

Stock Code: 9918



Shin Shin Natural Gas Co., LTD.

Annual Report

2022

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

Company Website: <https://www.shinshingas.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.

One. Shareholders Report

Dear all shareholders,

Time flies, and it is the general shareholders' meeting of a new year. In 2022, the Company faced significant challenges from the COVID-19 pandemic, the US-China trade war, the Russia-Ukraine war, and the inflation-led interest hike and tight monetary policy, followed by the bear market and economic downturn. Fortunately, under the leadership and guidance of Board of Directors and the efforts of all employees, along with a solid management concept, the Company still attained a growth for its main business in the past year.

2022 Operating Results:

(1) Implementation results of the operational plan

Regarding the operations in 2022, the projected expansion target was 4,300 households for installation fees, and the actual number was 4,897 households; the target for gas supply was 3,655 households while the actual number was 4,640 households; as of the end of 2022, the total have reached 365,400 households. In addition, the anticipated operating revenue for 2022 was NT\$1.83572 billion while the actual revenue was NT\$1.9208 billion and the consolidated operating revenue of the Company and its subsidiaries was NT\$1.94631 billion; the profit before tax was projected at NT\$235 million while the actual net profit was NT\$206.4 million and the consolidated net profit before tax of the Company and its subsidiaries was NT\$213.31 million.

The Company is committed to capability improvement in equipment maintenance to ensure gas supply safety. The annual target for pipeline replacement was 9,000 meters and was implemented monthly according to the replacement plan along with the quarterly regional leakage inspection by increasing odorant volume, construction of medium pressure PE pipeline in Yonghe and Zhonghe Districts and the pipeline replacement project for metro and sewage system constructions totaling 22,374.2 meters of pipeline replaced. Regarding the inspection of household pipeline, the Company also observed governmental rules by conducting one "Regular Pipeline Inspection by Household" every other year to ensure users' safety.

(2) Research and development

Originally, the Company uses the recording manometers installed at the end of pipelines and manually monitoring the gas supply pressure. However, to receive real-time data to effectively control gas supply pressure of pipelines in its operating areas, in 2022, the gas gauges at the end of pipelines were replaced with the wireless pressure sensors which enable immediate handling and ensure stable gas supply quality.

2023 Operating Plan Summary:

Look ahead in 2023, in addition to 100% installation at new construction sites, the 2023 promotion plan aims to investigate actual market demand to devise the gas supply expansion plan; the Company plans to visit the uncovered old communities and research on residents' willingness for selecting our services, and seizes the opportunity of fire lane clearance during the construction of sewer systems to invest in the densification of branch pipelines in old communities to increase the likelihood of installations in old communities. Meanwhile, the Company will be active to promote the increased density in covered communities, and it will focus on urban renewal and consolidation sites in the gas supply area striving for gas supply

One. Shareholders Report

and maintaining the stable growth of gas supply volume. To ensure gas supply safety, the Company continues to improve the safety inspection for households, carries out old pipeline replacement, replaces the low-pressure cast-iron pipelines at Zhonghe and Yonghe Districts with medium pressure PE pipelines, enhances GIS data management, plans the sequencing of pipelines, inspects pipelines of multilayer buildings and manages the emergency shut-off valves. In terms of service, it enabled the gas usage self-reporting on the government's "Smart Community APP" for its users; promoted multiple digital payment channels such as "automatic payments through Chunghwa Post's banking service", "electronic bills" and "online bill query with immediate payment barcode"; continued to facilitate its MIS system upgrade to improve its ability and quality of customer service. In addition, it constantly implemented the pressure inspection at the end of pipelines during the "gas usage peak hours", and for low-pressure areas, it immediately proposed improvement plan and carried out construction; in events held by local communities and groups, it has been active to promote the change to "microcomputer gas meters" and reinforces awareness of safe gas usage to remind users about gas usage safety and prevention of fraud. In addition, the Company has been austere in executing its budget plan hoping to obtain anticipated result. The estimated number of users for set-up fee is 4,000 users, for gas supply service is 3,655 users, sales volume is 115,506,761 cubic meters.

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

The Company is a public natural gas utility enterprise, of which, the natural gas price shall be authorized and controlled by the competent authority and does not reflect the cost immediately and effectively, so its profitability is limited by the "Natural Gas Enterprise Act"; in addition, due to policies such as the "Labor Standards Act" and the impact of COVID-19 on many businesses, its work costs and expenses have been affected. However, in the pursuit of growth, the Company will uphold its concept of sustainable management and cope with these issues. Energy saving and environmental protection are of the world's concern, the Company is providing the essential and best energy - natural gas, which is safe, clean, hygienic, economic and convenient. Therefore, with the high population density in its operating area, the Company's future is promising. With all the support from you and guidance under the Board of Directors and employees' efforts, the Company will grow steadily.

On behalf of the Company and all employees, I sincerely thank every shareholder for your support and trust over the past year. They have been the foundation of the Company's business development and steady performance.

We welcome your advice and wish you the best of health and great success.

Chairperson

陳河家



II. Operations Department

2022 Business Statistics Report

Unit: User

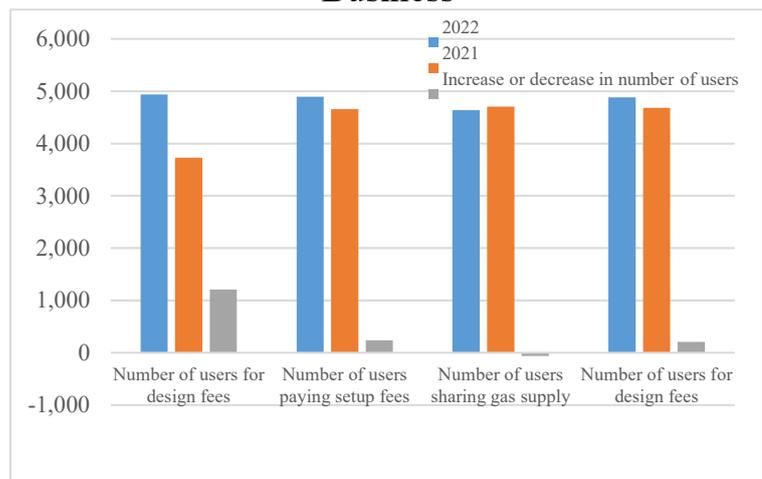
Items Month	Number of users for design fees	Number of users paying setup fees	Number of users sharing gas supply	Number of users with increased charges each month	Number of users with end of month total charges
1	100	256	527	489	360,206
2	361	371	278	508	360,714
3	695	846	396	482	361,196
4	217	383	383	265	361,461
5	206	328	360	437	361,898
6	252	333	496	331	362,229
7	150	387	388	484	362,713
8	251	280	354	404	363,117
9	758	463	422	346	363,463
10	418	446	304	391	363,854
11	993	801	405	382	364,236
12	534	3	327	363	364,599
Total	4,935	4,897	4,640	4,882	

2022 and 2021 Comparison
Chart for Each Business

2022 and 2021 Comparison Table for Each
Business

Unit: User

Distinguish	2022	2021	Increase or decrease in number of users
Number of users for design fees	4,935	3,726	+1,209
Number of users paying setup fees	4,897	4,658	+239
Number of users sharing gas supply	4,640	4,704	-64
Number of users for design fees	4,882	4,681	+210



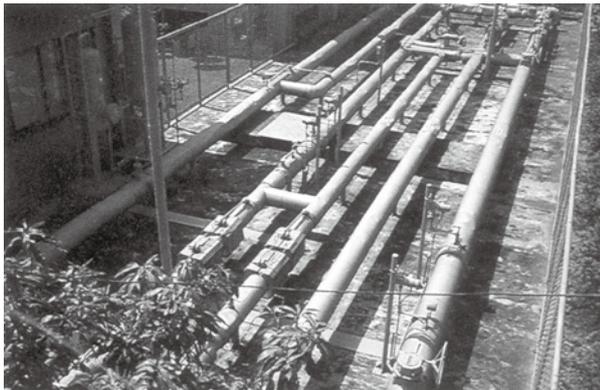
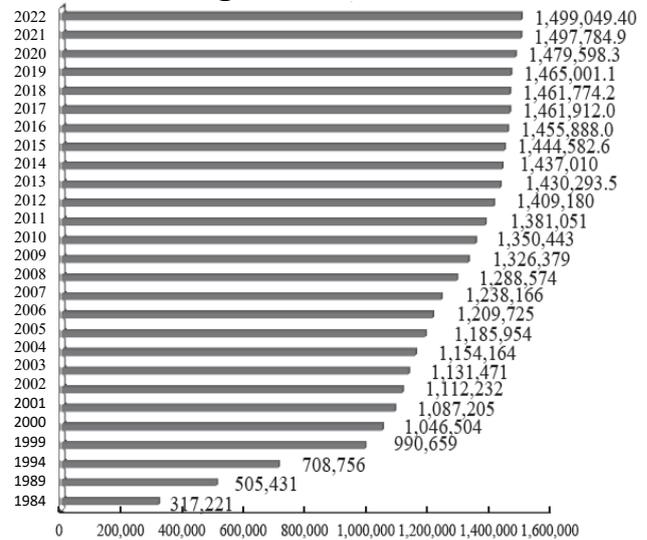
III. Department of Engineering

2022 Statistical Table for the Increasing of Pipe Line Length

Unit: Meters

Type of pipeline	Year 2022	Accrued total length
Low pressure branch pipe	+5,056.63	844,186.83
Low pressure main pipe	+8,599.18	199,022.58
Medium pressure pipe	+2,128.69	432,653.99
High pressure pipe	+232	23,186
Total	+16,016.50	1,499,049.40

Pipeline statistics



Gas stations

2022 Statistical Table for the Increase or Decrease of Pipeline Facilities

Facility item	Year 2022	Accrued total
Gas-holder tank	0	2
Gas distributing station	0	2
Gas stations	0	11
Low pressure water dispenser	12	888
Ball valve	+116	3,876
Low pressure cork	-51	1,725
Cathodic protection	0	68

2022 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
179,099	151,260	84.46%

Note:

1. For users 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 2023. This is to raise the rate of inspection.
2. 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 cannot 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.

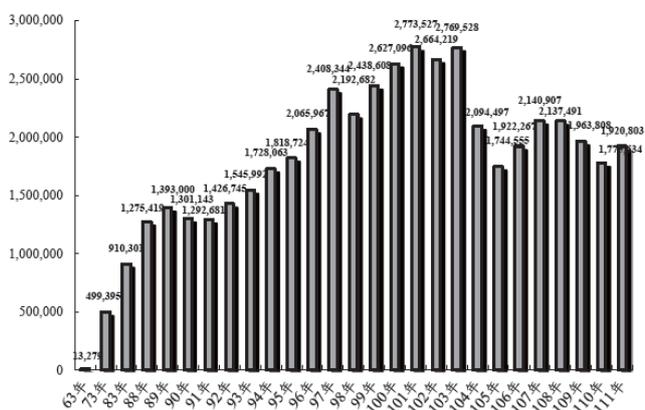
IV. Finance Department

2022 Budget Execution

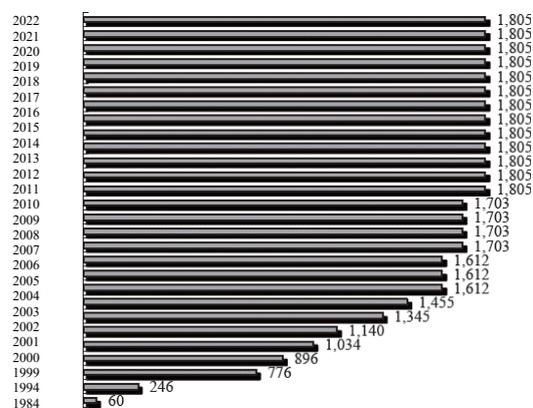
Unit: NTD in thousands

Account	Budget amount	Settlement amount	Completion rate (%)
Operating revenue	1,835,726	1,920,803	105
Operating costs	1,408,951	1,379,068	98
Gross profit	426,775	541,735	127
Operating expenses	275,271	257,918	94
Operating income	151,504	283,817	187
Total non-operating income and expenses	83,500	(77,416)	(93)
Income before tax	235,004	206,401	88
Income after tax	188,003	143,859	77
Earnings per share	1.06	0.81	77

Operating revenue growth chart



Historical capital stock growth chart



Unit: NTD in thousands

Unit: NTD in million

Two. Company Introduction

I. Date of incorporation: May 25th, 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



- (1) The Company's trademarks have been registered with the Intellectual Property Office, Ministry of Economic Affairs as registered trademarks and have obtained trademark rights under the Trademark Act.
- (2) 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 pipeline installation 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.
- ◎ December 16th, 1976, completed the pipeline installation for Jingmei area and gas supply began.

Two. Company Introduction

- ◎ August 1st, 1978, completed the pipeline installation 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 natural gas storage.
- ◎ November 29th, 1986, completion of the pipeline installation 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 Shengkeng 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 Shengkeng 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.
- ◎ May 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 from 1998 to 2000.
- ◎ May 25th, 2001, the Company marks its 30 year anniversary.

- ◎ June 21st, 2002, general shareholders' 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, constructing the Ankeng natural gas storage passed the completion inspection, and was approved to begin 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 five 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.
- ◎ November 22nd, 2005, Jinhe natural gas regulator 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, general shareholders' 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, general shareholders' 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.

Two. Company Introduction

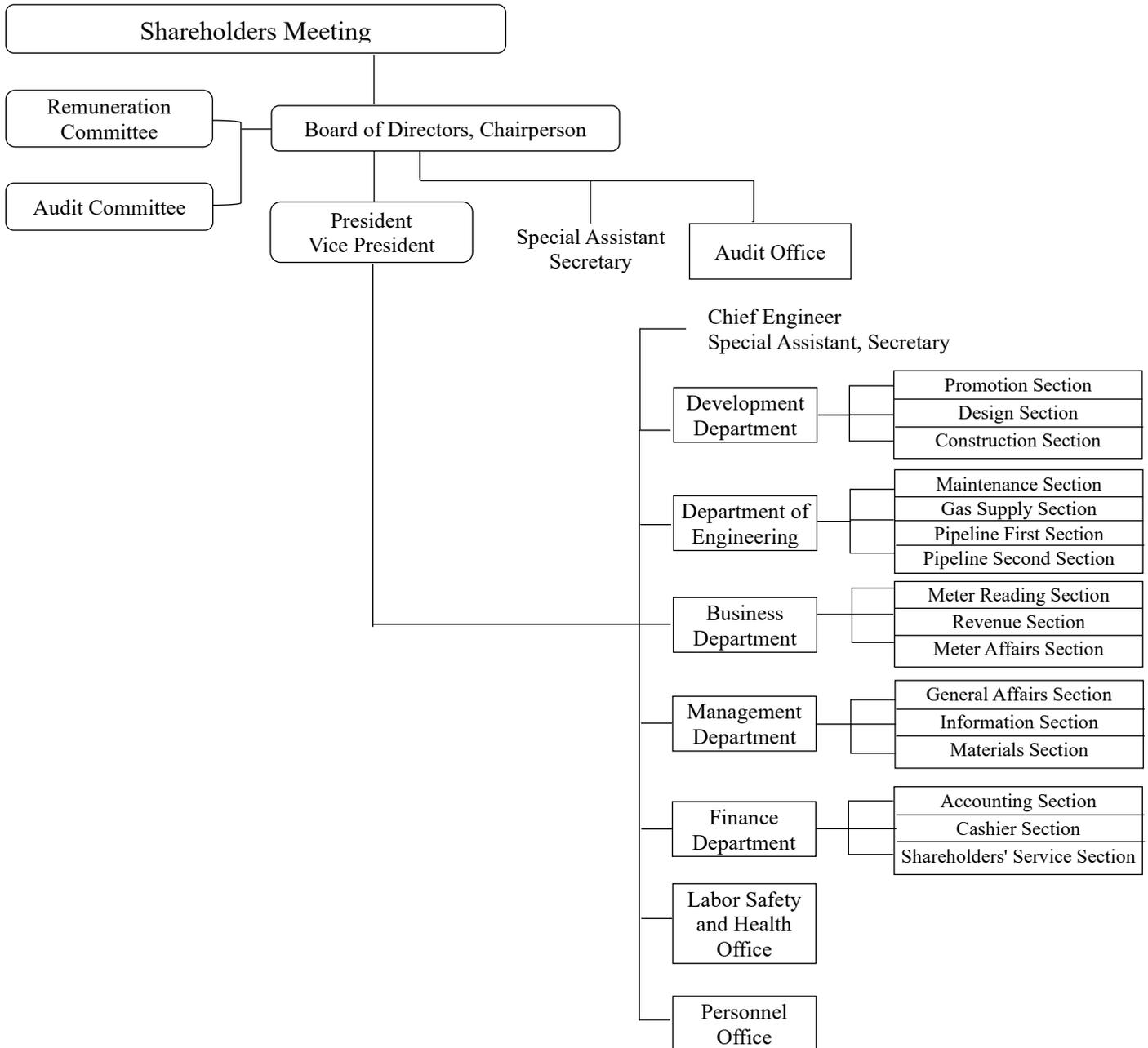
- ◎ June 13th, 2012, general shareholders' meeting was held for the 16th directors and supervisors election for 15 directors and 5 supervisors. Mr. Ho-Chia Chen was consecutively elected as the chairperson.
- ◎ March 26th, 2014, the Company marks its 40 anniversary for its gas supply.
- ◎ May 19th, 2015, 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, general shareholders' 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, general shareholders' meeting was held for the 18th directors and supervisors election for 19 directors (including electing 4 independent directors) and five 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.
- ◎ One independent director resigned on March 17, 2022, and the by-election was held in the shareholders' meeting on June 17 in the same year.

- 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 over 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 an impact to shareholder rights and the company: None.

Three. Company Governance Report

I. Organizational system

(I) Organizational system



(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	Consisting of the Promotion Section, the Design Section and the Construction Section. Promotion Section: Responsible for market research, pipeline investment evaluation, promotional and operating plans formulation, right-of-way dispute coordination and user information management. Design Section: Responsible for the establishment of gas transporting and storage facilities; formulation of the installation fee collection manual; design, quotation, tendering and contracting of branch pipelines, inner/exterior pipelines and shut-off valve constructions; household pipeline replacement; new techniques; pipeline materials R&D. Construction Section: Responsible for constructions of gas transporting and storage facilities; execution, supervision, inspection, settlement, right-of-way application of branch pipelines, inner and exterior pipelines and shut-off valve constructions; and contractor management.
Department of Engineering	There are the Gas Supply Section, Maintenance Section, First Section, and Second Section. Gas Supply Section: Responsible for the patrol inspection, maintenance, and care of the storage tanks, governor station facilities, and high pressure steel pipelines. Maintenance Section: Replacement of the transmission and distribution pipelines, regular inspection of the household pipelines, and replacement of household pipelines. First Section: Emergency repair work for gas leakage with gas supply facilities and corks, steady flow valves, and filters. Second Section: Inspection, care and maintenance of gas supply facilities and corks, steady flow valves, and filters.
Business Department	There are three sections, the Meter Reading Section, Revenue Section, and Meter Affairs Section, for taking care of the meter readings, fees collection, meter affairs and multiple businesses, long term investments and more. (I) The Meter Reading Section is responsible for information establishment and management of household 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, overdue fees 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), Geographic Information System (GIS) and information security, materials procurement, storage management, property management, general affairs, clerical work,

Three. Company Governance Report

	etc.
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 trainings and the prevention, statistics, investigation handling of occupational hazards, etc.
Personnel Office	Responsible for the planning and execution of employee 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.

Three. Company Governance Report

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

(I) Directors' Information (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 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	Other officers, directors or supervisors 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 %	Number of shares (shares)	Shareholding percentage %			Title	Name	Relationship	
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	Education Graduated from Tamsui Institute of Business Administration Work Experience Chairperson, Gas Association of the Republic of China, Chairperson, Hsin Kuang Construction Co., Ltd., National Assembly member, Adviser of Executive Yuan Administrative.	Chairperson, EVFA INTERNATIONAL CO., LTD.	Director	Pao-Kway Chen Chien Hui-Chun Chen Wu	First-degree relatives First-degree relatives	
Director	R.O.C.	Veterans Affairs Commission, Executive Yuan Representative: Yen-Chun Wu	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	Education Master for Eminent Public Administrators, National Chengchi University Work Experience Director, Department of Personnel, Ocean Affairs Council; Deputy Director, Department of Personnel, Ministry of Culture; Director, Personnel Office, Directorate-General of Personnel Administration, Executive Yuan	Veterans Affairs Commission, Executive Yuan, Department of Personnel, Directorate-General	None	None	None	Re-assigned on February 23, 2023
Director	R.O.C.	THE GREAT TAIPEI GAS CORPORATION Representative: Richard H Wu	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	Education The New School, New York Bachelor's in General Studies Work Experience Director, Shin Kong Life Insurance Co., Ltd.; Director, Shin Hai Gas Co. Ltd.; Director, Seed	TAIWAN SHIN KONG SECURITY CO.,LTD. Chairperson; THE GREAT TAIPEI GAS CORPORATION Vice Chairperson	Director	Hsin-Ju Wu	Second-degree relatives	

Three. Company Governance Report

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 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	Other officers, directors or supervisors 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 %	Number of shares (shares)	Shareholding percentage %			Title	Name	Relationship	
														Studio Incorporation; Director, Shinkong Textile Co., Ltd.						
Director	R.O.C.	Jung-Chun Huang	Male 61-70	2021.8.31	3 years	2011.6.17	914,951	0.51	914,951	0.51	0	0	0	0	Education Graduated from High School Work Experience President, Ifu Enterprise Co., Ltd.	President, Ifu Enterprise Co., Ltd.	Director	Ko-Tseng Li	Second-degree relatives	
Director	R.O.C.	Kindasaki Biochemical Technology Co., Ltd.	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	Education Graduated from Taipei Municipal Zhong Shan Girls High School Work Experience Teacher, Shanjia Elementary School; Chairperson, Mr. Chen Gen-Chu Foundation for Education and Culture	None	Chairperson Director	Ho-Chia Chen Hui-Chun Chen Wu	First-degree relatives First-degree relatives	
		Representative: Pao-Kway Chen Chien					224,424	0.12	224,424	0.12	0	0	0	0						
Director and President	R.O.C.	Veterans Affairs Commission, Executive Yuan	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	Education 2010 Year Class, War College, National Defense University Work Experience Director, Department of Veterans Service and Assistance; Director, Kaohsiung City Veterans Service Office; Director, Yunlin Veterans Home; Director, Pingtung County Veterans Service Office; Director, Taitung County Veterans Service Office, Veterans Affairs Commission;	President, EVFA INTERNATIONAL CO., LTD.	None	None	None	Re-assigned on March 16, 2023
		Representative: Kun-chung Huang					0	0	0	0	0	0	0							
Director	R.O.C.	THE GREAT TAIPEI GAS CORPORATION	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	Education MBA, Columbia Business School, Columbia University, New York, USA Work Experience	President, Shin Kong Financial Holding Co., Ltd.	Director	Richard H Wu	Second-degree relatives	
		Representative: Hsin-Ju Wu					0	0	0	0	0	0	0							

Three. Company Governance Report

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 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	Other officers, directors or supervisors 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 %	Number of shares (shares)	Shareholding percentage %			Title	Name	Relationship	
														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						
Director	R.O.C.	Shin-Hai Gas Co, Ltd.	Male 71-80	2021.8.31	3 years	2002.6.21 elected supervisor until 2021.8.31 elected director	4,668,441	2.59	4,668,441	2.59	0	0	0	0	Education Graduated from Department of Business, National Open University Work Experience Vice Chairperson, Gas Association of the Republic of China	THE GREAT TAIPEI GAS CORPORATION Chairperson, Shin-Hai Gas Co, Ltd. Chairperson	None	None	None	
		0					0	0	0	0	0	0	0							
Director	R.O.C.	Tung Chan Enterprise Co., Ltd.	Male 61-70	2021.8.31	3 years	2006.6.23 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	Education Masters, Cornell University, USA Work Experience President, YANG MING SHAN GAS CO., LTD.	Chairperson, HSIN TAI GAS CO., LTD., Director, YUNG CHIAO INVESTMENT CORPORATION	None	None	None	
		2,189,360				1.21	2,189,360	1.21	1,409,800	0.78	0	0								
Director	R.O.C.	Cheng-Cheng Wong	Male 61-70	2021.8.31	3 years	1988.4.29 elected director until 2006.6.23 elected supervisor, until 2021.8.31 elected director	1,139,698	0.63	1,139,698	0.63	187,854	0.10	0	0	Education Graduated from Tamsui Institute of Business Administration Work Experience Director, Shunyi International Co., Ltd.	Director, HONDA Cars Tucheng	None	None	None	
Director	R.O.C.	Veterans Affairs Commission, Executive Yuan	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	Education Masters, Department of Statistics, National Chengchi University (NCCU) Work Experience Chief of Inspection Division, Department of Budget, Accounting and Statistics, Taipei City Government; Deputy Director, Department of Statistics, Ministry of Education;	Veterans Affairs Commission, Executive Yuan, Department of Statistics, Directorate-General	None	None	None	
		0					0	0	0	0	0	0	0							

Three. Company Governance Report

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 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	Other officers, directors or supervisors 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 %	Number of shares (shares)	Shareholding percentage %			Title	Name	Relationship	
															Deputy Director, Department of Budget, Accounting and Statistics, Taipei City Government					
Director	R.O.C.	Veterans Affairs Commission, Executive Yuan	Female 41-50	2021.8.31	3 years	1972.11.25	(46,556,713)	(25.79)	(46,556,713)	(25.79)	0	0	0	0	Education Master's, Graduate School of Criminology, National Taipei University Work Experience Director, Civil Service Ethics Office National Property Administration, Ministry of Finance; Director, Service Ethics Office, Taiwan Food and Drug Administration, Ministry of Health and Welfare; Chief of Corruption Prevention Division, Agency Against Corruption, Ministry of Justice	Senior Executive Officer, Department of Civil Service Ethics, Veterans Affairs Commission, Executive Yuan	None	None	None	Reassignment on July 25, 2022
		Representative: Fu-Hua Ni					0	0	0	0	0	0	0							
Director	R.O.C.	Veterans Affairs Commission, Executive Yuan	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	Education Master's in Political Science, National Taiwan University Work Experience Director, Baihe Veterans Home; Director, Chungchang Veterans Home; Director, Shin Chung Natural Gas Co., Ltd.	Directorate-General, Department of Administrative Management, Veterans Affairs Commission, Executive Yuan	None	None	None	Reassignment on January 16, 2023
		Representative: Wei-an Lee					0	0	0	0	0	0	0							
Director	R.O.C.	Shin Kong Wu Ho-Su Memorial Hospital	Male 71-80	2021.8.31	3 years	2002.6.21	1,406,821	0.78	1,406,821	0.78	0	0	0	0	Education Masters, Graduate Institute of Earth Science, Chinese Culture University Work Experience Assistant Vice-President, THE GREAT TAIPEI GAS CORPORATION, Consultant, Shin Kong Wu Ho-Su	Consultant, Shin Kong Wu Ho-Su Memorial Hospital	None	None	None	
		Representative: Po-Ih Wang					0	0	0	0	0	0	0							

Three. Company Governance Report

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 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	Other officers, directors or supervisors 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 %	Number of shares (shares)	Shareholding percentage %			Title	Name	Relationship	
														Memorial Hospital, Chairperson, Taiwan Meteorological Technology Foundation						
Director	R.O.C.	Kindasaki Biochemical Technology Co., Ltd.	Female 61-70	2021.8.31	3 years	2006.6.23 elected supervisor until 2009.6.19 elected director	(6,031,011)	(3.34)	(6,031,011)	(3.34)	0	0	0	0	Education Graduated from National Keelung Commercial & Industrial Vocational Senior High School (KLCIVS) Work Experience Chairperson, New Taipei City Women's Association; Chairperson, Yunggho District Women's Association; CEO, Mr. Chen Gen-Chu Foundation for Education and Culture	None	Chairperson	Ho-Chia Chen Pao-Kway Chen Chien	First-degree relatives First-degree relatives	
		Representative: Hui-Chun Chen Wu					97,862	0.05	97,862	0.05	912,010	0.51	0	0						
Director	R.O.C.	THE GREAT TAIPEI GAS CORPORATION	Male 61-70	2021.8.31	3 years	2021.8.31	(10,534,066)	(5.83)	(10,534,066)	(5.83)	0	0	0	0	Education College of Law, National Taiwan University Work Experience Chairperson, TAIWAN SHIN KONG SECURITY CO., LTD.; Director, THE GREAT TAIPEI GAS CORPORATION President, Yu Yuan Construction Co., Ltd., Vice President, ASIAN CULTURE PUBLISHING CO., LTD.	Director, TAIWAN SHIN KONG SECURITY CO., LTD.; Director, THE GREAT TAIPEI GAS CORPORATION	None	None	None	
		Representative: Po-Fong Lin					0	0	0	0	0	0	0							
Director	R.O.C.	Kuo-Tai Chang	Male 71-80	2021.8.31	3 years	1991.4.26	1,327,101	0.74	1,327,101	0.74	52,465	0.03	0	0	Education Graduated from Chihlee Commercial College Work Experience Director, Yuda Commercial Senior High School, President, Shin Shin Natural Gas Co. LTD.	Vice President, EVFA INTERNATIONAL CO., LTD.	None	None	None	
Director	R.O.C.	Ko-Tseng Li	Male	2021.8.31	3 years	1994.3.26	111,022	0.06	111,022	0.06	0	0	0	0	Education	Special Assistant to	Director	Jung-	Second-	

Three. Company Governance Report

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 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	Other officers, directors or supervisors 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 %	Number of shares (shares)	Shareholding percentage %			Title	Name	Relationship	
			71-80											Graduated from Hsing Wu College Work Experience Director, EVFA INTERNATIONAL CO., LTD.; Supervisor, Yuanta Securities Co., Ltd.; Manager, Shin Shin Natural Gas Co., Ltd.	Chairperson, EVFA INTERNATIONAL CO., LTD.		Chun Huang	degree relatives		
Director	R.O.C.	Veterans Affairs Commission, Executive Yuan	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	Education Class of 1982, Fu Hsing Kang College, National Defense University Work Experience Military prosecutor; Division Military Law Team Leader; Directing Military Judge, Military Law Division; Director, Banqiao Veterans Home	Directorate-General, Department of Planning, Veterans Affairs Commission, Executive Yuan	None	None	None	Reassignment on May 4, 2022
		0					0	0	0	0	0	0	0							
Independent Director	R.O.C.	Ching-Kuo Lee	Male 61-70	2021.8.31	3 years	2018.6.7	0	0	0	0	0	0	0	Education Master's, School of Management, National Taiwan University of Science and Technology Work Experience Lieutenant General and Deputy commander, Army General Headquarters; President, Shin Shin Natural Gas Co., Ltd.	Chairperson, Taipei Golf Club	None	None	None	Audit Committee Convener	
Independent Director	R.O.C.	Shu-Ping Hsu	Female 41-50	2022.6.17 to 2024.8.30		2022.6.17	0	0	0	0	0	0	0	Education Department of Accounting, Tamkang University Work Experience Practice Accountant, CHAMPION CPAs Firm; Assistant Vice President, Deloitte & Touche	CPA at CHAMPION CPA firm	None	None	None	By-elected on June 17, 2022.	
Independent Director	R.O.C.	Chin-Ming Kuo	Male 51-60	2021.8.31	3 years	2018.6.7	0	0	0	0	0	0	0	Education PhD, Department of Law, National	Professor, Department of Law, Chinese Culture	None	None	None		

Three. Company Governance Report

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 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	Other officers, directors or supervisors 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 %	Number of shares (shares)	Shareholding percentage %			Title	Name	Relationship	
														Chengchi University (NCCU) Work Experience Visiting Research Fellow, School of Law, Nagoya University; Associate Professor, Department of Law, Management College, National Defense University; Assistant Professor, Department of Law, Management College, National Defense University; Adjunct Professor, Department of Finance, National Taipei College of Business	University					
Independent Director	R.O.C.	Ming-Hsiung Chen	Male 71-80	2021.8.31	3 years	2021.8.31	0	0	0	0	0	0	0	0	Education Graduated from High School Work Experience Chairperson, Yi-Cheng Mining Corporation; 4-time Councilman, Taipei County Council, National Assembly member, Advisor of Executive Yuan Administrative, National Policy Advisor to the Office of the President	Chairperson, Daxin Investment Co., Ltd., Chairperson, Ambassador Construction Co., Ltd.	None	None	None	
Independent Director	R.O.C.	Han-Lin Tseng	Male 51-60	2021.8.31	3 years	2021.8.31	0	0	0	0	0	0	0	0	Education Masters, Birmingham Business School, University of Birmingham, UK Work Experience Chairperson, Institute for the Blind of Taiwan; Director, New Taipei Branch, Taiwan After Care Association; Adviser on Municipal Administration,	Vice Chairperson, Hanbang Industrial Co., Ltd., Managing Director, TONG HSIN WATER BUSINESS INC.	None	None	None	

Three. Company Governance Report

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 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	Other officers, directors or supervisors 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 %	Number of shares (shares)	Shareholding percentage %			Title	Name	Relationship	
															Taipei City Government					

Note:

1. Representatives of institutional shareholder, Veterans Affairs Commission, Executive Yuan: Yen-chun Wu, Kun-chung Huang, Chy-Chung Chang, Fu-hua Ni, Wei-an Lee, Yee-kong Lee, 6 persons, jointly hold shares at 46,556,713 shares, which accounts for 25.79% of the total issued shares.
2. Representatives of institutional shareholder, Shin Kong Wu Ho-Su Memorial Hospital: Po-Ih Wang, holds shares at 1,406,821 shares, which accounts for 0.78% of the total issued shares.
3. Representative of institutional shareholder, Kindasaki Biochemical Technology Co., Ltd.: Pao-Kway Chen Chien, Hui-Chun Chen Wu, 2 persons, jointly hold shares at 6,031,011 shares, which accounts for 3.34% of the total issued shares.
4. Representatives of institutional shareholder, THE GREAT TAIPEI GAS CORPORATION: Richard H Wu, Hsin-Ju Wu, and Po-Fong Lin, 3 persons, jointly holds shares at 10,534,066 shares, which accounts for 5.83% of the total issued shares.
5. Representative of institutional shareholder, Shin-Hai Gas Co, Ltd.: Rung-Fu Hsieh, holds shares at 4,668,441 shares, which accounts for 2.59% of the total issued shares.
6. Representative of institutional shareholder, Tung Chan Enterprise Co., Ltd.: Hung-Wen Chuang, holds 31,506 shares, which accounts for 0.02% of the total issued shares.
7. The Company's director, president or any managerial officers in charge of finance or accounting affairs have not in the most recent year held a position at the accounting firm of the attesting CPA or an affiliate of the accounting firm.

Table I: Dominant shareholders of institutional shareholders

April 29, 2023

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.	6.35%
	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.	2.70%
	Juying Industrial Co., Ltd.	2.70%
	Shin-Kong Life Real Estate Service Co. Ltd.	2.27%
	SHINKONG TEXTILE CO., LTD.	2.08%
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%
	Jui Hsing International 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%	

Name of institutional shareholders	Dominant shareholders of institutional shareholders	Shareholding percentage
Tung Chan Enterprise Co., Ltd.	Hung-Wen Chuang	94.26%
	Chen-Yu Chuang	4.60%
	Mei-Ying Chen	1.14%

Note 1: If the director or supervisor is a representative of an 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 29, 2023

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.	Shinsheng Investment Co., Ltd. (5.28%), Shinkong Co., Ltd. (5.22%), Shin Kong Recreation Co., Ltd. (4.66%), 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%), Yiguang Industry Co., Ltd. (2.07%), Ruei Hsin Co., Ltd. (1.98%)
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%), 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%), YUNG CHIAO INVESTMENT CORPORATION (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. (9.45%), Shin Kong Wu Ho-Su Memorial Hospital (6.99%), Chi Chen Co., Ltd. (6.54%), Hung Pu Co., Ltd. (4.68%), Lien Chuan Co., Ltd. (4.54%), Ho Jui Industrial Co., Ltd. (3.99%), Chien Cheng Co., Ltd. (3.93%), Hua Chen Co., Ltd. (3.56%), Cheng Kuang Industrial Co., Ltd. (3.73%), Mienhao Industrial Co., Ltd. (2.70%)

2. Shin-Hai Gas Co, Ltd.

April 29, 2023

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.	Tung-Chin Wu (36.67%), Lung-Shih Lin (16.67%), Ruying Industrial Co., Ltd. (16.5%), Penglai Co., Ltd.(13.17%), ENNEAD INC. (11.67%), Hsien-Hsien Hsu (5%), Tsai-Hsing Chen (016%), 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%)

Three. Company Governance Report

Directors Information (2)

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

April 29, 2023

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	<p>He has been the Company's Director since 1985 and in the natural gas industry for nearly 40 years. He helped the Company's successful public listing and has been the Chairperson of the Company since 1995. He is committed to the improvement of professional technology and assurance of safety, as well as the provision of comprehensive services.</p> <p>He served as the Chairman of Gas Association of the Republic of China for 8 years. During his term, he assisted in the amendments to relevant laws and regulations about natural gas enterprises, coordination and plan of the professional skill certification, promotion of fraud prevention, implementation of drills and formulation of construction regulations, and held the Natural Gas Round Table for R.O.C, Japan and Korea to increase exchange of professional technology and citizen diplomacy.</p> <p>During his leisure time, he focuses on social welfare and endeavors to facilitate art and cultural events. He also cares about the environmental sustainability to fulfill the corporate social responsibility.</p> <p>He is familiar with the natural gas industry and equipped with the work experience in leadership, operating judgment, finance, risk management and public welfare needed for the Company's business.</p>	<p>1. Has 2 first-degree relatives assume the director post with the Company.</p> <p>2. Not in the circumstances regulated under Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act</p>	None	
Veterans Affairs Commission,	He is the Director of Department of Personnel, Veterans Affairs	No spouse or second-degree relatives assuming director	None	

Three. Company Governance Report

Criteria Name	Professional qualifications and experiences	State of independence	Number of other public companies in which the individual is concurrently serving as an independent director
Executive Yuan Representative: Yen-Chun Wu	Commission and served as the Director of Department of Personnel, Ocean Affairs Council and the Deputy Director of Department of Personnel, Ministry of Culture. He has the work experience in talent cultivation, education and training, planning and administration needed for the Company's business.	post with the Company.	
THE GREAT TAIPEI GAS CORPORATION Representative: Richard H Wu	He is the Chairperson of Taiwan Shin Kong Security Co., Ltd. He endeavors to facilitate digital transformation and actively integrates related businesses to match market demands. He majored in Information Management in college and once founded a gaming software company. He attended major international exhibition annually and pays attention to topics such as technology, medicine and care. He has practical work experience in commerce, investment, finance, risk management and company management. He has the work experience in commerce, leadership, operating decision-making, finance and risk management needed for the Company's business.	<ol style="list-style-type: none"> 1. Has 1 second-degree relative assume the director post with the Company. 2. Not in the circumstances regulated under Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act 	None
Jung-Chun Huang	He has been the Company's Director since 2011 and owns extensive experience in the natural gas industry. He has the work experience in commerce, leadership, operation, marketing and risk management needed for the Company's business.	<ol style="list-style-type: none"> 1. Has 1 second-degree relative assume the director post with the Company. 2. Not in 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	She is the Chairperson of Mr. Chen Gen-Chu Foundation for Education and Culture and committed to social welfare activities to fulfill corporate social responsibility. She has the work experience in talent cultivation, education and training,	<ol style="list-style-type: none"> 1. Has 2 first-degree relatives assume the director post with the Company. 2. Not in the circumstances regulated under Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act 	None

Three. 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
		general affairs such as coordination and public welfare needed for the Company's business.	Act	
Veterans Affairs Commission, Executive Yuan Representative: Kun-chung Huang		He is the President of Shin Shin Natural Gas Co., Ltd. and served as the Director of Department of Veterans Service and Assistance and Director of Kaohsiung City Veterans Home of Veterans Affairs Commission. He has the work experience in leadership, operating decision-making, care, planning and administration needed for the Company's business.	No spouse or second-degree relatives assuming director post with the Company.	None
THE GREAT TAIPEI GAS CORPORATION Representative: Hsin-Ju Wu		She is the President of Shin Kong Financial Holding Co., Ltd., the Director of Shin Kong Life Insurance Co., Ltd. and the Director of Shin Kong Financial Holding Co., Ltd. She has the work experience in leadership, operating decision-making, banking, insurance, securities, finance and risk management needed for the Company's business.	<ol style="list-style-type: none"> 1. Has 1 second-degree relative assume the director post with the Company. 2. Not in 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		He is the Chairperson of the Great Taipei Gas and Shin-Hai Gas Co., Ltd. and endeavors to improve business performance, expand the application fields and efficacy of natural gas, and accelerate the replacement of old pipelines and regular safety checks of user pipe equipment ensuring users' safety. He is familiar with the natural gas industry and equipped with the work experience in leadership, operating decision-making, finance and risk management needed for the Company's business.	No spouse or second-degree relatives assuming director post with the Company.	None
Tung Chan Enterprise Co., Ltd. Representative: Hung-Wen Chuang		He is the Chairperson of Hsin Tai Gas Co., Ltd. and subscribes to the principle of "Safety and Service First". He endeavors to improve professional technology and ensure the maintenance of safety in	No spouse or second-degree relatives assuming director post with the Company.	None

Three. 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
		addition to the comprehensive service. He is familiar with the natural gas industry and equipped with the work experience in leadership, operating decision-making, finance and risk management needed for the Company's business.		
Cheng-Cheng Wong		He has been the Company's Director since 1988 and has the ability in long-term development strategy in natural gas industry. He has the work experience in leadership, operating decision-making, finance, insurance and marketing needed for the Company's business.	No spouse or second-degree relatives assuming director post with the Company.	None
Veterans Affairs Commission, Executive Yuan Representative: Chy-Chung Chang		He is the Chief of Information Division, Department of Statistics, Veterans Affairs Commission and served as the Deputy Director of Department of Statistics, Ministry of Education and the Deputy Director of Department of Budget, Accounting and Statistics, Taipei City Government. He has work experience in finance, information management, planning and administration needed for the Company's business.	No spouse or second-degree relatives assuming director post with the Company.	None
Veterans Affairs Commission, Executive Yuan Representative: Fu-Hua Ni		He is the Senior Executive Officer of Department of Civil Service Ethics, Veterans Affairs Commission and served as the Director of Civil Service Ethics Office National Property Administration, Ministry of Finance and Chief of Corruption Prevention Division, Agency Against Corruption, Ministry of Justice He owns expertise in law and work experience in planning and administration needed for the Company's business.	No spouse or second-degree relatives assuming director post with the Company.	None
Veterans Affairs Commission,		He is the Director of Department of Administrative Management,	No spouse or second-degree relatives assuming director	None

Three. Company Governance Report

Criteria Name	Professional qualifications and experiences	State of independence	Number of other public companies in which the individual is concurrently serving as an independent director
Executive Yuan Representative: Wei-an Lee	Veterans Affairs Commission and served as the Director of Baihe Veterans Home, the Director of Chungchang Veterans Home and the Director of Shin Chung Natural Gas Co., Ltd. He is familiar with the natural gas industry and has the work experience in planning and administration needed for the Company's business.	post with the Company.	
Shin Kong Wu Ho-Su Memorial Hospital Representative: Po-Ih Wang	He is the consultant of Shin Kong Wu Ho-Su Memorial Hospital and served as the Assistant Vice President of Great Taipei Gas Corporation and the Chairperson of Taiwan Meteorological Technology Foundation. He is familiar with the natural gas industry and owns the work experience in care and risk management needed for the Company's business.	No spouse or second-degree relatives assuming director post with the Company.	None
Kindasaki Biochemical Technology Co., Ltd. Representative: Hui-Chun Chen Wu	She is the Chairperson of the New Taipei City Women's Association and served as the Chairperson of Yungho District Women's Association and the CEO of Mr. Chen Gen-Chu Foundation for Education and Culture She has the work experience in commerce, banking, and public welfare needed for the Company's business.	<ol style="list-style-type: none"> 1. Has 2 first-degree relatives assume the director post with the Company. 2. Not in 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	He is the Director of Great Taipei Gas Corporation and Taiwan Shin Kong Security Co., Ltd., and served as the Chairperson of Taiwan Shin Kong Security Co., Ltd. He has the work experience in leadership, operating decision-making, commerce and law needed for the Company's business.	No spouse or second-degree relatives assuming director post with the Company.	None
Kuo-Tai Chang	He is the Vice President of EVFA International Co., Ltd. and served as the Vice President of the Company. He is familiar with business in the natural gas industry and owns expertise in finance, investment,	No spouse or second-degree relatives assuming director post with the Company.	None

Three. 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
		education and training needed for the Company's business.		
Ko-Tseng Li		He is the Special Assistant to the Chairperson of EVFA International Co., Ltd. and served as the Manager of the Company's Operations Department. He is familiar with business in the natural gas industry and owns expertise in finance, securities and investment needed for the Company's business.	<ol style="list-style-type: none"> 1. Has 1 second-degree relative assume the director post with the Company. 2. Not in the circumstances regulated under Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act 	None
Yee-kong Lee		He is the Director of the Department of Planning, Veterans Affairs Commission and served as the Military Prosecutor and the Directing Military Judge of the Military Law Division. He owns work experience in law, planning and administration needed for the Company's business.	No spouse or second-degree relatives assuming director post with the Company.	None
Ching-Kuo Lee		He served as the President of Shin Shin Natural Gas Co., Ltd. He is familiar with the natural gas industry and equipped with the abilities of leadership, operating decision-making, finance and risk management needed for the Company's business.	<ol style="list-style-type: none"> 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
Shu-Ping Hsu		She is the Practice Accountant at Champion CPAs Firm and has more than 20 years of expertise in finance and accounting. She has work experience in accounting and finance needed for the Company's business.	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.	None

Three. 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
		<ol style="list-style-type: none"> 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. 		
Chin-Ming Kuo	<p>He is the Professor of Department of Law, Chinese Culture University. He is familiar with the family law, succession law, Family Act, commercial law, Criminal Code of the Armed Forces, Military trial, etc. He is an instructor or higher in a department of law related to the business needs of the Company in a public or private junior college, college, or university.</p>	<ol style="list-style-type: none"> 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	<p>He worked in the construction industry, which is closely related to the natural gas industry, and served as the 4-time councilman of Taipei County Council, the National Assembly member, the Advisor of Executive Yuan Administrative, and the Advisor to the Office of the President. He has tremendous contribution to the Company by facilitating administrative affairs such as communication and coordination with the competent authority. During his leisure time, he is committed to social welfare to fulfill the corporate social</p>	<ol style="list-style-type: none"> 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 	None	

Three. 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
		responsibility. He has the work experience in leadership, operational decision-making, commerce, investment, and risk management.	services to the Company or its affiliates in the most recent two years.	
Han-Lin Tseng		He is the Vice Chairperson of Hanbang Industrial Co., Ltd., and was engaged in the construction industry, which is closely related to the natural gas industry. In addition, he has been active in social welfare events to give back to the community, and acts as the Chairperson of the Institute for the Blind of Taiwan and the Director of New Taipei Branch, Taiwan After Care Association, Ministry of Justice. He has the work experience in commerce, finance, accounting, investment, leadership and risk management needed for the Company's business.	<ol style="list-style-type: none"> 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 comprises 24 directors (including 5 independent directors). Each member of this diverse Board own specific expertise and experience. There are 14 members having expertise in leadership and operational decision making, and they are Ho-Chia Chen, Richard H Wu, Jung-Chun Huang, Kun-chung Huang, Hsin-Ju Wu, Rung-Fu Hsieh, Hung-Wen Chuang, Cheng-Cheng Wong, Hui-Chun Chen Wu, Po-Fong Lin, Ching-Kuo Lee, Chin-Ming Kuo, Ming-Hsiung Chen and Han-Lin Tseng. 11 members own knowledge and experience in relation to the natural gas industry, and they are Ho-Chia Chen, Richard H Wu, Jung-Chun Huang, Kun-Chung Huang, Rung-Fu Hsieh, Hung-Wen Chuang, Cheng-Cheng Wong, Po-Ih Wang, Kuo-Tai Chang, Ko-Tseng Li and Ching-Kuo Lee. 8 members have expertise in planning and administration, including Yen-Chun Wu, Pao-Kway Chen Chien, Kun-Chung Huang, Chy-Chung Chang, Fu-Hua Ni, Wei-An Lee, Hui-Chun Chen Wu and Yee-Kong Lee. 10 members own experience in risk management, and they are Ho-Chia Chen, Jung-Chun Huang, Kun-Chung Huang, Hsin-Ju Wu, Rung-Fu Hsieh, Hung-Wen Chuang, Cheng-Cheng Wong, Po-Ih Wang, Kuo-Tai Chang and Ching-Kuo Lee. 10 members own experience in financial management, and they are Ho-Chia Chen, RICHARD H WU, Hsin-Ju Wu, Rung-Fu Hsieh, Hung-Wen Chuang, Chy-Chung Chang, Cheng-Cheng Wong, Ching-Kuo LEE, Shu-ping Hsu, Han-Lin Tseng. There are 3 Directors, including Shu-Ping Hsu, Kuo-Tai Chang and Ko-Tseng Li, who can perform accounting analysis, while Po-Fong Lin, Chin-Ming Kuo, Yee-Kong Lee and Fu-Hua Ni owns skill in law. Ho-Chia Chen, Ming-Hsiung Chen and Han-Lin Tseng worked in the government. 7 Directors have tremendous contribution to the public welfare enterprises, including Ho-Chia Chen, Pao-Kway Chen Chien, Kuo-Tai Chang, Ko-Tseng Li, Ming-Hsiung Chen and Han-Lin Tseng.

Expertise	Related to the company	Director name	Number of directors
Board of Directors/Committee leaders	Management and leading experiences are strategic assets of the Board of Directors and Functional Committee	Ho-Chia Chen, RICHARD H WU, Jung-Chun Huang, Kun-chung Huang, Hsin-Ju Wu, Rung-Fu Hsieh, Hung-Wen Chuang, Cheng-Cheng Wong, Hui-Chun Chen Wu, Po-Fong Lin, Ching-Kuo LEE, Chin-Ming Kuo, Ming-Hsiung Chen, Han-Lin Tseng	14
Natural gas industry experience	Assist in reviewing company sales, operations, finance	Ho-Chia Chen, RICHARD H WU, Jung-Chun Huang, Kun-chung Huang, Rung-Fu Hsieh, Hung-Wen Chuang, Cheng-Cheng Wong, Po-Ih Wang, Kuo-Tai Chang, Ko-	11

Three. Company Governance Report

		Tseng Li, Ching-Kuo LEE	
Public administration management	Brings about legal compliance and raises administration performance and efficiency	Yen-Chun Wu, Pao-Kway Chen Chien, Kun-Chung Huang, Chy-Chung Chang, Fu-Hua Ni, Wei-An Lee, Hui-Chun Chen Wu, Yee-Kong Lee	8
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	Ho-Chia Chen, Jung-Chun Huang, Kun-chung Huang, Hsin-Ju Wu, Rung-Fu Hsieh, Hung-Wen Chuang, Cheng-Cheng Wong, Po-Ih Wang, Kuo-Tai Chang, Ching-Kuo LEE	10
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	Ho-Chia Chen, RICHARD H WU, Hsin-Ju Wu, Rung-Fu Hsieh, Hung-Wen Chuang, Chy-Chung Chang, Cheng-Cheng Wong, Ching-Kuo LEE, Shu-ping Hsu, Han-Lin Tseng	10
Accounting expertise	Apply accounting analysis professional scope for monitoring, consultation and operation experiences	Shu-ping Hsu, Kuo-Tai Chang, Ko-Tseng Li	3
Legal expertise	Brings professional scope for monitoring, consultation and operation experiences	Po-Fong Lin, Chin-Ming Kuo, Yee-kong Lee, Fu-hua Ni	4
Government affairs experience	Administrative affairs in communications and coordination with competent authorities	Ho-Chia Chen, Ming-Hsiung Chen, Han-Lin Tseng	3
Charity experiences	Experiences in enhancing corporate social responsibilities	Ho-Chia Chen, Pao-Kway Chen Chien, Hui-Chun Chen Wu, Kuo-Tai Chang, Ko-Tseng Li, Ming-Hsiung Chen, Han-Lin Tseng	7

Three. Company Governance Report

- (II) Regarding the age distribution of Directors, there are 4 Directors below 50 years old, 4 Directors between 51-60 years, 9 Directors between 61-70 years and 7 Directors above 71 years.

Apart from the aforementioned, the Company values gender balance in the members formation. 5 female directors stands at 21%. The Company 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	V	There are 5 female Directors in the Board of Directors accounting for 21% of the total Directors.
No more than one-third of the directors who are concurrently managers of the company	V	Accounting for 4%
Must be more than one-fifth of the directors who are independent directors	V	Accounting for 21%
Years of service by independent directors at not more than 9 years	V	None of such situation

- (IV) There are 5 independent directors for the Company, standing at 21%. Each of them exercise authority independently. 3 of the independent directors have served for less than 3 years, 2 of the independent directors have served for 5 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 hold no 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.

The Independent Director Shu-Ping Hsu, who has professional background in accounting or finance, has been the Practice Accountant at CHAMPION CPAs Firm for 6 years and worked as the Assistant Vice President in Deloitte and Touche with 16 years of experience, and she is not under the circumstances in Article 30 of the Company Act.

- (V) The Company drives the complete development of the Board of Directors formation and structure to strengthen its corporate governance. Realizing the diversity and complementarity of the board directors to ensure the board members possess the 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 29, 2023

Title	Nationality	Name	Gender	Date elected (onboard)	Shareholding		Shareholding by spouse or dependents		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.	Kun-chung Huang	Male	2023.3.16	0	0	0	0	0	0	2010 Year Class, War 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	2021.9.16	2,694	0.0018	0	0	0	0	Diploma of Electronic Engineering, Tungnan Technical College	None	None	None	None	
Chief Internal 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.	Yuan-liang Liu	Male	2022.9.16	0	0	0	0	0	0	Department of Electrical Engineering, Tungnan Institute of 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	

Three. Company Governance Report

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 under the range of compensation and the name of director)

Title	Name	Remuneration for directors								% of the sum of A to D in the net profit after tax		Remuneration for concurrent position as an employee								% of the sum of A to G in the net profit after tax		Compensation received from non-consolidated affiliates or parent company (NTD)	
		Remunerations Paid (A) (NTD)		Retirement Pension (B) (NTD)		Directors remuneration (C)(NTD)		Expenses for Execution of Business (D) (NTD)				Salaries, Bonus and Special Expenditure (E)(NTD)		Retirement Pension (F) (NTD)		Employees remuneration (G) (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	All companies	In the Company's financial statements	All companies	In the Company's financial statements	Cash amount	Stock amount	Cash amount	Stock amount	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	Chy-Chung Chang (Remarks 1)																						
Director	Hsin-Ju Wu (Note 4)																						
Director	Po-Ih Wang (Note 2)																						
Director	Yee-kong Lee (Remarks 1)																						
Director	Pi-Lin Chiang (Remarks 1)	6,015,806	6,730,406	0	0	4,749,816	4,749,816	19,699,333	19,825,333	21.18	21.76	5,272,324	6,534,134	0	0	87,252	0	87,252	0	24.90	26.36	None	
Director	Po-Fong Lin (Note 4)																						
Director	Hui-Chun Chen Wu (Note 3)																						
Director	Kuo-Tai Chang																						
Director	Ko-Tseng Li																						
Director	Tao-Chung Ku (Remarks 1)																						
Director	Cheng-Cheng Wong																						
Director	Rung-Fu Hsieh (Note 5)																						
Director	Hung-Wen Chuang (Note 6)																						
Director	Fu-hua Ni (Remarks 1)																						
Independent Director	Ching-Kuo Lee																						
Independent Director	Chin-Ming Kuo																						
Independent Director	Ming-Hsiung Chen	0	0	0	0	0	0	2284,000	2284,000	1.59	1.59	0	0	0	0	0	0	0	0	1.59	1.59	None	
Independent Director	Han-Lin Tseng																						
Independent Director	Shu-Ping Hsu																						

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, after the board's approval, obtain 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-employee consultant) specified in the financial statements provided by directors in the most recent year not specified above: None.

- 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.
 7. The "expensed retirement pension" amount set aside was NTD 108,000 for 2022 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. 2022 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); Ching-Kuo Lee; Chin-Ming Kuo; Ming-Hsiung Chen; Han-Lin Tseng; Shu-ping Hsu, 6 persons	6 persons (Name list is the same to the left)	Ching-Kuo Lee; Chin-Ming Kuo; Shu-ping Hsu; Ming-Hsiung Chen; Han-Lin Tseng, 5 persons	5 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), Fu-hua Ni(1), Yee-kong Lee(1), Pi-Lin Chiang(1), Po-Ih Wang(2), Hsin-Ju Wu(4), RICHARD H WU(4), Po-Fong Lin(4), Rung-Fu Hsieh(5), Hung-Wen Chuang(6), Cheng-Cheng Wong, Jung-Chun Huang, Kuo-Tai Chang, Pao-Kway Chen Chien(3), Ko-Tseng Li, Hui-Chun Chen Wu(3), 17 persons	17 persons (Name list is the same to the left)	Chy-Chung Chang, Tao-Chung Ku, Fu-hua Ni, Yee-kong Lee, Pi-Lin Chiang, Po-Ih Wang(2), Hsin-Ju Wu(4), RICHARD H WU(4), Po-Fong Lin, Rung-Fu Hsieh, Hung-Wen Chuang, Cheng-Cheng Wong, Jung-Chun Huang, Kuo-Tai Chang, Pao-Kway Chen Chien(3), Ko-Tseng Li, Hui-Chun Chen Wu(3), 17 persons	17 persons (Name list is the same to the left)
2,000,000 (inclusive) – \$3,500,000 (exclusive)	0	0	0	0
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.

Three. Company Governance Report

(II) Compensation for President and Vice President (name of President and Vice President is disclosed under 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	Yi-Hsin Chien	5,886,681	5,886,681	0	0	4,182,210	4,698,610	210,071	0	210,071	0	7.15	7.50	None
Vice President	Chung-Chieh Chen													

- Note: 1. The “expensed retirement pension” amount set aside was NTD 289,548 for 2022 President and Vice President.
2. 2022 employee remunerations was passed by the Board of Directors meeting.

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	0	0
1,000,000 (inclusive) – \$2,000,000 (exclusive)	0	0
2,000,000 (inclusive) – \$3,500,000 (exclusive)	Yi-Hsin Chien, Chung-Chieh Chen	Yi-Hsin Chien, Chung-Chieh Chen
3,500,000 (inclusive) – \$5,000,000 (exclusive)	Fu-Hua Li	Fu-Hua Li
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	3 persons	3 persons

Profit sharing remuneration for employees, manager names and distribution

April 29, 2023

	Title	Name	Share bonus (NTD)	Cash bonus (NTD)	Total (NTD)	% in net earnings
Managerial Officer	President	Fu-Hua Li	0	260,778	260,778	0.18
	Vice President	Yi-Hsin Chien				
	Vice President	Chung-Chieh Chen				
	Manager	Yi-Yang Huang				

Note: The 2022 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, general manager and vice presidents of this company to the net earnings after tax over the past two years.

Items	All companies				in the consolidated statements			
	2021		2022		2021		2022	
	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)	33,448,275	9.77%	32,748,955	22.76%	34,394,275	10.05%	33,589,555	23.35%
Supervisor	4,873,851	1.42%			4,873,851	1.42%		
Remuneration for president and vice-president	10,459,610	3.05%	10,278,962	7.15%	11,379,610	3.32%	10,795,362	7.50%
Income after tax	342,395,288		143,858,839		342,395,288		143,858,839	

Note: Remuneration policies, standards, and package

1. The Company's director remuneration principles are 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, operating performance and referencing industry practice.

Three. Company Governance Report

IV. The Company's implementation of corporate governance

(I) Operation of the Board of Directors

The number of Board meetings held in the most recent fiscal year was 6 (A), and the attendance by the Directors is:

Title	Name	Actual attendance (B)	Attendances by proxy	Compulsory attendance (A)	In-person attendance rate (%) 【B/A】	Remark
Chairperson	Ho-Chia Chen	6	0	6	100	Re-election on August 31, 2021, re-elected
Director	Pi-Lin Chiang (Note 1)	6	0	6	100	Reassignment on January 22, 2022, newly elected
Executive Director	RICHARD H WU (Note 2)	2	4	6	33	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)	6	0	6	100	Re-election on August 31, 2021, newly elected
Director	Hung-Wen Chuang (Note 5)	6	0	6	100	Re-election on August 31, 2021, newly elected
Director	Cheng-Cheng Wong	6	0	6	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)	3	0	3	100	July 16, 2022 dismissal
	Fu-hua Ni (Note 1)	3	0	3	100	Reassignment on July 25, 2022, newly elected
Director	Tao-Chung Ku (Note 1)	6	0	6	100	Re-election on August 31, 2021, re-elected
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)	6	0	6	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	6	0	6	100	Re-election on August 31, 2021, re-elected
Director	Yee-kong Lee (Note 1)	5	0	5	100	Reassignment on May 4, 2022, newly elected
Independent Director	Ching-Kuo Lee	6	0	6	100	Re-election on August 31, 2021, re-elected
Independent Director	Chin-Ming Kuo	6	0	6	100	Re-election on August 31, 2021, re-elected
Independent Director	Ming-Hsiung Chen	5	1	6	83	Re-election on August 31, 2021, newly elected
Independent Director	Han-Lin Tseng	6	0	6	100	Re-election on August 31, 2021, newly elected
Independent Director	Shu-Ping Hsu	3	0	3	100	By-election on June 17, 2022, 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.

Other matters required to be recorded:

- I. If the operation of the Board of Directors is under these 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 in Article 14-3 of the Securities and Exchange Act:
The Company has 24 directors (including 5 independent directors). Regarding matters under Article 14-3 of the Securities and Exchange Act, a proposal is made and submitted to the Board meeting for discussions; Independent directors have made their expert suggestions. The Board shall decide 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, 2022 to December 31, 2022

Scope of evaluation	Evaluation method	Evaluation content	Evaluation results
All members of the Board of Directors	Board of Directors Internal self-evaluation	<ol style="list-style-type: none"> 1. 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 92.38 points (100 points as the full score). This demonstrates that the Board has exercised 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. Participation in the 	There are 6 major aspects, 7 indicators, overall score is 93.15 points (100 points as the full score). This demonstrates the Board members' professionalism and

Three. Company Governance Report

Scope of evaluation	Evaluation method	Evaluation content	Evaluation results
		company's operations. 4. Management of internal relationships and communication. 5. Director's professionalism and continuing education. 6. Internal control.	responsibility to each of the operating indicators. Communications have been good, and meets the corporate governance requirements.

(II) Audit committee operation:

Audit committee operation

The Company' Audit Committee was established on August 31, 2021. Independent Director Ching-Kuo Lee, the convener of the Audit Committee, has convened 4 (A) regular meetings in 2022, and the attendance of the committee members is:

Title	Name	Actual attendance (B)	Attendances by proxy	Actual attendance rate (%) (B/A)	Remark
Convener Independent Director	Ching-Kuo Lee	4	0	100	Re-elected Re-election on August 31, 2021
Independent Director	Chin-Ming Kuo	3	1	75	Re-elected Re-election on August 31, 2021
Independent Director	Ming-Hsiung Chen	4	0	100	Newly elected Re-election on August 31, 2021
Independent Director	Han-Lin Tseng	4	0	100	Newly elected Re-election on August 31, 2021
Independent Director	Shun-Yun Hsu	0	0	0	March 17, 2022 resignation
Independent Director	Shu-Ping Hsu	2	0	100	By-election on June 17, 2022

Three. Company Governance Report

Other matters required to be recorded:

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

Meeting date	Motion content	Resolution and result	State of implementation
2022.03.18 (1st Term, 3rd Meeting)	Review of the Company's 2021 annual accounting final report and statements including Business Report, Financial Statements, and Consolidated Financial Statements.	Passed by all attending members as proposed.	The proposal has been submitted to the 4th Meeting of the 19th Board of Directors and approved by all attending Directors as proposed.
	Review of the 2021 "Earnings Distribution."	Passed by all attending members as proposed.	
	Amendments to some articles of the Company's "Regulations for Acquisition or Disposal of Assets."	Passed by all attending members as proposed.	
	Review of the Company's 2021 "Statement of Internal Control System".	Passed by all attending members as proposed.	
	Amendments to the Company's "Accounting Procedure Manual for the Public Natural Gas Enterprises".	Passed by all attending members as proposed.	
	Amendments to part of the "Planning and Design Process" of the internal control policy (draft).	Passed by all attending members as proposed.	
2022.05.06 (1st Term, 4th Meeting)	Addition and amendments to part of the "Internal Audit Implementation Rules".	Passed by all attending members as proposed.	The proposal has been submitted to the 5th Meeting of the 19th Board of Directors and approved by all attending Directors as
	Report of the Company's 2022Q1 (January to March) Consolidated Financial Statements.	Passed by all attending members as proposed.	
	Amendments to part of	Passed by all attending	

Meeting date	Motion content	Resolution and result	State of implementation
	the “Procurement Process” of the internal control policy (draft).	members as proposed.	proposed.
	Amendments to part of the “Audit on Procurement Process” of the Internal Audit Implementation Rules.	Passed by all attending members as proposed.	
	Amendments to part of the “Audit on Planning and Design Process” of the Internal Audit Implementation Rules.	Passed by all attending members as proposed.	
2022.08.10 (1st Term, 5th Meeting)	Report of the Company’s 2022Q2 (January to June) Consolidated Financial Statements.	Passed by all attending members as proposed.	The proposal has been submitted to the 7th Meeting of the 19th Board of Directors and approved by all attending Directors as proposed.
	Proposal of official appointment of Ms. An-Yi Chen as the Chief Internal Auditor of the Company’s Audit Office.	Passed by all attending members as proposed.	
2022.11.11 (1st Term, 6th Meeting)	Review of the Company’s “2023 Audit Plan” (draft).	Passed by all attending members as proposed.	Along with the 2023 “Operational Plan”, the proposal was submitted to the 8th Meeting of the 19th Board of Directors and approved by all attending Directors as proposed.
	Report of the Company’s 2022Q3 (January to September) Consolidated Financial Statements.	Passed by all attending members as proposed.	The proposal has been submitted to the 8th Meeting of the 19th Board of Directors and approved by all attending Directors as proposed.
	Amendments to part of the Company’s “Management of Rules of Procedure for Board Meetings” of the internal control system.	Passed by all attending members as proposed.	
	Amendments to part of	Passed by all attending	

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Meeting date	Motion content	Resolution and result	State of implementation
	the Company’s “Management of Insider Trading Prevention” of the internal control system.	members as proposed.	
	Amendments to part of the “Payroll Cycle” of the internal control system.	Passed by all attending members as proposed.	
	Amendment to part of the internal audit implementation rules for the “Payroll Cycle”.	Passed by all attending members as proposed.	
	Amendment to partial contents of the internal audit implementation rules’ “loan cycle”.	Passed by all attending members as proposed.	
	Review the Company’s evaluation on the CPA’s independence and suitability and continued appointment.	Passed by all attending members as proposed.	

(II) Other resolution matters agreed by over two thirds 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 were no special circumstances in 2022. The Company’s audit committee and internal audit officer are of good communication status.

(II) The Company’s attesting CPAs report in the Audit Committee’s meetings on a quarterly basis on the results of the financial statements audit or review for the quarter and other matters for discussion required by related laws. Where there are special circumstances, they will report to the Audit Committee immediately. There were no special circumstances in 2022. 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:

[2022 Status of Communications between the Independent Directors and Internal Audit Officer]

Meeting date	Communication content	State of Communication
2022.03.18	<ol style="list-style-type: none"> 1. Implementation status of the audit plan from November 2021 to February 2022. 2. The Company's 2021 "Statement of internal control system". 3. Amendments to part of the "Construction Cycle" of the internal control system. 4. Addition and amendments to part of the "Internal Audit Implementation Rules". 	<ol style="list-style-type: none"> 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.
2022.05.06	<ol style="list-style-type: none"> 1. Implementation status of the audit plan in March 2022. 2. Amendments to part of the "Procurement and Payment Cycle" of the internal control system. 3. Amendment to part of the internal audit implementation rules for the "Procurement and Payment Cycle" and "Construction Cycle". 	<ol style="list-style-type: none"> 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.
2022.08.10	Implementation status of the audit plan up to June 2022.	All independent directors have been informed.
2022.11.11	<ol style="list-style-type: none"> 1. Implementation status of the audit plan From July to September 2022. 2. The Company's "2023 Audit Plan's planning" items. 3. Amendments to part of the "Management of Rules of Procedure for Board Meeting", "Loan Cycle" and "Payroll Cycle" of the internal control system. 4. Amendments to part of the internal audit implementation rules for the "Management of Rules of Procedure for Board Meeting", "Loan Cycle" and "Payroll Cycle" of the internal control system. 	<ol style="list-style-type: none"> 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.

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[2022 Status of Communications between the Independent Directors and CPAs]

Meeting date	Communication content	State of Communication
Meeting before the Board of Directors' meeting on December 14, 2022	2022 Financial Statements audit planning: Responsibilities in auditing for fraud in financial statements.	Independent Directors communicated with the CPAs and raised no objections.
2022.12.14 Board of Directors	<p>The 2022 financial statements audit plan and communication matters with the corporate governance unit 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. 2023 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 under the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company adopted the "Corporate Governance Best Practice Principles" in the 12th meeting of the 17th Board of Directors, and with the amendments made in the 8th meeting of the 19th Board of Directors disclosed 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				in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(I) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented?	V		(I) 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.	
(II) Does the Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		(II) The Company has according to Article 25 of the Securities and Exchange Act, submits report to the Taiwan Stock Exchange (TWSE) via the MOPS monthly on any changes to the equity held by its internal personnel (directors, supervisors, managers, and shareholders holding over 10% of total shares).	
(III) Has the Company built	V		(III) The risk control and	

Three. 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>and executed a risk management system and “firewall” between the Company and its affiliates?</p> <p>(IV) Has the Company established internal rules prohibiting insider trading on undisclosed information?</p>	V		<p>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.</p> <p>(IV) The Company has established the “Insider trading prevention management procedures” and has announced on the company’s external website under corporate governance area.</p>	
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Has the Board of Directors established a diversity policy, set goals, and implemented them?</p> <p>(II) Other than the Compensation Committee and the Audit Committee required by law, does the Company plan to set up other Board committees?</p>	V	V	<p>(I) The Company has specified its requirement for Board diversity in its “Corporate Governance Best Practice Principles” and “Rules Governing the Election of Directors” Directors possess the competency required for their performance of duties. The Company values gender equality in its Board, which includes 5 female seats accounting for 21% of the total seats. The concrete goals and related implementation status are disclosed on the company website and MOPS.</p> <p>(II) Other than the Compensation Committee and the Audit Committee required by law, the Company has not set up other functional committees.</p>	<p>in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies</p>

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	
(III) Has the Company established methodology for evaluating the performance of its Board of Directors annually reported the results of performance to the Board of Directors, and use the results as reference for directors' remuneration and renewal?	V		(III) The Company's 18th Term 10th Meeting of the Board of Directors has 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.	
(IV) Does the Company regularly evaluate its external auditors' independence?	V		(IV) The Company's Board of Directors, at the end of each year, review the independence of the CPAs for the year based on the "Rules Governing the Independence Evaluation of the Accountant" and with reference to the "Assessment Table on Independence and Suitability" set forth in the No. 10 Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China. The indicators used include whether holding a position as the Company's director, manager, or with material impact to the audit engagement; whether being a family of the personnel; whether having material close business relation; whether providing the Company non-audit services; whether involved in significant engagements	

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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	
			that directly affect this audit engagement; whether having any litigation, etc. Along with the independence self-evaluation and statement for independence provided by CPAs, it evaluates if CPAs meet the standards for independence in that year. On November 11th, 2022, the Board of Directors approved the CPAs independence assessment for the year.	
IV. Does the listed or OTC company have the 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 the information required for implementing 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)?	V		The Company has established the "Corporate Governance Best Practice Principles." 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

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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>implementing the spokesperson system, and uploading videos of the investor conferences on the company's website)?</p> <p>(III) Has the Company published and reported its annual financial report within two months after 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>		V	<p>2. 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>3. The Company has in 2022 organized the corporate briefing according to the regulations, and disclosed the processes on the company's external website.</p> <p>(III) The Company has completed announcements under Article 36 of the Securities and Exchange Act, and has reported and filed with the competent authority.</p>	
<p>VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee</p>	V		<p>(I) 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</p>	<p>in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies</p>

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	
wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, implementing risk management policies and risk evaluation standards, implementing customer relations policies, and purchasing liability insurance for directors and supervisors)?			<p>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>(II) The Company meets with the pipeline construction contractors regularly to assist in solving technical demands for constructions.</p> <p>(III) Risk Management Policy</p> <ol style="list-style-type: none"> 1. 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, Shenkeng 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. 2. Labor Safety and Health Office has established the annual "Occupational Health and Safety 	

Three. 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>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>3. The Department of Engineering has under the “Internal Management on Safety and Inspection Plan,” executes the user facility safety inspection each month, regularly adds the natural gas odorant, 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>4. It has prepared the “Pipeline Extension Plan” and the “Promotional Plan”, executed replacements for “overdue meters” and provided customer service to achieve the Company’s business targets.</p> <p>5. The finance department has planned the “Preparation for Business Budget,” for analysis and control the</p>	

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>“Budget and Execution Status,” to ensure the effective financial management of the company.</p> <p>6. 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>(IV) Status of purchasing liability insurance for the directors by the company: The Company has in 2022 purchased liability insurance for the directors according to legal requirements, and reported to the 6th Term 19th Meeting of the Board of Directors.</p> <p>(V) 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> <p>(I) The Company has in 2022 provided the shareholders’ meeting annual report, meeting notices (including English versions), Board meeting handbook, and Board meeting records information on the company website.</p> <p>(II) 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.</p>				

Three. 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	
(III) 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 submit 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.				
(IV) The company is finalized the establishment of corporate governance officers on June 1, 2023.				

Table 1:
Status of continuing education for the Company's directors in 2022 relating to corporate governance:

Title	Name	Organizer	Course	Duration/Hours	Total hours
Chairperson	Ho-Chia Chen	Taiwan Stock Exchange, Taiwan Corporate Governance Association	International Twin Summit Online Forum	2	7
		Taiwan Stock Exchange, Taipei Exchange	Sustainable Development Roadmap Industry Theme Promotion Conference	2	
		Taiwan Stock Exchange, Taiwan Corporate Governance Association	Announcement of the 2022 Guidelines for the Performance of Duties of Independent Directors and Audit Committee and Promotion Conference for Directors and Supervisors	3	
Resident Director	Richard H Wu	Taiwan Securities Association	Development and Market Analysis for the New Metaverse Business Model	3	13
		Taiwan Academy of Banking and Finance	The 91st Workshop for the Practice of the Board of Directors' and Supervisors' Meeting and Corporate Governance	3	
		Taiwan Corporate Governance Association	Trend of Global Sustainable Finance and Response Thereto	3	
		Taiwan Institute for Sustainable Energy	Shin Kong Financial Holding Training Course for Directors and Supervisors	1	
		Taiwan Academy of Banking and Finance	The 95th Workshop for the Practice of the Board of Directors' and Supervisors' Meeting and Corporate Governance	3	
Director	Fu-Hua Li	Accounting Research and Development Foundation	2022 Seminar on corporate management for directors and	12	12

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			supervisors and seminar suggested for middle and senior executives		
Director	Pi-Lin Chiang	Accounting Research and Development Foundation	2022 Seminar on corporate management for directors and supervisors and seminar suggested for middle and senior executives	12	12
Director	Jung-Chun Huang	Taiwan Stock Exchange, Taiwan Corporate Governance Association	International Twin Summit Online Forum	2	7
		Taiwan Stock Exchange, Taipei Exchange	Sustainable Development Roadmap Industry Theme Promotion Conference	2	
		Taiwan Stock Exchange, Securities and Future Institute	2022 Insider trading laws and regulations compliance promotion session	3	
Director	Hsin-Ju Wu	Taiwan Academy of Banking and Finance	The 91st Workshop for the Practice of the Board of Directors' and Supervisors' Meeting and Corporate Governance	3	15
		Taiwan Corporate Governance Association	Prevention of Insider Trading	3	
		Securities and Futures Institute	Advanced Practice and Conference for Directors (Including Independent Directors), Supervisors and Chief Corporate Governance Officer - Battles for Management Rights and Introduction to the Commercial Case Adjudication Act	3	
		Taiwan Academy of Banking and Finance	The 95th Workshop for the Practice of the Board of Directors' and Supervisors' Meeting and Corporate	3	

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			Governance		
		Taiwan Insurance Institute	Opportunity for Transformation in the Application of IFRS 17	3	
Director	Pao-Kway Chen Chien	Taiwan Stock Exchange, Taiwan Corporate Governance Association	International Twin Summit Online Forum	2	7
		Taiwan Stock Exchange, Taipei Exchange	Sustainable Development Roadmap Industry Theme Promotion Conference	2	
		Taiwan Stock Exchange, Securities and Future Institute	2022 Insider trading laws and regulations compliance promotion session	3	
Director	Rung-Fu Hsieh	Securities and Futures Institute	2022 Insider trading prevention promotion session	3	3
Director	Hung-Wen Chuang	Taiwan Corporate Governance Association	How to fulfill audit of financial statements by the audit committee	3	6
		Taipei Foundation Of Finance	Sustainable Governance - Trend of Sustainable Development and Sustainable Governance	3	
Director	Cheng-Cheng Wong	Taiwan Stock Exchange, Securities and Future Institute	2022 Insider trading laws and regulations compliance promotion session	3	6
		Taiwan Stock Exchange	2022 Cathay Sustainable Finance and Climate Change Summit	3	
Director	Chy-Chung Chang	Taiwan Corporate Governance Association	2022 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	2022 Seminar on corporate management for directors and supervisors and seminar suggested for middle and senior	12	12

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			executives		
Director	Hui-Chun Chen Wu	Taiwan Stock Exchange, Taiwan Corporate Governance Association	International Twin Summit Online Forum	2	7
		Taiwan Stock Exchange, Taipei Exchange	Sustainable Development Roadmap Industry Theme Promotion Conference	2	
		Taiwan Stock Exchange, Taiwan Corporate Governance Association	Announcement of the 2022 Guidelines for the Performance of Duties of Independent Directors and Audit Committee and Promotion Conference for Directors and Supervisors	3	
Director	Yee-kong Lee	Accounting Research and Development Foundation	2022 Seminar on corporate management for directors and supervisors and seminar suggested for middle and senior executives	12	12
Director	Po-Fong Lin	Taiwan Securities Association	Development and Market Analysis for the New Metaverse Business Model	3	15
		Independent Director Association Taiwan	2022 Independent Director Elite Training Course - Protection, Strategy and Crisis Management of Information Security from the Perspective of Metaverse Boom	3	
		Taiwan Corporate Governance Association	Discussion on Effective Protection of Corporate Brand Value through Study of Recent Well-known Trademark Case	3	
		Taiwan Securities Association	“ Cause of Financial Frauds and Preventive Measures Thereof”	3	
		Taiwan Corporate Governance Association	How to fulfill audit of financial statements by the audit committee	3	

Three. Company Governance Report

Director	Kuo-Tai Chang	Taiwan Stock Exchange, Taiwan Corporate Governance Association	International Twin Summit Online Forum	2	7
		Taiwan Stock Exchange, Taipei Exchange	Sustainable Development Roadmap Industry Theme Promotion Conference	2	
		Taiwan Stock Exchange, Taiwan Corporate Governance Association	Announcement of the 2022 Guidelines for the Performance of Duties of Independent Directors and Audit Committee and Promotion Conference for Directors and Supervisors	3	
Director	Ko-Tseng Li	Taiwan Stock Exchange, Taiwan Corporate Governance Association	International Twin Summit Online Forum	2	7
		Taiwan Stock Exchange, Taipei Exchange	Sustainable Development Roadmap Industry Theme Promotion Conference	2	
		Taiwan Stock Exchange, Taiwan Corporate Governance Association	Announcement of the 2022 Guidelines for the Performance of Duties of Independent Directors and Audit Committee and Promotion Conference for Directors and Supervisors	3	
Independent Director	Ching-Kuo Lee	Chinese National Association of Industry and Commerce	Opportunities and Challenges for Taiwan Arising from the Asia-Pacific Regional Economic Integration	3	6
		Chinese National Association of Industry and Commerce	Global Technology Industry and Supply Chain Development Trend in the Post-Pandemic Era	3	
Independent Director	Chin-Ming Kuo	Chinese National Association of Industry and Commerce	Prevention of Financial Crimes: the New 21 Commandments for Financial Advisors and Behavior Risk	3	6

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			Management		
		Chinese National Association of Industry and Commerce	ESG Governance - From Knowing to Accomplishing	3	
Independent Director	Ming-Hsiung Chen	Chinese National Association of Industry and Commerce	Impact of the Commercial Case Adjudication Act and Expert Witness System on Directors and Supervisors	3	6
		Chinese National Association of Industry and Commerce	Legal Compliance and Practical Development in the Digital Economy	3	
Independent Director	Han-Lin Tseng	Chinese National Association of Industry and Commerce	AI security	3	6
		Chinese National Association of Industry and Commerce	Legal Compliance and Practical Development in the Digital Economy	3	
Independent Director	Shu-Ping Hsu	Securities and Futures Institute	Workshop for Directors(Including Independent Directors), Supervisors and Chief Corporate Governance Officer - Taipei	12	15
		The National Federation of CPA Associations of the R.O.C.	Case Study on Company Act and Company Registration	3	

Schedule 2:

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

Name	Organizer	Course	Duration/Hours
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-Yang Huang Manager	KGI Securities	2022 Stock Affairs Seminar	3
	Taiwan Stock Exchange	Listed Companies Seminar	6
	Accounting Research and Development Foundation	Continuing Education for Accounting Supervisors of Issuers, Securities Firms and Stock Exchanges	12
	Taiwan Academy of Banking and Finance	2022 Training Course for Employees of Institutions in the Futures Market -	12

		Concept of Futures and Options in Assets Management and Practice in Hedges	
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Three. Company Governance Report

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

1. Information of the Remuneration Committee members

December 31, 2022

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
Identity (Note 1)	Name			
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 26 of Schedule 1 on Directors information.

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

Note 3:

- (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 (2022).
Committee member qualifications and attendance:

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

Other matters required to be recorded:

- I. When the 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:
- (I) Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for the Company's directors and managerial officers.
 - (II) Periodically evaluate and prescribe the remuneration of the Company's directors and managerial officers. When performing the official powers of the preceding paragraph, the Remuneration Committee shall follow the principles listed below:
 1. Regarding the performance assessment and remuneration of directors and managerial personnel of the Company, it shall refer to the typical pay levels adopted by peer companies, and consider 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 consider 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.

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2022 Remuneration Committee's discussion matters and resolution result

Meeting date	Motion content	Resolution and result	State of implementation
2022.02.16 (2nd Term, 5th Meeting)	The Company's 2022 Managerial Officer salary for approval.	All attending members agreed for recordation.	The proposal has been submitted to the 4th Meeting of the 19th Board of Directors and approved as proposed.
	The distribution of Directors, Supervisors and managers' remuneration of 2021.	Passed by all attending members as proposed.	The proposal has been submitted to the 4th Meeting of the 19th Board of Directors and approved as proposed.
2022.11.16 (3rd Term, 5th Meeting)	2022 Directors and Managerial Officers end of year bonus appropriation standard	All attending members agreed for recordation.	The proposal has been submitted to the 9th Meeting of the 19th Board of Directors and approved by all attending Directors as proposed.

(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 (Note 1)			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?	V		The Company appointed Management Department as the ad-hoc unit to promote sustainable development, other units to help execute 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. The Company has established the timeline for the “Sustainable Development Roadmap for TWSE/TPEX-listed Companies” and reported such to the 6th meeting of the 19th Board of Directors of the Company on May 25, 2022. It has participated in the counseling courses held by the government and private organizations to better understand related rules and schedule control, and contact with consulting companies for comparison to select an appropriate service provider for further inventory consultation.	Mostly 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	V		<p>The disclosure covers information from January to December 2022, and the boundary of risk assessment is the Hsin Hsin Building of the Company. The risk assessed is described:</p> <table border="1"> <thead> <tr> <th>Material topics</th> <th>Assessment items</th> <th>Explanation</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Environmental impact and management</td> <td>The Company has adopted the “Energy Saving and Carbon Reduction” policy and provides education and training to employees to promote self-initiated</td> </tr> </tbody> </table>	Material topics	Assessment items	Explanation	Environment	Environmental impact and management	The Company has adopted the “Energy Saving and Carbon Reduction” policy and provides education and training to employees to promote self-initiated	Mostly conforms to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
Material topics	Assessment items	Explanation								
Environment	Environmental impact and management	The Company has adopted the “Energy Saving and Carbon Reduction” policy and provides education and training to employees to promote self-initiated								

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Promoting item:	State of implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor	
	Yes	No	Summary description		
related policy or strategy?				environmental protection and waste reduction and classification, which has shown a great result. It upholds the concept and principle of “Energy Saving and Carbon Reduction” and implements such for all equipment to reduce the impact and shock on the environment.	
			Society	Occupational safety	It hosts firefighting drills, emergency medical technician training and occupational safety education and training annually to cultivate employees’ abilities in response to emergency and self-protection.
				Product safety	To properly transfer the risk of accidents, the Company applies the public liability insurance every year and lawfully reports to the Ministry of Economics for

Promoting item:	State of implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor						
	Yes	No	Summary description							
			<table border="1"> <tr> <td></td> <td></td> <td>reference.</td> </tr> <tr> <td>Corporate governance</td> <td>Social economy and legal compliance</td> <td> <p>1. Based on the business concept of responsibility, the Company adopts ethics-oriented policies. Through the establishment of effective governance environment and implementation of internal control system in addition to the compliance with the Company's "Operation Rules for Legal Compliance", it timely grasps and reacts to changes of policies and regulations by conducting quarterly laws and regulations inspection and strictly requiring compliance of laws for all operations to create a sustainable business environment.</p> <p>2. Each department conducts internal</p> </td> </tr> </table>			reference.	Corporate governance	Social economy and legal compliance	<p>1. Based on the business concept of responsibility, the Company adopts ethics-oriented policies. Through the establishment of effective governance environment and implementation of internal control system in addition to the compliance with the Company's "Operation Rules for Legal Compliance", it timely grasps and reacts to changes of policies and regulations by conducting quarterly laws and regulations inspection and strictly requiring compliance of laws for all operations to create a sustainable business environment.</p> <p>2. Each department conducts internal</p>	
		reference.								
Corporate governance	Social economy and legal compliance	<p>1. Based on the business concept of responsibility, the Company adopts ethics-oriented policies. Through the establishment of effective governance environment and implementation of internal control system in addition to the compliance with the Company's "Operation Rules for Legal Compliance", it timely grasps and reacts to changes of policies and regulations by conducting quarterly laws and regulations inspection and strictly requiring compliance of laws for all operations to create a sustainable business environment.</p> <p>2. Each department conducts internal</p>								

Three. Company Governance Report

Promoting item:	State of implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<p>control self-evaluation every year to review the implementation status of internal control and legal compliance in the past year.</p> <p>3. The Company's products and services comply with relevant laws and international rules and standards, and there is dedicated unit responsible for handling customer feedbacks to ensure best efficiency of customer service and protection of customer rights.</p> <p>4. In addition, it continues to encourage Directors to participate in courses regarding corporate governance and improve employees' awareness of legal compliance.</p>	
			Director competency	Directors possess the competency

Promoting item:	State of implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<p>enhancement</p> <p>required for their performance of duties, also the Company provides relevant information regarding laws and courses for director competency. Directors must take certain hours of continuing education for the enhancement of Board operation and composition. It has applied director liability insurance to protect them from litigations or claims, as well.</p>	
			<p>Stakeholder communication</p> <p>1. It has taken initiative to communicate with stakeholders to improve its connection with all stakeholders and worked on action plan for issues of their concern to eliminate any conflict or misunderstanding, e.g., the Company's annual reports, shareholders'</p>	

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Promoting item:	State of implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<p>meetings and investor conferences have provided excellent communication channels. In addition, it has set up the “Stakeholder Section” and the “Investor Relations Contact Window” where the spokesperson and deputy spokesperson are responsible for handling and responding.</p> <p>2. The Company and its major suppliers have signed the contracts, including the compliance with the “Ethical Management Clauses”. Regarding supply chain management, it partners with suppliers seeking long-term cooperation to jointly establish a steadily growing</p>	

Promoting item:	State of implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
			supply chain, and assists upstream and downstream vendors to enhance green competitiveness. There has been not any circumstance affecting the environment and society or violating its corporate social responsibility, and it wishes to attain the win-win goals of safety and service first and sustainable development.	
<p>III. Environmental topic</p> <p>(I) Has the Company set an environmental management system designed to industry characteristics?</p> <p>(II) Is the Company committed to improving resource</p>	<p>V</p> <p>V</p>		<p>(I) 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.</p> <p>(II) 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;</p>	<p>Conforms to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.</p>

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Promoting item:	State of implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor						
	Yes	No	Summary description							
efficiency and to using renewable materials with low environmental impact? (III) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics? (IV) Did the Company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of	V		implements the double sided paper copying usage, reuse of recycled papers and more, to enhance the resource reuse efficiency. (III) 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.							
	V		(IV) 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. Statistics for the water, electricity and gas emissions volume of the Company’s Shin Shin Main Building <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Greenhouse gas emissions (kg)</td> <td>203,785</td> <td>197,610</td> </tr> </tbody> </table>	Year	2020	2021	Greenhouse gas emissions (kg)	203,785	197,610	
Year	2020	2021								
Greenhouse gas emissions (kg)	203,785	197,610								

Promoting item:	State of implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor												
	Yes	No	Summary description													
water consumption, or management of other wastes?			<table border="1"> <tr> <td>Water consumption (m³)</td> <td>2,060</td> <td>1,840</td> </tr> <tr> <td>Total weight of waste (MT)</td> <td>6.3</td> <td>6.2</td> </tr> <tr> <td>Electricity consumption (kWh)</td> <td>405,600</td> <td>393,400</td> </tr> <tr> <td>Gas consumption (m³)</td> <td>29</td> <td>9</td> </tr> </table> <p>Source of data: Electricity carbon emission factor: Taiwan Power Company The emission per kilowatt-hour of electricity is around 0.509 kg CO₂e/kWh. Water carbon emission factor: Taipei Water Department The emission per m³ of water is around 0.0554 kg CO₂e/m³. Gas emission factor: Environmental Protection Administration, Executive Yuan The emission per m³ of gas is around 1.879kg CO₂e/m³. Total weight of waste: Environmental Protection Administration, Executive Yuan Garbage bags calculated using the maximum weight held by designated garbage bags.</p>	Water consumption (m ³)	2,060	1,840	Total weight of waste (MT)	6.3	6.2	Electricity consumption (kWh)	405,600	393,400	Gas consumption (m ³)	29	9	
Water consumption (m ³)	2,060	1,840														
Total weight of waste (MT)	6.3	6.2														
Electricity consumption (kWh)	405,600	393,400														
Gas consumption (m ³)	29	9														
IV. Social topic (I) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles? (II) Has the Company established appropriately managed employee welfare measures (include salary and compensation,	V	V	(I) Under 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. (II) 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.	Conforms to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.												

Three. Company Governance Report

Promoting item:	State of implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor			
	Yes	No	Summary description				
<p>leave and others), and link operational performance or achievements with employee salary and compensation?</p> <p>(III) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?</p>	V		<p>(III) 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.</p> <p>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>Industrial safety: In 2022, the occupational safety and health audit of the construction sites have been carried out on an irregular basis for 100 times, to monitor the contractor to check its compliance to the safety operations regulations in the contract.</p> <p>Occupational safety educational trainings and promotion:</p> <table border="1" data-bbox="678 1982 1129 2051"> <tr> <td>Year</td> <td>Number of people</td> <td>Number of hours</td> </tr> </table>	Year	Number of people	Number of hours	
Year	Number of people	Number of hours					

Promoting item:	State of implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor												
	Yes	No	Summary description													
(IV)Has the Company established effective career development training plans?	V		<table border="1"> <tr> <td></td> <td>attended</td> <td>attended</td> </tr> <tr> <td>2020</td> <td>298</td> <td>912</td> </tr> <tr> <td>2021</td> <td>314</td> <td>858</td> </tr> <tr> <td>2022</td> <td>395</td> <td>953</td> </tr> </table> <p>(IV) The company has defined the annual training plan based on 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>		attended	attended	2020	298	912	2021	314	858	2022	395	953	
	attended	attended														
2020	298	912														
2021	314	858														
2022	395	953														
(V)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?	V		<p>(V) The Company purchases pipes, equipment and devices, and more materials from overseas, processed under 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>													
(VI)Does the Company set supplier management policy and request suppliers to comply with related	V		<p>(VI) Through suitable assessment, management and careful selection of suppliers, the Company builds a stable development, values corporate social responsibility, and formulated the supplier 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>													

Three. Company Governance Report

Promoting item:	State of implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?				
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?		V	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: (I) The Company builds the natural gas supply gas pipeline network segmentation, conducts regular patrol inspection, and maintains pipelines, to ensure safety in				

Promoting item:	State of implementation (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<p>supplying of gas.</p> <p>(II) Each year, will organize the gas-holder tank safety emergency response drill in boosting the disaster prevention trainings to maintain public safety.</p> <p>(III) 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, to prevent unscrupulous vendors from collecting fees through impersonation. This is for guaranteeing users' rights.</p> <p>(IV) 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.</p> <p>(V) The Company established the "Mobile SMS Service Hotline for the Hearing Impaired," strengthening services to disadvantaged groups to fulfill corporate operations responsibilities.</p> <p>(VI) Since 2013, The Company has 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 2022, an accumulated discount amount of NTD 4,534,200.</p> <p>(VII) Since 2015, The Company has 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.</p> <p>(VIII) 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.</p> <p>(IX) The Company upholds to the philosophy of "Taking and Giving Back to the Society." In 2022, 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 2,494,000.</p>	

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

Evaluation items	State of operation (Note)			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>(I) 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>(II) 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>(III) Whether the company has established relevant policies duly enforced to prevent unethical conduct, provided</p>	V		<p>(I) 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 unethical behaviors.</p> <p>(II) 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>(III) Under the “Ethical Corporate Management Best Practice Principles” on prevention of unethical</p>	<p>No differences The Company has formulated the “Ethical Corporate Management Best Practice Principles,” which is the basis of every operations.</p>

Evaluation items	State of operation (Note)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?			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>II. Ethic Management Practice</p> <p>(I) 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>(II) Whether the company has set up a unit 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</p>	V	V	<p>(I) 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, to fulfill the ethical management service philosophy to users.</p> <p>(II) Or 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</p>	No differences The Company has formulated the "Ethical Corporate Management Best Practice Principles," which is the basis of every operations.

Three. Company Governance Report

Evaluation items	State of operation (Note)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
<p>policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?</p> <p>(III) Whether the company has established policies to prevent conflict of interests, provide communication and complaint channels and implement such policies properly?</p> <p>(IV) 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>(V) Does the company provide internal and external ethical conduct training programs regularly?</p>	V		<p>execution. The office must report to the 19th Term 9th Meeting of the Board of Directors, assists the directors and management in evaluation of the effectiveness of the ethical management policy.</p> <p>(III) The Company has established the “Work Rules” and “Internal material information and management procedures for preventing insider trading,” to avoid company employees gain personal benefits affecting the company’s rights and development.</p> <p>(IV) 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>(V)</p> <ol style="list-style-type: none"> 1. The Company’s finance and audit unit participates in related seminars and training courses each year. 2. The Company regularly organizes the “Employee Monthly Meeting,” “Labor-Management Meeting,” “Contractors Management Working 	

Evaluation items	State of operation (Note)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
			Group Meeting” and so on, and makes timely promotion to realize commitments to ethical management.	
III. Implementation of Complaint Procedures (I) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received? (II) 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? (III) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	V	V	(I) The Company stipulates and announces punishments for violations of the regulations for ethical management and the complaint system, and discloses the handlings on its intranet. (II) 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. (III) A dedicated unit is responsible for handling the complaint matter in ensuring the protection of the complainant’s identity and contents.	No differences The Company has formulated the “Ethical Corporate Management Best Practice Principles,” which is the basis of every operations.
IV. Enhancing Information Disclosure 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?”		V	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	No differences The Company has formulated the “Ethical Corporate Management Best Practice Principles,” which is the basis of every operations.

Three. Company Governance Report

Evaluation items	State of operation (Note)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
			established the “Ethical Corporate Management Best Practice Principles” promptly.	
<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>				
<p>VI. Other important information to facilitate a better understanding of the status of operations of the Company’s ethical corporate management policies:</p> <p>(I) 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.</p> <p>(II) When signing and contracting with contractors, contents on abiding to ethical management are also adopted into the contract terms, promoting and fulfilling the ethical management policy and convening regular meetings for its promotion.</p>				

- (VII) If the Company has formulated the Corporate Governance Best Practice Principles and related rules, it shall disclose its inquiry methods:
The Company has 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 to facilitate a better understanding of the status of operations of the Company’s corporate governance: Certificates obtained by personnel in relation to financial transparency:
1. Certified Public Accountant, 1 person.
 2. Certified Internal Auditor, 1 person.
 3. Professional capability test for shareholders affairs, 2 persons passed.
 4. Corporate Governance Basic Competency Exam, 2 persons passed.

Three. Company Governance Report

(IX) Internal Control System Execution Status

1. 2022 Statement of internal control system

<p>Shin Shin Natural Gas Co., LTD. Statement of internal control system</p> <p style="text-align: right;">Date: March 13, 2023</p> <p>The internal control system of the Company in 2022, the declaration based on the results of self-assessment is as below:</p> <p>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 reasonably assure 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 and compliance with relevant rulings, laws and regulations, etc.</p> <p>II. An internal control system has inherent limitations. No matter how designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. 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.</p> <p>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 several items. Please refer to the "Regulations" for these items.</p> <p>IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the Regulations.</p> <p>V. Based on the preceding findings of such evaluation, the Company believes that, on December 31, 2022, it has maintained, materially, 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.</p> <p>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.</p> <p>VII. This Statement was passed by the Board of Directors in their meeting held on March 13, 2023, with 0 of the 24 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.</p> <p style="text-align: center;">Shin Shin Natural Gas Co., LTD. Chairperson: Ho-Chia Chen</p> <p style="text-align: right;">signature stamp</p> <p style="text-align: center;">President: Fu-Hua Li</p> <p style="text-align: right;">signature stamp</p>
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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 publication of the annual report, disclose any sanctions imposed under 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 publication of the annual report:

1. Important resolutions of the shareholder meeting from the most recent year up to publication of the annual report:

Meeting date	Important resolution	Resolution and result	State of implementation
2022.06.17	Proposal for the Company's annual business report and financial statement of 2021.	Passed as proposed by a vote.	To be processed.
	Proposal for the Company's surplus distribution of 2021.	Passed as proposed by a vote.	The 2021 earnings distributions to shareholders in cash dividends at NTD 1.7 per share. Established July 27th, 2022 as the ex-dividend date, and distribution is completed on August 10, 2022.
	Amendments to some articles of the Company's "Articles of Association."	Passed as proposed by a vote.	Promulgated for implementation.
	Amendments to some articles of the Company's "Regulations for Acquisition or Disposal of Assets."	Passed as proposed by a vote.	Promulgated for implementation.
	Proposal for releasing the director representatives from non-competition restrictions.	List of incumbent directors proposed for the release from non-competition restrictions: Veterans Affairs Commission, Executive Yuan Representative: Yee-Kong Lee; the proposal was passed as proposed by a vote.	Promulgated for implementation.
	By-election of an independent director.	Election result: Ms. Shu-Ping Hsu was by-elected as the Independent Director.	To be processed.

Three. Company Governance Report

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
2022.03.18 (19th Term, 4th Meeting)	Review the distribution of employee's wage and directors and supervisors remuneration of 2021.	Approved as proposed by all attending Directors.	Reported to the 2022 shareholders general meeting.
	Review the Company's 2021 "Business Report, Financial Statements, and Consolidated Financial Statements and so on."	Approved as proposed by all attending Directors.	Proposed in the 2022 shareholders general meeting.
	Review the 2021 "Earnings Distribution."	Approved as proposed by all attending Directors.	Proposed in the 2022 shareholders general meeting.
	Review the partial amendments to the Company's "Company Articles of Association."	Approved as proposed by all attending Directors.	Discussed and approved in the 2022 shareholders general meeting.
	Review of some articles of the Company's "Regulations for Acquisition or Disposal of Assets."	Approved as proposed by all attending Directors.	Discussed and approved in the 2022 shareholders general meeting.
	By-election of one independent director.	Approved as proposed by all attending Directors.	The by-election was held in the 2022 Annual General Meeting of Shareholders.
	Convening 2022 shareholders meeting on June 17th, 2022.	Approved as proposed by all attending Directors.	To be processed.
	Independent Director's opinion: None. Handling of the Independent Director's opinion by the company: None.		
2022.05.06 (19th Term, 5th Meeting)	Review the Company's 2022Q1 (January to March) Consolidated Financial Statements.	Approved as proposed by all attending Directors.	Announced and filed according to regulations.
	Nomination and review the qualifications of the candidates for the by-election of independent director of the 19th term.	Approved as proposed by all attending Directors.	The by-election was held in the 2022 "Annual General Meeting of Shareholders".
	Proposal for releasing the director representatives from non-competition restrictions.	Approved as proposed by all attending Directors.	Discussed and approved in the 2022 shareholders general meeting.
	Independent Director's opinion: None. Handling of the Independent Director's opinion by the company: None.		
2022.06.17 (19th Term, 6th Meeting)	Confirmed the cash dividends distribution record date.	Approved as proposed by all attending Directors.	To be processed.
	Independent Director's opinion: None. Handling of the Independent Director's opinion by the company: None.		
2022.08.10 (19th Term, 7th Meeting)	Review the Company's 2022Q2 (January to June) Consolidated Financial Statements.	Approved as proposed by all attending Directors.	Announced and filed according to regulations.
	Personnel Review.	Approved as proposed by all attending Directors.	To be processed.
	Independent Director's opinion: None. Handling of the Independent Director's opinion by the company: None.		

Three. Company Governance Report

Meeting date	Motion content	Resolution and result	State of implementation
2022.11.11 (19th Term, 8th Meeting)	Review the Company's 2023 "Operations Plan."	Approved by all attending directors after some amendments.	To be processed.
	Review the Company's 2022 Q1~Q3 (January to September) Consolidated Financial Statements.	Approved as proposed by all attending Directors.	To be processed.
	Amendments to part of the Company's "Corporate Governance Best Practice Principles".	Approved as proposed by all attending Directors.	To be processed.
	Amendments to some articles of the Company's "Rules for the Proceedings of Board Meetings."	Approved as proposed by all attending Directors.	To be processed.
	Amendments to part of the Company's "Management program for Insider Trading Prevention".	Approved as proposed by all attending Directors.	To be processed.
	Review the Company's evaluation on the CPA's independence and suitability and continued appointment.	Approved as proposed by all attending Directors.	To be processed.
	Independent Director's opinion: None. Handling of the Independent Director's opinion by the company: None.		
2022.12.14 (19th Term, 9th Meeting)	Review the Company's 2023 "Operations Budget."	Approved as proposed by all attending Directors.	To be processed.
	Independent Director's opinion: None. Handling of the Independent Director's opinion by the company: None.		
2023.03.13 (19th Term, 10th Meeting)	The distribution of directors and managers' remuneration of 2022.	Approved as proposed by all attending Directors.	To be processed. For report to the (2023) shareholders' general meeting.
	Review the Company's 2022 "Business Report, Financial Statements, and Consolidated Financial Statements and so on."	Approved as proposed by all attending Directors.	To be processed. Proposed to the (2023) Annual General Meetings of Shareholders for ratification.
	Review of the Company's 2022 earnings distribution and cash dividend distribution.	Approved as proposed by all attending Directors.	To be processed. Proposed to the (2023) Annual General Meetings of Shareholders for ratification.
	Review of the amendments to part of the Company's "Procedures for the Shareholders' Meeting".	Approved as proposed by all attending Directors.	To be processed. Proposed to the (2023) Annual General Meetings of

Three. Company Governance Report

Meeting date	Motion content	Resolution and result	State of implementation
			Shareholders for ratification.
	Review of the amendments to part of the Company's "Rules Governing the Election of Directors".	Approved as proposed by all attending Directors.	To be processed. Proposed to the (2023) Annual General Meetings of Shareholders for ratification.
	Convening the 2023 shareholders general meeting on June 27th, 2023.	Approved as proposed by all attending Directors.	To be processed.
	Review of the appointment and dismissal of the Company's President.	Approved as proposed by all attending Directors.	To be processed.
	Review of the change of attesting CPAs.	Approved as proposed by all attending Directors.	To be processed.
	Independent Director's opinion: None. Handling of the Independent Director's opinion by the company: None.		
2023.05.10 (19th Term, 11th Meeting)	Reviewed and approved the Company's 2023Q1 (January to March) Consolidated Financial Statements.	Approved as proposed by all attending Directors.	Announced and filed according to regulations.
	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 to important Board resolutions in the previous year and by the date of report publication: None.

(XIII) From the most recent year up to 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:

Title	Name	On-board date	Dismissal date	Reason of resignation or dismissal
President	Fu-Hua Li	March 16, 2019	March 16, 2023	Retirement after term expiry

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, 2022 to December 31, 2022	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	V	
Explanation	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		

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(II) Successor CPAs:

Accounting Firm	BDO Taiwan
CPA name	Li-Yen Wang, Chia-Fang Chiang
Date of Engagement	February 23, 2021
Before 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 differ 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, managerial officer, or shareholder with 10% stake or more from the most recent year up to publication of the annual report:

Changes in shareholdings of directors, managerial officers and major shareholders

Unit: Shares

Title	Name	2022		This year as of April 29th		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, 6 directors: Kun-chung Huang, Chy-Chung Chang, Yen-chun Wu, Fu-hua Ni, Wei-an Lee, Yee-kong Lee
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 representatives: Kun-chung Huang Note (3)
Director	THE GREAT TAIPEI GAS CORPORATION	0	0	0	0	Institutional representatives, 3 directors: Hsin-Ju Wu,

Three. Company Governance Report

Title	Name	2022		This year as of April 29th		Remark
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	
						Richard H Wu, Po-Fong Lin
Director	Shin-Hai Gas Co, Ltd.	0	0	0	0	Institutional representative: Rung-Fu Hsieh
Director	Cheng-Cheng Wong	0	0	0	0	
Director	Tung Chan Enterprise Co., Ltd.	0	0	0	0	Institutional Representative: Hung-Wen Chuang
Director	Kuo-Tai Chang	0	0	0	0	
Director	Ko-Tseng Li	0	0	0	0	
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	Shu-Ping Hsu	0	0	0	0	By-election on June 17, 2022
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, managerial officers and major shareholders with shareholding at over 10%, with related party.
 2. Stock pledge information: None for the Company's directors, managerial officers and major shareholders with shareholding at over 10%, with related party.
 3. Reassignment on March 16, 2023.

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)	Shareholding percentage (%)	Number of shares (Shares)	Shareholding percentage (%)	Number of shares (Shares)	Shareholding 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.	6,945,984	3.85	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									
SHINTAO Natural Gas	6,093,196	3.38	0	0	0	0	None	None	
Chairperson: Hao-Yu Chou	0	0	0	0	0	0			
Kindasaki Biochemical Technology Co., Ltd.	6,031,011	3.34	0	0	0	0	None	None	
Chairperson: Ho-Chia Chen									
Shin Kong Life Insurance Co., Ltd.	5,096,360	2.82	0	0	0	0	None	None	
Chairperson: Pai-Cheng Pan	0	0	0	0	0	0			
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	0	0	0	0	0	0			

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

Shareholding percentage

April 29, 2023
Unit: Shares; %

Non-consolidated (note)	Ownership by the Company		Ownership by Directors, 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.	58,410,000	100	0	0	58,410,000	100

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

Four. 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

May 16, 2023 Unit: Shares; NTD

Year Month	Issued price (NTD)	Authorized capital		Paid-in Capital		Remark		
		Number of shares (Shares)	Amount (NTD)	Number of shares (Shares)	Amount (NTD)	Source of capital	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	(1996)Tai-Cai-Zheng (I) No. 36642 issued on June 25, 1996
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	(1997)Tai-Cai-Zheng (I) No.50639 issued on June 25, 1997
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	(1998)Tai-Cai-Zheng (I) No.58665 issued on July 7, 1998
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	(1999)Tai-Cai-Zheng (I) No.63751 issued on July 12, 1999
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	(2000)Tai-Cai-Zheng (I) No.59458 issued on July 11, 2000
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, 2023
Unit: Shares

Share 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.

2. Type of Shareholders

April 29, 2023

Type of Shareholders Numbers	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	1	4	173	14,890	42	15,110
Shareholding (Shares)	46,556,713	5,137,360	63,422,305	60,922,085	4,498,990	180,537,453
Shareholding percentage (%)	25.79	2.84	35.12	33.75	2.16	100.00

3. Distribution of Shareholding

Common Share per Share Issue Price is NTD 10

April 29, 2023

Shareholding Range	Number of Shareholders	Shareholding (Shares)	Shareholding percentage (%)
1 to 999	13,044	376,393	0.21
1,000 to 5,000	1,470	2,724,425	1.51
5,001 to 10,000	199	1,489,252	0.82
10,001 to 15,000	60	730,762	0.40
15,001 to 20,000	48	863,290	0.48
20,001 to 30,000	43	1,098,291	0.61
30,001 to 40,000	31	1,084,383	0.60
40,001 to 50,000	22	985,181	0.55
50,001 to 100,000	51	3,659,070	2.03
100,001 to 200,000	52	7,399,603	4.10
200,001 to 400,000	34	9,762,336	5.41
400,001 to 600,000	14	6,904,437	3.82
600,001 to 800,000	11	7,261,128	4.02
800,001 to 1,000,000	4	3,460,300	1.92
Over 1,000,001	27	132,738,602	73.52
Total	15,110	180,537,453	100

Preferred Share: None.

4. Major Shareholders (name, number of shares and stake held of each shareholder with a stake of 5 percent or greater or each shareholder who rank in the top 10 in shareholding percentage)

April 29, 2023

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.		6,945,984	3.85
Pai Hsun Investment Co., Ltd.		6,482,356	3.59
SHINTAO NATURAL GAS		6,093,196	3.38
Kindasaki Biochemical Technology Co., Ltd.		6,031,011	3.34
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 2023 until March 31st, 2023 (Note 8)		
		2021	2022	
Market price per share (Note 1)	Highest (NTD)	55.40	48.15	42.65
	Lowest (NTD)	35.75	41.05	41.10
	Average (NTD)	40.20	42.93	42.09
Net worth per share (Note 2)	Before distribution (NTD)	17.60	16.78	16.60
	After distribution (NTD)	15.88	—	—
Earnings per share	Weighted average number of shares (shares)	178,009,590	178,009,590	178,009,590
	Earnings per share (Note 3)(NTD)	1.92	0.81	0.84

Four. Capital Overview

Items		Year	2021	2022	The Year 2023 until March 31st, 2023 (Note 8)
Dividends per share	Cash dividends (NTD)		1.7	(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)		20.93	53	-
	Price/Dividend ratio (Note 6)		23.64	(Note 9)	-
	Cash dividend yield (%) (Note 7)		4.2%	(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 this 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 2023 Q1 reviewed by the accountant.

Note 9: The 2022 Distribution of stock dividends was approved by the Board, estimated distributed cash dividend per share is NTD 1, to be proposed to the shareholders general meeting for resolution.

6. Dividends policy and implementation
 - (1) Dividends policy

The Company adopts the fixed cash dividend payout ratio policy, and depending on its current share capital, financial structure, future operational development needs and earnings, no less than 20% of the distributable surplus shall be allocated as dividends, and no less than 20% of the dividend shall be distributed in cash.
 - (2) Implementation of dividend distribution:

Under Article 33-1 of the Company's Articles of Association, if dividends and bonuses are distributed in cash, the Board of Directors may adopt such a distribution by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total of Directors.

By a resolution made in the Company's Board of Directors' meeting on March 13, 2023, NT\$180,537,453 from the distributable earnings of 2022 was allocated as shareholder bonus, approximately NT\$1 per share, and the Chairperson could determine the ex-dividends date and other related matters.
 - (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. Remuneration for employees and for directors
 - (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, which is to be distributed in shares or cash by resolving 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 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 under 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:

Employees and directors remuneration distribution proposal (2022) of the Company, has been approved by the Board on March 13th, 2023. The approved earnings distribution is: ① Distribute cash compensation to employees for NTD 4,749,816 and to directors for NTD 4,749,816. If the actual distribution amount differs from the estimated amount in subsequent resolutions, the difference is treated as a change in accounting estimate. ② The calculation for the earnings per share at NTD 0.81 is based on considerations for after the employees and directors remuneration distribution.

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

Items	<u>June 17, 2022</u>	<u>March 18, 2022</u>	Differences	Reasons for differences
	Actual distribution amount resolved by the shareholders' meeting	Proposed distribution amount resolved by the Board of Directors' meeting		
Employee cash compensation (in thousands of NTD)	9,005	9,005	—	—
Employees compensation in stocks				
Number of shares (Thousands of Shares)	—	—	—	—
Amount (In thousands of NTD)	—	—	—	—
As a percentage of the total outstanding share at the end of 2019	—	—	—	—
Profit sharing remuneration for directors and supervisors (in thousands of NTD)	9,005	9,005	—	—

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.

Five. 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	1,570,312	81.75
Installation revenue	196,680	10.24
Other operating revenue	153,811	8.01
Total	1,920,803	100.00

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 are 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 contracts with overseas importing gas sources from overseas. With urban renewal, development of the tourism industry and rising environmental awareness, natural gas has become an important fuel in the daily lives of modern urban cities.

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 is 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, and proportional odorant is added 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 established the “Greenhouse Gas Reduction and Management Act” to establish carbon reduction targets in 2015, and in 2023, the “Climate Change Response Act” was adopted to meet global trends and complete the corresponding regulations and guidelines, thereby leading to the launch and construction of the goal of zero greenhouse gas emission. 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 conditioners and more. There are also active promotions to 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 increasing gas sales volume.

Because 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

Five. Operation Overview

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. Originally, the Company uses the twenty-four seven autonomous pressure gauges manually installed at the end of pipelines and inspection by personnel to monitor the gas supply pressure. For receiving real-time data to effectively control gas supply pressure of pipelines in the operating areas, in 2022, the gas gauges at the end of pipelines were replaced by the wireless pressure sensors, which enable immediate handling and ensure stable gas supply quality, with a total construction cost of NT\$254 thousand.

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

1. Short term development plan

- (1) 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.
- (2) In terms of gas supply safety, the company continues to enrich the equipment, upgrade pipelines for anti-rust, maintain technologies, and utilize the gas supply segmentation built within the operation areas. All information on its natural gas storage tanks, the automatic monitoring system among the gas governor stations and constructions, maps and more are incorporated into the computer management, to assure the gas supply safety can be controlled more effectively.
- (3) In response to the government’s energy-saving and carbon-reduction policy: Open the applications for electronic bill service and put the slogan on all notices for continuous promotion, plan the addition and revision of software and improve hardware at the counters and replace paperwork with electronic files aiming at paperless services.
Regarding convenient service: Work with the mobile payment service providers in arrangement with the Company’s contracted banks to add the natural gas fee collection service to provide users with diverse and convenient means of bill payment.
- (4) Complying with 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.

- (5) To ensure just calculations for customers, the Company is replacing “overdue meters” for over 10 years based on the annual replacement plan.
2. Long term development plan
 - (1) 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.
 - (2) Review the changes of current environment to grasp the urban development trends and dynamic, to expand new users.
 - (3) 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.
 - (4) The Company acts according to the annual patrol inspection plan, continues to conduct inspections and maintenance for the small gas governor stations, corks, water dispensers and so on equipment within the operating areas.
 - (5) 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 to be developed (Shiding, Pinglin, Wulai).

2. Market share

As of December 2022, the Company's number of users sharing gas supply is at 365,400 households, ranking 4th in the public natural gas business out of the 25 companies nationwide, which accounts for 9.40% 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 71.48% by end of 2022.

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 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. 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:

- (1) The natural gas possesses four major advantages, such as 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, which is significantly important.

- (2) 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.
- (3) 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 will likely increase the Company's sales volumes.
- (4) The Company has 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:

- (1) 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 cannot reflect the business management difficulties promptly.
- (2) 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, and employee trainings and so forth, this increases the personnel costs of management burdens.
- (3) Alternative energy and green energy research and development will affect the natural gas 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:

- (1) 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.
- (2) 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.
- (3) Within the gas supply areas, actively visit the village chiefs or participate in the neighborhood residents' activities and

Five. Operation Overview

community management committees to jointly promote public safety. The company will extend its services into the communities 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. 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 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	2021				2022				2023 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	833,925,772	88.94	None	CPC Corporation, Taiwan	880,401,122	87.16	None	CPC Corporation, Taiwan	280,088,418	90.52	None
	Others	103,729,662	11.06		Others	129,665,400	12.84		Others	29,338,275	9.48	
	Net procurement	937,655,434	100		Purchases Net amount	1,010,066,522	100		Net procurement	309,426,693	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) Production in 2022 and 2021:

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

Year Production Major products	2021			2022		
	Capacity	Output	Amount	Capacity	Output	Amount
Natural gas	0	110,668,168	833,925,772	0	113,511,770	880,401,122

(VI) Sales in 2022 and 2021:

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

Unit: M³/NTD

Year Sales Major products	2021				2022			
	Local		Export		Local		Export	
	Quantity	Net Revenue	Quantity	Net Revenue	Quantity	Net Revenue	Quantity	Net Revenue
Natural gas	112,139,074	1,488,668,217	0	0	114,195,156	1,570,312,368	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		2021	2022	The Year 2023 until May 16, 2023
Number of Employees	Employees	144	151	147
	Contract technicians	26	17	18
	Contract staff	6	3	5
	Total	176	171	170
Average Age		46.84	46.93	46.73
Average Years of Service		13 yrs 6 mths	13 yrs 10 mths	13 yrs 9 mths
Education (%)	Ph.D.	0.58%	0.58%	0.58%
	Masters	8.47%	8.19%	8.24%
	Bachelor's Degree	62.71%	63.75%	64.12%
	Senior High School	26.55%	25.73%	25.88%
	Below Senior High School	1.69%	1.75%	1.18%

(II) Protection measures in work environment and employee personal safety:

1. Provide a safe and healthy work environment:

- (1) The Company purchases the “Laser Remote Gas Leak Detector,” XP720, HXG-3P Combustible Gas Leak Detector, microcomputer readout and 4-in-1 Gas Detector, 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.
- (2) Each year the Company purchases field clothing (fire preventive), construction safety helmets, safety shoes, reflective vests, and based on the work, purchase sufficient respiratory protective equipment (RPE) and firefighting suit and more safety and protective equipment, providing employees for use to avoid hazards and disasters at work.
- (3) The pre-construction trainings must be completed before the construction for safety was begun 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.
- (4) Shin Shin Main Building implements 2 times work environment

detection for carbon dioxide and lighting each year to maintain workers' health.

- (5) Under 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.
 - (6) 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 100 plus times on a periodic basis. This is to monitor the contractors to see if they have been acting 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:
 - (1) 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.
 - (2) Encourage employees to actively apply for examinations for obtaining related technical specialist licenses.
 - (3) From October 28th, 2009 to December 31st, 2022 (13 years 2 months), the Company actively promotes zero hazards, zero incident activities, and no hazards work hours has been accumulated to 4,960,754 hours. The Company has continuously won 10 award certificates "The No Hazards Work Hours Record" from the Occupational Safety and Health Administration, Ministry of Labor. None of the employees were injured nor disabled from

Five. Operation Overview

2020 to 2022.

(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; the orientation program for new employees to strengthen their understandings for their work, and for timely appraisal of related functions, summary as below:
 - (1) The Company’s “Work Rules” consists of 14 chapters, 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 on May 1, 1997.
 - (2) 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 handling 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. Hence, 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 note 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 pipelines construction, related equipment safety maintenance complies with laws and regulations performed by professional personnel who possess the government approved licenses. Regular educational trainings are conducted. It is anticipated there would not be significant environmental protection expenditures.

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:

Five. Operation Overview

(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. If the insured incident occurs to the employee, the Company will claim insurance payment procedures on their behalf under the law.
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 monthly. 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 regularly, 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 30 minutes in total).
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 contracted with the YoYo Kindergarten, 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 natural 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 flame-resistant 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 employee’s 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 clubs, and so on 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 2% of the total paid salary as retirement fund regularly and deposit into a special account with the Bank of Taiwan, in guaranteeing employee rights. As of February 28, 2023, the employee retirement fund has accumulated to NTD 196,229,624; 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 their 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, based on the needs of the professional work, outsource the trainings organization work or they can develop and arrange themselves.
4. Organize trainings according to government policy orders.
5. The Company's 2022 employee further education and educational trainings results are as in the attached table:

Five. Operation Overview

Category	No.	Items	Class	Total of persons	Total hours (hour)	Total fees (NTD)
Employee further education	1	Gas Fuel, Pipe and Piping Technician Certificate Level B technician certificate program	2	8	160	8,000
	Subtotal		2	8	160	8,000
Employee educational training	1	General training	11	666	1,214	52,380
	2	Training (outsourced)	47	133	563.5	51,650
		Training (organized by the Company)	42	1,022	1,160.5	17,400
	3	Organize trainings according to government policy orders.	9	196	878	12,500
	Subtotal		109	2,017	3,825	162,980

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

VI. Cyber Security Management

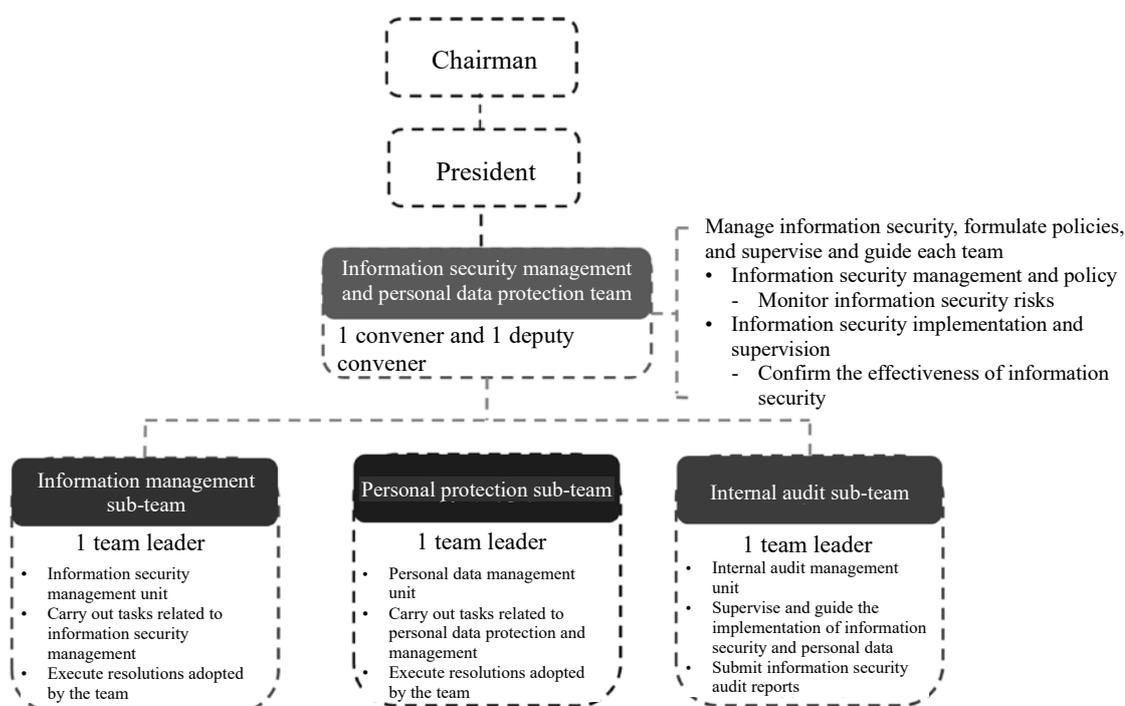
(I) Cyber security management strategy and structure:

1. Cyber security risk management structure

(1) Corporate information security governance organization

To strengthen 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.

(2) The Company’s information security organization structure



2. Information security policy

Five. Operation Overview

(1) Information security management strategy and structure

For effectively implementing 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.

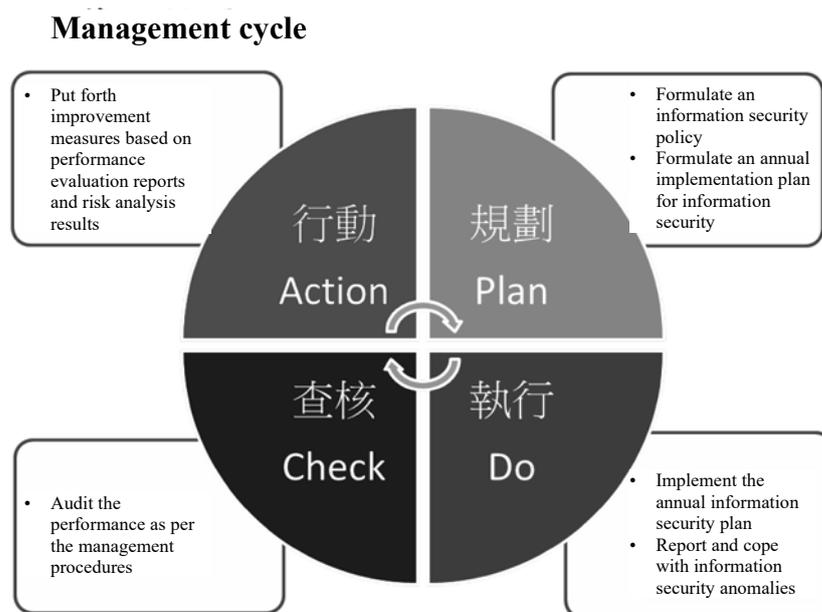
For maintaining the confidentiality, completeness and availability of the Company's information assets and to guarantee the safety of the users' privacy information, every information requires authorization for its obtaining and storage. This is to safeguard its confidentiality and to avoid revisions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

To maintain 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 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 occasionally 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 under 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.

(2) Information security risk management and continuous framework improvement



(3) 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 resources invested in 2022 was around NTD 4,700,000:

- ① Construction of cluster host: Achieving system backup through the cluster host architecture and avoiding impact of single host malfunction on system that may lead to negative impact on the Company's operation.
- ② Upgrade of Information system and operating system: Relocating old operating system host to new operating system to ensure bugs are continuously fixed and avert data corruption, or breach arising from cyberattacks.
- ③ Personal computers renewal: Replace computers that cannot use Windows 10 operating system.
- ④ Information equipment weaknesses scanning: Conduct system testing for all personal computers and host of the information center 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 safe completely from internet attacks by any third parties attempting to paralyze the system. The Company has 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. Will build a backup mechanism for major systems. When these internet attacks occur intruding the company's internal system illegally to cause damages,

Five. Operation Overview

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. One backup option is the use of paperwork. Evaluate its impacts to the company's short term operations and to the user services. Estimate there will be small impact to revenue under the compensation measure to customers.

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 reduced.

(III) Major information security incidents

There have been no occurrences of major incidents in 2022.

VII. Material Contracts

May 16, 2023

Contract nature	The party	Contract start and end date	Main contents	Restricted terms and conditions
Gas purchase	CPC Corporation, Taiwan	2023.2.1–2026.1.31	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.	2023.1.23–2024.1.23	<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 applies for the insurance amount (the 	

Five. Operation Overview

Contract nature	The party	Contract start and end date	Main contents	Restricted terms and conditions
			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 2,000,000). 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.	2022.7.31–2023.7.31	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.	
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. 2022.10.1–2023.9.30 2. 2023.4.1–2024.3.31 3. 2022.10.1–2023.9.30 4. 2023.4.1–2024.3.31 5. 2022.10.1–2023.9.30 6. 2023.4.1–2024.3.31	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 subcontract no 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 will be added to all contracts with external parties (new contracts, continuing contracts, or change of contracts) after approval.
	EVFA INTERNATIONAL CO., LTD.	2022.10.1–2023.9.30	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 subcontract no 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 will be added to all contracts with external parties (new contracts, continuing contracts, or change of
	1. CUNDID ENTERPRISE CO., LTD. 2. Shin Feng International Construction Co., Ltd.	2023.1.1–2023.12.31	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	

Five. Operation Overview

Contract nature	The party	Contract start and end date	Main contents	Restricted terms and conditions
				contracts) after approval.
	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.	2022.10.1–2023.9.30	Signed the “Sewer Changing Pipes and Replacement Construction” contract	
	GREAT LIGHTING TECHNOLOGIES INC.	2023.1.1–2023.12.31	Ankeng, Wanfang gas-holder tank, gas governor stations computer monitoring equipment maintenance contract	
	Taiwan Electromechanical Consultants Co., Ltd.	2023.1.1–2023.12.31	Ankeng, Wanfang gas-holder tank, electricity and gas equipment maintenance contract	
	Hua Ta Construction Co., Ltd.	2023.1.1–2023.12.31	Manhole Cover Repair and Replacement Construction Contract	
Materials Contract	EVFA INTERNATIONAL CO., LTD.	2022.10.28-2023.10.27	“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.	2022.05.26–2023.05.25	“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.	2023.1.1–2023.12.31	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.	2022.12.1-2023.12.31	Signed the “Meter Reading Work” contract	

Six. 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

Year		Financial information for the most recent 5 years (Note 1)				
		2018	2019	2020	2021	2022
Items						
Current assets		1,739,541	1,935,832	1,750,495	1,887,519	1,738,919
Property, plant and equipment		1,977,457	2,244,776	2,483,279	2,561,073	2,688,230
Intangible assets		0	0	0	0	0
Other assets		1,054,234	889,431	969,107	905,038	919,360
Total assets		4,771,232	5,070,039	5,202,881	5,353,630	5,346,509
Current liabilities	Before distribution	995,764	1,104,502	927,826	950,228	1,007,935
	After distribution	1,203,382	1,348,228	1,216,686	1,257,141	Note 2
Non-current liabilities		864,290	979,746	1,201,613	1,270,132	1,351,834
Total liabilities	Before distribution	1,860,054	2,084,248	2,129,439	2,220,360	2,359,769
	After distribution	2,067,672	2,327,974	2,418,299	2,527,273	Note 2
Capital stock		1,805,375	1,805,375	1,805,375	1,805,375	1,805,375
Capital surplus		62,400	65,307	68,720	72,764	77,062
Retained earnings	Before distribution	1,090,231	1,161,937	1,246,175	1,301,959	1,151,131
	After distribution	882,613	918,211	957,315	995,046	Note 2
Other equity		0	0	0	0	0
Treasury stock		(46,828)	(46,828)	(46,828)	(46,828)	(46,828)
Total equity	Before distribution	2,911,178	2,985,791	3,073,442	3,133,270	2,986,740
	After distribution	2,703,560	2,742,065	2,784,582	2,826,357	Note 2

Note 1: The 2018-2022 Financial information has been audited or reviewed by CPA.

Note 2: The 2022 earnings distribution proposal has not yet been resolved at the shareholders meeting.

Six. 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, 2023 (Note 1)
		2018	2019	2020	2021	2022	
Current assets		2,146,034	2,365,507	2,360,087	2,491,970	2,307,009	2,482,895
Property, plant and equipment		1,829,153	2,051,918	2,248,016	2,333,194	2,448,977	2,490,698
Intangible assets		39	49	59	27	29	84
Other assets		766,028	621,260	592,336	509,469	571,916	557,121
Total assets		4,741,254	5,038,734	5,200,498	5,334,660	5,327,931	5,530,798
Current liabilities	Before distribution	965,225	1,072,636	924,759	930,618	988,751	1,131,030
	After distribution	1,172,843	1,316,362	1,213,619	1,237,531	Note 2	-
Non-current liabilities		864,851	980,307	1,202,297	1,270,772	1,352,440	1,444,324
Total liabilities	Before distribution	1,830,076	2,052,943	2,127,056	2,201,390	2,341,191	2,575,354
	After distribution	2,037,694	2,296,669	2,415,916	2,508,303	Note 2	-
Equity attributable to shareholders of the parent company		2,911,178	2,985,791	3,073,442	3,133,270	2,986,740	2,955,444
Capital stock		1,805,375	1,805,375	1,805,375	1,805,375	1,805,375	1,805,375
Capital surplus		62,400	65,307	68,720	72,764	77,062	77,062
Retained earnings	Before distribution	1,090,231	1,161,937	1,246,175	1,301,959	1,151,131	1,119,835
	After distribution	882,613	918,211	957,315	995,046	Note 2	-
Other equity		0	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	2,911,178	2,985,791	3,073,442	3,133,270	2,986,740	2,955,444
	After distribution	2,703,560	2,742,065	2,784,582	2,826,357	Note 2	-

Note 1: The 2018-2022 Financial information has been audited or reviewed by CPA. The financial information as of March 31st, 2023 is being reviewed by CPA.

Note 2: The 2022 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)				
		2018	2019	2020	2021	2022
Operating revenue		2,140,907	2,137,491	1,963,808	1,775,634	1,920,803
Gross profit		497,211	449,353	510,818	464,737	541,735
Operating income (loss)		225,982	179,021	245,446	217,334	283,817
Non-operating income and expenses (Note 2)		53,317	124,020	136,944	173,971	(77,416)
Profit before tax		279,299	303,041	382,390	391,305	206,401
Net profit for the period from continuing operations		226,659	261,142	326,745	342,395	143,859
Loss from discontinued operations		0	0	0	0	0
Net income for the period		226,659	261,142	326,745	342,395	143,859
Other Comprehensive Income (Loss) for the Period (Net of Income Tax)		3,677	18,182	1,219	2,249	12,226
Total comprehensive income for the period		230,336	279,324	327,964	344,644	156,085
Earnings per share (NTD)(Note 3)		1.27	1.47	1.84	1.92	0.81

Note 1: The 2018-2022 Financial information has been audited or reviewed by CPA.

Note 2: For 2018-2022, there have been no situations to capitalize 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.

Six. 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, 2023 (Note 1)
	2018	2019	2020	2021	2022	
Operating revenue	2,163,160	2,160,628	1,986,369	1,794,167	1,946,310	620,374
Gross profit	531,044	465,168	541,202	495,595	571,824	203,337
Operating income (loss)	290,757	225,479	307,245	261,447	330,262	129,954
Non-operating income and expenses (Note 2)	9,030	81,599	85,316	137,460	(116,946)	44,375
Profit before tax	299,787	307,078	392,561	398,907	213,316	174,329
Net income for the period from Net income for the period	226,659	261,142	326,745	342,395	143,859	149,242
Loss from discontinued operations	0	0	0	0	0	0
Net income for the period	226,659	261,142	326,745	342,395	143,859	149,242
Other Comprehensive Income (Loss) for the Period (Net of Income Tax)	3,677	18,182	1,219	2,249	12,226	0
Total comprehensive income for the period	230,336	279,324	327,964	344,644	156,085	149,242
Net income attributable to shareholders of the parent	226,659	261,142	326,745	342,395	143,859	149,242
Net Income Attributable to Non-controlling Interest	0	0	0	0	0	0
Total Comprehensive Income Attributable to Shareholders of the Parent	230,336	279,324	327,964	344,644	156,085	149,242
Total Comprehensive Income Attributable to Non-controlling Interest	0	0	0	0	0	0
Earnings per share (NTD)(Note 3)	1.27	1.47	1.84	1.92	0.81	0.84

Note 1: The 2018-2022 Financial information has been audited or reviewed by CPA. The financial information as of March 31st, 2023 is being reviewed by CPA.

Note 2: For 2018-2022, there have been no situations to capitalize 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 2018 to 2022

Year	CPA firm	CPA name	Audit opinions:	Reasons of changes
2018	BDO Taiwan	Jiunn-huei Ko Yu-Fang Chen	Without reservations	
2019	BDO Taiwan	Jiunn-huei Ko Yu-Fang Chen	Without reservations	
2020	BDO Taiwan	Jiunn-huei Ko 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
2022	BDO Taiwan	Li-Yen Wang Chia-Fang Chiang	Without reservations	

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)				
		2018	2019	2020	2021	2022
Financial structure (%)	Debts Ratio (%)	38.98	41.11	40.92	41.47	44.13
	Long-term Fund to Property, Plant and Equipment (%)	190.93	176.66	172.15	171.93	161.39
Liquidity Analysis (%)	Current Ratio	174.69	175.27	188.66	198.63	172.52
	Quick Ratio	170.22	170.90	184.82	194.81	168.11
	Times Interest Earned (Times) (Note2)	0	2682.78	3642.81	4659.39	776.94
Operating Performance Analysis	Average Collection Turnover (Times)	8.65	8.28	8.80	9.26	9.45
	Days Sales Outstanding	42.20	44.08	41.47	39.41	38.62
	Average Inventory Turnover (Times)	49.23	44.44	41.39	44.09	40.88
	Average Payment Turnover (Times)	6.99	7.77	8.04	8.14	7.82
	Average Inventory Turnover Days	7.41	8.21	8.81	8.27	8.92
	Property, Plant and Equipment Turnover (Times)	1.14	1.01	0.83	0.70	0.73
	Total Assets Turnover (Times)	0.46	0.43	0.38	0.33	0.35
Profitability Analysis	Return on Total Assets (%) (Note 2)	4.85	5.31	6.36	6.48	2.69
	Return on Equity (%) (Note 2)	7.81	8.86	10.78	11.03	4.70
	Income Before Tax to Paid-in Capital Ratio (%) (Note 2)	15.47	16.79	21.18	21.67	11.43
	Net Margin (%) (Note 2)	10.59	12.22	16.63	19.28	7.48
	Earnings per share (NTD)(Note 2)	1.27	1.47	1.84	1.92	0.81
Cash Flow (%)	Cash Flow Ratio (%)	65.16	41.40	71.53	63.90	56.97
	Cash Flow Adequacy Ratio (%)	110.56	102.19	98.49	101.29	87.60
	Cash Flow Reinvestment Ratio	6.09	3.36	5.29	3.85	3.19
Leverage	Operating Leverage	2.39	2.88	2.46	2.75	2.38
	Financial Leverage	1.00	1.00	1.00	1.00	1.00

Note 1: The 2018-2022 Financial information has been audited or reviewed by CPA.

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

- (1) Times Interest Earned decreased mainly due to the slowdown of profit growth in the period.
- (2) Returns on total assets and equity decreased mainly due to the slowdown of profit growth in the period.
- (3) Income before tax to paid-in capital ratio decreased mainly due to the underperformance of non-operating income of the period resulting in the slowdown of profit growth.
- (4) Net margin decreased mainly due to the underperformance of non-operating income of the period.
- (5) Earnings per share decreased mainly due to the slowdown in profit growth in the period.

(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, 2023 (Note 1)
		2018	2019	2020	2021	2022		
Financial structure (%)	Debts Ratio (%)	38.60	40.74	40.90	41.26	43.94	46.56	
	Long-term Fund to Property, Plant and Equipment (%)	206.44	193.29	190.20	188.75	177.18	176.64	
Liquidity Analysis (%)	Current Ratio	222.34	220.53	255.21	267.77	233.32	219.52	
	Quick Ratio	216.92	215.33	249.64	263.43	277.68	215.40	
	Times Interest Earned (Times) (Note2)	0	2718.50	3739.67	4749.89	802.93	3632.85	
Operating Performance Analysis	Average Collection Turnover (Times)	8.90	8.51	9.08	9.57	9.78	10.70	
	Days Sales Outstanding	41.01	42.89	40.19	38.14	37.32	34.11	
	Average Inventory Turnover (Times)	42.82	37.21	30.89	32.69	34.56	38.59	
	Average Payment Turnover (Times)	8.48	9.85	9.88	9.66	9.52	12.01	
	Average Inventory Turnover Days	8.52	9.81	11.81	11.16	10.56	9.45	
	Property, Plant and Equipment Turnover (Times)	1.24	1.11	0.92	0.78	0.81	1.00	
	Total Assets Turnover (Times)	0.46	0.44	0.38	0.34	0.36	0.45	
Profitability Analysis	Return on Total Assets (%)	4.87	5.34	6.38	6.50	2.70	2.74	
	Return on Equity (%)	7.81	8.86	10.78	11.03	4.70	5.02	
	Income Before Tax to Paid-in Capital Ratio (%) (Note 2)	16.61	17.01	21.74	22.09	11.81	9.65	
	Net Margin (%) (Note 2)	10.48	12.09	16.44	19.08	7.39	24.05	
	Earnings per share (NTD)(Note 2)	1.27	1.47	1.84	1.92	0.81	0.84	
Cash Flow (%)	Cash Flow Ratio (Note 2)	65.24	34.14	70.25	54.16	67.42	7.93	
	Cash Flow Adequacy Ratio (%)	115.48	104.34	103.02	103.03	91.39	86.89	
	Cash Flow Reinvestment Ratio (%) (Note 2)	5.99	2.23	5.32	2.75	4.53	1.10	
Leverage	Operating Leverage	2.06	2.46	2.11	2.40	2.13	1.81	
	Financial Leverage	1.00	1.00	1.00	1.00	1.00	1.00	

Note 1: The 2018-2022 Financial information has been audited or reviewed by CPA. The financial information of the first quarter in 2023 is being reviewed by CPA.

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

- (1) Times Interest Earned decreased mainly due to the slowdown of profit growth in the period.
- (2) Returns on total assets and equity decreased mainly due to the slowdown of profit growth in the period.
- (3) Income before tax to paid-in capital ratio decreased mainly due to the underperformance of non-operating income of the period resulting in the slowdown of profit growth.
- (4) Net margin decreased mainly due to the underperformance of non-operating income of the period.
- (5) Earnings per share decreased mainly due to the slowdown in profit growth in the period.
- (6) Cash flow ratio and cash flow reinvestment ratio increased mainly due to the increase in net cash inflow from operating activities.

Six. Financial Information

Explanations on the calculation formulas for the financial analysis:

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

Note 2: When measuring cash flow analysis, shall pay special attention to these 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 note 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 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 2022 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 identifying no inconsistencies, so we have issued a report as above under Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review it.

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

March 13, 2023

IV. Parent Company Only Financial Statements for the Year Ended December 31, 2022 and 2021, 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 Parent Company Only balance sheets of Shin Shin Natural Gas Co., LTD. as of December 31, 2022 and 2021, 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, 2022 and 2021, and its Parent Company Only 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 2022 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 2022 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.

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 Auditing Standards will always detect a material misstatement when it exists in a consolidated financial statement. Misstatements can arise from fraud or error. Misstatements are considered material, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Parent Company Only financial statements.

When auditing 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 Parent Company Only statements, including related notes, whether the Parent Company Only 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, 2022. 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 13, 2023

Shin Shin Natural Gas Co., LTD.
Parent Company Only Balance Sheets
December 31, 2022 and 2021

Unit: In thousands of NTD

Code	Assets	Note	December 31, 2022		December 31, 2021		Code	Liabilities and equity	Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%				Amount	%	Amount	%
	Current assets							Current liabilities					
1100	Cash and cash equivalents	4, 6(1)	\$ 322,282	6	\$ 440,985	8	2130	Contract liabilities - current	6(13)	\$ 567,579	12	\$ 538,413	12
1110	Financial assets measured at fair value through profit or loss - current	4, 6(2)	375,820	7	383,986	7	2150	Notes payable	4, 6(14)	26,327	-	18,312	-
1150	Notes receivable, net	4, 6(4)	23,520	-	78	-	2160	Notes payable - related parties	4, 6(14), 7	22,237	-	19,664	-
1170	Accounts receivable, net	4, 6(4)	189,570	4	170,709	3	2170	Accounts payable	4, 6(14)	112,730	2	115,371	2
1180	Accounts receivable - related parties, net	4, 6(4), 7	4,484	-	4,116	-	2180	Accounts payable - related parties	4, 6(14), 7	22,825	-	15,149	-
1200	Other receivables	6(5)	776,115	15	849,885	16	2200	Other payables	6(15)	198,981	4	205,832	4
130x	Inventories	4, 6(6)	37,235	1	30,233	1	2220	Other payables - related parties	VII	4,940	-	4,607	-
1410	Pre-payments		7,176	-	6,053	-	2230	Current income tax liabilities	IV	38,000	1	20,636	-
1470	Other current assets		2,717	-	1,474	-	2250	Provision for liabilities - current	4, 6(16)	1,908	-	1,830	-
11xx	Total current assets		1,738,919	33	1,887,519	35	2280	Lease liabilities - current	IV	4,451	-	2,958	-
							2300	Other current liabilities		7,957	-	7,456	-
							21xx	Total current liabilities		1,007,935	19	950,228	18
	Non-current assets							Non-current liabilities					
1535	Financial assets measured at amortized cost - non-current	4, 6(3)	70,000	1	70,000	1		Deferred income tax liabilities	4, 6(30)	65,278	1	65,356	1
1550	Investments accounted for using the equity method	4, 6(7)	401,721	8	451,547	8		Lease liabilities - non-current	IV	5,070	-	3,539	-
1600	Property, plant and equipment	4, 6(8)	2,688,230	50	2,561,073	49	2570	Other non-current liabilities	4, 6(17)	1,281,486	24	1,201,237	22
1755	Right-of-use assets.	4, 6(9)	11,106	-	8,332	-	2580	Total non-current liabilities		1,351,834	25	1,270,132	23
1760	Investment property, net	4, 6(11)	47,754	1	47,980	1	2600						
1840	Deferred income tax assets	4, 6(30)	5,694	-	7,523	-	25xx						
1900	Other non-current assets	4, 6(12)	383,085	7	319,656	6							
15xx	Total non-current assets		3,607,590	67	3,466,111	65	2xxx	Total liabilities		2,359,769	44	2,220,360	41
								Equity					
							3100	Capital stock	4, 6(19)				
							3110	Capital - common stock		1,805,375	34	1,805,375	35
							3200	Capital surplus	6(20)	77,062	1	72,764	1
							3300	Retained earnings	6(21)				
							3310	Legal reserve		750,824	14	716,359	13
							3320	Special reserve		142,872	3	142,872	3
							3350	Undistributed earnings (or losses to be made up for)		257,435	5	442,728	8
							3500	Treasury stock	4, 6(22)	(46,828)	(1)	(46,828)	(1)
							3xxx	Total equity		2,986,740	56	3,133,270	59
1xxx	Total assets		\$ 5,346,509	100	\$ 5,353,630	100		Total liabilities and equity		\$ 5,346,509	100	\$ 5,353,630	100

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

Chairperson

Managerial Officer

Accounting Officer

Shin Shin Natural Gas Co., LTD.
Parent Company Only Statements of Comprehensive Income

January 1 to December 31, 2022 and 2021

Unit: In thousands of NTD

Code	Item	Note	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	4, 6(23)	\$ 1,920,803	100	\$ 1,775,634	100
5000	Operating costs	6(24)	1,379,068	72	1,310,897	74
5900	Operating gross profit (loss)		541,735	28	464,737	26
	Operating expenses					
6100	Selling expenses		112,192	6	100,064	6
6200	Administrative expenses		145,949	7	148,622	8
6450	Expected credit impairment loss (gain)		(223)	-	(1,283)	-
6000	Total operating expenses		257,918	13	247,403	14
6900	Operating profit (loss)		283,817	15	217,334	12
	Non-operating income and expenses					
7100	Interest income	6(26)	19,955	1	17,291	1
7010	Other income	6(27)	13,932	1	15,817	1
7020	Other gain and loss	6(28)	(56,914)	(3)	32,537	2
7050	Financial costs	6(29)	(266)	-	(84)	-
7070	Share of profits and losses of subsidiaries, affiliates and joint ventures accounted for using the equity method	4, 6(7)	(54,123)	(3)	108,410	6
7000	Total of non-operating income and expenses		(77,416)	(4)	173,971	10
7900	Net profit (net loss) before tax		206,401	11	391,305	22
7950	Income tax expense (or benefit)	4, 6(30)	62,542	3	48,910	3
8200	Net profit (net loss) for the period		143,859	8	342,395	19
	Other comprehensive income					
8311	Re-measurement of defined benefit plan	4, 6(18)	15,282	1	2,811	-
8349	Incomes tax related to items not to be reclassified as profit or loss	4, 6(30)	(3,056)	-	(562)	-
8300	Other comprehensive income (net)		12,226	1	2,249	-
8500	Total comprehensive income for the period		\$ 156,085	9	\$ 344,644	19
	Earnings per share	6(31)				
9750	Basic earnings per share		\$ 0.81		\$ 1.92	
9850	Diluted earnings per share		\$ 0.81		\$ 1.92	

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

Chairperson

Managerial Officer

Accounting Officer

Shin Shin Natural Gas Co., LTD.
Parent Company Only Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: In thousands of NTD

			Retained earnings		Undistributed earnings (or losses to be made up for)	Treasury stock	Total equity
	Capital - common stock	Capital surplus	Legal reserve	Special reserve			
Balance as of January 1, 2021	\$ 1,805,375	\$ 68,720	\$ 683,563	\$ 142,872	\$ 419,740	\$ (46,828)	\$ 3,073,442
Appropriation and distribution of earnings:							
Provision of legal reserve	-	-	32,796	-	(32,796)	-	-
Cash dividends on common stock	-	-	-	-	(288,860)	-	(288,860)
Net profit for the period from January 1 to December 31, 2021	-	-	-	-	342,395	-	342,395
Other comprehensive income for the period from January 1 to December 31, 2021	-	-	-	-	2,249	-	2,249
Total comprehensive income for the period	-	-	-	-	344,644	-	344,644
Capital surplus adjusted for dividends paid to subsidiaries	-	4,044	-	-	-	-	4,044
Balance as of December 31, 2021	\$ 1,805,375	\$ 72,764	\$ 716,359	\$ 142,872	\$ 442,728	\$ (46,828)	\$ 3,133,270
Balance as of January 1, 2022	\$ 1,805,375	\$ 72,764	\$ 716,359	\$ 142,872	\$ 442,728	\$ (46,828)	\$ 3,133,270
Appropriation and distribution of earnings:							
Provision of legal reserve	-	-	34,465	-	(34,465)	-	-
Cash dividends on common stock	-	-	-	-	(306,913)	-	(306,913)
Net profit for the period from January 1 to December 31, 2022	-	-	-	-	143,859	-	143,859
Other comprehensive income for the period from January 1 to December 31, 2022	-	-	-	-	12,226	-	12,226
Total comprehensive income for the period	-	-	-	-	156,085	-	156,085
Capital surplus adjusted for dividends paid to subsidiaries	-	4,298	-	-	-	-	4,298
Balance as of December 31, 2022	\$ 1,805,375	\$ 77,062	\$ 750,824	\$ 142,872	\$ 257,435	\$ (46,828)	\$ 2,986,740

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

Chairperson

Managerial Officer

Accounting Officer

Shin Shin Natural Gas Co., LTD.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: In thousands of NTD

	2022	2021
Cash flows from operating activities		
Net profit before tax from continuing operations	\$ 206,401	\$ 391,305
Adjustment items		
Income and expense items		
Depreciation expenses	281,263	269,972
Expected credit impairment gain	(223)	(1,283)
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	46,739	(11,870)
Interest expense	266	84
Interest income	(19,955)	(17,291)
Dividend income	(7,711)	(8,757)
Share of losses (profits) of subsidiaries, affiliates and joint ventures accounted for using the equity method	54,123	(108,410)
Gain on disposal and scrapping of property, plant and equipment	(939)	(988)
Transfer of property, plant and equipment to expense	1,740	561
Changes in assets/liabilities related to operating activities		
Increase in financial assets mandatorily measured at fair value through profit or loss	(38,572)	(27,772)
Decrease (increase) in notes receivable	(23,443)	870
Decrease (increase) in accounts receivable	(18,638)	18,093
Decrease (increase) in accounts receivable - related parties	(367)	617
Decrease in other receivables	76,367	4,205
Increase in inventories	(73,448)	(55,922)
Increase in prepaid expenses	(7)	(8)
Decrease (increase) in pre-payments	(1,116)	359
Increase in other current assets	(1,243)	(1,462)
Increase in net defined benefit assets	(2,913)	-
Increase in contract liabilities	29,166	16,755
Increase in notes payable	8,015	11,677
Increase (decrease) in notes payable - related parties	2,573	(4,912)
Increase (decrease) in accounts payable	(2,641)	9,300
Increase (decrease) in accounts payable - related parties	7,675	(1,043)
Increase (decrease) in other payables	(6,851)	1,863
Increase (decrease) in other payables - related parties	333	(3,798)
Increase (decrease) in provision for liabilities	78	(103)
Increase in long-term deferred revenue	81,083	74,348
Increase in other current liabilities	875	1,359
Decrease in net defined benefit liabilities	(2,645)	(5,625)
Cash inflows from operations	595,985	552,124
Interest received	17,234	16,834
Dividends received	7,835	98,641
Interest paid	(266)	(84)
Income tax paid	(46,482)	(60,308)
Net cash inflows from operating activities	574,306	607,207
Cash flows from investing activities		
Acquisition of property, plant and equipment	(338,892)	(288,208)
Disposal of property, plant and equipment	1,455	1,004
Increase in refundable deposits	-	(9)
Decrease in refundable deposits	19	455
Decrease (increase) in other financial assets	(45,038)	89,636
Increase in pre-payments for equipment	(646)	(552)
Net cash outflows from investing activities	(383,102)	(197,674)
Cash flows from financing activities		
Increase in deposits received	8,572	8,261
Decrease in deposits received	(7,134)	(7,064)
Payments of lease liabilities	(4,432)	(4,707)
Distribution of cash dividends	(306,913)	(288,860)
Net cash outflows from financing activities	(309,907)	(292,370)
Increase (decrease) in cash and cash equivalents for the period	(118,703)	117,163
Cash and cash equivalents at the beginning of the period	440,985	323,822
Cash and cash equivalents at the end of the period	\$ 322,282	\$ 440,985

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

Chairperson

Managerial Officer

Accounting Officer

Shin Shin Natural Gas Co., LTD.
Notes to the Parent Company Only Financial Statements
2022 and 2021
(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 13, 2023.

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 IFRSs endorsed by the FSC for the year ended December 31, 2022 are listed below.

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.

(II) Effect of not adopting the newly issued and amended IFRSs 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 "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

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)
IFRS 17 "Insurance Contracts	January 1, 2023
Amendment to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 "First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendment to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
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.

(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 assets or liabilities recognized as pension fund assets less the net present value of the 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 Parent Company Only 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	12~30
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.

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

⊕ 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.

- ⊖ 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.
- ⊖ 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 (or Board of Directors) 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.

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 Assets or 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 assets or liabilities of the consolidated company net defined benefit.

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, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$475,383	\$485,216
Bank deposits	206,803,120	278,763,300
Time deposits	40,000,000	30,000,000
Cash equivalents - bills	75,003,684	131,736,507
Total	<u>\$322,282,187</u>	<u>\$440,985,023</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, 2022</u>	<u>December 31, 2021</u>
Current item:		
Financial assets mandatorily measured at fair value through profit or loss		
Shares of TWSE/TPEX listed companies	\$153,700,154	\$191,474,847
Beneficiary certificates	80,000,000	35,000,000
Beneficiary securities	35,589,584	38,934,492
Bond	114,131,270	79,440,036
Bill	11,331,980	11,331,980
Sub-total	<u>394,752,988</u>	<u>356,181,355</u>

Adjustment to the valuation of financial assets mandatorily measured at fair value through profit or loss	(18,933,394)	27,805,021
Total	<u>\$375,819,594</u>	<u>\$383,986,376</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 \$(59,785,069) and \$34,499,918 for 2022 and 2021, respectively.
2. For information on marketable securities held as of December 31, 2022, please refer to Note 13.

(III) Financial assets measured at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</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>2022</u>	<u>2021</u>
Interest income	<u>\$1,750,000</u>	<u>\$1,750,000</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, 2022 and 2021.
3. Please refer to Note 12(2) for related credit risk information.

(IV) Notes and accounts receivable, net

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$23,520,207	\$77,500
Accounts receivable (including related parties)	200,806,230	181,700,022
Less: Allowance for losses	(6,752,740)	(6,875,109)
Net amount	<u>\$217,573,697</u>	<u>\$174,902,413</u>

1. The account aging analysis is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not overdue	\$216,585,769	\$174,041,664
Overdue		
Within 30 days	1,153,027	1,096,076
30~60 days	784,850	766,333
60~90 days	563,604	465,721
90 days or more	5,239,187	5,407,728

Less: Allowance for losses	(6,752,740)	(6,875,109)
Total	<u>\$217,573,697</u>	<u>\$174,902,413</u>

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

- Without considering the collaterals held or other credit enhancements, the Company's notes receivable with the highest credit risk exposure were \$23,520,207 and \$77,500 as of December 31, 2022 and 2021, respectively; the Company's accounts receivable with the highest credit risk exposure were \$194,053,490 and \$174,824,913 as of December 31, 2022 and 2021, respectively.
- Please refer to Note 12(2) for related credit risk information.

(V) Other receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Interests receivable	\$9,714,527	\$6,993,510
Time deposits with original maturities of more than three months	766,400,844	842,767,827
Dividends receivable	-	123,750
Total	<u>\$776,115,371</u>	<u>\$849,885,087</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Materials	\$26,822,183	\$19,080,784
Installation contractors' materials	9,185,572	9,925,795
Natural gas inventory	1,227,515	1,226,119
Total	<u>\$37,235,270</u>	<u>\$30,232,698</u>

- 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.
- The allowance for decline in value of inventories was both \$0 as of December 31, 2022 and 2021.
- Inventory-related expenses and losses recognized in operating costs for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Cost of inventories sold and installation costs	\$1,379,067,779	\$1,310,897,287

(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, 2022

Investee name	Amount	Shareholdings percentage	Dividends received
<u>Subsidiary</u>			
EVFA INTERNATIONAL CO., LTD.	\$401,721,179	100.00%	\$-

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

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	2022	2021
Share of profits and losses of subsidiaries, affiliates and joint ventures under the equity method:		
EVFA INTERNATIONAL CO., LTD.	(54,123,385)	\$108,410,325
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)	Total							
<u>Cost:</u>										
Balance as of January 1, 2022	\$344,300,220	\$8,888,249	\$353,188,469	\$55,984,167	\$1,337,437,252	\$4,066,037,069	\$326,780,392	\$184,303,456	\$155,221,042	\$6,478,951,847
Addition	-	-	-	1,147,919	162,973,873	10,617,488	-	6,810,667	157,341,685	338,891,632
Disposal	-	-	-	-	(66,017,218)	(48,007,556)	-	(612,743)	-	(114,637,517)
Reclassification	-	-	-	-	-	208,520,291	-	432,000	(143,814,635)	65,137,656
Balance as of December 31, 2022	\$344,300,220	\$8,888,249	\$353,188,469	\$57,132,086	\$1,434,393,907	\$4,237,167,292	\$326,780,392	190,933,380	\$168,748,092	\$6,768,343,618
Balance as of January 1, 2021	\$344,300,220	\$8,888,249	\$353,188,469	\$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	\$353,188,469	\$55,984,167	\$1,337,437,252	\$4,066,037,069	\$326,780,392	\$184,303,456	\$155,221,042	\$6,478,951,847

	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)	Total							
<u>Accumulated depreciation</u>										
Balance as of January 1, 2022	\$-	\$-	\$-	\$36,853,362	\$696,914,545	\$2,709,959,829	\$314,019,377	\$160,131,860	\$-	\$3,917,878,973
Depreciation expense	-	-	-	1,335,108	104,327,585	161,355,724	1,899,610	7,438,223	-	276,356,250
Disposal	-	-	-	-	(65,500,918)	(48,007,556)	-	(612,743)	-	(114,121,217)
Reclassification	-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2022	\$-	\$-	\$-	\$38,188,470	\$735,741,212	\$2,823,307,997	\$315,918,987	\$166,957,340	\$-	\$4,080,114,006
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
<u>Carrying amount</u>										
Balance as of December 31, 2022	\$344,300,220	\$8,888,249	\$353,188,469	\$18,943,616	\$698,652,695	\$1,413,859,295	\$10,861,405	\$23,976,040	\$168,748,092	\$2,688,229,612
Balance as of December 31, 2021	\$344,300,220	\$8,888,249	\$353,188,469	\$19,130,805	\$640,522,707	\$1,356,077,240	\$12,761,015	\$24,171,596	\$155,221,042	\$2,561,072,874

Note: As of December 31, 2022 and 2021, 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 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 lands and company cars, with a lease term usually falling between 1 to 9 years, and the Company does not have preemptive rights in the lease agreement upon expiry of the lease term. 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, 2022	\$10,053,595	\$1,921,747	\$11,975,342
Addition	225,960	7,229,641	7,455,601
Disposal	(30,924)	(1,921,747)	(1,952,671)
December 31, 2022	<u>\$10,248,631</u>	<u>\$7,229,641</u>	<u>\$17,478,272</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>
<u>Accumulated depreciation:</u>			
January 1, 2022	\$1,802,998	\$1,840,097	\$3,643,095
Depreciation expense	3,106,183	1,575,404	4,681,587
Disposal	(30,924)	(1,921,747)	(1,952,671)
December 31, 2022	<u>\$4,878,257</u>	<u>\$1,493,754</u>	<u>\$6,372,011</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>
<u>Carrying amount:</u>			
December 31, 2022	<u>\$5,370,374</u>	<u>\$5,735,887</u>	<u>\$11,106,261</u>
December 31, 2021	<u>\$8,250,597</u>	<u>\$81,650</u>	<u>\$8,332,247</u>

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

	<u>2022</u>	<u>2021</u>
Items affecting profit or loss for the period		
Interest expense on lease liabilities	<u>\$265,764</u>	<u>\$84,073</u>
Expense on short-term lease contracts	<u>\$12,886</u>	<u>\$29,386</u>

4. The total lease cash outflow was \$4,697,502 and \$4,791,433 for the years ended December 31, 2022 and 2021.

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) Based on the assessment of the exercise of the extension option, the right-of-use assets and lease liabilities had increased by \$0 and \$257,671 as of December 31 of 2022 and 2021, respectively.

(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 \$4,057,099 and \$4,061,342 in 2022 and 2021, 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, 2022</u>
1st year	\$3,440,893
2nd year	2,604,700
3rd year	2,505,890
4th year	34,286
Total	<u>\$8,585,769</u>

(XI) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost:</u>			
January 1, 2022	\$42,901,542	\$12,709,978	\$55,611,520
Addition	-	-	-
Disposal	-	-	-
December 31, 2022	<u>\$42,901,542</u>	<u>\$12,709,978</u>	<u>\$55,611,520</u>
January 1, 2021	\$42,901,542	\$12,709,978	\$55,611,520
Addition	-	-	-
Disposal	-	-	-
December 31, 2021	<u>\$42,901,542</u>	<u>\$12,709,978</u>	<u>\$55,611,520</u>
<u>Accumulated depreciation</u>			
January 1, 2022	\$-	\$7,632,053	\$7,632,053
Depreciation expense	-	225,267	225,267
Disposal	-	-	-
December 31, 2022	<u>\$-</u>	<u>\$7,857,320</u>	<u>\$7,857,320</u>
January 1, 2021	\$-	\$7,406,786	\$7,406,786
Depreciation expense	-	225,267	225,267
Disposal	-	-	-
December 31, 2021	<u>\$-</u>	<u>\$7,632,053</u>	<u>\$7,632,053</u>
<u>Carrying amount</u>			
December 31, 2022	<u>\$42,901,542</u>	<u>\$4,852,658</u>	<u>\$47,754,200</u>
December 31, 2021	<u>\$42,901,542</u>	<u>\$5,077,925</u>	<u>\$47,979,467</u>

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

	<u>2022</u>	<u>2021</u>
Rental income from investment properties	<u>\$3,211,435</u>	<u>\$3,214,861</u>
Direct operating expenses incurred on investment properties that generated rental income in the current period	<u>\$-</u>	<u>\$22,750</u>
Direct operating expenses incurred on investment properties that did not generate rental income in the current period	<u>\$-</u>	<u>\$-</u>

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 \$175,977 thousand and \$156,011 thousand as of December 31, 2022 and 2021, 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, 2022 and 2021, and is currently leased to a construction company.

(XII) Other non-current assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Reserve for gas pipeline replacement	\$364,109,606	\$319,071,016
Pre-payments for equipment	645,900	432,000
Refundable deposits	133,850	152,987
Net Defined Benefit Assets	18,195,421	-
Total	<u>\$383,084,777</u>	<u>\$319,656,003</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, 2022</u>	<u>December 31, 2021</u>
Advanced installation charge	<u>\$567,578,921</u>	<u>\$538,413,259</u>

(XIV) Notes and accounts payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes payable (including related parties)	\$48,563,391	\$37,975,921
Accounts payable (including related parties)	135,554,809	130,520,152
Total	<u>\$184,118,200</u>	<u>\$168,496,073</u>

(XV) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Refundable meter deposits	\$127,017,800	\$127,275,300
Employee remuneration payables	4,749,816	9,004,927
Director remuneration payables	4,749,816	9,004,927
Taxes and output sales taxes payable	5,490,930	3,237,745
Salaries and award payable	47,346,619	46,804,609
Pensions payable	1,196,128	1,153,366
Insurance premiums payable	1,118,000	1,095,000

Others	7,311,691	8,255,725
Total	<u>\$198,980,800</u>	<u>\$205,831,599</u>

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, 2022	<u>\$1,829,648</u>
Provision for liabilities newly increased in the period	9,010,520
Amounts used and offset in the period	<u>(8,932,332)</u>
Balance as of December 31, 2022	<u>\$1,907,836</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.

(XVII) Other non-current liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Long-term deferred revenue	\$1,218,194,313	\$1,137,111,647
Deposits received over one year	63,292,261	61,480,305
Net Defined Benefit Liabilities	<u>-</u>	<u>2,644,534</u>
Total	<u>\$1,281,486,574</u>	<u>\$1,201,236,486</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.

(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 changes in the Company's net defined benefit assets or liabilities were as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net Defined Benefit (Assets) Liabilities
January 1, 2022	\$199,353,876	\$(196,709,342)	\$2,644,534
Service costs for the period	2,560,349	-	2,560,349
Net interest on net defined benefit liabilities (assets)	1,268,208	(1,277,921)	(9,713)
Re-measurement			
Compensation gain or loss on plan assets	-	(15,415,632)	(15,415,632)
Actuarial gains and losses due to adjustments through experience	9,849,187	-	9,849,187
Actuarial gains and losses due to changes in demographic assumptions	140	-	140
Actuarial gains and losses due to changes in financial assumptions	(9,715,912)	-	(9,715,912)
Re-measurement sub-total	<u>133,415</u>	<u>(15,415,632)</u>	<u>(15,282,217)</u>
Appropriations from employers	-	(8,108,374)	(8,108,374)
Benefit payments from plan assets	(15,790,252)	15,790,252	-
Benefit payments on the accounting book	-	-	-
December 31, 2022	<u>\$187,525,596</u>	<u>\$(205,721,017)</u>	<u>\$(18,195,421)</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net Defined Benefit (Assets) 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 (assets)	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>

	Present value of defined benefit obligations	Fair value of plan assets	Net Defined Benefit (Assets) Liabilities
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>

(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, 2022 and 2021, 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, 2022 and 2021 were based on the sixth 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.

	<u>2022</u>	<u>2021</u>
Z	15%	15%
Z+1 ~ 64	3%	3%
65	100%	100%

② Financial assumptions

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
a. Discount rate	<u>1.20%</u>	<u>0.65%</u>
b. Expected rate of increase in future salary	<u>2.00%</u>	<u>2.00%</u>

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, 2022 and 2021 are as follows:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	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%	\$(2,668,215)	-1.42%	\$(3,154,003)	-1.58%
Decrease by 0.25%	\$2,737,709	1.46%	\$3,239,203	1.62%
(2) Expected rate of increase in future salary				
Increase by 0.25%	\$2,709,237	1.44%	\$2,703,569	1.36%
Decrease by 0.25%	\$(2,653,972)	-1.42%	\$(2,649,179)	-1.33%

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 were 5 years and 6 years as of December 31 of 2022 and 2021, respectively.
- B. The estimated appropriation for the pension plan for the year after December 31, 2022 is \$1,076 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, 2022	\$17,110,588	\$15,314,884	\$69,099,604	\$99,249,395	\$200,774,471

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 \$5,445 thousand and \$5,297 thousand for the years ended December 31, 2022 and 2021, 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, 2022, 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, 2022</u>	<u>December 31, 2021</u>
Capital surplus - treasury stock transactions	\$77,057,470	\$72,760,103
Capital surplus - investments accounted for using the equity method	4,282	4,282
Total	<u>\$77,061,752</u>	<u>\$72,764,385</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 ration determined by law or resolved by the board of directors. When necessary, the board of directors shall draw up a plan and submit it to the shareholders' meeting for resolution.
- ⑤ Depending on the Company's current share capital, financial structure, future operational development needs and surplus considerations, at least 20% of the distributable surplus shall be allocated as shareholder dividends, and the board of directors shall formulate a distribution proposal and submit it to the general meeting of shareholders for resolution.

According to Article 240 Paragraph 5 and Article 241 of the corporate law, the board of directors are authorized to make approvals to distribute all or part of the dividends or bonuses, paid-in capital, or legal reserve in the form of cash and report in the shareholders' meeting, given over half of the directors are in attendance in the board meeting and the meeting was attended by no less than two-thirds of all board members, and the provisions of the preceding Paragraph requiring resolution by the shareholders' meeting shall not apply.

4. Distribution of earnings

On March 13, 2023, the Board of Directors' proposal for the distribution of earnings for the year 2022 and the distribution of earnings for the year 2021 approved in the shareholders' meeting on June 17, 2022, were as follows:

	2022		2021	
	Amount	Dividends per share (NT\$)	Amount	Dividends per share (NT\$)
Legal reserve	\$15,608,461		\$34,464,459	
Cash dividends	180,537,453	\$1.00	306,913,670	\$1.70
Total	<u>\$196,145,914</u>		<u>\$341,380,150</u>	

(XXII) Treasury stock

- 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	2022					
	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	<u>\$46,828,269</u>	None	2,527,863	<u>\$46,828,269</u>	<u>\$105,917,460</u>

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	<u>\$46,828,269</u>	None	2,527,863	<u>\$46,828,269</u>	<u>\$108,192,536</u>

- 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.

(XXIII) Operating revenue

	2022	2021
Revenue from customer contracts - gas sales revenue	\$1,570,312,368	\$1,488,668,217
Revenue from customer contracts - installation design revenue	196,680,213	176,511,472
Revenue from customer contracts - other operating revenue	120,925,204	82,081,334
Others - other operating revenue	32,885,628	28,373,459
Total	<u>\$1,920,803,413</u>	<u>\$1,775,634,482</u>

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:

	2022	2021
Revenue from external customer contracts	<u>\$1,570,312,368</u>	<u>\$1,488,668,217</u>
Revenue recognition point		
Revenue recognized at a point in time	<u>\$1,570,312,368</u>	<u>\$1,488,668,217</u>

Installation:

	2022	2021
Revenue from external customer contracts	<u>\$196,680,213</u>	<u>\$176,511,472</u>
Revenue recognition point		
Revenue recognized at a point in time	\$88,562,006	\$79,667,979
Revenue recognized gradually over time	<u>108,118,207</u>	<u>96,843,493</u>
Total	<u>\$196,680,213</u>	<u>\$176,511,472</u>

Others:

	<u>2022</u>	<u>2021</u>
Revenue from external customer contracts	\$120,925,204	\$82,081,334
Revenue recognition point		
Revenue recognized at a point in time	\$118,794,125	\$79,961,810
Revenue recognized gradually over time	2,131,079	2,119,524
Total	<u>\$120,925,204</u>	<u>\$82,081,334</u>

2. Contract liabilities

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Contract liabilities		
Installation design contract	<u>\$567,578,921</u>	<u>\$538,413,259</u>

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

	<u>2022</u>	<u>2021</u>
Revenue recognized in the period for the balance of contract liabilities at the beginning of the period		
Installation design contract	<u>\$124,266,909</u>	<u>\$96,799,790</u>

(XXIV) Operating costs

	<u>2022</u>	<u>2021</u>
Gas sales costs	\$1,175,765,280	\$1,118,651,639
Installation design costs	127,545,018	127,508,492
Other operating costs	75,757,481	64,737,156
Total	<u>\$1,379,067,779</u>	<u>\$1,310,897,287</u>

(XXV) Additional information on the nature of expenses

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

Nature \ Function	2022			2021		
	Recorded as operating costs	Recorded as operating expenses	Total	Recorded as operating costs	Recorded as operating expenses	Total
Employee benefit expenses						
Salary expenses	\$108,674,217	\$78,469,009	\$187,143,226	\$111,645,625	\$72,040,443	\$183,686,068
Labor and health insurance expenses	10,076,713	5,173,591	15,250,304	9,980,416	4,938,280	14,918,696
Pension expenses	5,032,539	2,962,946	7,995,485	5,082,169	2,805,646	7,887,815
Remuneration for directors	-	27,623,149	27,623,149	-	30,841,594	30,841,594
Other employee benefit expenses	-	10,327,689	10,327,689	-	9,041,305	9,041,305
Depreciation expenses	267,582,918	13,680,186	281,263,104	256,623,062	13,348,873	269,971,935

- (1) The average number of employees (including directors) for the years ended December 31, 2022 and 2021 were 196 and 200, respectively, of which 22 were directors who were not also employees for both years.
 - (2) The average employee benefit expenses were NT\$1,268,487 and NT\$1,210,865 for the years ended December 31, 2022 and 2021, respectively.
 - (3) The average employee salary expense was NT\$1,075,536 and NT\$1,031,944 for 2022 and 2021, respectively, representing a 4.3% decrease in the average employee salary expense for both years.
 - (4) The Company established an Audit Committee in FY110 and replaced supervisors with the Audit Committee composed of all independent directors.
 - (5) The remuneration of the supervisors for the year 2021 was \$1,900,000.
 - (6) The Company's salary and remuneration policy (including directors, managerial officers and employees):
 - ⊕ 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.
 - ⊗ 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 for the years of 2022 and 2021 are based on the net profits before tax for the years, before deducting the profit sharing remunerations for employees and for directors, 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, 2022 and 2021, the amount of profit sharing remuneration for employees was estimated at NT\$4,749,816 and NT\$9,004,927, respectively, and the amount of profit sharing remuneration for directors and supervisors was estimated at NT\$4,749,816 and NT\$9,004,927, 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, 2022, 2021 and 2020 is as follows

	2022	2021	2020
	Approved by the Board of Directors on March 13, 2023	Approved by the Board of Directors on March 18, 2022	Approved by the Board of Directors on March 18, 2021
Profit sharing remuneration for directors and supervisors	\$4,749,816	\$9,004,927	\$8,799,782
Profit sharing remuneration for employees	\$4,749,816	\$9,004,927	\$8,799,782

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 2022, 2021 and 2020.

- (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:

	2022	2021
Operating costs	\$267,582,918	\$256,623,062
Selling expenses	6,899,717	6,362,138
Administrative expenses	6,780,469	6,986,735
Total	<u>\$281,263,104</u>	<u>\$269,971,935</u>

(XXVI) Interest income

	2022	2021
Interest income from bank deposits	\$12,103,039	\$10,274,662
Interest income from financial assets measured at amortized cost	1,750,000	1,750,000
Other interest income	6,101,651	5,265,893
Total	<u>\$19,954,690</u>	<u>\$17,290,555</u>

(XXVII) Other income

	2022	2021
Rental income	\$4,057,099	\$4,061,342
Dividend income	7,710,963	8,757,376
Other income	2,163,622	2,998,458
Total	<u>\$13,931,684</u>	<u>\$15,817,176</u>

(XXVIII) Other gain and loss

	<u>2022</u>	<u>2021</u>
Gain (loss) on disposal of property, plant and equipment	\$938,836	\$988,395
Net gain (loss) on financial assets measured at fair value through profit or loss	(59,785,069)	34,499,918
Net exchange gain (loss)	2,561,411	(1,180,389)
Other losses	(629,222)	(1,771,287)
Total	<u>\$ (56,914,044)</u>	<u>\$ 32,536,637</u>

(XXIX) Financial costs

	<u>2022</u>	<u>2021</u>
Interest expense		
Lease liabilities	<u>\$265,764</u>	<u>\$84,073</u>

(XXX) Income tax

1. Composition of income tax expense

	<u>2022</u>	<u>2021</u>
Current income tax expense (or benefit)	\$63,846,099	\$49,089,854
Underestimation (overestimation) of income tax expense for prior years	701	112
Total current income tax	<u>63,846,800</u>	<u>49,089,966</u>
Deferred income tax expense		
Origination and reversal of temporary differences	(1,304,528)	(180,245)
Total deferred income tax	<u>(1,304,528)</u>	<u>(180,245)</u>
Income tax expense	<u>\$62,542,272</u>	<u>\$48,909,721</u>

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

	<u>2022</u>	<u>2021</u>
Re-measurement of defined benefit plan	<u>\$(3,056,443)</u>	<u>\$(562,326)</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:

	<u>2022</u>	<u>2021</u>
Net profit before tax from continuing operations	<u>\$206,401,111</u>	<u>\$391,305,009</u>
Applicable tax rate	<u>20%</u>	<u>20%</u>
Tax at applicable tax rate on income	\$41,280,222	\$78,261,001
Underestimation (overestimation) of income tax expense for prior years	701	112

Repealed levy on loss (gain) from securities transactions	2,727,979	(4,578,092)
Loss (gain) on valuation of financial assets	8,451,527	(2,569,984)
Domestic investment loss (gain) recognized using the equity method	10,824,677	(21,682,065)
Dividend income not included in income	(1,537,473)	(1,685,961)
Others	794,639	1,164,710
Total income tax expense recognized in profit or loss	<u>\$62,542,272</u>	<u>\$48,909,721</u>

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

2022

	January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2022
Temporary differences				
Timing difference between book and tax recognition of repair and maintenance expenses	\$5,882,311	\$357,877	\$-	\$6,240,188
Unrealized gain or loss	2,104,351	946,651	-	3,051,002
Net Defined Benefit Assets/Liabilities	(562,326)	-	(3,056,443)	(3,618,769)
Land revaluation increment	(65,257,095)	-	-	(65,257,095)
Deferred income tax (expense)/benefit		<u>\$1,304,528</u>	<u>\$(3,056,443)</u>	
Net deferred income tax assets/(liabilities)	<u>\$(57,832,759)</u>			<u>\$(59,584,674)</u>
The information expressed in the balance sheet is as follows:				
Deferred income tax assets	<u>\$7,523,138</u>			<u>\$5,693,613</u>
Deferred income tax liabilities	<u>\$(65,355,897)</u>			<u>\$(65,278,287)</u>

2021

	January 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2021
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	1,969,949	134,402	-	2,104,351
Net Defined Benefit Assets/Liabilities	-	-	(562,326)	(562,326)
Land revaluation increment	(65,257,095)	-	-	(65,257,095)
Deferred income tax (expense)/benefit		<u>\$180,245</u>	<u>\$(562,326)</u>	
Net deferred income tax assets/(liabilities)	<u>\$(57,450,678)</u>			<u>\$(57,832,759)</u>
The information expressed in the balance sheet is as follows:				
Deferred income tax assets	<u>\$8,307,752</u>			<u>\$7,523,138</u>
Deferred income tax liabilities	<u>\$(65,758,430)</u>			<u>\$(65,355,897)</u>

5. The Company's income tax returns have been assessed by the tax authorities through 2020.

(XXXI) Earnings per share

1. Information on earnings per share

	2022	2021
Basic earnings per share:		
Net profit for the period from continuing operations	\$143,858,839	\$342,395,288
Weighted average number of shares outstanding	178,009,590	178,009,590
Basic earnings per share (NT\$):	\$0.81	\$1.92
Diluted earnings per share:		
Net profit for the period from continuing operations	\$143,858,839	\$342,395,288
Weighted average number of shares outstanding for the purpose of calculating diluted earnings per share	178,122,951	178,219,985
Diluted earnings per share (NT\$)	\$0.81	\$1.92

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

	2022	2021
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	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:

	2022	2021
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	113,361	210,395
Sub-total	180,650,814	180,747,848
Less: Shares of the parent company held by subsidiaries	(2,527,863)	(2,527,863)
Total	178,122,951	178,219,985

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

	2022	2021
Net profit for the period from continuing operations	\$148,156,206	\$346,439,868
Weighted average number of shares outstanding	180,537,453	180,537,453
Basic earnings per share (NT\$)	\$0.82	\$1.92

(XXXII) Supplementary information on cash flows

Change in liabilities from financing activities was as follows:

	Guarantee deposit received	Lease liabilities
January 1, 2022	\$64,113,905	\$6,497,506
Change in cash flows from financing activities	1,438,606	(4,431,738)
Non-cash change	-	7,455,601
December 31, 2022	\$65,552,511	\$9,521,369
	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

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	2022	2021
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	\$4,956,756	\$4,240,711

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

(2) Purchases

Type of related party	2022	2021
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	\$78,816,431	\$57,061,295

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	2022	2021
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	\$2,254,604	\$6,179,450

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	2022	2021
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	\$28,453,898	\$26,321,977

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

Type of related party	December 31, 2022	December 31, 2021
Subsidiary:		

EVFA INTERNATIONAL CO., LTD.	\$4,483,640	\$4,116,347
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(6) Pre-payments for equipment (listed as other non-current assets)

Type of related party	December 31, 2022	December 31, 2021
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 .

(7) Notes payable to related parties

Type of related party	December 31, 2022	December 31, 2021
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	\$22,236,537	\$19,663,593

(8) Accounts payable to related parties

Type of related party	December 31, 2022	December 31, 2021
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	\$22,824,697	\$15,149,327

2. Property transactions

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

Type of related party	Acquisition price	
	2022	2021
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	\$161,310,861	\$121,581,663

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

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

Type of related party	Acquisition price	
	2022	2021
Other related parties:		

THE GREAT TAIPEI GAS
CORPORATION

\$800,000

\$-

The purchase price of property, plant and equipment (other equipment) from Great Taipei Gas Corporation in 2022 includes NT\$240,000 pre-paid for equipment paid in 2021, and the transaction price is based on the agreement and terms between the parties.

3. Other transactions

(1) Rental income

<u>Type of related party</u>	<u>2022</u>	<u>2021</u>
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	<u>\$491,316</u>	<u>\$491,316</u>

(2) Selling expenses - repair and maintenance expenses

<u>Type of related party</u>	<u>2022</u>	<u>2021</u>
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	\$13,643,441	\$10,264,182
Other related parties:		
THE GREAT TAIPEI GAS CORPORATION	<u>115,757</u>	<u>15,070</u>
Total	<u>\$13,759,198</u>	<u>\$10,279,252</u>

(3) Selling expenses - service expenses

<u>Type of related party</u>	<u>2022</u>	<u>2021</u>
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	<u>\$24,626,873</u>	<u>\$24,300,780</u>

(4) Administrative expenses - repair and maintenance expense

<u>Type of related party</u>	<u>2022</u>	<u>2021</u>
Other related parties:		
THE GREAT TAIPEI GAS CORPORATION	<u>\$1,408,128</u>	<u>\$1,560,000</u>

(5) Administrative expenses - donation

<u>Type of related party</u>	<u>2022</u>	<u>2021</u>
Other related parties:		

Shin Kong Wu Ho-Su Memorial Hospital	\$-	\$500,000
Mr. Chen Gen-Chu Foundation for Education and Culture	250,000	550,000
Total	<u>\$250,000</u>	<u>\$1,050,000</u>

(6) Other payables - related parties

Type of related party	December 31, 2022	December 31, 2021
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	<u>\$4,940,075</u>	<u>\$4,607,371</u>

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

Type of related party	December 31, 2022	December 31, 2021
Subsidiary:		
EVFA INTERNATIONAL CO., LTD.	\$657,400	\$657,400
Other related parties:		
THE GREAT TAIPEI GAS CORPORATION	215,200	210,000
Total	<u>\$872,600</u>	<u>\$867,400</u>

(III) Information on remuneration for key management

	2022	2021
Salaries and other short-term employee benefits	\$43,727,761	\$48,163,523
Post-employment benefits	289,548	308,518
Total	<u>\$44,017,309</u>	<u>\$48,472,041</u>

VIII. Pledged Assets: None.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

As of December 31, 2022, the total contract amount due to pre-payments for equipment purchases was NT\$2,260 thousand and the amount paid was NT\$0 thousand.

X. Significant Disaster Loss: None.

XI. Significant Subsequent Events

The new president of the Company will assume office on March 16, 2023.

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, 2022</u>	<u>December 31, 2021</u>
Financial assets		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 375,819,594	\$383,986,376
Financial assets measured at amortized cost		
Cash and cash equivalents	322,282,187	440,985,023
Financial assets measured at amortized cost	70,000,000	70,000,000
Notes receivable	23,520,207	77,500
Accounts receivable (including related parties)	194,053,490	174,824,913
Other receivables	776,115,371	849,885,087
Other financial assets	364,243,456	319,224,003
Total	<u>\$2,126,034,305</u>	<u>\$2,238,982,902</u>
Financial liabilities		
Financial liabilities measured at amortized cost		
Notes payable (including related parties)	\$48,563,391	\$37,975,921
Accounts payable (including related parties)	135,554,809	130,520,152
Other payables (including related parties)	203,920,875	210,438,970
Lease liabilities	9,521,369	6,497,506
Other financial liabilities	65,552,511	64,113,905
Total	<u>\$463,112,955</u>	<u>\$449,546,454</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

December 31, 2022				
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	\$-
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	\$-

(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, 2022			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	\$19,279	4.38	\$84,501	3%	\$2,535	\$-
USD: NTD	613	30.57	18,737	9%	1,686	-
EUR: NTD	70	32.79	2,295	5%	115	-
<u>Financial assets measured at fair value through profit or loss</u>						
USD: NTD	1,277	30.66	39,153	9%	3,524	-
RMB: NTD	9,755	4.38	42,754	3%	1,283	-
EUR: NTD	120	32.52	3,902	5%	195	-

	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	-

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

	December 31, 2022		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	\$19,077	4.38	\$83,617	\$(269)
USD: NTD	510	30.66	15,624	(13)

	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

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, 2022 and 2021 would have increased or decreased by \$3,758 thousand and \$3,840 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, 2022 and 2021, 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, 2022 and 2021 is as follows:

December 31, 2022

	Not overdue	Overdue 1~30 days	Overdue 31~60 days	Overdue 61~90 days	Overdue 90 days or more	Total
Expected loss rate	0.18%	30.39%	39.62%	81.01%	100.00%	
Total carrying amount	<u>\$216,585,769</u>	<u>\$1,153,027</u>	<u>\$784,850</u>	<u>\$563,604</u>	<u>\$5,239,187</u>	<u>\$224,326,437</u>
Allowance for losses	<u>\$395,631</u>	<u>\$350,371</u>	<u>\$310,984</u>	<u>\$456,567</u>	<u>\$5,239,187</u>	<u>\$6,752,740</u>

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

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

	2022	2021
January 1	\$6,875,109	\$8,338,008
Provision for (reversal of) impairment loss	(223,121)	(1,282,977)
Recovery in the current period of the written-off accounts from the previous period	101,381	55,897
Write-off in the current period of the uncollectable accounts in the current period	(629)	(235,819)
December 31	\$6,752,740	\$6,875,109

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

December 31, 2022

	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".

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".

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	0~0.64%
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, 2022	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Shares of TWSE/TPEX listed companies	\$156,063,891	\$-	\$-	\$156,063,891
Fund beneficiary certificates	77,703,669	-	-	77,703,669
Beneficiary securities	26,221,500	-	-	26,221,500
Bond	106,715,934	-	-	106,715,934
Bill	9,114,600	-	-	9,114,600
Total	<u>\$375,819,594</u>	<u>\$-</u>	<u>\$-</u>	<u>\$375,819,594</u>

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
Fund beneficiary certificates	46,400,000	-	-	46,400,000
Beneficiary securities	45,073,000	-	-	45,073,000
Bond	77,173,578	-	-	77,173,578
Bill	8,431,500	-	-	8,431,500
Total	<u>\$383,986,376</u>	<u>\$-</u>	<u>\$-</u>	<u>\$383,986,376</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 2022 and 2021.

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\$100 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\$100 million or 20% of the paid-in capital	Schedule 3
8	The amount of receivables from related parties reached NT\$100 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.

Schedule 1: 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	Fair value	
Shin Shin Natural Gas Co. LTD.	WALSIN / Stock	-	Financial assets measured at fair value through profit or loss - current	23,000	\$1,085,600	-	\$1,085,600	
Shin Shin Natural Gas Co. LTD.	HON HAI PRECISION / Stock	-	Financial assets measured at fair value through profit or loss - current	10,000	999,000	-	999,000	
Shin Shin Natural Gas Co. LTD.	YAGEO / Stock	-	Financial assets measured at fair value through profit or loss - current	3,000	1,353,000	-	1,353,000	
Shin Shin Natural Gas Co. LTD.	TMC / Stock	-	Financial assets measured at fair value through profit or loss - current	44,000	3,726,800	-	3,726,800	
Shin Shin Natural Gas Co. LTD.	CHROMA / Stock	-	Financial assets measured at fair value through profit or loss - current	10,000	1,810,000	-	1,810,000	
Shin Shin Natural Gas Co. LTD.	E-LEAD / Stock	-	Financial assets measured at fair value through profit or loss - current	29,000	2,035,800	-	2,035,800	
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	51,700,000	-	51,700,000	
Shin Shin Natural Gas Co. LTD.	CATHAY HOLDINGS / Stock	-	Financial assets measured at fair value through profit or loss - current	4,080	163,200	-	163,200	
Shin Shin Natural Gas Co. LTD.	Cathy Preferred Shares / Stock	-	Financial assets measured at fair value through profit or loss - current	50,000	2,830,000	-	2,830,000	
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	16,530,514	-	16,530,514	
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	183,521	-	183,521	

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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	
Shin Shin Natural Gas Co. LTD.	ALLTEK / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	\$1,071,000	-	\$1,071,000	
Shin Shin Natural Gas Co. LTD.	WPG Preferred Shares A / Stock	-	Financial assets measured at fair value through profit or loss - current	700,000	34,300,000	-	34,300,000	
Shin Shin Natural Gas Co. LTD.	PCL / Stock	-	Financial assets measured at fair value through profit or loss - current	9,000	890,100	-	890,100	
Shin Shin Natural Gas Co. LTD.	Innodisk / Stock	-	Financial assets measured at fair value through profit or loss - current	10,295	1,909,723	-	1,909,723	
Shin Shin Natural Gas Co. LTD.	TSC / Stock	-	Financial assets measured at fair value through profit or loss - current	12,000	890,400	-	890,400	
Shin Shin Natural Gas Co. LTD.	SAN LIEN TECHNOLOGY / Stock	-	Financial assets measured at fair value through profit or loss - current	23,500	1,184,400	-	1,184,400	
Shin Shin Natural Gas Co. LTD.	ROEC / Stock	-	Financial assets measured at fair value through profit or loss - current	15,000	1,575,000	-	1,575,000	
Shin Shin Natural Gas Co. LTD.	GLOBAL BRANDS MANUFACTURE LIMITED / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	826,500	-	826,500	
Shin Shin Natural Gas Co. LTD.	MPI / Stock	-	Financial assets measured at fair value through profit or loss - current	9,000	1,012,500	-	1,012,500	
Shin Shin Natural Gas Co. LTD.	Macnica Galaxy / Stock	-	Financial assets measured at fair value through profit or loss - current	70,000	2,821,000	-	2,821,000	
Shin Shin Natural Gas Co. LTD.	WNC / Stock	-	Financial assets measured at fair value through profit or loss - current	22,000	1,724,800	-	1,724,800	

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	Fair value	
Shin Shin Natural Gas Co. LTD.	GIS Holding Limited / Stock	-	Financial assets measured at fair value through profit or loss - current	28,000	\$2,464,000	-	\$2,464,000	
Shin Shin Natural Gas Co. LTD.	APEC / Stock	-	Financial assets measured at fair value through profit or loss - current	18,000	1,872,000	-	1,872,000	
Shin Shin Natural Gas Co. LTD.	ADVANCED GROUP / Stock	-	Financial assets measured at fair value through profit or loss - current	10,000	949,000	-	949,000	
Shin Shin Natural Gas Co. LTD.	PCC / Stock	-	Financial assets measured at fair value through profit or loss - current	40,000	1,368,000	-	1,368,000	
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	469,000	14,609,350	-	14,609,350	
Shin Shin Natural Gas Co. LTD.	Taiwan Shin Kong Security / Stock	-	Financial assets measured at fair value through profit or loss - current	55,500	2,170,050	-	2,170,050	
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	2,008,633	-	2,008,633	
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	1,000,000	7,910,000	-	7,910,000	
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	5,385,000	-	5,385,000	
Shin Shin Natural Gas Co. LTD.	FSITC Taiwan Core Strategic Infrastructure Fund / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	500,000	4,470,000	-	4,470,000	

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	Fair value	
Shin Shin Natural Gas Co. LTD.	Shin Kong Taiwan High Dividend Securities Investment Trust (A) / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	500,000	\$4,855,000	-	\$4,855,000	
Shin Shin Natural Gas Co. LTD.	Taishin 1699 Money Market Fund / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	3,641,332.41	50,123,669	-	50,123,669	
Shin Shin Natural Gas Co. LTD.	Yuanta Global Leaders Balanced Securities Investment Trust / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	500,000	4,960,000	-	4,960,000	
Shin Shin Natural Gas Co. LTD.	Yuanta Future Key Technology ETF Securities Investment Trust / Beneficiary Securities	-	Financial assets measured at fair value through profit or loss - current	200,000	4,772,000	-	4,772,000	
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	600,000	6,678,000	-	6,678,000	
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	5,175,000	-	5,175,000	
Shin Shin Natural Gas Co. LTD.	Fubon Genetic Immunity Biotechnology ETF Fund / Beneficiary Securities	-	Financial assets measured at fair value through profit or loss - current	550,000	4,471,500	-	4,471,500	
Shin Shin Natural Gas Co. LTD.	Shin Kong TIP Taiwan Semiconductor 30 ETF / Beneficiary Securities	-	Financial assets measured at fair value through profit or loss - current	500,000	5,125,000	-	5,125,000	
Shin Shin Natural Gas Co. LTD.	P06 Taichung Bank 2 / Bond	-	Financial assets measured at fair value through profit or loss - current	300,000	30,021,000	-	30,021,000	
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	8,678,340	-	8,678,340	

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	Fair value	
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	3,000,000	\$12,899,169	-	\$12,899,169	
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	8,581,914	-	8,581,914	
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	5,875,682	-	5,875,682	
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	4,247,565	-	4,247,565	
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	5,935,163	-	5,935,163	
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	2,951,025	-	2,951,025	
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	936,172	-	936,172	
Shin Shin Natural Gas Co. LTD.	BNP Paribas U.S. dollar Perpetual Non-cumulative Subordinated Bonds / Bond	-	Financial assets measured at fair value through profit or loss - current	400,000	9,346,394	-	9,346,394	
Shin Shin Natural Gas Co. LTD.	ING U.S. dollar Perpetual Non-cumulative Subordinated Bonds / Bond	-	Financial assets measured at fair value through profit or loss - current	400,000	8,896,306	-	8,896,306	

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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	
Shin Shin Natural Gas Co. LTD.	Citigroup Global Markets Holdings Corporate Bonds / Bond	-	Financial assets measured at fair value through profit or loss - current	2,050,000	\$8,347,204	-	\$8,347,204	
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 張	5,212,200	-	5,212,200	
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 張	3,902,400	-	3,902,400	
Shin Shin Natural Gas Co. LTD.	Banshin Financial Bonds / Bond	-	Financial assets measured at amortized cost - non-current	6 張	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	Fair value	
EVFA INTERNATIONAL CO., LTD.	Johnson Health Tech / Stock	-	Financial assets measured at fair value through profit or loss - current	74,000	\$5,143,000	-	\$5,143,000	
EVFA INTERNATIONAL CO., LTD.	Lotus Pharm / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	4,920,000	-	4,920,000	
EVFA INTERNATIONAL CO., LTD.	China Motor Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	1,545,000	-	1,545,000	
EVFA INTERNATIONAL CO., LTD.	DELTA ELECTRONICS / Stock	-	Financial assets measured at fair value through profit or loss - current	28,000	8,022,000	-	8,022,000	
EVFA INTERNATIONAL CO., LTD.	TSMC / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	13,455,000	-	13,455,000	
EVFA INTERNATIONAL CO., LTD.	GOLD CIRCUIT ELECTRONICS / Stock	-	Financial assets measured at fair value through profit or loss - current	65,000	5,642,000	-	5,642,000	
EVFA INTERNATIONAL CO., LTD.	ELITE MATERIAL CO., LTD. / Stock	-	Financial assets measured at fair value through profit or loss - current	31,000	5,301,000	-	5,301,000	
EVFA INTERNATIONAL CO., LTD.	MediaTek / Stock	-	Financial assets measured at fair value through profit or loss - current	3,000	1,875,000	-	1,875,000	
EVFA INTERNATIONAL CO., LTD.	AMPOC FAR-EAST CO., LTD. / Stock	-	Financial assets measured at fair value through profit or loss - current	62,000	2,681,500	-	2,681,500	
EVFA INTERNATIONAL CO., LTD.	EVA Air / Stock	-	Financial assets measured at fair value through profit or loss - current	6,000	978,000	-	978,000	
EVFA INTERNATIONAL CO., LTD.	GFRT / Stock	-	Financial assets measured at fair value through profit or loss - current	24,000	6,180,000	-	6,180,000	

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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.	Bafang / Stock	-	Financial assets measured at fair value through profit or loss - current	15,000	\$3,405,000	-	\$3,405,000	
EVFA INTERNATIONAL CO., LTD.	Union Bank of Taiwan (Preferred Shares) / Stock	-	Financial assets measured at fair value through profit or loss - current	200,000	10,340,000	-	10,340,000	
EVFA INTERNATIONAL CO., LTD.	Shin Kong Financial Holding / Stock	-	Financial assets measured at fair value through profit or loss - current	17,110	150,055	-	150,055	
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	10,770,000	-	10,770,000	
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	137,281	-	137,281	
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	2,051,760	-	2,051,760	
EVFA INTERNATIONAL CO., LTD.	NOVATEK MICROELECTRONICS CORP. / Stock	-	Financial assets measured at fair value through profit or loss - current	27,000	8,518,500	-	8,518,500	
EVFA INTERNATIONAL CO., LTD.	AXIOMTEK / Stock	-	Financial assets measured at fair value through profit or loss - current	40,000	2,360,000	-	2,360,000	
EVFA INTERNATIONAL CO., LTD.	TAI-TECH Advanced Electronics / Stock	-	Financial assets measured at fair value through profit or loss - current	17,000	1,375,300	-	1,375,300	
EVFA INTERNATIONAL CO., LTD.	Avalue / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	2,442,000	-	2,442,000	
EVFA INTERNATIONAL CO., LTD.	FCN / Stock	-	Financial assets measured at fair value through profit or loss - current	45,000	2,358,000	-	2,358,000	

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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.	Solteam Incorporation / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	\$1,288,500	-	\$1,288,500	
EVFA INTERNATIONAL CO., LTD.	LOTES CO., LTD / Stock	-	Financial assets measured at fair value through profit or loss - current	9,000	7,434,000	-	7,434,000	
EVFA INTERNATIONAL CO., LTD.	MA-tek / Stock	-	Financial assets measured at fair value through profit or loss - current	38,000	5,757,000	-	5,757,000	
EVFA INTERNATIONAL CO., LTD.	JENTECH PRECISION INDUSTRIAL CO., LTD / Stock	-	Financial assets measured at fair value through profit or loss - current	19,799	7,454,323	-	7,454,323	
EVFA INTERNATIONAL CO., LTD.	TOPKEY / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	5,490,000	-	5,490,000	
EVFA INTERNATIONAL CO., LTD.	TONS LIGHTOLOGY INC. / Stock	-	Financial assets measured at fair value through profit or loss - current	61,812	1,823,454	-	1,823,454	
EVFA INTERNATIONAL CO., LTD.	SONG HO / Stock	-	Financial assets measured at fair value through profit or loss - current	60,000	1,758,000	-	1,758,000	
EVFA INTERNATIONAL CO., LTD.	Chailease / Stock	-	Financial assets measured at fair value through profit or loss - current	28,000	6,076,000	-	6,076,000	
EVFA INTERNATIONAL CO., LTD.	SPORTON / Stock	-	Financial assets measured at fair value through profit or loss - current	26,000	5,447,000	-	5,447,000	
EVFA INTERNATIONAL CO., LTD.	Chipbond / Stock	-	Financial assets measured at fair value through profit or loss - current	35,000	2,009,000	-	2,009,000	
EVFA INTERNATIONAL CO., LTD.	SONG SHANG / Stock	-	Financial assets measured at fair value through profit or loss - current	130,000	2,476,500	-	2,476,500	

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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.	Lanner / Stock	-	Financial assets measured at fair value through profit or loss - current	55,000	\$5,060,000	-	\$5,060,000	
EVFA INTERNATIONAL CO., LTD.	ALLIED CIRCUIT CO.,LTD. / Stock	-	Financial assets measured at fair value through profit or loss - current	38,000	2,014,000	-	2,014,000	
EVFA INTERNATIONAL CO., LTD.	SUN MAX / Stock	-	Financial assets measured at fair value through profit or loss - current	40,000	1,676,000	-	1,676,000	
EVFA INTERNATIONAL CO., LTD.	GLOBAL BRANDS MANUFACTURE LIMITED / Stock	-	Financial assets measured at fair value through profit or loss - current	66,300	2,320,500	-	2,320,500	
EVFA INTERNATIONAL CO., LTD.	Shinybrands / Stock	-	Financial assets measured at fair value through profit or loss - current	22,367	2,198,676	-	2,198,676	
EVFA INTERNATIONAL CO., LTD.	CMI / Stock	-	Financial assets measured at fair value through profit or loss - current	63,000	2,485,350	-	2,485,350	
EVFA INTERNATIONAL CO., LTD.	NAN YA PRINTED CIRCUIT BOARD CORPORATION / Stock	-	Financial assets measured at fair value through profit or loss - current	25,000	5,675,000	-	5,675,000	
EVFA INTERNATIONAL CO., LTD.	APEC / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	2,080,000	-	2,080,000	
EVFA INTERNATIONAL CO., LTD.	TCI / Stock	-	Financial assets measured at fair value through profit or loss - current	37,000	6,327,000	-	6,327,000	
EVFA INTERNATIONAL CO., LTD.	Nien Made Enterprise Co., Ltd. / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	5,890,000	-	5,890,000	
EVFA INTERNATIONAL CO., LTD.	Fulgent Sun / Stock	-	Financial assets measured at fair value through profit or loss - current	40,000	6,080,000	-	6,080,000	

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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.	Global Trend USD Fund / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	14,152.9	\$7,329,042	-	\$7,329,042	
EVFA INTERNATIONAL CO., LTD.	Yuanta Global Leaders Balanced Fund / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	500,000	4,960,000	-	4,960,000	
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	73 張	2,368,723	-	2,368,723	
EVFA INTERNATIONAL CO., LTD.	Altria Group Corporate Bonds / Bond	-	Financial assets measured at fair value through profit or loss - current	21 張	5,711,038	-	5,711,038	
EVFA INTERNATIONAL CO., LTD.	Industrial Bank of Taiwan / Stock	-	Financial assets measured at fair value through profit or loss - current	2,292,829	19,236,835	-	19,236,835	
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	105,917,460	-	105,917,460	

Schedule 3: The amount of purchase or sale of goods from or to related parties reached NT\$100 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	\$230,313,431	67.83%	Approximately one month	Same as ordinary transactions	1 month	\$50,289,923	99.97%	

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

Unit: In NT\$

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	Carrying amount			
Shin Shin Natural Gas Co. LTD.	EVFA 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	58,410,000	100.00%	\$401,721,179	\$(43,930,654)	\$(54,123,385)	

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 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.

V. Consolidated Financial Statements for the Year Ended December 31, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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 2022 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 2022 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.

3. Revenue from natural gas sales is recognized based on meter reading data of the meter readers, and is divided into monthly and bi-monthly meter readings. The portion of gas sales not yet read as of the end of the reporting period is recognized as revenue from gas sales revenue and gas charges receivable based on estimated degrees. Therefore, the evaluation of the reasonableness of the gas sales revenue was identified as a key audit matter.
4. The revenue from inner tube installation and other service revenue is recognized 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:

4. Evaluate and test the effectiveness of internal control procedures relevant to the recognition of revenue from gas sales and installations.
5. Based on our understanding of the 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.
6. 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, 2022 and 2021 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 Auditing Standards will always detect a material misstatement when it exists in a consolidated financial statement. Misstatements can arise from fraud or error. Misstatements are considered material, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

When auditing 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, 2022. 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: Li-Yen Wang

CPA: Chia-Fang Chiang

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

March 13, 2023

Shin Shin Natural Gas Co., LTD. and its subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: In thousands of NTD

Code	Assets	Note	December 31, 2022		December 31, 2021		Code	Liabilities and equity	Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%				Amount	%	Amount	%
	Current assets												
1100	Cash and cash equivalents	4, 6(1)	\$ 590,318	11	\$ 558,033	10	2130	Contract liabilities - current	6(12)	\$ 570,067	12	\$ 540,708	11
1110	Financial assets measured at fair value through profit or loss- current	4, 6(2)	584,659	11	773,039	14	2150	Notes payable	4, 6(13)	26,327	-	18,312	-
1150	Notes receivable, net	4, 6(4)	23,520	-	78	-	2170	Accounts payable	4, 6(13)	121,666	2	122,155	2
1170	Accounts receivable, net	4, 6(4)	189,875	4	170,787	3	2200	Other payables	6(14)	207,988	4	214,856	4
1200	Other receivables	6(5)	859,589	16	947,535	19	2230	Current income tax liabilities	IV	46,690	1	20,636	-
1220	Current tax assets		606	-	605	-	2250	Provision for liabilities - current	4, 6(15)	1,908	-	1,830	-
130x	Inventories	4, 6(6)	45,177	1	34,365	1	2280	Lease liabilities - current	IV	4,451	-	2,958	-
1410	Pre-payments		10,564	-	6,069	-	2300	Other current liabilities		9,654	-	9,163	-
1470	Other current assets		2,701	-	1,459	-	21xx	Total current liabilities		988,751	19	930,618	17
11xx	Total current assets		2,307,009	43	2,491,970	47							
	Non-current assets												
1510	Financial assets measured at fair value through profit or loss – non-current	4, 6(2)	19,237	-	18,343	-	2570	Deferred income tax liabilities	4, 6(30)	65,278	1	65,390	1
1535	Financial assets measured at amortized cost- non-current	4, 6(3)	70,000	1	78,380	1	2580	Lease liabilities - non-current	IV	5,070	-	3,539	-
1600	Property, plant and equipment	4, 6(7)	2,448,977	47	2,333,194	44	2600	Other non-current liabilities	4, 6(16)	1,282,092	24	1,201,843	23
1755	Right-of-use assets.	4, 6(8)	11,106	-	8,332	-	25xx	Total non-current liabilities		1,352,440	25	1,270,772	24
1760	Investment property, net	4, 6(10)	47,754	1	47,979	1							
1780	Intangible assets		29	-	27	-							
1840	Deferred income tax assets	4, 6(30)	40,333	1	36,378	1							
1900	Other non-current assets	4, 6(11)	383,486	7	320,057	6	3110	Equity					
15xx	Total non-current assets		3,020,922	57	2,842,690	53	3110	Equity attributable to shareholders of the parent company					
							3110	Capital - common stock	4, 6(18)	1,805,375	34	1,805,375	35
							3200	Capital surplus	6(19)	77,062	1	72,764	1
							3300	Retained earnings	6(20)				
							3310	Legal reserve		750,824	14	716,359	13
							3320	Special reserve		142,872	3	142,872	3
							3350	Undistributed earnings (or losses to be made up for)		257,435	5	442,728	8
							3500	Treasury stock	4, 6(21)	(46,828)	(1)	(46,828)	(1)
							31xx	Total equity attributable to shareholders of the parent company		2,986,740	56	3,133,270	59
							3xxx	Total equity		2,986,740	56	3,133,270	59
1xxx	Total assets		\$ 5,327,931	100	\$ 5,334,660	100		Total liabilities and equity		\$ 5,327,931	100	\$ 5,334,660	100

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

Chairperson

Managerial Officer

Accounting Officer

Shin Shin Natural Gas Co., LTD. and its subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: In thousands of NTD

Code	Item	Note	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	4, 6(22)	\$ 1,946,310	100	\$ 1,794,167	100
5000	Operating costs	6(23)	1,374,486	71	1,298,572	73
5900	Operating gross profit (loss)		571,824	29	495,595	27
	Operating expenses					
6100	Selling expenses		71,878	4	63,755	4
6200	Administrative expenses		169,907	8	171,676	9
6450	Expected credit impairment loss (gain)		(223)	-	(1,283)	-
6000	Total operating expenses		241,562	12	234,148	13
6900	Operating profit (loss)		330,262	17	261,447	14
	Non-operating income and expenses					
7100	Interest income	6(25)	22,524	1	20,062	1
7010	Other income	6(26)	22,259	1	25,995	1
7020	Other gain and loss	6(27)	(161,388)	(8)	91,487	6
7030	Net profit or loss from derecognition of financial assets measured at amortized cost	6(28)	(75)	-	-	-
7050	Financial costs	6(29)	(266)	-	(84)	-
7000	Total of non-operating income and expenses		(116,946)	(6)	137,460	8
7900	Net profit (net loss) before tax		213,316	11	398,907	22
7950	Income tax expense (or benefit)	4, 6(30)	69,457	4	56,512	3
8200	Net profit (net loss) for the period		143,859	7	342,395	19
	Other comprehensive income					
8311	Re-measurement of defined benefit plan	4, 6(17)	15,282	1	2,811	-
8349	Incomes tax related to items not to be reclassified as profit or loss	4, 6(30)	(3,056)	-	(562)	-
8300	Other comprehensive income (net)		12,226	1	2,249	-
8500	Total comprehensive income for the period		\$ 156,085	8	\$ 344,644	19
8600	Net profit (loss) attributable to:					
8610	Shareholders of the parent company (net profit/loss)		\$ 143,859	7	\$ 342,395	19
8700	Total comprehensive income attributable to:					
8710	Shareholders of the parent company (comprehensive income)		\$ 156,085	8	\$ 344,644	19
	Earnings per share	6(31)				
9750	Basic earnings per share		\$ 0.81		\$ 1.92	
9850	Diluted earnings per share		\$ 0.81		\$ 1.92	

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

Chairperson

Managerial Officer

Accounting Officer

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

Consolidated Statements of Changes in Equity

January 1 to December 31, 2022 and 2021

Unit: In thousands of NTD

	Equity attributable to shareholders of the parent company							Total equity attributable to shareholders of the parent company	Total equity
	Capital - common stock	Capital surplus	Retained earnings			Treasury stock			
			Legal reserve	Special reserve	Undistributed earnings (or losses to be made up for)				
Balance as of January 1, 2021	\$ 1,805,375	\$ 68,720	\$ 683,563	\$ 142,872	\$ 419,740	\$ (46,828)	\$ 3,073,442	\$ 3,073,442	
Appropriation and distribution of earnings:									
Provision of legal reserve	-	-	32,796	-	(32,796)	-	-	-	
Cash dividends on common stock	-	-	-	-	(288,860)	-	(288,860)	(288,860)	
Net profit for the period from January 1 to December 31, 2021	-	-	-	-	342,395	-	342,395	342,395	
Other comprehensive income for the period from January 1 to December 31, 2021	-	-	-	-	2,249	-	2,249	2,249	
Total comprehensive income for the period	-	-	-	-	344,644	-	344,644	344,644	
Capital surplus adjusted for dividends paid to subsidiaries	-	4,044	-	-	-	-	4,044	4,044	
Balance as of December 31, 2021	\$ 1,805,375	\$ 72,764	\$ 716,359	\$ 142,872	\$ 442,728	\$ (46,828)	\$ 3,133,270	\$ 3,133,270	
Balance as of January 1, 2022	\$ 1,805,375	\$ 72,764	\$ 716,359	\$ 142,872	\$ 442,728	\$ (46,828)	\$ 3,133,270	\$ 3,133,270	
Appropriation and distribution of earnings:									
Provision of legal reserve	-	-	34,465	-	(34,465)	-	-	-	
Cash dividends on common stock	-	-	-	-	(306,913)	-	(306,913)	(306,913)	
Net profit for the period from January 1 to December 31, 2022	-	-	-	-	143,859	-	143,859	143,859	
Other comprehensive income for the period from January 1 to December 31, 2022	-	-	-	-	12,226	-	12,226	12,226	
Total comprehensive income for the period	-	-	-	-	156,085	-	156,085	156,085	
Capital surplus adjusted for dividends paid to subsidiaries	-	4,298	-	-	-	-	4,298	4,298	
Balance as of December 31, 2022	\$ 1,805,375	\$ 77,062	\$ 750,824	\$ 142,872	\$ 257,435	\$ (46,828)	\$ 2,986,740	\$ 2,986,740	

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

Chairperson

Managerial Officer

Accounting Officer

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

Consolidated Statements of Cash Flows

January 1 to December 31, 2022 and 2021

Unit: In thousands of NTD

	2022	2021
Cash flows from operating activities		
Net profit before tax from continuing operations	\$ 213,316	\$ 398,907
Adjustment items		
Income and expense items		
Depreciation expenses	243,914	236,044
Amortization expense	66	62
Expected credit impairment gain	(223)	(1,283)
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	94,985	(28,736)
Interest expense	266	84
Net loss from derecognition financial assets measured at amortized cost	75	-
Interest income	(22,524)	(20,062)
Dividend income	(16,255)	(18,058)
Gain on disposal and scrapping of property, plant and equipment	(939)	(988)
Transfer of property, plant and equipment to expense	1,740	561
Unrealized foreign currency exchange losses (gains)	(198)	1,069
Changes in assets/liabilities related to operating activities		
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss	92,501	(110,688)
Decrease (increase) in notes receivable	(23,443)	922
Decrease (increase) in accounts receivable	(18,866)	18,016
Decrease in other receivables	89,898	23,737
Increase in inventories	(77,257)	(44,205)
Decrease (increase) in pre-paid expenses	(64)	2
Decrease (increase) in pre-payments	(1,631)	359
Increase in other current assets	(1,241)	(1,460)
Increase in net defined benefit assets	(2,913)	-
Increase in contract liabilities	29,358	16,581
Increase in notes payable	8,015	11,677
Increase (decrease) in accounts payable	(489)	415
Decrease in other payables	(6,868)	(3,780)
Increase (decrease) in provision for liabilities	78	(103)
Increase in long-term deferred revenue	81,083	74,349
Increase in other current liabilities	864	1,405
Decrease in net defined benefit liabilities	(2,645)	(5,625)
Cash inflows from operations	680,603	549,202
Interest received	20,423	19,543
Dividends received	16,404	17,934
Interest paid	(266)	(84)
Income tax paid	(50,526)	(82,508)
Net cash inflows from operating activities	666,638	504,087

	2022	2021
Cash flows from investing activities		
Disposal of financial assets measured at amortized cost	8,503	-
Increase in pre-payment for investment	(2,800)	-
Acquisition of property, plant and equipment	(290,168)	(261,665)
Disposal of property, plant and equipment	1,455	1,004
Increase in refundable deposits	-	(8)
Decrease in refundable deposits	19	455
Acquisition of intangible assets	(69)	(30)
Decrease (increase) in other financial assets	(45,038)	89,635
Increase in pre-payments for equipment	(646)	(552)
Net cash outflows from investing activities	<u>(328,744)</u>	<u>(171,161)</u>
Cash flows from financing activities		
Increase in deposits received	8,572	8,345
Decrease in deposits received	(7,134)	(7,111)
Payments of lease liabilities	(4,432)	(4,707)
Distribution of cash dividends	(302,615)	(284,816)
Net cash outflows from financing activities	<u>(305,609)</u>	<u>(288,289)</u>
Increase in cash and cash equivalents for the period	32,285	44,637
Cash and cash equivalents at the beginning of the period	558,033	513,396
Cash and cash equivalents at the end of the period	<u>\$ 590,318</u>	<u>\$ 558,033</u>

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

Chairperson

Managerial Officer

Accounting Officer

Shin Shin Natural Gas Co., LTD. and its subsidiaries
Notes to the Consolidated Financial Statements
2022 and 2021

(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	
			2022.12.31	2021.12.31
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 13, 2023.

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 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 financial performance.

(II) Effect of not adopting the newly issued and amended IFRSs 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 "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

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)
IFRS 17 "Insurance Contracts	January 1, 2023
Amendment to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 "First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendment to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
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

4. The consolidated financial statements have been prepared on the historical cost basis, except for the following significant items.
 - (3) Financial assets and liabilities measured at fair value through profit or loss
 - (4) Net defined benefit assets or liabilities recognized as pension fund assets less the net present value of the defined benefit obligation.
5. 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

3. 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.
4. 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

3. An asset is classified as current if it meets one of the following criteria, otherwise it is classified as non-current:
 - (5) The asset is expected to be realized in the normal operating cycle, or is intended to be sold or consumed.
 - (6) The asset is held primarily for trading purposes.
 - (7) Expected to be realized within twelve months after the end of the reporting period.
 - (8) 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.
4. A liability is classified as current if it meets one of the following criteria, otherwise it is classified as non-current:
 - (5) The liability is expected to be settled in the normal operating cycle.
 - (6) The asset is held primarily for trading purposes.
 - (7) Expected to be repaid within twelve months after the end of the reporting period.
 - (8) 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.

(VI) 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.

(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

4. Refer to those that also meet the following criteria:
 - (3) Financial assets held under the operating model whose objective is to collect the contractual cash flows.
 - (4) 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.
5. Trade date accounting is used for financial assets measured at amortized cost in accordance with trading practice.
6. 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

3. 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.
4. 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

4. 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.

5. 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.

6. 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	12~30
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.

3. 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:
 - (6) fixed payments (including material fixed payments), net of any lease incentives receivable;
 - (7) lease payments that depend on changes in an index or rate (measured using the original index or rate at the inception date);
 - (8) the amount expected to be paid by the lessee under the residual value guarantee;
 - (9) the exercise price of a purchase option if the lessee can be reasonably certain that it will exercise such option; and
 - (10) 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.

4. Right-of-use assets are recognized at cost at the inception date of the lease and the cost consists of:
 - (5) the original measurement amount of the lease liability;
 - (6) any lease payments made on or before the commencement date;
 - (7) any original direct costs incurred; and
 - (8) 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

3. 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.

4. 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

⊕ 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.

⊗ 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.

- Ⓞ 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

6. 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.
7. 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.
8. 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.
9. 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.
10. 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

3. 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.

4. Treasury stock

(3) 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.

(4) 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 (or Board of Directors) 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.

6. Sales of natural gas

(3) 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.

(4) 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.

7. 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.

8. 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.

9. 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.

10. 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. Calculation of Net Defined Benefit Assets or 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 assets or liabilities of the consolidated company net defined benefit.

16. 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, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$515,383	\$525,216
Bank deposits	460,281,755	395,771,135
Time deposits	54,516,726	30,000,000
Cash equivalents - bills	75,003,684	131,736,507
Total	<u>\$590,317,548</u>	<u>\$558,032,858</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.

- 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, 2022</u>	<u>December 31, 2021</u>
Current item:		
Financial assets mandatorily measured at fair value through profit or loss		
Shares of TWSE/TPEX listed companies	\$347,621,628	\$502,275,257
Beneficiary certificates	94,744,000	54,744,000
Beneficiary securities	35,589,584	38,934,492
Bond	122,869,114	97,371,336
Bill	11,331,980	11,331,980
Sub-total	<u>612,156,306</u>	<u>704,657,065</u>
Adjustment to the valuation of financial assets mandatorily measured at fair value through profit or loss	(27,497,210)	68,381,947
Total	<u><u>\$584,659,096</u></u>	<u><u>\$773,039,012</u></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	(2,133,978)	(3,028,181)
Total	<u><u>\$19,236,835</u></u>	<u><u>\$18,342,632</u></u>

- 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 \$(164,559,300) and \$105,164,287 for 2022 and 2021, respectively.
- For information on marketable securities held as of December 31, 2022, please refer to Note 13.

(III) Financial assets measured at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current item:		
Financial bonds	\$70,000,000	\$70,000,000
Fixed income bonds	-	8,380,350
Total	<u><u>\$70,000,000</u></u>	<u><u>\$78,380,350</u></u>

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

	<u>2022</u>	<u>2021</u>
Interest income	\$1,870,285	\$2,494,273
Gain (loss) from disposal	(75,561)	-
Total	<u>\$1,794,724</u>	<u>\$2,494,273</u>

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 \$70,000,000 and \$78,380,350 at December 31, 2022 and 2021, respectively.
3. Please refer to Note 12(2) for related credit risk information.
4. For information on marketable securities held as of December 31, 2022, please refer to Note 13.

(IV) Notes and accounts receivable, net

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$23,520,207	\$77,500
Accounts receivable	196,628,179	177,661,888
Less: Allowance for losses	(6,752,740)	(6,875,109)
Net amount	<u>\$213,395,646</u>	<u>\$170,864,279</u>

4. The account aging analysis is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not overdue	\$212,407,718	\$170,003,530
Overdue		
Within 30 days	1,153,027	1,096,076
30~60 days	784,850	766,333
60~90 days	563,604	465,721
90 days or more	5,239,187	5,407,728
Less: Allowance for losses	(6,752,740)	(6,875,109)
Total	<u>\$213,395,646</u>	<u>\$170,864,279</u>

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

5. Without considering the collaterals held or other credit enhancements, the Consolidated Company's notes receivable with the highest credit risk exposure were \$23,520,207 and \$77,500 as of December 31, 2022 and 2021, respectively; the Consolidated Company's accounts receivable with the highest credit risk exposure were \$189,875,439 and \$170,786,779 as of December 31, 2022 and 2021, respectively.

6. Please refer to Note 12(2) for related credit risk information.

(V) Other receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Interests receivable	\$10,320,497	\$8,219,362
Dividends receivable	82,500	231,240
Time deposits with original maturities of more than three months	843,866,671	938,203,764
Others	5,319,546	880,533
Total	<u>\$859,589,214</u>	<u>\$947,534,899</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, 2022</u>	<u>December 31, 2021</u>
Materials	\$26,822,183	\$19,080,784
Installation contractors' materials	5,088,616	6,744,108
Natural gas inventory	1,227,515	1,226,119
Merchandise inventory	12,038,968	7,314,237
Total	<u>\$45,177,282</u>	<u>\$34,365,248</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, 2022 and 2021.
3. Inventory-related expenses and losses recognized in operating costs for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Cost of inventories sold and installation costs	<u>\$1,374,486,376</u>	<u>\$1,298,572,433</u>

(VII) 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)	Total							
<u>Cost:</u>										
Balance as of January 1, 2022	\$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
Addition	-	-	-	1,147,919	121,058,000	10,617,488	-	6,810,667	150,534,181	290,168,255
Disposal	-	-	-	-	(66,017,218)	(48,007,556)	-	(612,743)	-	(114,637,517)
Reclassification	-	-	-	-	-	203,583,053	-	432,000	(138,877,397)	65,137,656
Balance as of December 31, 2022	\$355,822,101	\$8,888,249	\$364,710,350	\$62,764,723	\$1,002,796,198	\$4,148,527,668	\$326,780,392	\$193,298,422	\$161,940,588	\$6,260,818,341
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

	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)	Total							
<u>Accumulated depreciation</u>										
Balance as of January 1, 2022	\$-	\$-	\$-	\$37,989,082	\$497,795,369	\$2,675,047,017	\$314,019,377	\$162,104,715	\$-	\$3,686,955,560
Depreciation expense	-	-	-	1,480,956	73,539,052	154,537,291	1,899,610	7,550,093	-	239,007,002
Disposal	-	-	-	-	(65,500,918)	(48,007,556)	-	(612,743)	-	(114,121,217)
Reclassification	-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2022	\$-	\$-	\$-	\$39,470,038	\$505,833,503	\$2,781,576,752	\$315,918,987	\$169,042,065	\$-	\$3,811,841,345
Balance as of January 1, 2021	\$-	\$-	\$-	\$36,541,531	\$471,702,845	\$2,544,541,220	\$312,307,531	\$156,838,006	\$-	\$3,521,931,133
Depreciation expense	-	-	-	1,447,551	66,747,911	154,003,498	1,711,846	7,098,981	-	231,009,787
Disposal	-	-	-	-	(40,655,387)	(23,497,701)	-	(1,832,272)	-	(65,985,360)
Reclassification	-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2021	\$-	\$-	\$-	\$37,989,082	\$497,795,369	\$2,675,047,017	\$314,019,377	\$162,104,715	\$-	\$3,686,955,560
<u>Carrying amount</u>										
Balance as of December 31, 2022	\$355,822,101	\$8,888,249	\$364,710,350	\$23,294,685	\$496,962,695	\$1,366,950,916	\$10,861,405	\$24,256,357	\$161,940,588	\$2,448,976,996
Balance as of December 31, 2021	\$355,822,101	\$8,888,249	\$364,710,350	\$23,627,722	\$449,960,047	\$1,307,287,666	\$12,761,015	\$24,563,783	\$150,283,804	\$2,333,194,387

Note: As of December 31, 2022 and 2021, the assets for lease were not material to individual real estate and therefore were not reclassified to investment property.

3. 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.
4. 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

6. The underlying assets of the Consolidated Company's leases include lands and company cars, with a lease term usually falling between 1 to 9 years, and the Company does not have preemptive rights in the lease agreement upon expiry of the lease term. 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.
7. 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, 2022	\$10,053,595	\$1,921,747	\$11,975,342
Addition	225,960	7,229,641	7,455,601
Disposal	(30,924)	(1,921,747)	(1,952,671)
December 31, 2022	<u>\$10,248,631</u>	<u>\$7,229,641</u>	<u>\$17,478,272</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>
<u>Accumulated depreciation:</u>			
January 1, 2022	\$1,802,998	\$1,840,097	\$3,643,095
Depreciation expense	3,106,183	1,575,404	4,681,587
Disposal	(30,924)	(1,921,747)	(1,952,671)
December 31, 2022	<u>\$4,878,257</u>	<u>\$1,493,754</u>	<u>\$6,372,011</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>
<u>Carrying amount:</u>			
December 31, 2022	<u>\$5,370,374</u>	<u>\$5,735,887</u>	<u>\$11,106,261</u>
December 31, 2021	<u>\$8,250,597</u>	<u>\$81,650</u>	<u>\$8,332,247</u>

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

	2022	2021
Items affecting profit or loss for the period		
Interest expense on lease liabilities	\$265,764	\$84,073
Expense on short-term lease contracts	\$12,886	\$29,386

9. The total lease cash outflow was \$4,697,502 and \$4,791,433 for the years ended December 31, 2022 and 2021.

10. Lease extension option and lease termination option

(3) 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.

(4) Based on the assessment of the exercise of the extension option, the right-of-use assets and lease liabilities had increased by \$0 and \$257,671 as of December 31 of 2022 and 2021, respectively.

(IX) Lease transactions - lessor

4. 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.

5. The Company recognized rental income of \$3,840,076 and \$3,844,313 in 2022 and 2021, respectively, based on operating lease agreements, of which no variable lease payments were made.

6. The maturity dates of lease payments under operating leases are analyzed as follows:

	December 31, 2022
1st year	\$3,246,721
2nd year	2,387,668
3rd year	2,062,174
Total	\$7,696,563

(X) Investment property

	Land	Buildings	Total
<u>Cost:</u>			
January 1, 2022	\$42,901,542	\$12,709,978	\$55,611,520
Addition	-	-	-
Disposal	-	-	-
December 31, 2022	<u>\$42,901,542</u>	<u>\$12,709,978</u>	<u>\$55,611,520</u>
January 1, 2021	\$42,901,542	\$12,709,978	\$55,611,520
Addition	-	-	-
Disposal	-	-	-
December 31, 2021	<u>\$42,901,542</u>	<u>\$12,709,978</u>	<u>\$55,611,520</u>
<u>Accumulated depreciation</u>			
January 1, 2022	\$-	\$7,632,053	\$7,632,053
Depreciation expense	-	225,267	225,267
Disposal	-	-	-
December 31, 2022	<u>\$-</u>	<u>\$7,857,320</u>	<u>\$7,857,320</u>
January 1, 2021	\$-	\$7,406,786	\$7,406,786
Depreciation expense	-	225,267	225,267
Disposal	-	-	-
December 31, 2021	<u>\$-</u>	<u>\$7,632,053</u>	<u>\$7,632,053</u>
<u>Carrying amount</u>			
December 31, 2022	<u>\$42,901,542</u>	<u>\$4,852,658</u>	<u>\$47,754,200</u>
December 31, 2021	<u>\$42,901,542</u>	<u>\$5,077,925</u>	<u>\$47,979,467</u>

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

	2022	2021
Rental income from investment properties	<u>\$3,211,435</u>	<u>\$3,214,861</u>
Direct operating expenses incurred on investment properties that generated rental income in the current period	<u>\$-</u>	<u>\$22,750</u>
Direct operating expenses incurred on investment properties that did not generate rental income in the current period	<u>\$-</u>	<u>\$-</u>

5. 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 \$175,977 thousand and \$156,011 thousand as of December 31, 2022 and 2021, respectively, were based on market prices in the neighboring areas.

6. 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, 2022 and 2021, and is currently leased to a construction company.

(XI) Other non-current assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Reserve for gas pipeline replacement	\$364,109,606	\$319,071,016
Pre-payments for equipment	645,900	432,000
Pledge of time deposits	400,834	400,834
Refundable deposits	133,850	152,987
Net Defined Benefit Assets	18,195,421	-
Total	<u>\$383,485,611</u>	<u>\$320,056,837</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 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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Advanced installation charge	\$570,066,524	\$540,708,238

(XIII) Notes and accounts payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes payable	\$26,326,854	\$18,312,328
Accounts payable	121,665,933	122,154,634
Total	<u>\$147,992,787</u>	<u>\$140,466,962</u>

(XIV) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Refundable meter deposits	\$127,017,800	\$127,275,300
Salaries and award payable	52,694,450	52,511,115
Employee remuneration payables	4,749,816	10,179,360
Director remuneration payables	4,749,816	9,004,927
Taxes and output sales taxes payable	6,686,373	3,909,722
Insurance premiums payable	1,710,767	1,638,308
Pensions payable	1,559,326	1,495,265
Others	8,819,665	8,841,901
Total	<u>\$207,988,013</u>	<u>\$214,855,898</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, 2022	\$1,829,648
Provision for liabilities newly increased in the period	9,010,520
Amounts used and offset in the period	<u>(8,932,332)</u>
Balance as of December 31, 2022	<u>\$1,907,836</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, 2022</u>	<u>December 31, 2021</u>
Long-term deferred revenue	\$1,218,194,313	\$1,137,111,647
Deposits received over one year	63,897,861	62,085,905
Net Defined Benefit Liabilities	<u>-</u>	<u>2,644,534</u>
Total	<u>\$1,282,092,174</u>	<u>\$1,201,842,086</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

2. Defined benefit plan

(6) 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.

(7) The changes in the net defined benefit assets or liabilities were as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net Defined Benefit (Assets) Liabilities
January 1, 2022	\$199,353,876	\$(196,709,342)	\$2,644,534
Service costs for the period	2,560,349	-	2,560,349
Net interest on net defined benefit liabilities (assets)	1,268,208	(1,277,921)	(9,713)
Re-measurement			
Compensation gain or loss on plan assets	-	(15,415,632)	(15,415,632)
Actuarial gains and losses due to adjustments through experience	9,849,187	-	9,849,187
Actuarial gains and losses due to changes in demographic assumptions	140	-	140
Actuarial gains and losses due to changes in financial assumptions	(9,715,912)	-	(9,715,912)
Re-measurement sub-total	133,415	(15,415,632)	(15,282,217)
Appropriations from employers	-	(8,108,374)	(8,108,374)
Benefit payments from plan assets	(15,790,252)	15,790,252	-
Benefit payments on the accounting book	-	-	-
December 31, 2022	\$187,525,596	\$(205,721,017)	\$(18,195,421)

	Present value of defined benefit obligations	Fair value of plan assets	Net Defined Benefit (Assets) 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 (assets)	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

(8) 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, 2022 and 2021, respectively, are shown in the annual reports on the use of the labor pension fund published by the government.

(9) The actuarial assumptions related to the pension fund are summarized as follows:

① Demographic assumptions

d. Mortality rate

The assumptions of future mortality rates for the years ended December 31, 2022 and 2021 were based on the sixth empirical life tables of the preset Taiwan life insurance industry, respectively.

e. Turnover rate

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

f. Retirement rate

Based on the Consolidated Company's experience database, the Consolidated 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.

	2022	2021
Z	15%	15%
Z+1 ~ 64	3%	3%
65	100%	100%

② Financial assumptions

	December 31, 2022	December 31, 2021
c. Discount rate	1.20%	0.65%
d. 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, 2022 and 2021 are as follows:

	December 31, 2022		December 31, 2021	
	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%	\$(2,668,215)	-1.42%	\$(3,154,003)	-1.58%
Decrease by 0.25%	\$2,737,709	1.46%	\$3,239,203	1.62%
(2) Expected rate of increase in future salary				
Increase by 0.25%	\$2,709,237	1.44%	\$2,703,569	1.36%
Decrease by 0.25%	\$(2,653,972)	-1.42%	\$(2,649,179)	-1.33%

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

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

- A. The weighted-average duration of the benefit obligation were 5 years and 6 years as of December 31 of 2022 and 2021, respectively.
- B. The estimated appropriation for the pension plan for the year after December 31, 2022 is \$1,076 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, 2022	\$17,110,588	\$15,314,884	\$69,099,604	\$99,249,395	\$200,774,471

2. Defined contribution plan

- (3) 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.
- (4) In accordance with the defined contribution pension plan, the Consolidated Company recognized pension costs of \$7,029 thousand and \$6,734 thousand for the years ended December 31, 2022 and 2021, 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, 2022, 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, 2022</u>	<u>December 31, 2021</u>
Capital surplus - treasury stock transactions	\$77,057,470	\$72,760,103
Capital surplus - investments accounted for using the equity method	4,282	4,282
Total	<u>\$77,061,752</u>	<u>\$72,764,385</u>

4. 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.
5. 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.
6. 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 ration determined by law or resolved by the board of directors. When necessary, the board of directors shall draw up a plan and submit it to the shareholders' meeting for resolution.
- ⑤ Depending on the Company's current share capital, financial structure, future operational development needs and surplus considerations, at least 20% of the distributable surplus shall be allocated as shareholder dividends, and the board of directors shall formulate a distribution proposal and submit it to the general meeting of shareholders for resolution.

According to Article 240 Paragraph 5 and Article 241 of the corporate law, the board of directors are authorized to make approvals to distribute all or part of the dividends or bonuses, paid-in capital, or legal reserve in the form of cash and report in the shareholders' meeting, given over half of the directors are in attendance in the board meeting and the meeting was attended by no less than two-thirds of all board members, and the provisions of the preceding Paragraph requiring resolution by the shareholders' meeting shall not apply.

4. Distribution of earnings

On March 13, 2023, the Board of Directors' proposal for the distribution of earnings for the year 2022 and the distribution of earnings for the year 2021 approved in the shareholders' meeting on June 17, 2022, were as follows:

	2022		2021	
	Amount	Dividends per share (NT\$)	Amount	Dividends per share (NT\$)
Legal reserve	\$15,608,461		\$34,464,459	
Cash dividends	180,537,453	\$1.00	306,913,670	\$1.70
Total	<u>\$196,145,914</u>		<u>\$341,378,129</u>	

(XXII) Treasury stock

2. 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	2022					
	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	<u>\$46,828,269</u>	None	2,527,863	<u>\$46,828,269</u>	<u>\$105,917,460</u>

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	<u>\$46,828,269</u>	None	2,527,863	<u>\$46,828,269</u>	<u>\$108,192,536</u>

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.

(XXII) Operating revenue

	2022	2021
Revenue from customer contracts - gas sales revenue	\$1,570,312,368	\$1,488,668,217
Revenue from customer contracts - installation design revenue	222,187,073	195,044,937
Revenue from customer contracts - other operating revenue	120,925,204	82,081,334
Others - other operating revenue	32,885,628	28,373,459
Total	<u>\$1,946,310,273</u>	<u>\$1,794,167,947</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:

	2022	2021
Revenue from external customer contracts	<u>\$1,570,312,368</u>	<u>\$1,488,668,217</u>
Revenue recognition point		
Revenue recognized at a point in time	<u>\$1,570,312,368</u>	<u>\$1,488,668,217</u>

Installation:

	2022	2021
Revenue from external customer contracts	<u>\$222,187,073</u>	<u>\$195,044,937</u>
Revenue recognition point		
Revenue recognized at a point in time	\$114,068,866	\$98,201,444
Revenue recognized gradually over time	<u>108,118,207</u>	<u>96,843,493</u>
Total	<u>\$222,187,073</u>	<u>\$195,044,937</u>

Others:

	2022	2021
Revenue from external customer contracts	<u>\$120,925,204</u>	<u>\$82,081,334</u>
Revenue recognition point		
Revenue recognized at a point in time	\$118,794,125	\$79,961,810
Revenue recognized gradually over time	<u>2,131,079</u>	<u>2,119,524</u>
Total	<u>\$120,925,204</u>	<u>\$82,081,334</u>

2. Contract liabilities

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Contract liabilities		
Installation design contract	<u>\$570,066,524</u>	<u>\$540,708,238</u>

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

	<u>2022</u>	<u>2021</u>
Revenue recognized in the period for the balance of contract liabilities at the beginning of the period		
Installation design contract	<u>\$130,456,433</u>	<u>\$98,272,033</u>

(XXIII) Operating costs

	<u>2022</u>	<u>2021</u>
Gas sales costs	\$1,175,765,280	\$1,118,651,639
Installation design costs	151,417,513	141,505,615
Other operating costs	47,303,583	38,415,179
Total	<u>\$1,374,486,376</u>	<u>\$1,298,572,433</u>

(XXIV) Additional information on the nature of expenses

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

Nature \ Function	2022			2021		
	Recorded as operating costs	Recorded as operating expenses	Total	Recorded as operating costs	Recorded as operating expenses	Total
Employee benefit expenses						
Salary expenses	\$123,282,391	\$123,596,757	\$246,879,148	\$126,003,452	\$119,464,255	\$245,467,707
Labor and health insurance expenses	11,859,539	6,947,322	18,806,861	11,761,595	6,015,171	17,776,766
Pension expenses	5,882,660	3,696,957	9,579,617	5,932,273	3,393,043	9,325,316
Other employee benefit expenses	-	10,722,329	10,722,329	-	9,373,305	9,373,305
Depreciation expenses	229,975,952	13,937,904	243,913,856	222,463,254	13,580,577	236,043,831
Amortization expense	-	66,276	66,276	-	62,213	62,213

- Information on profit sharing remuneration for employees and for directors based on annual profitability:

- (6) 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.
- (7) The profit sharing remunerations for employees and for directors and supervisors for the years of 2022 and 2021 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.
- (8) For the years ended December 31, 2022 and 2021, the amount of profit sharing remuneration for employees was estimated at NT\$4,749,816 and NT\$9,004,927, respectively, and the amount of profit sharing remuneration for directors and supervisors was estimated at NT\$4,749,816 and NT\$9,004,927, 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.
- (9) Information on the actual distribution of profit sharing remuneration for employees and for directors and supervisors for the years ended December 31, 2022, 2021 and 2020 is as follows

	<u>2022</u>	<u>2021</u>	<u>2020</u>
	Approved by the Board of Directors on March 13, 2023	Approved by the Board of Directors on March 18, 2022	Approved by the Board of Directors on March 18, 2021
Profit sharing remuneration for directors and supervisors	\$4,749,816	\$9,004,927	\$8,799,782
Profit sharing remuneration for employees	\$4,749,816	\$9,004,927	\$8,799,782

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 2022, 2021 and 2020.

- (10) 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:

	2022	2021
Operating costs	\$229,975,952	\$222,463,254
Selling expenses	6,899,717	6,362,138
Administrative expenses	7,038,187	7,218,439
Total	<u>\$243,913,856</u>	<u>\$236,043,831</u>

4. Amortization expense by function is summarized as follows:

	2022	2021
Administrative expenses	<u>\$66,276</u>	<u>\$62,213</u>

(XXV) Interest income

	2022	2021
Interest income from bank deposits	\$14,014,047	\$11,494,738
Interest income from financial assets measured at amortized cost	1,870,285	2,494,273
Other interest income	6,639,917	6,072,500
Total	<u>\$22,524,249</u>	<u>\$20,061,511</u>

(XXVI) Other income

	2022	2021
Rental income	\$3,840,076	\$3,844,313
Dividend income	16,255,097	18,058,146
Other income	2,163,622	4,093,458
Total	<u>\$22,258,795</u>	<u>\$25,995,917</u>

(XXVII) Other gain and loss

	2022	2021
Gain (loss) on disposal of property, plant and equipment	\$938,836	\$988,395
Net gain (loss) on financial assets measured at fair value through profit or loss	(164,559,300)	105,164,287
Net exchange gain (loss)	5,585,129	(2,492,851)
Other losses	(3,352,549)	(12,172,421)
Total	<u>\$(161,387,884)</u>	<u>\$91,487,410</u>

(XXVIII) Net profit or loss from derecognized financial assets measured at amortized cost

	2022	2021
Net profit or loss from derecognized financial assets measured at amortized cost	\$(75,561)	\$-

(XXIX) Financial costs

	2022	2021
Interest expense		
Lease liabilities	\$265,764	\$84,073

(XXX) Income tax

2. Composition of income tax expense

	2022	2021
Current income tax expense (or benefit)	\$76,580,260	\$56,889,263
Additional income tax levied on undistributed earnings	-	3,858
Difference between basic tax and regular income tax	-	2,159,344
Underestimation (overestimation) of income tax expense for prior years	270	(929)
Total current income tax	76,580,530	59,051,536
Deferred income tax expense		
Origination and reversal of temporary differences	(7,123,523)	(2,539,407)
Total deferred income tax	(7,123,523)	(2,539,407)
Income tax expense	\$69,457,007	\$56,512,129

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

	2022	2021
Re-measurement of defined benefit plan	\$(3,056,443)	\$(562,326)

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:

	2022	2021
Net profit before tax from continuing operations	\$213,315,846	\$398,907,417
Applicable tax rate	20%	20%
Tax at applicable tax rate on income	\$42,663,169	\$79,781,483

Additional income tax levied on undistributed earnings	-	3,858
Difference between basic tax and regular income tax	-	2,159,344
Underestimation (overestimation) of income tax expense for prior years	270	(929)
Repealed levy on loss (gain) from securities transactions	14,661,689	(13,476,605)
Loss (gain) on valuation of financial assets	18,279,675	(5,452,452)
Dividend income not included in income	(3,990,421)	(4,344,935)
Others	(2,157,375)	(2,157,635)
Total income tax expense recognized in profit or loss	<u>\$69,457,007</u>	<u>\$56,512,129</u>

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

2022

	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	\$5,882,311	\$357,877	\$-	\$6,240,188
Unrealized gain or loss	30,924,359	6,765,646	-	37,690,005
Net Defined Benefit Assets/Liabilities	(562,326)	-	(3,056,443)	(3,618,769)
Land revaluation increment	(65,257,095)	-	-	(65,257,095)
Deferred income tax (expense)/benefit		<u>7,123,523</u>	<u>\$(3,056,443)</u>	
Net deferred income tax assets/(liabilities)	<u>\$(29,012,751)</u>			<u>\$(24,945,671)</u>
The information expressed in the balance sheet is as follows:				
Deferred income tax assets	<u>\$36,377,604</u>			<u>\$40,332,616</u>
Deferred income tax liabilities	<u>\$(65,390,355)</u>			<u>\$(65,278,287)</u>

	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	-	30,924,359
Net Defined Benefit Assets/Liabilities	-	-	(562,326)	(562,326)
Land revaluation increment	(65,257,095)	-	-	(65,257,095)
Deferred income tax (expense)/benefit		\$2,539,407	\$(562,326)	
Net deferred income tax assets/(liabilities)	\$(30,989,832)			\$(29,012,751)
The information expressed in the balance sheet is as follows:				
Deferred income tax assets	\$34,890,896			\$36,377,604
Deferred income tax liabilities	\$(65,880,728)			\$(65,390,355)

5. The income tax returns of the Company and the subsidiary, EVFA INTERNATIONAL CO., LTD. have been assessed by the tax authorities through 2020.

(XXXI) Earnings per share

1. Information on earnings per share

	2022	2021
Basic earnings per share:		
Net profit attributable to shareholders of the parent company for the period	\$143,858,839	\$342,395,288
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	\$0.81	\$1.92
Diluted earnings per share:		
Net profit attributable to shareholders of the parent company for the period	\$143,858,839	\$342,395,288
Weighted average number of shares outstanding for the purpose of calculating diluted earnings per share	178,122,951	178,219,985
Diluted earnings per share (NT\$)		
Net profit attributable to shareholders of the parent company for the period	\$0.81	\$1.92

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

	<u>2022</u>	<u>2021</u>
Number of shares at the beginning of the period	180,537,453	180,537,453
Less: Shares of the parent company held by subsidiaries	<u>(2,527,863)</u>	<u>(2,527,863)</u>
Total	<u><u>178,009,590</u></u>	<u><u>178,009,590</u></u>

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

	<u>2022</u>	<u>2021</u>
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	113,361	210,395
Sub-total	<u>180,650,814</u>	<u>180,747,848</u>
Less: Shares of the parent company held by subsidiaries	<u>(2,527,863)</u>	<u>(2,527,863)</u>
Total	<u><u>178,122,951</u></u>	<u><u>178,219,985</u></u>

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

	<u>2022</u>	<u>2021</u>
Net profit attributable to shareholders of the parent company for the period	<u>\$148,156,206</u>	<u>\$346,439,868</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>\$0.82</u>	<u>\$1.92</u>

(XXXII) Supplementary information on cash flows

Change in liabilities from financing activities was as follows:

	<u>Guarantee deposit received</u>	<u>Lease liabilities</u>
January 1, 2022	\$65,911,005	\$6,497,506
Change in cash flows from financing activities	1,438,606	(4,431,738)
Non-cash change	-	7,455,601
December 31, 2022	<u><u>\$67,349,611</u></u>	<u><u>\$9,521,369</u></u>
	<u>Guarantee deposit received</u>	<u>Lease liabilities</u>
January 1, 2021	\$64,677,545	\$2,163,376
Change in cash flows from financing activities	1,233,460	(4,707,360)
Non-cash change	-	9,041,490
December 31, 2021	<u><u>\$65,911,005</u></u>	<u><u>\$6,497,506</u></u>

VII. Related Party Transactions

(I) Names and relationships of related parties

Name of the related party	Relationship with the Consolidated Company
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. Pre-payments for equipment (listed as other non-current assets)

Type of related party	December 31, 2022	December 31, 2021
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).

Type of related party	Acquisition price	
	2022	2021
Other related parties:		
THE GREAT TAIPEI GAS CORPORATION	\$800,000	\$-

The purchase price of property, plant and equipment (other equipment) from Great Taipei Gas Corporation in 2022 includes NT\$240,000 pre-paid for equipment paid in 2021, and the transaction price is based on the agreement and terms between the parties.

3. Selling expenses - repair and maintenance expenses

Type of related party	2022	2021
Other related parties:		
THE GREAT TAIPEI GAS	\$115,757	\$15,070

CORPORATION

4. Administrative expenses - repair and maintenance expense

Type of related party	2022	2021
Other related parties:		
THE GREAT TAIPEI GAS CORPORATION	\$1,408,128	\$1,560,000

5. Administrative expenses - donation

Type of related party	2022	2021
Other related parties:		
Shin Kong Wu Ho-Su Memorial Hospital	\$-	\$500,000
Mr. Chen Gen-Chu Foundation for Education and Culture	250,000	550,000
Total	\$250,000	\$1,050,000

6. Deposits received (listed as other non-current liabilities)

Type of related party	December 31, 2022	December 31, 2021
Other related parties:		
THE GREAT TAIPEI GAS CORPORATION	\$215,200	\$210,000

(III) Information on remuneration for key management

	2022	2021
Salaries and other short-term employee benefits	\$48,580,340	\$50,941,523
Post-employment benefits	289,548	308,518
Total	\$48,869,888	\$51,250,041

VIII. Pledged Assets

The assets of the Consolidated Company which have been used for guarantees are shown below:

	December 31, 2022	December 31, 2021	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, 2022, the total contract amount due to pre-payments for equipment purchases was NT\$2,260 thousand and the amount paid was NT\$0 thousand.

X. Significant Disaster Loss: None.

XI. Significant Subsequent Events

The new president of the Company will assume office on March 16, 2023.

XII. Others

(V) 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.

(VI) Financial instruments

5. Type of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$603,895,931	\$791,381,644
Financial assets measured at amortized cost		
Cash and cash equivalents	590,317,548	558,032,858
Financial assets measured at amortized cost	70,000,000	78,380,350
Notes receivable	23,520,207	77,500
Accounts receivable	189,875,439	170,786,779
Other receivables	859,589,214	947,534,899
Other financial assets	364,644,290	319,624,837
Total	<u>\$2,701,842,629</u>	<u>\$2,865,818,867</u>

Financial liabilities

- 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.

(8) Financial instruments measured at fair value

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

7. Financial risk management policy

- (3) 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.
- (4) 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.

8. 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, 2022		Unit: In thousands of NT\$			
		Carrying amount		Sensitivity analysis			
		Foreign currency	Exchange rate	(NTD)	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	\$28,286	4.41	\$124,792	3%	\$3,744	\$-	
USD: NTD	1,088	30.55	33,243	9%	2,992	-	
EUR: NTD	70	32.79	2,295	5%	115	-	
ZAR: NTD	4,989	1.73	8,621	8%	690	-	
JPY: NTD	55,518	0.22	12,415	7%	869	-	
<u>Financial assets measured at fair value through profit or loss</u>							
USD: NTD	1,702	30.67	52,193	9%	4,697	-	
RMB: NTD	9,755	4.38	42,754	3%	1,283	-	
EUR: NTD	120	32.52	3,902	5%	195	-	
ZAR: NTD	1,338	1.77	2,369	8%	190	-	

		December 31, 2021		Unit: In thousands of NT\$			
		Carrying amount		Sensitivity analysis			
		Foreign currency	Exchange rate	(NTD)	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	-	

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

December 31, 2022 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	\$970	30.66	\$29,728	\$(220)
RMB: NTD	24,845	4.38	108,896	(616)

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)

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, 2022 and 2021 would have increased or decreased by \$6,039 thousand and \$7,914 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, 2022 and 2021, the Consolidated Company had not drawn from the loan facilities and therefore had no significant interest rate risks.

(2) Credit risk

- I. 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.
- J. 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

- K. 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.
- L. The Consolidated Company uses the reserve matrix method to estimate the expected credit losses for customer accounts receivable.
- M. 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, 2022 and 2021 is as follows:

December 31, 2022

	Not overdue	Overdue 1~30 days	Overdue 31~60 days	Overdue 61~90 days	Overdue 90 days or more	Total
Expected loss rate	0.19%	30.39%	39.62%	81.01%	100.00%	
Total carrying amount	\$212,407,718	\$1,153,027	\$784,850	\$563,604	\$5,239,187	\$220,148,386
Allowance for losses	\$395,631	\$350,371	\$310,984	\$456,567	\$5,239,187	\$6,752,740

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%	34.50%	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	\$408,300	\$355,816	\$322,324	\$380,941	\$5,407,728	\$6,875,109

- N. The changes in the allowance for losses on receivables were as follows:

	2022	2021
January 1	\$6,875,109	\$8,338,008
Provision for (reversal of) impairment loss	(223,121)	(1,282,977)
Recovery in the current period of the written-off accounts from the previous period	101,381	55,897
Write-off in the current period of the uncollectable accounts in the current period	(629)	(235,819)
December 31	\$6,752,740	\$6,875,109

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

December 31, 2022

	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".

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	\$78,380,350	\$-	\$-	\$78,380,350

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

Group 2: Credit ratings of "A1" and "A"

P. 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. (3) Both are investment grade (4) Both are BBB or higher	12-month expected credit loss	0~0.64%
Abnormal	Credit ratings on trading date and valuation date. (3) Downgraded from investment grade to non-investment grade (4) Downgraded from BBB to B	Expected credit loss (without credit impairment) over the duration	-
Breach of	Credit rating downgraded to	Expected credit loss	-

Credit rating	Definition	Expected credit loss recognition basis	Expected credit loss rate
contract	CCC or below at the valuation date	(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:

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

6. 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).
7. 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.
8. Fair value information - Information related to financial instruments measured at fair value on a recurring basis is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Shares of TWSE/TPEX listed companies	\$363,771,425	\$-	\$-	\$363,771,425
Fund beneficiary certificates	89,992,711	-	-	89,992,711
Beneficiary securities	26,221,500	-	-	26,221,500
Bond	114,795,695	-	-	114,795,695
Bill	9,114,600	-	-	9,114,600
Total	<u>\$603,895,931</u>	<u>\$-</u>	<u>\$-</u>	<u>\$603,895,931</u>
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	<u>\$791,381,644</u>	<u>\$-</u>	<u>\$-</u>	<u>\$791,381,644</u>

9. 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.

10. The fair value of Level 1 has not shifted in any way in the years 2022 and 2021.

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, 2022.

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\$100 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\$100 million or 20% of the paid-in capital	Schedule 4
8	The amount of receivables from related parties reached NT\$100 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

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

(VIII) Information on Major Shareholders: Schedule 6

XIV. 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 2022 and 2021 is as follows:

	2022				
	Gas sales segment	Installation segment	Other segment	Adjustment and elimination	Total
Revenue					
Revenue from external customers	\$1,570,312,368	\$222,187,073	\$153,810,832	\$-	\$1,946,310,273
Intersegment revenue	-	314,062,864	-	(314,062,864)	-
Interest income	-	2,569,559	19,954,690	-	22,524,249
Total revenue	<u>\$1,570,312,368</u>	<u>\$538,819,496</u>	<u>\$173,765,522</u>	<u>\$(314,062,864)</u>	<u>\$1,968,834,522</u>
Interest expense	<u>\$129,067</u>	<u>\$36,078</u>	<u>\$136,608</u>	<u>\$(35,989)</u>	<u>\$265,764</u>
Depreciation and amortization	<u>\$190,931,422</u>	<u>\$84,145,795</u>	<u>\$6,780,469</u>	<u>\$(37,877,554)</u>	<u>\$243,980,132</u>
Share of profits and losses of affiliates and joint ventures under the equity method:	<u>\$-</u>	<u>\$-</u>	<u>\$(54,123,385)</u>	<u>\$54,123,385</u>	<u>\$-</u>
Segment profit or loss	<u>\$291,272,591</u>	<u>\$32,341,393</u>	<u>\$(148,102,641)</u>	<u>\$37,804,503</u>	<u>\$213,315,846</u>
Segment total assets	<u>\$2,591,927,415</u>	<u>\$1,301,041,429</u>	<u>\$2,224,118,952</u>	<u>\$(789,157,105)</u>	<u>\$5,327,930,691</u>
Segment total liabilities	<u>\$727,211,073</u>	<u>\$1,420,657,854</u>	<u>249,879,739</u>	<u>\$(56,557,037)</u>	<u>\$2,341,191,629</u>

2021

	Gas sales segment	Installation segment	Other segment	Adjustment and elimination	Total
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	\$1,488,668,217	\$447,765,951	\$127,745,348	\$(249,950,058)	\$1,814,229,458
Interest expense	\$65,448	\$42,561	\$18,449	\$(42,385)	\$84,073
Depreciation and amortization	\$178,743,382	\$84,806,323	\$6,986,735	\$(34,430,396)	\$236,106,044
Share of profits and losses of affiliates and joint ventures under the equity method:	\$-	\$-	\$108,410,325	\$(108,410,325)	\$-
Segment profit or loss	\$278,356,668	\$155,681,908	\$68,350,375	\$(103,481,534)	\$398,907,417
Segment total assets	\$2,400,534,479	\$1,318,214,339	\$2,440,772,629	\$(824,861,326)	\$5,334,660,121
Segment total liabilities	\$715,172,542	\$1,293,973,612	\$238,298,743	\$(46,055,528)	\$2,201,389,369

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	
	2022	2021	December 31, 2022	December 31, 2021
Taiwan	\$1,946,310,273	\$1,794,167,947	\$2,891,351,925	\$2,709,589,500

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	2022	2021
Gas sales	\$1,570,312,368	\$1,488,668,217
Installation:	222,187,073	195,044,937
Others	153,810,832	110,454,793
Total	<u>\$1,946,310,273</u>	<u>\$1,794,167,947</u>

(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	Relationship with the trader (Note 2)	Circumstance of the transaction			
				Item	Amount (In thousands of NT\$)	Trading term	As a percentage of consolidated total revenue or total assets (Note 3)
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.	1	Installation revenue	\$4,957	Comparable to ordinary trading terms	0.25%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.	1	Purchases	78,816	Comparable to ordinary trading terms	4.05%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.	1	Installation cost	2,255	Comparable to ordinary trading terms	0.12%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.	1	Other operating costs	28,454	Comparable to ordinary trading terms	1.46%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.	1	Accounts receivable	4,484	Comparable to ordinary trading terms	0.08%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.	1	Notes payable	22,237	Comparable to ordinary trading terms	0.42%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.	1	Accounts payable	22,825	Comparable to ordinary trading terms	0.43%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.	1	Other payables	4,940	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	24,627	Comparable to ordinary trading terms	1.27%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.	1	Repair and maintenance expense	13,643	-	0.70%
0	Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.	1	Gas sales equipment	161,311	Comparable to ordinary trading terms	3.03%

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.

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	Fair value	
Shin Shin Natural Gas Co. LTD.	WALSIN / Stock	-	Financial assets measured at fair value through profit or loss - current	23,000	\$1,085,600	-	\$1,085,600	
Shin Shin Natural Gas Co. LTD.	HON HAI PRECISION / Stock	-	Financial assets measured at fair value through profit or loss - current	10,000	999,000	-	999,000	
Shin Shin Natural Gas Co. LTD.	YAGEO / Stock	-	Financial assets measured at fair value through profit or loss - current	3,000	1,353,000	-	1,353,000	
Shin Shin Natural Gas Co. LTD.	TMC / Stock	-	Financial assets measured at fair value through profit or loss - current	44,000	3,726,800	-	3,726,800	
Shin Shin Natural Gas Co. LTD.	CHROMA / Stock	-	Financial assets measured at fair value through profit or loss - current	10,000	1,810,000	-	1,810,000	
Shin Shin Natural Gas Co. LTD.	E-LEAD / Stock	-	Financial assets measured at fair value through profit or loss - current	29,000	2,035,800	-	2,035,800	
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	51,700,000	-	51,700,000	
Shin Shin Natural Gas Co. LTD.	CATHAY HOLDINGS / Stock	-	Financial assets measured at fair value through profit or loss - current	4,080	163,200	-	163,200	
Shin Shin Natural Gas Co. LTD.	Cathy Preferred Shares / Stock	-	Financial assets measured at fair value through profit or loss - current	50,000	2,830,000	-	2,830,000	
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	16,530,514	-	16,530,514	
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	183,521	-	183,521	

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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	
Shin Shin Natural Gas Co. LTD.	ALLTEK / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	\$1,071,000	-	\$1,071,000	
Shin Shin Natural Gas Co. LTD.	WPG Preferred Shares A / Stock	-	Financial assets measured at fair value through profit or loss - current	700,000	34,300,000	-	34,300,000	
Shin Shin Natural Gas Co. LTD.	PCL / Stock	-	Financial assets measured at fair value through profit or loss - current	9,000	890,100	-	890,100	
Shin Shin Natural Gas Co. LTD.	Innodisk / Stock	-	Financial assets measured at fair value through profit or loss - current	10,295	1,909,723	-	1,909,723	
Shin Shin Natural Gas Co. LTD.	TSC / Stock	-	Financial assets measured at fair value through profit or loss - current	12,000	890,400	-	890,400	
Shin Shin Natural Gas Co. LTD.	SAN LIEN TECHNOLOGY / Stock	-	Financial assets measured at fair value through profit or loss - current	23,500	1,184,400	-	1,184,400	
Shin Shin Natural Gas Co. LTD.	ROEC / Stock	-	Financial assets measured at fair value through profit or loss - current	15,000	1,575,000	-	1,575,000	
Shin Shin Natural Gas Co. LTD.	GLOBAL BRANDS MANUFACTURE LIMITED / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	826,500	-	826,500	
Shin Shin Natural Gas Co. LTD.	MPI / Stock	-	Financial assets measured at fair value through profit or loss - current	9,000	1,012,500	-	1,012,500	
Shin Shin Natural Gas Co. LTD.	Macnica Galaxy / Stock	-	Financial assets measured at fair value through profit or loss - current	70,000	2,821,000	-	2,821,000	
Shin Shin Natural Gas Co. LTD.	WNC / Stock	-	Financial assets measured at fair value through profit or loss - current	22,000	1,724,800	-	1,724,800	

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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	
Shin Shin Natural Gas Co. LTD.	GIS Holding Limited / Stock	-	Financial assets measured at fair value through profit or loss - current	28,000	\$2,464,000	-	\$2,464,000	
Shin Shin Natural Gas Co. LTD.	APEC / Stock	-	Financial assets measured at fair value through profit or loss - current	18,000	1,872,000	-	1,872,000	
Shin Shin Natural Gas Co. LTD.	ADVANCED GROUP / Stock	-	Financial assets measured at fair value through profit or loss - current	10,000	949,000	-	949,000	
Shin Shin Natural Gas Co. LTD.	PCC / Stock	-	Financial assets measured at fair value through profit or loss - current	40,000	1,368,000	-	1,368,000	
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	469,000	14,609,350	-	14,609,350	
Shin Shin Natural Gas Co. LTD.	Taiwan Shin Kong Security / Stock	-	Financial assets measured at fair value through profit or loss - current	55,500	2,170,050	-	2,170,050	
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	2,008,633	-	2,008,633	
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	1,000,000	7,910,000	-	7,910,000	
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	5,385,000	-	5,385,000	
Shin Shin Natural Gas Co. LTD.	FSITC Taiwan Core Strategic Infrastructure Fund / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	500,000	4,470,000	-	4,470,000	

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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	
Shin Shin Natural Gas Co. LTD.	Shin Kong Taiwan High Dividend Securities Investment Trust (A) / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	500,000	\$4,855,000	-	\$4,855,000	
Shin Shin Natural Gas Co. LTD.	Taishin 1699 Money Market Fund / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	3,641,332.41	50,123,669	-	50,123,669	
Shin Shin Natural Gas Co. LTD.	Yuanta Global Leaders Balanced Securities Investment Trust / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	500,000	4,960,000	-	4,960,000	
Shin Shin Natural Gas Co. LTD.	Yuanta Future Key Technology ETF / Beneficiary Securities	-	Financial assets measured at fair value through profit or loss - current	200,000	4,772,000	-	4,772,000	
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	600,000	6,678,000	-	6,678,000	
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	5,175,000	-	5,175,000	
Shin Shin Natural Gas Co. LTD.	Fubon Genetic Immunity Biotechnology ETF Fund / Beneficiary Securities	-	Financial assets measured at fair value through profit or loss - current	550,000	4,471,500	-	4,471,500	
Shin Shin Natural Gas Co. LTD.	Shin Kong TIP Taiwan Semiconductor 30 ETF / Beneficiary Securities	-	Financial assets measured at fair value through profit or loss - current	500,000	5,125,000	-	5,125,000	
Shin Shin Natural Gas Co. LTD.	P06 Taichung Bank 2 / Bond	-	Financial assets measured at fair value through profit or loss - current	300,000	30,021,000	-	30,021,000	
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	8,678,340	-	8,678,340	

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	Fair value	
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	3,000,000	\$12,899,169	-	\$12,899,169	
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	8,581,914	-	8,581,914	
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	5,875,682	-	5,875,682	
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	4,247,565	-	4,247,565	
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	5,935,163	-	5,935,163	
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	2,951,025	-	2,951,025	
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	936,172	-	936,172	
Shin Shin Natural Gas Co. LTD.	BNP Paribas U.S. dollar Perpetual Non-cumulative Subordinated Bonds / Bond	-	Financial assets measured at fair value through profit or loss - current	400,000	9,346,394	-	9,346,394	
Shin Shin Natural Gas Co. LTD.	ING U.S. dollar Perpetual Non-cumulative Subordinated Bonds / Bond	-	Financial assets measured at fair value through profit or loss - current	400,000	8,896,306	-	8,896,306	

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	Fair value	
Shin Shin Natural Gas Co. LTD.	Citigroup Global Markets Holdings Corporate Bonds / Bond	-	Financial assets measured at fair value through profit or loss - current	2,050,000	\$8,347,204	-	\$8,347,204	
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	5,212,200	-	5,212,200	
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	3,902,400	-	3,902,400	
Shin Shin Natural Gas Co. LTD.	Banshin Financial Bonds / Bond	-	Financial assets measured at amortized cost - non-current	6	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	Fair value	
EVFA INTERNATIONAL CO., LTD.	Johnson Health Tech / Stock	-	Financial assets measured at fair value through profit or loss - current	74,000	\$5,143,000	-	\$5,143,000	
EVFA INTERNATIONAL CO., LTD.	Lotus Pharm / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	4,920,000	-	4,920,000	
EVFA INTERNATIONAL CO., LTD.	China Motor Corporation / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	1,545,000	-	1,545,000	
EVFA INTERNATIONAL CO., LTD.	DELTA ELECTRONICS / Stock	-	Financial assets measured at fair value through profit or loss - current	28,000	8,022,000	-	8,022,000	
EVFA INTERNATIONAL CO., LTD.	TSMC / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	13,455,000	-	13,455,000	
EVFA INTERNATIONAL CO., LTD.	GOLD CIRCUIT ELECTRONICS / Stock	-	Financial assets measured at fair value through profit or loss - current	65,000	5,642,000	-	5,642,000	
EVFA INTERNATIONAL CO., LTD.	ELITE MATERIAL CO., LTD. / Stock	-	Financial assets measured at fair value through profit or loss - current	31,000	5,301,000	-	5,301,000	
EVFA INTERNATIONAL CO., LTD.	MediaTek / Stock	-	Financial assets measured at fair value through profit or loss - current	3,000	1,875,000	-	1,875,000	
EVFA INTERNATIONAL CO., LTD.	AMPOC FAR-EAST CO., LTD. / Stock	-	Financial assets measured at fair value through profit or loss - current	62,000	2,681,500	-	2,681,500	
EVFA INTERNATIONAL CO., LTD.	EVA Air / Stock	-	Financial assets measured at fair value through profit or loss - current	6,000	978,000	-	978,000	
EVFA INTERNATIONAL CO., LTD.	GFRT / Stock	-	Financial assets measured at fair value through profit or loss - current	24,000	6,180,000	-	6,180,000	

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	Fair value	
EVFA INTERNATIONAL CO., LTD.	Bafang / Stock	-	Financial assets measured at fair value through profit or loss - current	15,000	\$3,405,000	-	\$3,405,000	
EVFA INTERNATIONAL CO., LTD.	Union Bank of Taiwan (Preferred Shares) / Stock	-	Financial assets measured at fair value through profit or loss - current	200,000	10,340,000	-	10,340,000	
EVFA INTERNATIONAL CO., LTD.	Shin Kong Financial Holding / Stock	-	Financial assets measured at fair value through profit or loss - current	17,110	150,055	-	150,055	
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	10,770,000	-	10,770,000	
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	137,281	-	137,281	
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	2,051,760	-	2,051,760	
EVFA INTERNATIONAL CO., LTD.	NOVATEK MICROELECTRONICS CORP. / Stock	-	Financial assets measured at fair value through profit or loss - current	27,000	8,518,500	-	8,518,500	
EVFA INTERNATIONAL CO., LTD.	AXIOMTEK / Stock	-	Financial assets measured at fair value through profit or loss - current	40,000	2,360,000	-	2,360,000	
EVFA INTERNATIONAL CO., LTD.	TAI-TECH Advanced Electronics / Stock	-	Financial assets measured at fair value through profit or loss - current	17,000	1,375,300	-	1,375,300	
EVFA INTERNATIONAL CO., LTD.	Avalue / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	2,442,000	-	2,442,000	
EVFA INTERNATIONAL CO., LTD.	FCN / Stock	-	Financial assets measured at fair value through profit or loss - current	45,000	2,358,000	-	2,358,000	

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	Fair value	
EVFA INTERNATIONAL CO., LTD.	Solteam Incorporation / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	\$1,288,500	-	\$1,288,500	
EVFA INTERNATIONAL CO., LTD.	LOTES CO., LTD / Stock	-	Financial assets measured at fair value through profit or loss - current	9,000	7,434,000	-	7,434,000	
EVFA INTERNATIONAL CO., LTD.	MA-tek / Stock	-	Financial assets measured at fair value through profit or loss - current	38,000	5,757,000	-	5,757,000	
EVFA INTERNATIONAL CO., LTD.	JENTECH PRECISION INDUSTRIAL CO., LTD / Stock	-	Financial assets measured at fair value through profit or loss - current	19,799	7,454,324	-	7,454,324	
EVFA INTERNATIONAL CO., LTD.	TOPKEY / Stock	-	Financial assets measured at fair value through profit or loss - current	30,000	5,490,000	-	5,490,000	
EVFA INTERNATIONAL CO., LTD.	TONS LIGHTOLOGY INC. / Stock	-	Financial assets measured at fair value through profit or loss - current	61,812	1,823,454	-	1,823,454	
EVFA INTERNATIONAL CO., LTD.	SONG HO / Stock	-	Financial assets measured at fair value through profit or loss - current	60,000	1,758,000	-	1,758,000	
EVFA INTERNATIONAL CO., LTD.	Chailease / Stock	-	Financial assets measured at fair value through profit or loss - current	28,000	6,076,000	-	6,076,000	
EVFA INTERNATIONAL CO., LTD.	SPORTON / Stock	-	Financial assets measured at fair value through profit or loss - current	26,000	5,447,000	-	5,447,000	
EVFA INTERNATIONAL CO., LTD.	Chipbond / Stock	-	Financial assets measured at fair value through profit or loss - current	35,000	2,009,000	-	2,009,000	
EVFA INTERNATIONAL CO., LTD.	SONG SHANG / Stock	-	Financial assets measured at fair value through profit or loss - current	130,000	2,476,500	-	2,476,500	

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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.	Lanner / Stock	-	Financial assets measured at fair value through profit or loss - current	55,000	\$5,060,000	-	\$5,060,000	
EVFA INTERNATIONAL CO., LTD.	ALLIED CIRCUIT CO.,LTD. / Stock	-	Financial assets measured at fair value through profit or loss - current	38,000	2,014,000	-	2,014,000	
EVFA INTERNATIONAL CO., LTD.	SUN MAX / Stock	-	Financial assets measured at fair value through profit or loss - current	40,000	1,676,000	-	1,676,000	
EVFA INTERNATIONAL CO., LTD.	GLOBAL BRANDS MANUFACTURE LIMITED / Stock	-	Financial assets measured at fair value through profit or loss - current	66,300	2,320,500	-	2,320,500	
EVFA INTERNATIONAL CO., LTD.	Shinybrands / Stock	-	Financial assets measured at fair value through profit or loss - current	22,367	2,198,676	-	2,198,676	
EVFA INTERNATIONAL CO., LTD.	CMI / Stock	-	Financial assets measured at fair value through profit or loss - current	63,000	2,485,350	-	2,485,350	
EVFA INTERNATIONAL CO., LTD.	NAN YA PRINTED CIRCUIT BOARD CORPORATION / Stock	-	Financial assets measured at fair value through profit or loss - current	25,000	5,675,000	-	5,675,000	
EVFA INTERNATIONAL CO., LTD.	APEC / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	2,080,000	-	2,080,000	
EVFA INTERNATIONAL CO., LTD.	TCI / Stock	-	Financial assets measured at fair value through profit or loss - current	37,000	6,327,000	-	6,327,000	
EVFA INTERNATIONAL CO., LTD.	Nien Made Enterprise Co., Ltd. / Stock	-	Financial assets measured at fair value through profit or loss - current	20,000	5,890,000	-	5,890,000	
EVFA INTERNATIONAL CO., LTD.	Fulgent Sun / Stock	-	Financial assets measured at fair value through profit or loss - current	40,000	6,080,000	-	6,080,000	

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	Fair value	
EVFA INTERNATIONAL CO., LTD.	Global Trend USD Fund / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	14,152.9	\$7,329,042	-	\$7,329,042	
EVFA INTERNATIONAL CO., LTD.	Yuanta Global Leaders Balanced Fund / Beneficiary Certificates	-	Financial assets measured at fair value through profit or loss - current	500,000	4,960,000	-	4,960,000	
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	73 張	2,368,723	-	2,368,723	
EVFA INTERNATIONAL CO., LTD.	Altria Group Corporate Bonds / Bond	-	Financial assets measured at fair value through profit or loss - current	21 board lots	5,711,038	-	5,711,038	
EVFA INTERNATIONAL CO., LTD.	Industrial Bank of Taiwan / Stock	-	Financial assets measured at fair value through profit or loss - current	2,292,829	19,236,835	-	19,236,835	
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	105,917,460	-	105,917,460	

Schedule 4: The amount of purchase or sale of goods from or to related parties reached NT\$100 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	\$230,313,431	67.83%	Approximately one month	Same as ordinary transactions	1 month	\$50,289,923	99.97%	

Schedule 5: Names and locations of investees and other relevant information

Unit: In NT\$

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	Carrying amount			
Shin Shin Natural Gas Co. LTD.	EVFA INTERNATIONAL CO., LTD.	New Taipei City	(6) Manufacture and sale of gas equipment and import/export dealership (7) Planning, design, supervision and maintenance of gas equipment construction (8) Planning and installation of emergency automatic gas shut-off system equipment (9) Entrusted to transcribe user's gas meter usage (10) Import and export sales of gas meters	\$80,008,000	\$80,008,000	58,410,000	100.00%	\$401,721,179	\$(43,930,654)	\$(54,123,385)	

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	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%

3. 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.
4. 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. Financial difficulties the Company or its affiliates have experienced in the most recent fiscal year or during the current fiscal year up to publication of the annual report:
None.**

Seven. Review of Financial Conditions, Financial Performance, and Risk Management

I. Financial Status

Unit: In thousands of NTD

Distinguish	December 31, 2022	December 31, 2021	Differences		Explanation
			Amount	%	
Current assets	2,307,009	2,491,970	(184,961)	(7.42%)	
Non-current assets	3,020,922	2,842,690	178,232	6.27%	
Total assets	5,327,931	5,334,660	(6,729)	(0.13%)	
Current liabilities	988,751	930,618	58,133	6.25%	
Non-current liabilities	1,352,440	1,270,772	81,668	6.43%	
Total liabilities	2,341,191	2,201,390	139,801	6.35%	
Capital stock	1,805,375	1,805,375	0	0.00%	
Capital surplus	77,062	72,764	4,298	5.91%	
Retained earnings	1,151,131	1,301,959	(150,828)	(11.58%)	1
Other equity	0	0	0	0.00%	
Treasury stock	(46,828)	(46,828)	0	0.00%	
Equity attributable to shareholders of the parent company	2,986,740	3,133,270	(146,530)	(4.68%)	
Total equity	2,986,740	3,133,270	(146,530)	(4.68%)	
<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. Retained earnings decreased mainly due to the distribution of dividend in the period and the slowdown of profit growth. 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.

Items	2022	2021	Increasing or decreasing amount	Change Ratio	Analysis
Net operating revenue	\$1,946,310	\$1,794,167	152,143	8.48%	
Operating costs	(1,374,486)	(1,298,572)	75,914	5.85%	
Operating gross profit (loss)	571,824	495,595	76,229	15.38%	1
Selling expenses	(71,878)	(63,755)	8,123	12.74%	
General & administrative expenses	(169,907)	(171,676)	(1,769)	(1.03%)	
Expected credit impairment loss (gain)	223	1,283	(1,060)	(82.62%)	
Income from Operations (net loss)	330,262	261,447	68,815	26.32%	1
Total of non-operating income and expenses					
Interest income	22,524	20,062	2,462	12.27%	
Other income	22,259	25,995	(3,736)	(14.37%)	
Other gain and loss	(161,388)	91,487	(252,875)	(276.41%)	2
Net profit or loss from derecognition of financial assets measured at amortized cost	(75)	0	(75)		
Financial costs	(266)	(84)	(182)	216.67%	
Total non-operating income and expenses	(116,946)	137,460	(254,406)	(185.08%)	2
Profit before tax	213,316	398,907	(185,591)	(46.52%)	
Income tax (expense)/benefit	(69,457)	(56,512)	12,945	22.91%	3
Net income for the period from continuing operations (net loss)	143,859	342,395	(198,536)	(57.98%)	4
Net profit (net loss) for the period	143,859	342,395	(198,536)	(57.98%)	4
Other comprehensive income (net)	12,226	2,249	9,977	443.62%	
Total comprehensive income for the period	\$156,085	\$344,644	(188,559)	(54.71%)	4

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. Operating gross profit and operating income increased mainly due to the increase in number of households for gas supply within the Company's operating areas resulting in the increased sales of gas; the increase in number of device settlement accounts; the increase in amount of deferred revenue from outer pipelines reclassified to installation revenue.
2. Other gain and non-operating income decreased mainly due to the underperformance of global financial market because of the COVID-19 pandemic, U.S.-China trade war, Russia-Ukraine war and inflation, leading to the increased loss on valuation of financial assets.
3. Income tax increased mainly due to the increased operating income, compared to the previous year, resulting in the corresponding increase in income tax.
4. Net profit and total comprehensive income for the period decreased mainly due to the underperformance of non-operating income.

(II) Sales volume forecast for the coming year and the basis therefore

Unit: m³

Year	Estimated sales volume	Basis for the estimation	Reasons for continuing growth
2023	115,506,761	The projection referenced the actual average gas volume usage from September 2021 to August 2022.	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 of change) for the most recent two years.

Distinguish	2022	2021	Increase or decrease in ratio
Cash Flow Ratio (%)	67.42	54.16	24.48%
Cash Flow Adequacy Ratio (%)	91.39	103.03	(11.30%)
Cash Flow Reinvestment Ratio (%)	4.53	2.75	64.73%

Cash flow ratio and cash flow reinvestment ratio increased mainly due to the increase in 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	
590,318	436,735	436,017	591,036	—	—

1. Analysis of Cash Flow for Current Year
 (1) Operating activities: The net cash flow from the year's operation of NTD 436,735 thousand was mainly due to inflow of cash of the parent company's earnings and advance sales receipts.
 (2) Investing activities: Mainly due to the increase in capital expenditure for gas transmission equipment and gas-sale equipment.
 (3) 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 pipelines by PE pipelines network establishment.	Cash flow generated from operations	2023	85,000
Installing new branch pipelines and pipelines above ground	Cash flow generated from operations	2023	41,420
Replacing and installing newly purchased gas meters	Cash flow generated from operations	2023	126,230

(II) Expected Benefits

1. The main reason for the “Shuanhe” District project to construct PE pipelines network establishment for the replacement of low pressure cast iron pipelines, 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 pipelines and pipelines above ground is due to the increasing new customers and for the promotion plans into existing old communities with outdated facility. Investments were made 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 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 made no re-investment in 2022. The idle fund was used for short-term purposes and mainly in conservative financial products such as time deposits and money market funds. The interest income, rental income, loss on valuation of financial assets and loss on investments in subsidiaries accounted for using equity method recognized under non-operating income for 2022 were NT\$19.95 million, NT\$4.05 million, NT\$59.78 million and NT\$54.12 million, respectively. The non-operating loss for the period was mainly due to the underperformance of global financial market because of the COVID-19 pandemic, U.S.-China trade war, Russia-Ukraine war and inflation.
- (II) The Company has no investment plan for 2023. The idle fund will still be used for short-term purposes and in conservative financial products such as time deposits, money market funds, bank debentures and blue chip stocks.

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 consists 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 with 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 the company's businesses. The two Vice Presidents supports the President in handling 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

Seven. Review of Financial Conditions, Financial Performance, and Risk Management

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:

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, the matters will be processed under 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, 2022 are listed below.

1. Amendment to IFRS 3 "Update the index of the conceptual framework" issued on January 1, 2022.
2. Amendment to IAS 16 "Property, plant and equipment: price before reaching the intended state of use" issued on January 1, 2022.
3. Amendment to IAS 37 "Onerous Contracts - Cost of Performing Contracts" issued on January 1, 2022.
4. Annual Improvements for the 2018-2020 Cycle issued on 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.

- (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: None.
- (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 pipeline network and facilities within authorized 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 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 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 comprises 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 over 10% shareholdings, and subsidiaries that are closed

Seven. Review of Financial Conditions, Financial Performance, and Risk Management

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 customers within the operating areas of Shin Shin Natural Gas Co. Ltd. Any incidents of information security or personal information leaks will 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 annually 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 measures, 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.

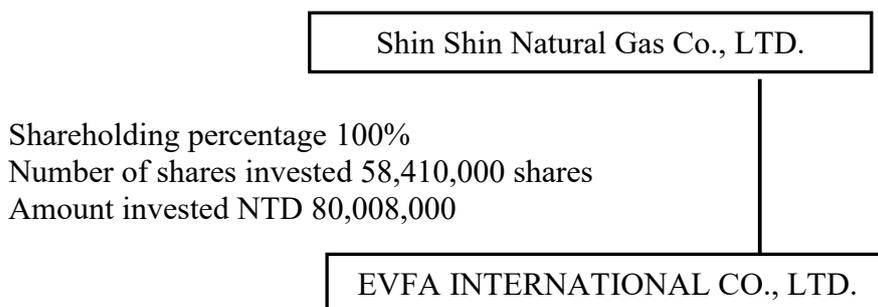
VII. Other Important Matters: None.

Eight. Special Notes

I. Subsidiaries

Consolidated bushiness 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	584,100	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	58,410,000	100
	Director and President	Shin Shin Natural Gas Co., Ltd. Representative: Fu-Hua Li	(58,410,000)	(100)
	Director	Shin Shin Natural Gas Co., Ltd. Representative: Ko-Tseng Li	(58,410,000)	(100)
	Supervisor	Shin Shin Natural Gas Co., Ltd. Representative: Rung-Fu Hsieh	(58,410,000)	(100)

(VI) Operational Highlights of Subsidiaries

Unit: In thousands of NTD
Time of information: 2022.12.31

Company name	Capital stock	Assets	Total liabilities	Net value	Operating revenue	Income from operation	Net profit (loss) (net of tax)	Basic earnings (loss) per share (NT\$)(net of tax)
EVFA INTERNATIONAL CO., LTD.	584,100	769,195	36,564	732,631	339,570	57,984	(44,815)	(0.77)

Eight. Special Notes

(VII) Affiliate's Consolidated Financial Statements:

Declaration

The entities to be included in the consolidated financial statements of affiliated enterprises in 2022 (from January 1, 2022 to December 31, 2022) under 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 under the IAS No. 10. Further, the related information to be disclosed in the consolidated financial statement of affiliated enterprises has been disclosed in the consolidated financial statements of parent company and subsidiaries. It is unnecessary 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: Ho-Chia Chen



March 13, 2023

Special Notes

(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.	584,100	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.	—	—	—	As of the publication date of this annual report, the number of the Company's shares held by its subsidiaries is 2,527,863, amounting to NT\$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.