

Stock Code: 9931

# Shin Kao Gas Co., Ltd.

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## 2023 Annual General Meeting of Shareholders



## Shareholders' Meeting Handbook

Time: May 29, 2023

Place: No. 56, Dayi Street, Yancheng District,  
Kaohsiung City

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# **Shin Kao Gas Co., Ltd. 2023 General Meeting of Shareholders Meeting Agenda**

Time: May 29, 2023 (Monday) 9:00 AM.

Place: No. 56, Dayi Street, Yancheng District, Kaohsiung City Company (5F Conference Room of the Company).

Convening method: In-person shareholders' meeting

- I. Calling of the Meeting to Order:
- II. Presiding Chair's Remarks:
- III. Matters to be Reported:
  - (I) 2022 business report.
  - (II) Audit Committee review report for 2022 financial statements.
  - (III) Employee remuneration and director remuneration distribution report for 2022.
- IV. Matters for Recognition:
  - (I) Company 2022 business report and statement of final accounts.
  - (II) Profit distribution for the Company for 2022.
- V. Discussion Items:
  - (I) Amendment of some provisions of the Rules of Procedure for Shareholders' Meetings.
  - (II) Amendment of some provisions of the Company's Articles of Incorporation.
  - (III) Amendments to Article 7 of provisions of the Company's Procedures for Acquiring or Disposing of Assets
  - (IV) 2022 Earnings-transferred capital increase

through issuance of new shares.

VI. Elections:

Nine directors for the 14th intake (including three independent directors)

VII. Other proposals:

Lifting of business strife limitation for directors.

VIII. Extraordinary Motions:

IX. Adjournment.

Calling of the Meeting to Order

Presiding Chair's Remarks

Matters to be Reported

# **Shin Kao Gas Co., Ltd. 2023 General Meeting Of Shareholders**

**I. Calling of the Meeting to Order:**

**II. Presiding Chair's Remarks:**

**III. Matters to be Reported:**

## **Report 1**

Proposal: 2022 Business Report (submitted).

**Dear Shareholders and Ladies and Gentlemen,**

Statistics of the Real Estate Development Association of Kaohsiung, there were 55 building construction projects throughout 2022, involving 10,572 households, with an annual growth of around 12%. The total sales were worth NTD149.3 billion, with an annual growth of around 45%. The housing market remained heated. There were 36 stand-alone house construction projects in 2022, involving 399 households in total, with an annual growth of around 68%. The total sales were worth NTD8.5 billion, with an annual growth of around 34%, indicating that the demand for stand-alone houses remains high on the market. In 2023, with increase raises by central banks around the world and tightened funds, in addition to the amendment to the "The Equalization of Land Rights Act " in the beginning of this year after other prior policies such as House and Land Transactions Income Tax 2.0 and the control over loans available from the central bank, short-term investors will back out of the market and hence it is

for sure that the “sales” on the domestic housing market will drop and “price reduction” is also inevitable. Although obvious falls are yet to be noted in terms of housing prices, the trading volume has revealed obvious declines on the housing market. Once the trading volume on the housing market drops, prices will begin to be modified, too. During the SARS pandemic in 2003 and the financial storm in 2008, the housing market plummeted yet it bounced back usually in around a year. The “window of opportunity” was only open for a short period of time. Homeowners usually hesitate longer than investors. Once they come around, prices have gone back up for a while on the housing market. The current “window of opportunity” that is opened with the housing market calming down, however, may last longer than before. The “price freeze” may last up to 2025. Homeowners have sufficient time to look around and make their selections; nevertheless, they need to be patient and insightful. The winter for investors, after all, is the spring for homeowners. An observation of the trends on the housing market over the past 30 years reveals that supply and demand is the primary influential factor. The supply surged last year and hence more supply and demand will appear for the short term. As soon as the housing calms down, homeowners can examine carefully the fundamentals of a house and spot their best opportunities and purchase their ideal homes. Collection of carbon charge will begin in 2024 and the construction sector is known to be a high energy-consuming one. The increased cost from the carbon charge for the builders will be reflected in the selling prices of houses and gradually push up housing prices. It is uneasy for



the housing market to become heated again right away this year or next year.

Throughout 2022, for-profit users included in the promotion were Yuli Kitchen, TKK Frid Chicken at Taroko Sports, SKM Park, McDonald's, Oday, Jardine Food, Chaoyangsihai Soymilk, Wowprime Corp., Full Taste, McDonald's, Master Food, Enjoy Warmth, Chunchuan Korean House, DianDianXin Restaurant, TAI Urban Resort, Tofu Restaurant, Feasttogether, Si Hai Soy Milk, Honkaku, Wei Sheng Investment, Thai Town Cuisine, Hexion Thai Restaurant, Humax East, Kura Sushi Asia, Saboten, Xingshueh Kindergarten, etc.

According to applicable requirements of the Natural Gas Enterprise Act, related major expenses of the Company recently are presented as follows:

- I. The construction of the circular pipeline network from Dazhong Road to Benguan Road and from Yangming Road to Chengqing Road continues.
- II. To fulfill the requirements of the “Regulations Governing the Installation and Repairing of Disaster Prevention-related Facilities for Natural Gas Enterprise Transmission and Storage Equipment”, “related regulators” disaster prevention facilities have been installed in separate stages since 2017. At present, 41 are completed and 9 are ongoing.
- III. Re-piping to Avoid Conflicting with Light Rail
- IV. Statistics of pipeline maintenance and care and service fees of users in buildings throughout 2022 show a total of NTD16.73 million.

In honor of our corporate social responsibilities, we will continue to work with the government by developing and promoting constructions in order to proactively improve the quality of service and gas supply safety for users. Hsin Kao expects that his employees honor the safety symbol by paying more attention to assure safety. It is also expanding its user base under the slogan “Hsin Kao, Your Best Partner to Persistent Success”. It is our hope to win recognition and secure sales as a safe brand and trademark that people trust.

The 2022 Business Overview and the operational status of January through March 2023 are as follows:

### **ONE. Operation:**

#### **I. Promotion:**

- (I) The planned target for 2022 was 4,000 households and the actual number of households secured was 4,497; the annual target fulfillment rate came to 112%.
- (II) The planned target for 2023 is 4,000 households and the actual number of households secured from January through March was 2,952; the annual fulfillment rate so far came to 74%.

## II. Setup of meters:

### (I) Year-on-Year Comparisons of January through December 2022 versus 2021:

Item	2022	2021	Increase (Decrease) %
Setup of meter	5,447 households	5,442 households	0.09%
Amount of gas purchased	6,179 x 10,000 kWh	6,058 x 10,000 kWh	1.96%

### (II) Year-on-Year Comparisons of January through March 2023 versus 2022:

Item	January - March, 2023	January - March, 2022	Increase (Decrease) %
Setup of meter	892 households	1,399 households	(36.24) %
Amount of gas purchased	6,179 x 10,000 kWh	6,058 x 10,000 kWh	0.77%

(III) (For gas payments remitted by users, as of the end of March 2023, there were 101,477 households, accounting for 46% of all users.

## **TWO. Engineering:**

### **I. Design and Construction:**

#### **(I) Overview of Design:**

Category	January - March, 2023	January - December, 2022
Collective	2,032 households	7,612 households
For-Profit	117 households	525 households
Isolated	35 households	120 households
External pipe length	3,765m	18,214m

#### **(II) Overview of Construction:**

Category	January - March, 2023	January - December, 2022
High-pressure pipe	0m	0m
Medium-pressure pipe	209m	3,351m
Low-pressure pipe, branch pipe, shared pipe	1,083m	6,835m
User regulator	7 set	10 set

## II. Service and Setup of Meter:

Name of Facility	Respective equipment and pipeline length as of March 31, 2023
Delivery port regulator	3
High-pressure pipe	0.9km
Medium-pressure pipe	144.8km
Low-pressure pipe, branch pipe, shared pipe	1,405.2km
Medium-pressure manhole	166
Regional regulating equipment	50
User regulator	416
Valve	7,840
Water dispenser box	8,955
Setup of meter for gas supply	221,162 households

III. As part of Urban Planning, pipelines are set up in re-divided areas such as Stage 99 (north of Dashun Road), Stage 90 (Chenggong 2nd Road), Stage 77 (Baozhen Road and Cuihua Road), and Stages 94 and 95 (Zhongshan 3rd and Zhonghua 5th Road).

IV. Configuration of the medium-pressure Pipeline B and addition of small regulating equipment are completed for National University of Kaohsiung.

### THREE. Management:

- I. Year-on-Year Comparisons of Purchases and Issuance of Materials for January through December 2022 versus 2021:

**Unit: NTD10 thousand**

Item	2022	2021	Increase (Decrease)	Increase (Decrease) %
Purchase of materials	19,229	19,557	(328)	(1.68) %
Issuance of materials	19,883	18,909	974	5.15%

- II. Year-on-Year Comparisons of January through December 2022 versus 2021:

**Unit: Household**

Item	2022	2021	Increase (Decrease)	Increase (Decrease) %
Number of households with contract	8,344	10,803	(2,459)	(22.76) %

- III. Year-on-Year Comparisons of Purchases and Issuance of Materials for January through March 2023 versus 2022:

**Unit: NTD10 thousand**

Item	January - March, 2023	January - March, 2022	Increase (Decrease)	Increase (Decrease) %
Purchase of materials	4,650	4,037	613	15.18%
Issuance of materials	3,809	4,201	(392)	(9.33) %

IV. Year-on-Year Comparisons of Contracts for January through March 2023 versus 2022:

**Unit: Household**

Item	January - March, 2023	January - March, 2022	Increase (Decrease)	Increase (Decrease) %
Number of households with contract	1,940	1,684	256	15.20%

V. Year-on-Year Comparisons of the Amount of Materials in Stock as of March 2023 versus 2022:

**Unit: NTD10 thousand**

Item	March, 2023	March, 2022	Increase (Decrease)	Increase (Decrease) %
Material inventory of the Company	8,339	7,923	416	5.25%

**FOUR. Finance:** (2022 is the parent company-only while 2023 is the data sorted out independently by the parent company)

I. Financial Standing:

(I) Year-on-Year Comparisons of January through December 2022 versus 2021:

**Unit: NTD10 thousand**

Entry \ Year	2022	2021	Increase (Decrease) %
Total assets	518,527	499,412	3.83%
Liabilities	282,998	258,097	9.65%
Shareholder equity	235,529	241,315	(2.40) %

(II) Year-on-Year Comparisons of January through March 2023 versus 2022:

**Unit: NTD10 thousand**

Entry \ Year	January - March, 2023	January - March, 2022	Increase (Decrease)%
Total assets	538,006	527,833	1.93%
Liabilities	295,776	278,069	6.37%
Shareholder equity	242,230	249,764	(3.02) %



II. Comparison of Amounts of Fixed Assets Purchased in 2022, 2021, and 2020:

**Unit: NTD10 thousand**

Item \ Year	2022	2021	2020
Air supply equipment	12,730	14,929	12,725

III. Operating loss or profit:

(I) Year-on-Year Comparisons of January through December 2022 versus 2021:

**Unit: NTD10 thousand**

Entry \ Year	2022	2021	Increase (Decrease)
Operating income	124,748	119,317	4.55%
Operating cost	102,114	96,083	6.28%
Operating gross profit	22,634	23,234	(2.58) %
Operating expenses	6,628	6,459	2.62%
Non-operating income and expenditure	5,315	10,930	(51.37) %
Pre-tax net profit	21,321	27,705	(23.04) %

(II) Year-on-Year Comparisons of January through  
March 2023 versus 2022:

**Unit: NTD10 thousand**

Entry \ Year	January - March, 2023	January - March, 2022
Operating income	34,779	35,099
Operating cost	27,429	27,985
Operating gross profit	7,350	7,114
Operating expenses	1,520	1,789
Net operating profit	5,830	5,325
Non-operating income and expenditure	24	2,039
Pre-tax net profit	5,854	7,364

IV. Operating income:

(I) Year-on-Year Comparisons of January through  
December 2022 versus 2021:

**Unit: NTD10 thousand**

Entry \ Year	2022	2021	Increase (Decrease) %
Income from sale of gas	95,784	91,423	4.77%
Income from installations	26,616	24,938	6.73%
Other operating income	2,348	2,956	(20.57) %
After-tax net profit	17,328	23,736	(27.00) %
After-tax earnings per share	1.57 元	2.15 元	(26.98) %

(II) Year-on-Year Comparisons of January through  
March 2023 versus 2022:

**Unit: NTD10 thousand**

Entry \ Year	January - March, 2023	January - March, 2022
Income from sale of gas	27,527	27,299
Income from installations	6,829	7,032
Other operating income	423	768
After-tax net profit	4,656	6,076
After-tax earnings per share	NTD 0.42	NTD 0.55

## **FIVE. Audit Report:**

- I. The Company's 2022 Audit Plan has been audited sequentially. The internal control system, after careful evaluation, has been effectively enforced and the Internal Control Statement was produced accordingly. It was reviewed and approved by the Board of Directors of the 13th intake during its 15th meeting on March 13, 2023. Filing is completed as required.
- II. here are 55 audit items that shall be completed throughout 2023. They were reviewed and approved by the Board of Directors of the 13th intake during its 14th meeting on November 7, 2022 and filing is completed as required. The Company will perform audits according to the audit system.

## **SIX. Stock Affairs:**

- I. Cash dividends distributed with 2022 earnings are released through remittance and a check put in the mail. For remittance, accounts with respective financial institutions throughout the country (excluding those with the post office and fishermen's or farmers' associations) are acceptable. If a shareholder does not provide a bank account, on the other hand, a sight check will be put in a registered mail.

**Your feedback is welcome regarding the foregoing presentation.**

Person in charge:

Manager:

Chief account:

## **Report 2**

Proposal: Audit Committee review of the Company's 2022 Statement of Final Accounts Report (submitted).

### **Audit Committee's Review Report**

The Board of Directors formulated motions for the Company's 2022 Business Report, financial statements, and distribution of earnings. Among them, the financial statements have been audited and completed by Baker Tilley Clock & Co., and an audit report has been issued. The above-mentioned business report, financial statements, and profit distribution proposal have been reviewed by the Audit Committee and found to have no inconsistencies. This report is issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act; please review.

Sincerely

Shin Kao Gas Co., Ltd. 2023 General Meeting of Shareholders

Convener of Audit Committee: Chen Po-Hsun

March 13, 2023

**Matters to be Reported**

**Ratification Items**

**Discussion Items**

**Election Matters**

**Extraordinary Motions**

## **Report 3**

## **Proposing Unit: The Board of Directors**

Proposal: Issuance of the Company's 2022 employee remuneration and director remuneration amounts; submitted for consideration.

Explanation:

- I. In accordance with Article 29 of the Company's Articles of Incorporation: When the Company makes a profit in the year, 1.5% to 2.5% should be allocated for employee remuneration, and no more than 0.5% should be allocated for director remuneration.
- II. In 2022, the Company's pre-tax net profit was NT\$217,564,359; the achievement rate was 108%. As deliberated in the 7th session of the 4th term of the Remuneration Committee and the 15th session of the 13th term of the Board of Directors, the employee remuneration distribution ratio for this year was 1.5 % and the amount was NT\$3,263,466; the director remuneration distribution ratio was 0.5% and the amount was NT\$1,087,821.

## **IV. Ratification Items**

### **Ratification Item 1 Proposing Unit: The Board of Directors**

Proposal: The Company's 2022 business report and statement of final accounts; submitted for ratification.

Explanation:

- I. The Company's 2022 business report and financial statements (balance sheet, statement of comprehensive income, statement of changes in equity, and statement of cash flows) were approved by the 15th session of the 13th term Board of Directors and submitted to the Audit Committee for verification.
- II. The above business report and financial statements were submitted to the current year (2023) Annual General Meeting of Shareholders for approval.
- III. For the 2022 business report and financial statements, please refer to Report 1 (pages 2-10) and Attachment 1 (pages XX-XX).

Resolution:



## **Ratification Item 2 Proposing Unit: The Board of Directors**

Proposal: The Company's 2022 earnings distribution,  
submitted for ratification.

Explanation:

- I. The Company's distribution of earnings is handled in accordance with Company Act, the Company's Articles of Incorporation, and related regulations.
- II. The initial undistributed surplus earnings of the Company was NT\$224,146,323, plus 2022 net profit of NT\$173,283,681 and other comprehensive profit and loss (remeasurement of defined benefit plan) of NT\$9,999,392. Separately, in accordance with the law, 10% legal reserve was to be withdrawn amounting to NT\$18,823,307 and special reserve of NT\$31,328,368. The surplus earnings available for distribution was NT\$357,772,721.
- III. A shareholder dividend distribution of NT\$1.2 per share (Including cash of around NTD0.3 and shares of around NTD0.9) in cash was proposed for 2022, totaling NT\$132,516,666. After the distribution proposal's review and approval by the General Meeting of Shareholders, the Chairman was to be authorized to determine the distribution record date.
- IV. The 2022 employee remuneration of NT\$3,263,466 and director remuneration of NT\$1,087,821 was approved by the 5th session of the 4th term Remuneration Committee and the 7th session of the 13th term Board of Directors. Employee

remuneration is distributed according to the salary ratio, while remuneration of directors is in accordance with the resolution of the 9th session of the 5th term Board of Directors and Supervisors meeting in 1998, such that the Chairman of the Board has two rights and directors and supervisors have one right and they have a weighted average distribution with allocation up to one New Taiwan Dollar.

- V. Amounts of less than one New Taiwan Dollar go to the Company's Employee Welfare Committee.
- VI. Please refer to page XX for the 2022 earnings distribution table.

Resolution:

## **V. Discussion Items:**

### **Item 1 Proposing Unit: The Board of Directors**

**Proposal: Amendment of some provisions of the Rules of Procedure for Shareholders' Meetings for your deliberation.**

Explanation:

- I. This is handled in accordance with the Taiwan Stock Exchange Corporation announcement (TWSE Governance No. 1110004250) dated March 8, 2022.
- II. The Company's Rules of Procedure for Shareholders' Meetings are accordingly amended for Articles 3 through 6, Articles 8, 9, 11, 13, 15, and 16. Article 6-1 and Articles 19 through 22 are added. The existing Article 19 is deferred to be Article 23.
- III. The Comparison Table of Revisions Made to the Rules of Procedure for Shareholders' Meetings is provided in Appendix 2 (page 83).

Resolution:

### **Item 2 Proposing Unit: The Board of Directors**

**Proposal: Amendment of some provisions of the Articles of Incorporation for your deliberation**

Explanation:

- I. As is required by Article 41 of the Natural Gas Enterprise Act: "The amount of paid-in capital of natural gas utility enterprises should not be lower than 35% of the original acquiring cost of current

transmission and storage equipment', the 2022 earnings-transferred capital increase through issuance of new shares is organized to bring up the capital size.

- II. The total paid-in capital size of the Company as indicated in Article of Incorporation 6 is set at NTD1,236,903,030 and the total number of shares issued is 123,690,303.
- III. The Comparison Table of the Revisions Made to the "Articles of Incorporation" is provided in Appendix 3 (pages 94).

Resolution:

**Item 3                      Proposing Unit: The Board of Directors**  
**Proposal: Amendment of the provision in Article 7 of**  
**the Company's Procedure for the Acquisition**  
**and Disposal of Assets for your deliberation.**

Explanation:

- I. To meet the demand on the market, the authority of the Chairman over the acquisition and disposal of assets is increased and Article 7 of the Company's Procedure for the Acquisition or Disposal of Assets is revised reflective of the advice on the internal control audits of stock exchanges.
- II. The Comparison Table of the Revisions Made is provided in Appendix 4 (pages XX).

Resolution:

**Item 4                      Proposing Unit: The Board of Directors**  
**Proposal: 2022 Earnings-transferred capital increase**  
**through issuance of new shares you're your**  
**deliberation**

Explanation:

- I. As is required by Article 41 of the Natural Gas Enterprise Act: "The amount of paid-in capital of natural gas utility enterprises should not be lower than 35% of the original acquiring cost of current transmission and storage equipment", the People-centered earnings-transferred capital increase through issuance of new shares is organized to bring up the capital size.
- II. The Company's paid-in capital size is NTD1,104,305,530, with 110,430,553 shares issued at NTD10 per share.
- III. It is intended to allocate NTD99,387,500 from shareholder dividends distributed as part of 2022 earnings for capital increase with 9,938,750 new shares to be issued at NTD10 per share. The paid-in capital size after capital increase is NTD1,203,693,030 and the total number of shares issued is 120,369,303.
- IV. For shareholder dividends-transferred capital increase, about 90 shares are to be distributed free of charge per thousand shares to existing shareholders according to the Roster of Shareholders on the record date. For odd lots that

are less than 1 share to be distributed, shareholders may apply with the Company's Registrar for putting them together to form a share within 5 days from the book closure date. Failure to put them together or for those remaining short of a share, on the other hand, they will be cashed according to their denomination up to NTD1 (chopped off thereafter) and the Chairman is authorized to approach specific people on underwriting them by the denomination. For shareholders taking part in book entry-based distribution of shares, for odd lots falling short of 1 share will be used to cover the processing fees of book-entry transfer.

- V. The rights and obligations associated with the issuance of new shares this time are the same as those with the original shares.
- VI. The Board of Directors is authorized to address required changes, if any, to be made to meet actual demand or as determined by the competent authority for the respective issuance details defined for this capital increase project.

Resolution:

## **VI. Elections:**

**Proposal: Nine directors for the 14th intake (including three independent directors) for your deliberation.**

Explanation:

- I. The Company's directors of the 13th intake will serve up to June 7, 2023, that is, for 3 years in total and a re-election shall take place as required by Article 195 of the Company Act.
- II. To facilitate the organization of a general shareholders' meeting in 2023, the directors of the 13th intake will fulfill their duties up to when the directors of the 14th intake (including independent directors) are elected on May 29, 2023.
- III. There are nine directors of the 14th intake, including three independent directors. For the election of directors, the candidate nomination system is adopted and they shall be elected among those on the list of candidates during the shareholders' meeting (Please refer to Attachment 5). New directors will serve a term of three years from May 29, 2023 to May 28, 2026 after the election results are available.

Resolution:

## **VII. Other proposals:**

Proposal            **Proposing Unit: The Board of Directors**

Proposal: Lifting of business strife limitation for directors for your deliberation.

Explanation:

- I. This is handled in accordance with Articles 209 and 227 of the Company Act.
- II. Some of the Company's directors are managers or directors of petroleum gas-like companies;

therefore, it is intended to lift the business strife limitation as required by the Company Act.

III. Explanations on the non-competition of the directors, as follows:

Name of the Directors	Current concurrent and other company positions
Veterans Affairs Council, R.O.C Representatives: Chi-Kai, Wang	Managing Director Shin Lung Natural Gas Co., Ltd. Director Shin Chang Natural Gas Co., Ltd.
Chin Chuan Investment Corporation Representatives: Guo-Sheng, Chen	Director Shin-Hu Natural Gas Co., Ltd.

Resolution:

**VIII. Extraordinary Motions:**

**IX. Adjournment.**



Shin Kao Gas Co., Ltd.  
Profit Distribution Table  
2022

Unit: New Taiwan Dollars

Item	Subtotal	Amount
Opening balance		224,146,323
Add: Current year net profit after tax	173,283,681	
Other comprehensive profit and loss (remeasurement of defined benefit plan)	9,999,392	
The current period's after-tax net profit plus items other than the current period's after-tax net profit are included in the current year's undistributed surplus earnings.		183,283,073
Less: Provision for legal reserve		(18,328,307)
Provision for special reserve (Note 3)		(31,328,368)
Current year surplus earnings available for distribution		357,772,721
Distribution item:		
Shareholder dividend (NT\$0.3 per share in cash)	(33,129,166)	(33,129,166)
Shareholder dividend (NT\$0.9 per share in share)	(99,387,500)	(99,387,500)
Undistributed surplus earnings, end of period		225,256,055

- Notes:**
- 1. It was proposed to allocate NT\$3,263,466 for employee remuneration and NT\$1,087,821 for directors and supervisors.**
  - 2. Shareholder dividends were given priority for the current year's net profit.**
  - 3. Replacement reserve: Calculated according to Article 54 of the Natural Gas Enterprise Act, the allocation was doubled in this instance.**
  - 4. Stock dividends were originally NTD99,387,498. To go with the lot issue of shares, it is adjusted as NTD99,387,500.**

Responsible person:      Manager:      Accountant in charge:

# Attachments

## Attachment 1

### INDEPENDENT AUDITORS' REPORT

NO.00421100EA

To the Board of Directors of Hsin Kao Gas Co., Ltd.

#### **Opinion**

We have audited the accompanying parent company only financial statements of Hsin Kao Gas Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion based on our audits and the reports of other auditors, the accompanying parent company consolidated only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Accounting Standards for Public Natural Gas Utilities.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2022 is stated as follows:

### Measurement of Accounting Estimates of Gas Charges Receivable at the End of Period

The company's net gas sales revenue in 2022 will account for about 77% of its operating income. For relevant information, please refer to Notes 4, 5 and 22 of the individual financial report. The accounting estimate of the company's gas fee receivable at the end of the period is based on the accrual basis of user usage from the previous meter reading date to the balance sheet date. This estimate involves major assumptions and subjective judgments adopted by the management. Therefore, the accountant for this part the measurement of accounting estimates is listed as one of the most important matters in this year's audit.

### Review response measures and procedures

In addition to industrial and commercial users, the company's natural gas sales are concentrated on a large number of household users. Based on historical experience, this accountant understands that this part has seasonal characteristics. The corresponding check procedures are as follows:

1. Assess whether there is any deviation in the formation of assumptions adopted by the management.
2. Check whether the estimation process of the management and the relevant documents used are appropriate.
3. Analyze and compare with the historical information of the past year to evaluate whether the estimation results adopted by the management are the best estimates and whether the measurement of accounting estimates is reasonable.

## **Other matters**

We did not audit the financial statements of certain consolidated subsidiaries of the Company. Those statements were audited by other auditors, whose

reports have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements relative to these consolidated subsidiaries was based on the reports of other auditors. Investments accounted for using equity method of the subsidiaries amounted to NT\$152,243 thousand and NT\$120,323 thousand, were representing 3% and 2% of total consolidated assets as of December 31, 2022 and 2021. And the Share of profit (loss) of associates and joint ventures accounted for using equity method of the subsidiaries amounted to NT\$(2,680) thousand and NT\$37,336 thousand, representing (3)% and 10% of total comprehensive income for the years ended December 31, 2022 and 2021, respectively.

### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standard, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China and the Accounting Standards for Public Natural Gas Utilities, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

## **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 misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the auditing standards in the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the Company's ability 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 disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicated 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 identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or regulations preclude 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.

Baker Tilly Clock & Co  
Ying-Lai Chou, CPA  
Hsien-Hsiu Cheng, CPA  
March 13, 2023



Hsin Kao Gas Co., Ltd.  
Parent Company Only Balance Sheet  
December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	6	\$ 165,297	3	\$ 169,338	4
Financial assets at fair value through profit or loss-current	7	7,860	—	14,280	—
Financial assets at fair value through other comprehensive income-current	8	382,722	7	430,142	9
Notes receivable, net	9	20,418	1	11,683	—
Accounts receivable, net	9	142,436	3	120,510	2
Other receivables		55	—	—	—
Inventories	10	262,315	5	243,486	5
Prepayments		5,195	—	4,996	—
Total current assets		986,298	19	994,435	20
Non-current assets					
Investments accounted for using equity method	11	558,488	11	577,413	12
Property, plant, and equipment	12	2,619,293	50	2,640,062	53
Right-of-use assets	13	55,338	1	53,643	1
Intangible assets		463	—	2,133	—
Deferred tax assets	28	46,241	1	45,345	1
Funds	14	244,156	5	205,324	4
Net defined benefit assets, non-current	19	71,612	1	58,727	1
Other non-current assets, others	15	603,384	12	417,034	8
Total non-current assets		4,198,975	81	3,999,681	80
Total assets		\$ 5,185,273	100	\$ 4,994,116	100

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

Hsin Kao Gas Co., Ltd.  
Parent Company Only Balance Sheet (continued)  
December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current liabilities					
Short-term notes and bills payable	16	\$ 229,559	4	\$ 69,930	1
Contract liability – current	22	1,378,138	27	1,285,984	26
Accounts payable		90,171	2	103,958	2
Other payables	17	151,772	3	152,888	3
Current tax liabilities	28	21,428	—	22,725	1
Lease liabilities – current	13	6,551	—	4,638	—
Other current liabilities, others		6,039	—	4,810	—
Total current liabilities		1,883,658	36	1,644,933	33
Non-current liabilities					
Deferred tax liabilities	28	8,820	—	6,356	—
Lease liabilities - non-current	13	41,013	1	40,742	1
Long-term deferred revenue	18	735,041	14	730,929	15
Guarantee deposits received		161,454	3	158,005	3
Total non-current liabilities		946,328	18	936,032	19
Total liabilities		2,829,986	54	2,580,965	52
Ordinary share		1,104,306	21	1,104,306	21
Capital surplus		30,113	1	30,113	1
Retained earnings		1,028,271	20	999,591	20
Legal reserve		350,966	7	326,541	6
Special reserve		269,876	5	232,140	5
Unappropriated retained earnings		407,429	8	440,910	9
Other equity interest		192,597	4	279,141	6
Total equity	20	2,355,287	46	2,413,151	48
Total liabilities and equity		\$ 5,185,273	100	\$ 4,994,116	100

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

Hsin Kao Gas Co., Ltd.  
Parent Company Only Statement of Comprehensive Income  
From January 1 to December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

Item	Notes	2022		2021	
		Amount	%	Amount	%
Operating revenue	22	\$ 1,247,480	100	\$ 1,193,172	100
Operating costs	10,23	(1,021,142)	(82)	(960,832)	(81)
Gross profit from operations		226,338	18	232,340	19
Operating expenses					
Selling expenses		(26,061)	(2)	(27,337)	(2)
Administrative expenses		(40,218)	(3)	(37,250)	(3)
Total operating expenses		(66,279)	(5)	(64,587)	(5)
Net other income		160,059	13	167,753	14
Non-operating income and expenses					
Interest income	24	1,329	—	732	—
Other income	25	46,386	4	35,363	3
Other gains and losses	26	(6,455)	(1)	1,504	—
Finance costs	27	(304)	—	(278)	—
Share of profit (loss) of associates and joint ventures accounted for using equity method	11	12,198	1	71,976	6
Total non-operating income and expenses		53,154	4	109,297	9
Profit before tax		213,213	17	277,050	23
Tax expenses	28	(39,929)	(3)	(39,686)	(3)
Profit		173,284	14	237,364	20
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit plans		12,499	1	8,606	—
Unrealized profit or loss from investments in equity instruments measured at fair value through other comprehensive income		(47,420)	(4)	78,613	7
Share of other comprehensive gain (loss) of subsidiaries and associates accounted for using equity method		(39,124)	(3)	44,326	4
Income tax expenses related to items that will not be reclassified subsequently to profit and loss	28	(2,500)	—	(1,721)	—
Other comprehensive income, net		(76,545)	(6)	129,824	11
Comprehensive income		\$ 96,739	8	\$ 367,188	31
Earnings per share (NTD)	21				
Basic earnings per share		\$ 1.57		\$ 2.15	
Diluted earnings per share		\$ 1.57		\$ 2.15	

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

Hsin Kao Gas Co., Ltd.  
Parent Company Only Statement of Changes in Equity  
From January 1 to December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

Item	Share capital	Capital surplus	Retained Earnings			Others	Total equity
			Legal capital reserve	Special reserve	Unappropriated retained earnings	Unrealized gains or losses on financial assets at fair value through other comprehensive income	
Balance on January 1, 2021	\$ 1,104,306	\$ 30,113	\$ 307,203	\$ 199,061	\$ 392,638	\$ 156,202	\$ 2,189,523
Legal reserve appropriated	—	—	19,338	—	(19,338)	—	—
Special reserve appropriated	—	—	—	33,079	(33,079)	—	—
Cash dividends of ordinary share	—	—	—	—	(143,560)	—	(143,560)
Profit in 2021	—	—	—	—	237,364	—	237,364
Other comprehensive income in 2021	—	—	—	—	6,885	122,939	129,824
Total comprehensive income in 2021	—	—	—	—	244,249	122,939	367,188
Balance on December 31, 2021	\$ 1,104,306	\$ 30,113	\$ 326,541	\$ 232,140	\$ 440,910	\$ 279,141	\$ 2,413,151
Legal reserve appropriated	—	—	24,425	—	(24,425)	—	—
Special reserve appropriated	—	—	—	37,736	(37,736)	—	—
Cash dividends of ordinary share	—	—	—	—	(154,603)	—	(154,603)
Profit in 2022	—	—	—	—	173,284	—	173,284
Other comprehensive income in 2022	—	—	—	—	9,999	(86,544)	(76,545)
Total comprehensive income in 2022	—	—	—	—	183,283	(86,544)	96,739
Balance on December 31, 2022	\$ 1,104,306	\$ 30,113	\$ 350,966	\$ 269,876	\$ 407,429	\$ 192,597	\$ 2,355,287

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

Hsin Kao Gas Co., Ltd.  
Parent Company Only Statement of Comprehensive Income  
From January 1 to December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

Item	2022	2021
	Amount	Amount
Cash flows from operating activities:		
Profit before tax	\$ 213,213	\$ 277,050
Adjustments		
Income and expenses		
Depreciation expenses	223,179	215,735
Amortization expenses	1,670	1,819
Expected credit loss (gain on reversal)	(165)	—
Gains (losses) on financial assets at fair value through profit or loss	6,420	(1,790)
Interest expense	304	278
Interest income	(1,329)	(732)
Dividend income	(26,543)	(20,963)
Share of the profit or loss of the subsidiaries and associates accounted for using the equity method	(12,198)	(71,976)
Gain on disposal of property, plant and equipment	15	41
Amortization of long-term deferred revenue	(104,135)	(96,464)
Other income	(654)	(681)
Total income and expenses	86,564	25,267
Changes in operating assets and liabilities		
Decrease (increase) in notes receivable	(8,735)	8,054
Decrease (increase) in accounts receivable	(21,761)	15,755
Decrease (increase) in other receivables	(55)	225
(Increase) in inventories	(18,829)	(30,993)
(Increase) in prepayments	(199)	(443)
Decrease in other current assets	—	11
Increase in net defined benefit assets	(387)	(3,768)
Increase in contract liabilities	199,450	111,650
Increase (decrease) in accounts payable	(13,787)	221
Increase (decrease) in other payables	(1,116)	2,664
Decrease in other current liabilities	1,229	(758)
Increase in long-term deferred revenue	951	—
Cash from operating activities	436,538	404,935

Hsin Kao Gas Co., Ltd.

Parent Company Only Statement of Comprehensive Income (continued)

From January 1 to December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

Item	2022	2021
	Amount	Amount
Interest received	1,329	732
Dividends received	26,543	20,963
Interest paid	(7)	(13)
Income tax paid	(42,158)	(34,769)
Net cash inflow from operating activities	422,245	391,848
Cash flow from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	—	(1,418)
Acquisition of investments accounted for under the equity method	(8,000)	(6,000)
Acquisition of property, plant, and equipment	(195,414)	(249,513)
Disposal of property, plant, and equipment	19	15
Increase (decrease) in refundable deposits	218	(826)
Acquisition of right-of-use assets	—	(8,384)
Increase in prepayments for equipment	(9,010)	(4,520)
(Increase) in prepayment for real estate	(177,558)	(76,106)
(Increase) in provision for gas transportation pipeline replacement	(38,832)	(33,776)
Net cash flows (used in) investing activities	(428,577)	(380,528)
Cash flows from financing activities:		
Increase in short-term notes and bills payable	159,629	29,959
Increase in guarantee deposits received	3,449	1,475
Repayment of lease liabilities	(6,184)	(5,098)
Cash dividends paid	(154,603)	(143,560)
Net cash flows from (used in) financing activities	2,291	(117,224)
Net increase (decrease) in cash and cash equivalents	(4,041)	(105,904)
Cash and cash equivalents at beginning of period	169,338	275,242
Cash and cash equivalents at end of period	\$ 165,297	\$ 169,338

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

## INDEPENDENT AUDITORS' REPORT

NO.00421100ECA

The Board of Directors of Hsin Kao Gas Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Hsin Kao Gas Co., Ltd. and subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion based on our audits and the reports of other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 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, and the International Financial Reporting Standards (IFRS), International Accounting Standard (IAS), interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China and the Accounting Standards for Public Natural Gas Utilities.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these

requirements. 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 consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

#### Measurement of Accounting Estimates of Gas Charges Receivable at the End of Period

The Group's net gas sales revenue in 2022 will account for about 77% of its operating income. For relevant information, please refer to Notes 4, 5 and 24 of the individual financial report. The accounting estimate of the Group's gas fee receivable at the end of the period is based on the accrual basis of user usage from the previous meter reading date to the balance sheet date. This estimate involves major assumptions and subjective judgments adopted by the management. Therefore, the accountant for this part the measurement of accounting estimates is listed as one of the most important matters in this year's audit.

#### Review response measures and procedures

In addition to industrial and commercial users, the Group's natural gas sales are concentrated on a large number of household users. Based on historical experience, this accountant understands that this part has seasonal characteristics. The corresponding check procedures are as follows:

1. Assess whether there is any deviation in the formation of assumptions adopted by the management.
2. Check whether the estimation process of the management and the relevant



documents used are appropriate.

3. Analyze and compare with the historical information of the past year to evaluate whether the estimation results adopted by the management are the best estimates and whether the measurement of accounting estimates is reasonable.

#### **Other matters**

We did not audit the financial statements of certain consolidated subsidiaries of the Group. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements relative to these consolidated subsidiaries was based on the reports of other auditors. Investments accounted for using equity method of the subsidiaries amounted to NT\$152,243 thousand and NT\$120,323 thousand, were representing 3% and 2% of total consolidated assets as of December 31, 2022 and 2021. And the Share of profit (loss) of associates and joint ventures accounted for using equity method of the subsidiaries amounted to NT\$(2,680) thousand and NT\$37,336 thousand, representing (3)% and 10% of total comprehensive income for the years ended December 31, 2022 and 2021, respectively.

We have also audited the parent company only financial statements of Hsin Kao Gas Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion with other matter paragraph.

#### **Responsibilities of management and directors for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuer, and the International Financial Reporting Standards, International Accounting

Standard, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China and the Accounting Standards for Public Natural Gas Utilities,, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group' ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with the auditing standards in the Republic of China, we exercised professional judgment and maintained professional

skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability 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 disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a

manner that achieves fair presentation.

6. Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicated 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 identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or regulations preclude 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.

Baker Tilly Clock & Co  
Ying-Lai Chou, CPA  
Hsien-Hsiu Cheng, CPA  
March 13, 2023

Hsin Kao Gas Co., Ltd. and subsidiaries  
Consolidated Balance Sheets  
December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
<b>Current assets</b>					
Cash and cash equivalents	6	\$ 173,093	3	\$ 188,488	4
Financial assets at fair value through profit or loss-current	7	15,720	—	28,560	—
Financial assets at fair value through other comprehensive income-current	8	586,571	11	673,649	13
Notes receivable, net	9	20,418	—	11,683	—
Accounts receivable, net	9	142,436	3	120,510	2
Other receivables		55	—	—	—
Inventories	10	590,906	11	474,444	9
Prepayments	11	36,135	—	31,234	1
<b>Total current assets</b>		<b>1,565,334</b>	<b>28</b>	<b>1,528,568</b>	<b>29</b>
<b>Non-current assets</b>					
Financial assets at fair value through other comprehensive income-non-current	8	93,132	2	93,863	2
Investments accounted for using equity method	12	152,243	3	120,323	2
Property, plant, and equipment	13	2,619,293	48	2,640,062	51
Right-of-use assets	14	55,338	1	53,643	1
Intangible assets		463	—	2,133	—
Deferred tax assets	30	47,656	1	46,760	1
Funds	15	244,156	4	205,324	4
Net defined benefit assets, non-current	21	71,612	1	58,727	1
Other non-current assets, others	16	647,684	12	461,334	9
<b>Total non-current assets</b>		<b>3,931,577</b>	<b>72</b>	<b>3,682,169</b>	<b>71</b>
<b>Total assets</b>		<b>\$ 5,496,911</b>	<b>100</b>	<b>\$ 5,210,737</b>	<b>100</b>

(Please refer to the Notes to Consolidated Financial Statements)

Hsin Kao Gas Co., Ltd. and subsidiaries  
Consolidated Balance Sheets (continued)  
December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current liabilities					
Short-term notes and bills payable	17	\$ 286,040	5	\$ 99,896	2
Contract liability – current	24	1,378,138	25	1,285,984	25
Accounts payable		90,171	2	103,958	2
Other payables	18	151,772	3	152,888	3
Current tax liabilities	30	23,384	–	27,812	–
Lease liabilities – current	14	6,551	–	4,638	–
Other current liabilities, others		6,039	–	4,810	–
Total current liabilities		1,942,095	35	1,679,986	32
Non-current liabilities					
Long-term borrowings	19	209,820	4	136,000	3
Deferred tax liabilities	30	8,820	–	6,356	–
Lease liabilities - non-current	14	41,013	1	40,742	1
Long-term deferred revenue	20	735,041	13	730,929	14
Guarantee deposits received		161,454	3	158,005	3
Total non-current liabilities		1,156,148	21	1,072,032	21
Total liabilities		3,098,243	56	2,752,018	53
Equity attributable to owners of parent					
Ordinary share		1,104,306	20	1,104,306	21
Capital surplus		30,113	1	30,113	1
Retained earnings		1,028,271	19	999,591	19
Legal reserve		350,966	6	326,541	6
Special reserve		269,876	5	232,140	4
Unappropriated retained earnings		407,429	8	440,910	9
Other equity interest		192,597	3	279,141	5
Total equity attributable to owners of parent		2,355,287	43	2,413,151	46
Non-controlling interests		43,381	1	45,568	1
Total equity	22	2,398,668	44	2,458,719	47
Total liabilities and equity		\$ 5,496,911	100	\$ 5,210,737	100

(Please refer to the Notes to Consolidated Financial Statements)

Hsin Kao Gas Co., Ltd. and subsidiaries  
Consolidated Statement of Comprehensive Income  
January 1 to December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

Item	Notes	2022		2021	
		Amount	%	Amount	%
Operating revenue	24	\$ 1,247,480	100	\$ 1,193,172	100
Operating costs	10,25	(1,021,142)	(82)	(960,832)	(81)
Gross profit from operations		226,338	18	232,340	19
Operating expenses					
Selling expenses		(26,061)	(2)	(27,337)	(2)
Administrative expenses		(42,184)	(3)	(39,042)	(3)
Total operating expenses		(68,245)	(5)	(66,379)	(5)
Net other income		158,093	13	165,961	14
Non-operating income and expenses					
Interest income	26	1,348	—	737	—
Other income	27	76,703	6	83,827	7
Other gains and losses	28	(12,875)	(1)	3,294	—
Finance costs	29	(754)	—	(361)	—
Share of profit (loss) of associates and joint ventures accounted for using equity method	12	(2,680)	—	37,336	3
Total non-operating income and expenses		61,742	5	124,833	10
Profit before tax		219,835	18	290,794	24
Tax expenses	30	(45,478)	(4)	(48,156)	(4)
Profit		174,357	14	242,638	20
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit plans		12,499	1	8,606	1
Unrealized profit or loss from investments in equity instruments measured at fair value through other comprehensive income		(89,804)	(7)	126,633	11
Income tax expenses related to items that will not be reclassified subsequently to profit and loss	30	(2,500)	—	(1,721)	—
Other comprehensive income, net		(79,805)	(6)	133,518	12
Comprehensive income		94,552	8	376,156	32
Profit, attributable to					
owners of parent		173,284	14	237,364	20
non-controlling interests		1,073	—	5,274	—
		174,357	14	242,638	20
Comprehensive income attributable to					
owners of parent		96,739	8	367,188	31
non-controlling interests		(2,187)	—	8,968	1
		\$ 94,552	8	\$ 376,156	32
Earnings per share (NTD)	23				
Basic earnings per share		\$ 1.57		\$ 2.15	
Diluted earnings per share		\$ 1.57		\$ 2.15	

(Please refer to the Notes to Consolidated Financial Statements)

Hsin Kao Gas Co., Ltd. and subsidiaries  
Consolidated Statement of Changes in Equity  
January 1 to December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

Item	Equity attributable to owners of parent company						Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained Earnings			Other equity interest			
			Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains or losses on financial assets at fair value through other comprehensive income			
Balance on January 1, 2021	\$ 1,104,306	\$ 30,113	\$ 307,203	\$ 199,061	\$ 392,638	\$ 156,202	\$ 2,189,523	\$ 36,600	\$ 2,226,123
Legal reserve appropriated	—	—	19,338	—	(19,338)	—	—	—	—
Special reserve appropriated	—	—	—	33,079	(33,079)	—	—	—	—
Cash dividends of ordinary share	—	—	—	—	(143,560)	—	(143,560)	—	(143,560)
Profit in 2021	—	—	—	—	237,364	—	237,364	5,274	242,638
Other comprehensive income in 2021	—	—	—	—	6,885	122,939	129,824	3,694	133,518
Total comprehensive income in 2020	—	—	—	—	244,249	122,939	367,188	8,968	376,156
Balance on December 31, 2021	\$ 1,104,306	\$ 30,113	\$ 326,541	\$ 232,140	\$ 440,910	\$ 279,141	\$ 2,413,151	\$ 45,568	\$ 2,458,719
Legal reserve appropriated	—	—	24,425	—	(24,425)	—	—	—	—
Special reserve appropriated	—	—	—	37,736	(37,736)	—	—	—	—
Cash dividends of ordinary share	—	—	—	—	(154,603)	—	(154,603)	—	(154,603)
Profit in 2022	—	—	—	—	173,284	—	173,284	1,073	174,357
Other comprehensive income in 2022	—	—	—	—	9,999	(86,544)	(76,545)	(3,260)	(79,805)
Total comprehensive income in 2022	—	—	—	—	183,283	(86,544)	96,739	(2,187)	94,552
Balance on December 31, 2022	\$ 1,104,306	\$ 30,113	\$ 350,966	\$ 269,876	\$ 407,429	\$ 192,597	\$ 2,355,287	\$ 43,381	\$ 2,398,668

(Please refer to the Notes to Consolidated Financial Statements)



Hsin Kao Gas Co., Ltd. and subsidiaries  
Consolidated Statement of Cash Flows  
January 1 to December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

Item	2022	2021
	Amount	Amount
Cash flows from operating activities:		
Profit before tax	\$ 219,835	\$ 290,794
Adjustments		
Income and expenses		
Depreciation expenses	223,179	215,735
Amortization expenses	1,670	1,819
Expected credit loss (gain on reversal)	(165)	—
Gains (losses) on financial assets at fair value through profit or loss	12,840	(3,580)
Interest expense	754	361
Interest income	(1,348)	(737)
Dividend income	(41,858)	(31,978)
Share of profit or loss of associates and joint ventures accounted for using the equity method	2,680	(37,336)
Loss on disposal of property, plant and equipment	15	41
Amortization of long-term deferred revenue	(104,135)	(96,464)
Other income	(654)	(681)
Total income and expenses	92,978	47,180
Changes in operating assets and liabilities		
Decrease (increase) in notes receivable	(8,735)	8,054
Decrease (increase) in accounts receivable	(21,761)	15,755
Decrease (increase) in other receivables	(55)	4,725
(Increase) in inventories	(116,462)	(100,163)
(Increase) in prepayments	(4,901)	(3,855)
Decrease in other current assets	—	11
Increase in net defined benefit assets	(387)	(3,768)
Increase in contract liabilities	199,450	111,650
Increase (decrease) in accounts payable	(13,787)	221
Increase (decrease) in other payables	(1,116)	2,664
Increase (decrease) in other current liabilities	1,229	(758)
Increase in long-term deferred revenue	951	—
Cash from operating activities	\$ 347,239	\$ 372,510

Hsin Kao Gas Co., Ltd. and subsidiaries

Consolidated Statement of Cash Flows (continued)  
January 1 to December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

Item	2022	2021
	Amount	Amount
Interest received	1,348	737
Dividends received	41,858	31,978
Interest paid	(457)	(96)
Income tax paid	(50,837)	(43,345)
Net cash inflow from operating activities	339,151	361,784
Cash flow from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,995)	(65,456)
Acquisition of investments accounted for under the equity method	(34,600)	(12,000)
Acquisition of property, plant, and equipment	(195,414)	(249,513)
Disposal of property, plant, and equipment	19	15
Increase (decrease) in refundable deposits	218	(826)
Acquisition of right-of-use assets	—	(8,384)
Increase in prepayments for equipment	(9,010)	(4,520)
(Increase) in prepayment for real estate	(177,558)	(76,106)
(Increase) in provision for gas transportation pipeline replacement	(38,832)	(33,776)
Net cash flows from (used in) investing activities	(457,172)	(450,566)
Cash flows from financing activities:		
Increase in short-term notes and bills payable	186,144	59,925
Proceeds from long-term borrowings	73,820	62,180
Increase in guarantee deposits received	3,449	1,475
Repayment of lease liabilities	(6,184)	(5,098)
Cash dividends paid	(154,603)	(143,560)
Net cash flows from (used in) financing activities	102,626	(25,078)
Net (decrease) in cash and cash equivalents	(15,395)	(113,860)
Cash and cash equivalents at beginning of period	188,488	302,348
Cash and cash equivalents at end of period	\$ 173,093	\$ 188,488

(Please refer to the Notes to Consolidated Financial Statements)

## “Hsin-Kao Gas Co., Ltd. Rules of Procedure for Shareholders’ Meetings”

### Comparison Table of Revised Articles

Revised	Current
<p>Article 3</p> <p>Unless specified otherwise in laws and regulations, the Company’s shareholders’ meetings shall be called for by the Board of Directors.</p> <p><u>Any change in how a shareholders’ meeting is held shall be resolved by the Board of Directors, and any such change shall be made before the Shareholders’ Meeting Notice is mailed at the latest.</u></p> <p>To hold a general shareholders’ meeting or a special shareholders’ meeting, the Company shall prepare electronic files containing the Meeting Notice, the Power of Attorney template, applicable proposals for ratification and to be discussed, election or dismissal of directors, among others, their causes and descriptive information and send them to the Market Observation Post System 30 days or 15 days in advance. The electronic files of the shareholders’ meeting handbook along with supplementary meeting materials shall also be sent to the Market Observation Post System 21 days before the General Shareholders’ Meeting or 15 days before the Special Shareholders’ Meeting. <u>In the event that the paid-in capital size of the Company as of the end date of the latest fiscal year reaches NTD10 billion and above or that the shareholding ratios of foreign investors or investors from Mainland China as shown in the Roster of Shareholders for the General Shareholders’ Meeting held in the latest fiscal year combined reach 30% and above, however, transmission of such electronic files shall be completed 30 days before the General Shareholders’ Meeting.</u> The meeting handbook for the current shareholders’ meeting with supplementary meeting materials shall be prepared 15 days before the meeting to be available for retrieval by shareholders at any time and they shall be</p>	<p>Article 3</p> <p>Unless specified otherwise in laws and regulations, the Company’s shareholders’ meetings shall be called for by the Board of Directors.</p> <p>To hold a general shareholders’ meeting or a special shareholders’ meeting, the Company shall prepare electronic files containing the Meeting Notice, the Power of Attorney template, applicable proposals for ratification and to be discussed, election or dismissal of directors, among others, their causes and descriptive information and send them to the Market Observation Post System 30 days or 15 days in advance. 21 days before the general shareholders’ meeting or 15 days before the special shareholders’ meeting, electronic files shall be prepared containing the meeting handbook and supplementary information and sent to the Market Observation Post System. Fifteen days before the shareholders’ meeting, the meeting agenda and supplementary information for the current meeting shall be prepared to be reviewed at any time by the shareholders and be available at the Company and the professional registrar authorized by the Company <u>and shall be distributed at the site of the shareholders’ meeting.</u></p> <p>The notification and announcement shall specify cause of the meeting; when approved by the counterparty, notification may be done electronically.</p> <p>Matters pertaining to election or discharge of directors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the</p>

displayed at the Company or the professional stock affairs agency assigned by the Company.

The meeting handbook and supplementary information in the preceding paragraph shall be provided to the Shareholders for their reference on the day of the shareholders' meeting in one of the following ways:

- I. They are to be distributed in the field if a shareholders' meeting is held in a physical location.
- II. They are to be distributed in the field and sent to the video conferencing platform in electronic files if the meeting is held both in a physical location and through video conferencing.
- III. They are to be sent to the video conferencing platform in electronic files if the meeting is held as a video conference.

The notification and announcement shall specify cause of the meeting; when approved by the counterparty, notification may be done electronically.

Matters pertaining to election or discharge of directors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and matters as set for in Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as motions from the floor.

Once it is specified under cause of meeting that directors will be re-elected and their date of inauguration is specified, upon completion of the re-election during the said shareholders' meeting, the date of inauguration will not be changed through a

form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and matters as set for in Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as motions from the floor.

Once it is specified under cause of meeting that directors will be re-elected and their date of inauguration is specified, upon completion of the re-election during the said shareholders' meeting, the date of inauguration will not be changed through a motion from the floor or in any other way again.

Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of the Company may introduce a proposal in the general shareholders' meeting provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, for respective conditions in Paragraph 4 of Article 172-1 of the Company Act, the Board of Directors may choose not to include them as part of the agenda.

Shareholders may introduce proposals meant for urging a company to promote public interests or fulfill its social responsibilities. Procedurally, such proposals shall be limited to one as applicable under Article 172-1 of the Company Act. Any excess will not be included in the agenda.

The Company shall announce acceptance of proposals from shareholders, in writing or electronically, the location and date of acceptance before the book closure date prior to the shareholders' meeting; the processing period may not be less than ten days.

Any proposal introduced by shareholders is limited to 300 words; those exceeding 300 words will not be included as part of

<p>motion from the floor or in any other way again.</p> <p>Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of the Company may introduce a proposal in the general shareholders' meeting provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, for respective conditions in Paragraph 4 of Article 172-1 of the Company Act, the Board of Directors may choose not to include them as part of the agenda.</p> <p>Shareholders may introduce proposals meant for urging a company to promote public interests or fulfill its social responsibilities. Procedurally, such proposals shall be limited to one as applicable under Article 172-1 of the Company Act. Any excess will not be included in the agenda.</p> <p>The Company shall announce acceptance of proposals from shareholders, in writing or electronically, the location and date of acceptance before the book closure date prior to the shareholders' meeting; the processing period may not be less than ten days.</p> <p>Any proposal introduced by shareholders is limited to 300 words; those exceeding 300 words will not be included as part of the agenda. The shareholders shall attend the shareholders' meeting in person or through their proxies and take part in discussions about their proposal.</p> <p>The Company shall notify the proposing shareholder of the outcome prior to the date when the shareholders' meeting notice is sent and include proposals that meet the requirements hereunder in the meeting notice. For proposals from shareholders that are not included as part of the meeting agenda, the Board of Directors shall explain why they are not included during the shareholders' meeting.</p>	<p>the agenda. The shareholders shall attend the shareholders' meeting in person or through their proxies and take part in discussions about their proposal. The Company shall notify the proposing shareholder of the outcome prior to the date when the shareholders' meeting notice is sent and include proposals that meet the requirements hereunder in the meeting notice. For proposals from shareholders that are not included as part of the meeting agenda, the Board of Directors shall explain why they are not included during the shareholders' meeting.</p>
<p>Article 4</p> <p>Shareholders may authorize someone to attend the shareholders' meeting on their behalf by issuing the Letter of Authorization printed by the Company specifying the scope of authorization for each</p>	<p>Article 4</p> <p>Shareholders may authorize someone to attend the shareholders' meeting on their behalf by issuing the Letter of Authorization printed by the Company specifying the scope of authorization for</p>

<p>shareholders' meeting.  Each shareholder may issue one Power of Attorney (POA) and authorize one person. Such POA shall be delivered to the Company five days prior to the shareholders' meeting. In cases of repeated POAs, the one delivered first shall prevail. This, however, does not apply if it is declared that prior authorization shall be recalled.  After the Letter of Authorization is delivered to the Company, if the shareholder intends to attend the shareholders' meeting in person or to exercise his/her/its voting right in writing or by way of electronic transmission, a notice on cancellation of the authorization may be provided to the Company two days prior to the date of the shareholders' meeting; any delay in cancellation shall be subject to prioritizing the voting right exercised by the authorized representative that attends the meeting.  <u>Upon delivery of the Letter of Authorization to the Company, if the shareholder intends to attend the shareholders' meeting through video conferencing, the notice on cancellation of authorization shall be submitted to the Company in writing two days before the shareholders' meeting; failure to do so, the voting right exercised by the authorized proxy shall prevail.</u></p>	<p>each shareholders' meeting.  Each shareholder may issue one Power of Attorney (POA) and authorize one person. Such POA shall be delivered to the Company five days prior to the shareholders' meeting. In cases of repeated POAs, the one delivered first shall prevail. This, however, does not apply if it is declared that prior authorization shall be recalled.  After the Letter of Authorization is delivered to the Company, if the shareholder intends to attend the shareholders' meeting in person or to exercise his/her/its voting right in writing or by way of electronic transmission, a notice on cancellation of the authorization may be provided to the Company two days prior to the date of the shareholders' meeting; any delay in cancellation shall be subject to prioritizing the voting right exercised by the authorized representative that attends the meeting.</p>
<p>Article 5 (Principles for the Venue and Time of A Shareholders' Meeting)  A shareholders' meeting shall take place at where the Company is located or it is convenient for shareholders to attend and suitable for holding the meeting. The start time of the meeting may not be earlier than 9:00 am or later than 3:00 pm Opinions from independent directors shall be fully considered about the time and venue of the meeting.  <u>The restrictions on the place of the meeting shall not apply when the Company convenes a video-conference shareholders' meeting.</u></p>	<p>Article 5 (Principles for the Venue and Time of A Shareholders' Meeting)  A shareholders' meeting shall take place at where the Company is located or it is convenient for shareholders to attend and suitable for holding the meeting. The start time of the meeting may not be earlier than 9:00 am or later than 3:00 pm Opinions from independent directors shall be fully considered about the time and venue of the meeting.</p>
<p>Article 6 (Preparation of Documents Such as the Sign-in Book)  The Company shall specify the time and place for <u>shareholders, solicitors, and proxy agents (hereinafter referred to as "Shareholders")</u> to report to the meeting and other notes in the notice of the meeting.</p>	<p>Article 6 (Preparation of Documents Such as the Sign-in Book)  The Company shall specify in the meeting notice the check-in time and check-in site and other precautions for shareholders. Time for check-in by shareholders shall begin at least 30 minutes prior to the</p>

<p>The time by which shareholders shall check in as indicated in the preceding paragraph shall be at least 30 minutes before the meeting starts. The check-in place shall be clearly marked, with adequate staff in place. <u>Checking-in shall take place on the video conferencing platform 30 minutes before the meeting starts in the case of a video-conference meeting. Shareholders that have checked in are considered to be attending the shareholder's meeting in person.</u></p> <p><u>Shareholders</u> shall attend a shareholders' meeting with a show of their attendance card, attendance sign-in card, or other IDs. The Company may not add or demand provision of other supporting documents at will about the supporting document presented by the attending shareholders. Solicitors of Letters of Authorization shall also bring their National ID read for verification.</p> <p>The Company shall have the sign-in book ready to be signed by the attending shareholders or the attending shareholders shall submit the sign-in card instead to indicate their presence.</p> <p>The Company shall give shareholders present in the meeting the meeting agenda, annual report, attendance card, speech note, vote, and other meeting materials; when election of directors is involved, the ballot shall also be included.</p> <p>When the shareholder is the government or a corporation, there may be more than one representative attending the shareholders' meeting. When a legal entity is authorized to attend a shareholder's meeting, only one person may attend the meeting.</p> <p><u>For a shareholders' meeting that takes place in the form of video conferencing, to attend the meeting, Shareholders shall register with the Company two days prior to the meeting.</u></p> <p><u>If the meeting is held through video conferencing, the Company shall upload the meeting handbook, annual report, and other pertinent materials to the video conferencing platform at least 30 minutes prior to commencement of the meeting and keep them in a disclosed state up to completion of the meeting.</u></p>	<p>scheduled time of meeting and the check-in site shall have clear indications and adequate and competent staff to take care of the check-in process.</p> <p>Shareholders or people authorized by them (the "Shareholders") shall attend a shareholders' meeting with a show of their attendance card, attendance sign-in card, or other IDs. The Company may not add or demand provision of other supporting documents at will with regards to the supporting document presented by the attending shareholders. Solicitors of Letters of Authorization shall also bring their National ID ready for verification.</p> <p>The Company shall have the sign-in book ready to be signed by the attending shareholders or the attending shareholders shall submit the sign-in card instead to indicate their presence.</p> <p>The Company shall give shareholders present in the meeting the meeting agenda, annual report, attendance card, speech note, vote, and other meeting materials; when election of directors is involved, the ballot shall also be included.</p> <p>When the shareholder is the government or a corporation, there may be more than one representative attending the shareholders' meeting. When a legal entity is authorized to attend a shareholder's meeting, only one person may attend the meeting.</p>
<p><u>Article 6-1 (Information to be Included in the</u></p>	<p>This article is added.</p>

Notice of Shareholders' Meeting Held through Video Conferencing)

To hold a shareholder' meeting through video conferencing, the Company shall include the following information in the Notice of Shareholders' Meeting:

I. How will shareholders attend the meeting and exercise their rights during the meeting.

II. How will it be handled if the video conferencing platform experiences trouble due to natural disasters, accidents, or other force majeure events or barriers are encountered to prevent against participation in such video conference? It shall at least include the following:

(I) The rescheduled date of the meeting if it has to be postponed or be continued through another session due to the barriers indicated in the foregoing that cannot be resolved and hence demand a postponement or continuation some other time.

(II) Shareholders who did not take part in the original shareholders' meeting through video conferencing may not take part in the rescheduled or continued meeting.

(III) For a shareholders' meeting held in a physical location where shareholders may also take part through video conferencing, if video conferencing cannot be continued, as long as the total number of shares represented in the physical location reaches a quorum (excluding the number of shareholders participating through video conferencing), the meeting shall be continued. For those attending through video conferencing, the shares they represent shall be included as part of the total number of shares represented by attending shareholders yet they will be considered as having exercised abstention in all proposals during the said shareholders' meeting.

(IV) How will it be handled if the



<p><u>results have been announced for all proposals without motion from the floor?</u></p> <p>III. <u>To convene a video-conference shareholder's meeting, appropriate alternative measures available to shareholders with difficulties in attending the shareholders' meeting through video-conferencing shall be specified, too.</u></p>	
<p>Article 8 (Recording or Videotaping Throughout the Shareholders' Meeting) The Company shall, from the time shareholders check in, record and videotape without stop the whole check-in process, the whole meeting, voting, and the ballot counting process. The audiovisual data in the preceding paragraph shall be kept for at least a year. When lawsuits are filed by shareholders according to Article 189 of the Company Act, however, such evidence shall be kept up to completion of legal proceedings. <u>If the meeting is held through video conferencing, the Company shall keep records of Shareholders' registration, enrollment, check-in, questions and voting and the Company's ballot-counting outcome and the video conferencing shall be recorded and videotaped without stop from start to end.</u> <u>The Company shall properly keep the aforementioned information and audio and video recordings throughout the life of the Company, and shall give the audio and video recordings to the party entrusted to organize the video conference.</u> <u>In the event that a shareholders' meeting takes place through video-conferencing, the Company shall record or videotape the back-office operational interface of the video-conferencing platform.</u></p>	<p>Article 8 (Recording or Videotaping Throughout the Shareholders' Meeting) The Company shall, from the time shareholders check in, record and videotape without stop the whole check-in process, the whole meeting, voting, and the ballot counting process. The audiovisual data in the preceding paragraph shall be kept for at least a year. When lawsuits are filed by shareholders according to Article 189 of the Company Act, however, such evidence shall be kept up to completion of legal proceedings.</p>
<p>Article 9 The attendance of shareholders shall be calculated based on the number of shares represented. The number of shares present is calculated based on the number of shares reported on the sign-in book or sign-in card <u>and the video conference platform</u> plus the number of shares for which voting rights are exercised by written or electronic means. When time of meeting is due, the</p>	<p>Article 9 The attendance of shareholders shall be calculated based on the number of shares represented. The number of shares held by those present is based on the sign-in book or the submitted sign-in cards plus the shares involved in the voting rights exercised in writing or electronically. When time of meeting is due, the chairperson shall call the meeting to order and release information such as the</p>

<p>chairperson shall call the meeting to order and release information such as the number of attending shareholders without voting rights and the number of shares represented in the meeting, etc. at the same time.</p> <p>When attendance by Shareholders representing a majority of the total shares issued, however, the chairperson may announce that the meeting be postponed. Such postponement may only take place twice at maximum and the length of time combined for the postponements may not exceed one hour. When the meeting has been postponed twice and the attendance by Shareholders representing at least one-third of the total shares issued remains unfulfilled, the chairperson shall announce that the meeting is aborted. <u>In the event that the meeting is held through video conferencing, the Company shall announce abortion of the meeting on the video conferencing platform.</u></p> <p>When it has been postponed twice and the majority is still not fulfilled yet the attendance by Shareholders representing at least one-third of total shares already issued is met, a tentative resolution may be reached as required by Article 175 Paragraph 1 of the Company Act and each shareholder shall be informed of the tentative resolution that the meeting will be called for again within one month. <u>If the meeting is held in the form of a video conference and Shareholders intend to attend the video conference, they shall sign up again with the Company according to Article 6.</u></p> <p>Before the meeting is completed, if the number of shares held by the attending shareholders combined has reached a majority of the total shares issued, the chairperson may re-introduce the rendered tentative resolution for a decision during the meeting as required by Article 174 of the Company Act.</p>	<p>number of attending shareholders without voting rights and the number of shares represented in the meeting, etc. at the same time.</p> <p>When attendance by Shareholders representing a majority of the total shares issued, however, the chairperson may announce that the meeting be postponed. Such postponement may only take place twice at maximum and the length of time combined for the postponements may not exceed one hour. When the meeting has been postponed twice and the attendance by Shareholders representing at least one third of the total shares issued remains unfulfilled, the chairperson shall announce that the meeting is aborted. When it has been postponed twice and the majority is still not fulfilled yet the attendance by Shareholders representing at least one-third of total shares already issued is met, a tentative resolution may be reached as required by Article 175 Paragraph 1 of the Company Act and each shareholder shall be informed of the tentative resolution that the meeting will be called for again within one month. Before the meeting is completed, if the number of shares held by the attending shareholders combined has reached a majority of the total shares issued, the chairperson may re-introduce the rendered tentative resolution for a decision during the meeting as required by Article 174 of the Company Act.</p>
<p>Article 11 (Shareholders Expressing Their Opinions)</p> <p>Before attending shareholders speak, they must complete the speech note specifying the theme of their speech, the shareholder's account number (or the number shown on the attendance card) and</p>	<p>Article 11 (Shareholders Expressing Their Opinions)</p> <p>Before attending shareholders speak, they must complete the speech note specifying the theme of their speech, the shareholder's account number (or the number shown on the attendance card)</p>

<p>account name. The chairperson will decide their speaking sequence.</p> <p>When attending shareholders only provide the speech note without speaking, it is considered that they have not spoken.</p> <p>When what they say differs from that shown in the speech note, what they say will take precedence.</p> <p>Each shareholder may not speak more than twice on the same proposal without approval from the chairperson and may not exceed three minutes each time. When the shareholders violate the requirement or exceed the scope of the issue involved, the chairperson may stop them from speaking.</p> <p>When attending shareholders speak, other shareholders may not speak and interfere with their speech unless with approval by the chairperson and the speaking shareholder; the chairperson shall stop violators.</p> <p>When more than two representatives are sent by a shareholder that is a legal entity to attend a shareholders' meeting, only one person may speak on the same proposal.</p> <p>After attending shareholders have spoken, the chairperson may respond or have a related person to respond to the speech.</p> <p><u>When the meeting is held through video conferencing, Shareholders that attend it through video conferencing may ask questions in writing on the video conferencing platform as soon as the chairperson calls the meeting to order and up to adjournment. For the same proposal, one may not ask more than two questions and each question is subject to 200 words at maximum. The requirements in Paragraphs 1 through 5 do not apply. In the event that the questions asked as indicated in the preceding paragraph are not in violation of the requirements or beyond the scope of a proposal, the questions asked shall be disclosed on the video-conferencing platform for the shareholders' meeting.</u></p>	<p>and account name. The chairperson will decide their speaking sequence.</p> <p>When attending shareholders only provide the speech note without speaking, it is considered that they have not spoken.</p> <p>When what they say differs from that shown in the speech note, what they say will take precedence.</p> <p>Each shareholder may not speak more than twice on the same proposal without approval from the chairperson and may not exceed three minutes each time.</p> <p>When the shareholders violate the requirement or exceed the scope of the issue involved, the chairperson may stop them from speaking.</p> <p>When attending shareholders speak, other shareholders may not speak and interfere with their speech unless with approval by the chairperson and the speaking shareholder; the chairperson shall stop violators.</p> <p>When more than two representatives are sent by a shareholder that is a legal entity to attend a shareholders' meeting, only one person may speak on the same proposal.</p> <p>After attending shareholders have spoken, the chairperson may respond or have a related person to respond to the speech.</p>
<p>Article 13</p> <p>Except in the circumstances otherwise provided for in Article 179 Paragraph 2 of the Company Act, a shareholder shall have one voting right in respect of each share in his/her/its possession.</p> <p>Shareholders may exercise their voting</p>	<p>Article 13</p> <p>Except in the circumstances otherwise provided for in Article 179 Paragraph 2 of the Company Act, a shareholder shall have one voting right in respect of each share in his/her/its possession.</p> <p>Shareholders may exercise their voting</p>

right in writing or electronically during a shareholders' meeting held by the Company electronically; when a voting right may be exercised in writing or electronically, it shall be specified so in the notification for the shareholders' meeting. Shareholders that exercise their voting right in writing or electronically are considered to have attended the shareholders' meeting in person. For motions and amendments to original proposals for the specific shareholders' meeting, however, they are considered to have abstained from voting; therefore, the Company shall avoid bringing forth motions and amendments to original proposals.

When the voting right indicated in the preceding paragraph is exercised in writing or electronically, the expressed opinion shall be delivered to the Company two days prior to the shareholders' meeting; in cases of repeatedly expressed opinions, the one delivered the earliest shall prevail. This, however, does not apply if it is declared that prior expressed opinion shall be recalled.

In case a shareholder who has exercised his/her/its voting power in writing or by way of electronic transmission intends to attend the shareholders' meeting in person or through video conferencing, he/she/it shall, two days prior to the meeting date of the scheduled shareholders' meeting and in the same manner previously used in exercising his/her/its voting power, serve a separate declaration of intention to rescind his/her/its previous declaration of intention made in exercising the voting power under the preceding Paragraph Two. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail. If the voting right is exercised in writing or electronically and a proxy is authorized by the Power of Attorney to attend the shareholders' meeting, the voting right exercised by the proxy shall prevail.

For the voting on proposals, unless specified otherwise in the Company Act and the Company's Articles of Incorporation, to approve a proposal, it requires support from a majority of voting rights among attending shareholders. When voting, the chairperson

right in writing or electronically during a shareholders' meeting held by the Company electronically; when a voting right may be exercised in writing or electronically, it shall be specified so in the notification for the shareholders' meeting. Shareholders that exercise their voting right in writing or electronically are considered to have attended the shareholders' meeting in person. For motions and amendments to original proposals for the specific shareholders' meeting, however, they are considered to have abstained from voting; therefore, the Company shall avoid bringing forth motions and amendments to original proposals.

When the voting right indicated in the preceding paragraph is exercised in writing or electronically, the expressed opinion shall be delivered to the Company two days prior to the shareholders' meeting; in cases of repeatedly expressed opinions, the one delivered the earliest shall prevail. This, however, does not apply if it is declared that prior expressed opinion shall be recalled.

In case a shareholder who has exercised his/her/its voting power in writing or by way of electronic transmission intends to attend the shareholders' meeting in person, he/she/it shall, two days prior to the meeting date of the scheduled shareholders' meeting and in the same manner previously used in exercising his/her/its voting power, serve a separate declaration of intention to rescind his/her/its previous declaration of intention made in exercising the voting power under the preceding Paragraph Two. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail. If the voting right is exercised in writing or electronically and a proxy is authorized by the Power of Attorney to attend the shareholders' meeting, the voting right exercised by the proxy shall prevail.

For the voting on proposals, unless specified otherwise in the Company Act and the Company's Articles of

or delegate thereof shall announce the total of voting rights represented by attending shareholders for every agenda item discussed, and have shareholders vote on a case-by-case basis. Details on the number of votes in favor, against, and abstained for each discussion shall be uploaded onto MOPS on the same day after the shareholders' meeting has ended. When there is an amendment or alternative to the same proposal, the chairperson shall determine the voting sequence along with the original proposal. If an option is approved, the other options are considered to have been vetoed and no further voting is required.

The chairperson is to assign the staff to inspect voting on proposals and count the ballots; the inspectors, however, shall be shareholders.

The ballot counting process for proposals or elections during a shareholders' meeting shall take place in a public area within the venue of the shareholders' meeting and voting results shall be announced on the spot once ballot counting is completed, including the weights involved in the statistics and records shall be produced.

For the shareholders' meeting held by the Company in a physical location where shareholders may also take part through video conferencing, once the chairperson has called the meeting to order, those participating through video conferencing shall vote on various proposals through the video conferencing platform and the voting process shall be completed before the chairperson announces completion of the voting session and those who have not casted their ballot by then shall be considered to have exercised abstention. For shareholders' meetings held through video conferencing, once the chairperson announces completion of the voting session, the votes shall be counted at once and the voting and election results shall be announced.

Before a shareholders' meeting where shareholders can also attend through video conferencing is held by the Company, those having signed up for attending the meeting through video conferencing as required by Article 6 shall cancel the prior registration

Incorporation, to approve a proposal, it requires support from a majority of voting rights among attending shareholders. When voting, the chairperson or delegate thereof shall announce the total of voting rights represented by attending shareholders for every agenda item discussed, and have shareholders vote on a case-by-case basis. Details on the number of votes in favor, against, and abstained for each discussion shall be uploaded onto MOPS on the same day after the shareholders' meeting has ended.

When there is an amendment or alternative to the same proposal, the chairperson shall determine the voting sequence along with the original proposal. If an option is approved, the other options are considered to have been vetoed and no further voting is required.

The chairperson is to assign the staff to inspect voting on proposals and count the ballots; the inspectors, however, shall be shareholders.

The ballot counting process for proposals or elections during a shareholders' meeting shall take place in a public area within the venue of the shareholders' meeting and voting results shall be announced on the spot once ballot counting is completed, including the weights involved in the statistics and records shall be produced.

<p><u>following the same registration procedure two days prior to the scheduled date of the shareholders' meeting if they intend to attend the physical shareholders' meeting in person; past the given deadline, they may only attend the shareholders' meeting through video conferencing.</u></p> <p><u>Those that have exercised their voting rights in writing or electronically without canceling them and attending the shareholders' meeting through video conferencing may not exercise voting rights on the same proposals again or propose amendments to the same proposals or exercise voting rights on amendments to the same proposals unless as a motion from the floor.</u></p>	
<p>Article 15</p> <p>For decisions made in the shareholders' meeting, the meeting minutes shall be prepared and be signed or sealed by the chairperson and the meeting minutes shall be distributed to respective shareholders within twenty days after the meeting. The preparation and distribution of minutes of the meeting may be done electronically. Distribution of the minutes of the meeting in the preceding paragraph may be replaced by announcement by the Company through the Market Observation Post System. The minutes of meeting on record shall contain information on the year, month, day and venue of the meeting, the name of the chairman, the method of resolution, the summary of the procedure, and the voting result (including the statistical weight). When the election of directors or supervisors is involved, the weight of the votes won by each candidate shall be disclosed. The minutes shall be kept permanently throughout the survival of the Company.</p> <p><u>For shareholders' meetings held through video conferencing, besides the required information indicated in the preceding paragraph that shall be included in the meeting minutes, the start and end times of the shareholders' meeting, how it is held, the name of the chairperson and that of the clerk, and how it is managed and the handling status in case of disorders associated with the video conferencing platform or the video conferencing</u></p>	<p>Article 15</p> <p>For decisions made in the shareholders' meeting, the meeting minutes shall be prepared and be signed or sealed by the chairperson and the meeting minutes shall be distributed to respective shareholders within twenty days after the meeting. The preparation and distribution of minutes of the meeting may be done electronically. Distribution of the minutes of the meeting in the preceding paragraph may be replaced by announcement by the Company through the Market Observation Post System. The minutes of meeting on record shall contain information on the year, month, day and venue of the meeting, the name of the chairman, the method of resolution, the summary of the procedure, and the voting result (including the statistical weight). When the election of directors or supervisors is involved, the weight of the votes won by each candidate shall be disclosed. The minutes shall be kept permanently throughout the survival of the Company.</p>

<p><u>approach caused by a natural disaster, an accident, or any other force majeure event shall be documented, too.</u>  <u>To hold a shareholders' meeting through video conferencing, besides the requirements in the foregoing paragraph that shall be followed, the Company shall specify in the meeting minutes the alternatives available to Shareholders finding it difficult to take part in the shareholder's meeting through video conferencing.</u></p>	
<p>Article 16 (External Announcement)  The number of shares obtained by the solicitor, that represented by and the proxy, and that represented by shareholders <u>attending the meeting in writing or electronically</u> shall be clearly disclosed in the venue of the shareholders' meeting on the date of the shareholders' meeting through a statistical chart prepared in the format required. <u>If the meeting is held through video conferencing, the Company shall upload the foregoing materials to the video conferencing platform at least 30 minutes prior to commencement of the meeting and keep them in a disclosed state up to completion of the meeting.</u>  <u>Upon the shareholders' meeting held through video conferencing being called to order, the Company shall have the total number of shares represented by attending shareholders disclosed on the video conferencing platform. This applies, too, when the total number of shares represented by attending shareholders and that with voting rights are tallied also during the meeting.</u>  For decisions made during a shareholders' meeting, if any significant information specified in laws and regulations or by the Taiwan Stock Exchange (or Taipei Exchange) is involved, the Company shall transmit the contents to the Market Observation Post System within the specified period of time.</p>	<p>Article 16 (External Announcement)  The number of shares obtained by the solicitor and that represented by proxy shall be clearly disclosed in the venue of the shareholders' meeting on the date of the shareholders' meeting through a statistical chart prepared in the format required.  For decisions made during a shareholders' meeting, if any significant information specified in laws and regulations or by the Taiwan Stock Exchange (or Taipei Exchange) is involved, the Company shall transmit the contents to the Market Observation Post System within the specified period of time.</p>
<p><u>Article 19 (Disclosure of Information about Video-Conferencing)</u>  <u>For shareholders' meetings held through video conferencing, the Company shall disclose the voting outcome of each proposal and election results in real time on the video conferencing platform and such</u></p>	<p>This article is added.</p>

<p><u>disclosure shall remain available for at least 15 minutes after an adjournment is announced by the chairperson.</u></p>	
<p><u>Article 20 (Locations of Chairperson and Clerk of a Shareholders' Meeting)</u>  <u>For the video-conference shareholders' meeting called for by the Company, the chairperson and the clert shall attend it in the same domestic location and the chairperson shall announce the address of the said location when the meeting is called to order.</u></p>	<p>This article is added.</p>
<p><u>Article 21 (Management of Disconnection)</u>  <u>For shareholders' meetings held through video conferencing, the Company may allow shareholders to do simple connection testing in advance and provide related service in real time before and during the meeting to help address technical issues concerning connection.</u>  <u>Before a shareholders' meeting through video conferencing is held, the chairperson shall announce prior to calling the meeting to order that any natural disaster, accident, or other force majeure event leading to barriers against participation in the meeting through the video conferencing platform that last for 30 minutes or longer before an adjournment is announced by the chairperson shall subject the meeting to rescheduling or continuation within five days and the requirement under Article 182 of the Company Act does not apply except for one of the conditions under Article 44-20 Paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies that does not qualify for rescheduling or continuation.</u>  <u>Shareholders who did not take part in the original shareholders' meeting through video conferencing may not take part in the rescheduled or continued meeting.</u>  <u>For a meeting that shall be rescheduled or continued as required by Paragraph 2, shareholders who had signed up for the original meeting through video conferencing and had checked in yet did not take part in the rescheduled or continued meeting shall have the number of shares they represented and the voting rights and election rights they exercised in the original shareholders' meeting included in the total number of shares expected to be</u></p>	<p>This article is added.</p>



represented and the voting rights and election rights to be exercised in the rescheduled or continued meeting. In the event that the shareholders' meeting is rescheduled or continued as required by Paragraph 2, there is no need to discuss and decide again on proposals for which voting and ballot counting were already completed and the voting results or lists of directors/supervisors-elect were announced.

For a shareholders' meeting held in a physical location where shareholders may also take part through video conferencing, if video conferencing cannot be continued under the circumstances indicated in Paragraph 2, as long as the total number of shares represented in the physical location reaches a quorum (excluding the number of shareholders participating through video conferencing), the meeting shall be continued. There is no need to reschedule or continue the meeting as required by Paragraph 2.

Under one of the circumstances indicated in the preceding paragraph, Shareholders who attend the meeting through video conferencing shall have the shares they represent included in the total number of shares represented by attending Shareholders and they shall be considered to have exercised abstention for all proposals in the said shareholders' meeting.

For a rescheduled or continued meeting as required by Paragraph 2, the Company shall have related prior preparations done according to the date of the original shareholders' meeting and respective requirements as required by Article 44-20 Paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under the second half of Article 12, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5 Paragraph 2, Article 44-15, and Article 44-17 Paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall

<p><u>handle the matter based on the date of the shareholders' meeting that is postponed or resumed under the second paragraph.</u></p>	
<p><u>Article 22 (Management of Digital Difference)</u>  <u>To hold a shareholders' meeting through video conferencing, the Company shall provide the alternatives available to shareholders finding it difficult to take part in the shareholder's meeting through video conferencing.</u></p>	
<p><u>Article 23</u>  These Rules shall be enforced upon approval through the shareholders' meeting; the same applies upon revision.</p>	<p>Article 29  These Rules shall be enforced upon approval through the shareholders' meeting; the same applies upon revision.</p>

### Attachment 3

Comparison Table of Revisions Made to the "Articles of Incorporation"		
After	Before	Description
<p>Article 6</p> <p>The total capital size of the Company is set at NTD1,236,903,030 only, with NTD10 per share, that is 123,690,303 shares in total that are issued in a lump sum.</p>	<p>Article 6</p> <p>The total capital size of the Company is set at NTD<u>1,104,305,530</u> only, with NTD10 per share, that is <u>110,430,553</u> shares in total that are issued in a lump sum.</p>	<p>This is to reflect the demand for increased capital stock.</p>
<p>Article 33</p> <p>These Articles of Incorporation were defined on October 26, 1983 and were enforced following approval by the competent authority (omitted). The 24th amendment occurred on June 13, 2022.</p> <p><u>The 25th amendment occurred on May 29, 2023.</u></p>	<p>Article 33</p> <p>These Articles of Incorporation were defined on October 26, 1983 and were enforced following approval by the competent authority(omitted). The 24th amendment occurred on June 13, 2022.</p>	<p>The date of the current Revision is added.</p>

Attachment 4

## Hsin-Kao Gas Co., Ltd. Comparison Table of Revisions Made to the Procedure for the Acquisition or Disposition of Assets

Revised	Current	Description
<p>Article 7 While acquiring or disposing of assets, the Company shall follow the defined procedure:</p> <p>I. Evaluation: The Finance Department is to evaluate and plan the purpose of investment, the acquiring cost, the return on investment, and the source of funding, etc.</p> <p>II. Operation: For the acquisition of real estate properties and other fixed assets, once having inquired about, compared, and negotiated prices, if the amount is below NTD10 million, approval from the President shall be obtained. If it exceeds NTD10 million, approval from the Chairman shall be obtained. If it exceeds NTD<u>30</u> million, approval by the Board of Directors is required before it is implemented. For gas transmission equipment acquired from capital expenditure, once planned, designed, and outsourced, approval from the President shall be obtained before it is implemented.</p> <p>The scrap or sale of the Company's fixed assets shall be subject to exclusive submission and clarification of reasons by the original end user. Following price inquiries, comparisons, and negotiations completed by the unit in charge of the</p>	<p>Article 7 While acquiring or disposing of assets, the Company shall follow the defined procedure:</p> <p>I. Evaluation: The Finance Department is to evaluate and plan the purpose of investment, the acquiring cost, the return on investment, and the source of funding, etc.</p> <p>II. Operation: For the acquisition of real estate properties and other fixed assets, once having inquired about, compared, and negotiated prices, if the amount is below NTD10 million, approval from the President shall be obtained. If it exceeds NTD10 million, approval from the Chairman shall be obtained. If it exceeds NTD<u>20</u> million, approval by the Board of Directors is required before it is implemented. For gas transmission equipment acquired from capital expenditure, once planned, designed, and outsourced, approval from the President shall be obtained before it is implemented.</p> <p>The scrap or sale of the Company's fixed assets shall be subject to exclusive submission and clarification of reasons by the original end user. Following price inquiries, comparisons, and negotiations completed by the unit in charge of the properties and the book</p>	<p>I. To reflect the skyrocketing commodity prices, the authority that the Chairman has over the acquisition and disposal of assets is increased to NTD30 million.</p> <p>II. As is advised by the stock exchange during the audit, limits are set on the total amount of securities invested in and the amount of individual securities invested in.</p>

<p>properties and the book value or determined value is below NTD10 million, it shall be submitted to the President for approval; if it exceeds NTD10 million, it shall be submitted to the Chairman for approval; if it exceeds NTD<u>30</u> million, prior approval by the Board of Directors is required prior to implementation.</p> <p>III. Executive Unit: Finance Department, Management Department, and Price Negotiation Group.</p> <p>IV. Declaration of Filing: Follow the requirements of the Financial Supervisory Commission (the FSC).</p> <p>V. Scope and Limit of Investment: Short-term investment gains and losses shall be presented and clarified in the Board of Directors meeting. Upon acquisition of short-term securities, besides trading or subscribing to shares in the beginning at a centralized securities market or at the operating site of securities firms, when the same security is purchased and the accumulated value reaches NTD100 million and above, it is required to submit to the Board of Directors for a decision. <u>Except for long-term equity investments, the overall amount of securities that the Company invests in may not exceed 40% of its paid-in capital size; the amount of individual securities invested in may not exceed 20% of the paid-in capital size. The total amount of investment (including long-term equity investments) may not</u></p>	<p>value or determined value is below NTD10 million, it shall be submitted to the President for approval; if it exceeds NTD10 million, it shall be submitted to the Chairman for approval; if it exceeds NTD<u>20</u> million, prior approval by the Board of Directors is required prior to implementation.</p> <p>III. Executive Unit: Finance Department, Management Department, and Price Negotiation Group.</p> <p>IV. Declaration of Filing: Follow the requirements of the Financial Supervisory Commission (the FSC).</p> <p>V. Scope and Limit of Investment: Short-term investment gains and losses shall be presented and clarified in the Board of Directors meeting. Upon acquisition of short-term securities, besides trading or subscribing to shares in the beginning at a centralized securities market or at the operating site of securities firms, when the same security is purchased and the accumulated value reaches NTD100 million and above, it is required to submit to the Board of Directors for a decision. <u>The total value of non-operational real estate properties and their right-of-use assets or marketable securities available for acquisition by the Company and each of its subsidiaries and the limits of individual marketable securities that they may invest in are separate. The long-term equity investments may not exceed 40% of the Company's paid-in capital</u></p>	
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<u>exceed 50% of the Company's total assets.</u> VI. (Omitted hereunder)	<u>size.</u> VI. (Omitted hereunder)	
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## Attachment 5

## List of directors' candidates

Title	Name	National ID Number/Unified Business Number	Number of shares held	Education/Experience	Current Position	Name of the represented government or juristic person
Director	Chen, Chien-Tung	16454843	3,939,983	Master of Banking and Finance, Tamkang University; President and Chairperson of Shin-Kao Gas Co., Ltd.; Chairperson of Gas Association of the Republic of China	Chairperson of Shin-Kao Gas Co., Ltd.	Tong De Investment Co., Ltd
Director	Chuang, Wen-Yuan	16454843	3,939,983	Master of Management, National Kaohsiung Normal University; Chairperson of Tong De Investment Co., Ltd.	Chairperson of Tong De Investment Co., Ltd.	Tong De Investment Co., Ltd
Director	Huang, Chin-Hsiung	16454843	3,939,983	Bachelor in Mechanical Engineering, National Kaohsiung University of Applied Sciences; Manager of Department of Engineering and Vice president of Shin-Kao Gas Co., Ltd.	Vice President of Shin-Kao Gas Co., Ltd.	Tong De Investment Co., Ltd
Director	Wang, Chi-Kai	03723000	23,482,362	74-year class, R.O.C Naval Academy; 94-year class, War College, National Defense University; Director of Kaohsiung City Veterans Service Department, VAC; Director of Kaohsiung Veterans Home, VAC; Director of Department of Homecare and Nursing, VAC	Director of Department of Homecare and Nursing Care, Veterans Affairs Council, R.O.C	Veterans Affairs Council, R.O.C
Director	Guo, Yu-Lin	03723000	23,482,362	Bachelor of Civil Engineering, Chung Cheng Institute of Technology, National Defense University; Pass on the Special Civil Service Transfer Examination; Director of Chiayi Veterans Home, VAC; Director of Kaohsiung Veterans Home, VAC	Director of Kaohsiung Veterans Home, VAC, R.O.C	Veterans Affairs Council, R.O.C
Director	Chen, Kuo-Sheng	11819788	1,166	Master of Defense Resource, National Defense University; Director of Division of Financial management and Accounting, Director of Division of Budgeting, Deputy Director-General and Director-General of the Comptroller Bureau of The Department of Defense;	Chairperson of Shin Chuan Investment Corporation (previous company name as	Shin Chuan Investment Corporation

				Chairperson of Rong Chiao Investment Corporation	Rong Chiao)	
Independent Director	Chen, Po-Hsun	F121074328	0	Bachelor of Finance, Hawaii Pacific University; the second term outstanding manager of Kaohsiung and Pingtung; President of Rotary Club Kaohsiung Zhongbei Club; Chairperson, President, General Counsel of Top High Image Corporation; independent director of Taiflex Scientific Co., Ltd. and Holiday Garden Corporation; Convener of Remuneration Committee of Hsin-Kao Gas Co., Ltd.	None	N/A
Independent Director	Fang, Wei-Lien	A123725949	0	Doctor of Business in Accounting, National Taiwan University; Partner Accountant of Wen Ching CPAs Firm; Adjunct Assistant Professor of Department of Accounting, MCU. Currently concurrent as independent director of Chitec Technology Co., Ltd. and Kuang Peng Enterprise Co., Ltd.	Partner Accountant of Wen Ching CPAs Firm	N/A
Independent Director	Chi, Ya-Chi	E121365976	398,956	Bachelor of Chemistry, Tunghai University; Master of Chemical and Materials Engineering, University of Auckland; Chemical process and Wastewater Treatment Engineer; Executive Director and Assistant of Project Manager of Chien Feng Real Estate Development Company, Director of Yingfuxing Company, Executive Director of Real Estate Development and Catering of Ankur Holding Limited	None	N/A



# Appendix

# Articles of Incorporation of Shin Kao Gas Co., Ltd.

## Chapter I General Provisions

- Article I The Company is organized in accordance with the provisions of the Company Act for limited companies. Its name is established as “Shin Kao Gas Co., Ltd.,” and hereinafter referred to as “the Company.”
- Article II The Company operates the supply and marketing business of petroleum gas (natural gas) in the Kaohsiung City area, with the purpose of developing public utilities and serving society.
- Article III The Company's operations are as follows:
- I. D201011 Natural Gas Utility Enterprise.
  - II. CR01010 Gas Apparatus and Parts Manufacturing.
  - III. E502010 Fuel Catheter Installation Engineering.
  - IV. F112040 Wholesale of Petroleum Products.
  - V. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article III-I: The Company may provide external guarantees arising from business needs.
- Article III-II The Company may transfer investments abroad depending on business needs. The total amount of reinvestment is not subject to the restrictions of Article 13 of Company Act that reinvestment shall not exceed 40% of paid-in share capital.
- Article IV The Company is located in Kaohsiung City, and branches may be established in other regions when necessary. The establishment, modification, or dissolution of its branches, are all to be handled by resolutions of the Board of Directors.
- Article V The Company's announcements shall be published in a conspicuous section of the current daily newspaper in the place where the Company is located, unless otherwise stipulated by the securities regulatory authority.

## Chapter II Shares

- Article VI The Company's total capital is rated at NT\$1,104,305,530 or NT\$10 per share, and a total of 110,430,553 shares are issued in full.
- Article VII The Company's shares are registered ones, and signed or

sealed by the Director that represents the Company. The shares shall be issued after they are certified as required by law.

For shares issued by the Company, they need not be printed out and shall be registered with a centralized securities depository enterprise.

Article VIII

This Article is deleted.

Article IX

The Company's stock affairs are handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies and other relevant laws and regulations as promulgated by the securities regulatory authority.

Changes recorded in the register of shareholders referred to in the preceding paragraph shall be done within sixty days before a meeting of the General Meeting of Shareholders within 30 days in advance or a special shareholders' meeting, or within five days before the record date when the Company decides to distribute dividends, bonuses, or other benefits.

### Chapter III Shareholders' Meeting

Article X

Shareholders' meetings comprise all shareholders and are divided into general meetings and special meetings. The general meeting is held once a year within six months after the end of each fiscal year. Special meetings are convened when necessary in accordance with relevant laws and regulations. Shareholders' meetings are convened by the Board of Directors in accordance with the law except as otherwise provided by the Company Act and other relevant statutes. The convening and public announcement may be effected by means of electronic transmission with the prior consent of the recipients

For shareholders who hold less than 1,000 registered shares, the convening notice referred to in the preceding paragraph may be issued in the form of an announcement.

The Company's shareholders' meetings may take place in the form of video conferencing or in any other way announced by the Ministry of Economic Affairs.

Article XI

A proxy statement issued by the Company shall specify the scope of authorization for the proxy representative attending the shareholders' meeting. When one person is concurrently appointed as proxy by two or more shareholders, the voting

rights represented by that proxy may not exceed 3 percent of the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

If there are duplicate proxies under the preceding paragraph, the one that reaches the Company first shall be valid.

In addition to the provisions of Article 177 of the Company Act, the procedures for shareholder attendance by proxy shall be governed by the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies as promulgated by the competent authority.

Article XII Except as specified in Article 157, paragraph 3 of the Company Act, shareholders have one voting right per share. However, no voting rights are granted to those who do not have the right to vote according to Article 179 of the Company Act and other relevant laws and regulations.

Article XIII Unless otherwise stipulated by the Company Act, the resolutions of the shareholders' meeting shall be attended by shareholders representing more than half of the total number of shares, and shall be implemented with more than half of the voting rights of the shareholders present.

Article XIV When the shareholders' meeting is convened, the Chairman of the Board serves as the presiding chair. In the absence of Chairman, a director appointed by Chairman shall act as his representative. When no representative is appointed, one of the directors shall be nominated to serve as the representative. When convened by other convening authority other than the Board of Directors, the convener acts as the presiding chair. When there are two or more persons with the right to convene, they shall choose from among themselves.

#### Chapter IV Board of Directors

Article XV The Company shall have seven to nine directors, who shall be elected by the shareholders' meeting and who have legal capacity and may be re-elected. However, when the term of office of directors and supervisors expires and re-election is not possible, the execution of their duties shall be extended until the re-elected directors and supervisors take office. The election of directors shall adopt a candidate nomination system. Among them, there are three independent directors, and the shareholders' meeting shall select independent

directors from the list of candidates. Professional qualifications, shareholdings, concurrent job restrictions, nominations, means of election as well as other relevant issues should all be handled accordance with the regulations of the competent authority.

Article XVI The Company shall establish a Chairman who is to be elected from among the directors to represent the Company externally and perform his duties in accordance with the laws and regulations and the resolutions of the shareholders' meeting and the Board of Directors.

Article XVII The functions and powers of the Board of Directors are shown at left:

- I. Review of business development policy.
- II. Supervision of approval and implementation of business plans.
- III. Review of budgets and final accounts.
- IV. Review of capital increase and decrease plans.
- V. Deliberation on the issuance or arrangement of corporate bonds.
- VI. Review of distribution of earnings and loss recovery.
- VII. Review of foreign investment cooperation.
- VIII. Approval of revision and revocation of important external contracts.
- IX. Approval of purchases and disposals of material property.
- X. Approval of critical personnel appointments and dismissals.
- XI. Review of revisions to organizational regulations and important business rules according to the Company's Articles of Incorporation.
- XII. Convening of shareholders' meetings.
- XIII. Review of matters submitted by the Chairman.
- XIV. Approval of matters proposed by the general manager.
- XV. Execution of other functions and powers conferred by laws and shareholders' meetings.

Article XVIII The Board of Directors meets quarterly, and directors shall be notified of the reasons for meeting seven days in advance. However, they may be summoned at any time in cases of emergency.

The convening of the Board of Directors referred to in the preceding paragraph may be notified via written correspondence, fax, or e-mail.

The Board of Directors is convened by Chairman, who serves as presiding chair. If the Chairman asks for leave or is unable to perform his duties for some reason, he shall be represented by a director designated by Chairman. If no representative is appointed, the directors will choose a representative from among themselves.

Article XIX Resolutions of the Board of Directors shall be carried out with the attendance of more than half of the directors and the consent of more than half of the directors present unless otherwise specified by Company Act.

Article XX When a director is unable to attend a Board meeting due to business, he or she may entrust another director to attend on their behalf. However, such a proxy is limited to a single person.

Article XX-I When performing their duties in the Company, and regardless of operating profits or losses of the Company, the Company may pay remuneration to the Company's Chairman and directors in accordance with the value of participation and contributions to the operations of the Company and taking into account industry standards domestically and overseas, as determined by the Board of Directors.

Article XX-II The Company may purchase liability insurance for the directors' legal liability for the execution of the scope of business during their tenure.

## Chapter V (Deleted)

Article XXI (Deleted)

Article XXII (Deleted)

Article XXIII (Deleted)

## Chapter VI Managers

Article XXIV The Company has one general manager approved by Chairman to be appointed by the Board of Directors in accordance with the law; the same applies for dismissal.

Article XXV The Company has two deputy general managers, one chief engineer, and department heads, who are selected by the Chairman at the request of the general manager and after requesting their appointment by the Board of Directors in accordance with the law; the same applies for dismissal.

Article XXVI The Company's employees, are appointed and dismissed by the general manager in accordance with the Company's

personnel management regulations, and this is reported to the Board of Directors for approval.

Article XXVII

In respect to the Company's hiring of employees, aside from technical staff, training and placement of suitable retired officers and enlisted men is preferred (including indirect re-employment personnel) as submitted by the Veterans Affairs Council of the Executive Yuan, so as to align with the government's re-employment policies. All selected personnel must have a probationary period of three to six months. After the probationary period expires, they will be formally hired (employed) after passing the assessment. If the probation results fail, the probation will be terminated and a letter will be sent to the Council for another recommendation.

## Chapter VII Final accounts and distributions of earnings

Article XXVIII

The Company uses January 1st to December 31st as its fiscal year. After the end of each fiscal year, the final accounts shall be handled in accordance with Article 228 of the Company Act. The Board of Directors shall prepare the following list and submit it to the shareholders' meeting for approval in accordance with legal procedures:

- I. Business Report.
- II. Financial Statements.
- III. Proposals concerning profit distributions or covering of losses.

Article XXIX

If the company makes a profit in the year, 1.5% to 2.5% should be allocated as employee remuneration, and no more than 0.5% should be allocated as director remuneration. However, the amount to compensate for the accumulated losses of the Company should be allocated first.

Article XXIX-I

If the Company's year-end final accounts reflect a current net profit, any losses should be made up for and then other items added beyond current after-tax net profit to be included in the current year's undistributed surplus earnings. Afterward, 10% of the balance shall be allocated to legal reserve, and the amount of the shareholder's equity deduction that occurred in the current year will be set aside as special reserve. The rest shall be combined with the accumulated undistributed surplus earnings at the beginning of the period and the adjusted amount of undistributed surplus earnings in the current year, in addition to paying dividends and setting aside replacement

reserves, whose amounts are to be authorized by the Board of Directors.

The dividends referred to in the preceding paragraph may be retained in whole or in part as undistributed surplus earnings by resolution of the shareholders' meeting. Funding needs with future capital budget planning shall be measured according to the overall environment and industry growth characteristics of the Company and in line with the Company's long-term financial planning. After first using retained earnings to finance fund requirements, cash dividends shall primarily be distributed if there is no major capital expenditure for the remaining surplus. Partial stock dividends shall be distributed in the case of major capital expenditures. The stock dividend distribution ratio will be between 20% and 100%, and the cash dividend will be between 80% and 0%.

Article XXX

Deleted

#### Chapter VIII Supplementary provisions

Article XXXI

The Company's organizational regulations and working rules shall be stipulated separately.

Article XXXII

If there are any matters not stipulated in these Articles of Incorporation, they shall be handled in accordance with the Company Act and relevant laws and regulations.

Article XXXIII

These Articles of Incorporation were established on October 26, 1983, and came into effect after submission to the competent authority for approval. The 1st amendment was made on June 8, 1984. The 2nd amendment was made on September 27, 1985. The 3rd amendment was made on June 1, 1990. The 4th amendment was made on June 6, 1991. The 5th amendment was made on May 8, 1992. The 6th amendment was made on June 8, 1993. The 7th amendment was made on May 6, 1995. The 8th amendment was made on June 3, 1997. The 9th amendment was made on May 22, 1998. The 10th amendment was made on May 21, 1999. The 11th amendment was made on June 19, 2000. The 12th amendment was made on June 4, 2001. The 13th amendment was made on June 24, 2002. The 14th amendment was made on June 6, 2005. The 15th amendment was made on May 29, 2006. The 16th amendment was made on June 7, 2010. The 17th amendment was made on June 7, 2011. The 18th amendment was made on June 17, 2013. The 19th amendment was made on June 9, 2014. The



20th amendment was made on June 13, 2016. The 21st amendment was made on June 10, 2019. The 22nd amendment was made on June 8, 2020. The 23rd amendment was made on July 12, 2021. The 24th amendment was made on June 13, 2023. The 24th amendment was made on June 13, 2022.

Chairman

**Chen Chien-Tung**

# Shin Kao Gas Co., Ltd. Rules of Procedure for Shareholders' Meetings

Amended as of the shareholders meeting of July 12, 2021

- Article I In order to establish good shareholder governance system for the Company, improve supervision functions, and strengthen management functions, these Rules are adopted pursuant to Article 2 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
- Article II The Company's Shareholders' Meeting shall be in accordance with the provisions of these Rules and Procedures unless otherwise prescribed by the law or the Articles of Incorporation.
- Article III The Company's Shareholders' Meetings shall be convened by the Board of Directors unless otherwise prescribed by the law or the Articles of Incorporation.
- The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors other proposals and upload them to the Market Observation Post System before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. Furthermore, the Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular shareholders meeting or 15 days before the date of the special shareholders meeting. 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and its stock agent as well as being distributed on-site at the shareholders' meeting.
- Notices and announcements shall specify the reason for the convening and may be effected by means of electronic transmission with the prior consent of the recipients

**Election or dismissal of directors, amendments to the articles of incorporation, capital reduction, application to halt public offering, director's business licenses, a capitalization of surplus, capital surplus transferred to common stock, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.**

The convening of the shareholders' meeting shall state the full re-election of directors and the date of appointment. After the re-election at the shareholders' meeting is completed, the same meeting shall not change its appointment date by an extraordinary motion or other means.

A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. However, if the shareholder submission is a proposal to urge the Company to promote public interest or fulfill its social responsibilities, the board of directors must still include the proposal. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, whether it shall be via written or electronic acceptance, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder

making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening handling results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article IV At each general meeting of shareholders, shareholders may utilize a proxy statement issued by the Company that specifies the scope of authorization for the proxy representative attending the shareholders' meeting.

A shareholder shall issue a proxy statement that limited to one entrusted individual and deliver it to the Company five days before the shareholders' meeting. If there are duplicate proxy statements, the one delivered first shall prevail. However, this does not apply to proxies declared before a revocation of the statement.

After a proxy statement delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights in writing or electronically, a written notice of proxy cancellation shall be submitted to the Company two days prior to the meeting date. If the cancellation is overdue, the voting rights performed by the authorized proxy shall prevail.

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

Article VI The Company shall specify in the meeting notice the time and location of the registration office for shareholders as well as other matters to be noted.

The aforementioned time for accepting the registration of the shareholders shall be processed at least 30 minutes before the start of the meeting, and the registration office shall be clearly marked and appropriate. Adequate and qualified personnel must be provided to handle this matter.

A shareholder shall attend the general meeting in person or in proxy (hereinafter referred to as the "Shareholders") with the attendance certificate, sign-in card or other certificate of attendance. The proxy acting on behalf of the shareholder shall provide ID document for verification.

The Company shall set up a signature book for attending shareholders (or proxies), or the attending shareholders shall hand in attendance cards instead.

The Company shall submit the shareholders' meeting handbook, annual report, attendance certificates, speech notes, votes, and other meeting materials for delivery to shareholders attending the shareholders' meeting. If there are directors to be elected, a separate election ballot shall be attached.

Shareholders shall attend the shareholders' meeting with the attendance certificate, sign-in card or other certificate of attendance. The proxy acting on behalf of the shareholder shall provide ID document for verification.

Government or corporate shareholders are not limited to one representative to attend the shareholders' meeting.

When a juristic person appoints a proxy to attend, it may designate only one person to represent it at the meeting.

## Article VII

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

If the presiding chair in the preceding paragraph is represented by a director, this shall be a director who has served for more than six months and understands the Company's financial and business conditions. The same applies if the presiding chair is the representative of a corporate director.

For a shareholders' meeting convened by the Board of Directors, it is advisable for more than half of the directors of the board to attend in person.

When the shareholders' meeting is convened by other convening authority other than the Board of Directors, the convener acts as the presiding chair. When there are two or more persons with the right to convene, they shall choose from among themselves.

The Company may appoint the designated counsel, CPAs, or other related persons to attend the meeting.

Article VIII The Company shall have the entire sign-in process, the process of a shareholders' meeting, and the voting and count of votes tape recorded or videotaped from the time of accepting the registration for attendance by shareholders.

The audio-visual materials mentioned in the preceding paragraph shall be kept for at least one year. However, if a shareholder institutes legal proceedings in accordance with Article 189 of the Company Act, the relevant audio or video recordings shall be retained until the legal proceedings are concluded.

Article IX Attendance at a shareholders meeting shall be calculated based on the number of shares. The number of attending shares is calculated based on the signature book or the handed in sign-in card plus the number of shares exercised in writing or electronically.

When meeting time has arrived, the presiding chair shall immediately announce the opening of the meeting. **At the same time, relevant information such as the number of non-voting rights and the number of shares present will be announced.**

However, shareholders are not present representing more than half of the total issued shares, the presiding chair may announce a postponement of the meeting. The number of postponements is limited to two, and the total postponement time shall not exceed one hour. If there a quorum still does not exist of shareholders representing more than one-third of the total issued shares after two postponements, a streaming meeting shall be announced by presiding chair.

Under the preceding paragraph, if the quorum is not met after two postponements but the attending shareholders represent one third or more of the total number of issued shares, then notification shall be given to all shareholders of a tentative resolution to convene another shareholders' meeting within one month in accordance with Article 175, Paragraph 1 of the Company Act.

By the end of such meeting, if number of shares represented by the attending shareholders has already constituted more than one half of the outstanding shares, the presiding chair may put the tentative resolution to the vote at the shareholders' meeting again in accordance with Article 174 of Taiwan's Company Act.

Article X

If the shareholders' meeting is convened by the board of directors, its agenda shall be set by the board of directors, and the relevant proposals shall be voted by case. (Including temporary motions and amendments to the original motion.) The meeting shall be conducted according to the scheduled agenda, and shall not be changed without the resolution of the shareholders' meeting. If the shareholders' meeting is convened by a convening party other than the Board of Directors, the provisions of the preceding paragraph shall apply.

The agenda scheduled for the preceding two items (including temporary motions) is not to be resolved until the discussion is over, and the Chairman shall not act to announce the adjournment. If the Chairman violates the rules and Procedures and announces the adjournment of the meeting, the other members of the board of directors shall promptly assist the attending shareholders in accordance with legal procedures, With the consent of more than half of the voting rights of the shareholders present, one person shall be elected as the chairman and the meeting shall continue. The presiding chair shall give the opportunity to fully explain and discuss the motions and amendments or temporary motions proposed by shareholders. When it is considered that the voteable level has been reached, the discussion may be announced to be stopped, the vote shall be put forward, and adequate voting time shall be arranged.

Article XI

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

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

on the speaker's slip, the content of the speech shall prevail. Unless otherwise permitted by the presiding chair, each shareholder shall not speak more than twice concerning the same item, and each instance shall not exceed three minutes. However, if a shareholder's speech violates the regulations or exceeds the scope of the topic, the presiding chair may stop the speech.

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

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

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

#### Article XII

Voting at the shareholders' meeting shall be based on shares.

The shares held by any shareholder without voting rights shall not be included in the total number of outstanding shares while voting on resolutions at the shareholders' meeting.

A shareholder shall abstain from exercise of voting rights for himself/herself or on behalf of another shareholder in respect of any proposed matter for consideration at a general meeting if he/she bears personal interest therein that may conflict with and impair the interest of the Company.

The shares represented by the voting rights contained in the preceding paragraph shall not be counted in the number of votes of the shareholders present at the said meeting.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

#### Article XIII

Shareholders have one vote per share; however, for those who are restricted or those without voting rights under Article 179, paragraph



2 of the Company Act, this limitation shall not apply.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. Any shareholder who exercises voting rights in writing or in electronic form shall be deemed to have attended the general meeting in person, However, he or she is deemed to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

Under the preceding, intended exercise of voting rights by correspondence or electronic means requires delivery of a written declaration of intent to the Company at least 2 days prior to the date of a shareholders' meeting. When duplicate declarations are delivered, the one received earliest shall prevail. However, this does not apply to those who express their intention before a declaration of the statement.

In case a shareholder who has exercised his votes by way of a written ballot or by way of electronic transmission intends to attend the shareholders' meeting in person, he or she shall, at least two days prior to the date of the meeting revoke the intention to exercise votes by written ballot or electronic transmission as described in the preceding paragraph in the same manner as exercising votes; if such revocation is not made before the prescribed time, his or her vote exercised by written ballot or electronic transmission shall prevail. In case of exercise of votes by way of a written ballot or by way of electronic transmission and attend a shareholders' meeting by proxy, the votes exercised by the proxy during the shareholders' meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. When voting, the presiding chair or his or her designated personnel shall announce

the total number of voting rights of shareholders present on a case-by-case basis and shareholders shall vote on a case-by-case basis. Furthermore, on the day after the general meeting of shareholders, the results of shareholder approval, objection, or abstention shall be uploaded to the Market Observation Post System.

When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required. The examiners and counting staff of votes on motions shall be appointed by the presiding chair, but the examiners should have shareholder status.

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

Article XIV When the shareholders' meeting elects directors, this should be handled in accordance with the relevant selection and appointment rules stipulated by the Company. Furthermore, election results should be announced on the spot, including the list of elected directors and their number of voting rights, **and the list of unsuccessful directors and their voting rights.**

After being sealed and signed by the proctor, the ballots for the elections mentioned in the preceding paragraph shall be safeguarded and kept for at least one year. However, if a shareholder institutes legal proceedings in accordance with Article 189 of the Company Act, the relevant audio or video recordings shall be retained until the legal proceedings are concluded.

Article XV Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may produced and distributed in

electronic form.

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

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results (including statistical weights). For an election of directors, the number of votes received by each candidate should be disclosed. The meeting minutes shall be retained for the duration of the existence of the Company.

Article XVI The number of shares acquired by a solicitor and the number of shares represented by a proxy shall be clearly disclosed in the shareholder meeting venue on a statistical table compiled in accordance with the prescribed format on the day of the shareholders' meeting.

In respect to a shareholders' meeting resolution matter, if required by law or if it constitutes material information as stipulated by the Taiwan Stock Exchange Corporation (Taipei Exchange), the Company shall transmit such content to the Market Observation Post System within the specified time.

Article XVII Staff handling the administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

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

If the venue is equipped with amplifying equipment, the presiding chair may put a stop to a shareholder who is not using equipment provided by the Company to speak.

For shareholders violate the rules of procedure and do not obey presiding chair's instructions or for anyone who obstructs the progress of the meeting and refuses to comply after being stopped from such action, the presiding chair may direct proctors or security personnel to ask them to leave the venue.

Article XVIII While the meeting is in progress, presiding chair may decide the

time to announce a break. When an uncontrollable event occurs, the presiding chair may rule that the meeting be suspended and announce the time for the continuation of the meeting according to the situation.

If the agenda scheduled by the shareholders' meeting (including extraordinary motions) is not concluded, and the venue for the meeting cannot be used at that time, the shareholders' meeting may decide to find another venue to continue the meeting.

In accordance with Article 182 of the Company Act, the shareholders' meeting may resolve to postpone or continue the meeting within five days.

Article XIX These Rules of Procedure shall be implemented after being approved by the shareholders meeting. The same shall hold true of amendments.

[Appendix 3]

## Hsin-Kao Gas Co., Ltd. Board Directors Election Regulations

Revised through the Shareholders' Meeting Revised on June 8, 2020

- Article 1** The election of directors of the Company is based on the requirements herein.
- Article 2** For the Company's directors, according to the number of openings set in the Articles of Incorporation, the voting rights of independent directors and non-independent ones are to be calculated separately. Those with affirmative votes accounting for a majority of all votes are elected by order of the number of votes they have received. In the event that two or more people have the same affirmative votes and they add up to exceed the number of openings available, they shall draw a lot. Anyone that is absent shall have the lot drawn by the chairperson instead.
- Article 3** For the election of the Company's directors, the open ballot approach is adopted. The name of the voter may be replaced by the attendance card number shown on the ballot. For the election of the Company's directors, each share is entitled a number of votes equivalent to that of the directors-elect and may be cast in one candidate or several candidates (the votes may be evenly or freely distributed). How the votes indicated in the preceding paragraph shall be calculated shall be based on the requirement under Articles of Incorporation 12.
- Article 4 The chairperson shall call the meeting to order and assign several scrutineers and tellers to perform related tasks.
- Article 5 Voters (that is, the shareholders) shall write down the name of the candidate or that of the institution on the ballot and may add their shareholder account number. Where two or more representatives of an institutional shareholder are the candidates, however, the name of the specific representative and that of the institution he/she represents shall both be provided. Once the candidate and the distributed votes are provided in the ballot as mentioned in the foregoing paragraph, cast the ballot into the ballot box. Should candidates have an identical name, the shareholder account number shall be added.
- Article 6** There are several ballot boxes set up for the election and directors may cast their ballots concurrently. Ballot boxes shall be opened for scrutiny and sealed before the election by the scrutineer.

- Article 7 Once all ballots are cast, the scrutineer shall unpack the box and start counting the votes with a teller on the side monitoring.
- Article 8 Ballots with any of the conditions below are considered invalid.
- I. The ballot is not printed compliance with these Regulations.
  - II. The ballot has been obliterated.
  - III. The name of the candidate provided on the ballot does not answer to that documented in the Roster of Shareholders.
  - IV. The hand-writing is illegible.
  - V. The name provided of the elected is identical to that of another shareholder yet the shareholder account number is not provided for differentiation.
  - VI. Other words are included besides the name, shareholder account number, and the assigned number of votes of the elected.
  - VII. II. Two or more candidates are provided on the same ballot.
- Article 9 After voting is completed, votes shall be counted under the supervision of the scrutineer right away and the chairperson is to announce the results on the spot.
- Article 10** Elected directors are given the Elect Notification, respectively, by the Board of Directors.
- Article 11 For matters not specified herein, the requirements of the Company Act and other applicable laws and regulations apply.
- Article 12 These Regulations shall be enforced after they are approved by the Board of Directors and the same applies upon revision.

[Appendix 4]

**Shareholdings of all directors and supervisors**

Job Title	Name	Number of shares currently held	
		Number of shares	Percentage %
Chairman	Tongde Investment Co., Ltd. Representative: Chen Chien-Tung	3,939,983	3.57
Director	Representatives, Veterans Affairs Council of the Executive Yuan: Chen Jung-Hsin, Kuo Yu-Lin	23,482,362	21.26
Director	Tongde Investment Co., Ltd. Representatives: Chuang Wen-Yuan, Huang Chin-Hsiung	3,939,983	3.57
Director	Yung Chiao Investment Co., Ltd.: Representative: Chen Kuo-Sheng	1,166	0.00
Independent Director	Chen Po-Hsun	0	0
Independent Director	Fang Wei-Lien	0	0
Independent Director	Cheng Wan-Chen	0	0
Total		27,423,511	24.83

Shareholdings of non-independent directors: 27,423,511, accounting for 24.83% of issued shares

Shares held by independent directors: 0 shares

Shareholdings of independent supervisors: Not currently established