-	2,018,835
EVFA INTERNATIONAL CO., LTD.	ZILLTEK TECHNOLOGY CORP. / Stock	-	Financial assets measured at fair value through profit or loss - current	22,000	8,800,000	-	8,800,000
EVFA INTERNATIONAL CO., LTD.	Shinybrands / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	1,704,000	-	1,704,000
EVFA INTERNATIONAL CO., LTD.	FITTECH / Stock	-	Financial assets measured at fair value through profit or loss - current	29,000	6,351,000	-	6,351,000
EVFA INTERNATIONAL CO., LTD.	NAN YA PRINTED CIRCUIT BOARD CORPORATION / Stock	-	Financial assets measured at fair value through profit or loss - current	24,000	13,728,000	-	13,728,000

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	CL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
EVFA INTERNATIONAL CO., LTD.	E Ink Holdings Inc. / Stock	-	Financial assets measured at fair value through profit or loss - current	24,000	\$3,624,000	-	\$3,624,000
EVFA INTERNATIONAL CO., LTD.	Nien Made Enterprise Co., Ltd. / Stock	-	Financial assets measured at fair value through profit or loss - current	19,000	7,837,500	-	7,837,500
EVFA INTERNATIONAL CO., LTD.	Xxentria Technology Materials Co.,Ltd. / Stock	-	Financial assets measured at fair value through profit or loss - current	35,000	2,383,500	-	2,383,500
EVFA INTERNATIONAL CO., LTD.	Merida / Stock	-	Financial assets measured at fair value through profit or loss - current	16,000	5,240,000	-	5,240,000
EVFA INTERNATIONAL CO., LTD.	FORMOSA PLASTICS. / Stock	-	Financial assets measured at fair value through profit or loss - current	41,000	4,264,000	-	4,264,000
EVFA INTERNATIONAL CO., LTD.	KING SLIDE WORKS / Stock	-	Financial assets measured at fair value through profit or loss - current	13,000	6,721,000	-	6,721,000
EVFA INTERNATIONAL CO., LTD.	China Motor Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	1,902,000	-	1,902,000
EVFA INTERNATIONAL CO., LTD.	United Microelectronics Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	285,000	18,525,000	-	18,525,000
EVFA INTERNATIONAL CO., LTD.	DELTA ELECTRONICS / Stock	-	Financial assets measured at fair value through profit or loss - current	32,000	8,800,000	-	8,800,000
EVFA INTERNATIONAL CO., LTD.	TSMC / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	12,300,000	-	12,300,000
EVFA INTERNATIONAL CO., LTD.	Opto Tech Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	60,000	4,266,000	-	4,266,000

Continued from the previous page Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
EVFA INTERNATIONAL CO., LTD.	SDI Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	34,000	\$5,967,000	-	\$5,967,000
EVFA INTERNATIONAL CO., LTD.	GOLD CIRCUIT ELECTRONICS / Stock	-	Financial assets measured at fair value through profit or loss - current	45,000	3,420,000	-	3,420,000
EVFA INTERNATIONAL CO., LTD.	ELITE MATERIAL CO., LTD. / Stock	-	Financial assets measured at fair value through profit or loss - current	18,000	5,004,000	-	5,004,000
EVFA INTERNATIONAL CO., LTD.	AU Optronics Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	455,000	10,419,500	-	10,419,500
EVFA INTERNATIONAL CO., LTD.	MediaTek / Stock	-	Financial assets measured at fair value through profit or loss - current	8,000	9,520,000	-	9,520,000
EVFA INTERNATIONAL CO., LTD.	ELAN MICROELECTRONICS CORP / Stock	-	Financial assets measured at fair value through profit or loss - current	15,000	2,550,000	-	2,550,000
EVFA INTERNATIONAL CO., LTD.	AMPOC FAR-EAST CO., LTD. / Stock	-	Financial assets measured at fair value through profit or loss - current	62,000	2,390,100	-	2,390,100
EVFA INTERNATIONAL CO., LTD.	EVA Air / Stock	-	Financial assets measured at fair value through profit or loss - current	15,000	2,137,500	-	2,137,500
EVFA INTERNATIONAL CO., LTD.	Union Bank of Taiwan (Preferred Shares) / Stock	-	Financial assets measured at fair value through profit or loss - current	200,000	10,600,000	-	10,600,000
EVFA INTERNATIONAL CO., LTD.	Shin Kong Financial Holding / Stock	-	Financial assets measured at fair value through profit or loss - current	17,110	189,066	-	189,066
EVFA INTERNATIONAL CO., LTD.	Shin Kong Financial Holding Preferred Shares A / Stock	-	Financial assets measured at fair value through profit or loss - current	300,000	12,780,000	-	12,780,000

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	CL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
EVEA INTERNATIONAL CO., LTD.	Shin Kong Financial Holding Preferred Shares B / Stock	-	Financial assets measured at fair value through profit or loss - current	3,824	\$163,858	-	\$163,858
EVEA INTERNATIONAL CO., LTD.	Industrial Bank of Taiwan Preferred Shares A / Stock	-	Financial assets measured at fair value through profit or loss - current	206,000	2,080,600	-	2,080,600
EVEA INTERNATIONAL CO., LTD.	RUENTEX INDUSTRIES LIMITED / Stock	-	Financial assets measured at fair value through profit or loss - current	26,000	2,535,000	-	2,535,000
EVEA INTERNATIONAL CO., LTD.	NOVATEK MICROELECTRONICS CORP. / Stock	-	Financial assets measured at fair value through profit or loss - current	24,000	12,936,000	-	12,936,000
EVEA INTERNATIONAL CO., LTD.	Unimicron / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	4,620,000	-	4,620,000
EVEA INTERNATIONAL CO., LTD.	Kinsus / Stock	-	Financial assets measured at fair value through profit or loss - current	21,000	4,893,000	-	4,893,000
EVEA INTERNATIONAL CO., LTD.	International Games System / Stock	-	Financial assets measured at fair value through profit or loss - current	6,000	4,758,000	-	4,758,000
EVEA INTERNATIONAL CO., LTD.	SHENMAO / Stock	-	Financial assets measured at fair value through profit or loss - current	127,000	10,299,700	-	10,299,700
EVEA INTERNATIONAL CO., LTD.	TAL-TECH Advanced Electronics / Stock	-	Financial assets measured at fair value through profit or loss - current	17,000	2,218,500	-	2,218,500
EVEA INTERNATIONAL CO., LTD.	Innohux Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	322,000	6,311,200	-	6,311,200
EVEA INTERNATIONAL CO., LTD.	Solteam Incorporation / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	2,679,000	-	2,679,000

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
EVFA INTERNATIONAL CO., LTD.	eMemory Technology / Stock	-	Financial assets measured at fair value through profit or loss - current	5,000	\$10,950,000	-	\$10,950,000
EVFA INTERNATIONAL CO., LTD.	FORMOSA SUMCO TECHNOLOGY / Stock	-	Financial assets measured at fair value through profit or loss - current	12,000	3,480,000	-	3,480,000
EVFA INTERNATIONAL CO., LTD.	LOTES CO., LTD / Stock	-	Financial assets measured at fair value through profit or loss - current	8,000	6,088,000	-	6,088,000
EVFA INTERNATIONAL CO., LTD.	Senao / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	2,050,000	-	2,050,000
EVFA INTERNATIONAL CO., LTD.	JENTECH PRECISION INDUSTRIAL CO., LTD / Stock	-	Financial assets measured at fair value through profit or loss - current	10,000	4,080,000	-	4,080,000
EVFA INTERNATIONAL CO., LTD.	TOPKEY / Stock	-	Financial assets measured at fair value through profit or loss - current	25,000	3,750,000	-	3,750,000
EVFA INTERNATIONAL CO., LTD.	QUALIPOLY CHEMICAL CORP. / Stock	-	Financial assets measured at fair value through profit or loss - current	73,500	3,245,025	-	3,245,025
EVFA INTERNATIONAL CO., LTD.	Parade-KY / Stock	-	Financial assets measured at fair value through profit or loss - current	3,000	6,345,000	-	6,345,000
EVFA INTERNATIONAL CO., LTD.	TONS LIGHTTOLOGY INC. / Stock	-	Financial assets measured at fair value through profit or loss - current	61,812	1,977,984	-	1,977,984
EVFA INTERNATIONAL CO., LTD.	SONG HO / Stock	-	Financial assets measured at fair value through profit or loss - current	60,000	2,283,000	-	2,283,000
EVFA INTERNATIONAL CO., LTD.	Vanguard / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	4,740,000	-	4,740,000

Continued from the previous page

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	CL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
EVEA INTERNATIONAL CO., LTD.	TOPCO SCIENTIFIC Co., Ltd. / Stock	-	Financial assets measured at fair value through profit or loss - current	18,000	\$2,844,000	-	\$2,844,000
EVEA INTERNATIONAL CO., LTD.	Sino-American Silicon Products / Stock	-	Financial assets measured at fair value through profit or loss - current	47,000	11,092,000	-	11,092,000
EVEA INTERNATIONAL CO., LTD.	DELTA ELECTRONICS / Stock	-	Financial assets measured at fair value through profit or loss - current	21,000	5,848,500	-	5,848,500
EVEA INTERNATIONAL CO., LTD.	Chipbond / Stock	-	Financial assets measured at fair value through profit or loss - current	35,000	2,334,500	-	2,334,500
EVEA INTERNATIONAL CO., LTD.	SONG SHANG / Stock	-	Financial assets measured at fair value through profit or loss - current	130,000	2,873,000	-	2,873,000
EVEA INTERNATIONAL CO., LTD.	WAFER WORKS CORPORATION / Stock	-	Financial assets measured at fair value through profit or loss - current	106,717	9,124,304	-	9,124,304
EVEA INTERNATIONAL CO., LTD.	Shin Ruenn / Stock	-	Financial assets measured at fair value through profit or loss - current	85,925	2,277,013	-	2,277,013
EVEA INTERNATIONAL CO., LTD.	Fuh Hwa Taiwan Good Yield Fund / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	1,000,000	12,620,000	-	12,620,000
EVEA INTERNATIONAL CO., LTD.	Global Trend USD Fund / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	14,152.90	10,030,295	-	10,030,295
EVEA INTERNATIONAL CO., LTD.	AT&T U.S. dollar corporate bonds/ Bond	-	Financial assets measured at fair value through profit or loss - current	5,000	16,956,531	-	16,956,531
EVEA INTERNATIONAL CO., LTD.	Qatar National Bank Financial Limited South African currency foreign bonds/ Bond	-	Financial assets measured at fair value through profit or loss - current	50 board lots	1,604,625	-	1,604,625

Continued from the previous page

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
EVFA INTERNATIONAL CO., LTD.	Credit Suisse London Branch 6-Year ZAR Fixed Income Bonds / Bond	-	Financial assets measured at amortized cost - non-current	99 board lots	\$8,380,350	-	\$8,380,350
EVFA INTERNATIONAL CO., LTD.	Industrial Bank of Taiwan / Stock	-	Financial assets measured at fair value through profit or loss - current	2,292,829	18,342,632	-	18,342,632
EVFA INTERNATIONAL CO., LTD.	Shin Shin Natural Gas / Stock	Parent company of EVFA	Financial assets measured at fair value through other comprehensive income	2,527,863	108,192,536	-	108,192,536

Continued from the previous page

Schedule 3: The amount of purchase or sale of goods from or to related parties reached NT\$300 million or 20% of the paid-in capital

Company that purchases or sells goods	Name of trading partner	Relationship with the trader	Circumstance of the transaction				Circumstance under which the terms of the transaction differ from those of ordinary transactions and the reasons therefor.		Notes and accounts receivable (payable)		Remarks
			Sale (purchase)	Amount	As a percentage of total sales (purchases)	Credit granting period	Unit price	Credit granting period	Balance	As a percentage of notes and accounts receivable (payable)	
EVFA INTERNATIONAL CO., LTD.	Shin Shin Natural Gas Co. LTD.	Parent company	Sale	\$167,784,295	62.49%	Approximately one month	Same as ordinary transactions	1 month	\$39,420,291	99.82%	

Schedule 4: Names and locations of investees and other relevant information

Unit: In NT\$

Investee name	Investee name	Location	Principal business activities	Original investment amount		Holding at the end of the period			Profit (loss) income of the investee company for the period	Investment income (loss) recognized in the period (Note 1)	Remarks
				End of the period	End of last year	Number of shares	Percentage	Carrying amount			
Shin Shin Natural Gas Co., LTD.	EVEA INTERNATIONAL CO., LTD.	New Taipei City	(1) Manufacture and sale of gas equipment and import/export dealership (2) Planning, design, supervision and maintenance of gas equipment construction (3) Planning and installation of emergency automatic gas shut-off system equipment (4) Entrusted to transcribe user's gas meter usage (5) Import and export sales of gas meters	\$80,008,000	\$80,008,000	49,500,000	100.00%	\$451,547,197	\$101,404,251	\$108,410,325	

Note 1: The effect of unrealized profit or loss on intercompany transactions has been taken into account in the investment income (loss) recognized in the period.

Schedule 5: Information on Major Shareholders

Name of Major Shareholder	Shares	Number of shares held	Shareholdings percentage
Veterans Affairs Commission, Executive Yuan		46,556,713	25.78%
Thousand Islands Investment Co., Ltd.		11,655,712	6.45%
THE GREAT TAIPEIGAS CORPORATION		10,534,066	5.83%

1. The information on major shareholders in this schedule is calculated by Taiwan Depository & Clearing Corporation on the last business day of each quarter from the information of shareholders holding 5% or more of the Company's common shares and preferred shares that have been delivered through book-entry system without physical securities (including treasury shares). The number of shares recorded in the Company's financial statements and the actual number of shares delivered through book-entry system without physical securities may differ depending on the basis of computation.
2. In the case of a shareholder who entrusts his or her shares to the trust, the above information is disclosed on the individual account opened by the principal with the trustee. For the insider equity reporting of a shareholder who holds more than 10% of the shares in accordance with the Securities and Exchange Act, the shareholding of the shareholder includes his or her own shares plus the shares entrusted to the trust with the right to decide the use of the trust property, etc. Please refer to the Market Observation Post System for information on insider equity reporting.

V.Consolidated Financial Statements for the Year Ended December 31, 2021 and 2020, and Independent Auditors' Report

Independent Auditor's Report

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

Audit opinions:

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

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

Basis for opinions

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

Key audit matters

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

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

Key audit matter - Reasonableness and appropriateness of sales revenue recognition

Description of the matter

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

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

Corresponding audit procedures

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

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

Other matters

We have also audited the Parent Company Only Financial Statements of Shin Shin Natural Gas Co., LTD. as of and for the year ended December 31, 2021 and 2020 on which we have issued an unqualified opinion.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material 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 in accordance with the generally accepted accounting principles will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material 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 and appropriate 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in Shin Shin Natural Gas Co., LTD.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to 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 are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. Future events or conditions may cause Shin Shin Natural Gas Co., LTD. and its subsidiaries to cease as a going concern.

5. Evaluate the overall presentation, structure, and content of the consolidated statements, including related notes, whether the consolidated statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of Shin Shin Natural Gas Co., LTD. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

BDO Taiwan

CPA: Wang Li Yen

CPA: Chiang Chia Fang

Approval of Attestation of the Competent Securities Authority: Jin-Guan-Zheng-Shen-Zi No. 0990073519
Jin-Guan-Zheng-Shen-Zi No. 1080339009

March 18, 2022

VI. Financial Information

Shin Shin Natural Gas Co., Ltd.
Consolidated Balance Sheet
December 31, 2021

Code	Assets	Note	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	4, 6(1)	\$ 558,033	10	\$ 513,396	10
1110	Financial assets measured at fair value through profit or loss - current	4, 6(2)	773,039	14	636,068	12
1150	Notes receivable, net	4, 6(4)	78	-	999	-
1170	Accounts receivable, net	4, 6(4)	170,787	3	187,520	4
1200	Other receivables	6(5)	947,535	19	970,630	18
1220	Current income tax assets		605	-	-	-
130x	Inventories	4, 6(6)	34,365	1	45,069	1
1410	Pre-payments		6,069	-	6,405	-
1470	Other current assets		1,459	-	-	-
11xx	Total current assets		2,491,970	47	2,360,087	45
Non-current assets						
1510	Financial assets measured at fair value through profit or loss - current	4, 6(2)	18,343	-	15,889	-
1535	Financial assets measured at amortized cost - non-current	4, 6(3)	78,380	1	79,449	2
1600	Property, plant and equipment	4, 6(7)	2,333,194	44	2,248,016	43
1755	Right-of-use assets	4, 6(8)	8,332	-	4,099	-
1760	Investment property, net	4, 6(10)	47,979	1	48,205	1
1780	Intangible assets		27	-	59	-
1840	Deferred income tax assets	4, 6(29)	36,378	1	34,891	1
1900	Other non-current assets	6(11)	320,057	6	409,803	8
15xx	Total non-current assets		2,842,690	53	2,840,411	55
1xxx	Total assets		\$ 5,334,660	100	\$ 5,200,498	100

(Please refer to Notes to the Stand

Chairperson

Managerial Officer

VI. Financial Information

TD. and its subsidiaries Balance Sheets 2021 and 2020

Unit: In thousands of NT\$

Code	Liabilities and equity	Note	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
	Current liabilities					
2130	Contract liabilities - current	6(12)	\$ 540,708	11	\$ 524,127	11
2150	Notes payable	4, 6(13)	18,312	-	6,635	-
2170	Accounts payable	4, 6(13)	122,155	2	121,740	2
2200	Other payables	6(14)	214,856	4	218,636	4
2230	Current income tax liabilities	4	20,636	-	43,487	1
2250	Provision for liabilities - current	4, 6(15)	1,830	-	1,932	-
2280	Lease liabilities - current	4	2,958	-	808	-
2300	Other current liabilities		9,163	-	7,394	-
21xx	Total current liabilities		<u>930,618</u>	<u>17</u>	<u>924,759</u>	<u>18</u>
	Non-current liabilities					
2570	Deferred income tax liabilities	4, 6(29)	65,390	1	65,881	1
2580	Lease liabilities - non-current	4	3,539	-	1,355	-
2600	Other non-current liabilities	4, 6(16)	1,201,843	23	1,135,061	22
25xx	Total non-current liabilities		<u>1,270,772</u>	<u>24</u>	<u>1,202,297</u>	<u>23</u>
2xxx	Total liabilities		<u>2,201,390</u>	<u>41</u>	<u>2,127,056</u>	<u>41</u>
	Equity					
	Equity attributable to shareholders of the parent company					
3100	Capital stock					
3110	Capital - common stock	4, 6(18)	1,805,375	35	1,805,375	35
3200	Capital surplus	6(19)	72,764	1	68,720	1
3300	Retained earnings	6(20)				
3310	Legal reserve		716,359	13	683,563	13
3320	Special reserve		142,872	3	142,872	3
3350	Undistributed earnings (or losses to be made up for)		442,728	8	419,740	8
3500	Treasury stock	6(21)	(46,828)	(1)	(46,828)	(1)
31xx	Total equity attributable to shareholders of the parent company		<u>3,133,270</u>	<u>59</u>	<u>3,073,442</u>	<u>59</u>
3xxx	Total equity		<u>3,133,270</u>	<u>59</u>	<u>3,073,442</u>	<u>59</u>
	Total liabilities and equity		<u>\$ 5,334,660</u>	<u>100</u>	<u>\$ 5,200,498</u>	<u>100</u>

(along with Financial Statements)

Accounting Officer

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

Unit: In thousands of NT\$

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

(Please refer to Notes to the Standalone Financial Statements)

Chairperson

Managerial Officer

Accounting Officer

VI. Financial Information

Consolidated Statements of Cash Flows January 1 to December 31, 2021 and 2020

Unit: In thousands of NT\$

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

(Please refer to Notes to the Standalone Financial Statements)

Chairperson

Managerial Officer

Accounting Officer

Consolidated Statement
January 1 to December 31, 2020 and 2021

	Equity attributable to common shareholders		
	Capital - common stock	Capital surplus	Legal reserve
Balance as of January 1, 2020	\$ 1,805,375	\$ 65,307	\$ 655,631
Appropriation and distribution of earnings:			
Provision of legal reserve	-	-	27,932
Cash dividends on common stock	-	-	-
Net profit for the period from January 1 to December 31, 2020	-	-	-
Other comprehensive income for the period from January 1 to December 31, 2020	-	-	-
Total comprehensive income for the period	-	-	-
Capital surplus adjusted for dividends paid to subsidiaries	-	3,413	-
Balance as of December 31, 2020	\$ 1,805,375	\$ 68,720	\$ 683,563
Balance as of January 1, 2021	\$ 1,805,375	\$ 68,720	\$ 683,563
Appropriation and distribution of earnings:			
Provision of legal reserve	-	-	32,796
Cash dividends on common stock	-	-	-
Net profit for the period from January 1 to December 31, 2021	-	-	-
Other comprehensive income for the period from January 1 to December 31, 2021	-	-	-
Total comprehensive income for the period	-	-	-
Capital surplus adjusted for dividends paid to subsidiaries	-	4,044	-
Balance as of December 31, 2021	\$ 1,805,375	\$ 72,764	\$ 716,359

(Please refer to Notes to the consolidated financial statements)

Chairperson

VI. Financial Information

December 31, 2021 and 2020

Unit: In thousands of NT\$

Equity attributable to shareholders of the parent company

Special reserve	Undistributed earnings (Or losses to be made up for)	Treasury stock	Equity attributable to shareholders of the parent company Total	Total equity
\$ 142,872	\$ 363,434	\$ (46,828)	\$ 2,985,791	\$ 2,985,791
-	(27,932)	-	-	-
-	(243,726)	-	(243,726)	(243,726)
-	326,745	-	326,745	326,745
-	1,219	-	1,219	1,219
-	327,964	-	327,964	327,964
-	-	-	3,413	3,413
<u>\$ 142,872</u>	<u>\$ 419,740</u>	<u>\$ (46,828)</u>	<u>\$ 3,073,442</u>	<u>\$ 3,073,442</u>
\$ 142,872	\$ 419,740	\$ (46,828)	\$ 3,073,442	\$ 3,073,442
-	(32,796)	-	-	-
-	(288,860)	-	(288,860)	(288,860)
-	342,395	-	342,395	342,395
-	2,249	-	2,249	2,249
-	344,644	-	344,644	344,644
-	-	-	4,044	4,044
<u>\$ 142,872</u>	<u>\$ 442,728</u>	<u>\$ (46,828)</u>	<u>\$ 3,133,270</u>	<u>\$ 3,133,270</u>

(Standalone Financial Statements)

Shin Shin Natural Gas Co., LTD. and its subsidiaries
Notes to the Consolidated Financial Statements
2021 and 2020
(All amounts are in NTD unless otherwise stated in the notes)

I. Company History

(I) Shin Shin Natural Gas Co., LTD. (hereinafter referred to as the "Company") was established on May 25, 1971 in accordance with the Company Act of the R.O.C. The Company's principal business activities are the transmission of combustible natural gas by pipeline for non-industrial fuel supply, the installation of gas pipeline construction, and other related natural gas industry and affiliated businesses. The Company and its subsidiaries are hereinafter referred to as the "Consolidated Company".

(II) Subsidiaries included in the consolidated statements

Name of investor company	Name of subsidiary	Business nature	Percentage of shareholding	
			2021.12.31	2020.12.31
Shin Shin Natural Gas Co., LTD.	EVFA INTERNATIONAL CO., LTD. (hereinafter referred to as subsidiary)	Manufacture and sale of gas equipment and import/export dealership and planning and supervision of gas equipment and construction	100	100

II. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved and issued by the Board of Directors on March 18, 2022.

III. Application of New and Revised Standards and Interpretation

(I) Effect of the adoption of newly issued and amended IFRSs endorsed by the Financial Supervisory Commission (hereinafter referred to as "FSC")

The newly issued, amended and revised standards and interpretations of International Financial Reporting Standards (IFRS) endorsed by the FSC for the year ended December 31, 2021 are listed below.

Newly issued/amended/revised standards and interpretations	Effective date of issuance by the International Accounting Standards Board (IASB)
Amendments to IFRS 4 "Extension of Provisional Exemption from IFRS 9"	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and Phase 2 of IFRS 16, "Changes in Interest Rate Indicators"	January 1, 2021
Amendments to IFRS 16, "Rental Reductions Related to COVID-19 Pandemic after June 30, 2021 (Note) The FSC allowed the early application on January 1, 2021.	April 1, 2021 (Note)

VI. Financial Information

The Consolidated Company has evaluated that the amendments to the above standards and interpretations will not have a material impact on the financial position and financial performance.

(II) Effect of not adopting the newly issued and amended IFRSs endorsed by the FSC

The newly issued, amended and revised standards and interpretations of IFRSs endorsed by the FSC for the year ended December 31, 2022 are listed below.

Newly issued/amended/revised standards and interpretations	Effective date of issuance by the International Accounting Standards Board (IASB)
Amendment to IFRS 3 "Update the index of the conceptual framework".	January 1, 2022
Amendment to IAS 16 "Property, plant and equipment: price before reaching the intended state of use"	January 1, 2022
Amendment to IAS 37 "Onerous Contracts - Cost of Performing Contracts".	January 1, 2022
Annual Improvements for the 2018-2020 Cycle	January 1, 2022

The Consolidated Company has evaluated that the amendments to the above standards and interpretations will not have a material impact on the financial position and operating results.

(III) Effect of IFRSs issued by the IASB but not yet endorsed by the FSC

Newly issued/amended/revised standards and interpretations	Effective date of issuance by the International Accounting Standards Board (IASB)
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendment to IAS 12 "Deferred Income Taxes on Assets and Liabilities Arising from a Single Transaction"	January 1, 2023
Amendment to IFRS 17 "First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Affiliate or Joint Venture and Investment in Affiliates".	To be decided by the IASB

The above standards or interpretations have been issued by the IASB but not yet endorsed by the FSC, and their actual application dates are subject to the FSC. The Consolidated Company is in the process of evaluating the effect of each amendment in the applicable period.

IV. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below and have been applied consistently throughout the reporting periods unless otherwise stated.

(I) Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Regulations on Accounting Handling for Public Natural Gas Enterprises, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

(II) Basis of Preparation

1. The consolidated financial statements have been prepared on the historical cost basis, except for the following significant items.
 - (1) Financial assets and liabilities measured at fair value through profit or loss
 - (2) Net defined benefit liabilities recognized as pension fund assets less the net present value of the defined benefit obligation.
2. The preparation of financial statements in conformity with the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission requires the use of certain significant accounting estimates and the application of management judgment in the process of applying the Consolidated Company's accounting policies. For items involving a higher degree of judgment or complexity, or items involving significant assumptions and estimates in the financial statements, please refer to Note 5 for details.

(III) Principles Governing the Preparation of Consolidated Financial Statements

1. The Consolidated Company has included all subsidiaries in the entities for the preparation of consolidated financial statements. A subsidiary is an entity (including a structured entity) that is controlled by the Consolidated Company, and the Consolidated Company controls the entity when the Consolidated Company is exposed to variable remuneration from its participation in the entity or has rights to such variable remuneration and has the ability to affect such remuneration through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date the Consolidated Company obtains control and are discontinued on the date control is lost.
2. Intercompany transactions, balances and unrealized gains or losses within the Consolidated Company have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary to conform to the policies adopted by the Company.
3. Changes in ownership of subsidiaries that do not result in a loss of control are accounted for as equity transactions, i.e., as transactions with owners. The difference between the amount of the adjustment to the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity.
4. When the Consolidated Company loses control over a subsidiary, then:
 - (1) the assets (including goodwill) and liabilities of the subsidiary are derecognized;
 - (2) the carrying amount of any non-controlling interest is derecognized;
 - (3) the fair value of the consideration acquired is recognized;
 - (4) the fair value of any investment retained is recognized;

- (5) any gain or loss is recognized in profit or loss for the period;
 - (6) the amount of items previously recognized in other comprehensive income or loss by the parent company is recognized as profit or loss for the period;
 - (7) The remaining investment in a former subsidiary is remeasured at fair value and recognized as the fair value of the originally recognized financial asset or the cost of the originally recognized investment in a related party or joint venture, and the difference between the fair value and the carrying amount is recognized in profit or loss for the current period.
5. The components of profit or loss and other comprehensive income or loss are attributed to shareholders of the parent company and non-controlling interests; total comprehensive income or loss is also attributed to shareholders of the parent company and non-controlling interests, even if this results in a loss balance for non-controlling interests.

(IV) Foreign currencies

1. The individual financial statements of each consolidated entity are presented in the currency of the primary economic environment in which the entity operates (functional currency). In preparing the consolidated financial statements, the results of operations and financial position of the each consolidated entity are translated into NTD, which is the functional currency of the Company and the presentation currency of the consolidated statements.
2. For the purpose of preparing the individual financial statements of each consolidated entity, transactions in currencies other than the functional currency of the entity (foreign currencies) are recognized at the exchange rates prevailing on the transaction dates. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot rate on that date; non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rate of exchange prevailing on the date when the fair value was determined; non-monetary items denominated in foreign currencies that are measured at historical cost are not retranslated. Exchange differences are recognized in profit or loss in the period in which they occur.

(V) Criteria for classifying assets and liabilities as current or non-current

1. An asset is classified as current if it meets one of the following criteria, otherwise it is classified as non-current:
 - (1) The asset is expected to be realized in the normal operating cycle, or is intended to be sold or consumed.
 - (2) The asset is held primarily for trading purposes.
 - (3) Expected to be realized within twelve months after the end of the reporting period.
 - (4) Cash or cash equivalents, unless restricted from being exchanged or used to settle liabilities for at least twelve months after the end of the reporting period.
2. A liability is classified as current if it meets one of the following criteria, otherwise it is classified as non-current:
 - (1) The liability is expected to be settled in the normal operating cycle.
 - (2) The asset is held primarily for trading purposes.
 - (3) Expected to be repaid within twelve months after the end of the reporting period.
 - (4) Those whose settlement cannot be unconditionally deferred until at least twelve months after the end of the reporting period. The terms of a liability that may be settled by issuing equity instruments at the option of the counterparty do not affect its classification.

1. Cash and cash equivalents include cash on hand, bank deposits, and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.
2. Cash equivalents are short-term, highly liquid investments with the following criteria:
 - (1) Readily convertible into cash at fixed prices.
 - (2) The risk of change in value is minimal.

(VII) Financial assets measured at fair value through profit or loss

1. Financial assets not measured at amortized cost or at fair value through other comprehensive income
2. Financial assets measured at fair value through profit or loss that qualify as regular way purchases or sales are accounted for using trade date accounting.
3. On initial recognition, the related transaction costs are recognized at fair value through profit or loss, and on subsequent recognition, the gain or loss is recognized at fair value through profit or loss.
4. Dividends income is recognized in profit or loss when the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow in and the amount of the dividends can be measured reliably.

(VIII) Financial assets measured at amortized cost

1. Refer to those that also meet the following criteria:
 - (1) Financial assets held under the operating model whose objective is to collect the contractual cash flows.
 - (2) The contractual terms of the financial asset generate cash flows at a specific date that are solely for the purpose of paying the principal and the interest on the outstanding principal amount.
2. Trade date accounting is used for financial assets measured at amortized cost in accordance with trading practice.
3. Financial assets are measured at their fair value plus transaction costs on initial recognition. Interest income and impairment losses are subsequently recognized over the circulation period using the effective interest method in accordance with the amortization procedure, and the gains or losses are recognized in profit or loss when derecognized.

(IX) Accounts and notes receivable

1. Accounts and notes receivable are accounts and notes with unconditional right to receive the consideration for the transfer of goods or services in accordance with contractual agreements.
2. Measured at their fair value on initial recognition. Interest income and impairment losses are subsequently recognized over the circulation period using the effective interest method in accordance with the amortization procedure, and the gains or losses are recognized in profit or loss. Short-term accounts and notes receivable with unpaid interest are measured at their original invoice amount because the effect of discounting is not significant.

(X) Impairment of financial assets

At the end of each reporting period, for financial assets measured at amortized cost, an allowance for losses is provided for at the 12-month expected credit loss amount, taking into account all reasonable and probable information (including forward-looking information) for financial assets whose credit risk has not increased significantly since initial recognition. If the credit risk has increased significantly since initial recognition, the allowance for loss is measured at the expected credit loss over the period of time; for accounts receivable that do not contain significant financial components, the allowance for loss is measured at the expected credit loss over the duration.

(XI) De-recognition of financial assets

Financial assets are derecognized when one of the following criteria is met:

1. The contractual rights to cash flow from the financial assets expire.
2. The contractual rights to receive cash flows from the financial assets are transferred and substantially all risks and rewards of ownership of the financial assets have been transferred.
3. Transfer of contractual rights to receive cash flows from financial assets without retaining control over the financial assets.

(XII) Offset of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis when there is a legally enforceable right to offset the amounts of recognized financial assets and liabilities and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(XIII) Inventories

Inventories are recognized and measured at cost at the time of acquisition and are inventoried on a continuous basis. The cost of inventories is calculated using the first-in, first-out method and is measured at the lower of cost or net realizable value at the end of the period. The lower of cost or net realizable value is compared on an item-by-item basis. Net realizable value is the estimated selling price under normal circumstances less costs and marketing expenses to completion.

(XIV) Property, plant and equipment

1. Recognition and Measurement

Property, plant and equipment are recognized and measured at cost, and the related interest is capitalized during the period of purchase and construction. Cost includes expenses directly attributable to the acquisition of assets.

Property, plant and equipment are treated as separate items (major components) of property, plant and equipment when they comprise different components and a different depreciation rate or method is more appropriate in relation to the total cost of the item.

Gains or losses on disposal of property, plant and equipment are determined by the difference between the carrying amount of property, plant and equipment and the disposal price, and are recognized as "other gains and losses" in profit or loss, net.

2. Subsequent Costs

If it is probable that future economic benefits expected to arise from an item of property, plant and equipment will flow to the Consolidated Company and the amount can be measured reliably, the expenditure is recognized as part of the carrying amount of the item and the carrying amount of the replaced portion is derecognized. The cost of routine maintenance of property, plant and equipment is recognized in profit or loss as incurred.

3. Depreciation expense

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, less their residual values, and is assessed on the basis of the individual significant components of the assets. If the useful life of a significant component is different from that of other components of the assets, the significant component should be depreciated separately. Depreciation is recognized in profit or loss. Land is not subject to depreciation.

The estimated useful lives of major assets for the current and comparative periods are as follows:

Item	Useful life
Housing equipment	5~55
Gas transmission equipment	
High-pressure gas transmission pipeline	12~21
Medium-pressure gas transmission pipeline	10~30
Low-pressure gas transmission pipeline	11~30
Outer tube	10~25
Gas governor stations	11~20
Gas sales equipment	
Gas meter	10~11
Gas storage equipment	5~20
Transportation equipment	5~6
Machinery and equipment	5~10
Other equipment	
Office desks and chairs	6
Computer	4~6
Air conditioning	9

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year. If the expected values of residual values and useful lives differ from previous estimates, or if there is a significant change in the expected pattern of consumption of future economic benefits embodied in an asset, the change is accounted for in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors," from the date of the change.

(XV) Lessee's lease transactions - right-of-use assets/lease liabilities

Except for leases of low-value underlying assets and short-term leases (leases ending within 12 months), right-of-use assets and lease liabilities are recognized at the lease commencement date.

1. Lease liabilities are recognized at the lease commencement date by discounting outstanding lease payments at the present value of the Consolidated Company's incremental borrowing rate, with lease payments consisting of:
 - (1) fixed payments (including material fixed payments), net of any lease incentives receivable;
 - (2) lease payments that depend on changes in an index or rate (measured using the original index or rate at the inception date);
 - (3) the amount expected to be paid by the lessee under the residual value guarantee;
 - (4) the exercise price of a purchase option if the lessee can be reasonably certain that it will exercise such option; and
 - (5) penalties payable for lease termination if the lease period reflects that the lessee will exercise the option to terminate the lease;

interest expense is provided for under the amortized cost method over the lease period using the interest method of subsequent adoption. Lease liabilities are reassessed and right-of-use assets are remeasured when there is a change in the lease period or lease payments that is not a contractual modification.

2. Right-of-use assets are recognized at cost at the inception date of the lease and the cost consists of:
 - (1) the original measurement amount of the lease liability;
 - (2) any lease payments made on or before the commencement date;
 - (3) any original direct costs incurred; and
 - (4) the estimated cost of dismantling, removing and restoring the subject asset to its location, or restoring the subject asset to the condition required by the terms and conditions of the lease.

Depreciation expense is provided on the earlier of the expiration of the useful life of the right-of-use asset or the expiration of the lease period, measured subsequently using the cost model. When a lease liability is reassessed, the right-of-use asset is adjusted for any re-measurement of the lease liability.

(XVI) Investment property

Investment property is recognized at acquisition cost and subsequently measured at cost. Except for land, depreciation is provided on a straight-line basis over the estimated useful lives of 26 to 55 years.

(XVII) Impairment of financial assets

The Consolidated Company estimates the recoverable amount of an asset at the end of the reporting period for which there is an indication of impairment. If the recoverable amount is less than the carrying amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. Except for goodwill, when an impairment loss recognized in prior years does not exist, the impairment loss is reversed to the extent that it was recognized in prior years.

(XVIII) Accounts and notes payable

1. Accounts and notes payable represent debts incurred for the purchase of raw materials, goods or services on credit and notes payable for operating and non-operating purposes.
2. Measured at their fair value on initial recognition. Interest expenses are subsequently recognized over the circulation period using the effective interest method in accordance with the amortization procedure in profit or loss. Short-term accounts and notes payable with unpaid interest are measured at their original invoice amount because the effect of discounting is not significant.

(XIX) Provision for liabilities

Provisions for liabilities (including accumulated compensated absences) are recognized when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. The provision for liabilities is measured at the best estimate of the present value of the expenditures required to settle the obligation at the end of the reporting period. The discount rate is the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability, and the amortization of the discount is recognized as interest expense. No provision for liabilities for future operating losses is recognized.

(XX) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the non-discounted amount expected to be paid and are recognized as expenses when the related services are rendered.

2. Pension

- (1) Defined contribution plan

A defined contribution plan is a plan under which there will be no additional legal or constructive obligation to pay after a defined contribution amount is paid into a separate, publicly or privately administered pension fund account, and the amount to be contributed to the pension fund is recognized as pension cost on an accrual basis. Pre-paid contributions are recognized as assets to the extent that they are refundable in cash or reduce future payments.

(2) Defined benefit plan

- ① A defined benefit plan is a pension plan that is not a defined contribution plan. A defined benefit plan generally determines the amount of retirement benefits an employee receives upon retirement, usually based on one or more factors, such as age, years of service, and remuneration. The net obligation under a defined benefit plan is calculated by discounting the amount of future benefits earned by employees for current or past service and subtracting the fair value of plan assets from the present value of the defined benefit obligation as of the end of the reporting period. The net defined benefit obligation is calculated annually by the actuary using the projected unit benefit method, and the discount rate is determined by reference to market yields on high quality corporate bonds with currencies and periods consistent with the defined benefit plan at the end of the reporting period; in countries where there is no deep market for these bonds, the market yield rate of government bonds (at the end of the reporting period) is used.
- ② The re-measurements arising from defined benefit plans are recognized in other comprehensive income in the period in which they occur and are reclassified to retained earnings in the period in which they are recognized in other comprehensive income, with no reclassification to profit or loss in subsequent periods.
- ③ Costs related to service costs for prior periods are recognized immediately in profit or loss.

3. Termination benefits

Termination benefits are recognized when the employee's employment is terminated prior to the normal retirement date or when the employee decides to accept the Company's benefit offer in exchange for the employee's employment or when the employee decides to accept the Company's benefit offer. The Consolidated Company recognizes the expense when it has made an explicit commitment to have a detailed formal termination plan that has no realistic possibility of being withdrawn or when the earlier of the related restructuring costs is recognized. Benefits paid more than 12 months after the end of the reporting period should be discounted.

4. Profit sharing remuneration for employees and for directors

Profit share remuneration for employees and for directors are recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be reasonably estimated.

(XXI) Income taxes

1. Income tax expense consists of current and deferred income taxes. Income taxes are recognized in profit or loss, except for those related to items included in other comprehensive income or directly in equity, which are included in other comprehensive income or directly in equity, respectively.
2. Current income taxes are based on tax rates that have been legislated or substantively enacted by the end of the reporting period. Management periodically evaluates the status of income tax returns with respect to applicable income tax regulations and, where applicable, estimates the income tax liability based on the expected tax payments to be made to the tax authorities. Additional income tax is levied on undistributed earnings in accordance with the Income Tax Act. Additional income tax expense on undistributed earnings is recognized when the actual distribution of earnings is approved by the shareholders in the year following the year in which the earnings are generated.

3. Deferred income tax is recognized using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts on the balance sheet. Deferred income tax is calculated using the tax rates that are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled, if enacted or substantively enacted by the end of the reporting period.
4. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized, and unrecognized and recognized deferred income tax assets are reassessed at the end of each reporting period.
5. Current income tax assets and current income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and there is an intention to settle the assets and settle the liabilities on a net basis or simultaneously. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax assets and liabilities are incurred by the same taxable entity or by different taxable entities that intend to settle or realize the assets and liabilities simultaneously on a net basis.

(XXII) Capital stock

1. Common stock

Common stock is classified as equity. The incremental costs directly attributable to the issuance of new shares are recorded as a deduction from equity, net of income tax.

2. Treasury stock

(1) When the Company repurchases outstanding shares, the consideration paid includes any incremental costs directly attributable to the issuance of new shares recognized as a deduction from equity, net of income taxes. Upon subsequent reissuance of repurchased shares, the difference between the consideration received and the carrying amount, net of any directly attributable incremental costs and income tax effects, is recognized as an adjustment to equity.

(2) Shares of the Company held by subsidiaries are considered as treasury stock.

(XXIII) Distribution of dividends

Dividends distributed to the Company's stockholders are recognized in the financial statements when the Company's stockholders resolve to distribute the dividends. Cash dividends distributed are recognized as a liability, while stock dividends distributed are recognized as stock dividends to be distributed and transferred to common stock on the base date of issuance of new shares.

(XXIV) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, less the estimated selling discounts and other similar discounts.

1. Sales of natural gas

(1) Revenue from the sale of natural gas is recognized when control over the product is transferred. Transfer of control of a product means that the product has been delivered

to the customer and there is no outstanding obligation that would affect the customer's acceptance of the product. Delivery occurs when the product is transported to a specific location and the risk of loss of the product has been transferred to the customer. Sales of natural gas are recognized based on the amount of gas used by the customer.

- (2) Accounts receivable are recognized when the products are delivered to customers because the Consolidated Company has an unconditional right to the contract price from that point onward and only requires time to collect the consideration from customers.

2. Revenue from inner tube installation and other services

The Consolidated Company provides services related to inner tube installation. Mostly the time for the installation of the inner tube is within one year. The related revenue is recognized when the installation is completed and the control is transferred to the customer.

3. Outer tube and demolition compensation income

In accordance with the new provisions of Article 26-1 of the Regulations on Accounting Handling for Public Natural Gas Enterprises, as amended and issued by the Ministry of Economic Affairs in its Order Jing-Neng-Zi No. 10204600900, if an operating asset of an enterprise is acquired, replaced, relocated or disposed of at the expense of others, the amount received, after deducting the carrying amount of the damaged or disposed of operating asset, shall be allocated to each operation and recognized as deferred revenue. In subsequent years, the amount is amortized to income along with the depreciation of the related assets.

4. Dividends income and interest income

Dividend income from investments is recognized when the right to receive payments from shareholders is established, provided that it is probable that the economic benefits associated with the transaction will flow to the Consolidated Company and the amount of income can be measured reliably.

Interest income from financial assets is recognized when it is probable that the economic benefits will flow to the Consolidated Company and the amount of income can be measured reliably. Interest income is recognized on an accrual basis over time based on the principal amount outstanding and the effective interest rate applicable.

5. Rental income

Rental income from investment properties is recognized on a straight-line basis over the lease period.

(XXV) Operating segments

The operating segments are the component units of the Consolidated Company that engages in operating activities that may generate revenues and expenses, including revenues and expenses resulting from transactions with other components of the enterprise. The operating results of the operating segments are reviewed by the Consolidated Company's operating decision maker (board of directors) to make decisions on resource allocation and to evaluate the performance of the segments. Separate financial information is available for each operating segment.

V. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

The Consolidated Company makes significant judgments in the process of adopting accounting policies and makes significant assumptions and estimates about future events in the preparation of its consolidated financial statements. The judgments and estimates made are continually evaluated and adjusted based on historical experience and other factors, as described below.

(I) Significant judgments in the adoption of accounting policies

1. Investment property

Certain real estate held by the Consolidated Company for rental or capital appreciation purposes and other portions for personal use are classified as investment property when the individual portions can be sold separately and only when the portion for personal use is not significant to the individual real estate.

2. Determination of the lease period

The Consolidated Company considers all relevant facts and circumstances that would create an economic incentive to exercise or not to exercise the option, including all anticipated changes in facts and circumstances from the commencement date of the lease to the date of exercise of the option, in determining the lease period of the leased asset. The main factors to be considered include the contractual terms and conditions of the period covered by the option and the importance of the subject asset to the lessee's operations. The lease period is reassessed when significant events or changes in circumstances within the Consolidated Company's control occur.

(II) Significant accounting estimates and assumptions

The accounting estimates made by the Consolidated Company are based on reasonable expectations of future events based on current conditions at a particular date. However, actual results may differ from these estimates and there is a risk that the carrying amounts of assets and liabilities may be materially adjusted in the next financial year; please refer to the following explanation; please refer to Note 6 for the carrying amount of each asset and liability as of the end of the reporting period.

1. Estimated impairment of receivables

An impairment loss on receivables is recognized using the "expected credit loss model". Receivables are measured as an allowance for losses based on expected credit losses over the life of the receivable, and changes in future forward-looking information may affect the amount of the allowance for losses.

2. Provision for depreciation

In calculating depreciation, the Consolidated Company must use judgment and estimates to determine the residual value and useful life of the Consolidated Company's property, plant and equipment and investment property as of the end of the reporting period. Any changes in estimates may affect the amount of depreciation provided.

3. Fair value of financial instruments

The Consolidated Company uses fair value to measure and disclose financial and non-financial assets and liabilities, and uses market observable input values for fair value measurements whenever possible. When the fair value of financial assets and liabilities recognized in the balance sheet is not available in an active market, the fair value is determined using valuation techniques, including the income approach (e.g., discounted cash flow model) or the market approach, and changes in assumptions used in these valuation techniques will affect the fair value of the reported financial instruments. Please refer to Note 12.

4. Assessment of impairment of tangible assets (excluding inventories)

In the asset impairment assessment process, the Consolidated Company relies on subjective judgment and relies on asset use patterns and industry characteristics to determine the individual cash flows, asset useful lives, and potential future revenues and expenses for specific groups of assets. Any change in estimates due to changes in economic conditions or in the Consolidated Company's strategy could result in a material impairment in the future.

5. Realizability of deferred income tax assets

Deferred income tax assets are recognized to the extent that it is probable that sufficient future taxable income will be available to allow deductions for temporary differences. The assessment of the realizability of deferred income tax assets requires management to make significant accounting judgments and estimates, including assumptions about expected future sales revenue growth and profitability, tax holiday, availability of income tax credits, and tax planning. Any changes in the global economic environment, industry environment and laws and regulations may result in significant adjustments to deferred income tax assets.

6. Measurement of inventories

Because inventories are measured at the lower of cost or net realizable value, the Consolidated Company must use judgment and estimates to determine the net realizable value of inventories at the end of the reporting period.

7. Calculation of Net Defined Benefit Liabilities

To calculate the present value of the defined benefit obligations, the Consolidated Company must use judgment and estimates to determine the relevant actuarial assumptions as of the end of the reporting period, including discount rates and future salary growth rates. Any changes in actuarial assumptions could materially affect the amount of the Consolidated Company's net defined benefit obligation.

8. Determination of the lessee's incremental interest rate

The lessee's incremental interest rate used for discounted lease payments is determined by considering the market risk-free rate, the estimated lessee credit risk discount and the guarantee conditions in a similar economic environment.

VI. Summary of Significant Accounting Items

(I) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$525,216	\$327,266
Bank deposits	395,771,135	423,069,438
Time deposits	30,000,000	-
Cash equivalents - bills	131,736,507	90,000,000
Total	<u>\$558,032,858</u>	<u>\$513,396,704</u>

1. The credit quality of the Consolidated Company's corresponding financial institutions is good, and the Consolidated Company's transactions with various financial institutions are used to diversify the credit risk, and the possibility of default is expected to be low.
2. The above time deposits are due within three months. Time deposits with original maturities of more than three months have been reclassified to other receivables as described in Note 6(5).

(II) Financial assets measured at fair value through profit or loss

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current item:		
Financial assets mandatorily measured at fair value through profit or loss		
Shares of TWSE/TPEX listed companies	\$502,275,257	\$367,976,417
Beneficiary certificates	54,744,000	86,269,800
Beneficiary securities	38,934,492	10,000,000
Bond	97,371,336	118,390,535
Bill	11,331,980	11,331,980
Sub-total	<u>704,657,065</u>	<u>593,968,732</u>
Adjustment to the valuation of financial assets mandatorily measured at fair value through profit or loss	68,381,947	42,099,160
Total	<u>\$773,039,012</u>	<u>\$636,067,892</u>
Non-current item:		
Financial assets mandatorily measured at fair value through profit or loss		
Shares of TWSE/TPEX listed companies	\$21,370,813	\$21,370,813
Adjustment to the valuation of financial assets mandatorily measured at fair value through profit or loss	(3,028,181)	(5,481,508)
Total	<u>\$18,342,632</u>	<u>\$15,889,305</u>

VI. Financial Information

1. The valuation gains (losses) included in profit or loss due to changes in fair value on the above financial assets at fair value through profit or loss were \$105,164,287 and NT\$44,816,925 for 2021 and 2020, respectively.
2. For information on marketable securities held as of December 31, 2021, please refer to Note 13.

(III) Financial assets measured at amortized cost

	December 31, 2021	December 31, 2020
Non-current item:		
Financial bonds	\$70,000,000	\$70,000,000
Fixed income bonds	8,380,350	9,449,550
Total	\$78,380,350	\$79,449,550

1. The breakdown of financial assets measured at amortized cost recognized in profit or loss, is as follows:

	2021	2020
Interest income	\$2,494,273	\$2,956,523

2. Without considering the collaterals held or other credit enhancements, the Consolidated Company held financial assets measured at amortized cost with the largest credit risk exposure of \$78,380,350 and \$79,449,550 at December 31, 2021 and 2020, respectively.

3. Please refer to Note 12(2) for related credit risk information.

(IV) Notes and accounts receivable, net

	December 31, 2021	December 31, 2020
Notes receivable	\$77,500	\$999,008
Accounts receivable	177,661,888	195,858,098
Less: Allowance for losses	(6,875,109)	(8,338,008)
Net amount	\$170,864,279	\$188,519,098

1. The account aging analysis is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not overdue	\$170,003,530	\$187,607,831
Overdue		
Within 30 days	1,096,076	1,127,896
30~60 days	766,333	904,228
60~90 days	465,721	666,343
90 days or more	5,407,728	6,550,808
Less: Allowance for losses	(6,875,109)	(8,338,008)
Total	<u>\$170,864,279</u>	<u>\$188,519,098</u>

The above is an account aging analysis based on the number of days overdue.

2. Without considering the collaterals held or other credit enhancements, the Consolidated Company's notes receivable with the highest credit risk exposure were \$77,500 and \$999,008 as of December 31, 2021 and 2020, respectively; the Consolidated Company's accounts receivable with the highest credit risk exposure were \$170,786,779 and \$187,520,090 as of December 31, 2021 and 2020, respectively.
3. Please refer to Note 12(2) for related credit risk information.

(V) Other receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Interests receivable	\$8,219,362	\$7,700,795
Dividends receivable	231,240	107,500
Time deposits with original maturities of more than three months	938,203,764	959,188,763
Others	880,533	3,632,903
Total	<u>\$947,534,899</u>	<u>\$970,629,961</u>

The credit quality of the Consolidated Company's corresponding financial institutions is good, and the Consolidated Company's transactions with various financial institutions are used to diversify the credit risk, and the possibility of default is expected to be low.

(VI) Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Materials	\$19,080,784	\$18,515,531
Installation contractors' materials	6,744,108	4,679,985
Natural gas inventory	1,226,119	1,190,952
Merchandise inventory	7,314,237	20,682,496
Total	<u>\$34,365,248</u>	<u>\$45,068,964</u>

1. Installation contractors' materials represent the cost of the tube materials requisitioned by the entrusted contractors for the installation of inner tubes, and are not intended to be sold for conversion into cash.
2. The allowance for decline in value of inventories was both \$0 as of December 31, 2021 and 2020.
3. Inventory-related expenses and losses recognized in operating costs for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Cost of inventories sold and installation costs	<u>\$1,298,572,433</u>	<u>\$1,445,166,825</u>

(VII) Property, plant and equipment

	Land		Total	Buildings	Gas sales equipment	Gas transmission equipment	Gas storage equipment	Transportation, machinery and other equipment	Unfinished construction and equipment pending acceptance	Total
	For self-use	For lease (Note)								
Cost:										
Balance as of January 1, 2021	\$355,822,101	\$8,888,249	\$364,710,350	\$61,041,804	\$885,348,939	\$3,831,630,996	\$323,330,392	\$184,618,681	\$119,265,480	\$5,769,946,642
Addition	-	-	-	575,000	103,077,163	7,121,040	3,450,000	3,690,851	143,750,983	261,665,037
Disposal	-	-	-	-	(40,670,686)	(23,497,701)	-	(1,832,272)	-	(66,000,659)
Reclassification	-	-	-	-	-	167,080,348	-	191,238	(112,732,659)	54,538,927
Balance as of December 31, 2021	\$355,822,101	\$8,888,249	\$364,710,350	\$61,616,804	\$947,755,416	\$3,982,334,683	\$326,780,392	\$186,668,498	\$150,283,804	\$6,020,149,947
Cost:										
Balance as of January 1, 2020	\$355,822,101	\$8,888,249	\$364,710,350	\$60,691,804	\$798,499,759	\$3,526,861,377	\$316,842,650	\$165,164,231	\$206,235,369	\$5,439,005,540
Addition	-	-	-	350,000	135,324,756	6,369,849	4,154,350	5,447,213	162,649,065	314,295,233
Disposal	-	-	-	-	(48,475,576)	(23,303,533)	-	(1,279,763)	-	(73,058,872)
Reclassification	-	-	-	-	-	321,703,303	2,333,392	15,287,000	(249,618,954)	89,704,741
Balance as of December 31, 2020	\$355,822,101	\$8,888,249	\$364,710,350	\$61,041,804	\$885,348,939	\$3,831,630,996	\$323,330,392	\$184,618,681	\$119,265,480	\$5,769,946,642

	Land		Buildings	Gas sales equipment	Gas transmission equipment	Gas storage equipment	Transportation, machinery and other equipment	Unfinished construction and equipment pending acceptance	Total
	For self-use	For lease (Note)							
<u>Accumulated depreciation</u>									
Balance as of January 1, 2021	\$-	\$-	\$36,541,531	\$471,702,845	\$2,544,541,220	\$312,307,531	\$156,838,006	\$-	\$3,521,931,13
Depreciation expense	-	-	1,447,551	66,747,911	154,003,498	1,711,846	7,098,981	-	231,009,78
Disposal	-	-	-	(40,655,387)	(23,497,701)	-	(1,832,272)	-	(65,985,36
Reclassification	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2021	\$-	\$-	\$37,989,082	\$497,795,369	\$2,675,047,017	\$314,019,377	\$162,104,715	\$-	\$3,686,955,561
Balance as of January 1, 2020	\$-	\$-	\$35,132,112	\$466,111,906	\$2,422,699,556	\$310,630,924	\$152,512,567	\$-	\$3,387,087,06
Depreciation expense	-	-	1,409,419	54,047,771	145,145,197	1,676,607	5,605,202	-	207,884,191
Disposal	-	-	-	(48,456,832)	(23,303,533)	-	(1,279,763)	-	(73,040,12
Reclassification	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2020	\$-	\$-	\$36,541,531	\$471,702,845	\$2,544,541,220	\$312,307,531	\$156,838,006	\$-	\$3,521,931,13
<u>Carrying amount</u>									
Balance as of December 31, 2021	\$355,822,101	\$8,888,249	\$23,627,722	\$449,960,047	\$1,307,287,666	\$12,761,015	\$24,563,783	\$150,283,804	\$2,333,194,38
Balance as of December 31, 2020	\$355,822,101	\$8,888,249	\$24,500,273	\$413,646,094	\$1,287,089,776	\$11,022,861	\$27,780,675	\$119,265,480	\$2,248,015,50

Note: As of December 31, 2021 and 2020, the assets for lease were not material to individual real estate and therefore were not reclassified to investment property.

1. The major components of the Consolidated Company's buildings are the main structure, air-conditioning and electrical distribution equipment, and waterproofing works, which are depreciated over their useful lives of 40 to 55 years, 28 years, and 5 to 28 years, respectively.
2. The major components of the Consolidated Company's gas storage equipment are gas storage tanks, gas storage tank monitoring systems, pressurizers, seismometers and deodorizing equipment. Depreciation is provided over 20 years, 5 to 20 years, 5 to 15 years, 5 to 10 years and 5 to 10 years, respectively.

(VIII) Lease transactions - lessee

1. The underlying assets of the Consolidated Company's leases include land and business cars. The lease contracts are usually for periods ranging from 1 to 10 years. The lease agreements are individually negotiated and contain various terms and conditions, with no restrictions except that the leased assets cannot be used as collateral for loans.
2. The carrying amounts of right-of-use assets and the depreciation expense recognized are as follows:

	Land	Transportation equipment	Total
<u>Cost:</u>			
January 1, 2021	\$9,445,075	\$3,421,690	\$12,866,765
Addition	7,585,352	1,456,138	9,041,490
Disposal	(6,976,832)	(2,956,081)	(9,932,913)
December 31, 2021	<u>\$10,053,595</u>	<u>\$1,921,747</u>	<u>\$11,975,342</u>
January 1, 2020	\$8,865,314	\$3,535,861	\$12,401,175
Addition	871,303	465,609	1,336,912
Disposal	(291,542)	(579,780)	(871,322)
December 31, 2020	<u>\$9,445,075</u>	<u>\$3,421,690</u>	<u>\$12,866,765</u>
<u>Accumulated depreciation:</u>			
January 1, 2021	\$5,775,345	\$2,991,886	\$8,767,231
Depreciation expense	3,004,485	1,804,292	4,808,777
Disposal	(6,976,832)	(2,956,081)	(9,932,913)
December 31, 2021	<u>\$1,802,998</u>	<u>\$1,840,097</u>	<u>\$3,643,095</u>
January 1, 2020	\$3,048,926	\$1,785,612	\$4,834,538
Depreciation expense	3,017,961	1,786,054	4,804,015
Disposal	(291,542)	(579,780)	(871,322)
December 31, 2020	<u>\$5,775,345</u>	<u>\$2,991,886</u>	<u>\$8,767,231</u>
<u>Carrying amount:</u>			
December 31, 2021	<u>\$8,250,597</u>	<u>\$81,650</u>	<u>\$8,332,247</u>
December 31, 2020	<u>\$3,669,730</u>	<u>\$429,804</u>	<u>\$4,099,534</u>

3. Information on profit or loss items related to lease contracts is as follows

	<u>2021</u>	<u>2020</u>
Items affecting profit or loss for the period		
Interest expense on lease liabilities	\$84,073	\$105,178
Expense on short-term lease contracts	\$29,386	\$1,881
	<u> </u>	<u> </u>

4. The total lease cash outflow was \$4,791,433 and \$5,007,782 for the years ended December 31, 2021 and 2020.

5. Lease extension option and lease termination option

(1) The Consolidated Company takes into account all facts and circumstances where the exercise of the extension option, or the non-exercise of the termination option, would create an economic incentive in determining the lease period. The lease period will be re-estimated upon the occurrence of a material event that would affect the exercise of the extension option or the non-exercise of the termination option.

(2) The assessment based on the exercise of the extension option increased the right-of-use assets and lease liabilities both by \$257,671 as of December 31, 2021 and 2020.

(IX) Lease transactions - lessor

1. The underlying assets leased by the Consolidated Company include land and buildings. The lease agreements are usually for periods ranging from one to six years and are individually negotiated and contain various terms and conditions.

2. The Company recognized rental income of \$3,844,313 and \$3,865,946 in 2021 and 2020, respectively, based on operating lease agreements, of which no variable lease payments were made.

3. The maturity dates of lease payments under operating leases are analyzed as follows:

	<u>December 31, 2021</u>
1st year	\$3,128,486
2nd year	2,369,533
3rd year	2,057,148
4th year	2,057,148
Total	<u> </u> <u> </u> \$9,612,315

(X) Investment property

	Land	Buildings	Total
<u>Cost:</u>			
January 1, 2021	\$42,901,542	\$12,709,978	\$55,611,520
Addition	-	-	-
Disposal	-	-	-
December 31, 2021	\$42,901,542	\$12,709,978	\$55,611,520
January 1, 2020	\$42,901,542	\$12,709,978	\$55,611,520
Addition	-	-	-
Disposal	-	-	-
December 31, 2020	\$42,901,542	\$12,709,978	\$55,611,520
<u>Accumulated depreciation</u>			
January 1, 2021	\$-	\$7,406,786	\$7,406,786
Depreciation expense	-	225,267	225,267
Disposal	-	-	-
December 31, 2021	\$-	\$7,632,053	\$7,632,053
January 1, 2020	\$-	\$7,181,519	\$7,181,519
Depreciation expense	-	225,267	225,267
Disposal	-	-	-
December 31, 2020	\$-	\$7,406,786	\$7,406,786
<u>Carrying amount</u>			
December 31, 2021	\$42,901,542	\$5,077,925	\$47,979,467
December 31, 2020	\$42,901,542	\$5,303,192	\$48,204,734

1. The breakdown of rental income and direct operating expenses from investment properties is as follows:

	2021	2020
Rental income from investment properties	\$3,214,861	\$3,236,574
Direct operating expenses incurred on investment properties that generated rental income in the current period	\$22,750	\$-
Direct operating expenses incurred on investment properties that did not generate rental income in the current period	\$-	\$-

VI. Financial Information

2. The fair value of investment properties held by the Consolidated Company at the reporting date was measured at cost, and the information level of fair value was Level 3. The fair values of \$156,011 thousand and \$149,776 thousand as of December 31, 2021 and 2020, respectively, were based on market prices in the neighboring areas.
3. The Company's six parcels of land located in Chuang-Ching Section, Xindian City, with Cadastral Number of 5, 6, 6-2, 7, 8 and 9, are not yet available for ownership transfer to the Company because they are agricultural land. The land is currently registered in the name of the Company's responsible person, Chen Ho-Chia, and a mortgage with other rights and interests has been created to the Company as a security measure. The land has a stated cost of \$2,027,191 as of December 31, 2021 and 2020, and is currently leased to a construction company.

(XI) Other non-current assets

	December 31, 2021	December 31, 2020
Reserve for gas pipeline replacement	\$319,071,016	\$408,706,722
Pre-payments for equipment	432,000	95,238
Pledge of time deposits	400,834	400,834
Refundable deposits	152,987	599,826
Total	\$320,056,837	\$409,802,620

In accordance with the Natural Gas Enterprise Act and the Regulations on the Provision of Reserves for the Replacement of Gas Pipelines by Public Natural Gas Enterprises, the Consolidated Company should make annual appropriations of the reserve for the retirement of gas pipelines as a public natural gas enterprise on the basis of the previous year's net profit after to a dedicated account for safekeeping. When the balance of the aforementioned dedicated account has reached 50% of the total paid-in capital, the appropriation may be stopped.

(XII) Contract liabilities

	December 31, 2021	December 31, 2020
Advanced installation charge	\$540,708,238	\$524,126,943

(XIII) Notes and accounts payable

	December 31, 2021	December 31, 2020
Notes payable	\$18,312,328	\$6,635,007
Accounts payable	122,154,634	121,739,605
Total	\$140,466,962	\$128,374,612

(XIV) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Refundable meter deposits	\$127,275,300	\$127,592,120
Salaries and award payable	52,511,115	52,152,791
Employee remuneration payables	10,179,360	9,839,542
Director remuneration payables	9,004,927	8,799,782
Taxes and output sales taxes payable	3,909,722	4,478,423
Insurance premiums payable	1,638,308	1,495,940
Pensions payable	1,495,265	1,447,242
Others	8,841,901	12,830,511
Total	<u>\$214,855,898</u>	<u>\$218,636,351</u>

In accordance with the Ministry of Economic Affairs' letter Jing-Shou-Neng-Zi No. 09420084070 dated November 25, 2005, the Consolidated Company implemented the basic fee charging system effective January 1, 2006, under which, a public natural gas enterprise should stop charging gas meter usage fees and immediately process the refund of gas meter deposits, which are listed under other payables.

(XV) Provision for liabilities - current

	<u>Provision for employee benefit liabilities</u>
Balance as of January 1, 2021	\$1,932,452
Provision for liabilities newly increased in the period	8,556,271
Amounts used and offset in the period	(8,659,075)
Balance as of December 31, 2021	<u>\$1,829,648</u>

Provisions for liabilities are recognized in the current period when the relevant employees have acquired rights to employee benefits based on historical experience, management's judgment and other known reasons, and are offset when the employees actually take leave in the following period.

(XVI) Other non-current liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Long-term deferred revenue	\$1,137,111,647	\$1,062,762,882
Deposits received over one year	62,085,905	61,216,645
Net Defined Benefit Liabilities	2,644,534	11,081,549
Total	<u>\$1,201,842,086</u>	<u>\$1,135,061,076</u>

In view of the provisions of Article 26-1 of the Regulations on Accounting Handling for Public Natural Gas Enterprises, if an operating asset of an enterprise is acquired, replaced, relocated or disposed of at the expense of others, the amount received, after deducting the carrying amount of the damaged or disposed of operating asset, shall be allocated to each operation and recognized as deferred income. In subsequent years, the amount is amortized to income along with the depreciation of the related assets.

(XVII) Pension

1. Defined benefit plan

- (1) In accordance with the Labor Standards Act, the Consolidated Company has a defined benefit retirement plan that applies to all regular employees' years of service prior to the implementation of the Labor Standards Act on July 1, 2005, and to employees who elect to continue to be subject to the Labor Standards Act after the implementation of the Labor Standards Act for subsequent years of service. For employees who meet the retirement criteria, pension payments are calculated based on the years of service and the average salary for the six months prior to retirement, with two bases for each year of service up to and including 15 years and one base for each year of service in excess of 15 years, subject to a maximum accumulation limit of 45 bases. A monthly pension fund of 15% of salaries and wages is deposited to a dedicated account in the Bank of Taiwan in the name of the Supervisory Committee of Labor Retirement Reserve. Before the end of each year, the balance in the dedicated account of the Labor Retirement Reserve is estimated. If the balance is not sufficient to pay the aforementioned amount of pension benefits to employees eligible for retirement in the following year, a lump-sum appropriation will be made for the difference by the end of March of the following year.
- (2) The change in the net defined benefit obligation was as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net Defined Benefit Liabilities
January 1, 2021	\$206,490,963	\$(195,409,414)	\$11,081,549
Service costs for the period	2,574,249		2,574,249
Net interest on net defined benefit liabilities	499,785	(482,754)	17,031
Re-measurement			
Compensation gain or loss on plan assets	-	(3,100,873)	(3,100,873)
Actuarial gains and losses due to adjustments through experience	1,392,022	-	1,392,022
Actuarial gains and losses due to changes in demographic assumptions	224,643	-	224,643
Actuarial gains and losses due to changes in financial assumptions	(1,327,423)	-	(1,327,423)
Re-measurement sub-total	289,242	(3,100,873)	(2,811,631)
Appropriations from employers	-	(8,216,664)	(8,216,664)
Benefit payments from plan assets	(10,500,363)	10,500,363	-
Benefit payments on the accounting book	-	-	-
December 31, 2021	\$199,353,876	\$(196,709,342)	\$2,644,534

	Present value of defined benefit obligations	Fair value of plan assets	Net Defined Benefit Liabilities
January 1, 2020	\$220,351,587	\$(195,196,012)	\$25,155,575
Service costs for the period	2,781,742	-	2,781,742
Net interest on net defined benefit liabilities	1,347,773	(1,214,799)	132,974
Re-measurement			
Compensation gain or loss on plan assets	-	(6,673,157)	(6,673,157)
Actuarial gains and losses due to adjustments through experience	(331,718)	-	(331,718)
Actuarial gains and losses due to changes in demographic assumptions	87	-	87
Actuarial gains and losses due to changes in financial assumptions	5,481,378	-	5,481,378
Re-measurement sub-total	<u>5,149,747</u>	<u>(6,673,157)</u>	<u>(1,523,410)</u>
Appropriations from employers	-	(9,312,032)	(9,312,032)
Benefit payments from plan assets	(16,986,586)	16,986,586	-
Benefit payments on the accounting book	(6,153,300)	-	(6,153,300)
December 31, 2020	<u>\$206,490,963</u>	<u>\$(195,409,414)</u>	<u>\$11,081,549</u>

(3) The assets of the Consolidated Company's defined benefit pension plan are entrusted to be administered by the Bank of Taiwan in accordance with Article 6 of the Regulations for Revenues, Expenditures, Safeguarding and Utilization of the Labor Retirement Fund, within the proportion and amount of the entrusted items set forth in the annual investment and utilization plan of the fund. The minimum annual earnings to be distributed from the fund shall not be less than the earnings calculated based on the two-year time deposit rate of the local bank. If there is any deficiency, the national treasury shall make up the deficiency after approval by the competent authority. The Company has no right to participate in the operation and management of the fund. The fair value of the assets of the labor pension fund and the allocation of fund assets as of December 31, 2021 and 2020, respectively, are shown in the annual reports on the use of the labor pension fund published by the government.

(4) The actuarial assumptions related to the pension fund are summarized as follows:

① Demographic assumptions

a. Mortality rate

The assumptions of future mortality rates for the years ended December 31, 2021 and 2020 were based on the sixth and fifth empirical life tables of the preset Taiwan life insurance industry, respectively.

b. Turnover rate

The rate is based on the Company's past experience and experience database.

c. Retirement rate

Based on the Company's experience database, the Company's past experience and the survey report on the employment trend in Taiwan published by the Directorate-General of Budget, Accounting and Statistics as the main basis for the calculation, the retirement rate used is as follows:

VI. Financial Information

Assumptions: (a) Z is the earliest retirement age of individual employees
 (b) Retirement is assumed to occur after three years for those who have not retired at age 65 or older.

	2021	2020
Z	15%	15%
Z+1 ~ 64	3%	3%
65	100%	100%

② Financial assumptions

	December 31, 2021	December 31, 2020
a. Discount rate	0.65%	0.25%
b. Expected rate of increase in future salary	2.00%	2.00%

③ Sensitivity analysis of significant actuarial assumptions

The sensitivity analysis of reasonably possible changes in each of the major actuarial assumptions affecting the defined benefit obligation as of December 31, 2021 and 2020 are as follows:

	December 31, 2021		December 31, 2020	
	Increase (decrease) in defined benefit obligation	Percentage of +increase/-decrease in defined benefit obligation	Increase (decrease) in defined benefit obligation	Percentage of +increase/-decrease in defined benefit obligation
(1) Discount rate				
Increase by 0.25%	(3,154,003)	-1.58%	(3,454,248)	-1.67%
Decrease by 0.25%	3,239,203	1.62%	3,551,883	1.72%
(2) Expected rate of increase in future salary				
Increase by 0.25%	2,703,569	1.36%	3,481,453	1.69%
Decrease by 0.25%	(2,649,179)	-1.33%	(3,404,016)	-1.65%

The sensitivity analysis above has been prepared based on reasonably possible changes in each actuarial assumption, with all other assumptions held constant.

(5) Effect of projected benefit obligation on future cash flows :

- A. The weighted-average duration of the benefit obligation was determined to be six years at December 31, 2021 and 2020.
- B. The estimated appropriation for the pension plan for the year after December 31, 2021 is \$8,277 thousand.
- C. The estimated maturity of the Company's undiscounted defined benefit obligation is analyzed as follows:

	<u>Within one year</u>	<u>More than one year but less than two years</u>	<u>More than one year but less than two years</u>	<u>More than two years but less than five years</u>	<u>Total</u>
December 31, 2021	\$8,489,987	\$14,762,806	\$80,185,625	\$104,041,961	\$207,480,379

2. Defined contribution plan

- (1) Effective July 1, 2005, the Consolidated Company has a defined contribution pension plan under the Labor Pension Act, which is applicable to the Consolidated Company's domestic employees. The Consolidated Company makes monthly contributions of not less than 6% of salary to the employees' personal accounts at the Bureau of Labor Insurance for the employees who choose to be subject to the labor pension scheme under the Labor Pension Act. The employees' pensions are paid in the form of monthly pensions or lump-sum pensions depending on the amount of the employees' individual pension accounts and accumulated earnings.
- (2) In accordance with the defined contribution pension plan, the Consolidated Company recognized pension costs of \$6,147 thousand and \$6,623 thousand for the years ended December 31, 2021 and 2020, respectively, which were contributed to the Bureau of Labor Insurance.

(XVIII) Capital stock

The Company's total authorized capital is \$1,858,000,000 divided into 185,800 thousand shares. As of December 31, 2021, the paid-in capital was \$1,805,374,530 divided into 180,537 thousand shares with par value of \$10 each, all of which are common shares. All of the prices of the issued shares of the Company have been received.

(IX) Capital surplus

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Capital surplus - treasury stock transactions	\$72,760,103	\$68,715,523
Capital surplus - investments accounted for using the equity method	4,282	4,282
Total	<u>\$72,764,385</u>	<u>\$68,719,805</u>

1. Under the Securities and Exchange Act and the Company Act, capital surplus may not be used except to make up losses of the Company, except that capital surplus from the issuance of stock in excess of par value and capital surplus from gifts may be capitalized up to a certain percentage of the paid-in capital each year. In accordance with the Company Act, if the Company has no losses, the above-mentioned capital surplus from the issuance of stock in excess of par value and capital surplus from gifts may also be paid in cash in proportion to the original shares held by the shareholders.
2. The above capital surplus - treasury stock transactions are cash dividends received by the subsidiaries from the Company, which are not within the scope of "capital surplus from the issuance of stock in excess of par value" as stipulated in the Ministry of Economic Affairs' letter Jing-Shang-Zi No. 09102050200, and cannot be capitalized.
3. Capital surplus from investments accounted for using the equity method may not be used for any purpose.

(XX) Retained earnings

1. Legal reserve

In accordance with the Company Act, the Company shall set aside 10% of the net profit after tax for the period plus the items other than net profit after tax for the period included in the current year's undistributed earnings as legal reserve until it equals the amount of paid-in capital. The legal reserve is only used to make up losses according to law, but when the Company has no losses, the excess of the legal reserve over 25% of the paid-in capital may be issued as new shares or cash by resolution of the shareholders' meeting.

2. Special reserve

When the Company distributes earnings, the Company is required by law to set aside a special reserve for the debit balance of other equity items as of the end of the reporting period for the current year. Upon reversal of the debit balance of other equity items, the reversal amount may be included in available-for-distribution earnings.

The special reserve provided upon initial adoption of IFRSs may be reversed to available-for-distribution earnings in proportion to the special reserve provided if it is subsequently realized through use, disposal or reclassification.

3. Dividends policy

The Company adopts a fixed cash-dividend payment ratio policy. In principle, the annual cash dividends paid shall not be less than 20% of the total dividends. However, the Company may increase the distribution ratio by referring to the business plan, Profitability, investment capital needs, and taking into account the Company's business capital adequacy in response to the change in economy and market environment.

The net profit for the period shall be distributed in the following order:

- ① Make up for losses
- ② Provide 10% as legal reserve.
- ③ After the deductions for items 1 and 2, the remaining balance, if any, shall be distributed as follows, together with the accumulated undistributed earnings at the beginning of the period and the adjustment to the undistributed earnings for the year:
- ④ Appropriate special reserve with the appropriation percentage 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.
- ⑤ The Board of Directors draws up a plan for the distribution of the remaining amount and present it to the shareholders' meeting for resolution.

4. Distribution of earnings

On March 18, 2022, the Board of Directors proposed the distribution of earnings for the year of 2021 and on August 31, 2021, the shareholders' meeting approved the distribution of earnings for the year of 2020 as follows:

	2021		2020	
	Amount	Dividends per share (NT\$)	Amount	Dividends per share (NT\$)
Legal reserve	\$34,464,459		\$32,796,416	
Cash dividends	306,913,670	\$1.70	288,859,925	\$1.60
Total	<u>\$341,380,150</u>		<u>\$321,658,361</u>	

(XXII) Treasury stock

1. Information on the cost of treasury stock to be recognized for the Company's shares held by EVFA INTERNATIONAL CO., LTD., a subsidiary of the Company, is shown as follows:

Item	2021					
	Balance at the beginning of the period		Purchased or (sold) during the period	Balance at the end of the period		
	Number of shares	Cost		Number of shares	Cost	Market price
Financial assets measured at fair value through other comprehensive income	2,527,863	\$46,828,269	None	2,527,863	\$46,828,269	\$108,192,536

Item	2020					
	Balance at the beginning of the period		Purchased or (sold) during the period	Balance at the end of the period		
	Number of shares	Cost		Number of shares	Cost	Market price
Financial assets measured at fair value through other comprehensive income	2,527,863	\$46,828,269	None	2,527,863	\$46,828,269	\$97,322,726

- The Company's shares held by its subsidiaries are treated as treasury stock and have the same rights as those of the general shareholders except that they are not allowed to participate in the Company's capital increase in cash, but have no voting rights.
- The cost of treasury stock held by a subsidiary is exempt from special reserve. However, for the difference between the market price of the parent company's stock held by the subsidiary at the end of the period and the book value, the same amount of special reserve should be set aside in proportion to the shareholding percentage and should not be distributed. If there is any subsequent increase in the valuation, the amount of the special reserve may be reversed in proportion to the shareholding.

(XXII) Operating revenue

	2021	2020
Revenue from customer contracts - gas sales revenue	\$1,488,668,217	\$1,613,406,612
Revenue from customer contracts - installation design revenue	195,044,937	201,722,838
Revenue from customer contracts - other operating revenue	82,081,334	149,602,142
Others - other operating revenue	28,373,459	21,637,591
Total	<u>\$1,794,167,947</u>	<u>\$1,986,369,183</u>

1. Breakdown of revenue from customer contracts

The Consolidated Company's revenue is derived from the transfer of merchandises at a certain point in time and from the revenue recognized for gradual transfer over the useful lives of the related assets in accordance with the Regulations on Accounting Handling for Public Natural Gas Enterprises issued by the Ministry of Economic Affairs as amended by Order Neng-Zi No. 10204600900, and the revenue can be sub-divided into the following major product lines.

Gas sales:

	2021	2020
Revenue from external customer contracts	<u>\$1,488,668,217</u>	<u>\$1,613,406,612</u>
Revenue recognition point		
Revenue recognized at a point in time	<u>\$1,488,668,217</u>	<u>\$1,613,406,612</u>

Installation:

	2021	2020
Revenue from external customer contracts	<u>\$195,044,937</u>	<u>\$201,722,838</u>
Revenue recognition point		
Revenue recognized at a point in time	\$98,201,444	\$117,965,592
Revenue recognized gradually over time	96,843,493	83,757,246
Total	<u>\$195,044,937</u>	<u>\$201,722,838</u>

Others:

	2021	2020
Revenue from external customer contracts	<u>\$82,081,334</u>	<u>\$149,602,142</u>
Revenue recognition point		
Revenue recognized at a point in time	\$79,961,810	\$147,482,618
Revenue recognized gradually over time	2,119,524	2,119,524
Total	<u>\$82,081,334</u>	<u>\$149,602,142</u>

2. Contract liabilities

The Consolidated Company recognized contract liabilities related to revenue from customer contracts as follows:

	December 31, 2021	December 31, 2020
Contract liabilities		
Installation design contract	<u>\$540,708,238</u>	<u>\$524,126,943</u>

Revenue recognized in the period for contract liabilities from the beginning of the period

	2021	2020
Revenue recognized in the period for the balance of contract liabilities at the beginning of the period		
Installation design contract	<u>\$98,272,033</u>	<u>\$133,540,114</u>

(XXIII) Operating costs

	2021	2020
Gas sales costs	<u>\$1,118,651,639</u>	<u>\$1,217,980,011</u>
Installation design costs	141,505,615	152,771,082
Other operating costs	38,415,179	74,415,732
Total	<u>\$1,298,572,433</u>	<u>\$1,445,166,825</u>

(XXIV) Additional information on the nature of expenses

1. Employee benefit expense, depreciation expense and amortization expense are summarized as follows:

VI. Financial Information

Function Nature	2021			2020		
	Recorded as operating costs	Recorded as operating expenses	Total	Recorded as operating costs	Recorded as operating expenses	Total
Employee benefit expenses						
Salary expenses	\$126,003,452	\$119,464,255	\$245,467,707	\$129,023,780	\$115,544,831	\$244,568,611
Labor and health insurance expenses	11,761,595	6,015,171	17,776,766	10,956,758	5,572,700	16,529,458
Pension expenses	5,932,273	3,393,043	9,325,316	6,052,223	3,485,310	9,537,533
Other employee benefit expenses	-	9,373,305	9,373,305	-	9,862,178	9,862,178
Depreciation expenses	222,463,254	13,580,577	236,043,831	200,869,575	12,043,903	212,913,478
Selling expenses	-	62,213	62,213	-	58,775	58,775

2. Information on profit sharing remuneration for employees and for directors based on annual profitability:

- (1) According to the Articles of Incorporation, the Company shall appropriate 2.2% as profit sharing remuneration for employees and no more than 2.2% as profit sharing remuneration for directors of the remainder of the profit for the year, if any, after deducting the accumulated losses from the profit for the current year.
- (2) The profit sharing remunerations for employees and for directors and supervisors for the years of 2021 and 2020 are based on the net profits before tax for the years, before deducting the profit sharing remunerations for employees and for directors and supervisors, and are estimated in accordance with the percentages specified in the Articles of Incorporation. The number of shares is calculated based on the “closing price on the day before the Board of Directors’ resolution” if the employees’ profit sharing remuneration is distributed with shares.
- (3) For the years ended December 31, 2021 and 2020, the amount of profit sharing remuneration for employees was estimated at NT\$9,004,927 and NT\$8,799,782, respectively, and the amount of profit sharing remuneration for directors and supervisors was estimated at NT\$9,004,927 and NT\$8,799,782, respectively, and was recognized as operating costs and expenses. If the actual distribution amount differs from the estimated amount in subsequent resolutions, the difference is treated as a change in accounting estimate.
- (4) Information on the actual distribution of profit sharing remuneration for employees and for directors and supervisors for the years ended December 31, 2021, 2020 and 2019 is as follows

	2021	2020	2019
	March 18, 2022 Approved by the Board of Directors	March 18, 2021 Approved by the Board of Directors	March 20, 2020 Approved by the Board of Directors
Profit sharing remuneration for directors and supervisors	\$9,004,927	\$8,799,782	\$6,973,757
Profit sharing remuneration for employees	\$9,004,927	\$8,799,782	\$6,973,757

The distribution of profit sharing remuneration for employees and for directors and supervisors approved by the Board of Directors are the same as those estimated in the financial statements for 2021, 2020 and 2019.

- (5) For information on the distribution of earnings approved by the Board of Directors and

the shareholders' meeting and the profit sharing remuneration for employees and for directors and supervisors, please refer to the Market Observation Post System of the Taiwan Stock Exchange.

3. Depreciation expense by function is summarized as follows:

	2021	2020
Operating costs	\$222,463,254	\$200,869,575
Selling expenses	6,362,138	6,718,476
Administrative expenses	7,218,439	5,325,427
Total	<u>\$236,043,831</u>	<u>\$212,913,478</u>

4. Amortization expense by function is summarized as follows:

	2021	2020
Administrative expenses	<u>\$62,213</u>	<u>\$58,775</u>

(XXV) Interest income

	2021	2020
Interest income from bank deposits	\$11,494,738	\$14,995,003
Interest income from financial assets measured at amortized cost	2,494,273	2,956,523
Other interest income	6,072,500	4,329,363
Total	<u>\$20,061,511</u>	<u>\$22,280,889</u>

(XXVI) Other income

	2021	2020
Rental income	\$3,844,313	\$3,865,946
Dividend income	18,058,146	12,658,190
Other income	4,093,458	2,981,175
Total	<u>\$25,995,917</u>	<u>\$19,505,311</u>

(XXVII) Other gain and loss

VI. Financial Information

	2021	2020
Gain (loss) on disposal of property, plant and equipment	\$988,395	\$1,346,851
Net gain (loss) on financial assets measured at fair value through profit or loss	105,164,287	44,816,925
Net exchange gain (loss)	(2,492,851)	(501,363)
Other losses	(12,172,421)	(2,027,627)
Total	\$91,487,410	\$43,634,786

(XXIII) Financial costs

	2021	2020
Interest expense		
Lease liabilities	\$84,073	\$105,178

(XXIX) Income taxes

1. Composition of income tax expense

	2021	2020
Current income tax expense (or benefit)	\$56,889,263	\$75,375,868
Additional income tax levied on undistributed earnings	3,858	377,271
Difference between basic tax and regular income tax	2,159,344	-
Underestimation (overestimation) of income tax expense for prior years	(929)	(1,424)
Total current income tax	59,051,536	75,751,715
Deferred income tax expense		
Origination and reversal of temporary differences	(2,539,407)	(9,935,336)
Total deferred income tax	(2,539,407)	(9,935,336)
Income tax expense	\$56,512,129	\$65,816,379

2. Income tax benefit (expense) related to other comprehensive income

	2021	2020
Re-measurement of defined benefit plan	\$(562,326)	\$(304,682)

3. A reconciliation of income tax expense to the amount of accounting profit multiplied by the Company's applicable income tax rate is as follows:

	2021	2020
Net profit before tax from continuing operations	<u>\$398,907,417</u>	<u>\$392,561,813</u>
Applicable tax rate	<u>20%</u>	<u>20%</u>
Tax at applicable tax rate on income	<u>\$79,781,483</u>	<u>\$78,512,362</u>
Additional income tax levied on undistributed earnings	3,858	377,271
Difference between basic tax and regular income tax	2,159,344	-
Underestimation (overestimation) of income tax expense for prior years	(929)	(1,424)
Repealed levy on loss (gain) from securities transactions	(13,476,605)	(5,216,030)
Loss (gain) on valuation of financial assets	(5,452,452)	(4,048,837)
Dividend income not included in income	(4,344,935)	(3,132,564)
Others	<u>(2,157,635)</u>	<u>(674,399)</u>
Total income tax expense recognized in profit or loss	<u>\$56,512,129</u>	<u>\$65,816,379</u>

4. The amount of deferred income tax assets (liabilities) recognized in assets, liabilities and profit or loss was as follows:

2021

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences				
Timing difference between book and tax recognition of repair and maintenance expenses	\$5,836,468	\$45,843	\$-	\$5,882,311
Unrealized gain or loss	28,430,795	2,493,564	(562,326)	30,362,033
Land revaluation increment	<u>(65,257,095)</u>	-	-	<u>(65,257,095)</u>
Deferred income tax (expense)benefit		<u>\$2,539,407</u>	<u>\$(562,326)</u>	
Net deferred income tax assets/(liabilities)	<u>\$(30,989,832)</u>			<u>\$(29,012,751)</u>
The information expressed in the balance sheet is as follows:				
Deferred income tax assets	<u>\$34,890,896</u>			<u>\$36,377,604</u>
Deferred income tax liabilities	<u>\$(65,880,728)</u>			<u>\$(65,390,355)</u>

VI. Financial Information

2020

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences				
Timing difference between book and tax recognition of repair and maintenance expenses	\$5,030,031	\$806,437	\$-	\$5,836,468
Unrealized gain or loss	19,606,578	9,128,899	(304,682)	28,430,795
Land revaluation increment	(65,257,095)	-	-	(65,257,095)
Deferred income tax (expense)/benefit		\$9,935,336	\$ (304,682)	
Net deferred income tax assets/(liabilities)	\$(40,620,486)			\$(30,989,832)
The information expressed in the balance sheet is as follows:				
Deferred income tax assets	\$24,636,609			\$34,890,896
Deferred income tax liabilities	\$(65,257,095)			\$(65,880,728)

5. The income tax returns of the Company and the subsidiary, EVFA INTERNATIONAL CO., LTD. have been assessed by the tax authorities through 2019.

(XXX) Earnings per share

1. Information on earnings per share

	2021	2020
Basic earnings per share:		
Net profit attributable to shareholders of the parent company for the period	\$342,395,288	\$326,745,434
Weighted average number of shares outstanding	178,009,590	178,009,590
Basic earnings per share (NT\$):		
Net profit attributable to shareholders of the parent company for the period	\$1.92	\$1.84
Diluted earnings per share:		
Net profit attributable to shareholders of the parent company for the period	\$342,395,288	\$326,745,434
Weighted average number of shares outstanding for the purpose of calculating diluted earnings per share	178,219,985	178,238,156
Diluted earnings per share (NT\$)		
Net profit attributable to shareholders of the parent company for the period	\$1.92	\$1.83

2. The weighted-average number of shares outstanding is calculated as follows:

	2021	2020
Number of shares at the beginning of the period	180,537,453	180,537,453
Less: Shares of the parent company held by subsidiaries	(2,527,863)	(2,527,863)
Total	<u>178,009,590</u>	<u>178,009,590</u>

3. The above weighted average number of shares outstanding for the purpose of calculating diluted earnings per share is calculated as follows:

	2021	2020
Number of shares at the beginning of the period	180,537,453	180,537,453
Add: Employee profit sharing remuneration that can be issued in stock	210,395	228,566
Sub-total	<u>180,747,848</u>	<u>180,766,019</u>
Less: Shares of the parent company held by subsidiaries	(2,527,863)	(2,527,863)
Total	<u>178,219,985</u>	<u>178,238,156</u>

4. Pro forma information assuming that shares of the parent company held by subsidiaries are not treated as treasury stock.

	2021	2020
Net profit attributable to shareholders of the parent company for the period	<u>\$346,439,868</u>	<u>\$330,158,049</u>
Weighted average number of shares outstanding	<u>180,537,453</u>	<u>180,537,453</u>
Basic earnings per share (NT\$):		
Net profit attributable to shareholders of the parent company for the period	<u>\$1.92</u>	<u>\$1.83</u>

(XXXI) Supplementary information on cash flows

Change in liabilities from financing activities was as follows:

	Guarantee deposit received	Lease liabilities
January 1, 2021	<u>\$64,677,545</u>	<u>\$2,163,376</u>
Change in cash flows from financing activities	1,233,460	(4,707,360)
Non-cash change	-	9,041,490
December 31, 2021	<u>\$65,911,005</u>	<u>\$6,497,506</u>
	Guarantee deposit received	Lease liabilities
January 1, 2020	<u>\$65,041,665</u>	<u>\$5,729,068</u>
Change in cash flows from financing activities	(364,120)	(4,902,604)
Non-cash change	-	1,336,912
December 31, 2020	<u>\$64,677,545</u>	<u>\$2,163,376</u>

VII. Related Party Transactions(I) Names and relationships of related parties

<u>Name of the related party</u>	<u>Relationship with the Consolidated Company</u>
THE GREAT TAIPEI GAS CORPORATION	Other related parties
Shin Kong Wu Ho-Su Memorial Hospital	Other related parties
Mr. Chen Gen-Chu Foundation for Education and Culture	Other related parties

(II) Significant transactions with related parties1. Pre-payments for equipment (listed as other non-current assets)

<u>Type of related party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties:		
THE GREAT TAIPEI GAS CORPORATION	\$240,000	\$-

The pre-payment for the above-mentioned equipment is the amount for the purchase of the periodic inspection management system.

2. Property, plant and equipment acquired (other equipment).

2021: None.

2020:

<u>Type of related party</u>	<u>Acquisition price</u>
Other related parties:	
THE GREAT TAIPEI GAS CORPORATION	\$15,600,000

The purchase price of property, plant and equipment (other equipment) from Great Taipei Gas Corporation in 2020 includes NT\$15,200,000 pre-paid for equipment paid in 2019, and the transaction price is based on the agreement and terms between the parties.

3. Administrative expenses - other expenses

Type of related party	2021	2020
Other related parties:		
THE GREAT TAIPEI GAS CORPORATION	\$1,575,070	\$1,950,000

4. Administrative expenses - donation

Type of related party	2021	2020
Other related parties:		
Shin Kong Wu Ho-Su Memorial Hospital	\$500,000	\$-
Mr. Chen Gen-Chu Foundation for Education and Culture	550,000	-
Total	\$1,050,000	\$-

5. Deposits received (listed as other non-current liabilities)

Type of related party	December 31, 2021	December 31, 2020
Other related parties:		
THE GREAT TAIPEI GAS CORPORATION	\$210,000	\$165,000

(III) Information on remuneration for key management

	2021	2020
Salaries and other short-term employee benefits	\$50,941,523	\$52,519,076
Post-employment benefits	308,518	277,558
Total	\$51,250,041	\$52,796,634

VIII. Pledged Assets

The assets of the Consolidated Company which have been used for guarantees are shown below:

VI. Financial Information

	December 31, 2021	December 31, 2020	Purpose
Pledge of time deposits (listed as other non-current assets)	\$400,834	\$400,834	Construction bid bonds

Pledged assets are stated at carrying amount.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

As of December 31, 2021, the total contract amount due to pre-payments for equipment purchases was NT\$1,440 thousand and the amount paid was NT\$432 thousand (listed as pre-payments for equipment under other non-current assets).

X. Significant Disaster Loss: None.

XI. Significant Subsequent Events: None.

XII. Others

(I) Capital Management

The primary objective of the Consolidated Company's capital management is to confirm the maintenance of sound credit ratings and good capital ratios to support corporate operations and maximize shareholders' equity.

(II) Financial instruments

1. Type of financial instruments

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$791,381,644	\$651,957,197
Financial assets measured at amortized cost		
Cash and cash equivalents	558,032,858	513,396,704
Financial assets measured at amortized cost	78,380,350	79,449,550
Notes receivable	77,500	999,008
Accounts receivable	170,786,779	187,520,090
Other receivables	947,534,899	970,629,961
Other financial assets	319,624,837	409,707,382
Total	\$2,865,818,867	\$2,813,659,892
Financial liabilities		
Financial liabilities measured at amortized cost		
Notes payable	\$18,312,328	\$6,635,007
Accounts payable	122,154,634	121,739,605

	December 31, 2021	December 31, 2020
Other payables	214,855,898	218,636,351
Lease liabilities	6,497,506	2,163,376
Other financial liabilities	65,911,005	64,677,545
Total	<u>\$427,731,371</u>	<u>\$413,851,884</u>

2. Information on fair value of financial instruments

(1) Financial instruments not measured at fair value

- ① The carrying amounts of these financial instruments approximate their fair values: cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets, notes payable, accounts payable, other payables and other financial liabilities.
- ② The fair value of lease liabilities was obtained by discounting the amount of lease contracts at the Consolidated Company's incremental borrowing rate.

(2) Financial instruments not measured at fair value but still require disclosure of fair value

	December 31, 2021		
	Carrying amount	Fair value	
	Level 1	Level 2	Level 3
Financial assets:			
Financial assets measured at amortized cost			
Domestic financial bonds	\$70,000,000	\$-	\$70,000,000
Overseas bonds	8,380,350	-	8,380,350
Total	<u>\$78,380,350</u>	<u>\$-</u>	<u>\$78,380,350</u>

	December 31, 2020			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets:				
Financial assets measured at amortized cost				
Domestic financial bonds	\$70,000,000	\$-	\$70,000,000	\$-
Overseas bonds	9,449,550	-	9,449,550	-
Total	<u>\$79,449,550</u>	<u>\$-</u>	<u>\$79,449,550</u>	<u>\$-</u>

(3) Valuation techniques of fair value

The methods and assumptions used to estimate the fair value of the Consolidated Company's financial instruments not measured at fair value are as follows.

- A. If there is a quoted market price in an active market, the fair value is based on the market price; if there is no market price available, the fair value is estimated using valuation techniques or using quotes of trading partners.
- B. If quoted prices of completed transactions or market makers are available, the most recent transaction prices and quoted prices are used as the basis for assessing fair value. If market value is not available, the valuation method is used to estimate the fair value. The fair value is estimated using the discounted cash flow value of the estimates and assumptions used in the valuation method.

(4) Financial instruments measured at fair value

Please refer to Note 12(3) for the fair value information of financial instruments measured at fair value.

3. Financial risk management policy

- (1) The Consolidated Company's daily operations are subject to a number of financial risks, including market risk (including exchange rate risk, price risk and interest rate risk), credit risk and liquidity risk. The Consolidated Company adopts the strictest standards of control over the financial risks of its investments in financial instruments. Any financial investments and operations are thoroughly evaluated for possible risks, and the less risky ones are always selected and sought to minimize potential adverse effects on the Consolidated Company's financial position and financial performance.
- (2) Risk management is performed by the Consolidated Company's Finance Department in accordance with policies approved by the Board of Directors. The Finance Department is responsible for identifying, evaluating and hedging financial risks by working closely with the various operating units within the Group. The Board of Directors has written principles for overall risk management and also provides written policies for specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus liquidity.

4. Nature and extent of significant financial risks

(1) Market risk

Exchange rate risk

A. The Consolidated Company engages in business involving certain non-functional currencies and is therefore subject to exchange rate fluctuations. Information on foreign currency assets and liabilities subject to significant exchange rate fluctuations is as follows:

	December 31, 2021			Unit: In thousands of NT\$		
	Foreign currency	Exchange rate	Carrying amount (NTD)	Sensitivity analysis		
				Change magnitude	Effect on profit or loss (Before tax)	Effect on equity
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary item</u>						
RMB: NTD	\$30,243	4.34	\$131,203	1%	\$1,312	\$-
USD: NTD	1,386	27.81	38,548	2%	771	-
EUR: NTD	58	32.50	1,885	6%	113	-
ZAR: NTD	\$459	1.83	\$839	10%	\$84	\$-
JPY: NTD	22,617	0.26	5,930	7%	415	-
<u>Financial assets measured at fair value through profit or loss</u>						
USD: NTD	1,764	27.63	48,734	2%	975	-
RMB: NTD	6,973	4.32	30,118	1%	301	-
EUR: NTD	120	31.12	3,734	6%	224	-
ZAR: NTD	948	1.69	1,605	10%	161	-
<u>Financial assets measured at amortized cost</u>						
ZAR: NTD	4,950	1.69	8,380	10%	838	-

VI. Financial Information

	December 31, 2020			Unit: In thousands of NT\$		
	Foreign currency	Exchange rate	Carrying amount (NTD)	Sensitivity analysis		
				Change magnitude	Effect on profit or loss (Before tax)	Effect on equity
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary item</u>						
RMB: NTD	\$29,635	4.37	\$129,429	3%	\$3,883	\$-
USD: NTD	820	28.57	23,426	4%	937	-
EUR: NTD	46	34.59	1,591	5%	80	-
ZAR: NTD	847	1.92	1,626	18%	293	-
JPY: NTD	15,232	0.27	4,143	4%	166	-
<u>Financial assets</u>						
<u>measured at fair value</u>						
<u>through profit or loss</u>						
USD: NTD	2,231	28.42	63,397	4%	2,536	-
RMB: NTD	10,701	4.35	46,572	3%	1,397	-
EUR: NTD	120	34.82	4,178	5%	209	-
<u>Financial assets</u>						
<u>measured at amortized</u>						
<u>cost</u>						
ZAR: NTD	4,950	1.91	9,450	18%	1,701	-

B. The unrealized exchange gains or losses on monetary items that were significantly affected by exchange rate fluctuations are described below:

	December 31, 2021 Unit: In thousands of NT\$			
	Foreign currency	Exchange rate	Carrying amount	Unrealized exchange gains (losses)
<u>Financial assets</u>				
<u>Monetary item</u>				
RMB: NTD	\$30,110	4.32	\$130,044	\$613
ZAR: NTD	4,950	1.69	8,380	(2,262)
	December 31, 2020 Unit: In thousands of NT\$			
	Foreign currency	Exchange rate	Carrying amount	Unrealized exchange gains (losses)
<u>Financial assets</u>				
<u>Monetary item</u>				
USD: NTD	\$646	28.43	\$18,350	\$(391)
RMB: NTD	29,499	4.35	128,370	2,313
ZAR: NTD	5,393	1.92	10,361	(1,102)

Price risk

- A. The Consolidated Company's financial instruments exposed to price risk are those listed as financial assets measured at fair value through profit or loss. To manage the price risk of financial instrument investments, the Consolidated Company diversifies its investment portfolio in accordance with the limits set by the Consolidated Company.
- B. The Consolidated Company invests mainly in equity instruments, open-end funds and bonds issued by domestic and foreign companies, and the prices of these financial instruments are subject to uncertainties in the future value of the underlying investments. If the prices of these financial instruments had increased or decreased by 1%, with all other factors held constant, the net profit after tax for the years ended December 31, 2021 and 2020 would have increased or decreased by \$7,914 thousand and \$6,520 thousand, respectively, from the gain or loss on financial instruments measured at fair value through profit or loss.

Cash flow and fair value interest rate risk

Interest rate risk mainly arises from bank loans. As of December 31, 2021 and 2020, the Consolidated Company had not drawn from the loan facilities and therefore had no significant interest rate risks.

(2) Credit risk

- A. The Consolidated Company's credit risk is the risk of financial loss resulting from the failure of customers or counterparties to financial instruments to meet their contractual obligations, primarily from the failure of counterparties to settle receivables on collection terms and from contractual cash flows from investments in debt instruments classified as measured at amortized cost.
- B. The Consolidated Company establishes the management of credit risk from a group perspective. Only correspondent banks and financial institutions with independent credit ratings of at least "BBB" are accepted as trading counterparties
- C. The Consolidated Company is a privately-held public natural gas enterprise, and its main customers are general customers and commercial customers. In order to effectively control the risk of default due to abnormal customer credit, the Consolidated Company uses the first-use, first-pay method for natural gas bills and the first-pay method for other installation projects in order to protect the Consolidated Company's interests. For natural gas bills, the Company has assessed and controlled bad debts, and regularly evaluates and reviews them, and has set up a project to manage overdue debts.
- D. The Consolidated Company uses the reserve matrix method to estimate the expected credit losses for customer accounts receivable.
- E. The Consolidated Company incorporates the loss rate established by the Chung-Hua Institution for Economic Research's Gas Supply Industry Trend Report for future forward-looking considerations to estimate the allowance for losses on receivables based on historical and current information for a specific period, and the allowance matrix method as of December 31, 2021 and 2020 is as follows:

VI. Financial Information

December 31, 2021

	Not overdue	Overdue 1~30 days	Overdue 31~60 days	Overdue 61~90 days	Overdue 90 days or more	Total
Expected loss rate	0.24%	32.46%	42.06%	81.80%	100.00%	
Total carrying amount	\$170,003,530	\$1,096,076	\$766,333	\$465,721	\$5,407,728	\$177,739,388
Allowance for losses	<u>\$408,300</u>	<u>\$355,816</u>	<u>\$322,324</u>	<u>\$380,941</u>	<u>\$5,407,728</u>	<u>\$6,875,109</u>

December 31, 2020

	Not overdue	Overdue 1~30 days	Overdue 31~60 days	Overdue 61~90 days	Overdue 90 days or more	Total
Expected loss rate	0.24%	34.50%	44.93%	81.69%	100.00%	
Total carrying amount	\$187,607,831	\$1,127,896	\$904,228	\$666,343	\$6,550,808	\$196,857,106
Allowance for losses	<u>\$447,544</u>	<u>\$389,068</u>	<u>\$406,285</u>	<u>\$544,303</u>	<u>\$6,550,808</u>	<u>\$8,338,008</u>

F. The changes in the allowance for losses on receivables were as follows:

	2021	2020
January 1	\$8,338,008	\$9,358,945
Provision for (reversal of) impairment loss	(1,282,977)	(954,868)
Recovery in the current period of the written-off accounts from the previous period	55,897	83,495
Write-off in the current period of the uncollectable accounts in the current period	(235,819)	(149,564)
December 31	<u>\$6,875,109</u>	<u>\$8,338,008</u>

G. The credit risk rating information of the Consolidated Company's investments listed as debt instruments measured at amortized cost is as follows:

December 31, 2021

	Based on 12 months	Base on the duration		Total
		Those with significantly increased credit risk	Those with impaired credit	
Financial assets measured at amortized cost				
Group 1	\$70,000,000	\$-	\$-	\$70,000,000
Group 2	8,380,350	-	-	8,380,350
Total	<u>\$78,380,350</u>	<u>\$-</u>	<u>\$-</u>	<u>\$78,380,350</u>

Group 1: Credit ratings of "twBBB" and "twA-2".

Group 2: Credit ratings of "A1" and "A"

December 31, 2020

	Based on 12 months	Base on the duration		Total
		Those with significantly increased credit risk	Those with impaired credit	
Financial assets measured at amortized cost				
Group 1	\$70,000,000	\$-	\$-	\$70,000,000
Group 2	9,449,550	-	-	9,449,550
Total	\$79,449,550	\$-	\$-	\$79,449,550

Group 1: Credit ratings of "twBBB" and "twA-2".

Group 2: Credit ratings of "A1" and "A"

H. The Consolidated Company assesses the expected credit losses for the next 12 months or the expected credit losses for the duration of the debt instruments by referring to the default rate and default loss rate provided by external credit rating agencies. The Consolidated Company's current credit risk rating mechanism is as follows:

Credit rating	Definition	Expected credit loss recognition basis	Expected credit loss rate
Normal	Credit ratings on trading date and valuation date. (1) Both are investment grade (2) Both are BBB or higher	12-month expected credit loss	0~0.7%
Abnormal	Credit ratings on trading date and valuation date. (1) Downgraded from investment grade to non-investment grade (2) Downgraded from BBB to B	Expected credit loss (without credit impairment) over the duration	-
Breach of contract	Credit rating downgraded to CCC or below at the valuation date	Expected credit loss (with credit impairment) over the duration	-
Write-off	There is evidence that the debtor is in significant financial difficulty and the Company has no reasonable expectation of recovery.	Direct write-off	-

There is no significant increase in the credit risk of the Consolidated Company's investments in debt instruments, and the amount of the allowance for losses based on the 12-month expected credit loss model is not material.

(3) Liquidity risk:

VI. Financial Information

The Consolidated Company manages and maintains sufficient cash and cash equivalents to support its operations and mitigate the impact of cash flow fluctuations.

(III) Information on fair value

1. Please refer to Note 12(2)2 for the fair value information of financial instruments not measured at fair value. The fair value of investment properties measured at cost is described in Note 6(10).
2. The valuation techniques used to measure financial instruments. The definitions of each level are as follows:

Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment). An active market is one in which all of the following conditions are met: the commodities traded in the market are homogeneous; willing buyers and sellers are readily available in the market and price information is accessible to the public.

Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.

Level 3 input value: the unobservable input value of asset or liability.

3. Fair value information - Information related to financial instruments measured at fair value on a recurring basis is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Shares of TWSE/TPEX listed companies	\$573,092,115	\$-	\$-	\$573,092,115
Fund beneficiary certificates	69,050,295	-	-	69,050,295
Beneficiary securities	45,073,000	-	-	45,073,000
Bond	95,734,734	-	-	95,734,734
Bill	8,431,500	-	-	8,431,500
Total	\$791,381,644	\$-	\$-	\$791,381,644
December 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Shares of TWSE/TPEX listed companies	\$414,802,654	\$-	\$-	\$414,802,654
Fund beneficiary certificates	96,629,016	-	-	96,629,016
Beneficiary securities	13,110,000	-	-	13,110,000
Bond	118,404,027	-	-	118,404,027
Bill	9,011,500	-	-	9,011,500
Total	\$651,957,197	\$-	\$-	\$651,957,197

4. The methods and assumptions used to measure fair value are described below:

The Consolidated Company uses quoted market prices as fair value inputs (i.e., Level 1), listed stocks and beneficiary certificates are valued at the closing prices announced by the stock exchanges and over-the-counter, open-end funds are valued at net worth, and international bonds and notes are valued at the most recently traded prices.

5. The fair value of Level 1 has not shifted in any way in the years 2021 and 2020.

XIII. Additional Disclosure

(I) Information on Significant Transactions

1. Please refer to Schedule 1 for details of business relationships and significant transactions between the parent company and its subsidiaries for the year ended December 31, 2021.
2. Information on Significant Transactions

No.	Item	Schedule
1	Lending of funds to others	None
2	Endorsement and guarantee for others	None
3	Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures)	Schedule 2
4	The cumulative amount of marketable securities purchased or sold reached NT\$300 million or 20% of the paid-in capital.	None
5	The amount of real estate acquired reached NT\$300 million or 20% of the paid-in capital	None
6	The amount of real estate disposed of reached NT\$300 million or 20% of the paid-in capital	None
7	The amount of purchase or sale of goods from or to related parties reached NT\$300 million or 20% of the paid-in capital	None
8	The amount of receivables from related parties reached NT\$300 million or 20% of the paid-in capital	None
9	Engagement in derivative transactions	None

(II) Information on Investees

No.	Item	Schedule
1	Lending of funds to others	None
2	Endorsement and guarantee for others	None
3	Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures)	Schedule 3
4	The cumulative amount of marketable securities purchased or sold reached NT\$300 million or 20% of the paid-in capital.	None
5	The amount of real estate acquired reached NT\$300 million or 20% of the paid-in capital	None
6	The amount of real estate disposed of reached NT\$300 million or 20% of the paid-in capital	None
7	The transaction amount of purchase or sale of goods from or to related parties reached NT\$300 million or 20% of the paid-in capital	Schedule 4
8	The amount of receivables from related parties reached NT\$300 million or 20% of the paid-in capital	None
9	Engagement in derivative transactions	None
10	Names and locations of investees and other relevant information (excluding investees in Mainland China)	Schedule 5

(I) Information on Investments in Mainland China: None.(II) Information on Major Shareholders: Schedule 6XIV. Segment information

(I) For management purposes, the Consolidated Company divided its operating units according to different products and services, and divided them into the following three reportable segments:

Gas Sales Segment: This segment is mainly responsible for the supply of natural gas to customers through pipelines.

Installation Segment: This segment is mainly responsible for the installation of natural gas transmission pipelines and gas safety equipment.

Other Segment: Not included in the above businesses.

(II) Information on the operating segments for FY110 and FY109 is as follows:

	2021				Total
	Gas sales segment	Installation segment	Other segment	Adjustment and elimination	
Revenue					
Revenue from external customers	\$1,488,668,217	\$195,044,937	\$110,454,793	\$-	\$1,794,167,947
Intersegment revenue	-	249,950,058	-	(249,950,058)	-
Interest income	-	2,770,956	17,290,555	-	20,061,511
Total revenue	<u>\$1,488,668,217</u>	<u>\$447,765,951</u>	<u>\$127,745,348</u>	<u>\$(249,950,058)</u>	<u>\$1,814,229,458</u>
Interest expense	<u>\$65,448</u>	<u>\$42,561</u>	<u>\$18,449</u>	<u>\$(42,385)</u>	<u>\$84,073</u>
Depreciation and amortization	<u>\$178,743,382</u>	<u>\$84,806,323</u>	<u>\$6,986,735</u>	<u>\$(34,430,396)</u>	<u>\$236,106,044</u>
Share of profits and losses of affiliates and joint ventures under the equity method:	<u>\$-</u>	<u>\$-</u>	<u>\$108,410,325</u>	<u>\$(108,410,325)</u>	<u>\$-</u>
Segment profit or loss	<u>\$278,356,668</u>	<u>\$155,681,908</u>	<u>\$68,350,375</u>	<u>\$(103,481,534)</u>	<u>\$398,907,417</u>
Segment total assets	<u>\$2,400,534,479</u>	<u>\$1,318,214,339</u>	<u>\$2,440,772,629</u>	<u>\$(824,861,326)</u>	<u>\$5,334,660,121</u>
Segment total liabilities	<u>\$715,172,542</u>	<u>\$1,293,973,612</u>	<u>\$238,298,743</u>	<u>\$(46,055,528)</u>	<u>\$2,201,389,369</u>
	2020				Total
	Gas sales segment	Installation segment	Other segment	Adjustment and elimination	
Revenue					
Revenue from external customers	\$1,613,406,612	\$203,049,039	\$169,913,532	\$-	\$1,986,369,183
Intersegment revenue	-	358,871,431	-	(358,871,431)	-
Interest income	-	3,405,945	18,874,944	-	22,280,889
Total revenue	<u>\$1,613,406,612</u>	<u>\$565,326,415</u>	<u>\$188,788,476</u>	<u>\$(358,871,431)</u>	<u>\$2,008,650,072</u>
Interest expense	<u>\$82,890</u>	<u>\$10,148</u>	<u>\$22,028</u>	<u>\$(9,888)</u>	<u>\$105,178</u>
Depreciation and amortization	<u>\$159,715,307</u>	<u>\$81,434,902</u>	<u>\$5,116,079</u>	<u>\$(33,294,035)</u>	<u>\$212,972,253</u>
Share of profits and losses of affiliates and joint ventures under the equity method:	<u>\$-</u>	<u>\$-</u>	<u>\$115,347,322</u>	<u>\$(115,347,322)</u>	<u>\$-</u>
Segment profit or loss	<u>\$284,106,483</u>	<u>\$217,651,104</u>	<u>\$50,504,824</u>	<u>\$(159,700,598)</u>	<u>\$392,561,813</u>
Segment total assets	<u>\$2,392,846,962</u>	<u>\$1,329,840,686</u>	<u>\$2,290,251,979</u>	<u>\$(812,441,166)</u>	<u>\$5,200,498,461</u>
Segment total liabilities	<u>\$657,274,285</u>	<u>\$1,267,696,130</u>	<u>\$257,995,971</u>	<u>\$(55,909,429)</u>	<u>\$2,127,056,957</u>

- ① Intersegment revenue is eliminated upon consolidation.
- ② The amounts reported by the Consolidated Company are consistent with the reports used by the operating decision maker. The accounting policies of the Consolidated Company's segments are the same as the summary of significant accounting policies described in Note 4. The Consolidated Company's segment profit or loss is measured at net profit before tax and is used as the basis for evaluating performance.

(II) Region information

The Consolidated Company's operating revenues from external customers are classified according to the country of the customer and the information of non-current assets by location of the assets is presented as follows:

	Operating revenue		Non-current assets	
	2021	2020	December 31, 2021	December 31, 2020
Taiwan	\$1,794,167,947	\$1,986,369,183	\$2,709,589,500	\$2,710,181,172

Non-current assets consist of property, plant and equipment, right-of-use assets, investment property, intangible assets and other non-current assets, excluding financial instruments and deferred income tax assets.

(III) Product information

Type of product	2021	2020
Gas sales	\$1,488,668,217	\$1,613,406,612
Installation:	195,044,937	201,722,838
Others	110,454,793	171,239,733
Total	\$1,794,167,947	\$1,986,369,183

(IV) Information on important customers

The Consolidated Company has no external customers whose purchase accounts for more than 10% of the operating revenue of the Consolidated Company.

Schedule 1: Business relationship and significant transactions between parent and subsidiary

No. (Note 1)	Name of the trader		Trading partner	Relations hip with the trader (Note 2)	Item	Circumstance of the transaction		As a percentage of consolidated total revenue or total assets (Note 3)
	Name of the trader	Trading partner				Amount (In thousands of NT\$)	Trading term	
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.		1	Installation revenue	\$4,241	Comparable to ordinary trading terms	0.24%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.		1	Purchases	57,061	Comparable to ordinary trading terms	3.18%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.		1	Installation cost	6,179	Comparable to ordinary trading terms	0.34%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.		1	Other operating costs	26,322	Comparable to ordinary trading terms	1.47%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.		1	Accounts receivable	4,116	Comparable to ordinary trading terms	0.08%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.		1	Notes payable	19,664	Comparable to ordinary trading terms	0.37%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.		1	Accounts payable	15,149	Comparable to ordinary trading terms	0.28%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.		1	Other payables	4,607	Comparable to ordinary trading terms	0.09%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.		1	Other non-current liabilities (deposits received)	657	—	0.01%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.		1	Lease income	491	Collected on a monthly basis	0.03%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.		1	Professional service expenses	24,301	Comparable to ordinary trading terms	1.35%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.		1	Repair and maintenance expense	10,264	—	0.57%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.		1	Gas sales equipment	121,582	Comparable to ordinary trading terms	2.28%

Note 1: Information on business transactions between the parent company and the subsidiary should be indicated in the column for number, respectively, and the numbers should be completed as follows:

1. Fill in "0" for parent company.
2. Subsidiaries are numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: The relationship with the trader is classified into three types as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3: The percentage of transaction amount to consolidated total revenues or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities, or as the amount to consolidated total revenues in the case of profit or loss.

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
Shin Shin Natural Gas Co. LTD.	Phison / Stock	-	Financial assets measured at fair value through profit or loss - current	11,000	\$5,632,000	-	\$5,632,000
Shin Shin Natural Gas Co. LTD.	THE GREAT TAIPEI GAS / Stock	The chairperson of this company is a director of the Company	Financial assets measured at fair value through profit or loss - current	481,000	15,969,200	-	15,969,200
Shin Shin Natural Gas Co. LTD.	Taiwan Shin Kong Security / Stock	-	Financial assets measured at fair value through profit or loss - current	55,500	2,183,925	-	2,183,925
Shin Shin Natural Gas Co. LTD.	SHIN HAIGAS / Stock	The chairperson of this company is a director of the Company	Financial assets measured at fair value through profit or loss - current	38,927	1,919,101	-	1,919,101
Shin Shin Natural Gas Co. LTD.	USI / Stock	-	Financial assets measured at fair value through profit or loss - current	50,000	1,577,500	-	1,577,500
Shin Shin Natural Gas Co. LTD.	TA YA ELECTRIC WIRE & CABLE / Stock	-	Financial assets measured at fair value through profit or loss - current	61,150	1,525,693	-	1,525,693
Shin Shin Natural Gas Co. LTD.	Chunghwa Chemical Synthesis & Biotech / Stock	-	Financial assets measured at fair value through profit or loss - current	48,000	3,115,200	-	3,115,200
Shin Shin Natural Gas Co. LTD.	China Steel / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	707,000	-	707,000
Shin Shin Natural Gas Co. LTD.	TA CHEN STAINLESS PIPE / Stock	-	Financial assets measured at fair value through profit or loss - current	10,000	462,500	-	462,500
Shin Shin Natural Gas Co. LTD.	FROCH ENTERPRISE / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	889,500	-	889,500
Shin Shin Natural Gas Co. LTD.	Tang Eng Iron Works / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	715,000	-	715,000

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
Shin Shin Natural Gas Co. LTD.	KING SLIDE WORKS / Stock	-	Financial assets measured at fair value through profit or loss - current	3,000	\$1,551,000	-	\$1,551,000
Shin Shin Natural Gas Co. LTD.	Cub Elecparts / Stock	-	Financial assets measured at fair value through profit or loss - current	9,000	1,696,500	-	1,696,500
Shin Shin Natural Gas Co. LTD.	United Microelectronics Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	86,000	5,590,000	-	5,590,000
Shin Shin Natural Gas Co. LTD.	HON HAI PRECISION / Stock	-	Financial assets measured at fair value through profit or loss - current	10,000	1,040,000	-	1,040,000
Shin Shin Natural Gas Co. LTD.	TSMC / Stock	-	Financial assets measured at fair value through profit or loss - current	5,000	3,075,000	-	3,075,000
Shin Shin Natural Gas Co. LTD.	KURA SUSHI ASIA / Stock	-	Financial assets measured at fair value through profit or loss - current	7,000	525,700	-	525,700
Shin Shin Natural Gas Co. LTD.	Union Bank of Taiwan Preferred Shares A / Stock	-	Financial assets measured at fair value through profit or loss - current	1,000,000	53,000,000	-	53,000,000
Shin Shin Natural Gas Co. LTD.	Cathy Preferred Shares / Stock	-	Financial assets measured at fair value through profit or loss - current	50,000	3,145,000	-	3,145,000
Shin Shin Natural Gas Co. LTD.	China Development Financial Holding Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	70,000	1,225,000	-	1,225,000
Shin Shin Natural Gas Co. LTD.	Shin Kong Financial Holding / Stock	-	Financial assets measured at fair value through profit or loss - current	200,483	2,215,337	-	2,215,337
Shin Shin Natural Gas Co. LTD.	Shin Kong Financial Holding Preferred Shares A / Stock	-	Financial assets measured at fair value through profit or loss - current	460,460	19,615,596	-	19,615,596

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Unit: In NT\$

Continued from the previous page

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
Shin Shin Natural Gas Co. LTD.	Shin Kong Financial Holding Preferred Shares B / Stock	-	Financial assets measured at fair value through profit or loss - current	5,112	\$219,049	-	\$219,049
Shin Shin Natural Gas Co. LTD.	WT Microelectronics / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	1,470,000	-	1,470,000
Shin Shin Natural Gas Co. LTD.	LASTER TECH / Stock	-	Financial assets measured at fair value through profit or loss - current	41,000	1,806,050	-	1,806,050
Shin Shin Natural Gas Co. LTD.	Global Unichip / Stock	-	Financial assets measured at fair value through profit or loss - current	9,000	5,274,000	-	5,274,000
Shin Shin Natural Gas Co. LTD.	FORMOSA SUMCO TECHNOLOGY / Stock	-	Financial assets measured at fair value through profit or loss - current	6,000	1,740,000	-	1,740,000
Shin Shin Natural Gas Co. LTD.	MATERIALS ANALYSIS TECHNOLOGY / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	3,140,000	-	3,140,000
Shin Shin Natural Gas Co. LTD.	BizLink-KY / Stock	-	Financial assets measured at fair value through profit or loss - current	10,000	2,610,000	-	2,610,000
Shin Shin Natural Gas Co. LTD.	WPG / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	1,052,000	-	1,052,000
Shin Shin Natural Gas Co. LTD.	WPG Preferred Shares A / Stock	-	Financial assets measured at fair value through profit or loss - current	700,000	34,685,000	-	34,685,000

Unit: In NT\$

Continued from the previous page

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	CL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
Shin Shin Natural Gas Co. LTD.	CoreMax / Stock	-	Financial assets measured at fair value through profit or loss - current	15,488	\$2,292,224	-	\$2,292,224
Shin Shin Natural Gas Co. LTD.	CHIA CHANG / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	1,006,000	-	1,006,000
Shin Shin Natural Gas Co. LTD.	Innodisk / Stock	-	Financial assets measured at fair value through profit or loss - current	10,000	2,040,000	-	2,040,000
Shin Shin Natural Gas Co. LTD.	First Hi-tec Enterprise / Stock	-	Financial assets measured at fair value through profit or loss - current	8,000	490,400	-	490,400
Shin Shin Natural Gas Co. LTD.	Sino-American Silicon Products / Stock	-	Financial assets measured at fair value through profit or loss - current	24,000	5,664,000	-	5,664,000
Shin Shin Natural Gas Co. LTD.	SAN LIEN TECHNOLOGY / Stock	-	Financial assets measured at fair value through profit or loss - current	23,500	1,026,950	-	1,026,950
Shin Shin Natural Gas Co. LTD.	Hannstar Display / Stock	-	Financial assets measured at fair value through profit or loss - current	60,000	1,086,000	-	1,086,000
Shin Shin Natural Gas Co. LTD.	GLOBAL BRANDS MANUFACTURE LIMITED / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	1,158,000	-	1,158,000
Shin Shin Natural Gas Co. LTD.	HU LANE ASSOCIATE / Stock	-	Financial assets measured at fair value through profit or loss - current	8,000	1,120,000	-	1,120,000

Unit: In NT\$

Continued from the previous page

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
Shin Shin Natural Gas Co. LTD.	Globalwafers / Stock	-	Financial assets measured at fair value through profit or loss - current	5,000	\$4,440,000	-	\$4,440,000
Shin Shin Natural Gas Co. LTD.	FITTECH / Stock	-	Financial assets measured at fair value through profit or loss - current	15,000	3,285,000	-	3,285,000
Shin Shin Natural Gas Co. LTD.	Powerchip Semiconductor Manufacturing Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	10,869	773,873	-	773,873
Shin Shin Natural Gas Co. LTD.	ALLIED CIRCUIT CO.,LTD. / Stock	-	Financial assets measured at fair value through profit or loss - current	19,000	3,154,000	-	3,154,000
Shin Shin Natural Gas Co. LTD.	Shin Kong Global Home Economy Securities Investment Trust/ Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	2,000,000	25,860,000	-	25,860,000
Shin Shin Natural Gas Co. LTD.	Yuanta Taiwan High Dividend Quality Leader Fund (Type A Non-Dividend) / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	500,000	7,920,000	-	7,920,000
Shin Shin Natural Gas Co. LTD.	Fuh Hwa Taiwan Good Yield Fund / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	1,000,000	12,620,000	-	12,620,000
Shin Shin Natural Gas Co. LTD.	Yuanta Future Key Technology ETF Fund / Beneficiary Securities	-	Financial assets measured at fair value through profit or loss - current	250,000	8,397,500	-	8,397,500
Shin Shin Natural Gas Co. LTD.	Fubon FTSE Vietnam ETF Securities Investment Trust/ Beneficiary Securities	-	Financial assets measured at fair value through profit or loss - current	1,000,000	17,640,000	-	17,640,000

Continued from the previous page Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
Shin Shin Natural Gas Co. LTD.	CTBC Key Semiconductor Stock / Beneficial Securities	-	Financial assets measured at fair value through profit or loss - current	100,000	\$1,770,000	-	\$1,770,000
Shin Shin Natural Gas Co. LTD.	Fubon Future Vehicle ETF Securities Investment Trust / Beneficiary Securities	-	Financial assets measured at fair value through profit or loss - current	450,000	8,158,500	-	8,158,500
Shin Shin Natural Gas Co. LTD.	Fubon Genetic Immunity Biotechnology ETF Fund (00897) / Beneficiary Securities	-	Financial assets measured at fair value through profit or loss - current	700,000	9,107,000	-	9,107,000
Shin Shin Natural Gas Co. LTD.	P06 Taichung Bank 2 / Bond	-	Financial assets measured at fair value through profit or loss - current	300,000	30,006,000	-	30,006,000
Shin Shin Natural Gas Co. LTD.	Fubon China RMB Bond (FUBBAN 4.08 01/19/25) / Bond	-	Financial assets measured at fair value through profit or loss - current	2,000,000	8,551,620	-	8,551,620
Shin Shin Natural Gas Co. LTD.	National Bank of Dubai, UAE RMB Senior Unsecured Bonds (EBIUH 4.62 05/15/2026) / Bond	-	Financial assets measured at fair value through profit or loss - current	2,000,000	8,813,844	-	8,813,844
Shin Shin Natural Gas Co. LTD.	National Westminster Bank Renminbi Senior Unsecured Bonds (RBS 3 1/2 06/04/23 CORP) / Bond	-	Financial assets measured at fair value through profit or loss - current	2,000,000	8,465,240	-	8,465,240
Shin Shin Natural Gas Co. LTD.	HSBC Holdings U.S. dollar subordinated bonds(HSBC 6 3/8) / Bond	-	Financial assets measured at fair value through profit or loss - current	200,000	5,912,212	-	5,912,212
Shin Shin Natural Gas Co. LTD.	Qatar National Bank 3.6 / Bond	-	Financial assets measured at fair value through profit or loss - current	1,000,000	4,287,039	-	4,287,039

Unit: In NT\$

Continued from the previous page

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
Shin Shin Natural Gas Co. LTD.	M&G PLC USD Subordinated Bonds / Bond	-	Financial assets measured at fair value through profit or loss - current	200,000	\$6,460,944	-	\$6,460,944
Shin Shin Natural Gas Co. LTD.	Metropolitan U.S. dollar subordinated bonds/ Bond	-	Financial assets measured at fair value through profit or loss - current	100,000	3,402,413	-	3,402,413
Shin Shin Natural Gas Co. LTD.	Meiya Financial U.S. dollar denominated primary bonds/ Bond	-	Financial assets measured at fair value through profit or loss - current	42,000	1,274,266	-	1,274,266
Shin Shin Natural Gas Co. LTD.	CCAM/Stable Foreign Currency Arbitrage Bills (USD) / Bill	-	Financial assets measured at fair value through profit or loss - current	17 board lots	4,697,100	-	4,697,100
Shin Shin Natural Gas Co. LTD.	CCAM/Stable Foreign Currency Arbitrage Bills (EUR) / Bill	-	Financial assets measured at fair value through profit or loss - current	12 board lots	3,734,400	-	3,734,400
Shin Shin Natural Gas Co. LTD.	Banshin Financial Bonds / Bond	-	Financial assets measured at amortized cost - non-current	6 board lots	70,000,000	-	70,000,000

Schedule 3: Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures)

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
EVFA INTERNATIONAL CO., LTD.	TONG HSING ELECTRONIC / Stock	-	Financial assets measured at fair value through profit or loss - current	31,000	\$9,222,500	-	\$9,222,500
EVFA INTERNATIONAL CO., LTD.	Taiwan Surface Mounting Technology Corp. / Stock	-	Financial assets measured at fair value through profit or loss - current	45,000	5,557,500	-	5,557,500
EVFA INTERNATIONAL CO., LTD.	TSEC CORPORATION / Stock	-	Financial assets measured at fair value through profit or loss - current	126,000	5,355,000	-	5,355,000
EVFA INTERNATIONAL CO., LTD.	Globalwafers / Stock	-	Financial assets measured at fair value through profit or loss - current	13,000	11,544,000	-	11,544,000
EVFA INTERNATIONAL CO., LTD.	PEGAVISION / Stock	-	Financial assets measured at fair value through profit or loss - current	9,000	3,843,000	-	3,843,000
EVFA INTERNATIONAL CO., LTD.	GLOBAL BRANDS MANUFACTURE LIMITED / Stock	-	Financial assets measured at fair value through profit or loss - current	66,300	2,018,835	-	2,018,835
EVFA INTERNATIONAL CO., LTD.	ZILLTEK TECHNOLOGY CORP. / Stock	-	Financial assets measured at fair value through profit or loss - current	22,000	8,800,000	-	8,800,000
EVFA INTERNATIONAL CO., LTD.	Shinybrands / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	1,704,000	-	1,704,000
EVFA INTERNATIONAL CO., LTD.	FITTECH / Stock	-	Financial assets measured at fair value through profit or loss - current	29,000	6,351,000	-	6,351,000
EVFA INTERNATIONAL CO., LTD.	NAN YA PRINTED CIRCUIT BOARD CORPORATION / Stock	-	Financial assets measured at fair value through profit or loss - current	24,000	13,728,000	-	13,728,000

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period				Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	Fair value	
EVFA INTERNATIONAL CO., LTD.	E Ink Holdings Inc. / Stock	-	Financial assets measured at fair value through profit or loss - current	24,000	\$3,624,000	-	\$3,624,000	
EVFA INTERNATIONAL CO., LTD.	Nien Made Enterprise Co., Ltd. / Stock	-	Financial assets measured at fair value through profit or loss - current	19,000	7,837,500	-	7,837,500	
EVFA INTERNATIONAL CO., LTD.	Xentria Technology Materials Co.,Ltd. / Stock	-	Financial assets measured at fair value through profit or loss - current	35,000	2,383,500	-	2,383,500	
EVFA INTERNATIONAL CO., LTD.	Merida / Stock	-	Financial assets measured at fair value through profit or loss - current	16,000	5,240,000	-	5,240,000	
EVFA INTERNATIONAL CO., LTD.	FORMOSA PLASTICS. / Stock	-	Financial assets measured at fair value through profit or loss - current	41,000	4,264,000	-	4,264,000	
EVFA INTERNATIONAL CO., LTD.	KING SLIDE WORKS / Stock	-	Financial assets measured at fair value through profit or loss - current	13,000	6,721,000	-	6,721,000	
EVFA INTERNATIONAL CO., LTD.	China Motor Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	1,902,000	-	1,902,000	
EVFA INTERNATIONAL CO., LTD.	United Microelectronics Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	285,000	18,525,000	-	18,525,000	
EVFA INTERNATIONAL CO., LTD.	DELTA ELECTRONICS / Stock	-	Financial assets measured at fair value through profit or loss - current	32,000	8,800,000	-	8,800,000	
EVFA INTERNATIONAL CO., LTD.	TSMC / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	12,300,000	-	12,300,000	
EVFA INTERNATIONAL CO., LTD.	Opto Tech Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	60,000	4,266,000	-	4,266,000	

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
EVFA INTERNATIONAL CO., LTD.	SDI Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	34,000	\$5,967,000	-	\$5,967,000
EVFA INTERNATIONAL CO., LTD.	GOLD CIRCUIT ELECTRONICS / Stock	-	Financial assets measured at fair value through profit or loss - current	45,000	3,420,000	-	3,420,000
EVFA INTERNATIONAL CO., LTD.	ELITE MATERIAL CO., LTD. / Stock	-	Financial assets measured at fair value through profit or loss - current	18,000	5,004,000	-	5,004,000
EVFA INTERNATIONAL CO., LTD.	AU Optonics Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	455,000	10,419,500	-	10,419,500
EVFA INTERNATIONAL CO., LTD.	MediaTek / Stock	-	Financial assets measured at fair value through profit or loss - current	8,000	9,520,000	-	9,520,000
EVFA INTERNATIONAL CO., LTD.	ELAN MICROELECTRONICS CORP / Stock	-	Financial assets measured at fair value through profit or loss - current	15,000	2,550,000	-	2,550,000
EVFA INTERNATIONAL CO., LTD.	AMPOC FAR-EAST CO., LTD. / Stock	-	Financial assets measured at fair value through profit or loss - current	62,000	2,390,100	-	2,390,100
EVFA INTERNATIONAL CO., LTD.	EVA Air / Stock	-	Financial assets measured at fair value through profit or loss - current	15,000	2,137,500	-	2,137,500
EVFA INTERNATIONAL CO., LTD.	Union Bank of Taiwan (Preferred Shares) / Stock	-	Financial assets measured at fair value through profit or loss - current	200,000	10,600,000	-	10,600,000
EVFA INTERNATIONAL CO., LTD.	Shin Kong Financial Holding / Stock	-	Financial assets measured at fair value through profit or loss - current	17,110	189,066	-	189,066
EVFA INTERNATIONAL CO., LTD.	Shin Kong Financial Holding Preferred Shares A / Stock	-	Financial assets measured at fair value through profit or loss - current	300,000	12,780,000	-	12,780,000

Continued from the previous page

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
EVFA INTERNATIONAL CO., LTD.	Shin Kong Financial Holding Preferred Shares B / Stock	-	Financial assets measured at fair value through profit or loss - current	3,824	\$163,858	-	\$163,858
EVFA INTERNATIONAL CO., LTD.	Industrial Bank of Taiwan Preferred Shares A / Stock	-	Financial assets measured at fair value through profit or loss - current	206,000	2,080,600	-	2,080,600
EVFA INTERNATIONAL CO., LTD.	RUENTEX INDUSTRIES LIMITED / Stock	-	Financial assets measured at fair value through profit or loss - current	26,000	2,535,000	-	2,535,000
EVFA INTERNATIONAL CO., LTD.	NOVATEK MICROELECTRONICS CORP. / Stock	-	Financial assets measured at fair value through profit or loss - current	24,000	12,936,000	-	12,936,000
EVFA INTERNATIONAL CO., LTD.	Unimicron / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	4,620,000	-	4,620,000
EVFA INTERNATIONAL CO., LTD.	Kinsus / Stock	-	Financial assets measured at fair value through profit or loss - current	21,000	4,893,000	-	4,893,000
EVFA INTERNATIONAL CO., LTD.	International Games System / Stock	-	Financial assets measured at fair value through profit or loss - current	6,000	4,758,000	-	4,758,000
EVFA INTERNATIONAL CO., LTD.	SHENMAO / Stock	-	Financial assets measured at fair value through profit or loss - current	127,000	10,299,700	-	10,299,700
EVFA INTERNATIONAL CO., LTD.	TAL-TECH Advanced Electronics / Stock	-	Financial assets measured at fair value through profit or loss - current	17,000	2,218,500	-	2,218,500
EVFA INTERNATIONAL CO., LTD.	Innolux Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	322,000	6,311,200	-	6,311,200
EVFA INTERNATIONAL CO., LTD.	Solteam Incorporation / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	2,679,000	-	2,679,000

Continued from the previous page

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
EVEA INTERNATIONAL CO., LTD.	eMemory Technology / Stock	-	Financial assets measured at fair value through profit or loss - current	5,000	\$10,950,000	-	\$10,950,000
EVEA INTERNATIONAL CO., LTD.	FORMOSA SUMCO TECHNOLOGY / Stock	-	Financial assets measured at fair value through profit or loss - current	12,000	3,480,000	-	3,480,000
EVEA INTERNATIONAL CO., LTD.	LOTES CO., LTD / Stock	-	Financial assets measured at fair value through profit or loss - current	8,000	6,088,000	-	6,088,000
EVEA INTERNATIONAL CO., LTD.	Senao / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	2,050,000	-	2,050,000
EVEA INTERNATIONAL CO., LTD.	JENTECH PRECISION INDUSTRIAL CO., LTD / Stock	-	Financial assets measured at fair value through profit or loss - current	10,000	4,080,000	-	4,080,000
EVEA INTERNATIONAL CO., LTD.	TOPKEY / Stock	-	Financial assets measured at fair value through profit or loss - current	25,000	3,750,000	-	3,750,000
EVEA INTERNATIONAL CO., LTD.	QUALIPOLY CHEMICAL CORP. / Stock	-	Financial assets measured at fair value through profit or loss - current	73,500	3,245,025	-	3,245,025
EVEA INTERNATIONAL CO., LTD.	Parade-KY / Stock	-	Financial assets measured at fair value through profit or loss - current	3,000	6,345,000	-	6,345,000
EVEA INTERNATIONAL CO., LTD.	TONS LIGHTOLOGY INC. / Stock	-	Financial assets measured at fair value through profit or loss - current	61,812	1,977,984	-	1,977,984
EVEA INTERNATIONAL CO., LTD.	SONG HO / Stock	-	Financial assets measured at fair value through profit or loss - current	60,000	2,283,000	-	2,283,000
EVEA INTERNATIONAL CO., LTD.	Vanguard / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	4,740,000	-	4,740,000

Unit: In NT\$

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
EVFA INTERNATIONAL CO., LTD.	TOPCO SCIENTIFIC Co., Ltd. / Stock	-	Financial assets measured at fair value through profit or loss - current	18,000	\$2,844,000	-	\$2,844,000
EVFA INTERNATIONAL CO., LTD.	Sino-American Silicon Products / Stock	-	Financial assets measured at fair value through profit or loss - current	47,000	11,092,000	-	11,092,000
EVFA INTERNATIONAL CO., LTD.	DELTA ELECTRONICS / Stock	-	Financial assets measured at fair value through profit or loss - current	21,000	5,848,500	-	5,848,500
EVFA INTERNATIONAL CO., LTD.	Chipbond / Stock	-	Financial assets measured at fair value through profit or loss - current	35,000	2,334,500	-	2,334,500
EVFA INTERNATIONAL CO., LTD.	SONG SHANG / Stock	-	Financial assets measured at fair value through profit or loss - current	130,000	2,873,000	-	2,873,000
EVFA INTERNATIONAL CO., LTD.	WAFER WORKS CORPORATION / Stock	-	Financial assets measured at fair value through profit or loss - current	106,717	9,124,304	-	9,124,304
EVFA INTERNATIONAL CO., LTD.	Shin Ruenn / Stock	-	Financial assets measured at fair value through profit or loss - current	85,925	2,277,013	-	2,277,013
EVFA INTERNATIONAL CO., LTD.	Fuh Hwa Taiwan Good Yield Fund / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	1,000,000	12,620,000	-	12,620,000
EVFA INTERNATIONAL CO., LTD.	Global Trend USD Fund / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	14,152.90	10,030,295	-	10,030,295
EVFA INTERNATIONAL CO., LTD.	AT&T U.S. dollar corporate bonds/ Bond	-	Financial assets measured at fair value through profit or loss - current	5,000	16,956,531	-	16,956,531
EVFA INTERNATIONAL CO., LTD.	Qatar National Bank Financial Limited South African currency foreign bonds/ Bond	-	Financial assets measured at fair value through profit or loss - current	50 board lots	1,604,625	-	1,604,625

Unit: In NTS

Company held	Type and name of marketable securities	Relationship with issuer of marketable securities	GL account in the financial statements	End of the period			Remarks
				Number of shares/units	Carrying amount	Shareholdings percentage	
EVFA INTERNATIONAL CO., LTD.	Credit Suisse London Branch 6-Year ZAR Fixed Income Bonds / Bond	-	Financial assets measured at amortized cost - non-current	99 board lots	\$8,380,350	-	\$8,380,350
EVFA INTERNATIONAL CO., LTD.	Industrial Bank of Taiwan / Stock	-	Financial assets measured at fair value through profit or loss - current	2,292,829	18,342,632	-	18,342,632
EVFA INTERNATIONAL CO., LTD.	Shin Shin Natural Gas / Stock	Parent company of EVFA	Financial assets measured at fair value through other comprehensive income	2,527,863	108,192,536	-	108,192,536

Continued from the previous page

Schedule 4: The amount of purchase or sale of goods from or to related parties reached NT\$300 million or 20% of the paid-in capital

Unit: In NT\$

Company that purchases or sells goods	Name of trading partner	Relationship with the trader	Circumstance of the transaction			Circumstance under which the terms of the transaction differ from those of ordinary transactions and the reasons therefor.		Notes and accounts receivable (payable)		Remarks	
			Sale (purchase)	Amount	As a percentage of total sales (purchases)	Credit granting period	Unit price	Credit granting period	Balance		As a percentage of notes and accounts receivable (payable)
EVFA INTERNATIONAL CO., LTD.	Shin Shin Natural Gas Co. LTD.	Parent company	Sale	\$167,784,295	62.49%	Approximately one month	Same as ordinary transactions	1 month	\$39,420,291	99.82%	

Schedule 5: Names and locations of investees and other relevant information

Name of investor company	Investee name	Location	Principal business activities	Original investment amount		Holding at the end of the period		Profit (loss) income of the investee company for the period	Investment income (loss) recognized in the period (Note 1)	Remarks
				End of the period	End of last year	Number of shares	Percentage			
Shin Shin Natural Gas Co., LTD.	EYFA INTERNATIONAL CO., LTD.	New Taipei City	(1) Manufacture and sale of gas equipment and import/export dealership (2) Planning, design, supervision and maintenance of gas equipment construction (3) Planning and installation of emergency automatic gas shut-off system equipment (4) Entrusted to transcribe user's gas meter usage (5) Import and export sales of gas meters	\$80,008,000	\$80,008,000	49,500,000	100.00%	\$451,547,197	\$101,404,251	\$108,410,325

Unit: In NT\$

Note 1: The effect of unrealized profit or loss on intercompany transactions has been taken into account in the investment income (loss) recognized in the period.

Schedule 6: Information on Major Shareholders

Name of Major Shareholder	Shares	Number of shares held	Shareholdings percentage
Veterans Affairs Commission, Executive Yuan		46,556,713	25.78%
Thousand Islands Investment Co., Ltd.		11,655,712	6.45%
THE GREAT TAIPEI GAS CORPORATION		10,534,066	5.83%

1. The information on major shareholders in this schedule is calculated by Taiwan Depository & Clearing Corporation on the last business day of each quarter from the information of shareholders holding 5% or more of the Company's common shares and preferred shares that have been delivered through book-entry system without physical securities (including treasury shares). The number of shares recorded in the Company's financial statements and the actual number of shares delivered through book-entry system without physical securities may differ depending on the basis of computation.
2. In the case of a shareholder who entrusts his or her shares to the trust, the above information is disclosed on the individual account opened by the principal with the trustee. For the insider equity reporting of a shareholder who holds more than 10% of the shares in accordance with the Securities and Exchange Act, the shareholding of the shareholder includes his or her own shares plus the shares entrusted to the trust with the right to decide the use of the trust property, etc. Please refer to the Market Observation Post System for information on insider equity reporting.

VI. Where the company or any of its affiliated companies had, from the recent years up to the publication of this annual report, experienced financial distress, the impact to the Company's financial status: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

I. Financial Status

Unit: In thousands of NTD

Distinguish	December 31, 2021	December 31, 2020	Differences		Explanations
			Amount	%	
Current assets	2,491,970	2,360,087	131,883	5.59%	
Non-current assets	2,842,690	2,840,411	2,279	0.08%	
Total assets	5,334,660	5,200,498	134,162	2.58%	
Current liabilities	930,618	924,759	5,859	0.63%	
Non-current liabilities	1,270,772	1,202,297	68,475	5.70%	
Total liabilities	2,201,390	2,127,056	74,334	3.49%	
Capital stock	1,805,375	1,805,375	0	0.00%	
Capital surplus	72,764	68,720	4,044	5.88%	
Retained earnings	1,301,959	1,246,175	55,784	4.48%	
Other equity	0	0	0	0.00%	
Treasury stock	(46,828)	(46,828)	0	0.00%	
Equity attributable to shareholders of the parent company	3,133,270	3,073,442	59,828	1.95%	
Total equity	3,133,270	3,073,442	59,828	1.95%	
<p>Main reasons and impacts for any material change in assets, liabilities and equity (an increased or decreased change ratio for over 10% before and after the period and the amount reaches NTD 10,000,000), and future countermeasures.</p> <p>Explanations:</p> <ol style="list-style-type: none"> 1. Not within analysis standard. 2. Future countermeasures: Not applicable. 					

II. Financial Performance

(I) Main reasons for any material change in operating revenues, operating income, or income before tax during the past two years.

Unit: In thousands of NTD

Items	2021	2020	Increasing or decreasing amount	Change Ratio	Analysis
Net operating revenue	\$1,794,167	\$1,986,369	(192,202)	(9.68%)	
Operating costs	(1,298,572)	(1,445,167)	(146,595)	(10.14%)	
Operating gross profit (loss)	495,595	541,202	(45,607)	(8.43%)	
Selling expenses	(63,755)	(67,572)	(3,817)	(5.65%)	
General & administrative expenses	(171,676)	(167,340)	4,336	2.59%	
Expected credit impairment loss (gain)	1,283	955	328	34.35%	
Income from Operations (net loss)	261,447	307,245	(45,798)	(14.91%)	
Total of non-operating income and expenses					
Interest income	20,062	22,281	(2,219)	(9.96%)	
Other income	25,995	19,505	6,490	33.27%	
Other gain and loss	91,487	43,635	47,852	109.66%	1
Financial costs	(84)	(105)	21	(20.00%)	
Total of net-operating income and expenses	137,460	85,316	52,144	61.12%	1
Profit before tax	398,907	392,561	6,346	1.62%	
Income tax (expense)/benefit	(56,512)	(65,816)	(9,304)	(14.14%)	
Net income for the period from continuing operations (net loss)	342,395	326,745	15,650	4.79%	
Net profit (net loss) for the period	342,395	326,745	15,650	4.79%	
Other comprehensive income (net)	2,249	1,219	1,030	(84.50%)	
Total comprehensive income for the period	\$344,644	\$327,964	16,680	5.09%	

Regarding change that happened before and after the period for over 20% and the amount reaches more than NTD 10,000,000, the analysis as below:

1. The increase in other profits and non-operating income was mainly due to the active investment market for the period which resulted in a higher gain on valuation of financial asset.

(II) Expected sales volume in the future one year and its basis

Unit: m³

Year	Estimated sales volume	Basis for the estimation	Reasons for continuing growth
2022	115,140,459	The projection referenced the actual average gas volume usage between September 2020 to August 2021.	Increase in number of users sharing gas supply in the operating areas.

III. Cash Flow

(I) Liquidity analysis (for an increasing or decreasing rate of over 20%, its explanation for the reason of change) for the most recent two years.

Differentiation	2021	2020	Increase or decrease in ratio
Cash Flow Ratio (%)	54.16	70.25	(26.75%)
Cash Flow Adequacy Ratio (%)	103.03	103.02	0.01%
Cash Flow Reinvestment Ratio (%)	2.75	5.32	(48.31%)

The drop in cash flow ratio and cash flow reinvestment ratio was mainly due to the reduction in the net cash inflow from operating activities.

(II) Analysis of Cash Liquidity for the next year

Unit: In thousands of NTD

Cash, Beginning of Period (1)	Projected Net Cash Flow from the Year's Operation (2)	Projected Cash Outflow for the Entire Year (3)	Projected Cash Balance (1)+(2)-(3)	Contingency Plans for Projected Insufficient Cash Position	
558,033	488,588	709,514	337,107	-	-

1. Analysis of Cash Flow for Current Year

A. Operating activities: The net cash flow from the year's operation of NTD 488,588,000 was mainly due to inflow of cash of the parent company's earnings and advance sales receipts.

B. Investing activities: Mainly due to the increase in capital expenditure for gas transmission equipment and gas-sale equipment.

C. Financing activities: No significant changes.

2. Contingency Plans for Projected Insufficient Cash Position: None.

IV. Effects of Major Capital Expenditures During the Most Recent Fiscal Year on Financial and Business

(I) Major Capital Expenditures - Its Use and Source of Capital

Unit: In thousands of NTD

Plan	Actual or Planned Source of Capital	Actual or Planned Date of Completion	The Required Funds Amount
Shuanhe District project, the replacement of low pressure cast iron pipe by PE pipes network establishment.	Cash flow generated from operations	2021	150,000
Installing new branch pipes and pipes above ground	Cash flow generated from operations	2021	61,140
Replacing and installing newly purchased gas meters	Cash flow generated from operations	2021	114,060

(II) Expected Benefits

1. The main reason for the Shuanhe District project to construct PE pipes network establishment for the replacement of low pressure cast iron pipes, is for maintaining the safety and increasing the quality in the supply of gas. In addition, it can also reduce damages from gas leakages and pipelines repair and maintenance fees.
2. The reason for new installations of branch pipes and pipes above ground is due to the increasing new users and for the promotion plans into existing old communities with outdated facility. Investments were made previously into these communities to build new branch pipeline network due to the promotional benefits they will bring. These new pipelines will elevate the gas supply safety in these old communities which will in turn raise the residents willingness for installation. The operations promotion goals would then be achievable with enhanced safety of gas supply.
3. The changing of gas meters is based on the regulation requirements of the Bureau of Energy, Ministry of Economic Affairs to replace gas meters of over 10 years, and to promote and expand the use of microcomputer gas meters, thus, the purchase.

V. The Major Causes for Profits or Losses Incurred by Investments During the Most Recent Year, Rectifications and Investment Plans for the Next Year:

- (I) The Company has not made any re-investments in the year of 2021. The use of idle funds are for short term funds usage mainly in investments of conservative type financial products such as the bank's time deposit and money market funds. The 2021 interest income is NTD 17,290,000, rent income is NTD 4,060,000, gain on valuation of financial asset is NTD 34,490,000 and investment income of subsidiaries using the equity method is NTD 108,410,000, recognized in non-operating activities. There are no non-operating losses incurred.

- (II) The Company does not have any investment plans for the year 2022. The idle funds are planned for short term funds usage mainly for investing in conservative type financial products such as the bank's time deposits and money market funds.

VI. Analysis and Evaluation of Risk Management

Organization structure of the Company's risk management:

For an effective risk control and management, the risk management organization system is designed to consist of the five departments and three offices. Each of them are responsible for the step-by-step execution of the annual operations plan and important work control as approved by the Board of Directors. Major decision-making for risk assessments that have an impact on the company's operations and development would be proposed to the Board of Directors for resolution. The Company's Board members exercise the due care of a good administrator in carrying out their duties based on laws and regulations and the company's Articles of Incorporation to maintain the rights of the company and shareholders. The explanation for various functions as below:

1. Managing the company's operations risks and assuring public safety first is the basis of the Company's "sustainable management." The President upholds the policies of the Board of Directors in its general management of all of the company's businesses. The two Vice Presidents support the President in the handling of various businesses, responsible for the formulating of annual important work plan and risk management, and supervising the implementation of improvement plans.

2. Audit office

The audit office is responsible for carrying out audits in an objective and independent manner based on the annual audit plan, which listed the work control and restrictions for the annual operations plan of various departments. This would ensure the risk management system to run effectively.

3. Risk management of various departments

The managers are responsible for the risk control of their departments in functions relating to identifying, assessing, handling, monitoring and control of the business risks. Related information would have to be communicated to the members of his/her department building risk consensus and the improvement results would have to be reported to higher level authorities.

4. All employees

All employees would have to comply with the company policies to implement the annual important work control matters, and to report to their direct managers on foreseeable material risks. By preventing risks well ahead guarantees protection for lives and properties.

- (I) In the most recent year and as of the annual report publication date, the impact of interest rate, exchange rate changes, and inflation on the company's profit and loss and future response measures:

The Company is a regional public natural gas business. Its operations are growing steadily and the impacts from interest rate, exchange rate changes and inflation factors have been small.

- (II) In the most recent year and as of the annual report publication date, policies on high-risk and highly leveraged investments, loaning of funds, endorsements/guarantees, and trading of derivatives; the main causes of any profit or loss incurred and future response measures:

VII. Review of Financial Conditions, Financial Performance, and Risk Management

The Company has not engaged in high-risk and highly leveraged investments, loaning of funds, endorsements/guarantees, and trading of derivatives. Should the need arise in the future, the matters will be processed in accordance with the Company's "Regulations for Acquisition or Disposal of Assets," "Regulations Governing Loaning of Funds," and "Endorsement/guarantee review procedure,"

(III) In the most recent year and as of the annual report publication date, future research and development plans, and the projected expenses: None.

(IV) In the most recent year and as of the annual report publication date, influence of major policies and legal changes at home or abroad on finance, operations, and countermeasures:

The newly issued, amended and revised standards and interpretations of International Financial Reporting Standards (IFRS) endorsed by the FSC for the year ended December 31, 2021 are listed below.

1. Amendments to IFRS 4 "Extension of Provisional Exemption from IFRS 9" released on January 1st, 2021.
2. Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and Phase 2 of IFRS 16, "Changes in Interest Rate Indicators," released on January 1st, 2021.
3. Amendments to IFRS 16, "Rental Reductions Related to COVID-19 Pandemic after June 30, 2021," released on April 1st, 2021.

The Company has evaluated that the amendments to the above standards and interpretations will not have a material impact on the financial position and financial performance.

(V) In the most recent year and as of the annual report publication date, influence of changes in technology (including cyber security risks) and the industry on finance, operations, and countermeasures:

(VI) In the most recent year and as of the annual report publication date, the impact of corporate image change on corporate crisis management and countermeasures:

The Company is committed to professional and ethical management principles, and values its corporate image and risk control management. At this moment, there have been no foreseeable crisis matters.

(VII) In the most recent year and as of the annual report publication date, expected benefits and potential risks of mergers and acquisitions, and countermeasures: None.

(VIII) In the most recent year and as of the annual report publication date, expected benefits and potential risks of factory expansion and countermeasures:

The Company has built a comprehensive gas supply pipe network and facilities within the jurisdiction of its operating areas. There are no plans for large funds expansion in recent period.

(IX) In the most recent year and as of the annual report publication date, potential risks of procurement or sales centralization and acquisitions, and countermeasures:

1. The CPC Corporation, Taiwan is the sole operator in the market for natural gas industry now. As natural gas is the upstream sector to the electricity and gas public utility businesses, it has a huge impacts to the overall national economy and livelihoods. The government imposes strict control on the company's gas

VII. Review of Financial Conditions, Financial Performance, and Risk Management

source supply and price stability.

2. The Company is a public natural gas business, sales clients are family households, businesses and service sectors, and there has been no single user whose use amount accounts for over 10% of the net sales.
- (X) In the most recent year and as of the annual report publication date, influence and potential risks of the massive transaction or conversion of shares by directors, supervisors, or dominant shareholders holding over 10% of the stake of the Company and countermeasures: None.
- (XI) In the most recent year and as of the annual report publication date, influence and risks of management change and countermeasures:
The Company's management team is composed of mainly professional managers. There are various regulations established internally according to the laws and regulations to abide with. Even in the event of management change, there would not be material impacts and risks.
- (XII) In the most recent year and as of the annual report publication date, major litigation, non-litigation, or administrative disputes of the company and the directors, supervisors, President, substantive persons in charge, major shareholders with more than 10% shareholdings, and subsidiaries that are closed or in pending with a result possibly influential to the shareholders' equity or the securities prices: None.
- (XIII) Other material risks and countermeasures:
1. Information security risk assessment and analysis:
There are around 360,000 natural gas user customers within the operating areas of Shin Shin Natural Gas Co. LTD.. Any incidents of information security or personal information leaks will seriously damage customers' rights and the company may be subject to judgement and penalties affecting its image.
 2. Information security countermeasures:
The Company has set up an Information Security and Personal Information Protection Working Group, adopted the international standards ISO 27001 and related information security laws and regulations. According to the information security policy, in cooperating with the internal control system and four level documentation regulations, the company will on an annual basis, conduct information security risk identification and assessment, regular or random audits on information security and personal information, and convene the Working Group's audit meetings. This is to continue to refine information security intrusion detection methods, and through organizing regular information recovery drills, related educational trainings, and renew internet firewall equipment, the external internet defense capability can be enhanced. By achieving information security and personal information protection, information security risks of the Company can be lowered.

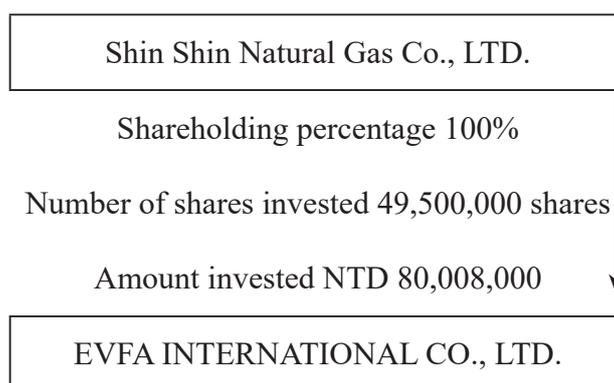
VII. Other Important Matters: None.

VIII. Special Notes

I. Subsidiaries

Consolidated business report of affiliates

(I) Affiliates organization chart



(II) Basic Information of Affiliated Companies

Unit: In thousands of NTD

Company name	Date of establishment	Address	Paid-in capital	Main business or production item
EVFA INTERNATIONAL CO., LTD.	1995.10.20	6F, No. 100, Section 1, Yonghe Road, Yonghe District, New Taipei City	495,000	1.CR01010 Gas Apparatus and Parts Manufacturing 2.E502010 Fuel Catheter Installation Engineering 3.F113030 Wholesale of Precision Instruments 4.F213040 Retail Sale of Precision Instruments 5.IZ99990 Other Industrial and Commercial Services 6.IG01010 Biotechnology Services 7.102170 Wholesale of Foods and Groceries 8.F102040 Wholesale of Nonalcoholic Beverages 9.F203010 Retail Sale of Food, Grocery and Beverage 10.F401181 Measuring Instruments Import 11.F113070 Wholesale of Telecommunication Apparatus 12.F213060 Retail Sale of Telecommunication Apparatus 13.F401021 Restrained Telecom Radio Frequency Equipments and Materials Import 14.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

(III) Shareholders in Common of the Company and Its Subsidiaries with Deemed Control and Subordination: None.

(IV) The coverage of the business scope by all affiliates: As shown in the basic profile table.

(V) Profiles of directors, supervisors, and presidents of affiliates

Unit: Shares; %

Company name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding percentage
EVFA INTERNATIONAL CO., LTD.	Chairperson	Shin Shin Natural Gas Co., LTD. Representative: Ho-Chia Chen	49,500,000	100
	Director and President	Shin Shin Natural Gas Co., LTD. Representative: Fu-Hua Li	(49,500,000)	(100)
	Director	Shin Shin Natural Gas Co., LTD. Representative: Ko-Tseng Li	(49,500,000)	(100)
	Supervisor	Shin Shin Natural Gas Co., LTD. Representative: Rung-Fu Hsieh	(49,500,000)	(100)

(VI) Operational Highlights of Subsidiaries

Unit: In thousands of NTD

Company name	Capital stock	Assets	Total liabilities	Net Worth	Operating revenue	Income from operation	Net Income (Loss) (after tax)	Basic Earning (Loss) Per Share (NTD)(after tax)
EVFA INTERNATIONAL CO., LTD.	495,000	804,042	25,216	778,826	268,483	34,665	98,968	2.00

Time of information: 2021.12.31

VIII. Special Notes

(VII) Affiliate's Consolidated Financial Statements:

Declaration

The entities to be included in the consolidated financial statements of affiliated enterprises in 2021 (from January 1, 2021 to December 31, 2021) pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those to be included in the consolidated financial statements of the parent company and subsidiaries pursuant to the IAS No. 10. Further, the related information to be disclosed in the consolidated financial statement of affiliated enterprises has been disclosed in the said consolidated financial statements of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statements of affiliated enterprises separately.

Declared by

Company name: Shin Shin Natural Gas Co., LTD.

Person in charge: Chen Ho-Chia

March 18, 2022

(VIII) Affiliate's Report: Not applicable.

II. Private placement of marketable securities for the most recent year and as of publication date of the annual report: None.

III. Holding or disposal of shares in the Company by the Company's subsidiaries for the most recent year and as of publication date of the annual report:

Unit: In thousands of NTD; Shares; %

Name of subsidiary	Paid-in capital	Source of capital	The Company's shareholding percentage	Date of acquisition or disposal	Obtained shares and amount	Shares and amount for disposal	Investment profit and loss	Number of shares held and amount as of the date of annual report publication	State of pledge creation	Endorsements/guarantees by the Company to the subsidiary	Loan amount by the Company to the subsidiary
EVFA INTERNATIONAL CO., LTD.	495,000	Cash flow generated from operations	100	In the most recent year and as of the annual report publication date, there have been no situations of subsidiaries acquiring or disposal of the Company's shares.	-	-	-	In the most recent year and as of the annual report publication date, the number of the Company's shares held by subsidiaries is 2,527,863 shares; the amount held is NTD 46,828,269.	-	-	-

IV Other Necessary Supplement: None.

V. As of the recent year until the annual report publication date, any matter which has had a significant impact on shareholders rights or the price for the securities referred to in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act: None.

Shin Shin Natural Gas Co., LTD

Chairman: Chen, Ho-Chia